



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

Prepared by the City of Livingston Finance Department

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

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PART I

INTRODUCTORY SECTION

City Manager
Michael Kardoes

(406) 823-6000 phone
(406) 222-6823 fax

citymanager@livingstonmontana.org
www.livingstonmontana.org



Chairperson
Dorel Hoglund

Vice Chairman
Quentin Schwartz

Commissioners
Mel Friedman
Warren Mabie
Melissa Nootz

December 7, 2021

To the Citizens of the
City of Livingston, Montana

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

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 8,040 as of the 2020 census, it is the 12th largest city in the state according to the 2020 Census.

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 Chair and Vice Chair 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.

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

Annual Comprehensive Financial Report (ACFR)
Transmittal Letter

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 2021 the city issued 173 building permits, 57 of which were for residential units. Due to the increased demand for residential construction, the City is experiencing a shortage of available lots.

As of July 2021, Montana's unemployment rate was 3.7% and Park County had a rate of 3.7%, compared to the national rate of 5.9%. Average salaries for the state were \$47,270, 16.1% lower than the national average of \$56,310, and only \$41,883 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, both long and short-term, has resulted in an increase in the cost of housing. Developers in the area are looking for opportunities more high density housing options including an HRDC development of small manufactured homes.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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 continued with the next two phases of this project beginning in the spring of 2019. Improvements continued into 2020 and were completed in the Fall of that year. Future infrastructure projects will be focus in areas outside of Downtown.

Annual Comprehensive Financial Report (ACFR)
Transmittal Letter

In the early fall of 2018 the City began creating it's 5-year Strategic Plan. The final plan was approved and adopted by the City Commission in March 2019. Details of the Strategic Plan as well as the progress made can be found on the City's website (livingstonmontana.org). This document is updated as need if priorities of the City have changed.

In June 2021, the City of Livingston adopted its Growth Policy. The purpose of a growth policy is to guide decisions about development and infrastructure investments within the City and should be reviewed every 5 years. The growth policy was created and finally adopted after 18 months of input from the community as well as City staff and key stakeholders. Key elements identified in the growth policy include a desire from the public for infill within the existing boundaries of the City, affordable housing, alternative transportation, and public facilities. While funding for specific projects have not yet been identified, this document will lead the City in those decisions.

Additional information related to City projects during the year can be found in the Management Discussion and Analysis section of this report beginning on page II-3.

AWARDS


The Government Finance Officers' Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Livingston for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This was the ninth 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 ACFR 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 ACFR.

ACKNOWLEDGEMENTS

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

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

Sincerely,



Michael Kardoes
City Manager



Paige Fetterhoff
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

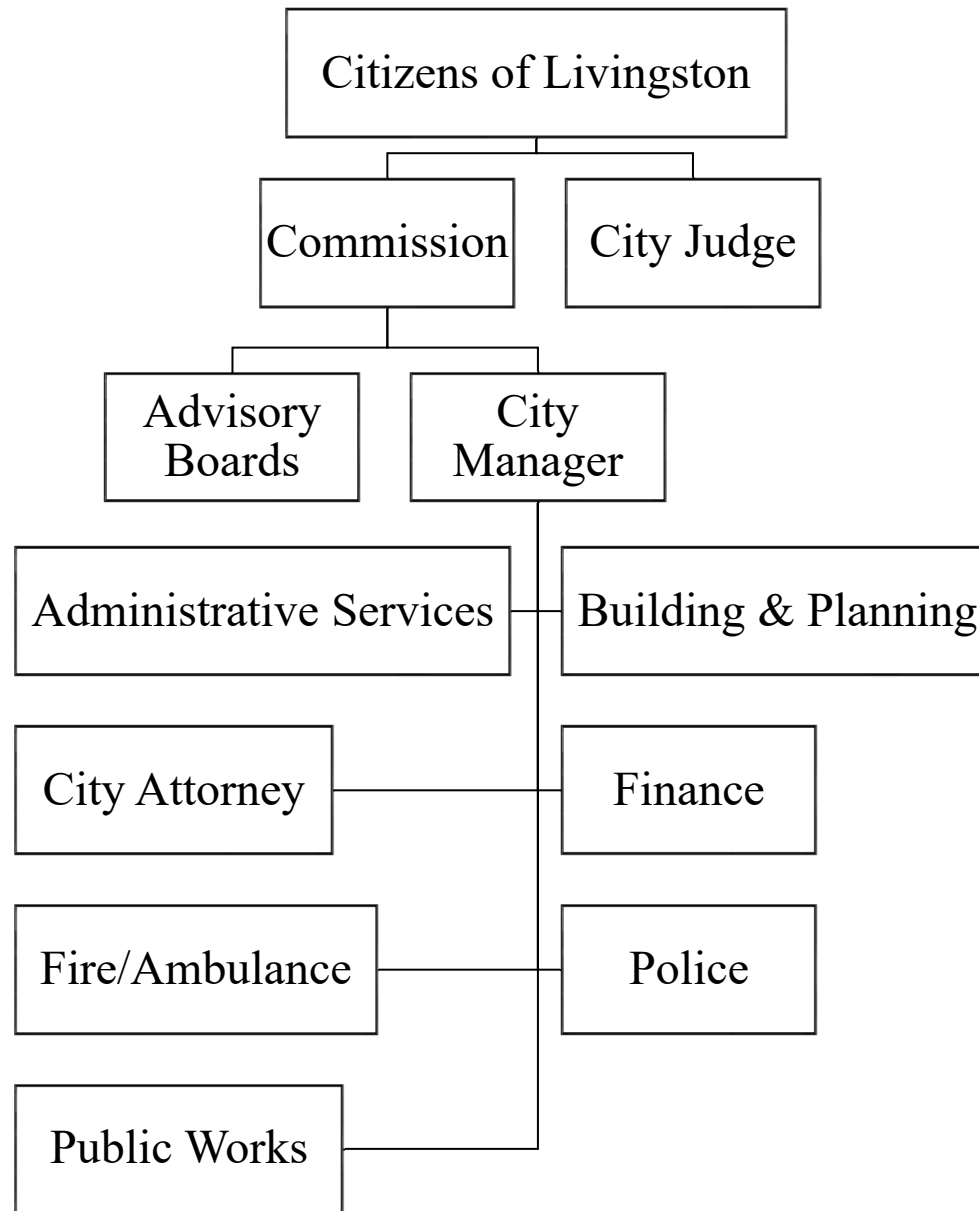
**City of Livingston
Montana**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



CITY OF LIVINGSTON, MONTANA
CITY ELECTED OFFICIALS AND OFFICERS

ELECTED OFFICIALS

Legislative

Dorel Hoglund
Quentin Schwarz
Mel Friedman
Warren Mabie
Melissa Nootz

Commission Chair
Commission Vice Chair
Commissioner
Commissioner
Commissioner

Judicial

Holly Happe

City Judge

OFFICERS

Executive

Michael Kardoes

City Manager

Department of Law

Courtney Lawellin

City Attorney

Department of Finance

Paige Fetterhoff

Finance Director

Department of Public Safety

Dale Johnson
Ken MacInnes

Police Chief
Fire Chief

Department of Public Works

Shannon Holmes

Public Works Director

Department of Public Welfare

Jim Woodhull

Planning and Building Director

Department of Administrative Services

Lisa Lowy

Administrative Services Director

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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in total other-post employment benefits liability and related ratios, 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, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, 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 and actual schedules – nonmajor funds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical 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 December 7, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Amatics CPA Group

Bozeman, Montana
December 7, 2021

A. MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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, 2021.

Financial Highlights

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30 by \$43,263,634 (net position). Of this amount, \$3,158,557 is unrestricted net position, an increase of \$258,068 from the previous year.

- Total net position increased by \$4,478,388 from the prior fiscal year. This is a result of an increase of \$2,301,795 in the City's net investment in capital assets, \$3,895,628 in restricted net position, and \$258,068 in unrestricted net position from fiscal year 2020.
- As of June 30, the City's governmental funds reported combined ending fund balances of \$7,233,833, an increase of \$1,484,802 from the prior year. Of this amount, \$5,589,133 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 private-sector businesses.

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

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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).

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 two categories: governmental funds and proprietary 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.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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-23 of this report.

Other Information. All required supplementary information is included beginning on page II-75.

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 \$43,263,634 at June 30, 2021.

The largest portion of the City's net position (\$36,209,449 or 83.7%) reflects its investment in capital assets (e.g., land, buildings, 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 | |
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Current and other assets | \$ 6,441,682 | \$ 9,156,832 | \$ 5,069,443 | \$ 6,542,943 | \$ 11,511,125 | \$ 15,699,775 |
| Capital assets | 16,719,265 | 18,373,402 | 36,328,520 | 35,781,122 | 53,047,785 | 54,154,524 |
| Total assets | 23,160,947 | 27,530,234 | 41,397,963 | 42,324,065 | 64,558,910 | 69,854,299 |
| Deferred outflows of resources | 830,700 | 1,363,306 | 420,507 | 692,495 | 1,251,207 | 2,055,801 |
| Long-term liabilities outstanding | 7,302,654 | 8,041,101 | 17,842,858 | 17,096,164 | 25,145,512 | 25,137,265 |
| Other liabilities | 610,791 | 1,863,438 | 275,452 | 975,785 | 886,243 | 2,839,223 |
| Total liabilities | 7,913,445 | 9,904,539 | 18,118,310 | 18,071,949 | 26,031,755 | 27,976,488 |
| Deferred inflows of resources | 625,348 | 435,427 | 367,768 | 234,551 | 993,116 | 669,978 |
| Net position: | | | | | | |
| Net investment in capital assets | 13,341,285 | 15,345,052 | 20,566,369 | 20,864,397 | 33,907,654 | 36,209,449 |
| Restricted | 1,130,133 | 3,048,658 | 846,970 | 846,970 | 1,977,103 | 3,895,628 |
| Unrestricted | 981,436 | 159,864 | 1,919,053 | 2,998,693 | 2,900,489 | 3,158,557 |
| Total net position | <u>\$ 15,452,854</u> | <u>\$ 18,553,574</u> | <u>\$ 23,332,392</u> | <u>\$ 24,710,060</u> | <u>\$ 38,785,246</u> | <u>\$ 43,263,634</u> |

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

An additional portion of the City's net position (\$3,895,628 or 9.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,158,557 or 7.3%) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2021, 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.

Overall, the City's net position increased during the current fiscal year by \$4,478,388.

| City of Livingston | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Changes in Net Position | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Program Revenues | | | | | | |
| Charges for Services | \$ 2,502,944 | \$ 2,483,028 | \$ 8,577,345 | \$ 9,496,376 | \$ 11,080,289 | \$ 11,979,404 |
| Operating Grants and Contributions | 1,806,885 | 3,111,506 | 263,796 | 350,740 | 2,070,681 | 3,462,246 |
| Capital Grants and Contributions | 69,306 | 406,247 | 232,668 | 422,500 | 301,974 | 828,747 |
| General Revenues | | | | | | |
| Property Taxes | 3,706,672 | 4,032,832 | 28,628 | 29,263 | 3,735,300 | 4,062,095 |
| Grants and Contributions | 1,177,400 | 1,218,469 | - | - | 1,177,400 | 1,218,469 |
| Other General Revenues | 122,235 | 264,567 | 30,982 | 14,636 | 153,217 | 279,203 |
| Total Revenues | <u>9,385,442</u> | <u>11,516,649</u> | <u>9,133,419</u> | <u>10,313,515</u> | <u>18,518,861</u> | <u>21,830,164</u> |
| Program Expenses | | | | | | |
| General Government | 1,460,018 | 1,856,160 | - | - | 1,460,018 | 1,856,160 |
| Public Safety | 3,760,377 | 4,208,140 | - | - | 3,760,377 | 4,208,140 |
| Public Works | 1,633,362 | 1,515,528 | - | - | 1,633,362 | 1,515,528 |
| Public Health | 160,943 | 125,486 | - | - | 160,943 | 125,486 |
| Culture and Recreation | 1,286,079 | 1,370,096 | - | - | 1,286,079 | 1,370,096 |
| Interest and Fiscal Fees | 124,641 | 106,968 | - | - | 124,641 | 106,968 |
| Water | | | 1,183,508 | 1,247,605 | 1,183,508 | 1,247,605 |
| Sewer | | | 2,453,140 | 2,991,845 | 2,453,140 | 2,991,845 |
| Solid Waste | | | 2,029,699 | 2,233,394 | 2,029,699 | 2,233,394 |
| Ambulance | | | 1,561,738 | 1,696,554 | 1,561,738 | 1,696,554 |
| Total Expenses | <u>8,425,420</u> | <u>9,182,378</u> | <u>7,228,085</u> | <u>8,169,398</u> | <u>15,653,505</u> | <u>17,351,776</u> |
| Excess before special items and transfers | 960,022 | 2,334,271 | 1,905,334 | 2,144,117 | 2,865,356 | 4,478,388 |
| Transfers | 758,120 | 766,449 | (758,120) | (766,449) | - | - |
| Increase in net position | <u>1,718,142</u> | <u>3,100,720</u> | <u>1,147,214</u> | <u>1,377,668</u> | <u>2,865,356</u> | <u>4,478,388</u> |
| Net position-beginning | <u>13,734,712</u> | <u>15,452,854</u> | <u>22,185,178</u> | <u>23,332,392</u> | <u>35,919,890</u> | <u>38,785,246</u> |
| Net position-ending | <u><u>\$ 15,452,854</u></u> | <u><u>\$ 18,553,574</u></u> | <u><u>\$ 23,332,392</u></u> | <u><u>\$ 24,710,060</u></u> | <u><u>\$ 38,785,246</u></u> | <u><u>\$ 43,263,634</u></u> |

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Governmental Activities. Governmental activities in fiscal year 2021 increased the City's net position by \$3,100,720. The key element of this increase is due to an increase in Operating Grants and Contributions. The City received \$1,743,675 in revenue from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the majority of which was invested in capital purchases for the City. 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 \$1,377,668. This increase is a normal variation in revenues and expenses 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 \$7,233,833, an increase of \$1,484,802 in comparison with the prior year. Of this amount, \$1,359,924 or 18.8% is restricted to indicate that it is not available for new spending, \$5,589,133 is available for spending at the government's discretion.

The General fund is the primary operating fund of the City. At June 30, 2021, total fund balance was \$2,754,003, of which \$2,718,961 was unassigned and \$35,042 was non-spendable. The unassigned fund balance represents 44.9% of the general fund operating expenditures and transfers out. The fund balance increased \$514,957 during the current fiscal year as a result of additional tax collections, intergovernmental revenue and transfers in from other funds.

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, including transfers out, in the General fund were \$7,641,918, while appropriations were \$7,942,479, resulting an unexpended balance of \$300,561. Unexpended funds are the result of certain capital purchases budgeted for but not expended during the year. These capital expenditures are carried forward to the next budget year if the purchase was not made. In most cases, the City was able to complete capital purchases for less than the budgeted amount.

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 \$54,154,524. 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-33 of this report.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Capital asset additions during the current fiscal year include the following:

Governmental

- City Hall - \$1,065,562
- Downtown capital improvements - \$900,112
- Myers River Trail vault toilet - \$10,643
- Street benches - \$15,290
- Tennis court resurfacing - \$8,922
- Body cameras for law enforcement - \$16,442
- Radios and recording equipment for law enforcement - \$86,374
- Self-contained breathing apparatuses - \$97,392
- Turnout gear - \$43,078
- Water tender - \$10,006
- ADA compliant website upgrade - \$10,800

Proprietary

- Ford transit van - \$131,057
- Cardiac monitors - \$198,641
- Power cots - \$102,625
- Downtown capital improvements - \$406,151
- Upsize 5th Street sewer main - \$300,381
- Perimeter fencing - \$23,784
- 2020 Dodge Ram - \$28,030
- Roll off containers - \$15,731
- 2021 Dodge Ram - \$23,987
- B Street generator - \$48,407

Below is summary information related to the governments capital assets:

City of Livingston
Capital Assets
(net of accumulated depreciation)

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|----------------------|
| Non-depreciable assets: | | | |
| Land | \$ 675,226 | \$ 52,980 | \$ 728,206 |
| Construction in progress | 693,636 | 7,140 | \$ 700,776 |
| | <u>1,368,862</u> | <u>60,120</u> | <u>1,428,982</u> |
| Depreciable assets: | | | |
| Buildings | 3,130,210 | 2,326,715 | 5,456,925 |
| Improvements other than buildings | 1,501,114 | - | 1,501,114 |
| Machinery and equipment | 1,971,320 | 1,527,575 | 3,498,895 |
| Infrastructure | 10,401,896 | 31,866,712 | 42,268,608 |
| | <u>17,004,540</u> | <u>35,721,002</u> | <u>52,725,542</u> |
| Total capital assets | <u>\$ 18,373,402</u> | <u>\$ 35,781,122</u> | <u>\$ 54,154,524</u> |

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Long-Term Debt. As of June 30, the City had total debt outstanding of \$17,945,075. Of this amount \$613,403 comprises debt backed by the full faith and credit of the government; \$2,132,936 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; \$14,916,725 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 \$282,011 is loans and leases 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-36 of this report.

City of Livingston
Outstanding Debt as of June 30, 2021

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| General obligation bonds | \$ 613,403 | \$ - | \$ 613,403 |
| Notes payable | 282,011 | - | 282,011 |
| Special assessment debt with government commitment | 123,000 | - | 123,000 |
| Tax increment | 2,009,936 | - | 2,009,936 |
| Revenue bonds | - | 14,916,725 | 14,916,725 |
| Total | <u>\$ 3,028,350</u> | <u>\$ 14,916,725</u> | <u>\$ 17,945,075</u> |

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Economic Factors and Next Year's Budgets and Rates

The City changed various rates for fiscal year 2022 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 | 25% |
| Light Maintenance District | 0% |
| Proprietary: | |
| Water | 3.3% |
| Wastewater | 3% |
| 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, 220 East Park Street, Livingston, MT 59047.

B. BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

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

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 6,632,812 | \$ 4,291,355 | \$ 10,924,167 |
| Restricted cash and investments | 297,324 | 710,035 | 1,007,359 |
| Receivables, net | 2,196,207 | 1,526,603 | 3,722,810 |
| Prepaid expenses | 30,489 | 14,950 | 45,439 |
| Capital assets | | | |
| Nondepreciable land | 675,226 | 52,980 | 728,206 |
| Construction in progress | 693,636 | 7,140 | 700,776 |
| Other capital assets, net of depreciation | 17,004,540 | 35,721,002 | 52,725,542 |
| Total capital assets | <u>18,373,402</u> | <u>35,781,122</u> | <u>54,154,524</u> |
| Total assets | <u>27,530,234</u> | <u>42,324,065</u> | <u>69,854,299</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - pensions | 1,290,967 | 656,772 | 1,947,739 |
| Deferred outflows - other post employment benefits | 72,339 | 35,723 | 108,062 |
| Total deferred outflows of resources | <u>1,363,306</u> | <u>692,495</u> | <u>2,055,801</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 218,326 | 373,653 | 591,979 |
| Payroll payable | 231,562 | 111,148 | 342,710 |
| Advances | 996,341 | - | 996,341 |
| Compensated absences payable | 90,000 | 40,000 | 130,000 |
| Long-term debt due in less than one year | 327,209 | 450,984 | 778,193 |
| Noncurrent liabilities due in more than one year | | | |
| Compensated absences | 400,667 | 153,098 | 553,765 |
| Other post-employment health benefits | 701,290 | 346,314 | 1,047,604 |
| Net pension liability | 4,238,003 | 2,131,011 | 6,369,014 |
| Long-term debt due in more than one year | 2,701,141 | 14,465,741 | 17,166,882 |
| Total liabilities | <u>9,904,539</u> | <u>18,071,949</u> | <u>27,976,488</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - pensions | 180,544 | 108,684 | 289,228 |
| Deferred inflows - other post-employment health benefits | 254,883 | 125,867 | 380,750 |
| Total deferred inflows of resources | <u>435,427</u> | <u>234,551</u> | <u>669,978</u> |
| NET POSITION | | | |
| Net investment in capital assets | 15,345,052 | 20,864,397 | 36,209,449 |
| Restricted - nonexpendable | 249,734 | - | 249,734 |
| Restricted for public safety | 143,084 | - | 143,084 |
| Restricted for public works | 587,484 | - | 587,484 |
| Restricted for culture and recreation | 144,223 | - | 144,223 |
| Restricted for debt service | 485,133 | 846,970 | 1,332,103 |
| Unrestricted | 1,598,864 | 2,998,693 | 4,597,557 |
| Total net position | <u>\$ 18,553,574</u> | <u>\$ 24,710,060</u> | <u>\$ 43,263,634</u> |

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

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

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|---|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| Primary Government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,856,160 | \$ 486,079 | \$ 1,508,364 | \$ - | \$ 138,283 | \$ - | \$ 138,283 |
| Public safety | 4,208,140 | 530,334 | 908,617 | 8,654 | (2,760,535) | - | (2,760,535) |
| Public works | 1,515,528 | 1,257,269 | 150,962 | 397,593 | 290,296 | - | 290,296 |
| Public health | 125,486 | 22,775 | - | - | (102,711) | - | (102,711) |
| Culture and recreation | 1,370,096 | 186,571 | 543,563 | - | (639,962) | - | (639,962) |
| Interest, fiscal fees, and debt costs | 106,968 | - | - | - | (106,968) | - | (106,968) |
| Total governmental activities | <u>9,182,378</u> | <u>2,483,028</u> | <u>3,111,506</u> | <u>406,247</u> | <u>(3,181,597)</u> | | <u>(3,181,597)</u> |
| Business-type activities: | | | | | | | |
| Water | 1,247,605 | 2,071,414 | 21,906 | - | - | 845,715 | 845,715 |
| Sewer | 2,991,845 | 2,800,076 | 32,345 | 422,500 | - | 263,076 | 263,076 |
| Solid Waste | 2,233,394 | 2,651,264 | 31,692 | - | - | 449,562 | 449,562 |
| Ambulance | 1,696,554 | 1,973,622 | 264,797 | - | - | 541,865 | 541,865 |
| Total business-type activities | <u>8,169,398</u> | <u>9,496,376</u> | <u>350,740</u> | <u>422,500</u> | <u>-</u> | <u>2,100,218</u> | <u>2,100,218</u> |
| Total primary government | <u>\$ 17,351,776</u> | <u>\$ 11,979,404</u> | <u>\$ 3,462,246</u> | <u>\$ 828,747</u> | <u>(3,181,597)</u> | <u>2,100,218</u> | <u>(1,081,379)</u> |
| General revenues: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 3,981,974 | 29,263 | 4,011,237 |
| Property taxes, levied for debt service | | | | | 50,858 | - | 50,858 |
| Grants and contributions not restricted to specific programs | | | | | 1,218,469 | - | 1,218,469 |
| Unrestricted investment earnings | | | | | 29,969 | 14,636 | 44,605 |
| Miscellaneous | | | | | 234,598 | - | 234,598 |
| Total general revenues | | | | | <u>5,515,868</u> | <u>43,899</u> | <u>5,559,767</u> |
| Transfers | | | | | <u>766,449</u> | <u>(766,449)</u> | <u>-</u> |
| | | | | | <u>6,282,317</u> | <u>(722,550)</u> | <u>5,559,767</u> |
| Change in net position | | | | | 3,100,720 | 1,377,668 | 4,478,388 |
| Net position-beginning | | | | | <u>15,452,854</u> | <u>23,332,392</u> | <u>38,785,246</u> |
| Net position-ending | | | | | <u>\$ 18,553,574</u> | <u>\$ 24,710,060</u> | <u>\$ 43,263,634</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.

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

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|----------------------------|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 2,730,256 | \$ 3,902,556 | \$ 6,632,812 |
| Receivables: | | | |
| Property taxes | 57,630 | 27,078 | 84,708 |
| Customers, net | 50,335 | 32,922 | 83,257 |
| Other | 40,000 | 780,193 | 820,193 |
| Special assessments | - | 354,881 | 354,881 |
| Other governments | 246,289 | 606,879 | 853,168 |
| Due from other City funds | 35,042 | 139,500 | 174,542 |
| Prepaid expenditures | 17,087 | 13,402 | 30,489 |
| Restricted cash and cash equivalents | 36,482 | 260,842 | 297,324 |
| Total assets | <u><u>\$ 3,213,121</u></u> | <u><u>\$ 6,118,253</u></u> | <u><u>\$ 9,331,374</u></u> |

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

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

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|---|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 154,054 | \$ 22,707 | \$ 176,761 |
| Court bonds payable | 41,565 | - | 41,565 |
| Payroll payable | 168,688 | 62,874 | 231,562 |
| Advances | - | 996,341 | 996,341 |
| Due to other City funds | - | 174,542 | 174,542 |
| | <u>364,307</u> | <u>1,256,464</u> | <u>1,620,771</u> |
| Total liabilities | | | |
| Deferred inflows of resources: | | | |
| Deferred inflows - tax revenues | 57,630 | 169,341 | 226,971 |
| Deferred inflows - special assessments | - | 212,618 | 212,618 |
| Deferred inflows - court fines | 37,181 | - | 37,181 |
| | <u>94,811</u> | <u>381,959</u> | <u>476,770</u> |
| Total deferred inflows of resources | | | |
| Fund balances: | | | |
| Nonspendable | 35,042 | 249,734 | 284,776 |
| Restricted | - | 1,359,924 | 1,359,924 |
| Committed | - | 2,969,149 | 2,969,149 |
| Unassigned | 2,718,961 | (98,977) | 2,619,984 |
| | <u>2,754,003</u> | <u>4,479,830</u> | <u>7,233,833</u> |
| Total fund balances | | | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,213,121</u> | <u>\$ 6,118,253</u> | <u>\$ 9,331,374</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, 2021

| | | |
|--|----|-----------|
| Fund balances - total governmental funds | \$ | 7,233,833 |
|--|----|-----------|

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

| | | | |
|--------------------------------|----|--------------------|------------|
| Governmental capital assets | \$ | 25,995,326 | |
| Less: accumulated depreciation | | <u>(7,621,924)</u> | |
| | | | 18,373,402 |

| | | |
|---|--|---------|
| Advances and deferred inflows in the governmental funds are reported on the full accrual basis in the entity-wide statements. | | 476,770 |
|---|--|---------|

| | | |
|--|--|-----------|
| Deferred outflows related to pensions and other post-employment health benefits are not receivable in the current period and therefore are not reported in the governmental funds. | | 1,363,306 |
|--|--|-----------|

| | | |
|--|--|-----------|
| 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. | | (435,427) |
|--|--|-----------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

| | | | |
|---------------------------------------|--|------------------|--------------------|
| Bonds payable | | (2,969,164) | |
| Unamortized bond issuance premium | | (59,186) | |
| Net pension liability | | (4,238,003) | |
| Other post-employment health benefits | | (701,290) | |
| Compensated absences | | <u>(490,667)</u> | |
| | | | <u>(8,458,310)</u> |

| | | |
|---|----|--------------------------|
| Net position of governmental activities | \$ | <u><u>18,553,574</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, 2021

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|---|
| REVENUES | | | |
| Taxes | \$ 2,653,715 | \$ 1,206,563 | \$ 3,860,278 |
| Special assessments | - | 1,363,420 | 1,363,420 |
| Licenses and permits | 418,198 | 7,006 | 425,204 |
| Intergovernmental | 3,359,057 | 1,377,165 | 4,736,222 |
| Charges for services | 107,349 | 698,071 | 805,420 |
| Fines and forfeitures | 102,133 | 279 | 102,412 |
| Interest on investments | 4,584 | 25,385 | 29,969 |
| Other | 149,194 | 85,404 | 234,598 |
| Total revenues | <u>6,794,230</u> | <u>4,763,293</u> | <u>11,557,523</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | 1,645,928 | 133,732 | 1,779,660 |
| Public safety | 2,977,423 | 775,225 | 3,752,648 |
| Public works | 353,050 | 706,590 | 1,059,640 |
| Public health | 117,525 | - | 117,525 |
| Culture and recreation | 571,655 | 563,269 | 1,134,924 |
| Capital outlay | 1,590,314 | 947,861 | 2,538,175 |
| Debt service | | | |
| Principal payments | 8,178 | 341,452 | 349,630 |
| Interest and fiscal fees | 982 | 105,986 | 106,968 |
| Total expenditures | <u>7,265,055</u> | <u>3,574,115</u> | <u>10,839,170</u> |
| Excess (deficiency) of revenues over expenditures | <u>(470,825)</u> | <u>1,189,178</u> | <u>718,353</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 1,362,645 | 547,594 | 1,910,239 |
| Transfers out | (376,863) | (766,927) | (1,143,790) |
| Total other financing sources (uses) | <u>985,782</u> | <u>(219,333)</u> | <u>766,449</u> |
| Net change in fund balances | 514,957 | 969,845 | 1,484,802 |
| FUND BALANCE - beginning of year | <u>2,239,046</u> | <u>3,509,985</u> | <u>5,749,031</u> |
| FUND BALANCE - end of year | <u>\$ 2,754,003</u> | <u>\$ 4,479,830</u> | <u>\$ 7,233,833</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, 2021

| | | |
|---|------------------|----------------------------|
| Net change in fund balances - total governmental funds | | \$ 1,484,802 |
| Amounts reported for <i>governmental activities</i> 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 | \$ 2,538,175 | |
| Less: current year depreciation | <u>(884,039)</u> | |
| | | 1,654,136 |
| Repayment of principal is an expenditure in the governmental funds, but this repayment reduces long-term liabilities in the statement of net position. | | |
| Bond and loan proceeds | - | |
| Principal payments | <u>349,630</u> | |
| | | 349,630 |
| Governmental funds do not report a liability for other post-employment health benefits and net pension liabilities. | | (315,481) |
| 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. | | (40,874) |
| 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 | | <u>(31,493)</u> |
| Change in net position of governmental activities | | <u><u>\$ 3,100,720</u></u> |

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, 2021

| | Business-type Activities Enterprise Funds | | | | |
|---|--|--------------|-------------|------------|--------------|
| | Water | Sewer | Solid Waste | Ambulance | Total |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 1,904,630 | \$ 1,719,638 | \$ 284,110 | \$ 382,977 | \$ 4,291,355 |
| Receivables: | | | | | |
| Taxes | - | - | - | 813 | 813 |
| Customers receivables, net | 251,828 | 322,201 | 304,071 | 293,870 | 1,171,970 |
| Other | - | - | 45,100 | - | 45,100 |
| Special assessments | 155 | 116 | 102 | - | 373 |
| Other governments | - | 22,500 | - | 285,847 | 308,347 |
| Prepaid expenses | 3,774 | 3,918 | 3,689 | 3,569 | 14,950 |
| Total current assets | 2,160,387 | 2,068,373 | 637,072 | 967,076 | 5,832,908 |
| Noncurrent assets | | | | | |
| Restricted cash and investments | - | 710,035 | - | - | 710,035 |
| Total noncurrent assets | - | 710,035 | - | - | 710,035 |
| Property, plant and equipment | | | | | |
| Nondepreciable: | | | | | |
| Land | 52,980 | - | - | - | 52,980 |
| Construction work in process | - | 7,140 | - | - | 7,140 |
| Depreciable: | | | | | |
| Buildings | 645,920 | 4,271,511 | 1,334,020 | 165,261 | 6,416,712 |
| Machinery and equipment | 919,825 | 1,220,405 | 1,479,318 | 1,019,482 | 4,639,030 |
| Source of supply | 1,236,275 | - | - | - | 1,236,275 |
| Transmission and distribution | 10,133,567 | 9,284,308 | - | - | 19,417,875 |
| General plant | 48,164 | 23,532,236 | - | - | 23,580,400 |
| Accumulated depreciation and amortization | (5,895,733) | (11,826,486) | (1,312,904) | (534,167) | (19,569,290) |
| Net property, plant and equipment | 7,140,998 | 26,489,114 | 1,500,434 | 650,576 | 35,781,122 |
| Total assets | 9,301,385 | 29,267,522 | 2,137,506 | 1,617,652 | 42,324,065 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows related to pensions | 102,132 | 150,798 | 147,755 | 256,087 | 656,772 |
| Deferred outflows - other post-employment health benefits | 7,926 | 9,848 | 8,958 | 8,991 | 35,723 |
| | 110,058 | 160,646 | 156,713 | 265,078 | 692,495 |

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

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

| | Business-type Activities Enterprise Funds | | | | |
|--|--|---------------|--------------|--------------|---------------|
| | Water | Sewer | Solid Waste | Ambulance | Total |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 20,237 | \$ 214,416 | \$ 127,344 | \$ 10,125 | \$ 372,122 |
| Utility deposit payable | 1,531 | - | - | - | 1,531 |
| Payroll payable | 17,427 | 24,837 | 25,053 | 43,831 | 111,148 |
| Compensated absences | 9,000 | 13,000 | 8,000 | 10,000 | 40,000 |
| Bonds, notes, and loans payable | - | 450,984 | - | - | 450,984 |
| Total current liabilities | 48,195 | 703,237 | 160,397 | 63,956 | 975,785 |
| Noncurrent liabilities | | | | | |
| Compensated absences | 12,546 | 37,302 | 58,340 | 44,910 | 153,098 |
| Other post-employment health benefits | 76,840 | 95,468 | 86,847 | 87,159 | 346,314 |
| Net pension liability | 424,879 | 627,333 | 614,673 | 464,126 | 2,131,011 |
| Bonds, notes, and loans payable | - | 14,465,741 | - | - | 14,465,741 |
| Total noncurrent liabilities | 514,265 | 15,225,844 | 759,860 | 596,195 | 17,096,164 |
| Total liabilities | 562,460 | 15,929,081 | 920,257 | 660,151 | 18,071,949 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows - pensions | 27,247 | 40,229 | 39,418 | 1,790 | 108,684 |
| Deferred inflows - other post-employment health benefits | 27,927 | 34,698 | 31,564 | 31,678 | 125,867 |
| | 55,174 | 74,927 | 70,982 | 33,468 | 234,551 |
| NET POSITION | | | | | |
| Net investment in capital assets | 7,140,998 | 11,572,389 | 1,500,434 | 650,576 | 20,864,397 |
| Restricted for debt service | - | 846,970 | - | - | 846,970 |
| Unrestricted | 1,652,811 | 1,004,801 | (197,454) | 538,535 | 2,998,693 |
| Total net position | \$ 8,793,809 | \$ 13,424,160 | \$ 1,302,980 | \$ 1,189,111 | \$ 24,710,060 |

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, 2021

| | Business-type Activities Enterprise Funds | | | | |
|---|--|-----------------------------|----------------------------|----------------------------|-----------------------------|
| | Water | Sewer | Solid Waste | Ambulance | Totals |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 2,071,414 | \$ 2,800,076 | \$ 2,651,244 | \$ 1,968,915 | \$ 9,491,649 |
| Total operating revenues | <u>2,071,414</u> | <u>2,800,076</u> | <u>2,651,244</u> | <u>1,968,915</u> | <u>9,491,649</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | 511,092 | 732,072 | 721,982 | 1,347,876 | 3,313,022 |
| Depreciation and amortization | 337,740 | 1,251,924 | 138,749 | 102,815 | 1,831,228 |
| Supplies, service, materials | 398,773 | 681,584 | 1,371,128 | 245,863 | 2,697,348 |
| Total operating expenses | <u>1,247,605</u> | <u>2,665,580</u> | <u>2,231,859</u> | <u>1,696,554</u> | <u>7,841,598</u> |
| Operating income | <u>823,809</u> | <u>134,496</u> | <u>419,385</u> | <u>272,361</u> | <u>1,650,051</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 4,801 | 7,900 | 560 | 1,375 | 14,636 |
| Interest expense | - | (326,265) | (1,535) | - | (327,800) |
| Other revenue | - | - | 20 | 4,707 | 4,727 |
| Intergovernmental revenue | 21,906 | 454,845 | 31,692 | 264,797 | 773,240 |
| Tax revenue | - | - | - | 29,263 | 29,263 |
| Total non-operating revenues (expenses) | <u>26,707</u> | <u>136,480</u> | <u>30,737</u> | <u>300,142</u> | <u>494,066</u> |
| Income before contributions and transfers | 850,516 | 270,976 | 450,122 | 572,503 | 2,144,117 |
| Transfers out | <u>(177,477)</u> | <u>(236,627)</u> | <u>(210,363)</u> | <u>(141,982)</u> | <u>(766,449)</u> |
| Change in net position | 673,039 | 34,349 | 239,759 | 430,521 | 1,377,668 |
| NET POSITION, beginning of year | <u>8,120,770</u> | <u>13,389,811</u> | <u>1,063,221</u> | <u>758,590</u> | <u>23,332,392</u> |
| NET POSITION, end of year | <u><u>\$ 8,793,809</u></u> | <u><u>\$ 13,424,160</u></u> | <u><u>\$ 1,302,980</u></u> | <u><u>\$ 1,189,111</u></u> | <u><u>\$ 24,710,060</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, 2021

| | 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 | \$ 2,008,091 | \$ 2,747,606 | \$ 2,607,206 | \$ 1,878,202 | \$ 9,241,105 |
| Receipts from (payments to) others | 976 | - | - | - | 976 |
| Operating loans from (to) other funds | - | 17,058 | (51,174) | - | (34,116) |
| Payments to suppliers | (387,258) | (473,951) | (1,453,268) | (241,422) | (2,555,899) |
| Payments to employees | (502,706) | (677,807) | (613,491) | (1,326,942) | (3,120,946) |
| Net Cash Provided by Operating Activities | <u>1,119,103</u> | <u>1,612,906</u> | <u>489,273</u> | <u>309,838</u> | <u>3,531,120</u> |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Cash receipts from miscellaneous revenue sources | - | - | 20 | 4,707 | 4,727 |
| Cash receipts from property taxes | - | - | - | 12,089 | 12,089 |
| Receipts from grants | 21,906 | 432,345 | 31,692 | 264,797 | 750,740 |
| Transfers out | (177,477) | (236,627) | (210,363) | (141,982) | (766,449) |
| Net Cash Flows Provided (Used) by Noncapital Financing Activities | <u>(155,571)</u> | <u>195,718</u> | <u>(178,651)</u> | <u>139,611</u> | <u>1,107</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Acquisition of property, plant and equipment | (252,021) | (490,015) | (109,471) | (432,323) | (1,283,830) |
| Principal paid on bonds, interfund loans, loans, and leases | - | (845,426) | - | - | (845,426) |
| Interest paid on bonds, interfund loans, loans and leases | - | (326,265) | (1,535) | - | (327,800) |
| Net Cash Flows Used by Capital and Related Financing Activities | <u>(252,021)</u> | <u>(1,661,706)</u> | <u>(111,006)</u> | <u>(432,323)</u> | <u>(2,457,056)</u> |
| Cash Flows from Investing Activities | | | | | |
| Interest received on investments | 4,801 | 7,900 | 560 | 1,375 | 14,636 |
| Net Cash Flows Provided (Used) by Investing Activities | <u>4,801</u> | <u>7,900</u> | <u>560</u> | <u>1,375</u> | <u>14,636</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 716,312 | 154,818 | 200,176 | 18,501 | 1,089,807 |
| Cash and Cash Equivalents at Beginning of Year | <u>1,188,318</u> | <u>2,274,855</u> | <u>83,934</u> | <u>364,476</u> | <u>3,911,583</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 1,904,630</u></u> | <u><u>\$ 2,429,673</u></u> | <u><u>\$ 284,110</u></u> | <u><u>\$ 382,977</u></u> | <u><u>\$ 5,001,390</u></u> |
| Classified As: | | | | | |
| Current Assets | \$ 1,904,630 | \$ 1,719,638 | \$ 284,110 | \$ 382,977 | \$ 4,291,355 |
| Restricted Assets | - | 710,035 | - | - | 710,035 |
| Totals | <u><u>\$ 1,904,630</u></u> | <u><u>\$ 2,429,673</u></u> | <u><u>\$ 284,110</u></u> | <u><u>\$ 382,977</u></u> | <u><u>\$ 5,001,390</u></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, 2021

| | Business-type Activities Enterprise Funds | | | | |
|---|--|----------------------------|---------------------------|--------------------------|----------------------------|
| | <u>Water</u> | <u>Sewer</u> | <u>Solid Waste</u> | <u>Ambulance</u> | <u>Total</u> |
| Operating income | <u>\$ 823,809</u> | <u>\$ 134,496</u> | <u>\$ 419,385</u> | <u>\$ 272,361</u> | <u>\$ 1,650,051</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | | |
| Depreciation and amortization | 337,740 | 1,251,924 | 138,749 | 102,815 | 1,831,228 |
| Change in assets, deferred outflows, liabilities and deferred inflows: | | | | | |
| (Increase) Decrease in: | | | | | |
| Accounts receivable | (63,608) | (52,470) | (89,138) | (90,713) | (295,929) |
| Prepaid expense | (3,774) | (3,918) | (3,689) | (3,569) | (14,950) |
| Other receivables | 976 | - | - | - | 976 |
| Deferred outflows of resources | (33,394) | (59,121) | (66,077) | (113,396) | (271,988) |
| Increase (Decrease) in: | | | | | |
| Accounts payable | 11,800 | 207,633 | (37,040) | 4,441 | 186,834 |
| Payroll payable | 17,427 | 24,837 | 25,053 | 43,831 | 111,148 |
| Other post-employment benefits | 6,081 | 7,608 | 3,861 | (9,267) | 8,283 |
| Net pension liability | 53,022 | 130,973 | 174,596 | 133,062 | 491,653 |
| Deferred inflows of resources | (33,107) | (40,051) | (33,167) | (26,892) | (133,217) |
| Loans from other City funds | - | 17,058 | (51,174) | - | (34,116) |
| Accrued employee benefits payable | 2,131 | (6,063) | 7,914 | (2,835) | 1,147 |
| Total adjustments | <u>295,294</u> | <u>1,478,410</u> | <u>69,888</u> | <u>37,477</u> | <u>1,881,069</u> |
| Net cash provided by operating activities | <u><u>\$ 1,119,103</u></u> | <u><u>\$ 1,612,906</u></u> | <u><u>\$ 489,273</u></u> | <u><u>\$ 309,838</u></u> | <u><u>\$ 3,531,120</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, 2021

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

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

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 burden 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$122,501 at June 30, 2021. 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.

Revolving Loan Funds

The City has contracted a local non-profit economic development entity to administer its CDBG revolving loan funds. The agreement between the City and the entity stipulates administrative and loan service fees paid by the City in exchange for the entity's administration of the loans.

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.

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 General, Library, Dispatch, Street, Water, Sewer, Solid Waste, 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards

During the year ended June 30, 2021, the City adopted the following new standards:

GASB Statement No. 84, Fiduciary Activities

This statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefits arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employment benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Implementation Guide 2019-1, Implementation Guidance Update – 2019

The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements.

GASB Implementation Guide 2019-2, Fiduciary Activities

The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later. The effective dates of certain provisions contained in the following pronouncements were postponed by one year: GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*. The effective date of the following pronouncement was postponed by 18 months: GASB Statement No. 87, *Leases*.

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 | \$ 6,632,812 | \$ 297,324 | \$ 6,930,136 |
| Business-type activities | 4,291,355 | 710,035 | 5,001,390 |
| | <u>\$ 10,924,167</u> | <u>\$ 1,007,359</u> | <u>\$ 11,931,526</u> |

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

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 (\$9,384,507) 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 fair 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 0.2% to 2.1%. The investments are recorded at cost, which materially approximates market value.

Market Value Measurement and Application. The City categorizes its market 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 day's 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 market value measurements.

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

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 | \$ 1,520 | \$ - | \$ 1,520 | N/A | N/A | N/A |
| Demand deposits | 9,655,088 | - | 9,655,088 | N/A | FDIC | N/A |
| Certificate of deposits | - | 1,051,022 | 1,051,022 | N/A | FDIC | Level 2 |
| STIP | - | 673,896 | 673,896 | N/A | N/A | N/A |
| U.S. Government bonds | - | 550,000 | 550,000 | 1-5 years | S&P AA+ | Level 2 |
| | <u>\$ 9,656,608</u> | <u>\$ 2,274,918</u> | <u>\$ 11,931,526</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, 2021, were based upon a taxable valuation of \$15,471,008.

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

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, 2020</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfers</u> | <u>June 30, 2021</u> |
|--------------------------------------|----------------------|---------------------|------------------|--------------------|----------------------|
| Governmental activities: | | | | | |
| Non-depreciable | | | | | |
| Land | \$ 375,226 | \$ 300,000 | \$ - | \$ - | \$ 675,226 |
| Construction in progress | <u>1,769,420</u> | <u>14,818</u> | <u>-</u> | <u>(1,090,602)</u> | <u>693,636</u> |
| Total non-depreciable | <u>2,144,646</u> | <u>314,818</u> | <u>-</u> | <u>(1,090,602)</u> | <u>1,368,862</u> |
| Depreciable | | | | | |
| Buildings/improvements | 3,687,866 | 930,556 | - | - | 4,618,422 |
| Improvements other than buildings | 2,514,648 | 24,212 | - | - | 2,538,860 |
| Machinery and equipment | 4,760,156 | 346,446 | (301,419) | - | 4,805,183 |
| Infrastructure | <u>10,651,254</u> | <u>922,143</u> | <u>-</u> | <u>1,090,602</u> | <u>12,663,999</u> |
| Total depreciable | <u>21,613,924</u> | <u>2,223,357</u> | <u>(301,419)</u> | <u>1,090,602</u> | <u>24,626,464</u> |
| Less accumulated depreciation | | | | | |
| Buildings/improvements | (1,375,776) | (112,401) | - | - | (1,488,177) |
| Improvements other than buildings | (878,109) | (158,558) | - | - | (1,036,667) |
| Machinery and equipment | (2,837,886) | (298,511) | 301,419 | - | (2,834,978) |
| Infrastructure | <u>(1,947,534)</u> | <u>(314,568)</u> | <u>-</u> | <u>-</u> | <u>(2,262,102)</u> |
| Total accumulated depreciation | <u>(7,039,305)</u> | <u>(884,038)</u> | <u>301,419</u> | <u>-</u> | <u>(7,621,924)</u> |
| Total governmental activities | <u>\$ 16,719,265</u> | <u>\$ 1,654,137</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,373,402</u> |

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

4. CAPITAL ASSETS (Continued)

| | <u>June 30, 2020</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfers/ Adjustments</u> | <u>June 30, 2021</u> |
|---------------------------------------|-----------------------------|----------------------------|---------------------------|-----------------------------------|-----------------------------|
| Business-type activities: | | | | | |
| Non-depreciable | | | | | |
| Land | \$ 52,980 | \$ - | \$ - | \$ - | \$ 52,980 |
| Construction in progress | <u>351,541</u> | <u>-</u> | <u>(34,905)</u> | <u>(309,496)</u> | <u>7,140</u> |
| Total non-depreciable | <u>404,521</u> | <u>-</u> | <u>(34,905)</u> | <u>(309,496)</u> | <u>60,120</u> |
| Depreciable | | | | | |
| Buildings and systems | 49,596,195 | 766,739 | (21,170) | 309,496 | 50,651,260 |
| Machinery and equipment | <u>4,515,790</u> | <u>551,994</u> | <u>(428,752)</u> | <u>-</u> | <u>4,639,032</u> |
| Total depreciable | <u>54,111,985</u> | <u>1,318,733</u> | <u>(449,922)</u> | <u>309,496</u> | <u>55,290,292</u> |
| Less accumulated depreciation | | | | | |
| Buildings and systems | (14,975,100) | (1,503,939) | 21,170 | - | (16,457,869) |
| Machinery and equipment | <u>(3,212,886)</u> | <u>(327,289)</u> | <u>428,754</u> | <u>-</u> | <u>(3,111,421)</u> |
| Total accumulated depreciation | <u>(18,187,986)</u> | <u>(1,831,228)</u> | <u>449,924</u> | <u>-</u> | <u>(19,569,290)</u> |
| Total business-type activities | <u><u>\$ 36,328,520</u></u> | <u><u>\$ (512,495)</u></u> | <u><u>\$ (34,903)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 35,781,122</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, 2021, depreciation expense on capital assets was charged to the functions/programs as follows:

| | | | |
|---------------------------------|--------------------------|----------------------------------|----------------------------|
| Governmental activities: | | Business-type activities: | |
| General government | \$ 47,482 | Water | \$ 337,740 |
| Public safety | 211,191 | Sewer | 1,251,924 |
| Public works | 420,727 | Solid Waste | 138,749 |
| Public health | 3,737 | Ambulance | <u>102,815</u> |
| Social and economic services | 884 | Total - business type activities | <u><u>\$ 1,831,228</u></u> |
| Culture and recreation | <u>200,017</u> | | |
| Total - governmental activities | <u><u>\$ 884,038</u></u> | | |

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

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of June 30, 2021, consisted of the following:

| | <u>Due To</u> | <u>Due From</u> | <u>Internal Balances</u> |
|-------------------------------|---------------------|-------------------|------------------------------|
| Governmental activities: | | | |
| General | \$ - | \$ 35,042 | \$ 35,042 |
| Nonmajor governmental funds | <u>(174,542)</u> | <u>139,500</u> | <u>(35,042)</u> |
| Total governmental activities | <u>\$ (174,542)</u> | <u>\$ 174,542</u> | <u>\$ -</u> |

Interfund transfers consisted of the following for the year:

| | <u>Transfer In</u> | <u>Transfer Out</u> | <u>Total</u> |
|--------------------------------|---------------------|-----------------------|---------------------|
| Governmental activities: | | | |
| General | \$ 1,362,645 | \$ (376,863) | \$ 985,782 |
| Nonmajor governmental funds | <u>547,594</u> | <u>(766,927)</u> | <u>(219,333)</u> |
| Total governmental activities | <u>\$ 1,910,239</u> | <u>\$ (1,143,790)</u> | <u>\$ 766,449</u> |
| Business-type activities | | | |
| Water | \$ - | \$ (177,477) | \$ (177,477) |
| Sewer | - | (236,627) | (236,627) |
| Solid waste | - | (210,363) | (210,363) |
| Ambulance | <u>-</u> | <u>(141,982)</u> | <u>(141,982)</u> |
| Total business-type activities | <u>\$ -</u> | <u>\$ (766,449)</u> | <u>\$ (766,449)</u> |
| Total | <u>\$ 1,910,239</u> | <u>\$ (1,910,239)</u> | <u>\$ -</u> |

Transfers between funds consist of transfers into the General fund from Library, Dispatch, Street, Water, Sewer, Solid Waste, and Ambulance fund in the amount of \$1,006,977 to cover the cost of administrative expenses paid by the general fund. The City receives tax revenue from its permissive health insurance levy. The proceeds are transferred to eligible governmental fund types to offset health insurance costs.

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

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 \$400,667 for governmental activities and \$153,098 for business-type activities at June 30, 2021, 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.

| | Balance June 30, 2020 | Incurred | Satisfied | Balance June 30, 2021 | Due within one year | Due after one year |
|----------------------------|----------------------------------|-------------------|---------------------|----------------------------------|--------------------------------|-------------------------------|
| Compensated absences | | | | | | |
| Governmental activities | \$ 459,173 | \$ 121,494 | \$ (90,000) | \$ 490,667 | \$ 90,000 | \$ 400,667 |
| Business-type activities | <u>191,951</u> | <u>41,147</u> | <u>(40,000)</u> | <u>193,098</u> | <u>40,000</u> | <u>153,098</u> |
| Total compensated absences | <u>\$ 651,124</u> | <u>\$ 162,641</u> | <u>\$ (130,000)</u> | <u>\$ 683,765</u> | <u>\$ 130,000</u> | <u>\$ 553,765</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:

| | Balance June 30, 2020 | Issuances | Repayments | Balance June 30, 2021 | Current (Due within one year) | Long-term (Due after one year) |
|--------------------------|----------------------------------|------------------|---------------------|----------------------------------|--|---|
| General obligation bonds | \$ 650,178 | \$ - | \$ (36,775) | \$ 613,403 | \$ 36,775 | \$ 576,628 |
| Notes payable | 408,794 | - | (126,783) | 282,011 | 98,364 | 183,647 |
| Special improvement | 150,000 | - | (27,000) | 123,000 | 29,000 | 94,000 |
| Tax increment | <u>2,169,008</u> | <u>-</u> | <u>(159,072)</u> | <u>2,009,936</u> | <u>163,072</u> | <u>1,846,864</u> |
| Totals | <u>\$ 3,377,980</u> | <u>\$ -</u> | <u>\$ (349,630)</u> | <u>\$ 3,028,350</u> | <u>\$ 327,211</u> | <u>\$ 2,701,139</u> |

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

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:

| | Original Amount | Term | Interest Rate | Balance June 30, 2021 | Due within one year |
|----------------------------|----------------------------|-------------|----------------------|----------------------------------|--------------------------------|
| 2016 Fire Truck GO Bonds | \$ 750,000 | 20 yr | 1.5% - 4.0% | \$ 585,000 | 35,000 |
| 2016 bond issuance premium | \$ 35,503 | 20 yr | 1.5% - 4.0% | 28,403 | 1,775 |
| | | | | <u>\$ 613,403</u> | <u>\$ 36,775</u> |

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

| Year ending June 30, | Principal | Interest | Total |
|----------------------|-------------------|-------------------|-------------------|
| 2022 | \$ 36,775 | \$ 19,594 | \$ 56,369 |
| 2023 | 31,775 | 18,894 | 50,669 |
| 2024 | 31,775 | 18,218 | 49,993 |
| 2025 | 36,775 | 17,544 | 54,319 |
| 2026 | 36,775 | 16,756 | 53,531 |
| 2027-2031 | 193,875 | 66,360 | 260,235 |
| 2032-2036 | 245,653 | 24,834 | 270,487 |
| | <u>\$ 613,403</u> | <u>\$ 182,200</u> | <u>\$ 795,603</u> |

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

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, 2021 | Due within one year |
|-----------------------------|----------------------------|-------------|----------------------|----------------------------------|--------------------------------|
| Street maintenance | \$ 400,000 | 10 yr | Variable, 1.00% | \$ 83,714 | \$ 41,762 |
| Dispatch remodel | \$ 75,000 | 10 yr | Variable, 2.50% | 46,894 | 7,397 |
| DOT Aeronatics - Airport | \$ 9,625 | 10 yr | 1.625% | 2,815 | 963 |
| Snowblower | \$ 20,000 | 4 yr | Variable, 2.50% | 13,638 | 4,405 |
| Freightliner Street Sweeper | \$ 240,000 | 5 yr | Variable, 3.15% | 134,950 | 43,837 |
| | | | | <u>\$ 282,011</u> | <u>\$ 98,364</u> |

Notes payable debt service requirements to maturity are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2022 | \$ 98,364 | \$ 6,459 | \$ 104,823 |
| 2023 | 100,280 | 4,240 | 104,520 |
| 2024 | 59,227 | 2,070 | 61,297 |
| 2025 | 7,969 | 604 | 8,573 |
| 2026 | 8,170 | 404 | 8,574 |
| 2027-2031 | 8,001 | 200 | 8,201 |
| | <u>\$ 282,011</u> | <u>\$ 13,977</u> | <u>\$ 295,988</u> |

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

7. LONG-TERM DEBT (Continued)

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, 2021 | Due within one year |
|------------------------|----------------------------|-------------|----------------------|----------------------------------|--------------------------------|
| SID No. 179 No. 1-2006 | \$ 322,088 | 20 yr | 3.75% | \$ 80,000 | \$ 19,000 |
| SID No. 179 No. 2-2006 | \$ 158,500 | 20 yr | 3.75% | 43,000 | 10,000 |
| | | | | <u>\$ 123,000</u> | <u>\$ 29,000</u> |

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

| Year ending June 30, | Principal | Interest | Total |
|----------------------|-------------------|-----------------|-------------------|
| 2022 | \$ 29,000 | \$ 2,320 | \$ 31,320 |
| 2023 | 30,000 | 1,730 | 31,730 |
| 2024 | 31,000 | 1,130 | 32,130 |
| 2025 | 33,000 | 500 | 33,500 |
| | <u>\$ 123,000</u> | <u>\$ 5,680</u> | <u>\$ 128,680</u> |

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

7. LONG-TERM DEBT (Continued)

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 as well as downtown construction projects. The bonds are repaid from the tax dollars received by the City from its west end tax increment area and downtown tax increment area. Tax increment bonds outstanding are as follows:

| | Original Amount | Term | Interest Rate | Balance June 30, 2021 | Due within one year |
|-----------------------------|----------------------------|-------------|----------------------|----------------------------------|--------------------------------|
| Tax increment bonds-2006 | \$ 1,009,825 | 20 yr | 3.75% | \$ 278,000 | \$ 66,000 |
| Downtown CIP Phase III & IV | \$ 2,015,000 | 15 yr | 3.0% - 4.0% | 1,705,000 | 95,000 |
| 2019 bond issuance premium | \$ 31,080 | 20 yr | 1.5% - 4.0% | 26,936 | 2,072 |
| | | | | <u>\$ 2,009,936</u> | <u>\$ 163,072</u> |

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

| Year ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2022 | \$ 163,072 | \$ 68,256 | \$ 231,328 |
| 2023 | 171,072 | 64,076 | 235,148 |
| 2024 | 178,072 | 59,686 | 237,758 |
| 2025 | 179,072 | 55,106 | 234,178 |
| 2026 | 112,072 | 50,876 | 162,948 |
| 2027-2031 | 485,360 | 162,026 | 647,386 |
| 2032-2036 | 721,216 | 82,400 | 803,616 |
| | <u>\$ 2,009,936</u> | <u>\$ 542,426</u> | <u>\$ 2,552,362</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, 2021

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, 2020 | Issuances | Repayments | Balance June 30, 2021 | Current (Due within one year) | Long-term (Due after one year) |
|---------------|----------------------------------|------------------|-------------------|----------------------------------|--|---|
| Revenue bonds | \$ 15,762,151 | \$ - | \$ (845,426) | \$ 14,916,725 | \$ 450,984 | \$ 14,465,741 |

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding are as follows:

| | Original Amount | Term | Interest Rate | Balance June 30, 2021 | Due within one year |
|-----------------------------------|----------------------------|-------------|----------------------|----------------------------------|--------------------------------|
| Wastewater improvement - ARRA B | \$ 359,300 | 20 yr | 1.75% | \$ 166,000 | \$ 18,000 |
| Wasterwater treatment plant - SRF | \$ 4,840,000 | 20 yr | 2.50% | 4,111,000 | 173,000 |
| USDA-RD WRF Note | \$ 5,000,000 | 40 yr | 1.375% | 4,671,725 | 98,984 |
| SRF-18430 WTP | \$ 6,500,000 | 40 yr | 2.50% | 5,968,000 | 161,000 |
| | | | | <u>\$ 14,916,725</u> | <u>\$ 450,984</u> |

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

7. LONG-TERM DEBT (Continued)

Revenue bond debt service requirements to maturity are as follows:

| Year ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|----------------------|---------------------|----------------------|
| 2022 | \$ 450,984 | \$ 296,002 | \$ 746,986 |
| 2023 | 459,355 | 286,786 | 746,141 |
| 2024 | 469,577 | 277,561 | 747,138 |
| 2025 | 481,149 | 267,779 | 748,928 |
| 2026 | 492,576 | 257,922 | 750,498 |
| 2027-2031 | 2,592,833 | 1,134,075 | 3,726,908 |
| 2032-2036 | 2,826,485 | 858,175 | 3,684,660 |
| 2037-2041 | 2,888,145 | 551,960 | 3,440,105 |
| 2042-2046 | 2,062,628 | 297,522 | 2,360,150 |
| 2047-2051 | 1,170,276 | 107,099 | 1,277,375 |
| 2052-2056 | 768,304 | 44,696 | 813,000 |
| 2057-2061 | <u>254,413</u> | <u>2,926</u> | <u>257,339</u> |
| | <u>\$ 14,916,725</u> | <u>\$ 4,382,503</u> | <u>\$ 19,299,228</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.

Debt Defeasance

In October 2018, the City used cash reserves to complete an in-substance defeasance of the 2012 Series Sewer system refunding bond. The City placed \$1,140,535 in an irrevocable trust with an escrow agent to provide for the payment of remaining principal and interest on the refunding bond. The defeasance resulted in a \$1,282,000 reduction in the City's principal and interest payments over the next nine years in the sewer fund. The \$15,472 difference between the reacquisition price (\$1,140,472 placed in trust) and the net carrying amount of the refunding bond (\$1,125,000) was recognized as a gain/loss in the sewer fund.

The defeased in substance debt was callable and paid in full January 1, 2021.

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

7. LONG-TERM DEBT (Continued)

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

| | Balance June 30, 2020 | Issuances | Repayments | Balance June 30, 2021 | Due Within One Year |
|---------------------------------------|----------------------------------|--------------------------|----------------------------|----------------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Long-term debt: | | | | | |
| General obligation debt | \$ 650,178 | \$ - | \$ (36,775) | \$ 613,403 | \$ 36,775 |
| Notes payable | 408,794 | - | (126,783) | 282,011 | 98,364 |
| Special improvement | 150,000 | - | (27,000) | 123,000 | 29,000 |
| Tax increment | 2,169,008 | - | (159,072) | 2,009,936 | 163,072 |
| Compensated absences | <u>459,173</u> | <u>121,494</u> | <u>(90,000)</u> | <u>490,667</u> | <u>90,000</u> |
| Total governmental activities | <u>\$ 3,837,153</u> | <u>\$ 121,494</u> | <u>\$ (439,630)</u> | <u>\$ 3,519,017</u> | <u>\$ 417,211</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 15,762,151 | \$ - | \$ (845,426) | \$ 14,916,725 | \$ 450,984 |
| Notes payable | - | - | - | - | - |
| Compensated absences | <u>191,951</u> | <u>41,147</u> | <u>(40,000)</u> | <u>193,098</u> | <u>40,000</u> |
| Total business-type activities | <u>\$ 15,954,102</u> | <u>\$ 41,147</u> | <u>\$ (885,426)</u> | <u>\$ 15,109,823</u> | <u>\$ 490,984</u> |

For the governmental activities, long-term debt obligations are liquidated by the debt service funds.

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

8. 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.

9. DEFICIT FUND EQUITY

At June 30, 2021, 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 | |
| Sidewalks | \$ 97,298 |
| Debt Service Funds | |
| S.I.D. No. 180 | \$ 1,679 |

10. 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.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City administers an Other Postemployment Benefits (OPEB) plan providing medical, prescription drug, and life benefits to retired employees and their dependents under certain conditions. 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 City does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan. The OPEB plan is a single-employer defined benefit plan administered by the City. The City covers OPEB costs when they come due, on a pay-as-you-go basis. In general, OPEB liabilities are liquidated by the General, Library, Dispatch, Street Maintenance, Water, Sewer, Solid Waste, and Ambulance Funds.

Benefits Provided

Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement eligibility with IPERS. Coverage during retirement continues in the group health plans and a life insurance benefit. Employees covered by the plan make contributions toward the plan premiums.

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

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

Actuarial Valuation

An actuarial valuation was performed for the City OPEB plan as of June 30, 2020. Roll forward procedures and calculations were used to obtain the figures reported for the year ended June 30, 2021.

Employees Covered by Benefit Terms

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

| | |
|---|-------------|
| Inactive members currently receiving benefits | 10 |
| Inactive members entitled to but not yet receiving benefits | 0 |
| Active members | 85 |
| | <hr/> |
| Total | 95 |
| | <hr/> <hr/> |

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020, with roll forward procedures used to calculate total OPEB liability as of June 30, 2021.

| | |
|--|--------------|
| Actuarial Present Value of Future Benefits | |
| Retired - Employees | \$ 210,841 |
| Retired - Spouses/Dependents | 42,331 |
| Actives - Employees | 1,481,904 |
| Actives - Spouses/Dependents | 427,056 |
| | <hr/> |
| | \$ 2,162,132 |
| | <hr/> <hr/> |
| Total OPEB Liability | |
| Retired - Employees | \$ 223,071 |
| Retired - Spouses/Dependents | 44,787 |
| Actives - Employees | 600,976 |
| Actives - Spouses/Dependents | 178,770 |
| | <hr/> |
| | \$ 1,047,604 |
| | <hr/> <hr/> |

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.

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

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

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 | \$ 938,693 | \$ 1,047,604 | \$ 1,179,340 |

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 2.21%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

| | 1.0% Decrease (1.21%) | Current Discount Rate (2.21%) | 1.0% Increase (3.21%) |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB Liability | \$ 1,146,848 | \$ 1,047,604 | \$ 959,975 |

Changes in the Total OPEB Liability

| | |
|--|----------------------------|
| Total OPEB liability - beginning of year | \$ 990,167 |
| Service cost | 83,477 |
| Interest | 23,184 |
| Benefit payments | (49,224) |
| Net change in OPEB liability | <u>57,437</u> |
| Total OPEB liability - end of year | <u><u>\$ 1,047,604</u></u> |
| Covered-employee payroll | \$ 4,277,346 |
| Total OPEB liability as a percentage of covered-employee payroll | 24.49% |

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

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

OPEB Expense

For the year ended June 30, 2021, the City recognized OPEB expense of \$70,813.

| | |
|---|-------------------------|
| Service cost | \$ 83,477 |
| Interest | 23,184 |
| Recognition of deferred (inflows)/outflows of resources | |
| Economic/demographic (gains)/losses | (34,141) |
| Assumption changes | <u>(1,707)</u> |
| OPEB expense | <u><u>\$ 70,813</u></u> |

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

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 | \$ (269,115) | \$ - |
| Changes in assumptions or other inputs | <u>(111,635)</u> | <u>108,062</u> |
| | <u><u>\$ (380,750)</u></u> | <u><u>\$ 108,062</u></u> |

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 |
|--------------------------------|---------------|
| 2021 | \$ (35,848) |
| 2022 | \$ (35,848) |
| 2023 | \$ (35,848) |
| 2024 | \$ (35,848) |
| 2025 | \$ (35,848) |
| Thereafter | \$ (93,448) |

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

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 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 | 2.21% |
| Healthcare cost trend rates | 5.00% all years |
| Expected average remaining service lifetime | 10.2 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. Mortality rates were based on the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement.

12. 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 13, 14, and 15. In general, pension liabilities are liquidated by the funds in which the related payroll expenses were incurred.

Aggregate pension liability and related deferred inflows of resources and outflows of resources as of June 30, 2021, are disclosed below.

| <u>Plan</u> | <u>Net Pension Liability</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Pension Expense</u> |
|--------------------------|------------------------------|--------------------------------------|---------------------------------------|------------------------|
| PERS | \$ 4,307,035 | \$ 276,204 | \$ 1,035,926 | \$ 761,493 |
| MPORS | 1,133,727 | 3,579 | 399,879 | 684,101 |
| FURS | 928,252 | 9,445 | 511,934 | 576,535 |
| | <u>\$ 6,369,014</u> | <u>\$ 289,228</u> | <u>\$ 1,947,739</u> | <u>\$ 2,022,129</u> |
| Governmental activities | \$ 4,238,003 | \$ 180,544 | \$ 1,290,967 | \$ 1,439,164 |
| Business-type activities | 2,131,011 | 108,684 | 656,772 | 582,965 |
| | <u>\$ 6,369,014</u> | <u>\$ 289,228</u> | <u>\$ 1,947,739</u> | <u>\$ 2,022,129</u> |

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

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). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows associated with pensions. The following information for financial reporting as of June 30, 2021, is based on a June 30, 2020 measurement date.

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. Benefits are established by state law and can only be amended by the Legislature.

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

Benefits Provided

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

Service retirement:

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

Early retirement:

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

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

1. Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - a. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.

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

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

Benefits Provided (Continued)

2. Retired 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. Retired 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.

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.

*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.

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

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

Contributions

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

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

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

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

| Fiscal Year | Member | | State & University | Local Governments | | School Districts | |
|------------------------|------------------------------|------------------------------|-----------------------------------|--------------------------|--------------|-------------------------|--------------|
| | Hired < 7/1/11 | Hired > 7/1/11 | Employer | Employer | State | Employer | State |
| 2021 | 7.900% | 7.900% | 8.870% | 8.770% | 0.100% | 8.500% | 0.370% |
| 2020 | 7.900% | 7.900% | 8.770% | 8.670% | 0.100% | 8.400% | 0.370% |
| 2019 | 7.900% | 7.900% | 8.670% | 8.570% | 0.100% | 8.300% | 0.370% |
| 2018 | 7.900% | 7.900% | 8.570% | 8.470% | 0.100% | 8.200% | 0.370% |
| 2017 | 7.900% | 7.900% | 8.470% | 8.370% | 0.100% | 8.100% | 0.370% |
| 2016 | 7.900% | 7.900% | 8.370% | 8.270% | 0.100% | 8.000% | 0.370% |
| 2015 | 7.900% | 7.900% | 8.270% | 8.170% | 0.100% | 7.900% | 0.370% |
| 2014 | 7.900% | 7.900% | 8.170% | 8.070% | 0.100% | 7.800% | 0.370% |
| 2012-2013 | 6.900% | 7.900% | 7.170% | 7.070% | 0.100% | 6.800% | 0.370% |
| 2010-2011 | 6.900% | | 7.170% | 7.070% | 0.100% | 6.800% | 0.370% |
| 2008-2009 | 6.900% | | 7.035% | 6.935% | 0.100% | 6.800% | 0.235% |
| 2000-2007 | 6.900% | | 6.900% | 6.800% | 0.100% | 6.800% | 0.100% |

1. Member contributions to the system of 7.9% 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.
 - c. The portion of employer contributions allocated to the PCR are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

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

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

3. Non Employer Contributions

a. Special Funding

- i. The State contributes 0.1% of members’ compensation on behalf of local government entities.
- ii. The State contributes 0.37% of members’ compensation on behalf of school district entities.
- iii. The state contributed a Statutory Appropriation from the General Fund of \$33,951,150.

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. In general, pension contributions are made from the funds in which the related payroll expenses were incurred.

| Year Ended June 30 | Covered Payroll | Employee Contributions | Employer Contributions | State Contributions |
|-------------------------------|----------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| 2021 | \$ 3,352,832 | \$ 264,874 | \$ 294,043 | \$ 3,353 |
| 2020 | \$ 3,147,587 | \$ 248,830 | \$ 272,896 | \$ 3,148 |
| 2019 | \$ 3,049,194 | \$ 240,886 | \$ 262,317 | \$ 3,050 |

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end can be utilized to determine the Plan’s TPL. The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer’s and the state of Montana’s NPL for June 30, 2020, and 2019, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$4,307,035 and the employer’s proportionate share was 0.163256 percent.

| | Net Pension Liability as of 6/30/2021 | Net Pension Liability as of 6/30/2020 | Percent of Collective NPL as of 6/30/2021 | Percent of Collective NPL as of 6/30/2020 | Change in Percent of Collective NPL |
|--|--|--|--|--|--|
| Employer Proportionate Share | \$ 4,307,035 | \$ 3,365,334 | 0.1633% | 0.1610% | 0.0023% |
| State of Montana Proportionate Share associated with Employer | 1,357,874 | 1,096,350 | 0.0515% | 0.0524% | -0.0010% |
| Total | <u>\$ 5,664,909</u> | <u>\$ 4,461,684</u> | <u>0.2147%</u> | <u>0.2134%</u> | <u>0.0013%</u> |

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

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

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

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

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer’s reporting date that are expected to have a significant effect on the employer’s proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2021, the employer recognized a Pension Expense of \$539,424 for its proportionate share of the Plan’s pension expense. The employer also recognized grant revenue of \$222,069 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

| | Pension Expense as of 6/30/2021 |
|--|--|
| Employer Proportionate Share of PERS | \$ 539,424 |
| Employer Grant Revenue - State of Montana Proportionate Share for employer | 222,069 |
| Total | <u>\$ 761,493</u> |

Recognition of Deferred Inflows and Outflows

At June 30, 2021, the employer reported its proportionate share of the Plan’s deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Actual vs. Expected Experience | \$ 69,524 | \$ 123,145 |
| Projected vs. Actual Investment Earnings | 372,951 | - |
| Changes in Assumptions | 298,246 | - |
| Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Contributions | - | 153,059 |
| Employer Contributions Subsequent to the Measurement Date | 295,205 | - |
| Total | <u>\$ 1,035,926</u> | <u>\$ 276,204</u> |

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

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 |
|--------------------------------|---|
| 2021 | \$ 285,094 |
| 2022 | 251,139 |
| 2023 | 130,312 |
| 2024 | 93,177 |
| 2025 | - |
| Thereafter | - |
| | <u><u>\$ 759,722</u></u> |

Actuarial Assumptions

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

- Investment Return (net of admin expense): 7.34%
- Admin Expense as a % of Payroll: 0.30%
- General Wage Growth (includes inflation at 2.40%): 3.50%
- Merit Increases: 0% to 4.8%
- 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, 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 members are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections.

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

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

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

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

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.1% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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

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

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

The following presents the employer’s sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

| | 1.0% Decrease (6.34%) | Current Discount Rate (7.34%) | 1.0% Increase (8.34%) |
|-----------------------|----------------------------------|--|----------------------------------|
| Net Pension Liability | \$ 5,928,379 | \$ 4,307,035 | \$ 2,945,117 |

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, 2020, 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 320 employers that have participants in the PERS-DCRP totaled \$775,195.

Stand-Alone Statements

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

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

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 the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows associated with pensions. The following information for financial reporting as of June 30, 2021, is based on a June 30, 2020 measurement date.

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.

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

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

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

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

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

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

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

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

1. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - 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.
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.

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

Guaranteed Annual Benefit Adjustment (GABA)

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

Minimum benefit adjustment (non-GABA)

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

Contributions

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

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

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

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

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

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. In general, pension contributions are made from the funds in which the related payroll expenses were incurred.

| Year Ended June 30 | Covered Payroll | Employee Contributions | Employer Contributions | State Contributions |
|-------------------------------|----------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| 2021 | \$ 829,549 | \$ 74,659 | \$ 119,538 | \$ 243,639 |
| 2020 | \$ 793,265 | \$ 71,394 | \$ 114,309 | \$ 232,982 |
| 2019 | \$ 715,290 | \$ 64,376 | \$ 103,074 | \$ 210,081 |

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end can be utilized to determine the Plan’s TPL. The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer’s and the State of Montana’s NPL for June 30, 2020, and 2019, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government’s collective NPL that is associated with the non-state employer. The state’s proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$1,133,727 and the employer’s proportionate share was 0.4635 percent.

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

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

| | Net Pension Liability as of 6/30/2021 | Net Pension Liability as of 6/30/2020 | Percent of Collective NPL as of 6/30/2021 | Percent of Collective NPL as of 6/30/2020 | Change in Percent of Collective NPL |
|--|--|--|--|--|--|
| Employer Proportionate Share | \$ 1,133,727 | \$ 863,865 | 0.4635% | 0.4340% | 0.0295% |
| State of Montana Proportionate Share associated with Employer | 2,286,611 | 1,759,125 | 0.9349% | 0.8838% | 0.0511% |
| Total | <u>\$ 3,420,338</u> | <u>\$ 2,622,990</u> | <u>1.3984%</u> | <u>1.3178%</u> | <u>0.0806%</u> |

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

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

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer’s reporting date that are expected to have a significant effect on the employer’s proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2021, the employer recognized its proportionate share of the Plan’s pension expense of \$224,884. The employer also recognized grant revenue of \$459,217 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

| | Pension Expense as of 6/30/2021 |
|--|--|
| Employer Proportionate Share of MPORS | \$ 224,884 |
| Employer Grant Revenue - State of Montana Proportionate Share for employer | 459,217 |
| Total | <u>\$ 684,101</u> |

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

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

Recognition of Deferred Inflows and Outflows

At June 30, 2021, the employer reported its proportionate share of the Plan’s deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Actual vs. Expected Experience | \$ 54,342 | \$ 3,579 |
| Projected vs. Actual Investment Earnings | 88,166 | - |
| Changes in Assumptions | 96,344 | - |
| Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Contributions | 41,489 | - |
| Employer Contributions Subsequent to the Measurement Date | 119,538 | - |
| Total | <u>\$ 399,879</u> | <u>\$ 3,579</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 |
|--------------------------------|---|
| 2021 | \$ 211,384 |
| 2022 | 91,700 |
| 2023 | 72,845 |
| 2024 | 20,371 |
| 2025 | - |
| Thereafter | - |
| | <u>\$ 396,300</u> |

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

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

Actuarial Assumptions

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

- Investment Return (net of admin expense): 7.34%
- Admin Expense as a % of Payroll: 0.15%
- General Wage Growth (includes inflation at 2.40%): 3.50%
- Merit Increases: 0% to 6.60%
- 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.

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

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

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

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

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 29.37% of the salaries paid by employers. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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

The following presents the employer’s sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

| | 1.0% Decrease (6.34%) | Current Discount Rate (7.34%) | 1.0% Increase (8.34%) |
|----------------------------------|----------------------------------|--|----------------------------------|
| Employer's Net Pension Liability | \$ 1,616,199 | \$ 1,133,727 | \$ 748,824 |

Stand-Alone Statements

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

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

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 the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows associated with pensions. The following information for financial reporting as of June 30, 2021, is based on a June 30, 2020 measurement date.

Plan Description

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

Summary of Benefits

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

Eligibility for benefit and benefit formulas

Service retirement and monthly benefit formula:

- 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 – normal retirement benefit calculated using HAC and service credit

Second retirement:

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

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

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

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

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

Member’s compensation period used in benefit calculation

- Hired prior to July 1, 1981 and not electing GABA - highest monthly compensation (HMC)
- Hired 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

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)

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

Contributions

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

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

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

Special Funding

MCA 19-13-604 requires the State of Montana to contribute a percentage of total compensation directly to the Plan annually after the end of each fiscal year. Member, Employer and State contribution rates are shown in the table below.

| | Member | | | |
|--------------------|-----------------|-------------|-----------------|--------------|
| Fiscal Year | Non-GABA | GABA | Employer | State |
| 1998-2021 | 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. In general, pension contributions are made from the funds in which the related payroll expenses were incurred.

| Year Ended June 30 | Covered Payroll | Employee Contributions | Employer Contributions | State Contributions |
|-------------------------------|----------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| 2021 | \$ 1,146,855 | \$ 122,713 | \$ 164,689 | \$ 373,990 |
| 2020 | \$ 1,037,180 | \$ 110,978 | \$ 148,939 | \$ 338,225 |
| 2019 | \$ 996,655 | \$ 106,642 | \$ 143,120 | \$ 325,009 |

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end can be utilized to determine the Plan’s TPL. The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer’s and the State of Montana’s NPL for June 30, 2020, and 2019, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. Due to the existence of the special funding situation, the state is required to report a proportionate share of a local government’s collective NPL that is associated with the non-state employer. The state’s proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$928,252 and the employer’s proportionate share was 0.5932 percent.

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

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

| | Net Pension Liability as of 6/30/2021 | Net Pension Liability as of 6/30/2020 | Percent of Collective NPL as of 6/30/2021 | Percent of Collective NPL as of 6/30/2020 | Change in Percent of Collective NPL |
|--|--|--|--|--|--|
| Employer Proportionate Share | \$ 928,252 | \$ 659,308 | 0.5932% | 0.5747% | 0.0185% |
| State of Montana Proportionate Share associated with Employer | 2,092,591 | 1,594,538 | 1.3373% | 1.3900% | -0.0527% |
| Total | <u>\$ 3,020,843</u> | <u>\$ 2,253,846</u> | <u>1.9305%</u> | <u>1.9647%</u> | <u>-0.0342%</u> |

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

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

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer’s reporting date that are expected to have a significant effect on the employer’s proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2021, the employer recognized its proportionate share of the Plan’s pension expense of \$176,563. The employer also recognized grant revenue of \$399,972 for the support provided by the state of Montana for the proportionate share of the pension expense that is associated with the employer.

| | Pension Expense as of 6/30/2021 |
|--|--|
| Employer Proportionate Share of MPORS | \$ 176,563 |
| Employer Grant Revenue - State of Montana Proportionate Share for employer | 399,972 |
| Total | <u>\$ 576,535</u> |

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

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

Recognition of Deferred Inflows and Outflows

At June 30, 2021, the employer reported its proportionate share of the Plan’s deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Actual vs. Expected Experience | \$ 63,178 | \$ 4,832 |
| Projected vs. Actual Investment Earnings | 119,169 | - |
| Changes in Assumptions | 164,898 | - |
| Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Contributions | - | 4,613 |
| Employer Contributions Subsequent to the Measurement Date | 164,689 | - |
| Total | <u>\$ 511,934</u> | <u>\$ 9,445</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 |
|--------------------------------|---|
| 2021 | \$ 234,294 |
| 2022 | 86,528 |
| 2023 | 76,586 |
| 2024 | 50,499 |
| 2025 | 54,582 |
| Thereafter | - |
| | <u>\$ 502,489</u> |

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

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

Actuarial Assumptions

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

- Investment Return (net of admin expense): 7.34%
- Admin Expense as a % of Payroll: 0.13%
- General Wage Growth (includes inflation at 2.40%): 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 with no projections.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2020 Edition by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the 2020 OASDI Trustees Report by the Chief Actuary for Social Security to produce 75-year cost projections.

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

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

Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, are summarized below.

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

Discount Rate

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

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

The following presents the employer’s sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

| | 1.0% Decrease (6.34%) | Current Discount Rate (7.34%) | 1.0% Increase (8.34%) |
|----------------------------------|----------------------------------|--|----------------------------------|
| Employer's Net Pension Liability | \$ 1,501,295 | \$ 928,252 | \$ 467,808 |

Stand-Alone Statements

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

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

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 \$465,742 during fiscal year 2021.

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 \$715,372 for ambulance and \$329,891 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 budget 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, 2021

19. RISK MANAGEMENT

The City faces a considerable number of risks of loss, including: a. damage to and loss of property and contents, b. employee torts c. professional liability, i.e., errors and omissions d. environmental damage e. workers' compensation, i.e. employee injuries, and f. medical insurance cost of employees.

A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of 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 funds 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.

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

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. GASB Statement No. 54 requires the disclosure of the purpose of each Major Special Revenue Fund.

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------|----------------------------|--|---|
| Nonspendable | | | |
| Long-term interfund receivable | \$ 35,042 | \$ - | \$ 35,042 |
| Cemetery perpetual care | - | 249,734 | 249,734 |
| Total nonspendable | <u>35,042</u> | <u>249,734</u> | <u>284,776</u> |
| Restricted | | | |
| Public works | - | 874,791 | 874,791 |
| Debt service | - | 485,133 | 485,133 |
| Total restricted | <u>-</u> | <u>1,359,924</u> | <u>1,359,924</u> |
| Committed | | | |
| General government | - | 1,314,794 | 1,314,794 |
| Public safety | - | 303,255 | 303,255 |
| Public works | - | 508,605 | 508,605 |
| Public health | - | 139 | 139 |
| Culture and recreation | - | 668,465 | 668,465 |
| Capital projects | - | 143,869 | 143,869 |
| Debt service | - | 30,022 | 30,022 |
| Total committed | <u>-</u> | <u>2,969,149</u> | <u>2,969,149</u> |
| Unassigned | <u>2,718,961</u> | <u>(98,977)</u> | <u>2,619,984</u> |
| Total fund balances | <u><u>\$ 2,754,003</u></u> | <u><u>\$ 4,479,830</u></u> | <u><u>\$ 7,233,833</u></u> |

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

21. COMMITMENTS AND CONTINGENCIES

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.

The City is involved in the litigation of other lawsuits which arise in the normal course of City operations. City management intends to pursue the vigorous defense of each claim, and believes that no material losses will be incurred on the pending claims. Although the outcomes of these lawsuits are presently pending and not yet determinable, in the opinion of the City's counsels, they believe that the chance of loss is remote and that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

22. SUBSEQUENT EVENTS

The City's defeased in substance debt was callable and paid in full January 1, 2021 (see Note 7).

Management has evaluated subsequent events through December 7, 2021, 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, 2021

| SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS | | | | |
|---|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | | |
| Service cost | \$ 83,477 | \$ 63,821 | \$ 61,962 | \$ 82,832 |
| Interest | 23,184 | 39,762 | 37,460 | 49,743 |
| Changes in benefit terms | - | - | - | - |
| Differences between expected and actual experience | - | (190,279) | - | (178,090) |
| Changes of assumptions or other inputs | - | 134,418 | - | (171,175) |
| Benefit payments | (49,224) | (42,339) | (41,275) | (34,885) |
| Net change in total OPEB liability | 57,437 | 5,383 | 58,147 | (251,575) |
| Total OPEB liability - beginning | 990,167 | 984,784 | 926,637 | 1,178,212 |
| Total OPEB liability - ending | \$ 1,047,604 | \$ 990,167 | \$ 984,784 | \$ 926,637 |
| | | | | |
| Covered-employee payroll | \$ 4,277,346 | \$ 4,152,763 | \$ 4,184,393 | \$ 4,062,517 |
| | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 24.49% | 23.84% | 23.53% | 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, 2021

Measurement Date June 30, 2020
Valuation Date June 30, 2020
Reporting Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

Discount Rate 2.21% 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.
The index rate used to measure the total pension liability was 2.21% as of June 30, 2020.

General Inflation 3.0% per year

Salary Increases 3.0% per year

Initial Health Coverage Claims Cost
(including administrative expenses)

| Age | Per Participant |
|------------------------|-----------------|
| Under age 65: | |
| Bridger Plan at age 60 | \$ 14,139 |
| Madison Plan at age 60 | \$ 13,645 |
| Mission plan at age 60 | \$ 12,584 |
| HDHP at age 60 | \$ 9,164 |

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:

| Ages | Rate |
|-------|-------|
| 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

| Year | Rate |
|-----------|-------|
| All years | 5.00% |

Mortality

RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 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, 2021

Future Retiree Participation Rate 70% 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:

| PERS: | | |
|-------------|----------------|------------------|
| Age | 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, 2021

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, 2019 to June 30, 2020 measurement period was determined as follows:

| | Number of members as of July 1, 2020 | Expected remaining service lives |
|--|---|-------------------------------------|
| Active Members | 85 | 11.41 |
| Inactive Members | 10 | - |
| Weighted average rounded to nearest tenth | | 10.2 |

NET PENSION LIABILITY

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

| SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Employer's proportionate share of the net pension liability associated with the employer | 0.16326% | 0.16100% | 0.15270% | 0.20900% | 0.20820% | 0.21487% | 0.22315% | 0.23150% |
| Employer's proportionate share of the net pension liability | \$ 4,307,035 | \$ 3,365,334 | \$ 3,186,417 | \$ 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 | 1,357,874 | 1,096,350 | 1,068,307 | 54,255 | 43,341 | 36,894 | 33,954 | 43,693 |
| Total | \$ 5,664,909 | \$ 4,461,684 | \$ 4,254,724 | \$ 4,125,027 | \$ 3,590,367 | \$ 3,040,447 | \$ 2,814,432 | \$ 3,621,741 |
| Employer's covered payroll | \$ 2,739,161 | \$ 2,656,421 | \$ 2,510,532 | \$ 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 | 157.24% | 126.69% | 126.92% | 157.00% | 142.20% | 119.78% | 110.07% | Not available |
| Plan fiduciary net position as a percent of the total pension liability | 68.90% | 73.85% | 73.47% | 73.75% | 74.71% | 78.40% | 79.87% | Not available |

| SCHEDULE OF CONTRIBUTIONS | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contributions | \$ 245,363 | \$ 239,987 | \$ 228,471 | \$ 212,658 | \$ 217,022 | \$ 215,355 | \$ 213,108 | \$ 212,294 |
| Contributions in relation to the contractually required contributions | \$ 245,363 | \$ 239,987 | \$ 228,471 | \$ 212,658 | \$ 217,022 | \$ 215,355 | \$ 213,108 | \$ 212,294 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - |
| Employer's covered payroll | \$ 2,797,753 | \$ 2,739,161 | \$ 2,656,421 | \$ 2,510,532 | \$ 2,592,832 | \$ 2,494,335 | \$ 2,507,530 | \$ 2,526,058 |
| Contributions of covered payroll | 8.77% | 8.76% | 8.60% | 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, 2021

Changes of Benefit Terms

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

2017 Legislative Changes:

Working Retiree Limitations - for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,00 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contribution rate than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement after of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contribution:

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

| | |
|-------------------------------|--|
| General Wage Growth* | 3.50% |
| Investment Rate of Return* | 7.65% |
| *Includes inflation at | 2.75% |
| Merit salary increased | 0% to 8.47% |
| Asset valuation method | 4-year smoothed market |
| Actuarial cost method | Entry age Normal |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 30 years |
| Mortality (Healthy Members) | For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year |
| Mortality (Disabled members) | For Males and Females: RP 2000 Combined Mortality Table, with no projections |
| Admin Expense as % of Payroll | 0.30% |

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.

See Independent Auditors' Report

CITY OF LIVINGSTON, MONTANA
MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM (MPORS)
Last Eight Fiscal Years

| SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Employer's proportionate share of the net pension liability associated with the employer | 0.46350% | 0.43400% | 0.44450% | 0.41760% | 0.41400% | 0.43748% | 0.46022% | 0.46022% |
| Employer's proportionate share of the net pension liability | \$ 1,133,727 | \$ 863,865 | \$ 761,289 | \$ 743,016 | \$ 745,225 | \$ 723,685 | \$ 723,175 | \$ 823,956 |
| State of MT proportionate share of the net pension liability associated with the employer | 2,286,611 | 1,759,125 | 1,556,226 | 1,514,389 | \$ 1,479,303 | \$ 1,466,255 | \$ 1,460,901 | \$ 1,664,490 |
| Total | \$ 3,420,338 | \$ 2,622,990 | \$ 2,317,515 | \$ 2,257,405 | \$ 2,224,528 | \$ 2,189,940 | \$ 2,184,076 | \$ 2,488,446 |
| Employer's covered payroll | \$ 794,032 | \$ 715,290 | \$ 701,658 | \$ 624,530 | \$ 584,407 | \$ 605,483 | \$ 617,498 | Not available |
| Employer's proportionate share of the net pension liability as of its covered payroll | 142.78% | 120.77% | 108.50% | 118.97% | 127.52% | 119.52% | 117.11% | Not available |
| Plan fiduciary net position as a percent of the total pension liability | 64.84% | 68.84% | 70.95% | 68.34% | 65.62% | 66.90% | 67.00% | Not available |

| SCHEDULE OF CONTRIBUTIONS | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contributions | \$ 119,537 | \$ 114,420 | \$ 103,484 | \$ 104,945 | \$ 89,995 | \$ 85,713 | \$ 85,344 | \$ 89,782 |
| Contributions in relation to the contractually required contributions | \$ 119,537 | \$ 114,420 | \$ 103,484 | \$ 104,945 | \$ 89,995 | \$ 85,713 | \$ 85,344 | \$ 89,782 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - |
| Employer's covered payroll | \$ 829,549 | \$ 794,032 | \$ 715,290 | \$ 701,658 | \$ 624,530 | \$ 584,407 | \$ 605,483 | \$ 617,498 |
| Contributions of covered payroll | 14.41% | 14.41% | 14.47% | 14.96% | 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, 2021

Changes of Benefit Terms

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

2017 Legislative Changes:

Working Retiree Limitations - for MPORS

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

- 1) 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.
- 2) 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.
- 3) Employee, employer and state contributions, if any apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit - for MPORS

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

- 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 reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- 2) If the member works more than 480 hours in a calendar year and accumulates 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.
- 3) A member who returns to covered service is not eligible for a disability benefit.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estate, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI (Continued)
Notes to Required Supplementary Information - Municipal Police Officers' Retirement System (MPORS)
Year Ended June 30, 2021

Interest credited to member accounts

Effective July 1, 2017, the interest rate credited to member accounts increase from 0.25% to 0.77%

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

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

| | |
|-------------------------------|--|
| General Wage Growth* | 3.50% |
| Investment Rate of Return | 7.65% |
| *Includes inflation at | 2.75% |
| Merit salary increases | 0% to 6.60% |
| Asset valuation method | Four-year smoothed market |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of pay, open |
| Mortality (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 | 0.15% |

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

CITY OF LIVINGSTON, MONTANA
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS)
Last Eight Fiscal Years

| SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Employer's proportionate share of the net pension liability associated with the employer | 0.5932% | 0.5747% | 0.5967% | 0.5964% | 0.6146% | 0.6135% | 0.6361% | 0.6361% |
| Employer's proportionate share of the net pension liability | \$ 928,252 | \$ 659,308 | \$ 687,285 | \$ 674,153 | \$ 701,961 | \$ 627,422 | \$ 620,913 | \$ 794,731 |
| State of MT proportionate share of the net pension liability associated with the employer | 2,092,591 | 1,594,538 | 1,571,515 | 1,530,932 | \$ 1,590,422 | \$ 1,397,436 | \$ 1,400,749 | \$ 1,792,875 |
| Total | \$ 3,020,843 | \$ 2,253,846 | \$ 2,258,800 | \$ 2,205,085 | \$ 2,292,383 | \$ 2,024,858 | \$ 2,021,662 | \$ 2,587,606 |
| Employer's covered payroll | \$ 1,035,565 | \$ 996,655 | \$ 939,843 | \$ 897,400 | \$ 865,474 | \$ 824,391 | \$ 826,239 | Not available |
| Employer's proportionate share of the net pension liability as of its covered payroll | 89.64% | 66.15% | 73.13% | 75.12% | 81.11% | 76.11% | 75.15% | Not available |
| Plan fiduciary net position as a percent of the total pension liability | 75.34% | 80.08% | 79.03% | 77.77% | 75.48% | 76.90% | 76.70% | Not available |

| SCHEDULE OF CONTRIBUTIONS | | | | | | | | |
|---|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contributions | \$ 164,689 | \$ 148,707 | \$ 137,351 | \$ 138,330 | \$ 128,034 | \$ 123,740 | \$ 120,686 | \$ 119,419 |
| Contributions in relation to the contractually required contributions | \$ 164,689 | \$ 148,707 | \$ 137,351 | \$ 138,330 | \$ 128,034 | \$ 123,740 | \$ 120,686 | \$ 119,419 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - |
| Employer's covered payroll | \$ 1,146,855 | \$ 1,035,565 | \$ 996,655 | \$ 939,843 | \$ 897,400 | \$ 865,474 | \$ 824,391 | \$ 826,239 |
| Contributions of covered payroll | 14.36% | 14.36% | 13.78% | 14.72% | 14.27% | 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, 2021

Changes of Benefit Terms

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

2017 Legislative Changes:

Working Retiree Limitations - For FURS

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

- 1) 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.
- 2) 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.
- 3) 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

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

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

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.

CITY OF LIVINGSTON, MONTANA
NOTE TO RSI (Continued)
Notes to Required Supplementary Information - Firefighters' Unified Retirement System (FURS)
Year Ended June 30, 2021

Interest credited to member accounts

Effective July 1, 2017, the interest rate credited to member accounts increase from 0.25% to 0.77%

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

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, 2019 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 | 0.13% |

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, 2021

| | Budgeted Amounts | | Actual | Variance with |
|---------------------------------------|-------------------------|--------------|----------------|----------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive (Negative) |
| Budgetary fund balance, July 1 | \$ 2,239,046 | \$ 2,239,046 | \$ 2,239,046 | \$ - |
| Resources (inflows): | | | | |
| Taxes | 2,702,532 | 2,702,532 | 2,653,715 | (48,817) |
| Licenses and permits | 293,000 | 406,000 | 418,198 | 12,198 |
| Intergovernmental | 1,898,146 | 3,561,720 | 3,359,057 | (202,663) |
| Charges for services | 127,500 | 127,500 | 107,349 | (20,151) |
| Fines and forfeitures | 116,500 | 116,500 | 102,133 | (14,367) |
| Interest on investments | 4,000 | 4,000 | 4,584 | 584 |
| Transfers from other funds | 1,174,151 | 1,355,596 | 1,362,645 | 7,049 |
| Other | 68,420 | 94,420 | 149,194 | 54,774 |
| Amounts available for appropriation | 8,623,295 | 10,607,314 | 10,395,921 | (211,393) |
| Charges to appropriations (outflows): | | | | |
| Current | | | | |
| General government | 1,392,701 | 1,562,326 | 1,645,928 | (83,602) |
| Public safety | 3,014,083 | 3,014,083 | 2,977,423 | 36,660 |
| Public works | 414,219 | 414,219 | 353,050 | 61,169 |
| Public health | 153,406 | 153,406 | 117,525 | 35,881 |
| Culture and recreation | 604,904 | 631,904 | 571,655 | 60,249 |
| Other | 4,155 | 4,155 | - | 4,155 |
| Capital outlay | 342,180 | 1,690,665 | 1,590,314 | 100,351 |
| Debt service | 9,163 | 9,163 | 9,160 | 3 |
| Transfers to other funds | 462,558 | 462,558 | 376,863 | 85,695 |
| Total charges to appropriations | 6,397,369 | 7,942,479 | 7,641,918 | 300,561 |
| Budgetary fund balance, June 30 | \$ 2,225,926 | \$ 2,664,835 | \$ 2,754,003 | \$ 89,168 |

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, 2021**

| | <u>General Fund</u> |
|---|--------------------------------|
| Sources/inflows of resources | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule | \$ 10,395,921 |
| 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. | (2,239,046) |
| Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes. | <u>(1,362,645)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 6,794,230</u></u> |
| Uses/outflows of resources | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ 7,641,918 |
| Differences - budget to GAAP: | |
| Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes. | <u>(376,863)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 7,265,055</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.

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.

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.

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.

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

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.

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

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.

SPECIAL REVENUE FUNDS (CONTINUED)

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).

American Rescue Plan: This fund was established to account for funds received through the Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan for the purpose of providing a substantial infusion of resources to help turn the tide on the COVID-19 pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

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. 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.

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 (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

| | Special Revenue Funds | | | | | |
|---|---|-------------------|----------------------------|---------------------------------------|-------------------------------|--|
| | Comprehensive Liability Insurance | Library | Dispatch/ Communication | Tax Increment District Downtown | Permissive Medical Levy | CDBG Economic Development Revolving |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 20,327 | \$ 425,588 | \$ 315,065 | \$ 159,341 | \$ - | \$ 909 |
| Receivables | | | | | | |
| Property taxes | 1,027 | 2,691 | - | 12,578 | 8,740 | - |
| Customers, net | - | - | 860 | - | - | - |
| Other | - | - | - | - | - | 735,046 |
| Special assessments | - | - | - | 2,347 | - | - |
| Other governments | 26 | 186,470 | - | 63,599 | 42,197 | - |
| Prepaid expenditures | - | 6,113 | 4,639 | - | - | - |
| Due from other City funds | - | - | - | 137,800 | - | - |
| Restricted cash and cash equivalents | - | - | - | 162,175 | - | - |
| Total current assets | <u>21,380</u> | <u>620,862</u> | <u>320,564</u> | <u>537,840</u> | <u>50,937</u> | <u>735,955</u> |
| Total assets | <u>\$ 21,380</u> | <u>\$ 620,862</u> | <u>\$ 320,564</u> | <u>\$ 537,840</u> | <u>\$ 50,937</u> | <u>\$ 735,955</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 6,133 | \$ 2,018 | \$ 6,580 | \$ - | \$ - |
| Payroll payable | - | 15,731 | 28,119 | - | - | - |
| Advances | - | - | - | - | - | - |
| Due to other City funds | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>21,864</u> | <u>30,137</u> | <u>6,580</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows of tax revenues | 1,027 | 2,691 | - | 12,578 | 8,740 | - |
| Deferred inflows of special assessments | - | - | - | 2,347 | - | - |
| Total deferred inflows of resources | <u>1,027</u> | <u>2,691</u> | <u>-</u> | <u>14,925</u> | <u>8,740</u> | <u>-</u> |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - |
| Committed | 20,353 | 596,307 | 290,427 | 516,335 | 42,197 | 735,955 |
| Assigned | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>20,353</u> | <u>596,307</u> | <u>290,427</u> | <u>516,335</u> | <u>42,197</u> | <u>735,955</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 21,380</u> | <u>\$ 620,862</u> | <u>\$ 320,564</u> | <u>\$ 537,840</u> | <u>\$ 50,937</u> | <u>\$ 735,955</u> |

(continued)

See the Independent Auditors' Report.

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

| | Special Revenue Funds | | | | | |
|---|------------------------------|----------------------------|-------------------------------|--------------------------|--|-----------------------------|
| | Impact Fees | S.I.D. Lighting | Street Maintenance | Sidewalks | Business Improvement District | Parks Department |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 681,804 | \$ 95,018 | \$ 339,607 | \$ 65 | \$ 13,440 | \$ 70,753 |
| Receivables | | | | | | |
| Property taxes | - | - | - | - | - | - |
| Customers, net | - | - | 1,693 | 30,369 | - | - |
| Other | - | - | - | - | - | - |
| Special assessments | - | 2,804 | 19,133 | 187,592 | 742 | - |
| Other governments | - | 10,993 | 74,532 | 10,068 | 5,445 | - |
| Prepaid expenditures | - | - | 2,650 | - | - | - |
| Due from other City funds | - | - | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - | - | - |
| Total current assets | <u>681,804</u> | <u>108,815</u> | <u>437,615</u> | <u>228,094</u> | <u>19,627</u> | <u>70,753</u> |
| Total assets | <u><u>\$ 681,804</u></u> | <u><u>\$ 108,815</u></u> | <u><u>\$ 437,615</u></u> | <u><u>\$ 228,094</u></u> | <u><u>\$ 19,627</u></u> | <u><u>\$ 70,753</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 3,290 | \$ 4,686 | \$ - | \$ - | \$ - |
| Payroll payable | - | - | 19,024 | - | - | - |
| Advances | - | - | - | - | - | - |
| Due to other City funds | - | - | - | 137,800 | - | - |
| Total liabilities | <u>-</u> | <u>3,290</u> | <u>23,710</u> | <u>137,800</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows of tax revenues | - | - | - | - | - | - |
| Deferred inflows of special assessments | - | 2,804 | 19,133 | 187,592 | 742 | - |
| Total deferred inflows of resources | <u>-</u> | <u>2,804</u> | <u>19,133</u> | <u>187,592</u> | <u>742</u> | <u>-</u> |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 681,804 | - | - | - | - | - |
| Committed | - | 102,721 | 394,772 | - | 18,885 | 70,753 |
| Assigned | - | - | - | - | - | - |
| Unassigned | - | - | - | (97,298) | - | - |
| Total fund balances | <u>681,804</u> | <u>102,721</u> | <u>394,772</u> | <u>(97,298)</u> | <u>18,885</u> | <u>70,753</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 681,804</u></u> | <u><u>\$ 108,815</u></u> | <u><u>\$ 437,615</u></u> | <u><u>\$ 228,094</u></u> | <u><u>\$ 19,627</u></u> | <u><u>\$ 70,753</u></u> |

(continued)

See the Independent Auditors' Report.

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

| <u>Special Revenue Funds</u> | | | | |
|---|----------------------------|----------------------------------|---------------------------------|----------------------------|
| | <u>Law Enforcement</u> | <u>Gas Tax Apportionment</u> | <u>American Rescue Plan</u> | <u>Total</u> |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 6,553 | \$ 19,994 | \$ 996,526 | \$ 3,144,990 |
| Receivables | | | | |
| Property taxes | - | - | - | 25,036 |
| Customers, net | - | - | - | 32,922 |
| Other | - | - | - | 735,046 |
| Special assessments | - | - | - | 212,618 |
| Other governments | - | 172,808 | - | 566,138 |
| Prepaid expenditures | - | - | - | 13,402 |
| Due from other City funds | - | - | - | 137,800 |
| Restricted cash and cash equivalents | - | - | - | 162,175 |
| | <u>6,553</u> | <u>192,802</u> | <u>996,526</u> | <u>5,030,127</u> |
| Total current assets | <u>6,553</u> | <u>192,802</u> | <u>996,526</u> | <u>5,030,127</u> |
| Total assets | <u><u>\$ 6,553</u></u> | <u><u>\$ 192,802</u></u> | <u><u>\$ 996,526</u></u> | <u><u>\$ 5,030,127</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 22,707 |
| Payroll payable | - | - | - | 62,874 |
| Advances | - | - | 996,341 | 996,341 |
| Due to other City funds | - | - | - | 137,800 |
| | <u>-</u> | <u>-</u> | <u>996,341</u> | <u>1,219,722</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>996,341</u> | <u>1,219,722</u> |
| Deferred inflows of resources: | | | | |
| Deferred inflows of tax revenues | - | - | - | 25,036 |
| Deferred inflows of special assessments | - | - | - | 212,618 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>237,654</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>237,654</u> |
| Fund balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | 192,802 | 185 | 874,791 |
| Committed | 6,553 | - | - | 2,795,258 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | (97,298) |
| | <u>6,553</u> | <u>192,802</u> | <u>185</u> | <u>3,572,751</u> |
| Total fund balances | <u>6,553</u> | <u>192,802</u> | <u>185</u> | <u>3,572,751</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 6,553</u></u> | <u><u>\$ 192,802</u></u> | <u><u>\$ 996,526</u></u> | <u><u>\$ 5,030,127</u></u> |

(continued)

See the Independent Auditors' Report.

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

| | Debt Service Funds | | | | |
|---|---|---|--|-----------------------------|--------------------------|
| | 2016 Fire Truck GO Bonds | 2000 Fire Truck GO Bonds | West End Tax Increment District | S.I.D. Revolving | S.I.D. 179 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 5,146 | \$ 310,374 | \$ 22,676 | \$ 25,746 |
| Receivables | | | | | |
| Property taxes | 1,054 | 446 | - | - | - |
| Customers, net | - | - | - | - | - |
| Other | 45,147 | - | - | - | - |
| Special assessments | - | - | - | - | 135,688 |
| Other governments | 4,115 | 5 | 36,621 | - | - |
| Prepaid expenditures | - | - | - | - | - |
| Due from other City funds | - | - | - | 1,700 | - |
| Restricted cash and cash equivalents | - | - | 98,667 | - | - |
| Total current assets | <u>50,316</u> | <u>5,597</u> | <u>445,662</u> | <u>24,376</u> | <u>161,434</u> |
| Total assets | <u><u>\$ 50,316</u></u> | <u><u>5,597</u></u> | <u><u>\$ 445,662</u></u> | <u><u>\$ 24,376</u></u> | <u><u>\$ 161,434</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Payroll payable | - | - | - | - | - |
| Advances | - | - | - | - | - |
| Due to other City funds | <u>35,042</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>35,042</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | |
| Deferred inflows of tax revenues | 1,054 | 446 | - | - | 135,688 |
| Deferred inflows of special assessments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>1,054</u> | <u>446</u> | <u>-</u> | <u>-</u> | <u>135,688</u> |
| Fund balances: | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 14,220 | 5,151 | 445,662 | 20,100 | - |
| Committed | - | - | - | 4,276 | 25,746 |
| Assigned | - | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>14,220</u> | <u>5,151</u> | <u>445,662</u> | <u>24,376</u> | <u>25,746</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 50,316</u></u> | <u><u>\$ 5,597</u></u> | <u><u>\$ 445,662</u></u> | <u><u>\$ 24,376</u></u> | <u><u>\$ 161,434</u></u> |

(continued)

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

| | Debt Service Funds | |
|---|---------------------------|-------------------|
| | S.I.D. 180 | Total |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 21 | \$ 363,963 |
| Receivables | | |
| Property taxes | - | 1,500 |
| Customers, net | - | - |
| Other | - | 45,147 |
| Special assessments | 6,575 | 142,263 |
| Other governments | - | 40,741 |
| Prepaid expenditures | - | - |
| Due from other City funds | - | 1,700 |
| Restricted cash and cash equivalents | - | 98,667 |
| Total current assets | 6,596 | 693,981 |
| Total assets | <u>\$ 6,596</u> | <u>\$ 693,981</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ - |
| Payroll payable | - | - |
| Advances | - | - |
| Due to other City funds | 1,700 | 36,742 |
| Total liabilities | 1,700 | 36,742 |
| Deferred inflows of resources: | | |
| Deferred inflows of tax revenues | 6,575 | 143,763 |
| Deferred inflows of special assessments | - | - |
| Total deferred inflows of resources | 6,575 | 143,763 |
| Fund balances: | | |
| Nonspendable | - | - |
| Restricted | - | 485,133 |
| Committed | - | 30,022 |
| Assigned | - | - |
| Unassigned | (1,679) | (1,679) |
| Total fund balances | (1,679) | 513,476 |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 6,596</u> | <u>\$ 693,981</u> |

(continued)

See the Independent Auditors' Report.

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

| | Capital Project Funds | | | |
|---|---------------------------------|------------------------------|-------------------------------|-------------------|
| | Capital Improvements | Library Extension | Railroad Underpass | Total |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 118,512 | \$ 25,355 | \$ 2 | \$ 143,869 |
| Receivables | | | | |
| Property taxes | - | - | 542 | 542 |
| Customers, net | - | - | - | - |
| Other | - | - | - | - |
| Special assessments | - | - | - | - |
| Other governments | - | - | - | - |
| Prepaid expenditures | - | - | - | - |
| Due from other City funds | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - |
| Total current assets | 118,512 | 25,355 | 544 | 144,411 |
| Total assets | <u>\$ 118,512</u> | <u>\$ 25,355</u> | <u>\$ 544</u> | <u>\$ 144,411</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll payable | - | - | - | - |
| Advances | - | - | - | - |
| Due to other City funds | - | - | - | - |
| Total liabilities | - | - | - | - |
| Deferred inflows of resources: | | | | |
| Deferred inflows of tax revenues | - | - | 542 | 542 |
| Deferred inflows of special assessments | - | - | - | - |
| Total deferred inflows of resources | - | - | 542 | 542 |
| Fund balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | 118,512 | 25,355 | 2 | 143,869 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 118,512 | 25,355 | 2 | 143,869 |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 118,512</u> | <u>\$ 25,355</u> | <u>\$ 544</u> | <u>\$ 144,411</u> |

(continued)

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

| | <u>Permanent Fund</u> | |
|---|------------------------------------|--|
| | <u>Perpetual Cemetery Care</u> | <u>Total Nonmajor Governmental Funds</u> |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 249,734 | \$ 3,902,556 |
| Receivables | | |
| Property taxes | - | 27,078 |
| Customers, net | - | 32,922 |
| Other | - | 780,193 |
| Special assessments | - | 354,881 |
| Other governments | - | 606,879 |
| Prepaid expenditures | - | 13,402 |
| Due from other City funds | - | 139,500 |
| Restricted cash and cash equivalents | - | 260,842 |
| | <u>249,734</u> | <u>6,118,253</u> |
| Total current assets | | |
| | <u>\$ 249,734</u> | <u>\$ 6,118,253</u> |
| | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 22,707 |
| Payroll payable | - | 62,874 |
| Advances | - | 996,341 |
| Due to other City funds | - | 174,542 |
| | <u>-</u> | <u>1,256,464</u> |
| Total liabilities | | |
| | <u>-</u> | <u>1,256,464</u> |
| | | |
| Deferred inflows of resources: | | |
| Deferred inflows of tax revenues | - | 169,341 |
| Deferred inflows of special assessments | - | 212,618 |
| | <u>-</u> | <u>381,959</u> |
| Total deferred inflows of resources | | |
| | <u>-</u> | <u>381,959</u> |
| | | |
| Fund balances: | | |
| Nonspendable | 249,734 | 249,734 |
| Restricted | - | 1,359,924 |
| Committed | - | 2,969,149 |
| Assigned | - | - |
| Unassigned | - | (98,977) |
| | <u>249,734</u> | <u>4,479,830</u> |
| Total fund balances | | |
| | <u>249,734</u> | <u>4,479,830</u> |
| | | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 249,734</u> | <u>\$ 6,118,253</u> |

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

| | Comprehensive Liability Insurance | Library | Dispatch/ Communication | Tax Increment District Downtown | Permissive Medical Levy | CDBG Economic Development Revolving |
|---|--|-------------------|------------------------------------|--|--|--|
| REVENUES | | | | | | |
| Taxes | \$ 1,115 | \$ 101,520 | \$ - | \$ 405,084 | \$ 519,838 | \$ - |
| Special assessments | - | - | - | 2,370 | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | 543,377 | 285,454 | 40,967 | - | - |
| Charges for services | - | 3,409 | 331,531 | - | - | - |
| Fines and forfeitures | - | 279 | - | - | - | - |
| Interest on investments | 59 | 846 | 446 | 1,413 | 545 | 17,207 |
| Other | - | 81,364 | - | - | - | - |
| Total revenues | <u>1,174</u> | <u>730,795</u> | <u>617,431</u> | <u>449,834</u> | <u>520,383</u> | <u>17,207</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | - | - | - | 76,149 | - | 13,590 |
| Public safety | - | - | 775,225 | - | - | - |
| Public works | - | - | - | - | - | - |
| Culture and recreation | - | 563,269 | - | - | - | - |
| Capital outlay | - | - | 327 | 186,578 | - | - |
| Debt service | | | | | | |
| Principal payments | - | - | - | 97,072 | - | - |
| Interest and fiscal fees | - | - | - | 64,153 | - | - |
| Total expenditures | <u>-</u> | <u>563,269</u> | <u>775,552</u> | <u>423,952</u> | <u>-</u> | <u>13,590</u> |
| Revenues over (under) expenditures | <u>1,174</u> | <u>167,526</u> | <u>(158,121)</u> | <u>25,882</u> | <u>520,383</u> | <u>3,617</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 55,249 | 336,796 | - | - | - |
| Transfers out | - | (37,520) | (63,635) | - | (525,721) | - |
| Total other financing sources (uses) | <u>-</u> | <u>17,729</u> | <u>273,161</u> | <u>-</u> | <u>(525,721)</u> | <u>-</u> |
| Net change in fund balance | 1,174 | 185,255 | 115,040 | 25,882 | (5,338) | 3,617 |
| FUND BALANCE - beginning of year | <u>19,179</u> | <u>411,052</u> | <u>175,387</u> | <u>490,453</u> | <u>47,535</u> | <u>732,338</u> |
| FUND BALANCE - end of year | <u>\$ 20,353</u> | <u>\$ 596,307</u> | <u>\$ 290,427</u> | <u>\$ 516,335</u> | <u>\$ 42,197</u> | <u>\$ 735,955</u> |

(continued)

See the Independent Auditors' Report.

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

| | Impact Fees | S.I.D. Lighting | Street Maintenance | Sidewalks | Business Improvement District | Parks Department |
|---|------------------------|----------------------------|-------------------------------|--------------------|--|-----------------------------|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | 147,575 | 1,007,771 | 124,542 | 43,086 | - |
| Licenses and permits | - | - | 7,006 | - | - | - |
| Intergovernmental | - | - | 222 | - | - | - |
| Charges for services | 358,578 | - | 58 | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | 1,438 | 240 | 252 | (383) | 15 | 209 |
| Other | - | - | 4,040 | - | - | - |
| Total revenues | <u>360,016</u> | <u>147,815</u> | <u>1,019,349</u> | <u>124,159</u> | <u>43,101</u> | <u>209</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | - | - | - | - | 43,993 | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | 72,495 | 547,391 | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | 27,549 | 88,176 | 225,423 | 90,583 | - | - |
| Debt service | | | | | | |
| Principal payments | - | - | 87,990 | - | - | - |
| Interest and fiscal fees | - | - | 5,068 | - | - | - |
| Total expenditures | <u>27,549</u> | <u>160,671</u> | <u>865,872</u> | <u>90,583</u> | <u>43,993</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>332,467</u> | <u>(12,856)</u> | <u>153,477</u> | <u>33,576</u> | <u>(892)</u> | <u>209</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | 40,634 | - | - | - |
| Transfers out | - | - | (139,372) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(98,738)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 332,467 | (12,856) | 54,739 | 33,576 | (892) | 209 |
| FUND BALANCE - beginning of year | <u>349,337</u> | <u>115,577</u> | <u>340,033</u> | <u>(130,874)</u> | <u>19,777</u> | <u>70,544</u> |
| FUND BALANCE - end of year | <u>\$ 681,804</u> | <u>\$ 102,721</u> | <u>\$ 394,772</u> | <u>\$ (97,298)</u> | <u>\$ 18,885</u> | <u>\$ 70,753</u> |

(continued)

See the Independent Auditors' Report.

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

| | Law Enforcement | Gas Tax Apportionment | American Rescue Plan | Special Revenue Totals |
|---|----------------------------|----------------------------------|---------------------------------|---------------------------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,027,557 |
| Special assessments | - | - | - | 1,325,344 |
| Licenses and permits | - | - | - | 7,006 |
| Intergovernmental | - | 493,956 | - | 1,363,976 |
| Charges for services | - | 150 | - | 693,726 |
| Fines and forfeitures | - | - | - | 279 |
| Interest on investments | 19 | 245 | 185 | 22,736 |
| Other | - | - | - | 85,404 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>19</u> | <u>494,351</u> | <u>185</u> | <u>4,526,028</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | - | 133,732 |
| Public safety | - | - | - | 775,225 |
| Public works | - | 86,704 | - | 706,590 |
| Culture and recreation | - | - | - | 563,269 |
| Capital outlay | - | 329,225 | - | 947,861 |
| Debt service | | | | |
| Principal payments | - | - | - | 185,062 |
| Interest and fiscal fees | - | - | - | 69,221 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>415,929</u> | <u>-</u> | <u>3,380,960</u> |
| Revenues over (under) expenditures | <u>19</u> | <u>78,422</u> | <u>185</u> | <u>1,145,068</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 432,679 |
| Transfers out | - | - | - | (766,248) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(333,569)</u> |
| Net change in fund balance | 19 | 78,422 | 185 | 811,499 |
| FUND BALANCE - beginning of year | <u>6,534</u> | <u>114,380</u> | <u>-</u> | <u>2,761,252</u> |
| FUND BALANCE - end of year | <u>\$ 6,553</u> | <u>\$ 192,802</u> | <u>\$ 185</u> | <u>\$ 3,572,751</u> |

(continued)

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, 2021

| | 2016 Fire Truck GO Bonds | 2000 Fire Truck GO Bonds | West End Tax Increment District | S.I.D. Revolving | S.I.D. 179 |
|---|---|---|--|-----------------------------|-------------------------|
| REVENUES | | | | | |
| Taxes | \$ 50,659 | \$ 199 | \$ 128,148 | \$ - | \$ - |
| Special assessments | - | - | - | - | 34,513 |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | - | - | 13,189 | - | - |
| Charges for services | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Interest on investments | 64 | 15 | 1,134 | 72 | 79 |
| Other | - | - | - | - | - |
| Total revenues | <u>50,723</u> | <u>214</u> | <u>142,471</u> | <u>72</u> | <u>34,592</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | 0 |
| Principal payments | 36,775 | - | 62,000 | - | 27,000 |
| Interest and fiscal fees | 18,869 | - | 12,169 | - | 5,382 |
| Total expenditures | <u>55,644</u> | <u>-</u> | <u>74,169</u> | <u>-</u> | <u>32,382</u> |
| Revenues over (under) expenditures | <u>(4,921)</u> | <u>214</u> | <u>68,302</u> | <u>72</u> | <u>2,210</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (4,921) | 214 | 68,302 | 72 | 2,210 |
| FUND BALANCE - beginning of year | <u>19,141</u> | <u>4,937</u> | <u>377,360</u> | <u>24,304</u> | <u>23,536</u> |
| FUND BALANCE - end of year | <u><u>\$ 14,220</u></u> | <u><u>\$ 5,151</u></u> | <u><u>\$ 445,662</u></u> | <u><u>\$ 24,376</u></u> | <u><u>\$ 25,746</u></u> |

(continued)

See the Independent Auditors' Report.

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

| | S.I.D. 180 | Debt Service Totals |
|--|--------------------------|--------------------------------|
| REVENUES | | |
| Taxes | \$ - | \$ 179,006 |
| Special assessments | 3,563 | 38,076 |
| Licenses and permits | - | - |
| Intergovernmental | - | 13,189 |
| Charges for services | - | - |
| Fines and forfeitures | - | - |
| Interest on investments | (13) | 1,351 |
| Other | - | - |
| Total revenues | <u>3,550</u> | <u>231,622</u> |
| EXPENDITURES | | |
| Current | | |
| General government | - | - |
| Public safety | - | - |
| Public works | - | - |
| Culture and recreation | - | - |
| Capital outlay | - | - |
| Debt service | | |
| Principal payments | - | 125,775 |
| Interest and fiscal fees | - | 36,420 |
| Total expenditures | <u>-</u> | <u>162,195</u> |
| Revenues over (under) expenditures | <u>3,550</u> | <u>69,427</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | - |
| Transfers out | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> |
| Net change in fund balance | 3,550 | 69,427 |
| FUND BALANCE - beginning of year | <u>(5,229)</u> | <u>444,049</u> |
| FUND BALANCE - end of year | <u><u>\$ (1,679)</u></u> | <u><u>\$ 513,476</u></u> |

(continued)

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, 2021

| | Capital Improvements | Library Extension | Railroad Underpass | Capital Projects Totals |
|---|---------------------------------|------------------------------|-------------------------------|--|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Interest on investments | 22 | 74 | 12 | 108 |
| Other | - | - | - | - |
| Total revenues | <u>22</u> | <u>74</u> | <u>12</u> | <u>108</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal payments | - | - | 30,615 | 30,615 |
| Interest and fiscal fees | - | - | 345 | 345 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>30,960</u> | <u>30,960</u> |
| Revenues over (under) expenditures | <u>22</u> | <u>74</u> | <u>(30,948)</u> | <u>(30,852)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 110,000 | - | 4,915 | 114,915 |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>110,000</u> | <u>-</u> | <u>4,915</u> | <u>114,915</u> |
| Net change in fund balance | 110,022 | 74 | (26,033) | 84,063 |
| FUND BALANCE - beginning of year | <u>8,490</u> | <u>25,281</u> | <u>26,035</u> | <u>59,806</u> |
| FUND BALANCE - end of year | <u>\$ 118,512</u> | <u>\$ 25,355</u> | <u>\$ 2</u> | <u>\$ 143,869</u> |

(continued)

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, 2021

| | Perpetual Cemetery Care | Total Nonmajor Governmental Funds |
|---------------------------------------|------------------------------------|--|
| REVENUES | | |
| Taxes | \$ - | \$ 1,206,563 |
| Special assessments | - | 1,363,420 |
| Licenses and permits | - | 7,006 |
| Intergovernmental | - | 1,377,165 |
| Charges for services | 4,345 | 698,071 |
| Fines and forfeitures | - | 279 |
| Interest on investments | 1,190 | 25,385 |
| Other | | 85,404 |
| | <u>5,535</u> | <u>4,763,293</u> |
| Total revenues | | |
| | <u>5,535</u> | <u>4,763,293</u> |
| EXPENDITURES | | |
| Current | | |
| General government | - | 133,732 |
| Public safety | - | 775,225 |
| Public works | - | 706,590 |
| Culture and recreation | - | 563,269 |
| Capital outlay | - | 947,861 |
| Debt service | | |
| Principal payments | - | 341,452 |
| Interest and fiscal fees | - | 105,986 |
| | <u>-</u> | <u>3,574,115</u> |
| Total expenditures | | |
| | <u>-</u> | <u>3,574,115</u> |
| Revenues over (under) expenditures | <u>5,535</u> | <u>1,189,178</u> |
| | | |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | 547,594 |
| Transfers out | (679) | (766,927) |
| | <u>(679)</u> | <u>(219,333)</u> |
| Total other financing sources (uses) | | |
| | <u>(679)</u> | <u>(219,333)</u> |
| | | |
| Net change in fund balance | 4,856 | 969,845 |
| | | |
| FUND BALANCE - | | |
| beginning of year | <u>244,878</u> | <u>3,509,985</u> |
| | | |
| FUND BALANCE - | | |
| end of year | <u>\$ 249,734</u> | <u>\$ 4,479,830</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, 2021

| | Comprehensive Liability Insurance | | | Library | | |
|--|-----------------------------------|------------------|------------------------------------|------------|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | 1,115 | 1,115 | \$ 105,276 | 101,520 | (3,756) |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 530,325 | 543,377 | 13,052 |
| Charges for services | - | - | - | 6,000 | 3,409 | (2,591) |
| Fines and forfeitures | - | - | - | - | 279 | 279 |
| Interest on investments | - | 59 | 59 | 200 | 846 | 646 |
| Other | - | - | - | 2,000 | 81,364 | 79,364 |
| Total revenues | - | 1,174 | 1,174 | 643,801 | 730,795 | 86,994 |
| EXPENDITURES - BUDGET UNIT | - | - | - | 629,512 | 563,269 | 66,243 |
| Revenues over (under) expenditures | - | 1,174 | 1,174 | 14,289 | 167,526 | 153,237 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | 71,016 | 55,249 | (15,767) |
| Transfers out | - | - | - | (37,519) | (37,520) | (1) |
| Total other financing sources (uses) | - | - | - | 33,497 | 17,729 | (15,768) |
| Revenues and other sources over (under) expenditures | - | 1,174 | 1,174 | 47,786 | 185,255 | 137,469 |
| FUND BALANCE - beginning of year | | 19,179 | | | 411,052 | |
| FUND BALANCE - end of year | | <u>\$ 20,353</u> | | | <u>\$ 596,307</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, 2021**

| | Dispatch/Communications | | | Tax Increment District Downtown | | |
|---|--------------------------------|--------------------------|---|--|--------------------------|---|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ 388,475 | 405,084 | 16,609 |
| Special assessments | - | - | - | 2,370 | 2,370 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 481 | 285,454 | 284,973 | 40,967 | 40,967 | - |
| Charges for services | 459,682 | 331,531 | (128,151) | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | (300) | 446 | 746 | 1,000 | 1,413 | 413 |
| Other | - | - | - | - | - | - |
| Total revenues | <u>459,863</u> | <u>617,431</u> | <u>157,568</u> | <u>432,812</u> | <u>449,834</u> | <u>17,022</u> |
| EXPENDITURES - BUDGET UNIT | <u>930,689</u> | <u>775,552</u> | <u>155,137</u> | <u>468,725</u> | <u>423,952</u> | <u>44,773</u> |
| Revenues over (under) expenditures | <u>(470,826)</u> | <u>(158,121)</u> | <u>312,705</u> | <u>(35,913)</u> | <u>25,882</u> | <u>61,795</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 529,286 | 336,796 | (192,490) | - | - | - |
| Transfers out | <u>(56,279)</u> | <u>(63,635)</u> | <u>(7,356)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>473,007</u> | <u>273,161</u> | <u>(199,846)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u><u>2,181</u></u> | <u><u>115,040</u></u> | <u><u>112,859</u></u> | <u><u>(35,913)</u></u> | <u><u>25,882</u></u> | <u><u>61,795</u></u> |
| FUND BALANCE - beginning of year | | <u>175,387</u> | | | <u>490,453</u> | |
| FUND BALANCE - end of year | | <u><u>\$ 290,427</u></u> | | | <u><u>\$ 516,335</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, 2021**

| | Permissive Medical Levy | | | CDBG Economic Development Revolving | | |
|---|-------------------------|------------------|------------------------------------|-------------------------------------|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ 534,858 | 519,838 | (15,020) | \$ - | - | - |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 25,000 | - | (25,000) |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | 300 | 545 | 245 | 6,010 | 17,207 | 11,197 |
| Other | - | - | - | - | - | - |
| Total revenues | <u>535,158</u> | <u>520,383</u> | <u>(14,775)</u> | <u>31,010</u> | <u>17,207</u> | <u>(13,803)</u> |
| EXPENDITURES - BUDGET UNIT | <u>-</u> | <u>-</u> | <u>-</u> | <u>647,590</u> | <u>13,590</u> | <u>634,000</u> |
| Revenues over (under) expenditures | <u>535,158</u> | <u>520,383</u> | <u>(14,775)</u> | <u>(616,580)</u> | <u>3,617</u> | <u>620,197</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (534,358) | (525,721) | 8,637 | - | - | - |
| Total other financing sources (uses) | <u>(534,358)</u> | <u>(525,721)</u> | <u>8,637</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>800</u> | <u>(5,338)</u> | <u>(6,138)</u> | <u>(616,580)</u> | <u>3,617</u> | <u>620,197</u> |
| FUND BALANCE - beginning of year | | <u>47,535</u> | | | <u>732,338</u> | |
| FUND BALANCE - end of year | | <u>\$ 42,197</u> | | | <u>\$ 735,955</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, 2021

| | Impact Fees | | | S.I.D. Lighting | | |
|--|------------------|-------------------|------------------------------------|-----------------|-------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ - | - | - |
| Special assessments | - | - | - | 149,900 | 147,575 | (2,325) |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | 99,643 | 358,578 | 258,935 | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | 1,000 | 1,438 | 438 | 250 | 240 | (10) |
| Other | - | - | - | - | - | - |
| Total revenues | <u>100,643</u> | <u>360,016</u> | <u>259,373</u> | <u>150,150</u> | <u>147,815</u> | <u>(2,335)</u> |
| EXPENDITURES - BUDGET UNIT | <u>330,453</u> | <u>27,549</u> | <u>302,904</u> | <u>198,800</u> | <u>160,671</u> | <u>38,129</u> |
| Revenues over (under) expenditures | <u>(229,810)</u> | <u>332,467</u> | <u>562,277</u> | <u>(48,650)</u> | <u>(12,856)</u> | <u>35,794</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>(229,810)</u> | <u>332,467</u> | <u>562,277</u> | <u>(48,650)</u> | <u>(12,856)</u> | <u>35,794</u> |
| FUND BALANCE - beginning of year | | <u>349,337</u> | | | <u>115,577</u> | |
| FUND BALANCE - end of year | | <u>\$ 681,804</u> | | | <u>\$ 102,721</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, 2021**

| | <u>Street Maintenance</u> | | | <u>Sidewalks</u> | | |
|---|---------------------------|--------------------------|---|----------------------|---------------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ 124,280 | \$ - | (124,280) |
| Special assessments | 1,030,607 | 1,007,771 | (22,836) | - | 124,542 | 124,542 |
| Licenses and permits | 13,000 | 7,006 | (5,994) | - | - | - |
| Intergovernmental | - | 222 | 222 | - | - | - |
| Charges for services | - | 58 | 58 | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | 500 | 252 | (248) | (300) | (383) | (83) |
| Other | 2,500 | 4,040 | 1,540 | - | - | - |
| Total revenues | <u>1,046,607</u> | <u>1,019,349</u> | <u>(27,258)</u> | <u>123,980</u> | <u>124,159</u> | <u>179</u> |
| EXPENDITURES - BUDGET UNIT | <u>937,962</u> | <u>865,872</u> | <u>72,090</u> | <u>90,600</u> | <u>90,583</u> | <u>17</u> |
| Revenues over (under) expenditures | <u>108,645</u> | <u>153,477</u> | <u>44,832</u> | <u>33,380</u> | <u>33,576</u> | <u>196</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 44,619 | 40,634 | (3,985) | - | - | - |
| Transfers out | (117,304) | (139,372) | (22,068) | - | - | - |
| Total other financing sources (uses) | <u>(72,685)</u> | <u>(98,738)</u> | <u>(26,053)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u><u>35,960</u></u> | <u><u>54,739</u></u> | <u><u>18,779</u></u> | <u><u>33,380</u></u> | <u><u>33,576</u></u> | <u><u>196</u></u> |
| FUND BALANCE - beginning of year | | <u>340,033</u> | | | <u>(130,874)</u> | |
| FUND BALANCE - end of year | | <u><u>\$ 394,772</u></u> | | | <u><u>\$ (97,298)</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, 2021

| | Business Improvement District | | | Parks Department | | |
|---|--------------------------------------|------------------|---|-------------------------|------------------|---|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ - | - | - |
| Special assessments | 42,650 | 43,086 | 436 | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | 50 | 15 | (35) | - | 209 | 209 |
| Other | - | - | - | - | - | - |
| Total revenues | 42,700 | 43,101 | 401 | - | 209 | 209 |
| EXPENDITURES - BUDGET | | | | | | |
| UNIT | 44,200 | 43,993 | 207 | - | - | - |
| Revenues over (under) expenditures | (1,500) | (892) | 608 | - | 209 | 209 |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - |
| Revenues and other sources over (under) expenditures | <u>(1,500)</u> | <u>(892)</u> | <u>608</u> | <u>-</u> | <u>209</u> | <u>209</u> |
| FUND BALANCE - | | | | | | |
| beginning of year | | 19,777 | | | 70,544 | |
| FUND BALANCE - | | | | | | |
| end of year | | <u>\$ 18,885</u> | | | <u>\$ 70,753</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, 2021

| | Law Enforcement | | | Gas Tax Apportionment | | |
|---|------------------------|-----------------|---|------------------------------|-------------------|---|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ - | - | - |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 496,147 | 493,956 | (2,191) |
| Charges for services | - | - | - | 150 | 150 | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Interest on investments | 30 | 19 | (11) | 500 | 245 | (255) |
| Other | - | - | - | - | - | - |
| Total revenues | 30 | 19 | (11) | 496,797 | 494,351 | (2,446) |
| EXPENDITURES - BUDGET | | | | | | |
| UNIT | 6,546 | - | 6,546 | 497,300 | 415,929 | 81,371 |
| Revenues over (under) expenditures | (6,516) | 19 | 6,535 | (503) | 78,422 | 78,925 |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - | - |
| Revenues and other sources over (under) expenditures | <u>(6,516)</u> | <u>19</u> | <u>6,535</u> | <u>(503)</u> | <u>78,422</u> | <u>78,925</u> |
| FUND BALANCE - beginning of year | | <u>6,534</u> | | | <u>114,380</u> | |
| FUND BALANCE - end of year | | <u>\$ 6,553</u> | | | <u>\$ 192,802</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, 2021

| | American Rescue Plan | | | Total | | |
|---|-----------------------------|---------------|---|---------------|---------------|---|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ 1,152,889 | 1,027,557 | (125,332) |
| Special assessments | - | - | - | 1,225,527 | 1,325,344 | 99,817 |
| Licenses and permits | - | - | - | 13,000 | 7,006 | (5,994) |
| Intergovernmental | - | - | - | 1,092,920 | 1,363,976 | 271,056 |
| Charges for services | - | - | - | 565,475 | 693,726 | 128,251 |
| Fines and forfeitures | - | - | - | - | 279 | 279 |
| Interest on investments | - | 185 | 185 | 9,240 | 22,736 | 13,496 |
| Other | - | - | - | 4,500 | 85,404 | 80,904 |
| Total revenues | - | 185 | 185 | 4,063,551 | 4,526,028 | 462,477 |
| EXPENDITURES - BUDGET UNIT | - | - | - | 4,782,377 | 3,380,960 | 1,401,417 |
| Revenues over (under) expenditures | - | 185 | 185 | (718,826) | 1,145,068 | 1,863,894 |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | - | - | - | 644,921 | 432,679 | (212,242) |
| Transfers out | - | - | - | (745,460) | (766,248) | (20,788) |
| Total other financing sources | - | - | - | (100,539) | (333,569) | (233,030) |
| Revenues and other sources over (under) expenditures | - | 185 | 185 | (819,365) | 811,499 | 1,630,864 |
| FUND BALANCE - beginning of year | | - | | | 2,761,252 | |
| FUND BALANCE - end of year | | \$ 185 | | | \$ 3,572,751 | |

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, 2021

| | 2016 Fire Truck GO Bonds | | | 2000 Fire Truck GO Bonds | | |
|--|---------------------------------|------------------|---|---------------------------------|-----------------|---|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Taxes | \$ 55,776 | 50,659 | (5,117) | \$ - | 199 | 199 |
| Special assessments | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Interest on investments | 100 | 64 | (36) | - | 15 | 15 |
| Other | - | - | - | - | - | - |
| Total revenue | <u>55,876</u> | <u>50,723</u> | <u>(5,153)</u> | <u>-</u> | <u>214</u> | <u>214</u> |
| EXPENDITURES | | | | | | |
| Current - General Government | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service | | | | | | |
| Principal | 35,000 | 36,775 | (1,775) | - | - | - |
| Interest and fiscal fees | <u>20,644</u> | <u>18,869</u> | <u>1,775</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>55,644</u> | <u>55,644</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>232</u> | <u>(4,921)</u> | <u>(5,153)</u> | <u>-</u> | <u>214</u> | <u>214</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| Issuance of debt | <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>232</u> | <u>(4,921)</u> | <u>(5,153)</u> | <u>-</u> | <u>214</u> | <u>214</u> |
| FUND BALANCE - beginning of year | | <u>19,141</u> | | | <u>4,937</u> | |
| FUND BALANCE - end of year | | <u>\$ 14,220</u> | | | <u>\$ 5,151</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, 2021

| | West End Tax Increment District | | | S.I.D. Revolving | | |
|--|--|-------------------|---|-------------------------|------------------|---|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Taxes | \$ 125,000 | 128,148 | 3,148 | \$ - | - | - |
| Special assessments | - | - | - | - | - | - |
| Intergovernmental | 13,189 | 13,189 | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Interest on investments | 1,500 | 1,134 | (366) | 120 | 72 | (48) |
| Other | - | - | - | - | - | - |
| Total revenue | <u>139,689</u> | <u>142,471</u> | <u>2,782</u> | <u>120</u> | <u>72</u> | <u>(48)</u> |
| EXPENDITURES | | | | | | |
| Current - General Government | 225,000 | - | 225,000 | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service | | | | | | |
| Principal | 62,000 | 62,000 | - | - | - | - |
| Interest and fiscal fees | <u>12,169</u> | <u>12,169</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>299,169</u> | <u>74,169</u> | <u>225,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>(159,480)</u> | <u>68,302</u> | <u>227,782</u> | <u>120</u> | <u>72</u> | <u>(48)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Issuance of debt | <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>(159,480)</u> | <u>68,302</u> | <u>227,782</u> | <u>120</u> | <u>72</u> | <u>(48)</u> |
| FUND BALANCE - beginning of year | | <u>377,360</u> | | | <u>24,304</u> | |
| FUND BALANCE - end of year | | <u>\$ 445,662</u> | | | <u>\$ 24,376</u> | |

(continued)

See the Independent Auditors' Report.

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, 2021

| | S.I.D. 179 | | | S.I.D. 180 | | |
|--|---------------|------------------|---|---------------|-------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ - | - | - |
| Special assessments | 34,513 | 34,513 | - | 3,563 | 3,563 | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Interest on investments | 120 | 79 | (41) | (50) | (13) | 37 |
| Other | - | - | - | - | - | - |
| Total revenue | <u>34,633</u> | <u>34,592</u> | <u>(41)</u> | <u>3,513</u> | <u>3,550</u> | <u>37</u> |
| EXPENDITURES | | | | | | |
| Current - General government | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service | | | | | | |
| Principal | 27,000 | 27,000 | - | - | - | - |
| Interest and fiscal fees | <u>5,381</u> | <u>5,382</u> | <u>(1)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>32,381</u> | <u>32,382</u> | <u>(1)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>2,252</u> | <u>2,210</u> | <u>(42)</u> | <u>3,513</u> | <u>3,550</u> | <u>37</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | - | - |
| Payments to refunded bond agent | - | - | - | - | - | - |
| Premium on issuance of debt | - | - | - | - | - | - |
| Issuance of debt | <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>2,252</u> | <u>2,210</u> | <u>(42)</u> | <u>3,513</u> | <u>3,550</u> | <u>37</u> |
| FUND BALANCE - beginning of year | | <u>23,536</u> | | | <u>(5,229)</u> | |
| FUND BALANCE - end of year | | <u>\$ 25,746</u> | | | <u>\$ (1,679)</u> | |

(continued)

See the Independent Auditors' Report.

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, 2021

| | Total | | Variance |
|--|------------------|-------------------|--------------------------------|
| | Budget | Actual | Positive (Negative) |
| REVENUES | | | |
| Taxes | \$ 180,776 | 179,006 | (1,770) |
| Special assessments | 38,076 | 38,076 | - |
| Intergovernmental | 13,189 | 13,189 | - |
| Charges for services | - | - | - |
| Interest on investments | 1,790 | 1,351 | (439) |
| Other | - | - | - |
| Total revenue | <u>233,831</u> | <u>231,622</u> | <u>(2,209)</u> |
| EXPENDITURES | | | |
| Current - General government | 225,000 | - | 225,000 |
| Capital outlay | - | - | - |
| Debt service | - | - | - |
| Principal | 124,000 | 125,775 | (1,775) |
| Interest and fiscal fees | <u>38,194</u> | <u>36,420</u> | <u>1,774</u> |
| Total expenditures | <u>387,194</u> | <u>162,195</u> | <u>224,999</u> |
| Revenues over (under) expenditures | <u>(153,363)</u> | <u>69,427</u> | <u>222,790</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Refunding bonds issued | - | - | - |
| Payments to refunded bond agent | - | - | - |
| Premium on issuance of debt | - | - | - |
| Issuance of debt | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>(153,363)</u> | <u>69,427</u> | <u>222,790</u> |
| FUND BALANCE - beginning of year | | <u>444,049</u> | |
| FUND BALANCE - end of year | | <u>\$ 513,476</u> | |

See the Independent Auditors' Report.

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, 2021

| | 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 | 22 | (18) | - | 74 | 74 |
| Other | - | - | - | - | - | - |
| Total revenue | 40 | 22 | (18) | - | 74 | 74 |
| EXPENDITURES | | | | | | |
| Current - General Government | - | - | - | - | - | - |
| Capital outlay | 8,515 | - | 8,515 | - | - | - |
| Debt service | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal fees | - | - | - | - | - | - |
| Issuance costs | - | - | - | - | - | - |
| Total expenditures | 8,515 | - | 8,515 | - | - | - |
| Revenues over (under) expenditures | (8,475) | 22 | 8,497 | - | 74 | 74 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 110,000 | 110,000 | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 110,000 | 110,000 | - | - | - |
| Revenues and other sources over (under) expenditures and other uses | (8,475) | 110,022 | 118,497 | - | 74 | 74 |
| FUND BALANCE - beginning of year | | 8,490 | | | 25,281 | |
| FUND BALANCE - end of year | | <u>\$ 118,512</u> | | | <u>\$ 25,355</u> | |

See the Independent Auditors' Report.

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, 2021

| | Railroad Underpass | | | Total | | |
|--|---------------------------|---------------|---|---------------|---------------|---|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$ - | - | - | \$ - | - | - |
| Special assessments | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Interest on investments | - | 12 | 12 | 40 | 108 | 68 |
| Other | - | - | - | - | - | - |
| Total revenue | - | 12 | 12 | 40 | 108 | 68 |
| EXPENDITURES | | | | | | |
| Current | - | - | - | - | - | - |
| Capital outlay | - | - | - | 8,515 | - | 8,515 |
| Debt service | | | | - | - | - |
| Principal | 30,615 | 30,615 | - | 30,615 | 30,615 | - |
| Interest and fiscal fees | 346 | 345 | 1 | 346 | 345 | 1 |
| | | - | | - | - | - |
| Total expenditures | 30,961 | 30,960 | 1 | 39,476 | 30,960 | 8,516 |
| Revenues over (under) expenditures | (30,961) | (30,948) | 13 | (39,436) | (30,852) | 8,584 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in | 4,876 | 4,915 | 39 | 4,876 | 114,915 | 110,039 |
| Operating transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | 4,876 | 4,915 | 39 | 4,876 | 114,915 | 110,039 |
| Revenues and other sources over (under) expenditures and other uses | (26,085) | (26,033) | 52 | (34,560) | 84,063 | 118,623 |
| FUND BALANCE - beginning of year | | 26,035 | | | 59,806 | |
| FUND BALANCE - end of year | | \$ 2 | | | \$ 143,869 | |

(continued)

See the Independent Auditors' Report.

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, 2021

| | Cemetery Perpetual Care | | |
|--|--------------------------------|--------------------------|---|
| | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | |
| Taxes | \$ - | - | - |
| Special assessments | - | - | - |
| Intergovernmental | - | - | - |
| Charges for services | 2,500 | 4,345 | 1,845 |
| Interest on investments | 1,500 | 1,190 | (310) |
| Other | - | - | - |
| Total revenue | <u>4,000</u> | <u>5,535</u> | <u>1,535</u> |
| EXPENDITURES | | | |
| Current - General government | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>4,000</u> | <u>5,535</u> | <u>1,535</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | <u>(1,500)</u> | <u>(679)</u> | <u>821</u> |
| Total other financing sources (uses) | <u>(1,500)</u> | <u>(679)</u> | <u>821</u> |
| Revenues and other sources over (under) expenditures and other uses | <u><u>2,500</u></u> | <u><u>4,856</u></u> | <u><u>2,356</u></u> |
| FUND BALANCE - beginning of year | | <u>244,878</u> | |
| FUND BALANCE - end of year | | <u><u>\$ 249,734</u></u> | |

See Independent Auditors' Report.

PART III

STATISTICAL SECTION

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>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 6,345,938 | \$ 7,055,867 | \$ 7,917,516 | \$ 8,612,168 | \$ 10,404,137 | \$ 11,464,716 | \$ 12,465,450 | \$ 12,400,281 | \$ 13,341,285 | \$ 15,345,052 |
| Nonspendable - Cemetery perpetual care | 223,302 | 219,534 | 222,258 | 232,837 | 235,763 | 238,636 | 240,415 | 241,903 | 244,878 | 249,734 |
| Restricted - Expendable | - | - | - | 131 | 80 | 80 | - | - | - | - |
| Restricted for Public Safety | - | 7,753 | 280 | 281 | 282 | 283 | - | 49,857 | 49,947 | 143,084 |
| Restricted for Public Works | 195,117 | 203,686 | 274,167 | 384,746 | 289,583 | 316,894 | 328,874 | 247,207 | 378,038 | 587,484 |
| Restricted for Culture and Recreation | - | 129,183 | 137,058 | 128,044 | 118,125 | 61,865 | - | 23,572 | 35,732 | 144,223 |
| Restricted for Debt Service | 185,384 | 227,928 | 111,547 | 563,178 | 606,564 | 603,929 | 650,976 | 379,710 | 421,538 | 485,133 |
| Unrestricted - Long-term Receivable | 131,465 | 123,333 | 109,463 | - | - | - | - | - | - | - |
| Unrestricted | 3,798,037 | 3,848,976 | 3,944,824 | 117,488 | 10,063 | (873,785) | (1,052,689) | 392,182 | 981,436 | 1,598,864 |
| Total governmental activities | <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> | <u>\$ 13,734,712</u> | <u>\$ 15,452,854</u> | <u>\$ 18,553,574</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 14,152,599 | 14,659,760 | 15,199,573 | 15,737,528 | 16,103,349 | 15,861,620 | 18,485,014 | 19,669,959 | 20,566,369 | 20,864,397 |
| Restricted for Debt Service | 264,538 | 264,538 | 297,373 | 297,373 | 239,538 | 239,538 | 522,096 | 915,764 | 846,970 | 846,970 |
| Unrestricted | 663,525 | 558,508 | 274,064 | (726,022) | 334,821 | 1,785,618 | 1,916,154 | 1,599,455 | 1,919,053 | 2,998,693 |
| Total business-type activities | <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> | <u>\$ 22,185,178</u> | <u>\$ 23,332,392</u> | <u>\$ 24,710,060</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 20,498,537 | 21,715,627 | 23,117,089 | 24,349,696 | 26,507,486 | 27,326,336 | 30,950,464 | 32,070,240 | 33,907,654 | 36,209,449 |
| Nonspendable - Cemetery perpetual care | 223,302 | 219,534 | 222,258 | 232,837 | 235,763 | 238,636 | 240,415 | 241,903 | 244,878 | 249,734 |
| Restricted - Expendable | - | - | - | 131 | 80 | 80 | - | - | - | - |
| Restricted for Public Safety | - | 7,753 | 280 | 281 | 282 | 283 | - | 49,857 | 49,947 | 143,084 |
| Restricted for Public Works | 195,117 | 203,686 | 274,167 | 384,746 | 289,583 | 316,894 | 328,874 | 247,207 | 378,038 | 587,484 |
| Restricted for Culture and Recreation | - | 129,183 | 137,058 | 128,044 | 118,125 | 61,865 | - | 23,572 | 35,732 | 144,223 |
| Restricted for Debt Service | 449,922 | 492,466 | 408,920 | 860,551 | 846,102 | 843,467 | 1,173,072 | 1,295,474 | 1,268,508 | 1,332,103 |
| Unrestricted - Long-term Receivable | 131,465 | 123,333 | 109,463 | - | - | - | - | - | - | - |
| Unrestricted | 4,461,562 | 4,407,484 | 4,218,888 | (608,534) | 344,884 | 911,833 | 863,465 | 1,991,637 | 2,900,489 | 4,597,557 |
| Total primary government net position | <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> | <u>\$ 35,919,890</u> | <u>\$ 38,785,246</u> | <u>\$ 43,263,634</u> |

Unaudited statistical section.

**CITY OF LIVINGSTON
CHANGES IN NET POSITION
Last Ten Fiscal Years**

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,122,470 | \$ 1,135,135 | \$ 1,193,800 | \$ 1,766,027 | \$ 1,323,636 | \$ 1,802,374 | \$ 1,440,282 | \$ 1,303,482 | \$ 1,460,018 | \$ 1,856,160 |
| Public safety | 3,015,754 | 3,152,724 | 3,322,504 | 3,171,975 | 3,078,142 | 3,370,409 | 3,562,091 | 3,543,326 | 3,760,377 | 4,208,140 |
| Public works | 1,089,382 | 1,021,021 | 1,075,975 | 1,445,836 | 1,504,248 | 1,586,810 | 1,580,013 | 1,876,825 | 1,633,362 | 1,515,528 |
| Public health | 98,443 | 116,736 | 112,524 | 108,937 | 126,097 | 131,346 | 118,479 | 125,179 | 160,943 | 125,486 |
| Culture and recreation | 965,639 | 996,843 | 970,960 | 1,069,027 | 1,042,414 | 1,155,098 | 1,054,015 | 1,206,387 | 1,286,079 | 1,370,096 |
| Interest on long-term debt | 77,361 | 50,831 | 49,771 | 45,618 | 42,674 | 71,621 | 61,644 | 128,869 | 124,641 | 106,968 |
| Total governmental activities expenses | <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> | <u>\$ 8,184,068</u> | <u>\$ 8,425,420</u> | <u>\$ 9,182,378</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 1,049,151 | 1,075,920 | 1,181,411 | 1,065,013 | 1,038,601 | 1,004,783 | 1,187,183 | 1,055,021 | 1,183,508 | 1,247,605 |
| Wastewater | 1,521,606 | 1,477,751 | 1,663,023 | 1,394,283 | 1,448,739 | 1,431,250 | 1,381,741 | 1,781,063 | 2,453,140 | 2,991,845 |
| Solid waste | 1,039,317 | 1,320,116 | 1,641,254 | 1,472,662 | 1,501,176 | 1,601,584 | 1,689,330 | 1,650,419 | 2,029,699 | 2,233,394 |
| Ambulance | 613,363 | 636,765 | 660,829 | 661,904 | 813,205 | 956,312 | 1,138,985 | 1,455,080 | 1,561,738 | 1,696,554 |
| Total business-type activities expenses | <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>5,397,239</u> | <u>5,941,583</u> | <u>7,228,085</u> | <u>8,169,398</u> |
| Total primary government expenses | <u><u>\$ 10,592,486</u></u> | <u><u>\$ 10,983,842</u></u> | <u><u>\$ 11,872,051</u></u> | <u><u>\$ 12,201,282</u></u> | <u><u>\$ 11,918,932</u></u> | <u><u>\$ 13,111,587</u></u> | <u><u>\$ 13,213,763</u></u> | <u><u>\$ 14,125,651</u></u> | <u><u>\$ 15,653,505</u></u> | <u><u>\$ 17,351,776</u></u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General government | 161,870 | 165,481 | 188,666 | 195,798 | 192,165 | 171,750 | 193,042 | 332,778 | 336,710 | 486,079 |
| Public safety | 434,824 | 418,833 | 396,905 | 471,018 | 452,286 | 432,552 | 430,449 | 471,663 | 696,516 | 530,334 |
| Public works | 941,032 | 1,181,471 | 1,278,691 | 1,404,223 | 1,356,289 | 1,365,404 | 1,387,620 | 1,526,528 | 1,350,824 | 1,257,269 |
| Public health | - | - | - | - | - | - | - | - | 21,812 | 22,775 |
| Culture and recreation | 116,791 | 113,506 | 104,158 | 96,009 | 77,683 | 138,428 | 115,808 | 121,467 | 97,082 | 186,571 |
| Operating grants and contributions | 831,849 | 799,383 | 832,410 | 1,324,873 | 704,709 | 720,953 | 1,132,352 | 1,300,519 | 1,806,885 | 3,111,506 |
| Capital grants and contributions | 165,707 | 174,399 | 258,531 | 181,879 | 565,561 | 419,466 | 149,873 | 220,266 | 69,306 | 406,247 |
| Total governmental activities program revenues | <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> | <u>\$ 3,973,221</u> | <u>\$ 4,379,135</u> | <u>\$ 6,000,781</u> |

Unaudited statistical section.

**CITY OF LIVINGSTON
CHANGES IN NET POSITION
Last Ten Fiscal Years**

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Business-type activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Water | 1,419,677 | 1,580,576 | 1,451,627 | 1,422,929 | 1,448,689 | 1,574,394 | 1,626,986 | 1,554,490 | 1,646,245 | 2,071,414 |
| Sewer | 1,670,015 | 1,733,664 | 1,958,761 | 2,103,694 | 2,205,523 | 2,330,645 | 2,385,843 | 2,438,317 | 2,565,974 | 2,800,076 |
| Solid waste | 1,159,736 | 1,385,507 | 1,686,513 | 1,776,060 | 1,783,275 | 1,930,808 | 2,102,620 | 2,247,609 | 2,473,568 | 2,651,264 |
| Ambulance | 603,331 | 591,979 | 782,272 | 677,065 | 760,768 | 874,660 | 1,219,922 | 1,379,124 | 1,891,558 | 1,973,622 |
| Operating grants and contributions | - | - | 8,558 | 23,925 | 114,922 | 96,147 | 116,601 | 160,661 | 263,796 | 350,740 |
| Capital grants and contributions | - | 23,118 | - | - | - | - | 2,040,135 | 40,086 | 232,668 | 422,500 |
| Total business-type activities program revenues | <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> | <u>7,820,287</u> | <u>9,073,809</u> | <u>10,269,616</u> |
| Total primary government program revenues | <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> | <u>\$ 11,793,508</u> | <u>\$ 13,452,944</u> | <u>\$ 16,270,397</u> |
| Net (Expense) / Revenue | | | | | | | | | | |
| Governmental activities | (3,716,976) | (3,620,217) | (3,666,173) | (3,933,620) | (3,768,518) | (4,869,105) | (4,407,380) | (4,210,847) | (4,046,285) | (3,181,597) |
| Business-type activities | 629,322 | 804,292 | 741,214 | 1,409,811 | 1,511,456 | 1,812,725 | 4,094,868 | 1,878,704 | 1,845,724 | 2,100,218 |
| Total primary government net position | <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>\$ (312,512)</u> | <u>\$ (2,332,143)</u> | <u>\$ (2,200,561)</u> | <u>\$ (1,081,379)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes, levied for general purposes | 2,666,168 | 2,847,654 | 2,802,705 | 2,787,519 | 2,819,689 | 3,023,214 | 3,108,751 | 3,281,542 | 3,646,615 | 3,981,974 |
| Property taxes, levied for debt service | - | - | - | - | - | - | 90,180 | 117,330 | 60,057 | 50,858 |
| Miscellaneous | 341,391 | 256,361 | 217,778 | 250,435 | 882,894 | 220,956 | 441,139 | 111,349 | 88,432 | 234,598 |
| Transfers | 453,586 | 472,154 | 488,809 | 571,733 | 592,249 | 640,012 | 636,750 | 634,994 | 758,120 | 766,449 |
| Unrestricted investment earnings | 23,249 | 15,378 | 27,218 | 19,747 | 13,761 | 18,098 | 16,510 | 28,447 | 33,803 | 29,969 |
| Intergovernmental | 964,641 | 965,687 | 1,030,516 | 1,061,296 | 1,085,649 | 1,114,846 | 1,118,777 | 1,138,871 | 1,177,400 | 1,218,469 |
| Total governmental activities | <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> | <u>\$ 5,312,533</u> | <u>\$ 5,764,427</u> | <u>\$ 6,282,317</u> |
| Business-type activities: | | | | | | | | | | |
| Property taxes levied | 34,543 | 37,074 | 25,999 | 33,379 | 20,730 | 22,153 | 23,352 | 24,718 | 28,628 | 29,263 |
| Miscellaneous | 14,895 | 25,000 | - | - | - | - | - | - | 2,112 | - |
| Transfers | (453,586) | (472,154) | (488,809) | (571,733) | (592,249) | (640,012) | (636,750) | (634,994) | (758,120) | (766,449) |
| Unrestricted investment earnings | 8,578 | 7,932 | 9,800 | 7,313 | 5,660 | 14,202 | 18,930 | 23,486 | 28,870 | 14,636 |
| Total business-type activities | <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> | <u>(586,790)</u> | <u>(698,510)</u> | <u>(722,550)</u> |
| Total primary government | <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> | <u>\$ 4,725,743</u> | <u>\$ 5,065,917</u> | <u>\$ 5,559,767</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | 732,059 | 937,017 | 900,853 | 757,110 | 1,625,724 | 148,021 | 1,004,727 | 1,101,686 | 1,718,142 | 3,100,720 |
| Business-type Activities | 233,752 | 402,144 | 288,204 | 878,770 | 945,597 | 1,209,068 | 3,500,400 | 1,291,914 | 1,147,214 | 1,377,668 |
| Total primary government | <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>\$ 4,505,127</u> | <u>\$ 2,393,600</u> | <u>\$ 2,865,356</u> | <u>\$ 4,478,388</u> |

Unaudited statistical section.

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 136,799 | \$ 123,333 | \$ 95,177 | \$ 80,464 | \$ 65,307 | \$ 49,698 | \$ 67,507 | \$ 17,058 | \$ 17,058 | \$ 35,042 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | 7,122 | - | - | - | - | - | - | - | - |
| Unassigned | 341,903 | 345,096 | 562,948 | 509,161 | 451,551 | 432,790 | 676,473 | 1,397,720 | 2,221,988 | 2,718,961 |
| Total general fund | <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> | <u>\$ 1,414,778</u> | <u>\$ 2,239,046</u> | <u>\$ 2,754,003</u> |
| All Other Governmental | | | | | | | | | | |
| Nonspendable | 217,968 | 219,534 | 222,258 | 229,168 | 235,843 | 238,716 | 240,415 | 241,903 | 244,878 | 249,734 |
| Restricted | 498,239 | 568,550 | 915,801 | 1,076,249 | 1,014,554 | 982,971 | 979,850 | 700,346 | 885,255 | 1,359,924 |
| Committed | 2,458,633 | 2,904,486 | 3,040,800 | 2,892,921 | 2,816,991 | 2,080,736 | 1,761,412 | 2,517,089 | 2,515,955 | 2,969,149 |
| Assigned | 31,785 | 4,433 | 4,410 | 3,800 | - | - | - | - | - | - |
| Unassigned | (36,430) | (144,799) | (49,179) | (51,604) | (136,214) | (48,004) | (70,347) | (73,618) | (136,103) | (98,977) |
| Total all other governmental funds | <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> | <u>\$ 3,385,720</u> | <u>\$ 3,509,985</u> | <u>\$ 4,479,830</u> |

Unaudited statistical section.

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| REVENUES | | | | | | | | | | |
| Taxes and assessments | \$ 3,460,223 | \$ 3,922,915 | \$ 3,992,291 | \$ 4,004,482 | \$ 4,004,779 | \$ 4,217,890 | \$ 4,392,659 | \$ 4,806,627 | \$ 5,064,307 | \$ 5,223,698 |
| Licenses and permits | 246,605 | 247,882 | 313,561 | 375,851 | 274,795 | 316,643 | 348,799 | 336,999 | 366,441 | 425,204 |
| Intergovernmental | 1,962,197 | 1,939,469 | 2,121,457 | 2,568,048 | 2,355,919 | 2,255,265 | 2,401,002 | 2,519,656 | 3,053,591 | 4,736,222 |
| Charges for service | 423,153 | 411,730 | 547,724 | 566,565 | 458,354 | 587,935 | 472,385 | 528,664 | 631,480 | 805,420 |
| Fines and forfeitures | 149,204 | 157,247 | 118,987 | 117,487 | 103,740 | 116,958 | 122,597 | 131,683 | 122,155 | 102,412 |
| Interest on investments | 23,249 | 15,378 | 27,218 | 19,747 | 13,761 | 18,098 | 16,510 | 28,447 | 33,803 | 29,969 |
| Loan repayment | 66,244 | 167,132 | 282,641 | 40,503 | 52,564 | 101,631 | 59,651 | 26,029 | - | - |
| Other | 341,391 | 256,361 | 217,778 | 250,435 | 882,894 | 220,956 | 441,139 | 111,349 | 88,432 | 234,598 |
| Total revenues | <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> | <u>\$ 8,489,454</u> | <u>\$ 9,360,209</u> | <u>\$ 11,557,523</u> |
| EXPENDITURES | | | | | | | | | | |
| General government | \$ 1,256,770 | \$ 1,150,212 | \$ 1,243,719 | \$ 1,806,128 | \$ 1,291,589 | \$ 1,830,225 | \$ 1,549,635 | \$ 1,264,429 | \$ 1,421,106 | \$ 1,779,660 |
| Public safety | 2,906,514 | 3,210,364 | 3,071,872 | 3,287,313 | 3,140,222 | 3,219,713 | 3,365,250 | 3,363,103 | 3,499,577 | 3,752,648 |
| Public works | 896,448 | 672,562 | 837,353 | 1,219,943 | 1,252,125 | 1,320,004 | 1,320,692 | 1,594,427 | 1,281,295 | 1,059,640 |
| Public health | 91,967 | 110,944 | 107,870 | 104,189 | 118,289 | 124,219 | 110,897 | 116,833 | 152,420 | 117,525 |
| Culture and recreation | 888,476 | 909,444 | 907,607 | 989,419 | 927,342 | 1,043,002 | 927,487 | 990,793 | 1,067,404 | 1,134,924 |
| Capital outlay | 580,357 | 1,412,053 | 1,099,251 | 940,300 | 2,236,199 | 2,209,602 | 1,377,298 | 2,428,290 | 1,389,521 | 2,538,175 |
| Debt service | | | | | | | | | | |
| Principal | 348,000 | 95,000 | 142,084 | 173,997 | 182,367 | 263,835 | 260,186 | 357,865 | 367,889 | 349,630 |
| Interest and other charges | 77,361 | 50,831 | 49,771 | 45,618 | 42,674 | 71,621 | 61,644 | 128,869 | 124,641 | 106,968 |
| Total expenditures | <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> | <u>\$ 10,244,609</u> | <u>\$ 9,303,853</u> | <u>\$ 10,839,170</u> |
| Excess (deficiency) of revenues over expenditures | (373,627) | (493,296) | 162,130 | (623,789) | (1,044,001) | (2,246,845) | (718,347) | (1,755,155) | 56,356 | 718,353 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Issuance of debt | - | 400,000 | 113,521 | - | 159,625 | 825,000 | - | 2,234,269 | 20,000 | - |
| Transfers in | 1,113,209 | 1,064,525 | 1,302,386 | 1,175,661 | 1,369,426 | 1,101,806 | 1,153,487 | 1,735,161 | 1,775,245 | 1,910,239 |
| Transfers out | (659,623) | (592,371) | (813,577) | (603,928) | (777,177) | (461,794) | (516,737) | (1,100,167) | (1,017,125) | (1,143,790) |
| Increase in capital lease obligations | - | - | - | - | - | 35,205 | - | - | - | - |
| Refunding bonds issued | 250,000 | - | - | - | - | - | - | - | - | - |
| Premium on issuance of debt | 8,379 | - | - | - | - | 35,503 | - | 31,080 | - | - |
| Total other financing sources (uses) | <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> | <u>\$ 2,900,343</u> | <u>\$ 778,120</u> | <u>\$ 766,449</u> |
| EXTRAORDINARY ITEMS | - | - | - | - | - | - | - | - | - | - |
| Net change in fund balances | <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> | <u>\$ 1,145,188</u> | <u>\$ 834,476</u> | <u>\$ 1,484,802</u> |
| Debt service as a percentage of noncapital expenditures | 6.6% | 2.4% | 3.0% | 2.9% | 3.2% | 4.3% | 4.2% | 6.2% | 6.2% | 5.5% |

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> |
|--|--|--|---|---|---|
| 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 |
| 2019 | 9,389,243 | 2,980,041 | 433,192 | 12,802,476 | 230.71 |
| 2020 | 11,123,401 | 3,530,444 | 513,201 | 15,167,046 | 205.93 |
| 2021 | 11,045,684 | 4,383,706 | 41,618 | 15,471,008 | 211.48 |

Source: City of Livingston Finance Department
Department of Revenue

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

Unaudited statistical section.

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

| Fiscal Year Ended <u>June 30,</u> | Basic <u>Rate</u> | General Obligation Debt <u>Service</u> | Total Direct Tax <u>Rate</u> | Livingston School <u>District</u> | Park <u>County</u> | State of <u>Montana</u> |
|--|----------------------|---|---------------------------------------|---|-----------------------|----------------------------|
| 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 |
| 2019 | 221.21 | 9.50 | 230.71 | 321.33 | 117.98 | 46.00 |
| 2020 | 201.78 | 4.15 | 205.93 | 284.19 | 115.24 | 46.00 |
| 2021 | 207.98 | 3.50 | 211.48 | 285.73 | 114.13 | 46.00 |

Source: Based on information provided by the Montana Tax Foundation

Unaudited statistical section.

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

| | Tax Year | | | Tax Year | | |
|---|----------------------|-------------|-----------------------------|----------------------|-------------|-----------------------------|
| | 2020 | | | 2011 | | |
| | | | Percentage of Total City | | | Percentage of Total City |
| | Taxable Assessed | | Taxable Assessed | Taxable Assessed | | Taxable Assessed |
| | <u>Value</u> | <u>Rank</u> | <u>Value</u> | <u>Value</u> | <u>Rank</u> | <u>Value</u> |
| Northwestern Energy Transmission & Distribution | \$ 1,669,915 | 1 | 11.01% | \$ 793,779 | 1 | 7.28% |
| Montana Rail Link, Inc | 549,786 | 2 | 3.62% | 441,284 | 2 | 4.05% |
| Printingforless.com Inc. | 209,017 | 3 | 1.38% | 119,128 | 5 | 1.09% |
| MAA Best Yellowstone Hospitality, LLC | 89,954 | 4 | 0.59% | | | |
| Qwest Corporation | 79,974 | 5 | 0.53% | 248,300 | 3 | 2.28% |
| Charter Communications, Inc. | 70,038 | 6 | 0.46% | 184,194 | 4 | 1.69% |
| ACI Real Estate | 68,485 | 7 | 0.45% | | | |
| First Interstate Bank | 64,615 | 8 | 0.43% | 63,603 | 7 | 0.58% |
| Vista East, LLC | 64,579 | 9 | 0.43% | | | |
| American Bank of Montana | 61,999 | 10 | 0.41% | 57,992 | 10 | 0.53% |
| Printingforless | | | | 63,244 | 8 | 0.58% |
| New Albertson's Inc. | | | | 95,783 | 6 | 0.88% |
| Osterman, Sylvia | | | | 59,145 | 9 | 0.54% |
| Majestic Mountain Investors, LLC | | | | 57,992 | 10 | 0.53% |
| Total | <u>\$ 2,928,362</u> | | <u>19.31%</u> | <u>\$ 1,332,673</u> | | <u>12.23%</u> |
| Total City Taxable Assessed Value | <u>\$ 15,471,008</u> | | | <u>\$ 11,037,390</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 Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 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% | 198,580 | 1,534,770 | 99.94% |
| 2007 | 1,821,767 | 1,672,805 | 91.82% | 148,458 | 1,821,263 | 99.97% |
| 2008 | 1,944,748 | 1,689,591 | 86.88% | 254,421 | 1,944,012 | 99.96% |
| 2009 | 2,006,597 | 1,761,566 | 87.79% | 244,568 | 2,006,134 | 99.98% |
| 2010 | 2,197,531 | 2,109,410 | 95.99% | 85,181 | 2,194,591 | 99.87% |
| 2011 | 2,298,258 | 2,185,537 | 95.10% | 109,659 | 2,295,196 | 99.87% |
| 2012 | 2,307,395 | 2,148,330 | 93.11% | 156,750 | 2,305,080 | 99.90% |
| 2013 | 2,432,073 | 2,326,903 | 95.68% | 102,760 | 2,429,663 | 99.90% |
| 2014 | 2,423,005 | 2,366,838 | 97.68% | 55,905 | 2,422,743 | 99.99% |
| 2015 | 2,397,867 | 2,376,542 | 99.11% | 19,142 | 2,395,684 | 99.91% |
| 2016 | 2,464,833 | 2,436,205 | 98.84% | 27,872 | 2,464,077 | 99.97% |
| 2017 | 2,666,801 | 2,640,286 | 99.01% | 26,110 | 2,666,396 | 99.98% |
| 2018 | 2,779,942 | 2,742,542 | 98.65% | 36,095 | 2,778,637 | 99.95% |
| 2019 | 2,953,780 | 2,922,051 | 98.93% | 31,047 | 2,953,098 | 99.98% |
| 2020 | 2,955,032 | 2,926,203 | 99.02% | 27,263 | 2,953,466 | 99.95% |
| 2021 | 3,095,075 | 3,036,406 | 98.10% | - | 3,036,406 | 98.10% |

Unaudited statistical section.

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

| | Fiscal Year | | | | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| Water | | | | | | | | | | |
| Residential | 3,064 | 3,065 | 3,091 | 3,126 | 3,306 | 3,269 | 3,357 | 3,435 | 3,452 | 3,587 |
| Commercial | 361 | 363 | 361 | 368 | 377 | 375 | 345 | 380 | 378 | 357 |
| Industrial | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total Water | 3,428 | 3,431 | 3,455 | 3,497 | 3,686 | 3,647 | 3,705 | 3,818 | 3,833 | 3,947 |
| Sewer | | | | | | | | | | |
| Residential | 2,931 | 2,934 | 2,963 | 2,995 | 3,172 | 3,134 | 3,192 | 3,233 | 3,290 | 3,387 |
| Commercial | 325 | 328 | 330 | 335 | 342 | 336 | 341 | 371 | 370 | 375 |
| Industrial | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 |
| Total Sewer | 3,257 | 3,263 | 3,294 | 3,331 | 3,515 | 3,471 | 3,535 | 3,605 | 3,661 | 3,763 |
| Solid Waste | | | | | | | | | | |
| Residential | 3,019 | 3,020 | 3,041 | 3,062 | 3,210 | 3,167 | 3,184 | 3,256 | 3,415 | 3,477 |
| Commercial | 315 | 316 | 314 | 309 | 312 | 344 | 330 | 333 | 343 | 331 |
| Industrial | - | - | - | - | - | - | - | - | - | - |
| Total Solid Waste | 3,334 | 3,336 | 3,355 | 3,371 | 3,522 | 3,511 | 3,514 | 3,589 | 3,758 | 3,808 |

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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| Type of Customer | | | | | | | | | | | |
| Residential | 229,267 | 250,284 | 279,511 | 252,688 | 229,636 | 286,325 | 267,087 | 254,728 | 254,922 | 222,331 | 291,128 |
| Commercial | 78,684 | 83,381 | 84,794 | 80,654 | 84,003 | 86,673 | 91,729 | 84,591 | 87,332 | 80,646 | 77,391 |
| Industrial | 3,443 | 3,227 | 3,904 | 5,786 | 966 | 1,652 | 4,889 | 8,945 | 1,206 | 1,181 | 7,477 |
| Total | 311,394 | 336,892 | 368,209 | 339,128 | 314,605 | 374,650 | 363,705 | 348,264 | 343,460 | 304,158 | 375,996 |

Source: City of Livingston Utility Department

**CITY OF LIVINGSTON
WATER AND SEWER RATES
Past Ten Fiscal Years**

| Water | | | Sewer | | |
|---|----------------------------------|---------------------------------------|---|----------------------------------|---------------------------------------|
| Fiscal Year Ended June 30, | Monthly Base Rate | Rate per 1,000 Gallons | Fiscal Year Ended June 30, | Monthly Base Rate | Rate per 1,000 Gallons |
| 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 |
| 2019 | 12.39 | 2.76 | 2019 | 18.94 | 7.70 |
| 2020 | 12.76 | 2.84 | 2020 | 18.94 | 7.70 |
| 2021 | 13.00 | 3.00 | 2021 | 18.94 | 7.70 |

Sources:

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 4806
City of Livingston, Montana Commission Resolution 4865
City of Livingston, Montana Commission Resolution 4912

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 4807

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 |
| 2012 | 250,000 | - | 356,000 | 761,000 | - | 2,679,000 | - | 273,230 | - | 4,319,230 | 14.02% | 618.36 |
| 2013 | 220,000 | 400,000 | 336,000 | 716,000 | - | 2,488,000 | - | 218,762 | - | 4,378,762 | 13.81% | 622.43 |
| 2014 | 190,000 | 475,437 | 310,000 | 668,000 | - | 2,292,000 | - | 176,812 | - | 4,112,249 | 15.69% | 580.42 |
| 2015 | 160,000 | 418,440 | 273,000 | 618,000 | - | 2,091,000 | - | 147,344 | - | 3,707,784 | 18.65% | 513.97 |
| 2016 | 130,000 | 500,698 | 249,000 | 567,000 | - | 1,895,000 | - | 117,876 | - | 3,459,574 | 21.12% | 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 | 15.00% | 695.25 |
| 2018 | 788,728 | 371,657 | 201,000 | 457,000 | - | 11,552,528 | - | 30,589 | - | 13,401,502 | 6.12% | 1,779.98 |
| 2019 | 685,000 | 511,910 | 176,000 | 2,290,000 | - | 15,438,040 | - | 15,295 | - | 19,116,245 | 4.48% | 2,455.84 |
| 2020 | 650,178 | 408,794 | 150,000 | 2,169,008 | - | 15,762,151 | - | - | - | 19,140,131 | 4.56% | 2,453.55 |
| 2021 | 613,403 | 282,011 | 123,000 | 2,009,936 | - | 14,916,725 | - | - | - | 17,945,075 | 0.00% | 2,231.97 |

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> | Per <u>Capita</u>² |
|--|--|--|---------------------|--|--|
| 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 |
| 2019 | 685,000 | 50,906 | 634,094 | 4.95% | 81.46 |
| 2020 | 650,178 | 24,078 | 626,100 | 4.13% | 80.26 |
| 2021 | 613,403 | 19,371 | 594,032 | 3.84% | 73.88 |

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, 2021 | Applicable to the City of Livingston | As of June 30, 2020 | Applicable to the City of Livingston |
|---|------------------------|--|------------------------|--|
| <u>City of Livingston, Montana</u> | | | | |
| General obligation debt | \$ 613,403 | | \$ 650,178 | |
| Special Assessment Bonds | 123,000 | | 150,000 | |
| Tax Increment Revenue Bonds | 2,009,936 | | 2,169,008 | |
| Capital Leases | - | | - | |
| Notes Payable | 282,011 | | 408,794 | |
| | <hr/> | | <hr/> | |
| Net general obligation debt | \$ 3,028,350 | 100% | \$ 3,377,980 | 100% |
| | <hr/> | | <hr/> | |
| <u>Overlapping Bonded Indebtedness</u> | | | | |
| Park County ¹ | 1,525,475 | 47.0% | 1,654,208 | 47.0% |
| Livingston School District ² | | | | |
| Elementary District | - | 75.7% | - | 75.7% |
| High School District | 12,545,000 | 61.5% | 12,790,000 | 61.5% |
| | <hr/> | | <hr/> | |
| Total overlapping bond indebtedness | \$ 14,070,475 | | \$ 14,444,208 | |
| | <hr/> | | <hr/> | |
| Total direct and overlapping debt | \$ 17,098,825 | | \$ 17,822,188 | |
| | <hr/> <hr/> | | <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

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the property tax payers of the City of Livingston. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property tax payers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF LIVINGSTON
LEGAL DEBT MARGIN INFORMATION
Past Ten Fiscal Years**

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 |
| <u>Market Value</u> | \$ 377,761,961 | \$ 396,161,276 | \$ 423,354,775 | \$ 434,670,370 | \$ 672,756,494 | \$ 684,291,493 | \$ 758,381,947 | \$ 777,853,878 | \$ 952,168,749 | \$ 967,605,348 |
| <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 | \$ 9,444,049 | \$ 9,904,032 | \$ 10,583,869 | \$ 10,866,759 | \$ 16,818,912 | \$ 17,107,287 | \$ 18,959,549 | \$ 19,446,347 | \$ 23,804,219 | \$ 24,190,134 |
| Total net debt applicable to limit | (224,043) | (203,359) | (169,966) | (140,401) | (117,311) | (839,563) | (772,081) | (634,094) | (626,100) | (594,032) |
| Legal debt margin | <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> | <u>\$ 18,812,253</u> | <u>\$ 23,178,119</u> | <u>\$ 23,596,102</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 2% | 2% | 2% | 1% | 1% | 5% | 4% | 3% | 3% | 2% |

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 | |
| 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 |
| 2019 | 1,553,791 | 757,684 | 796,107 | 85,294 | 3,502 | 8.97 | 2,437,850 | 995,328 | 1,442,522 | 428,880 | 265,154 | 2.08 |
| 2020 | 1,646,240 | 854,097 | 792,143 | 85,295 | 1,821 | 9.09 | 2,519,581 | 1,112,967 | 1,406,614 | 438,067 | 328,893 | 1.83 |
| 2021 | 2,071,414 | 909,865 | 1,161,549 | - | - | 0.00 | 2,800,076 | 1,413,656 | 1,386,420 | 445,426 | 326,265 | 1.80 |

| Fiscal Year Ended June 30, | Special Assessment Bonds | | | | Tax Increment District Revenue Bonds | | | |
|-------------------------------------|--------------------------------------|--------------|----------|----------|--------------------------------------|--------------|----------|----------|
| | Special Assessment Collections | Debt Service | | Coverage | Tax Increment Collections | Debt Service | | Coverage |
| | | Principal | Interest | | | Principal | Interest | |
| 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 |
| 2019 | 34,594 | 25,000 | 7,313 | 1.07 | 311,310 | 183,036 | 49,730 | 1.34 |
| 2020 | 34,563 | 26,000 | 6,356 | 1.07 | 506,827 | 152,072 | 81,291 | 2.17 |
| 2021 | 34,513 | 27,000 | 5,382 | 1.07 | 533,232 | 159,072 | 76,322 | 2.27 |

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 Enrollment³ | Unemployment Rate⁴ |
|---|--|--|---|--|---|---|--|
| 2012 | 6,985 | 15,509 | \$ 605,475 | \$ 38,835 | 40.1 | 1,402 | 6.0% |
| 2013 | 7,035 | 15,587 | \$ 604,808 | \$ 38,528 | 39.9 | 1,473 | 5.4% |
| 2014 | 7,085 | 15,658 | \$ 645,280 | \$ 40,535 | 39.8 | 1,491 | 4.6% |
| 2015 | 7,214 | 15,877 | \$ 691,665 | \$ 43,221 | 39.7 | 1,493 | 4.1% |
| 2016 | 7,302 | 15,981 | \$ 730,755 | \$ 45,346 | 39.8 | 1,478 | 4.1% |
| 2017 | 7,401 | 16,114 | \$ 771,666 | \$ 47,093 | 39.7 | 1,442 | 3.9% |
| 2018 | 7,529 | 16,353 | \$ 820,596 | \$ 49,291 | 39.8 | 1,447 | 4.0% |
| 2019 | 7,784 | 16,736 | \$ 855,836 | \$ 51,538 | 39.8 | 1,390 | 3.7% |
| 2020 | 7,801 | 16,606 | \$ 872,629 * | \$ 52,549 * | 39.8 | 1,369 | 6.5% |
| 2021 | 8,040 | 17,191 | \$ 892,589 * | \$ 51,922 * | 39.8 | 1,362 | 3.7% |

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, 2020

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

| 2021 | | | 2012 | |
|----------------------------------|---------------------------|------------------------------|---|---------------------------|
| Private Employers By Class | Employer Class Size | % of Total Labor Force | Private Employers By Class | Employer Class Size |
| Livingston Healthcare | 7 | 6% | Livingston Healthcare | 7 |
| Printingforless.com | 7 | 6% | Chico Hot Springs | 6 |
| Chico Hot Springs | 6 | 3% | PrintingForLess.com | 6 |
| Church Universal & Triumphant | 6 | 3% | Albertson's | 5 |
| Albertson's | 5 | 1% | Best Western Mammoth Hot Springs | 5 |
| Community Health Partners | 5 | 1% | Church Universal & Triumphant | 5 |
| Evergreen Health & Rehab | 5 | 1% | Livingston Health & Rehabilitation Center | 5 |
| Montana's Rib & Chop House | 5 | 1% | Mountain Sky Guest Ranch | 5 |
| Town & Country Foods | 5 | 1% | Town & Country Foods | 5 |
| Town Pump | 5 | 1% | Montana's Rib & Chop House | 4 |

Total Labor Force: 8,938 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, | | | | | | | | | |
|---------------------------------|----------------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Fund | | | | | | | | | | |
| City Commission | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Judicial | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| City Manager | 2.20 | 2.20 | 2.20 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 |
| Finance | 0.46 | 0.46 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Accounting | 2.76 | 2.76 | 2.80 | 2.00 | 2.00 | 2.00 | 1.60 | 2.00 | 1.00 | 1.00 |
| Planner | 1.15 | 1.15 | 1.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 1.65 | 2.15 |
| City Attorney | 1.00 | 1.61 | 1.61 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Law Enforcement | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 13.00 | 14.00 | 14.00 | 15.00 | 15.00 |
| Parking Attendant | 0.60 | 0.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Firefighters | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 8.50 | 8.50 | 7.00 | 7.50 | 7.50 |
| 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 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cemetery Department | 1.72 | 1.72 | 1.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Parks Department | 2.98 | 2.98 | 1.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Roaming Crew | 0.00 | 0.00 | 0.00 | 5.74 | 6.60 | 6.60 | 6.36 | 6.82 | 6.74 | 6.30 |
| Recreation | 2.00 | 1.84 | 1.84 | 1.00 | 1.00 | 1.35 | 0.00 | 0.00 | 0.00 | 0.00 |
| Administrative Services | 0.00 | 0.00 | 0.00 | 3.00 | 3.00 | 3.00 | 3.35 | 4.43 | 4.68 | 4.55 |
| Swimming Pool | 1.68 | 1.68 | 1.51 | 1.51 | 1.51 | 1.51 | 1.51 | 1.51 | 1.51 | 1.51 |
| Animal Control | 0.72 | 0.72 | 0.72 | 0.72 | 0.72 | 0.72 | 0.80 | 1.00 | 1.00 | 1.00 |
| Sub-Total General Fund | 43.17 | 43.57 | 41.92 | 45.97 | 46.83 | 45.68 | 45.12 | 45.76 | 46.93 | 46.86 |
| Special Revenue Funds | | | | | | | | | | |
| Summerfest | 0.46 | 0.16 | 0.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Library | 7.27 | 7.72 | 7.85 | 7.59 | 7.62 | 7.22 | 6.74 | 8.25 | 8.88 | 9.55 |
| Dispatch | 8.00 | 8.00 | 8.60 | 8.60 | 8.60 | 8.60 | 9.00 | 9.00 | 9.00 | 9.00 |
| Street Maintenance District | 3.70 | 3.70 | 4.20 | 5.58 | 5.78 | 5.78 | 5.90 | 5.90 | 5.88 | 6.99 |
| Sub-Total Special Revenue Funds | 19.43 | 19.58 | 20.81 | 21.77 | 22.00 | 21.60 | 21.64 | 23.15 | 23.76 | 25.54 |
| Enterprise Funds | | | | | | | | | | |
| Water Department | 8.47 | 8.47 | 8.09 | 7.47 | 7.74 | 7.40 | 7.12 | 7.37 | 6.95 | 7.58 |
| Sewer Department | 8.48 | 8.48 | 9.09 | 7.43 | 7.71 | 6.88 | 7.27 | 8.25 | 8.26 | 8.35 |
| Solid Waste Department | 9.16 | 9.16 | 10.27 | 7.03 | 7.93 | 7.60 | 7.61 | 7.39 | 7.65 | 8.61 |
| Ambulance Service | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.50 | 6.50 | 7.00 | 7.50 | 7.50 |
| Sub-Total Enterprise Funds | 32.11 | 32.11 | 33.45 | 27.93 | 29.38 | 28.38 | 28.50 | 30.01 | 30.36 | 32.04 |
| Total all funds | 94.71 | 95.26 | 96.18 | 95.67 | 98.21 | 95.66 | 95.26 | 98.92 | 101.05 | 104.44 |

Source: City Manager's Recommended Budget

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------|----------------------------|------|------|------|------|------|------|------|------|------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Fund | | | | | | | | | | |
| Finance/Accounting | | | | | | | | | | |
| Claim Checks Processed | 2936 | 2889 | 2864 | 2892 | 3047 | 2893 | 2762 | 2611 | 2346 | 2294 |
| W-2's Processed ¹ | 153 | 147 | 152 | 158 | 151 | 161 | 147 | 152 | 154 | 154 |
| Payroll Checks Processed | 3116 | 3220 | 3271 | 3404 | 3293 | 3199 | 3238 | 3134 | 3335 | 3992 |
| 1099's Processed ¹ | 18 | 23 | 18 | 27 | 22 | 30 | 24 | 14 | 17 | 17 |
| Business Licenses Processed | 673 | 672 | 667 | 658 | 720 | 762 | 762 | 620 | 647 | 621 |
| City Attorney | | | | | | | | | | |
| Resolutions | 83 | 85 | 89 | 85 | 105 | 85 | 66 | 91 | 91 | 69 |
| Ordinances | 11 | 7 | 3 | 7 | 8 | 4 | 3 | 12 | 12 | 24 |
| Police Department * | | | | | | | | | | |
| Number of Officers | 14 | 14 | 13 | 14 | 14 | 12 | 14 | 15 | 15 | 15 |
| Calls for Service | 6335 | 6458 | 6220 | 7684 | 7849 | 8355 | 9544 | 9200 | 9444 | 9168 |
| Incident Reports | 912 | 992 | 1116 | 858 | 1033 | 983 | 1053 | 1203 | 1068 | 1155 |
| Traffic Citations | 555 | 580 | 285 | 273 | 354 | 401 | 556 | 517 | 538 | 279 |
| Vehicle Accident Reports | 168 | 152 | 163 | 160 | 157 | 176 | 226 | 216 | 234 | 170 |
| Adult Arrests | 404 | 452 | 210 | 255 | 297 | 293 | 365 | 435 | 373 | 346 |
| Juvenile Arrests | 82 | 112 | 66 | 45 | 56 | 58 | 50 | 74 | 91 | 65 |
| DUI Arrests | 65 | 56 | 14 | 31 | 40 | 33 | 75 | 61 | 65 | 38 |
| Domestic Disturbance Reports | 66 | 65 | 75 | 64 | 96 | 78 | 72 | 47 | 48 | 63 |
| Domestic Violence Arrests | 35 | 46 | 24 | 32 | 69 | 22 | 32 | 35 | 42 | 53 |
| Sex Offense Investigations | 15 | 22 | 19 | 15 | 23 | 29 | 22 | 33 | 38 | 19 |
| Drug Charges | 92 | 182 | 39 | 39 | 31 | 74 | 41 | 40 | 39 | 31 |
| Theft Reports | 225 | 259 | 238 | 124 | 290 | 320 | 290 | 248 | 200 | 248 |
| Burglary Reports | 17 | 15 | 26 | 5 | 23 | 28 | 32 | 19 | 15 | 22 |
| Vandalism Reports | 155 | 158 | 133 | 71 | 149 | 140 | 185 | 114 | 83 | 141 |

Source: City Manager's Recommended Budget

Note: ¹ W-2's and 1099's are processed on a calendar year basis. Each Fiscal year includes items processed within that fiscal year

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------|----------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| 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 | 9 | 11 |
| Fire | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Apparatus | 2 | 2 | 2 | 2 | 2 | 5 | 5 | 8 | 8 | 9 |
| Ambulance | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Public Works | | | | | | | | | | |
| Solid Waste | | | | | | | | | | |
| Collections Trucks | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Streets | | | | | | | | | | |
| Sweeper Trucks | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Streets (Miles) | 41.070 | 41.070 | 39.525 | 40.598 | 46.752 | 46.752 | 43.866 | 44.036 | 44.036 | 42.339 |
| Alleys (Miles) | 18.942 | 18.942 | 18.942 | 18.942 | 18.942 | 18.942 | 18.942 | 18.942 | 18.942 | 18.942 |
| Secondary Urban Streets (Miles) | 11.145 | 11.145 | 12.676 | 12.676 | 12.676 | 12.676 | 15.610 | 15.663 | 15.663 | 13.117 |
| Culture and Recreation | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Number of Parks | 8 | 8 | 13 | 13 | 13 | 13 | 13 | 16 | 16 | 16 |
| Acres of Parks | 100.571 | 100.571 | 150 | 150 | 150 | 150 | 150 | 135.54 | 135.54 | 135.54 |
| Number of Swimming/Splash Parks | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: City Manager's Recommended Budget

PART 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

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, 2021, 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 December 7, 2021.

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of 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
December 7, 2021



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, 2021. 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, 2021.



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
December 7, 2021

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

| | <u>CFDA #</u> | <u>EXPENDITURES</u> |
|---|---------------|--------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE | | |
| <u>Direct programs</u> | | |
| Water and Waste Water Disposal System for Rural Communities | 10.760 | \$ 22,500 |
| UNITED STATES DEPARTMENT OF THE TREASURY | | |
| <u>Passed through from State of Montana, Department of Administration</u> | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 1,743,675 |
| OJP BUREAU OF JUSTICE ASSISTANCE | | |
| <u>Passed through from the Montana Board of Crime Control</u> | | |
| COVID-19 Coronavirus Emergency Supplemental Funding | 16.034 | <u>72,549</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | <u><u>\$ 1,838,724</u></u> |

CITY OF LIVINGSTON, MONTANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City of Livingston, Montana under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule only presents a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. SUMMARY OF ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The City has not elected to use the de minimis ten percent indirect cost rate.

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SUMMARY OF AUDITORS' RESULTS:

Financial Statements

| | |
|--|------------|
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | No |
| Non-compliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------------------------------|
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Internal control over major programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | No |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) | No |
| Identification of major programs | CFDA # 21.019 Coronavirus Relief Fund |
| Dollar threshold used to distinguish between Type A and Type B programs | \$ 750,000 |
| Auditee qualified as low-risk auditee? | No |

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021

The results of our tests disclosed no instances 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, 2021.

CITY OF LIVINGSTON, MONTANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2021

The results of our tests disclosed two instances 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, 2020.

2020-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: The City's Sidewalks special revenue fund was budgeted for deficit spending of \$69,530 (appropriations in excess of the projected beginning balance plus the estimated revenue of the fund for the fiscal year).

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

Cause: The City has incurred costs for infrastructure projects which will be collected from property owners through future assessments.

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 when possible.

Status: When the fund's budget is prepared using the beginning cash balance as the "projected beginning balance" (rather than beginning fund balance), the fund is no longer in a budgeted deficit position.

2020-C-2 Criteria: According to MCA 17-2-302, a local government may not maintain a cash balance in a charge for service fund greater than twice the fund's appropriation. Per MCA 17-2-303, if a local government maintains for more than 60 days a cash balance greater than the limitation in 17-2-302, a local government must reduce the charge for service within 120 days.

Condition: The Impact Fees fund maintains a cash balance greater than twice the fund's appropriation.

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

Cause: The fees charged by the City have allowed the fund to accumulate a cash balance in excess of the allowed limits under MCA.

Recommendation: The City's governing body should review the MCA requirements and address the charge for service compliance.

Response: The City does not intend to reduce the charges for services because those funds are being accumulated for a specific future railroad crossing project and will be spent in the next upcoming fiscal years.

Status: Resolved.