



CITY OF LIVINGSTON, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by the City of Livingston Finance Department

CITY OF LIVINGSTON, MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2014

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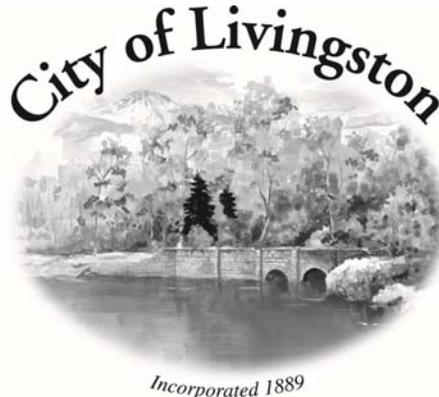
PART I

INTRODUCTORY SECTION

City Manager
Edwin R. Meece

(406) 222-2005 phone
(406) 222-6823 fax

citymanager@livingstonmontana.org
www.livingstonmontana.org



Chairman
James Bennett

Vice Chairman
Dorel Hoglund

Commissioners
Jon Reddington
Mel Friedman
Adam Stern

January 6, 2015

To the Citizens of the
City of Livingston, Montana

The Comprehensive Annual Financial Report of the City of Livingston, Montana, for the fiscal year ended June 30, 2014 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.

This report includes all funds of the government. The government provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of streets and infrastructure; recreational activities; cultural events; planning and zoning; and general administrative services. The City, as a primary government, is supported or works closely with certain entities to provide these services to the citizens of the City of Livingston.

ECONOMIC CONDITION AND OUTLOOK

The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide variety of activities, including economic analysis and forecasting. The Bureau only provides detailed research on the state's largest cities and counties. Excerpts from the Bureau's forecasts contained in the 2014 Economic Outlook relating to Gallatin County are restated below. Gallatin County is shown; due to its proximity influences our local economy.

The economic growth figures for Gallatin County received a one-time boost due to the sales of RightNow Technologies to Oracle. Because of the way in which the U.S. Bureau of Labor Statistics counts things, the stock options of RightNow employees were included in reported wages during 2011 and 2012. The negative growth in 2013 is simply the arithmetic consequence of the large one-time increases in earlier years. Even after correcting for this event, Gallatin County is tied with Flathead County and trails only Bakken-fueled Yellowstone County in terms of overall economic growth since the recession trough in 2009.

Actual and Projected Change in Nonfarm Earnings, Gallatin County, 2010-2017



Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Gallatin County’s construction industry was particularly hard hit and has recently only shown a hint of recovery. The recent growth has been due to stability in the traditional basic industries such as Montana State University, nonresident travel, and high-tech manufacturing combined with robust expansion in Bozeman’s role as a regional trade and service center. Montana State University is the largest basic industry in Gallatin County, accounting for about 32 percent of total basic earnings. Growth in contract research rather than state funding has maintained the contribution of MSU despite wage freezes and other recession-related impacts on government. Bozeman’s high-tech sector includes firms in manufacturing and professional services (software), and accounts for another 32 percent of basic earnings.

The forecasts call for increases to be 4 percent or greater between 2014 and 2017. Gallatin County is projected to be the fastest growing urban area in the state. The end of the wage freeze at Montana State University, continued moderate recovery in construction, increases in nonresident travel as Americans once again take vacations, and strength in the high-tech industries will fuel the economic growth.

Earnings in Basic Industries, Gallatin County, 2011-2013, Percent of Total



Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

FINANCIAL INFORMATION

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.

Budgeting Controls

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the Montana Code Annotated and the annual appropriation resolution approved by the City Commission. All funds are included in the appropriation ordinance. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

Independent Audit

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

Profile of the City of Livingston

General Powers of Government

The City of Livingston was incorporated in January 1889. In 1987, by lawful authority, the City established a commission/manager form of government.

City Commission

The City Commission is composed of five commissioners, elected at large by the voters of the City. The Commission elects a Chairman and Vice Chairman 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.

City Manager

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.

City Services

The City provides a full range of services. Public safety functions include police and fire protection as well as the city court. Public works functions include street construction and maintenance, water and wastewater utilities, and solid waste disposal among others. The public health function consists of the animal control function administered by the public works department. Community development functions include planning, zoning and building inspection activities. In addition, the City provides recreational activities and cultural events.

Annual Budget

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 second Monday in August or within 45 calendar days of receiving 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.

Awards

The Government Finance Officers' Association (GFOA) awarded a Distinguished Budget Presentation Award to the City of Livingston for its annual budget for the fiscal year ended June 30, 2014. This was the fifth year the City has received this prestigious award. The City plans to continue to submit future budgets to the GFOA for another award. The award represents a significant achievement by the City. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- a policy document
- a financial plan
- an operations guide
- a communications device

Budget documents must be rated "proficient" in all four categories, and the fourteen mandatory criteria within those categories, to receive the award.

The Government Finance Officers' Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Livingston for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the third year the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City. Each CAFR is judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users to read the CAFR.

Acknowledgements

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

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

Sincerely,


Edwin Meece
City Manager


Jessie Hogg
Chief Finance Officer



Government Finance Officers Association

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

Presented to

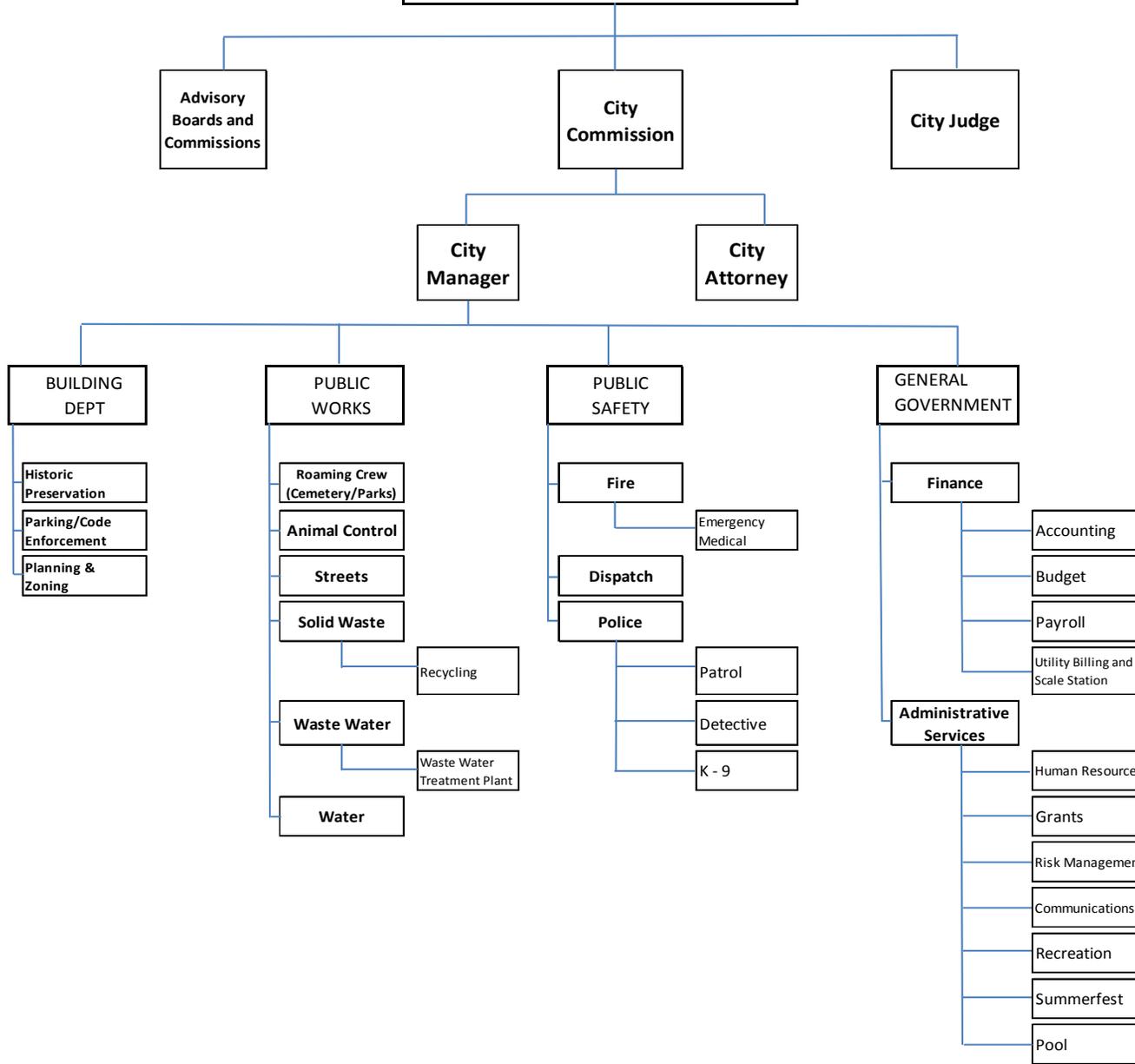
**City of Livingston
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Citizens of Livingston



CITY OF LIVINGSTON, MONTANA
CITY ELECTED OFFICIALS AND OFFICERS

ELECTED OFFICIALS

Legislative

James Bennett
Dorel Hoglund
Mel Friedman
Jon Reddington
Adam Stern

Commission Chairman
Commission Vice Chairman
Commissioner
Commissioner
Commissioner

Judicial

Kara Bailey

City Judge

OFFICERS

Executive

Edwin Meece

City Manager

Department of Law

Bruce Becker

City Attorney

Department of Finance

Jessie Hogg

Finance Director

Department of Public Safety

Dale Johnson
Kevin Harrington

Interim Police Chief
Interim Fire Chief

Department of Public Service

Shannon Holmes
Sandy Wulf
Dan Emter

Public Works Director
Assistant Public Works Director
Chief Waste Water Treatment Plan Operator

Department of Public Welfare

Jim Woodhull

Director of Planning and Building

PART II

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commissioners, and City Manager of the
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, 2014, 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 *Governmental 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress – other post-employment healthcare benefits, and budgetary comparison information for major 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, budgetary comparison schedules, and statistical section, listed in the table of contents as supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budget to actual schedule – other major funds, and budget and actual schedules – nonmajor funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budget to actual schedule – other major funds, and budget and actual schedules – nonmajor funds 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 January 6, 2015, on our consideration of the City of Livingston, Montana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the City's internal control over financial reporting and compliance.

Amatics CPA Group

Bozeman, Montana

January 6, 2015

A. MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014.

Financial Highlights

The assets of the City exceeded its liabilities at June 30 by \$28,488,123 (net position). Of this amount, \$4,328,351 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- Total net position increased by \$1,189,057 over the prior fiscal year.
- As of June 30, the City's governmental funds reported combined ending fund balances of \$4,792,215, an increase of \$764,460 over the prior year. Of this amount, \$3,558,979 is available for spending at the government's discretion (committed, assigned, or unassigned fund balances).

Overview of the Financial Statements

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

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

Required supplementary information is also included.

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

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question, "Is the City's financial position getting better or worse?"

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

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

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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-10 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These funds focus on how money flows into and out of the funds and the balances left at year-end that are available for use. These funds use the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City adopts an annual appropriated budget for all funds. Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary information be shown for the General fund and each major special revenue fund. The basic governmental fund financial statements can be found beginning on page II-12 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-17 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City has one fiduciary fund categorized as an agency fund (perpetual cemetery fund).

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page II-23 of this report.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Other Information. All required supplementary information is included beginning on page II-53.

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 exceeded liabilities by \$28,488,123 at June 30, 2014.

The largest portion of the City's net position (\$23,117,089 or 81%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position is shown in the following table.

City of Livingston						
Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 5,233,821	\$ 5,555,842	\$ 1,210,727	\$ 1,053,495	\$ 6,444,548	\$ 6,609,337
Capital assets	<u>8,837,898</u>	<u>9,560,953</u>	<u>17,366,522</u>	<u>17,668,385</u>	<u>26,204,420</u>	<u>27,229,338</u>
Total assets	<u>14,071,719</u>	<u>15,116,795</u>	<u>18,577,249</u>	<u>18,721,880</u>	<u>32,648,968</u>	<u>33,838,675</u>
Long-term liabilities outstanding	2,003,110	2,131,179	2,788,913	2,677,402	4,792,023	4,808,581
Other liabilities	<u>252,349</u>	<u>268,503</u>	<u>305,530</u>	<u>273,468</u>	<u>557,879</u>	<u>541,971</u>
Total liabilities	<u>2,255,459</u>	<u>2,399,682</u>	<u>3,094,443</u>	<u>2,950,870</u>	<u>5,349,902</u>	<u>5,350,552</u>
Net position:						
Net investment in capital assets	7,055,867	7,917,516	14,659,760	15,199,573	21,715,627	23,117,089
Restricted	911,417	745,310	264,538	297,373	1,175,955	1,042,683
Unrestricted	<u>3,848,976</u>	<u>4,054,287</u>	<u>558,508</u>	<u>274,064</u>	<u>4,407,484</u>	<u>4,328,351</u>
Total net position	<u>\$ 11,816,260</u>	<u>\$ 12,717,113</u>	<u>\$ 15,482,806</u>	<u>\$ 15,771,010</u>	<u>\$ 27,299,066</u>	<u>\$ 28,488,123</u>

An additional portion of the City's net position (\$1,042,683 or 4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,328,351 or 15%) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2014 the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased during the current fiscal year by \$1,189,057.

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

City of Livingston
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Program Revenues						
Charges for Services	\$ 1,879,291	\$ 1,968,420	\$ 5,291,726	\$ 5,879,173	\$ 7,171,017	\$ 7,847,593
Operating Grants and Contributions	799,383	832,410	-	8,558	799,383	840,968
Capital Grants and Contributions	174,399	258,531	23,118	-	197,517	258,531
General Revenues						
Property Taxes	2,847,654	2,802,705	37,074	25,999	2,884,728	2,828,704
Grants and Contributions	965,687	1,030,516	-	-	965,687	1,030,516
Other General Revenues	271,739	244,996	32,932	9,800	304,671	254,796
Total Revenues	6,938,153	7,137,578	5,384,850	5,923,530	12,323,003	13,061,108
Program Expenses						
General Government	1,135,135	1,193,800	-	-	1,135,135	1,193,800
Public Safety	3,152,724	3,322,504	-	-	3,152,724	3,322,504
Public Works	1,021,021	1,075,975	-	-	1,021,021	1,075,975
Public Health	116,736	112,524	-	-	116,736	112,524
Culture and Recreation	996,843	970,960	-	-	996,843	970,960
Interest and Fiscal Fees	50,831	49,771	-	-	50,831	49,771
Water	-	-	1,075,920	1,181,411	1,075,920	1,181,411
Sewer	-	-	1,477,751	1,663,023	1,477,751	1,663,023
Solid Waste	-	-	1,320,116	1,641,254	1,320,116	1,641,254
Ambulance	-	-	636,765	660,829	636,765	660,829
Total Expenses	6,473,290	6,725,534	4,510,552	5,146,517	10,983,842	11,872,051
Excess before special items and transfers	464,863	412,044	874,298	777,013	1,339,161	1,189,057
Transfers	472,154	488,809	(472,154)	(488,809)	-	-
Increase in net position	\$ 937,017	\$ 900,853	\$ 402,144	\$ 288,204	\$ 1,339,161	\$ 1,189,057

CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Governmental Activities. Governmental activities in fiscal year 2014 increased the City's net position by \$900,853. The key element of this increase is due to an increase in charges for services within the City's governmental funds. 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 \$288,204. The key element of the increase is due to an increase in charges for services 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 \$4,792,215, an increase of \$764,460 in comparison with the prior year. Of this amount, \$1,233,236, or 25.7%, is restricted to indicate that it is not available for new spending. \$3,558,979 is available for spending at the government's discretion.

The General fund is the chief operating fund of the City. At June 30, 2014, total fund balance was \$658,125, of which \$562,948 was unassigned and \$95,177 was non-spendable. This fund balance represents 16% of the general fund expenditures and transfers out. The fund balance increased \$182,574 during the current fiscal year following a concerted effort to rebuild the fund balance during the fiscal year.

The Street Maintenance District fund had an ending fund balance of \$254,450, a decrease of \$53,470 from the prior year. The change was due to a budgeted decrease to fund balance in order to pay for a large scheduled project for fiscal year 2014.

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

General Fund Budgetary Highlights

Actual expenditures (other than transfers) in the General fund were \$3,525,237, while appropriations were \$3,659,094, resulting an unexpended balance of \$133,857. This difference was primarily due to a number of personnel vacancies within the General Fund.

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 \$27,229,338. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, construction in progress and infrastructure.

**CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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

Governmental

- Law Enforcement Software of \$87,502
- City/County Court House Improvements of \$113,521
- Tennis Court Improvements of \$87,114
- Two police vehicles of \$67,627
- 2014 URA Sidwalks \$97,875

Proprietary

- Scale House Construction of \$127,573
- Water System Preliminary Engineering Report of \$35,000
- 2013-2014 infrastructure replacement program project of \$954,321

**City of Livingston
Capital Assets
(net of accumulated depreciation)**

	Governmental Activities	Business-type Activities	Total
Non-depreciable assets:			
Land	\$ 285,226	\$ 52,980	\$ 338,206
Construction in progress	1,729,904	1,053,550	\$ 2,783,454
	2,015,130	1,106,530	3,121,660
Depreciable assets:			
Buildings	1,493,991	15,950,131	17,444,122
Improvements other than buildings	519,336	-	519,336
Machinery and equipment	1,026,378	611,724	1,638,102
Infrastructure	4,506,118	-	4,506,118
	7,545,823	16,561,855	24,107,678
Total capital assets	\$ 9,560,953	\$ 17,668,385	\$ 27,229,338

Long-Term Debt.

As of June 30, the City had total debt outstanding of \$4,112,249. Of this amount \$190,000 comprises debt backed by the full faith and credit of the government; \$978,000 is special assessment and tax increment debt for which the government is partially liable in the event of default by the property owners subject to the assessment; \$2,292,000 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 \$652,249 is loans payable. Additional information on long-term debt can be found in the notes of the basic financial statements.

**CITY OF LIVINGSTON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

**City of Livingston
Outstanding Debt as of June 30, 2014**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 190,000	\$ -	\$ 190,000
Notes payable	475,437	176,812	652,249
Special assessment debt with government commitment	310,000	-	310,000
Tax increment	668,000	-	668,000
Revenue bonds	-	2,292,000	2,292,000
Total	\$ 1,643,437	\$ 2,468,812	\$ 4,112,249

Economic Factors and Next Year's Budgets and Rates

The City changed various rates for fiscal year 2014 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	9%
Proprietary:	
Water	2%
Wastewater	11%
Solid Waste	2%

Requests for Information

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

B. BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF LIVINGSTON, MONTANA
STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,289,157	\$ 449,064	\$ 3,738,221
Restricted cash and investments	255,642	240,538	496,180
Receivables, net	1,662,591	582,869	2,245,460
Internal balances	218,976	(218,976)	-
Notes receivable	129,476	-	129,476
Capital assets			
Nondepreciable land	285,226	52,980	338,206
Construction in progress	1,729,904	1,053,550	2,783,454
Other capital assets, net of depreciation	7,545,823	16,561,855	24,107,678
Total capital assets	<u>9,560,953</u>	<u>17,668,385</u>	<u>27,229,338</u>
Total assets	<u>15,116,795</u>	<u>18,721,880</u>	<u>33,838,675</u>
LIABILITIES			
Accounts payable and accrued expenses	17,033	-	17,033
Compensated absences payable	78,000	43,000	121,000
Current portion long-term debt	173,470	230,468	403,938
Long-term liabilities			
Compensated absences	369,559	191,264	560,823
Legal settlement payable	138,008	101,000	239,008
Other post-employment health benefits	153,645	146,794	300,439
Long-term debt due in more than one year	1,469,967	2,238,344	3,708,311
Total liabilities	<u>2,399,682</u>	<u>2,950,870</u>	<u>5,350,552</u>
NET POSITION			
Net investment in capital assets	7,917,516	15,199,573	23,117,089
Restricted - expendable	24	-	24
Restricted - nonexpendable	222,234	-	222,234
Restricted for public safety	280	-	280
Restricted for public works	274,167	-	274,167
Restricted for culture and recreation	137,058	-	137,058
Restricted for debt service	111,547	297,373	408,920
Unrestricted	4,054,287	274,064	4,328,351
Total net position	<u>\$ 12,717,113</u>	<u>\$ 15,771,010</u>	<u>\$ 28,488,123</u>

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

CITY OF LIVINGSTON, MONTANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

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	\$ 1,193,800	\$ 188,666	\$ 2,705	\$ -	\$ (1,002,429)	\$ -	\$ (1,002,429)
Public safety	3,322,504	396,905	514,567	-	(2,411,032)	-	(2,411,032)
Public works	1,075,975	1,278,691	-	258,531	461,247	-	461,247
Public health	112,524	-	29,716	-	(82,808)	-	(82,808)
Culture and recreation	970,960	104,158	285,422	-	(581,380)	-	(581,380)
Interest and fiscal fees	49,771	-	-	-	(49,771)	-	(49,771)
Total governmental activities	<u>6,725,534</u>	<u>1,968,420</u>	<u>832,410</u>	<u>258,531</u>	<u>(3,666,173)</u>		<u>(3,666,173)</u>
Business-type activities:							
Water	1,181,411	1,451,627	-	-	-	270,216	270,216
Sewer	1,663,023	1,958,761	-	-	-	295,738	295,738
Solid Waste	1,641,254	1,686,513	-	-	-	45,259	45,259
Ambulance	660,829	782,272	8,558	-	-	130,001	130,001
Total business-type activities	<u>5,146,517</u>	<u>5,879,173</u>	<u>8,558</u>	<u>-</u>	<u>-</u>	<u>741,214</u>	<u>741,214</u>
Total primary government	<u>\$ 11,872,051</u>	<u>\$ 7,847,593</u>	<u>\$ 840,968</u>	<u>\$ 258,531</u>	<u>(3,666,173)</u>	<u>741,214</u>	<u>(2,924,959)</u>
General revenues:							
Property taxes, levied for general purposes					2,802,705	25,999	2,828,704
Grants and contributions not restricted to specific programs					1,030,516	-	1,030,516
Unrestricted investment earnings					27,218	9,800	37,018
Miscellaneous					217,778	-	217,778
Transfers					488,809	(488,809)	-
Total general revenues					<u>4,567,026</u>	<u>(453,010)</u>	<u>4,114,016</u>
Change in net position					900,853	288,204	1,189,057
Net position-beginning					<u>11,816,260</u>	<u>15,482,806</u>	<u>27,299,066</u>
Net position-ending					<u>\$ 12,717,113</u>	<u>\$ 15,771,010</u>	<u>\$ 28,488,123</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.

CDBG Economic Development Revolving Fund: Accounts for the City's revolving loan program.

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

S.I.D. No. 179: Accounts for the resources accumulated and payments made for principal and interest on special improvement debt.

**CITY OF LIVINGSTON, MONTANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General</u>	<u>CDBG Economic Development Revolving</u>	<u>Street Maintenance</u>	<u>S.I.D. 179</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 264,414	\$ 879	\$ 235,970	\$ 13,979	\$ 2,773,915	\$ 3,289,157
Receivables:						
Property taxes	47,592	-	-	-	35,588	83,180
Accrued interest	213	-	122	7	1,738	2,080
Customers, net	61,586	-	-	-	-	61,586
Other	21,919	602,162	533	-	393	625,007
Special assessments	-	-	22,316	354,695	95,391	472,402
Other governments	267,817	-	17,825	-	132,694	418,336
Due from other City funds	14,286	-	-	-	95,183	109,469
Notes receivable	-	129,476	-	-	-	129,476
Restricted cash and cash equivalents	18,948	-	-	-	236,694	255,642
Due from other City funds	95,177	-	-	-	95,240	190,417
Total assets	<u>\$ 791,952</u>	<u>\$ 732,517</u>	<u>\$ 276,766</u>	<u>\$ 368,681</u>	<u>\$ 3,466,836</u>	<u>\$ 5,636,752</u>

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

**CITY OF LIVINGSTON, MONTANA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General</u>	<u>CDBG Economic Development Revolving</u>	<u>Street Maintenance</u>	<u>S.I.D. 179</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS						
OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 300	\$ -	\$ -	\$ -	\$ 5,590	\$ 5,890
Court bonds payable	11,143	-	-	-	-	11,143
Advances of notes receivable	-	129,476	-	-	-	129,476
Advances from customers	61,536	-	-	-	-	61,536
Due to other City funds	13,256	-	-	-	67,654	80,910
Total liabilities	<u>86,235</u>	<u>129,476</u>	<u>-</u>	<u>-</u>	<u>73,244</u>	<u>288,955</u>
Deferred inflows of resources:						
Deferred inflows of tax revenues	47,592	-	-	-	35,588	83,180
Deferred inflows of special assessments	-	-	22,316	354,695	95,391	472,402
Total deferred inflows of resources	<u>47,592</u>	<u>-</u>	<u>22,316</u>	<u>354,695</u>	<u>130,979</u>	<u>555,582</u>
Fund balances:						
Nonspendable	95,177	-	-	-	222,258	317,435
Restricted	-	-	-	-	915,801	915,801
Committed	-	603,041	254,450	13,986	2,169,323	3,040,800
Assigned	-	-	-	-	4,410	4,410
Unassigned	562,948	-	-	-	(49,179)	513,769
Total fund balances	<u>658,125</u>	<u>603,041</u>	<u>254,450</u>	<u>13,986</u>	<u>3,262,613</u>	<u>4,792,215</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 791,952</u>	<u>\$ 732,517</u>	<u>\$ 276,766</u>	<u>\$ 368,681</u>	<u>\$ 3,466,836</u>	<u>\$ 5,636,752</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, 2014**

Fund balances - total governmental funds		\$ 4,792,215
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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	\$ 13,382,490	
Less: accumulated depreciation	<u>(3,821,537)</u>	9,560,953

Advances in the governmental funds are reported on the full accrual method in the entity-wide statements.

746,594

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

Bonds payable	(1,643,437)	
Legal settlement obligation	(138,008)	
Other post-employment health benefits	(153,645)	
Compensated absences	<u>(447,559)</u>	
		<u>(2,382,649)</u>

Net position of governmental activities

\$ 12,717,113

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, 2014

	General	CDBG Economic Development Revolving	Street Maintenance	S.I.D. 179	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 1,770,442	\$ -	\$ -	\$ -	\$ 1,143,320	\$ 2,913,762
Special assessments	-	-	824,331	34,434	219,764	1,078,529
Licenses and permits	296,401	-	17,160	-	-	313,561
Intergovernmental	1,053,224	-	15,813	-	1,052,420	2,121,457
Charges for services	64,428	-	17,524	-	465,772	547,724
Fines and forfeitures	113,446	-	-	-	5,541	118,987
Interest on investments	3,558	905	1,036	95	21,624	27,218
Loan repayment	-	282,641	-	-	-	282,641
Other	46,020	-	1,726	-	170,032	217,778
Total revenues	<u>3,347,519</u>	<u>283,546</u>	<u>877,590</u>	<u>34,529</u>	<u>3,078,473</u>	<u>7,621,657</u>
EXPENDITURES						
Current						
General government	977,421	70,957	-	-	195,341	1,243,719
Public safety	1,655,591	-	-	-	1,416,281	3,071,872
Public works	78,312	-	382,609	-	376,432	837,353
Public health	100,971	-	-	-	6,899	107,870
Culture and recreation	400,569	-	-	-	507,038	907,607
Capital outlay	312,373	-	443,181	-	343,697	1,099,251
Debt service						
Principal payments	-	-	38,084	21,000	83,000	142,084
Interest and fiscal fees	-	-	4,191	11,663	33,917	49,771
Total expenditures	<u>3,525,237</u>	<u>70,957</u>	<u>868,065</u>	<u>32,663</u>	<u>2,962,605</u>	<u>7,459,527</u>
Excess (deficiency) of revenues over expenditures	<u>(177,718)</u>	<u>212,589</u>	<u>9,525</u>	<u>1,866</u>	<u>115,868</u>	<u>162,130</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	651,732	-	-	-	650,654	1,302,386
Transfers out	(404,961)	-	(62,995)	-	(345,621)	(813,577)
Proceeds of long-term debt	113,521	-	-	-	-	113,521
Total other financing sources (uses)	<u>360,292</u>	<u>-</u>	<u>(62,995)</u>	<u>-</u>	<u>305,033</u>	<u>602,330</u>
Net change in fund balances	182,574	212,589	(53,470)	1,866	420,901	764,460
FUND BALANCE - beginning of year	<u>475,551</u>	<u>390,452</u>	<u>307,920</u>	<u>12,120</u>	<u>2,841,712</u>	<u>4,027,755</u>
FUND BALANCE - end of year	<u>\$ 658,125</u>	<u>\$ 603,041</u>	<u>\$ 254,450</u>	<u>\$ 13,986</u>	<u>\$ 3,262,613</u>	<u>\$ 4,792,215</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, 2014

Net change in fund balances - total governmental funds \$ 764,460

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

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

Expenditures for capital assets	\$ 1,099,251	
Less: current year depreciation	<u>(376,196)</u>	723,055

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	(113,521)	
Amortization bond premium	7,331	
Legal settlement obligation	(138,008)	
Principal payments	<u>142,084</u>	(102,114)

Governmental funds do not report a liability for other post-employment health benefits (43,614)

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. (484,079)

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. 43,145

Change in net position of governmental activities \$ 900,853

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, 2014

	Business-type Activities Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 78,108	\$ 235,016	\$ 100	\$ 135,840	\$ 449,064
Receivables:					
Taxes	-	-	-	940	940
Accrued interest	318	79	-	79	476
Customers receivables, net	68,185	122,162	161,382	223,135	574,864
Other	1,108	-	707	-	1,815
Special assessments	395	376	1,196	-	1,967
Other governments	-	-	214	2,593	2,807
Due from other City funds	172,308	303,374	-	14,476	490,158
Total current assets	<u>320,422</u>	<u>661,007</u>	<u>163,599</u>	<u>377,063</u>	<u>1,522,091</u>
Noncurrent assets					
Due from other City funds	-	95,177	-	-	95,177
Restricted cash and investments	68,794	170,744	-	1,000	240,538
Total other assets	<u>68,794</u>	<u>265,921</u>	<u>-</u>	<u>1,000</u>	<u>335,715</u>
Property, plant and equipment					
Nondepreciable:					
Land	52,980	-	-	-	52,980
Construction work in process	546,710	506,840	-	-	1,053,550
Depreciable:					
Buildings	610,483	4,303,749	877,058	57,990	5,849,280
Machinery and equipment	621,421	829,089	977,782	626,044	3,054,336
Source of supply	1,206,875	-	-	-	1,206,875
Transmission and distribution	7,620,781	6,659,297	-	-	14,280,078
General plant	48,164	4,632,253	-	-	4,680,417
Accumulated depreciation and amortization	(3,887,083)	(7,172,719)	(950,548)	(498,781)	(12,509,131)
Net property, plant and equipment	<u>6,820,331</u>	<u>9,758,509</u>	<u>904,292</u>	<u>185,253</u>	<u>17,668,385</u>
Total assets	<u>\$ 7,209,547</u>	<u>\$ 10,685,437</u>	<u>\$ 1,067,891</u>	<u>\$ 563,316</u>	<u>\$ 19,526,191</u>

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

CITY OF LIVINGSTON, MONTANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
June 30, 2014

	Business-type Activities				Total
	Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ -	-	-	-	\$ -
Due to other City funds	-	-	579,820	-	579,820
Compensated absences	9,000	11,000	9,000	14,000	43,000
Bonds, notes, and loans payable	80,294	150,174	-	-	230,468
Total current liabilities	<u>89,294</u>	<u>161,174</u>	<u>588,820</u>	<u>14,000</u>	<u>853,288</u>
Noncurrent liabilities					
Compensated absences	48,040	56,992	65,791	20,441	191,264
Legal settlement payable	-	101,000	-	-	101,000
Other post-employment health benefits	31,575	53,209	37,315	24,695	146,794
Due to other City funds	-	-	224,491	-	224,491
Bonds, notes, and loans payable	416,471	1,821,873	-	-	2,238,344
Total noncurrent liabilities	<u>496,086</u>	<u>2,033,074</u>	<u>327,597</u>	<u>45,136</u>	<u>2,901,893</u>
Total liabilities	<u>585,380</u>	<u>2,194,248</u>	<u>916,417</u>	<u>59,136</u>	<u>3,755,181</u>
NET POSITION					
Net investment in capital assets	6,323,566	7,786,462	904,292	185,253	15,199,573
Restricted for debt service	68,794	170,744	57,835	-	297,373
Unrestricted	231,807	533,983	(810,653)	318,927	274,064
Total net position	<u>6,624,167</u>	<u>8,491,189</u>	<u>151,474</u>	<u>504,180</u>	<u>15,771,010</u>
Total liabilities and fund net position	<u>\$ 7,209,547</u>	<u>\$ 10,685,437</u>	<u>\$ 1,067,891</u>	<u>\$ 563,316</u>	<u>\$ 19,526,191</u>

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, 2014

	Business-type Activities				Totals
	Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	
OPERATING REVENUES -					
Charges for services	\$ 1,444,460	\$ 1,958,055	\$ 1,681,832	\$ 781,172	\$ 5,865,519
Special assessments	421	706	4,681	-	5,808
Total operating revenues	<u>1,444,881</u>	<u>1,958,761</u>	<u>1,686,513</u>	<u>781,172</u>	<u>5,871,327</u>
OPERATING EXPENSES					
Personal services	617,256	621,076	648,042	494,906	2,381,280
Depreciation and amortization	259,178	483,610	50,943	63,804	857,535
Supplies, service, materials	296,286	410,894	931,107	102,119	1,740,406
Other expenses	-	101,000	-	-	101,000
Total operating expenses	<u>1,172,720</u>	<u>1,616,580</u>	<u>1,630,092</u>	<u>660,829</u>	<u>5,080,221</u>
Operating income (loss)	<u>272,161</u>	<u>342,181</u>	<u>56,421</u>	<u>120,343</u>	<u>791,106</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	3,053	6,007	-	740	9,800
Interest expense	(8,691)	(46,443)	(11,162)	-	(66,296)
Other income	6,746	-	-	1,100	7,846
Grant income	-	-	-	8,558	8,558
Tax revenue	-	-	-	25,999	25,999
Total non-operating revenues (expenses)	<u>1,108</u>	<u>(40,436)</u>	<u>(11,162)</u>	<u>36,397</u>	<u>(14,093)</u>
Income before contributions and transfers	273,269	301,745	45,259	156,740	777,013
Transfers in	-	-	-	-	-
Transfers out	<u>(126,501)</u>	<u>(164,106)</u>	<u>(106,522)</u>	<u>(91,680)</u>	<u>(488,809)</u>
Change in net position	146,768	137,639	(61,263)	65,060	288,204
NET POSITION,					
beginning of year	<u>6,477,399</u>	<u>8,353,550</u>	<u>212,737</u>	<u>439,120</u>	<u>15,482,806</u>
NET POSITION,					
end of year	<u>\$ 6,624,167</u>	<u>\$ 8,491,189</u>	<u>\$ 151,474</u>	<u>\$ 504,180</u>	<u>\$ 15,771,010</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, 2014

	Business-type Activities				
	Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Total
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operations:					
Receipts from customers	\$ 1,462,789	\$ 1,986,377	\$ 1,717,520	\$ 687,711	\$ 5,854,397
Receipts from others	629	(27)	285	2,327	3,214
Cash receipts from miscellaneous revenue sources	6,746	-	-	1,100	7,846
Operating loans from (to) other funds	76,692	(26,203)	(63,703)	(14,476)	(27,690)
Payments to suppliers	(296,286)	(436,588)	(931,107)	(102,119)	(1,766,100)
Payments to employees	(638,376)	(600,668)	(647,764)	(501,095)	(2,387,903)
Net Cash Provided (Used) by Operating Activities	<u>612,194</u>	<u>922,891</u>	<u>75,231</u>	<u>73,448</u>	<u>1,683,764</u>
Cash Flows from Noncapital Financing Activities:					
Cash receipts from property taxes	-	-	-	28,039	28,039
Transfers out	(126,501)	(164,106)	(106,522)	(91,680)	(488,809)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>(126,501)</u>	<u>(164,106)</u>	<u>(106,522)</u>	<u>(63,641)</u>	<u>(460,770)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of property, plant and equipment	(572,829)	(516,494)	(70,075)	-	(1,159,398)
Principal paid on bonds, interfund loans, loans, and leases	(80,294)	(145,174)	(12,482)	-	(237,950)
Receipts from grants	-	-	-	8,558	8,558
Interest paid on bonds, interfund loans, loans and leases	251	(12,481)	(11,162)	-	(23,392)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(652,872)</u>	<u>(674,149)</u>	<u>(93,719)</u>	<u>8,558</u>	<u>(1,412,182)</u>
Cash Flows from Investing Activities					
Interest received on investments	2,735	5,928	-	661	9,324
Net Cash Flows Provided (Used) by Investing Activities	<u>2,735</u>	<u>5,928</u>	<u>-</u>	<u>661</u>	<u>9,324</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(164,444)	90,564	(125,010)	19,026	(179,864)
Cash and Cash Equivalents at Beginning of Year	<u>311,346</u>	<u>315,196</u>	<u>125,110</u>	<u>117,814</u>	<u>869,466</u>
Cash and Cash Equivalents at End of Year	<u>\$ 146,902</u>	<u>\$ 405,760</u>	<u>\$ 100</u>	<u>\$ 136,840</u>	<u>\$ 689,602</u>
Classified As:					
Current Assets	\$ 78,108	\$ 235,016	\$ 100	\$ 135,840	\$ 449,064
Restricted Assets	<u>68,794</u>	<u>170,744</u>	<u>-</u>	<u>1,000</u>	<u>240,538</u>
Totals	<u>\$ 146,902</u>	<u>\$ 405,760</u>	<u>\$ 100</u>	<u>\$ 136,840</u>	<u>\$ 689,602</u>
Noncash Capital and Related Financing Activities					
Amortization of deferred charges	<u>\$ 8,942</u>	<u>\$ 33,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,904</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, 2014

	Business-type Activities				
	Enterprise Funds				
	Water	Sewer	Solid Waste	Ambulance	Total
Operating Income (Loss)	\$ 272,161	\$ 342,181	\$ 56,421	\$ 120,343	\$ 791,106
Adjustments to reconcile operating income (loss)					
to net cash provided (used) by operating activities					
Depreciation and amortization	259,178	483,610	50,943	63,804	857,535
Miscellaneous income	6,746	-	-	1,100	7,846
Change in Assets and Liabilities:					
(Increase) Decrease in:					
Accounts receivable	17,908	1,922	31,007	(93,461)	(42,624)
Other receivables	629	(27)	285	2,327	3,214
Increase (Decrease) in:					
Accounts payable and bank overdraft	(23,580)	-	-	-	(23,580)
Legal settlement payable	-	101,000	-	-	101,000
Loans from other City funds	76,692	(26,203)	(63,703)	(14,476)	(27,690)
Accrued employee benefits payable	2,460	20,408	278	(6,189)	16,957
Total adjustments	340,033	580,710	18,810	(46,895)	892,658
Net cash provided (used) by operating activities	\$ 612,194	\$ 922,891	\$ 75,231	\$ 73,448	\$ 1,683,764

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

FIDUCIARY FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS

AGENCY FUNDS

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

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

CITY OF LIVINGSTON, MONTANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 34,254
Prepaid health insurance	63,121
Total assets	\$ 97,375
LIABILITIES	
Accounts payable	\$ 97,188
Other	187
Total liabilities	\$ 97,375

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, 2014

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 elected Mayor and 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 conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999 the GASB issued Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. It requires new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The City adopted the provisions of GASB 34 during the fiscal year ending June 30, 2004. With the implementation of GASB 34, the City has prepared required supplementary information titled *Management's Discussion and Analysis* which precedes the basic financial statements.

Other GASB statements are required to be implemented in conjunction with GASB 34. Therefore, the City also implemented the following GASB statements in the year ended June 30, 2004: Statement 33 *Accounting and Financial Reporting for Nonexchange Transactions*, Statement 36 *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement 37 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and Statement 38 *Certain Financial Statement Note Disclosures*.

For the year ended June 30, 2011, the City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of Statement 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is found to observe constraints imposed upon the use of resources reported in governmental funds. The clarifications of the governmental fund type definitions should reduce uncertainty about which resources can or should be reported in the respective fund types. These new classifications include nonspendable and spendable, which is further reported as restricted, committed, assigned and unassigned. Fund balance classifications and the minimum fund balance disclosure provided in GASB 54 are discussed in further detail later in Footnote 1.

For the year ended June 30, 2013, the City implemented GASB Statement No. 62, *Codification of Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of GASB 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in some FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

For the year ended June 30, 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of GASB 63 is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined deferred outflows of resources and deferred inflows of resources. 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. Definitions and additional descriptions provided in GASB 63 are discussed in further detail later in Footnote 1.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the year ended June 30, 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

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, 2014, 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 burdens, on the City. Based on the aforementioned criteria, the City has no component units.

Basis of Accounting/Measurement Focus

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

Government-Wide Financial Statements

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information of all the nonfiduciary activities of the government. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The City did not be 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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain eliminations have been made as prescribed by GASB 34 in regards 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 and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements but the revenue is not available, the City reports a deferred inflow of resources until such time as the revenue becomes available. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund. The City has one nonmajor 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 and liabilities (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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Financial Statements

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

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

Funds

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

Governmental Funds

1. General Fund: The General Fund is the primary operating unit of the City. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
2. CDBG Economic Development Revolving Fund: This fund accounts for the City's revolving loan program. The fund's revenue source is proceeds from CDBG loan repayments.
3. Street Maintenance Fund: This fund accounts for the resources accumulated and payments made for maintenance and repairs of city-owned streets. Special assessments make up the majority of this fund's revenue.
4. SID No. 179 Debt Service Fund: This fund accounts for the resources accumulated and payments made for principal and interest on special improvement debt. The fund's revenue source is special assessments.

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, 2014

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, and Capital Projects Funds on the modified accrual basis. An annual appropriated operating budget is adopted each fiscal year for the Proprietary Funds on the accrual basis.

The final budget is legally enacted by the City Commission on the second Tuesday in August, after holding public hearings 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. Gifts or contributions of capital assets are recorded at fair market value when received. 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, 2014

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 120 days comprise the allowance for uncollectible accounts, which was \$393,475 at June 30, 2014. Other enterprise receivable bad debts are written-off using the direct write-off method. Use of this method does not result in a material difference from the allowance method required by generally accepted accounting principles.

Inventories

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

Prepaid Items

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

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 PERD, Police Pension and Fire Pension Special Revenue Funds.

Compensated Absences Payable

Earned but unpaid vacation and sick pay is included as a liability in the proprietary fund types and Government-Wide Financial Statements. 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 3 months or less to be highly liquid investments and, therefore, cash equivalents.

Use of Estimates

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

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As discussed above in Footnote 1, the City has implemented GASB 54. As a result, the classifications for fund balance now used for governmental fund are 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 Council. A resolution by the City Council is required to establish, modify, or rescind a fund balance commitment.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assignments of fund balance are created by an official who the governing body has delegated the authority to assign amounts to be used for specific purposes. The governing body (City Commission) has delegated this authority to the City Manager. The policy used by the governing body to authorize the assignment of fund balance came in the form of a resolution, which gave the authority to assign fund balance to the City Manager. In governmental funds other than the general fund, assigned fund balance also represents the remaining amount that is not restricted or committed. Also included in the assigned fund balance for the general fund are assignments for the portion of the current general fund balance that is projected to be used to fund expenditures and other cash outflows in excess of the expected revenues and other cash inflows in the next fiscal year.

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

When both restricted and unrestricted resources are available in a fund, the assumed order of spending is restricted first, next committed, next assigned, and finally unassigned.

Minimum General Fund – Fund Balance

The City does not maintain a stabilization fund.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As discussed above in Footnote 1, the City has implemented GASB 63. This statement amends the GASB 34 reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets, in the Government-Wide, Proprietary Fund and Fiduciary Fund financial statements.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined deferred outflows of resources as a consumption of net assets by the government that is applicable to a future reporting period, and defined deferred inflows of resources as an acquisition of net assets 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.

GASB 65 requires that a deferred inflow of resources be reported in the Governmental Fund financial statements when an asset is recorded for which the revenue is not available; therefore, the Governmental Fund financial statements report deferred inflows of tax revenues and deferred inflows of special assessment revenues. The City does not have any other items that are required to be reported as deferred outflows and inflows of resources.

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 on June 30, 2014, are reported as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 3,289,157	\$ 255,642	\$ 3,544,799
Business-type activities	449,064	240,538	689,602
Fiduciary funds	34,254	-	34,254
	<u>\$ 3,772,475</u>	<u>\$ 496,180</u>	<u>\$ 4,268,655</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

2. CASH AND INVESTMENTS (Continued)

The total carrying value of cash, cash equivalents and investments as of June 30, 2014, consisted of the following:

	<u>Cash/Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Petty cash	\$ 11,156	\$ -	\$ 11,156
Cash in banks:			
Demand deposits	2,336,200	-	2,336,200
Time deposits	-	900,000	900,000
Brokers:			
Money markets	-	250,000	250,000
U.S. Government bonds	-	550,000	550,000
Time deposits	-	221,299	221,299
Total cash and investments	<u>\$ 2,347,356</u>	<u>\$ 1,921,299</u>	<u>\$ 4,268,655</u>

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 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 was fully secured by pledged securities held by the financial institutions or by their trust departments or agents, but not in the City’s name (class 3 collateral).

The City minimizes custodial credit risk by restrictions set forth in City policy and state law. The City’s policy requires deposits to be 102 percent secured by collateral valued at market value. The City Finance Director maintains a listing of financial institutions, which are approved for investment purposes. Types of securities that may be pledged as collateral are detailed in Section 17-6-103 of the Montana Code Annotated (MCA). City policy requires that specific safeguards against risk of loss be evidenced when the City does not physically hold the securities.

The following table provides information about the interest rate risks associated with the City’s deposits and investments.

<u>Investment</u>	<u>Maturities</u>	<u>Credit Risk Rating</u>	<u>Fair Value</u>
U.S. Government bonds	July 2014 - June 2015	S&P AA+	\$ 550,000
State Short-Term Investment Pool	N/A	Not Rated	221,299
Certificate of deposits	N/A	N/A	900,000
Money markets	N/A	N/A	250,000
Demand deposits	N/A	N/A	2,336,200
Petty cash	N/A	N/A	11,156
			<u>\$ 4,268,655</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

2. CASH AND INVESTMENTS (Continued)

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). STIP is classified as a 2a7-like pool, and as such, uses amortized cost to report unit values. The City has no investment policy that would further limit its investment choices. The STIP maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP. The City's investments as of June 30, 2014 consisted almost entirely of certificates of deposits with maturities from 6 to 13 months and effective annual interest rates of .30% to .90%. These investments are recorded at cost, which approximates market value at year end.

Time deposits and money market accounts held by investment brokers were insured through the FDIC or SPIC.

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 ended June 30, 2014, were within legal limits. The tax levies were based upon a taxable valuation of \$11,563,751.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 for the year ended June 30, 2014, consisted of the following:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2014</u>
Governmental activities:					
Non-depreciable					
Land	\$ 285,226	\$ -	\$ -	\$ -	\$ 285,226
Construction in progress	<u>1,313,230</u>	<u>460,518</u>	<u>-</u>	<u>(43,844)</u>	<u>1,729,904</u>
Total non-depreciable	<u>1,598,456</u>	<u>460,518</u>	<u>-</u>	<u>(43,844)</u>	<u>2,015,130</u>
Depreciable					
Buildings/improvements	2,336,736	19,277	-	-	2,356,013
Improvements other than buildings	533,366	243,029	-	43,844	820,239
Machinery and equipment	2,627,598	217,353	-	-	2,844,951
Infrastructure	<u>5,187,083</u>	<u>159,074</u>	<u>-</u>	<u>-</u>	<u>5,346,157</u>
Total depreciable	<u>10,684,783</u>	<u>638,733</u>	<u>-</u>	<u>43,844</u>	<u>11,367,360</u>
Less accumulated depreciation					
Buildings/improvements	(798,891)	(63,131)	-	-	(862,022)
Improvements other than buildings	(272,143)	(28,760)	-	-	(300,903)
Machinery and equipment	(1,664,278)	(154,295)	-	-	(1,818,573)
Infrastructure	<u>(710,029)</u>	<u>(130,010)</u>	<u>-</u>	<u>-</u>	<u>(840,039)</u>
Total accumulated depreciation	<u>(3,445,341)</u>	<u>(376,196)</u>	<u>-</u>	<u>-</u>	<u>(3,821,537)</u>
Total governmental activities	<u>\$ 8,837,898</u>	<u>\$ 723,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,560,953</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

4. CAPITAL ASSETS (Continued)

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2014</u>
Business-type activities:					
Non-depreciable					
Land	\$ 52,980	\$ -	\$ -	\$ -	\$ 52,980
Construction in progress	160,006	1,021,117	-	(127,573)	1,053,550
Total non-depreciable	<u>212,986</u>	<u>1,021,117</u>	<u>-</u>	<u>(127,573)</u>	<u>1,106,530</u>
Depreciable					
Buildings and systems	25,829,603	59,474	-	127,573	26,016,650
Machinery and equipment	2,975,529	78,807	-	-	3,054,336
Total depreciable	<u>28,805,132</u>	<u>138,281</u>	<u>-</u>	<u>127,573</u>	<u>29,070,986</u>
Less accumulated depreciation					
Buildings/improvements	(9,381,352)	(685,167)	-	-	(10,066,519)
Machinery and equipment	(2,270,244)	(172,368)	-	-	(2,442,612)
Total accumulated depreciation	<u>(11,651,596)</u>	<u>(857,535)</u>	<u>-</u>	<u>-</u>	<u>(12,509,131)</u>
Total business-type activities	<u><u>\$ 17,366,522</u></u>	<u><u>\$ 301,863</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,668,385</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, 2014, depreciation expense on capital assets was charged to the governmental functions/programs as follows:

Governmental activities:	
General government	\$ 12,683
Public safety	87,805
Public works	212,109
Public health	4,218
Culture and recreation	59,381
Total depreciation expense - governmental activities	<u><u>\$ 376,196</u></u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

4. CAPITAL ASSETS (Continued)

Business-type activities:

Water	\$	259,178
Sewer		483,610
Solid Waste		50,943
Ambulance		<u>63,804</u>
Total depreciation expense - business-type activities	\$	<u><u>857,535</u></u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances as of June 30, 2014, consisted of the following:

	<u>Due To</u>	<u>Due From</u>	<u>Internal Balances</u>
Governmental activities:			
General	\$ (13,256)	\$ 109,463	\$ 96,207
Nonmajor governmental funds	<u>(67,654)</u>	<u>190,423</u>	<u>122,769</u>
Total governmental activities	<u>\$ (80,910)</u>	<u>\$ 299,886</u>	<u>\$ 218,976</u>
Business-type activities			
Water	\$ -	\$ 172,308	\$ 172,308
Sewer	-	398,551	398,551
Solid waste	(804,311)	-	(804,311)
Ambulance	<u>-</u>	<u>14,476</u>	<u>14,476</u>
Total business-type activities	<u>\$ (804,311)</u>	<u>\$ 585,335</u>	<u>\$ (218,976)</u>
Total	<u>\$ (885,221)</u>	<u>\$ 885,221</u>	<u>\$ -</u>

The balance of \$328,390 due to the General, Perpetual Cemetery and Sewer funds resulted from loans made to provide funding for a new solid waste transfer station. \$42,857 of the balance is scheduled to be collected in the subsequent year. Additionally, a balance of \$21,288 of the amount loaned from the Park Improvement Special Revenue fund to the S.I.D. No 180 fund to provide funding. \$4,588 is expected to be repaid in 2015. To cover cash deficits various funds loaned amounts which are expected to be repaid during the fiscal year ending June 30, 2015, excluding the difference in the due to other funds and the transfer station payable which will be repaid on a longer term.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
Governmental activities:			
General	\$ 651,732	\$ (404,961)	\$ 246,771
CDBG economic development revolving	-	-	-
Street maintenance	-	(62,995)	(62,995)
Nonmajor governmental funds	<u>650,654</u>	<u>(345,621)</u>	<u>305,033</u>
Total governmental activities	<u>\$ 1,302,386</u>	<u>\$ (813,577)</u>	<u>\$ 488,809</u>
Business-type activities			
Water	\$ -	\$ (126,501)	\$ (126,501)
Sewer	-	(164,106)	(164,106)
Solid waste	-	(106,522)	(106,522)
Ambulance	-	(91,680)	(91,680)
Total business-type activities	<u>\$ -</u>	<u>\$ (488,809)</u>	<u>\$ (488,809)</u>
Total	<u>\$ 1,302,386</u>	<u>\$ (1,302,386)</u>	<u>\$ -</u>

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

6. COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of the debt, amounting to \$369,559 for governmental activities and \$191,264 for business-type activities at June 30, 2014, 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. The total amounts outstanding at June 30, 2014 were \$447,559 for governmental activities and \$234,264 for business-type activities.

	<u>Balance June 30, 2013</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2014</u>
Compensated absences				
Governmental activities	\$ 426,832	\$ 98,848	\$ (78,121)	\$ 447,559
Business-type activities	<u>258,976</u>	<u>17,705</u>	<u>(42,417)</u>	<u>234,264</u>
Total compensated absences	<u>\$ 685,808</u>	<u>\$ 116,553</u>	<u>\$ (120,538)</u>	<u>\$ 681,823</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

6. COMPENSATED ABSENCES (Continued)

	<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>
Compensated absences			
Governmental activities	\$ 78,000	\$ 369,559	\$ 447,559
Business-type activities	<u>43,000</u>	<u>191,264</u>	<u>234,264</u>
Total compensated absences	<u>\$ 121,000</u>	<u>\$ 560,823</u>	<u>\$ 681,823</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 for the fiscal year ended June 30, 2014:

	<u>Balance June 30, 2013</u>	<u>Issuances</u>	<u>Repayments</u>	<u>Balance June 30, 2014</u>
General obligation bonds	\$ 220,000	\$ -	\$ (30,000)	\$ 190,000
Notes payable	400,000	113,521	(38,084)	475,437
Special improvement	336,000	-	(26,000)	310,000
Tax increment	<u>716,000</u>	<u>-</u>	<u>(48,000)</u>	<u>668,000</u>
Totals	<u>\$ 1,672,000</u>	<u>\$ 113,521</u>	<u>\$ (142,084)</u>	<u>\$ 1,643,437</u>

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

	<u>Current Portion (Due within one year)</u>	<u>Long-term Portion (Due after one year)</u>	<u>Total Long Term Debt</u>
General obligation bonds	\$ 30,000	\$ 160,000	\$ 190,000
Notes payable	56,470	418,967	475,437
Special improvement	37,000	273,000	310,000
Tax increment	<u>50,000</u>	<u>618,000</u>	<u>668,000</u>
	<u>\$ 173,470</u>	<u>\$ 1,469,967</u>	<u>\$ 1,643,437</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

7. LONG-TERM DEBT (Continued)

General Obligation Bonds

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

	<u>Original Amount</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Due within one year</u>
Refunding bonds - 2011	\$ 250,000	8 yr	2.0%	\$ 190,000	\$ 30,000

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

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,000	\$ 3,800	\$ 33,800
2016	30,000	3,200	33,200
2017	30,000	2,600	32,600
2018	30,000	2,000	32,000
2019	35,000	1,400	36,400
2020	35,000	700	35,700
	<u>\$ 190,000</u>	<u>\$ 13,700</u>	<u>\$ 203,700</u>

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:

	<u>Original Amount</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Due within one year</u>
Street maintenance	\$ 400,000	10 yr	1.00%	\$ 361,916	\$ 38,273
HVAC replacement	\$ 113,521	3 yr	1.00%	113,521	18,197
				<u>\$ 475,437</u>	<u>\$ 56,470</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

7. LONG-TERM DEBT (Continued)

Notes payable debt service requirements to maturity are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 56,470	\$ 4,051	\$ 60,521
2016	75,541	4,004	79,545
2017	76,775	3,244	80,019
2018	60,731	2,462	63,193
2019	40,229	1,959	42,188
2020-2024	165,691	3,749	169,440
	<u>\$ 475,437</u>	<u>\$ 19,469</u>	<u>\$ 494,906</u>

Special Improvement (SID) Bonds

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

	<u>Original Amount</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Due within one year</u>
SID No. 178-2000	\$ 179,000	15 yr	4.20% - 5.60%	\$ 15,000	\$ 15,000
SID No. 179 No. 1-2006	322,088	20 yr	3.75%	195,000	14,000
SID No. 179 No. 2-2006	158,500	20 yr	3.75%	100,000	8,000
				<u>\$ 310,000</u>	<u>\$ 37,000</u>

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

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 37,000	\$ 6,210	\$ 43,210
2016	24,000	5,340	29,340
2017	24,000	4,860	28,860
2018	24,000	4,380	28,380
2019	25,000	3,900	28,900
2020-2024	143,000	11,440	154,440
2025-2029	33,000	500	33,500
	<u>\$ 310,000</u>	<u>\$ 36,630</u>	<u>\$ 346,630</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

	<u>Original Amount</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Due within one year</u>
Tax increment bonds-2006	\$ 1,009,825	20 yr	3.75%	\$ 668,000	\$ 50,000

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

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 50,000	\$ 13,110	\$ 63,110
2016	51,000	12,110	63,110
2017	54,000	11,070	65,070
2018	56,000	9,980	65,980
2019	57,000	8,860	65,860
2020-2024	328,000	40,830	368,830
2025-2029	72,000	1,080	73,080
	<u>\$ 668,000</u>	<u>\$ 97,040</u>	<u>\$ 765,040</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.

Business-type Activities Long Term Debt

The following is a summary of long-term debt transactions of the City's business-type activities for the fiscal year ended June 30, 2014:

	<u>Balance June 30, 2013</u>	<u>Issuances</u>	<u>Repayments</u>	<u>Balance June 30, 2014</u>
Revenue bonds	\$ 2,488,000	\$ -	\$ (196,000)	\$ 2,292,000
Notes payable	218,762	-	(41,950)	176,812
Totals	<u>\$ 2,706,762</u>	<u>\$ -</u>	<u>\$ (237,950)</u>	<u>\$ 2,468,812</u>

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

7. LONG-TERM DEBT (Continued)

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

	Current Portion (Due within one year)	Long-term Portion (Due after one year)	Total Long Term Debt
Revenue bonds	\$ 201,000	\$ 2,091,000	\$ 2,292,000
Notes payable	29,468	147,344	176,812
	\$ 230,468	\$ 2,238,344	\$ 2,468,812

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, 2014	Due within one year
Wastewater improvement - ARRA B	\$ 18,545	20 yr	1.75%	\$ 287,000	\$ 16,000
Water system refunding - 2012 series	535,000	8 yr	0.40% - 2.05%	405,000	65,000
Sewer system refunding - 2012 series	1,825,000	15 yr	0.75% - 3.20%	1,600,000	120,000
				\$ 2,292,000	\$ 201,000

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
Year ending June 30,			
2015	\$ 201,000	\$ 45,645	\$ 246,645
2016	196,000	43,978	239,978
2017	202,000	41,987	243,987
2018	208,000	39,371	247,371
2019	213,000	36,207	249,207
2020-2024	812,000	112,734	924,734
2025-2029	450,000	24,950	474,950
2030	10,000	88	10,088
	\$ 2,292,000	\$ 344,960	\$ 2,636,960

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

7. LONG-TERM DEBT (Continued)

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 125% of maximum principal and interest due in any subsequent fiscal year. The City is in substantial compliance with the provisions of the water and sewer system revenue bonds.

Notes Payable

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

	Interest Rate	Balance June 30, 2014	Due within one year
Water main replacement	1.95%	\$ 91,765	\$ 15,294
Sewer main replacement	1.95%	85,047	14,174
		\$ 176,812	\$ 29,468

Notes payable debt service requirements to maturity are as follows:

	Principal	Interest	Total
Year ending June 30,			
2015	\$ 29,468	\$ 1,694	\$ 31,162
2016	29,468	1,399	30,867
2017	29,468	1,106	30,574
2018	29,468	811	30,279
2019	29,468	516	29,984
2020-2024	29,472	217	29,689
	\$ 176,812	\$ 5,743	\$ 182,555

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

7. LONG-TERM DEBT (Continued)

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Balance June 30, 2013</u>	<u>Issuances</u>	<u>Repayments</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation debt	\$ 220,000	\$ -	\$ (30,000)	\$ 190,000	\$ 30,000
Notes payable	400,000	113,521	(38,084)	475,437	56,470
Special improvement	336,000	-	(26,000)	310,000	37,000
Tax increment	716,000	-	(48,000)	668,000	50,000
	<u>1,672,000</u>	<u>113,521</u>	<u>(142,084)</u>	<u>1,643,437</u>	<u>173,470</u>
Compensated absences	<u>426,832</u>	<u>98,848</u>	<u>(78,121)</u>	<u>447,559</u>	<u>78,000</u>
Total governmental activities	<u><u>\$ 2,098,832</u></u>	<u><u>\$ 212,369</u></u>	<u><u>\$ (220,205)</u></u>	<u><u>\$ 2,090,996</u></u>	<u><u>\$ 251,470</u></u>
Business-type activities:					
Revenue bonds	\$ 2,488,000	\$ -	\$ (196,000)	\$ 2,292,000	\$ 201,000
Notes payable	218,762	-	(41,950)	176,812	29,468
	<u>2,706,762</u>	<u>-</u>	<u>(237,950)</u>	<u>2,468,812</u>	<u>230,468</u>
Compensated absences	<u>258,976</u>	<u>17,705</u>	<u>(42,417)</u>	<u>234,264</u>	<u>43,000</u>
Total business-type activities	<u><u>\$ 2,965,738</u></u>	<u><u>\$ 17,705</u></u>	<u><u>\$ (280,367)</u></u>	<u><u>\$ 2,703,076</u></u>	<u><u>\$ 273,468</u></u>

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

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. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

10. RETIREMENT PLANS

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS), a state wide defined contribution retirement plan established in 1945 and governed by Title 19, Chapter 3 of the Montana Code Annotated, provides retirement services to substantially all public employees. PERS is a mandatory multiple-employer, cost sharing plan. Benefit eligibility is age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits are determined by taking 1/56 times the number of years of service times the highest 36 consecutive months. Members' rights become vested after five years of service. The authority to establish, amend or provide cost of living adjustments for the plan is assigned to the State legislature. Rights become vested after 5 years of service. The total number of participating employees at the City of Livingston during the fiscal year ended June 30, 2014 was 75.

PERS financial information is reported in the Public Employees' Retirement Board's *Comprehensive Annual Financial Report* for the fiscal year end. It is available from the Public Employees' Retirement Division, 1712 Ninth Avenue, PO Box 200131, Helena, MT 59620-0131, (406) 444-3154.

Contribution rates for the plan are required and determined by State law. Covered employees are required by State statute to contribute 7.9% of their salary to the plan. The City is required to contribute 8.07% of members' compensation. The State is required to contribute 0.1% of members' compensation, which was \$2,705 for fiscal year 2014. Covered payroll for the year ending June 30, 2014 was \$2,704,945. Whether the State of Montana or the local government employers are ultimately responsible for any underfunding of PERS is unclear in State law. 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 amounts contributed to the plan during the years ended June 30, 2012, 2013, and 2014 were equal to the required contribution for each year. The amounts contributed by both the City and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	2012	2013	2014
Public Employees' Retirement System	\$ 332,593	\$ 326,489	\$ 431,980

Firefighters' Unified Retirement System (FURS)

Funding is provided by units of local government, their covered employees and the State of Montana. Participants are eligible for benefits after 5 years of service and age 50. The benefit for participants hired prior to July 1, 1981 who have attained 50 years of age and 20 years of service is 50% of the monthly salary last received by the participant. Also, an additional 1% for each year of service in excess of 20 years, not to exceed a maximum of 60% of the recipient's latest monthly salary. A participant hired on or after July 1, 1981, or who retires prior to completion of 20 years of service, receives a benefit equal to 2.5% of average salary for each year of service, not to exceed 60%. Salary is averaged over the last 36 months for those hired on or after July 1, 1981. Rights become vested after 5 years of service. The total number of participating employees at the City of Livingston during the fiscal year ended June 30, 2014 was 17.

Plan members are required to contribute 10.7% of monthly compensation, since all employees have elected to be covered under the guaranteed annual benefit adjustment (GABA). The City is required to contribute 14.36% of members' compensation. The State is required to contribute 32.61% of members' compensation, which was \$267,233 for fiscal year 2014. Covered payroll for the year ending June 30, 2014 was \$819,482. 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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

10. RETIREMENT PLANS (Continued)

Firefighters' Unified Retirement System (FURS) (Continued)

The amounts contributed to the plan during the years ended June 30, 2012, 2013, and 2014 were equal to the required contribution for each year. The amounts contributed by both the City and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	2012	2013	2014
Firefighters' Unified Retirement System	\$ 199,272	\$ 210,223	\$ 205,363

Municipal Police Officers' Retirement System (MPORS)

Funding is provided by local units of government, their covered employees, and the State of Montana. Participants are eligible for retirement benefits after 20 years of service and age 50. The minimum age requirement does not apply to participants first employed prior to July 1, 1975. The benefit is 1/2 of average monthly salary during the highest 36 consecutive months of earnings plus 1% of average monthly salary for each additional year of service in excess of 20 years, to a maximum of 60%. Benefits are paid as a modified cash refund annuity. Rights become vested after 5 years of service. The total number of participating employees at the City of Livingston during the fiscal year ended June 30, 2014 was 13.

Plan members are required to contribute 9% of their compensation. The City is required to contribute 14.41% of members' compensation. The State is required to contribute 29.37% of members' compensation, which was \$181,359 for fiscal year 2014. Covered payroll for the year ended June 30, 2014 was \$617,498. 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 amounts contributed to the plan during the years ended June 30, 2012, 2013, and 2014 were equal to the required contribution for each year. The amounts contributed by both the City and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	2012	2013	2014
Municipal Police Officers' Retirement System	\$ 149,037	\$ 146,242	\$ 144,556

11. DEFICIT FUND EQUITY

At June 30, 2014, 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	
Emergency/Disaster	\$ 16,721
Health - Sanitarian	\$ 2,424
Tax Increment District - West End	\$ 1,999
Community Development	\$ 161
Debt Service Funds	
S.I.D. No. 180	\$ 27,874

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

OPEB is recorded on an accrual basis for all enterprise and internal service funds. OPEB is recorded on a modified accrual basis for the governmental funds. Plan contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy. The plan is funded by the City and plan members receiving benefits contribute for family members for the benefit costs over the \$675 up to \$728 (depending on department), contributed by the City for health and life insurance premiums. The City plan's administratively established retiree medical, and life premiums vary between \$226 and \$1,477 per month, depending on the medical plan selected, family coverage, and Medicare eligibility. The plan provides different coinsurance amounts depending on whether members use preferred, non-preferred, or other hospitals. For a single individual, after an annual deductible of \$500 for most non-Medicare-eligible retirees, the plan reimburses 80%, 70% or 60% (depending on the plan chosen), for the first \$500 up to \$2,700 (depending on the plan chosen) in medical claims and \$1,500 up to \$5,250 maximum out of pocket per individual, for a family, annual maximum deductible of \$3,000 up to \$10,500. For fiscal year ended June 30, 2014, the City has 12 retired members receiving benefits.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

MMIA, as the plan administrator for many Montana cities and towns, engaged an actuary to assist the cities, including the City of Livingston, with the alternative measurement method for June 30, 2010 and 2011. Based on the assumptions of the actuary, the plan member information, and the data obtained from MMIA, the City had no OPEB components or ending net OPEB liability to report. MMIA allows members to stay on the City's plan after age 65. The rate MMIA charges for individuals with Medicare (age 65) is less than an employee or retiree under 65; however, with Medicare being primary for benefit payments, the costs end up being even lower than the premium amounts. MMIA's actuary assumed all members will stay on the plan for their entire life expectancy. With the life expectancy at 78 and the assumed retirement age at 62, this results in more years after 65 than before.

The MMIA actuary was incorrectly including Medicare-eligible retirees in the actuarial valuation to determine OPEB, ARC, and annual OPEB costs. This resulted in the calculation of negative amounts. As of June 30, 2012, the City obtained its own actuarial study to determine these liabilities and, based on the new study, is appropriately reflecting these costs on a prospective basis. The City has determined it not material to the users of the financial statements to recalculate the amounts for the years ended June 30, 2010 and 2011.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution/Annual OPEB cost (expense)	\$ 131,169
Interest on net OPEB obligation	8,606
Adjustment to annual required contribution (end of year amortization factor 17.292)	<u>(12,443)</u>
Annual OPEB cost (expense)	127,332
Contributions made	<u>(42,049)</u>
Increase in net OPEB obligation	85,283
Net OPEB obligation - beginning of year	<u>215,156</u>
Net OPEB obligation - end of year	<u><u>\$ 300,439</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2014 and the two preceding fiscal years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2012	\$ 138,609	16.00%	\$ 116,407
June 30, 2013	\$ 129,093	24.00%	\$ 215,156
June 30, 2014	\$ 127,332	33.00%	\$ 300,439

Funded Status and Funding Progress. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented as required supplementary information in these financial statements presents the actuarial accrued liability, annual covered payroll, funded status and funding progress.

Actuarial Methods and Assumptions. The following key assumptions were chosen by the City:

1. Investment rate of return: 4.0%
2. Premium increases: 8.0% for 2013, 7.5% for 2014, 7.0% for 2015, 6.5% for 2016, 6.0% for 2017, 5.5% for 2018, and 5.0% for years later
3. Average salary increase: 3.0%
4. Participation rate: 90.0% for participants not yet eligible for Medicare. Upon Medicare eligibility, participation is expected to reduce by 50.0%
5. Spouse participation: Male and female employees 25.0% (husbands assumed to be three years older than wives)

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

The Projected Unit Credit Actuarial Cost Method was used to determine the annual required contribution (ARC). The ARC is being amortized as a level dollar amount on an open basis any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The June 30, 2014 year end OPEB obligation is reported in the City's funds as follows:

<u>Functions/Programs</u>	<u>FY 2014 Expense</u>	<u>Net OPEB Obligation at Year End</u>
Primary Government:		
Governmental activities:		
General government	\$ 5,235	\$ 18,439
Public safety	19,190	67,604
Public works	14,392	50,702
Public health	436	1,536
Culture and recreation	4,361	15,364
Total governmental activities	<u>43,614</u>	<u>153,645</u>
Business-type activities:		
Water	8,963	31,575
Waste water	15,104	53,209
Solid waste	10,592	37,315
Ambulance	7,010	24,695
Total business-type activities	<u>41,669</u>	<u>146,794</u>
Total primary government	<u>\$ 85,283</u>	<u>\$ 300,439</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples, as detailed above, include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations, and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The Schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

As of July 1, 2011, the most recent valuation date, the City's actuarially accrued liability (AAL) for benefits was \$1,149,762. The AAL by status breakdown is shown below:

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
	<u> </u>	<u> </u>	<u> </u>
Actives - Employees	\$ 744,292	N/A	N/A
Actives - Spouses	219,053	N/A	N/A
Retirees, Dependents and Surviving Spouses	<u>186,417</u>	<u>N/A</u>	<u>N/A</u>
Total AAL	<u>\$ 1,149,762</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Obligation at June 30	<u>\$ 116,407</u>	<u>\$ 215,156</u>	<u>\$ 300,439</u>
Participant Information:			
Actives	88	N/A	N/A
Retirees, Dependents and Surviving Spouses	<u>13</u>	<u>N/A</u>	<u>N/A</u>
	<u>101</u>	<u>-</u>	<u>-</u>

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2015, the date on which the financial statements were available to be issued.

14. 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 \$220,141 during fiscal year 2014.

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 \$213,449 for ambulance and \$300,630 for dispatch services (\$100,000 out of the State 911 contributions fund held by the County and \$200,630 by the County directly).

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 exercise control over the airport's normal operations.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

15. RISK MANAGEMENT

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

A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of losses, except for relatively small deductible amounts, are purchased for property and content damage, employee medical costs, and professional liabilities. The City participates in two state-wide public risk pools operated by the Montana Municipal Interlocal Authority (MMIA), for workers' compensation and for tort liability coverage. And, given the lack of coverage available, the City has no coverage for potential losses from environmental damages.

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are allocated between the City's enterprise funds and an Insurance (Special Revenue) Fund based on total appropriations. The Insurance Fund has a special-purpose property tax levy for this purpose. Settled claims resulting from these risks did not exceed commercial insurance coverage during this fiscal year.

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

The liability limits for damages in tort action are \$750,000 per claim and \$1.5 million per occurrence, and \$12.5 million per occurrence for any claim that is not subject to the limitations on government liability, as described in Montana Code Annotated Section 2-9-108 (the Statute) or any successor statute, either as matter of law, by operation of the Statute, or by a judicial determination that the Statute is inapplicable or is otherwise invalid, with a \$1,500 deductible per occurrence. State tort law limits the City's liability to \$1.5 million. The City pays premiums for its employee injury insurance coverage, which is allocated to the employer funds based on total salaries and wages. The agreements for formation of the pools provide that they will be self-sustaining through member premiums. The tort liability plan and workers' compensation program issued \$4.41 million and \$6.155 million, respectively, of bonds to immediately finance the necessary insurance reserves. All members signed a contingent note for a pro rata share of this liability in case operating revenues were insufficient to cover the debt service; these bonds were retired in 2011.

The City also owns a policy with MMIA for loss or damage to property. This is an all risk policy, essentially all property owned by the City being insured for 100% of replacement cost, subject to a \$1,000 deductible per occurrence. MMIA reinsures their property insurance with a national municipal pool, Public Entities' Property Insurance.

16. 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.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

16. CLASSIFICATION OF NET POSITION (Continued)

In the Fund Financial Statements, commitments and assignments segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various commitments and assignments are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions.

17. COMMITMENTS AND CONTINGENCIES

At year-end, the City had commitments outstanding, in the form of contracts for \$6,128 for engineering services and \$244,816 for the replacement of water and sewer lines and streets for the 2013 Main Street Reconstruction Project.

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.

Montana Public Employees Association, on behalf of Matthew Tubaugh

The City of Livingston terminated a police officer. The officer filed a grievance pursuant to the binding arbitration law and provisions of the collective bargaining agreement. Following a hearing, the arbitrator awarded a 3 month unpaid suspension as the proper discipline for the officer's conduct and then ordered the City to reinstate the police officer with back wages and benefits. The City appealed the arbitrator's award and the District Court ruled in City's favor. The MPEA has appealed to the Montana Supreme Court. The Supreme Court has reversed the district court, reinstating the arbitrator's award. As of the date of the financial statements, remitter has not been ordered which, when ordered will send the case back to the district court for compliance. When remitter is issued, the district court will order the City to pay back wages, less the 3 months unpaid suspension and reinstate the officer. An estimated amount of back wages have been accrued in these financial statements.

David and Alana Folsom

The Folsoms have filed a case against the City of Livingston, a former City Manager and the current City Manager alleging numerous causes of action stemming from a payback agreement, including breach of contract, unjust enrichment, quantum meruit, negligence, negligent misrepresentation, infliction of mental distress, constructive fraud, punitive damages, and attorney fees. Montana Municipal Interlocal Authority has undertaken the defense of the claim under a reservation of rights letter and retained Mike Lilly of the Berg Law Firm to represent the City in this case. In this case, the City has admitted liability to the extent of \$26,000. This amount and an estimated amount for attorney's fees have been accrued in these financial statements.

The City is involved with numerous other lawsuits which arise out of the normal course of operations by the City. Management of the City intends to vigorously defend each claim and believes no material losses will be incurred on such claims. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

18. MAJOR PURPOSE PRESENTATION

The table presented below displays the City's fund balances by major purpose as displayed on page II-13 of the governmental funds balance sheet. Statement 54 requires the disclosure of the purpose of each Major Special Revenue Fund.

	<u>General Fund</u>	<u>Economic Development Revolving</u>	<u>Street Maintenance</u>	<u>SID 179</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable						
Long-term receivable	\$ 95,177	\$ -	\$ -	\$ -	\$ -	\$ 95,177
Cemetery perpetual care	-	-	-	-	222,258	222,258
Total nonspendable	<u>95,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,258</u>	<u>317,435</u>
Restricted						
Public safety	-	-	-	-	280	280
Public works	-	-	-	-	274,167	274,167
Culture and recreation	-	-	-	-	137,058	137,058
Debt service	-	-	-	-	504,296	504,296
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,801</u>	<u>915,801</u>
Committed						
General government	-	603,041	-	-	896,913	1,499,954
Public safety	-	-	-	-	533,217	533,217
Public works	-	-	254,450	-	104,539	358,989
Public health	-	-	-	-	2,342	2,342
Culture and recreation	-	-	-	-	233,325	233,325
Capital projects	-	-	-	-	405,172	405,172
Debt service	-	-	-	13,986	29,449	43,435
Total committed	<u>-</u>	<u>603,041</u>	<u>254,450</u>	<u>13,986</u>	<u>2,204,957</u>	<u>3,076,434</u>
Assigned						
Cemetery maintenance	-	-	-	-	4,410	4,410
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,410</u>	<u>4,410</u>
Unassigned	562,948	-	-	-	(49,179)	513,769
Total fund balances	<u>\$ 658,125</u>	<u>\$ 603,041</u>	<u>\$ 254,450</u>	<u>\$ 13,986</u>	<u>\$ 3,298,247</u>	<u>\$ 4,827,849</u>

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

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS
Year Ended June 30, 2014

The annual other post-employment benefits (OPEB) costs, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2014 for the Retiree Health Plan are as follows:

ANNUAL OPEB COST				
	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
Retiree Health Plan	6/30/2012	\$ 138,609	16.00%	\$ 116,407
	6/30/2013	\$ 129,093	24.00%	\$ 215,156
	6/30/2014	\$ 127,332	33.00%	\$ 300,439

The funded status of the plan was as follows:

FUNDED STATUS	
(a) Actuarial accrued liability (AAL)	\$ 1,149,762
(b) Actuarial value of plan assets (UAAL)	-
Unfunded actuarial accrued liability (funding excess) [(a) - (b)]	\$ 1,149,762
Funded ratio (b) / (a)	0.0%
(c) Covered payroll	\$ 3,950,371
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a) - (b)] / (c))	29.1%

SCHEDULE OF FUNDING PROGRESS							
	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Retiree Medical Plan	6/30/2012	\$ -	\$ 1,149,762	\$ 1,149,762	0.0%	\$ 3,950,371	29.1%

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1	\$ 475,551	\$ 475,551	\$ 475,551	\$ -
Resources (inflows):				
Taxes	1,702,391	1,732,391	1,770,442	38,051
Special assessments	-	-	-	-
Licenses and permits	211,600	211,600	296,401	84,801
Intergovernmental	1,017,975	1,017,975	1,053,224	35,249
Charges for services	45,800	45,800	64,428	18,628
Fines and forfeitures	141,100	141,100	113,446	(27,654)
Proceeds from long-term debt	-	125,000	113,521	(11,479)
Sale of assets	-	-	-	-
Interest on investments	5,000	5,000	3,558	(1,442)
Loan repayment	-	-	-	-
Transfers from other funds	661,858	681,858	651,732	(30,126)
Other	59,920	59,920	46,020	(13,900)
Amounts available for appropriation	<u>4,321,195</u>	<u>4,496,195</u>	<u>4,588,323</u>	<u>92,128</u>
Charges to appropriations (outflows):				
Current				
General government	1,034,921	1,159,921	977,421	182,500
Public safety	1,646,539	1,646,539	1,655,591	(9,052)
Public works	92,621	92,621	78,312	14,309
Public health	92,756	92,756	100,971	(8,215)
Culture and recreation	347,558	388,758	400,569	(11,811)
Other	6,500	6,500	-	6,500
Capital outlay	204,277	271,999	312,373	(40,374)
Debt service	-	-	-	-
Transfers to other funds	406,298	436,298	404,961	31,337
Total charges to appropriations	<u>3,831,470</u>	<u>4,095,392</u>	<u>3,930,198</u>	<u>165,194</u>
Budgetary fund balance, June 30	<u>\$ 489,725</u>	<u>\$ 400,803</u>	<u>\$ 658,125</u>	<u>\$ 257,322</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE - CDBG ECONOMIC DEVELOPMENT REVOLVING SPECIAL REVENUE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1	\$ 390,452	\$ 390,452	\$ 390,452	\$ -
Resources (inflows):				
Taxes	-	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of assets	-	-	-	-
Interest on investments	-	-	905	905
Loan repayment	-	-	282,641	282,641
Transfers from other funds	-	-	-	-
Other	-	-	-	-
Amounts available for appropriation	<u>390,452</u>	<u>390,452</u>	<u>673,998</u>	<u>283,546</u>
Charges to appropriations (outflows):				
Current				
General government	250,000	250,000	70,957	179,043
Public safety	-	-	-	-
Public works	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Transfers to other funds	-	-	-	-
Total charges to appropriations	<u>250,000</u>	<u>250,000</u>	<u>70,957</u>	<u>179,043</u>
Budgetary fund balance, June 30	<u>\$ 140,452</u>	<u>\$ 140,452</u>	<u>\$ 603,041</u>	<u>\$ 462,589</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE - STREET MAINTENANCE SPECIAL REVENUE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1	\$ 307,920	\$ 307,920	\$ 307,920	\$ -
Resources (inflows):				
Taxes	-	-	-	-
Special assessments	839,000	839,000	824,331	(14,669)
Licenses and permits	23,000	23,000	17,160	(5,840)
Intergovernmental	-	-	15,813	15,813
Charges for services	-	-	17,524	17,524
Fines and forfeitures	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of assets	-	-	-	-
Interest on investments	500	500	1,036	536
Loan repayment	-	-	-	-
Transfers from other funds	-	-	-	-
Other	-	-	1,726	1,726
Amounts available for appropriation	<u>1,170,420</u>	<u>1,170,420</u>	<u>1,185,510</u>	<u>15,090</u>
Charges to appropriations (outflows):				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	403,453	396,953	382,609	14,344
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Capital outlay	612,667	619,167	443,181	175,986
Debt service	42,100	42,100	42,275	(175)
Transfers to other funds	-	-	62,995	(62,995)
Total charges to appropriations	<u>1,058,220</u>	<u>1,058,220</u>	<u>931,060</u>	<u>127,160</u>
Budgetary fund balance, June 30	<u>\$ 112,200</u>	<u>\$ 112,200</u>	<u>\$ 254,450</u>	<u>\$ 142,250</u>

See the Independent Auditors' Report.

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

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures
Year Ended June 30, 2014**

	<u>General Fund</u>	<u>CDBG Economic Development Revolving</u>	<u>Street Maintenance</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,588,323	\$ 673,998	\$ 1,185,510
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.	(475,551)	(390,452)	(307,920)
Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	(651,732)	-	-
The proceeds from the issuance of long-term debt are budgetary resources but are not <i>revenues</i> for financial reporting purposes.	(113,521)	-	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,347,519</u>	<u>\$ 283,546</u>	<u>\$ 877,590</u>
 Uses/outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,930,198	\$ 70,957	\$ 931,060
Differences - budget to GAAP:			
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	(404,961)	-	(62,995)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,525,237</u>	<u>\$ 70,957</u>	<u>\$ 868,065</u>

See the Independent Auditors' Report.

D. SUPPLEMENTAL INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Tax Increment District – West End: The West End Industrial Infrastructure District was created in November of 2004. The primary purpose of this District is to stimulate industrial growth and retention of value added industries. The sunset date is anticipated to be in July of 2025 (after the bonds have been paid in full).

Community Development: This is money that was originally part of the CDBG housing program. We will be working with the State of Montana to determine other community development projects that could be funded with this money.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

Fire Truck GO Bonds: In November of 1996, the voters approved a ballot measure to acquire a pumper truck for the fire department and pay the associated costs. The payoff date of these bonds is July of 2012.

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

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

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

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

S.I.D. 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
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

Special Revenue Funds						
	Comprehensive Liability Insurance	Soccer Fields	Library	Emergency/ Disaster	Health- Sanitarian	Dispatch/ Communication
ASSETS						
Current assets						
Cash and cash equivalents	\$ 56,678	\$ 183	\$ 160,239	\$ -	\$ -	\$ 262,472
Receivables						
Property taxes	2,172	-	2,885	57	377	-
Accrued interest	48	-	83	-	-	136
Other	-	-	14	-	-	400
Special assessments	-	-	-	-	-	-
Other governments	6,846	-	7,435	-	1,443	-
Due from other City funds	35,991	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Total current assets	101,735	183	170,656	57	1,820	263,008
Other assets						
Due from other City funds	-	-	-	-	-	-
Total assets	\$ 101,735	\$ 183	\$ 170,656	\$ 57	\$ 1,820	\$ 263,008
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-	-	-
Due to other City funds	-	-	-	16,721	3,867	-
Due to other governments	-	-	-	-	-	-
Total liabilities	-	-	-	16,721	3,867	-
Deferred inflows of resources:						
Deferred inflows of tax revenues	2,172	-	2,885	57	377	-
Deferred inflows of special assessments	-	-	-	-	-	-
Total deferred inflows of resources	2,172	-	2,885	57	377	-
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	99,563	183	167,771	-	-	263,008
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(16,721)	(2,424)	-
Total fund balances	99,563	183	167,771	(16,721)	(2,424)	263,008
Total liabilities, deferred inflows of resources and fund balances	\$ 101,735	\$ 183	\$ 170,656	\$ 57	\$ 1,820	\$ 263,008

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Special Revenue Funds</u>				
	<u>Tax Increment District - Downtown</u>	<u>Tax Increment District - West End</u>	<u>Community Development</u>	<u>PERD</u>	<u>Health Insurance</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 791,103	\$ -	\$ -	\$ 13,064	\$ 119,843
Receivables					
Property taxes	10,291	-	-	1,484	11,002
Accrued interest	410	-	-	7	-
Other	-	-	-	-	-
Special assessments	38,870	-	-	-	-
Other governments	8,975	-	-	3,768	12,527
Due from other City funds	-	-	-	-	17,032
Restricted cash and cash equivalents	-	-	-	-	-
	<u>849,649</u>	<u>-</u>	<u>-</u>	<u>18,323</u>	<u>160,404</u>
Other assets					
Due from other City funds	-	-	-	-	-
	<u>\$ 849,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,323</u>	<u>\$ 160,404</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-	-
Due to other City funds	-	1,999	161	-	-
Due to other governments	-	-	-	-	-
	<u>-</u>	<u>1,999</u>	<u>161</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>1,999</u>	<u>161</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Deferred inflows of tax revenues	10,291	-	-	1,484	11,002
Deferred inflows of special assessments	38,870	-	-	-	-
	<u>49,161</u>	<u>-</u>	<u>-</u>	<u>1,484</u>	<u>11,002</u>
Total deferred inflows of resources	<u>49,161</u>	<u>-</u>	<u>-</u>	<u>1,484</u>	<u>11,002</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	800,488	-	-	16,839	149,402
Assigned	-	-	-	-	-
Unassigned	-	(1,999)	(161)	-	-
	<u>800,488</u>	<u>(1,999)</u>	<u>(161)</u>	<u>16,839</u>	<u>149,402</u>
Total fund balances	<u>800,488</u>	<u>(1,999)</u>	<u>(161)</u>	<u>16,839</u>	<u>149,402</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 849,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,323</u>	<u>\$ 160,404</u>

See the Independent Auditors' Report.

**CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	Special Revenue Funds				
	Permissive Medical Levy	Police Pension	Fire Pension	Livingston Fire Dept/ Park County Rural Fire District Training Center	Impact Fees
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 43,986	\$ 71,290	\$ 280	\$ 245,638
Receivables					
Property taxes	-	2,664	2,422	-	-
Accrued interest	125	23	37	-	127
Other	-	-	-	-	-
Special assessments	-	-	-	-	-
Other governments	16,907	7,296	6,562	-	-
Due from other City funds	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total current assets	<u>17,032</u>	<u>53,969</u>	<u>80,311</u>	<u>280</u>	<u>245,765</u>
Other assets					
Due from other City funds	-	-	-	-	-
Total assets	<u>\$ 17,032</u>	<u>\$ 53,969</u>	<u>\$ 80,311</u>	<u>\$ 280</u>	<u>\$ 245,765</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-	-
Due to other City funds	17,032	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>17,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Deferred inflows of tax revenues	-	2,664	2,422	-	-
Deferred inflows of special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>2,664</u>	<u>2,422</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	280	245,765
Committed	-	51,305	77,889	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>51,305</u>	<u>77,889</u>	<u>280</u>	<u>245,765</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,032</u>	<u>\$ 53,969</u>	<u>\$ 80,311</u>	<u>\$ 280</u>	<u>\$ 245,765</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

<u>Special Revenue Funds</u>					
	<u>S.I.D.</u> <u>Lighting</u>	<u>Parks</u> <u>Department</u>	<u>Law</u> <u>Enforcement</u>	<u>Gas Tax</u> <u>Apportionment</u>	<u>Summerfest</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 22,966	\$ -	\$ 6,151	\$ 33,974	\$ 17,919
Receivables					
Property taxes	-	-	-	-	-
Accrued interest	12	71	3	18	10
Other	-	-	-	-	30
Special assessments	4,186	-	-	-	-
Other governments	3,101	-	-	-	-
Due from other City funds	-	21,288	-	-	-
Restricted cash and cash equivalents	-	137,058	-	-	-
	<u>30,265</u>	<u>158,417</u>	<u>6,154</u>	<u>33,992</u>	<u>17,959</u>
Total current assets					
Other assets					
Due from other City funds	-	-	-	-	-
	<u>30,265</u>	<u>158,417</u>	<u>6,154</u>	<u>33,992</u>	<u>17,959</u>
Total assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,590	\$ -
Advances	-	-	-	-	-
Due to other City funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,590</u>	<u>-</u>
Total liabilities					
Deferred inflows of resources:					
Deferred inflows of tax revenues	-	-	-	-	-
Deferred inflows of special assessments	4,186	-	-	-	-
	<u>4,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources					
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	137,058	-	28,402	-
Committed	26,079	21,359	6,154	-	17,959
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>26,079</u>	<u>158,417</u>	<u>6,154</u>	<u>28,402</u>	<u>17,959</u>
Total fund balances					
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,265</u>	<u>\$ 158,417</u>	<u>\$ 6,154</u>	<u>\$ 33,992</u>	<u>\$ 17,959</u>

See the Independent Auditors' Report.

**CITY OF LIVINGSTON, MONTANA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2014**

	<u>Special Revenue Funds</u>		
	<u>Sidewalks</u>	<u>Business Improvement District</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 16,629	\$ 17,180	\$ 1,879,595
Receivables			
Property taxes	-	-	33,354
Accrued interest	9	-	1,119
Other	-	-	444
Special assessments	12,360	3,301	58,717
Other governments	783	2,102	77,745
Due from other City funds	-	-	74,311
Restricted cash and cash equivalents	-	-	137,058
Total current assets	<u>29,781</u>	<u>22,583</u>	<u>2,262,343</u>
Other assets			
Due from other City funds	-	-	-
Total assets	<u>\$ 29,781</u>	<u>\$ 22,583</u>	<u>\$ 2,262,343</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 5,590
Advances	-	-	-
Due to other City funds	-	-	39,780
Due to other governments	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>45,370</u>
Deferred inflows of resources:			
Deferred inflows of tax revenues	-	-	33,354
Deferred inflows of special assessments	12,360	3,301	58,717
Total deferred inflows of resources	<u>12,360</u>	<u>3,301</u>	<u>92,071</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	411,505
Committed	17,421	19,282	1,734,702
Assigned	-	-	-
Unassigned	-	-	(21,305)
Total fund balances	<u>17,421</u>	<u>19,282</u>	<u>2,124,902</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,781</u>	<u>\$ 22,583</u>	<u>\$ 2,262,343</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Debt Service Funds			
	Fire Truck GO Bonds	2000 Fire Truck GO Bonds	West End Tax Increment District	S.I.D. Revolving
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,366	\$ 14,707	\$ 306,269	\$ 29,796
Receivables				
Property taxes	236	1,144	-	-
Accrued interest	1	8	210	19
Other	-	-	-	-
Special assessments	-	-	-	-
Other governments	942	3,010	45,516	-
Due from other City funds	-	-	-	6,586
Restricted cash and cash equivalents	-	-	98,667	-
Total current assets	<u>2,545</u>	<u>18,869</u>	<u>450,662</u>	<u>36,401</u>
Other assets				
Due from other City funds	-	-	-	-
Total assets	<u>\$ 2,545</u>	<u>\$ 18,869</u>	<u>\$ 450,662</u>	<u>\$ 36,401</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-
Due to other City funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Deferred inflows of tax revenues	236	1,144	-	-
Deferred inflows of special assessments	-	-	-	-
Total deferred inflows of resources	<u>236</u>	<u>1,144</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	2,309	17,725	450,662	33,600
Committed	-	-	-	2,801
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,309</u>	<u>17,725</u>	<u>450,662</u>	<u>36,401</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,545</u>	<u>\$ 18,869</u>	<u>\$ 450,662</u>	<u>\$ 36,401</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Debt Service Funds		
	S.I.D. 178	S.I.D. 180	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 26,594	\$ -	\$ 378,732
Receivables			
Property taxes	-	-	1,380
Accrued interest	-	-	238
Other	(51)	-	(51)
Special assessments	1,304	35,370	36,674
Other governments	105	-	49,573
Due from other City funds	-	-	6,586
Restricted cash and cash equivalents	-	-	98,667
Total current assets	<u>27,952</u>	<u>35,370</u>	<u>571,799</u>
Other assets			
Due from other City funds	-	-	-
Total assets	<u>\$ 27,952</u>	<u>\$ 35,370</u>	<u>\$ 571,799</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Advances	-	-	-
Due to other City funds	-	27,874	27,874
Total liabilities	<u>-</u>	<u>27,874</u>	<u>27,874</u>
Deferred inflows of resources:			
Deferred inflows of tax revenues	-	-	1,380
Deferred inflows of special assessments	1,304	35,370	36,674
Total deferred inflows of resources	<u>1,304</u>	<u>35,370</u>	<u>38,054</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	504,296
Committed	26,648	-	29,449
Assigned	-	-	-
Unassigned	-	(27,874)	(27,874)
Total fund balances	<u>26,648</u>	<u>(27,874)</u>	<u>505,871</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,952</u>	<u>\$ 35,370</u>	<u>\$ 571,799</u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Capital Project Funds			
	Capital Improvements	Library Extension	Railroad Underpass	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,064	\$ 43,887	\$ 353,495	\$ 398,446
Receivables				
Property taxes	-	-	854	854
Accrued interest	83	148	150	381
Other	-	-	-	-
Special assessments	-	-	-	-
Other governments	-	-	5,376	5,376
Due from other City funds	-	-	-	-
Restricted cash and cash equivalents	969	-	-	969
	<u>2,116</u>	<u>44,035</u>	<u>359,875</u>	<u>406,026</u>
Total current assets	2,116	44,035	359,875	406,026
Other assets				
Due from other City funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,116</u>	<u>\$ 44,035</u>	<u>\$ 359,875</u>	<u>\$ 406,026</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Advances	-	-	-	-
Due to other City funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Deferred inflows of tax revenues	-	-	854	854
Deferred inflows of special assessments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	854	854
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	2,116	44,035	359,021	405,172
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	2,116	44,035	359,021	405,172
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,116</u>	<u>\$ 44,035</u>	<u>\$ 359,875</u>	<u>\$ 406,026</u>

(continued)

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Permanent Fund	Total Nonmajor Governmental Funds
	Perpetual Cemetery Care	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 117,142	\$ 2,773,915
Receivables		
Property taxes	-	35,588
Accrued interest	-	1,738
Other	-	393
Special assessments	-	95,391
Other governments	-	132,694
Due from other City funds	14,286	95,183
Restricted cash and cash equivalents	-	236,694
	131,428	3,371,596
Other assets		
Due from other City funds	95,240	95,240
	\$ 226,668	\$ 3,466,836
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 5,590
Advances	-	-
Due to other City funds	-	67,654
	-	73,244
Deferred inflows of resources:		
Deferred inflows of tax revenues	-	35,588
Deferred inflows of special assessments	-	95,391
	-	130,979
Fund balances:		
Nonspendable	222,258	222,258
Restricted	-	915,801
Committed	-	2,169,323
Assigned	4,410	4,410
Unassigned	-	(49,179)
	226,668	3,262,613
Total liabilities, deferred inflows of resources and fund balances	\$ 226,668	\$ 3,466,836

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CITY OF LIVINGSTON, MONTANA
NONMAJOR FUNDS - SPECIAL REVENUE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014

	<u>Comprehensive Liability Insurance</u>	<u>Soccer Fields</u>	<u>Library</u>	<u>Emergency/ Disaster</u>	<u>Health- Sanitarian</u>	<u>Dispatch/ Communication</u>
REVENUES						
Taxes	\$ 52,392	\$ -	\$ 87,331	\$ -	\$ 2,347	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	285,422	-	-	-
Charges for services	-	-	5,630	5,426	-	301,134
Fines and forfeitures	-	-	3,966	-	-	1,575
Interest on investments	232	8	946	19	-	1,521
Other	-	19,075	6,515	-	-	-
Total revenues	<u>52,624</u>	<u>19,083</u>	<u>389,810</u>	<u>5,445</u>	<u>2,347</u>	<u>304,230</u>
EXPENDITURES						
Current						
General government	29,724	-	-	-	-	-
Public safety	102,938	-	-	29,869	-	417,153
Public works	81,407	-	-	-	-	-
Public health	1,596	-	-	-	-	-
Culture and recreation	22,507	-	378,621	-	-	-
Capital outlay	-	20,298	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-	-
Total expenditures	<u>238,172</u>	<u>20,298</u>	<u>378,621</u>	<u>29,869</u>	<u>-</u>	<u>417,153</u>
Revenues over (under) expenditures	<u>(185,548)</u>	<u>(1,215)</u>	<u>11,189</u>	<u>(24,424)</u>	<u>2,347</u>	<u>(112,923)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	190,980	-	27,500	-	-	180,431
Transfers out	-	-	(30,819)	-	-	(40,397)
Long-term debt issued	-	-	-	-	-	-
Total other financing sources and uses	<u>190,980</u>	<u>-</u>	<u>(3,319)</u>	<u>-</u>	<u>-</u>	<u>140,034</u>
Net change in fund balance	5,432	(1,215)	7,870	(24,424)	2,347	27,111
FUND BALANCES, beginning of year	<u>94,131</u>	<u>1,398</u>	<u>159,901</u>	<u>7,703</u>	<u>(4,771)</u>	<u>235,897</u>
FUND BALANCES, end of year	<u>\$ 99,563</u>	<u>\$ 183</u>	<u>\$ 167,771</u>	<u>\$ (16,721)</u>	<u>\$ (2,424)</u>	<u>\$ 263,008</u>

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, 2014

	<u>Tax Increment District - Downtown</u>	<u>Tax Increment District - West End</u>	<u>Community Development</u>	<u>PERD</u>	<u>Health Insurance</u>	<u>Permissive Medical Levy</u>
REVENUES						
Taxes	\$ 227,537	\$ -	\$ -	\$ 51,723	\$ 131,111	\$ 255,705
Special assessments	14,694	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	43,267	-	29,716	2,705	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	4,240	1,001	-	33	417	126
Other	-	-	-	-	-	-
Total revenues	<u>289,738</u>	<u>1,001</u>	<u>29,716</u>	<u>54,461</u>	<u>131,528</u>	<u>255,831</u>
EXPENDITURES						
Current						
General government	27,635	-	-	39,452	19,454	31,934
Public safety	-	-	-	4,454	67,371	110,585
Public works	-	-	-	7,636	53,279	87,455
Public health	-	-	-	2,545	1,044	1,714
Culture and recreation	-	-	-	9,545	14,731	24,179
Capital outlay	97,875	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-	-
Total expenditures	<u>125,510</u>	<u>-</u>	<u>-</u>	<u>63,632</u>	<u>155,879</u>	<u>255,867</u>
Revenues over (under) expenditures	<u>164,228</u>	<u>1,001</u>	<u>29,716</u>	<u>(9,171)</u>	<u>(24,351)</u>	<u>(36)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	12,750	-	-	11,611	23,276	-
Transfers out	-	(204,106)	(28,837)	-	-	-
Long-term debt issued	-	-	-	-	-	-
Total other financing sources and uses	<u>12,750</u>	<u>(204,106)</u>	<u>(28,837)</u>	<u>11,611</u>	<u>23,276</u>	<u>-</u>
Net change in fund balances	176,978	(203,105)	879	2,440	(1,075)	(36)
FUND BALANCES, beginning of year	<u>623,510</u>	<u>201,106</u>	<u>(1,040)</u>	<u>14,399</u>	<u>150,477</u>	<u>36</u>
FUND BALANCES, end of year	<u>\$ 800,488</u>	<u>\$ (1,999)</u>	<u>\$ (161)</u>	<u>\$ 16,839</u>	<u>\$ 149,402</u>	<u>\$ -</u>

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, 2014

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Livingston Fire Dept/ Park County Rural Fire District Training Center</u>	<u>Impact Fees</u>	<u>S.I.D. Lighting</u>
REVENUES					
Taxes	\$ 84,932	\$ 81,075	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	137,488
Licenses and permits	-	-	-	-	-
Intergovernmental	181,359	267,233	-	-	-
Charges for services	-	-	-	88,187	-
Fines and forfeitures	-	-	-	-	-
Interest on investments	257	381	-	1,242	30
Other	-	-	31	-	-
Total revenues	<u>266,548</u>	<u>348,689</u>	<u>31</u>	<u>89,429</u>	<u>137,518</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	270,456	338,976	-	9,393	65,086
Public works	-	-	-	-	-
Public health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	7,504	11,271	61,199
Debt service					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
Total expenditures	<u>270,456</u>	<u>338,976</u>	<u>7,504</u>	<u>20,664</u>	<u>126,285</u>
Revenues over (under) expenditures	<u>(3,908)</u>	<u>9,713</u>	<u>(7,473)</u>	<u>68,765</u>	<u>11,233</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(3,908)	9,713	(7,473)	68,765	11,233
FUND BALANCES, beginning of year	<u>55,213</u>	<u>68,176</u>	<u>7,753</u>	<u>177,000</u>	<u>14,846</u>
FUND BALANCES, end of year	<u>\$ 51,305</u>	<u>\$ 77,889</u>	<u>\$ 280</u>	<u>\$ 245,765</u>	<u>\$ 26,079</u>

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, 2014

	<u>Parks Department</u>	<u>Law Enforcement</u>	<u>Gas Tax Apportionment</u>	<u>Summerfest</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	147,934	-
Charges for services	-	-	235	62,460
Fines and forfeitures	-	-	-	-
Interest on investments	2,364	41	202	224
Other	3,910	-	-	-
Total revenues	<u>6,274</u>	<u>41</u>	<u>148,371</u>	<u>62,684</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	146,655	-
Public health	-	-	-	-
Culture and recreation	2,916	-	-	54,539
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal fees	-	-	-	-
Total expenditures	<u>2,916</u>	<u>-</u>	<u>146,655</u>	<u>54,539</u>
Revenues over (under) expenditures	<u>3,358</u>	<u>41</u>	<u>1,716</u>	<u>8,145</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(24,303)
Long-term debt issued	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,303)</u>
Net change in fund balance	3,358	41	1,716	(16,158)
FUND BALANCES, beginning of year	<u>155,059</u>	<u>6,113</u>	<u>26,686</u>	<u>34,117</u>
FUND BALANCES, end of year	<u>\$ 158,417</u>	<u>\$ 6,154</u>	<u>\$ 28,402</u>	<u>\$ 17,959</u>

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, 2014

	<u>Sidewalks</u>	<u>Business Improvement District</u>	<u>Special Revenue Totals</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 974,153
Special assessments	9,150	42,954	204,286
Licenses and permits	-	-	-
Intergovernmental	-	-	957,636
Charges for services	-	-	463,072
Fines and forfeitures	-	-	5,541
Interest on investments	108	98	13,490
Other	-	-	29,531
Total revenues	<u>9,258</u>	<u>43,052</u>	<u>2,647,709</u>
EXPENDITURES			
Current			
General government	-	46,384	194,583
Public safety	-	-	1,416,281
Public works	-	-	376,432
Public health	-	-	6,899
Culture and recreation	-	-	507,038
Capital outlay	-	-	198,147
Debt service			
Principal	-	-	-
Interest and fiscal fees	-	-	-
Total expenditures	<u>-</u>	<u>46,384</u>	<u>2,699,380</u>
Revenues over (under) expenditures	<u>9,258</u>	<u>(3,332)</u>	<u>(51,671)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	446,548
Transfers out	(12,750)	-	(341,212)
Long-term debt issued	-	-	-
Total other financing sources and uses	<u>(12,750)</u>	<u>-</u>	<u>105,336</u>
Net change in fund balance	(3,492)	(3,332)	53,665
FUND BALANCES,			
beginning of year	<u>20,913</u>	<u>22,614</u>	<u>2,071,237</u>
FUND BALANCES,			
end of year	<u>\$ 17,421</u>	<u>\$ 19,282</u>	<u>\$ 2,124,902</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014

	<u>Fire Truck GO Bonds</u>	<u>2000 Fire Truck GO Bonds</u>	<u>West End Tax Increment District</u>	<u>S.I.D. Revolving</u>
REVENUES				
Taxes	\$ 1,077	\$ 36,920	\$ 122,374	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	19,784	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	41	104	1,112	316
Other	-	-	-	-
Total revenues	<u>1,118</u>	<u>37,024</u>	<u>143,270</u>	<u>316</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	30,000	48,000	-
Interest and fiscal fees	-	4,750	26,400	-
Total expenditures	<u>-</u>	<u>34,750</u>	<u>74,400</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,118</u>	<u>2,274</u>	<u>68,870</u>	<u>316</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	204,106	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>204,106</u>	<u>-</u>
Net change in fund balance	1,118	2,274	272,976	316
FUND BALANCES, beginning of year	<u>1,191</u>	<u>15,451</u>	<u>177,686</u>	<u>36,085</u>
FUND BALANCES, end of year	<u>\$ 2,309</u>	<u>\$ 17,725</u>	<u>\$ 450,662</u>	<u>\$ 36,401</u>

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, 2014

	<u>S.I.D. 178</u>	<u>S.I.D. 180</u>	<u>Debt Service Totals</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 160,371
Special assessments	10,643	4,835	15,478
Licenses and permits	-	-	-
Intergovernmental	-	-	19,784
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	78	-	1,651
Other	-	-	-
Total revenues	<u>10,721</u>	<u>4,835</u>	<u>197,284</u>
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Public health	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	5,000	-	83,000
Interest and fiscal fees	1,283	1,484	33,917
Total expenditures	<u>6,283</u>	<u>1,484</u>	<u>116,917</u>
Revenues over (under) expenditures	<u>4,438</u>	<u>3,351</u>	<u>80,367</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	204,106
Transfers out	-	-	-
Long-term debt issued	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>204,106</u>
Net change in fund balance	4,438	3,351	284,473
FUND BALANCES,			
beginning of year	<u>22,210</u>	<u>(31,225)</u>	<u>221,398</u>
FUND BALANCES,			
end of year	<u>\$ 26,648</u>	<u>\$ (27,874)</u>	<u>\$ 505,871</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014

	<u>Capital Improvements</u>	<u>Library Extension</u>	<u>Railroad Underpass</u>	<u>Capital Projects Totals</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 8,796	\$ 8,796
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	75,000	-	-	75,000
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	-	451	1,622	2,073
Other	140,501	-	-	140,501
Total revenues	<u>215,501</u>	<u>451</u>	<u>10,418</u>	<u>226,370</u>
EXPENDITURES				
Current				
General government	758	-	-	758
Public safety	-	-	-	-
Public works	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	104,864	4,860	35,826	145,550
Debt service				
Principal	-	-	-	-
Interest and fiscal fees	-	-	-	-
Total expenditures	<u>105,622</u>	<u>4,860</u>	<u>35,826</u>	<u>146,308</u>
Revenues over (under) expenditures	<u>109,879</u>	<u>(4,409)</u>	<u>(25,408)</u>	<u>80,062</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	109,879	(4,409)	(25,408)	80,062
FUND BALANCES, beginning of year	<u>(107,763)</u>	<u>48,444</u>	<u>384,429</u>	<u>325,110</u>
FUND BALANCES, end of year	<u>\$ 2,116</u>	<u>\$ 44,035</u>	<u>\$ 359,021</u>	<u>\$ 405,172</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014

	<u>Perpetual Cemetery Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Taxes	\$ -	\$ 1,143,320
Special assessments	-	219,764
Licenses and permits	-	-
Intergovernmental	-	1,052,420
Charges for services	2,700	465,772
Fines and forfeitures	-	5,541
Interest on investments	4,410	21,624
Other	-	170,032
	<u>7,110</u>	<u>3,078,473</u>
EXPENDITURES		
Current		
General government	-	195,341
Public safety	-	1,416,281
Public works	-	376,432
Public health	-	6,899
Culture and recreation	-	507,038
Capital outlay	-	343,697
Debt service		
Principal	-	83,000
Interest and fiscal fees	-	33,917
	<u>-</u>	<u>2,962,605</u>
Total expenditures	<u>-</u>	<u>2,962,605</u>
Revenues over (under) expenditures	<u>7,110</u>	<u>115,868</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	650,654
Transfers out	(4,409)	(345,621)
Long-term debt issued	-	-
	<u>(4,409)</u>	<u>305,033</u>
Total other financing sources and uses	<u>(4,409)</u>	<u>305,033</u>
Net change in fund balance	2,701	420,901
FUND BALANCES, beginning of year	<u>223,967</u>	<u>2,841,712</u>
FUND BALANCES, end of year	<u>\$ 226,668</u>	<u>\$ 3,262,613</u>

See the Independent Auditors' Report.

BUDGET TO ACTUAL SCHEDULES – OTHER MAJOR FUNDS

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE - OTHER MAJOR FUNDS
S.I.D. 179
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
	\$	\$	\$	\$
Budgetary fund balance, July 1	12,120	12,120	12,120	-
Resources (inflows):				
Taxes	-	-	-	-
Special assessments	34,534	34,534	34,434	(100)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest on investments	-	-	95	95
Transfers from other funds	-	-	-	-
Other	-	-	-	-
	<u>46,654</u>	<u>46,654</u>	<u>46,649</u>	<u>(5)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	33,665	33,665	32,663	1,002
Transfers to other funds	-	-	-	-
	<u>33,665</u>	<u>33,665</u>	<u>32,663</u>	<u>1,002</u>
Total charges to appropriations				
Budgetary fund balance, June 30	<u>\$ 12,989</u>	<u>\$ 12,989</u>	<u>\$ 13,986</u>	<u>\$ 997</u>

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
BUDGETARY COMPARISON SCHEDULE
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures
Year Ended June 30, 2014

	<u>S.I.D.</u> <u>179</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 46,649
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.	<u>(12,120)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 34,529</u></u>
 Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	<u>\$ 32,663</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 32,663</u></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, 2014

	Comprehensive Liability Insurance			Soccer Fields		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 45,351	52,392	7,041	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	232	232	200	8	(192)
Other	-	-	-	20,000	19,075	(925)
Total revenues	45,351	52,624	7,273	20,200	19,083	(1,117)
EXPENDITURES - BUDGET UNIT	257,500	238,172	19,328	20,300	20,298	2
Revenues over (under) expenditures	(212,149)	(185,548)	26,601	(100)	(1,215)	(1,115)
OTHER FINANCING SOURCES (USES)						
Transfers in	190,980	190,980	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	190,980	190,980	-	-	-	-
Revenues and other sources over (under) expenditures	<u>(21,169)</u>	5,432	<u>26,601</u>	<u>(100)</u>	(1,215)	<u>(1,115)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>94,131</u>			<u>1,398</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 99,563</u>			<u>\$ 183</u>	

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, 2014**

	<u>Library</u>			<u>Emergency/Disaster</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	\$ 82,783	87,331	4,548	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	279,515	285,422	5,907	-	-	-
Charges for services	4,900	5,630	730	25,000	5,426	(19,574)
Fines and forfeitures	4,750	3,966	(784)	-	-	-
Interest on investments	1,000	946	(54)	-	19	19
Other	3,700	6,515	2,815	-	-	-
Total revenues	<u>376,648</u>	<u>389,810</u>	<u>13,162</u>	<u>25,000</u>	<u>5,445</u>	<u>(19,555)</u>
EXPENDITURES - BUDGET UNIT	<u>398,139</u>	<u>378,621</u>	<u>19,518</u>	<u>29,870</u>	<u>29,869</u>	<u>1</u>
Revenues over (under) expenditures	<u>(21,491)</u>	<u>11,189</u>	<u>32,680</u>	<u>(4,870)</u>	<u>(24,424)</u>	<u>(19,554)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	30,000	27,500	(2,500)	-	-	-
Transfers out	(30,819)	(30,819)	-	-	-	-
Total other financing sources (uses)	<u>(819)</u>	<u>(3,319)</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u><u>(22,310)</u></u>	<u>7,870</u>	<u><u>30,180</u></u>	<u><u>(4,870)</u></u>	<u>(24,424)</u>	<u><u>(19,554)</u></u>
FUND BALANCE (DEFICIT), beginning of year		<u>159,901</u>			<u>7,703</u>	
FUND BALANCE (DEFICIT), end of year		<u><u>\$ 167,771</u></u>			<u><u>\$ (16,721)</u></u>	

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, 2014

	<u>Health-Sanitarian</u>			<u>Dispatch/Communication</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	\$ -	2,347	2,347	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	301,130	301,134	4
Fines and forfeitures	-	-	-	1,500	1,575	75
Interest on investments	-	-	-	1,500	1,521	21
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>2,347</u>	<u>2,347</u>	<u>304,130</u>	<u>304,230</u>	<u>100</u>
EXPENDITURES - BUDGET UNIT	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,926</u>	<u>417,153</u>	<u>87,773</u>
Revenues over (under) expenditures	<u>-</u>	<u>2,347</u>	<u>2,347</u>	<u>(200,796)</u>	<u>(112,923)</u>	<u>87,873</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	180,431	180,431	-
Transfers out	-	-	-	-	(40,397)	(40,397)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,431</u>	<u>140,034</u>	<u>(40,397)</u>
Revenues and other sources over (under) expenditures	<u><u>-</u></u>	<u>2,347</u>	<u><u>2,347</u></u>	<u><u>(20,365)</u></u>	<u>27,111</u>	<u><u>47,476</u></u>
FUND BALANCE (DEFICIT), beginning of year		<u>(4,771)</u>			<u>235,897</u>	
FUND BALANCE (DEFICIT), end of year		<u><u>\$ (2,424)</u></u>			<u><u>\$ 263,008</u></u>	

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, 2014**

	<u>Tax Increment District - Downtown</u>			<u>Tax Increment District - West End</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	\$ 165,455	227,537	62,082	\$ -	-	-
Special assessments	-	14,694	14,694	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	13,941	43,267	29,326	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	3,000	4,240	1,240	1,500	1,001	(499)
Other	-	-	-	-	-	-
Total revenues	<u>182,396</u>	<u>289,738</u>	<u>107,342</u>	<u>1,500</u>	<u>1,001</u>	<u>(499)</u>
EXPENDITURES - BUDGET UNIT	<u>201,460</u>	<u>125,510</u>	<u>75,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(19,064)</u>	<u>164,228</u>	<u>183,292</u>	<u>1,500</u>	<u>1,001</u>	<u>(499)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	12,750	12,750	-	-	-
Transfers out	-	-	-	(204,106)	(204,106)	-
Total other financing sources (uses)	<u>-</u>	<u>12,750</u>	<u>12,750</u>	<u>(204,106)</u>	<u>(204,106)</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u><u>(19,064)</u></u>	<u>176,978</u>	<u><u>196,042</u></u>	<u><u>(202,606)</u></u>	<u>(203,105)</u>	<u><u>(499)</u></u>
FUND BALANCE (DEFICIT), beginning of year		<u>623,510</u>			<u>201,106</u>	
FUND BALANCE (DEFICIT), end of year		<u><u>\$ 800,488</u></u>			<u><u>\$ (1,999)</u></u>	

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, 2014**

	Community Development			PERD		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ 49,385	51,723	2,338
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	29,715	29,716	1	2,500	2,705	205
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	-	-	-	33	33
Other	-	-	-	-	-	-
Total revenues	<u>29,715</u>	<u>29,716</u>	<u>1</u>	<u>51,885</u>	<u>54,461</u>	<u>2,576</u>
EXPENDITURES - BUDGET UNIT	<u>29,715</u>	<u>-</u>	<u>29,715</u>	<u>63,633</u>	<u>63,632</u>	<u>1</u>
Revenues over (under) expenditures	<u>-</u>	<u>29,716</u>	<u>29,716</u>	<u>(11,748)</u>	<u>(9,171)</u>	<u>2,577</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	11,611	11,611	-
Transfers out	<u>(28,837)</u>	<u>(28,837)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(28,837)</u>	<u>(28,837)</u>	<u>-</u>	<u>11,611</u>	<u>11,611</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>(28,837)</u>	879	<u>29,716</u>	<u>(137)</u>	2,440	<u>2,577</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(1,040)</u>			<u>14,399</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ (161)</u>			<u>\$ 16,839</u>	

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, 2014**

	Health Insurance			Permissive Medical Levy		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ 122,309	131,111	8,802	\$ 246,362	255,705	9,343
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	100	417	317	-	126	126
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	122,409	131,528	9,119	246,362	255,831	9,469
EXPENDITURES - BUDGET						
UNIT	178,355	155,879	22,476	255,867	255,867	-
Revenues over (under) expenditures	(55,946)	(24,351)	31,595	(9,505)	(36)	9,469
OTHER FINANCING SOURCES						
Transfers in	23,276	23,276	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	23,276	23,276	-	-	-	-
Revenues and other sources over (under) expenditures	(32,670)	(1,075)	31,595	(9,505)	(36)	9,469
FUND BALANCE (DEFICIT), beginning of year		150,477			36	
FUND BALANCE (DEFICIT), end of year		\$ 149,402			\$ -	

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, 2014

	<u>Police Pension</u>			<u>Fire Pension</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	\$ 80,438	84,932	4,494	\$ 77,333	81,075	3,742
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	182,330	181,359	(971)	250,000	267,233	17,233
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	200	257	57	400	381	(19)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>262,968</u>	<u>266,548</u>	<u>3,580</u>	<u>327,733</u>	<u>348,689</u>	<u>20,956</u>
EXPENDITURES - BUDGET						
UNIT	<u>277,602</u>	<u>270,456</u>	<u>7,146</u>	<u>348,413</u>	<u>338,976</u>	<u>9,437</u>
Revenues over (under) expenditures	<u>(14,634)</u>	<u>(3,908)</u>	<u>10,726</u>	<u>(20,680)</u>	<u>9,713</u>	<u>30,393</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>(14,634)</u>	<u>(3,908)</u>	<u>10,726</u>	<u>(20,680)</u>	<u>9,713</u>	<u>30,393</u>
FUND BALANCE (DEFICIT), beginning of year		<u>55,213</u>			<u>68,176</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 51,305</u>			<u>\$ 77,889</u>	

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, 2014**

Livingston Fire Dept/Park County Rural Fire District Training Center			
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	-	-
Special assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	-	-	-
Loan repayment	-	-	-
Other	-	31	31
	-	31	31
Total revenues	-	31	31
EXPENDITURES - BUDGET UNIT	7,505	7,504	1
Revenues over (under) expenditures	(7,505)	(7,473)	32
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total other financing sources	-	-	-
Revenues and other sources over (under) expenditures	(7,505)	(7,473)	32
FUND BALANCE (DEFICIT), beginning of year		7,753	
FUND BALANCE (DEFICIT), end of year		\$ 280	

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, 2014

	Impact Fees			S.I.D. Lighting		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	139,750	137,488	(2,262)
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	20,500	88,187	67,687	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	-	1,242	1,242	250	30	(220)
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	20,500	89,429	68,929	140,000	137,518	(2,482)
EXPENDITURES - BUDGET						
UNIT	196,500	20,664	175,836	126,300	126,285	15
Revenues over (under) expenditures	(176,000)	68,765	244,765	13,700	11,233	(2,467)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	(176,000)	68,765	244,765	13,700	11,233	(2,467)
FUND BALANCE (DEFICIT), beginning of year		177,000			14,846	
FUND BALANCE (DEFICIT), end of year		\$ 245,765			\$ 26,079	

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, 2014

	Parks Department			Law Enforcement		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	3,000	2,364	(636)	-	41	41
Loan repayment	-	-	-	-	-	-
Other	1,000	3,910	2,910	4,000	-	(4,000)
Total revenues	4,000	6,274	2,274	4,000	41	(3,959)
EXPENDITURES - BUDGET						
UNIT	129,400	2,916	126,484	10,000	-	10,000
Revenues over (under) expenditures	(125,400)	3,358	128,758	(6,000)	41	6,041
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Revenues and other sources over (under) expenditures	(125,400)	3,358	128,758	(6,000)	41	6,041
FUND BALANCE (DEFICIT), beginning of year		155,059			6,113	
FUND BALANCE (DEFICIT), end of year		\$ 158,417			\$ 6,154	

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, 2014

	Gas Tax Apportionment			Summerfest		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	148,500	147,934	(566)	-	-	-
Charges for services	-	235	235	70,000	62,460	(7,540)
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	100	202	102	150	224	74
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	148,600	148,371	(229)	70,150	62,684	(7,466)
EXPENDITURES - BUDGET						
UNIT	146,660	146,655	5	68,071	54,539	13,532
Revenues over (under) expenditures	1,940	1,716	(224)	2,079	8,145	6,066
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(20,000)	-	20,000
Total other financing sources	-	-	-	(20,000)	-	20,000
Revenues and other sources over (under) expenditures	1,940	1,716	(224)	(17,921)	8,145	26,066
FUND BALANCE (DEFICIT), beginning of year		26,686			34,117	
FUND BALANCE (DEFICIT), end of year		\$ 28,402			\$ 42,262	

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, 2014

	Sidewalks			Business Improvement District		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	8,551	9,150	599	45,000	42,954	(2,046)
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest on investments	100	108	8	-	98	98
Loan repayment	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	8,651	9,258	607	45,000	43,052	(1,948)
EXPENDITURES - BUDGET						
UNIT	22,500	-	22,500	44,050	46,384	(2,334)
Revenues over (under) expenditures	(13,849)	9,258	23,107	950	(3,332)	(4,282)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Transfers out	-	(12,750)	(12,750)	-	-	-
Total other financing sources	-	(12,750)	(12,750)	-	-	-
Revenues and other sources over (under) expenditures	(13,849)	(3,492)	10,357	950	(3,332)	(4,282)
FUND BALANCE (DEFICIT), beginning of year		20,913			22,614	
FUND BALANCE (DEFICIT), end of year		\$ 17,421			\$ 19,282	

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, 2014

	Total		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 869,416	974,153	104,737
Special assessments	193,301	204,286	10,985
Licenses and permits	-	-	-
Intergovernmental	906,501	957,636	51,135
Charges for services	421,530	463,072	41,542
Fines and forfeitures	6,250	5,541	(709)
Interest on investments	11,500	13,490	1,990
Loan repayment	-	-	-
Other	28,700	29,531	831
Total revenues	<u>2,437,198</u>	<u>2,647,709</u>	<u>210,511</u>
EXPENDITURES - BUDGET			
UNIT	<u>3,316,766</u>	<u>2,699,380</u>	<u>617,386</u>
Revenues over (under) expenditures	<u>(879,568)</u>	<u>(51,671)</u>	<u>827,897</u>
OTHER FINANCING SOURCES			
Transfers in	436,298	446,548	10,250
Transfers out	<u>(283,762)</u>	<u>(341,212)</u>	<u>(57,450)</u>
Total other financing sources	<u>152,536</u>	<u>105,336</u>	<u>(47,200)</u>
Revenues and other sources over (under) expenditures	<u><u>(727,032)</u></u>	53,665	<u><u>780,697</u></u>
FUND BALANCE (DEFICIT), beginning of year		<u>2,071,237</u>	
FUND BALANCE (DEFICIT), end of year		<u><u>\$ 2,124,902</u></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, 2014

	Fire Truck GO Bonds			2000 Fire Truck GO Bonds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ -	1,077	1,077	\$ 35,205	36,920	1,715
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	41	41	150	104	(46)
Other	-	-	-	-	-	-
Total revenue	-	1,118	1,118	35,355	37,024	1,669
EXPENDITURES						
Debt service						
Principal	-	-	-	30,000	30,000	-
Interest and fiscal fees	-	-	-	5,400	4,750	650
Total expenditures	-	-	-	35,400	34,750	650
Revenues over (under) expenditures	-	1,118	1,118	(45)	2,274	2,319
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	1,118	1,118	(45)	2,274	2,319
FUND BALANCE (DEFICIT), beginning of year		1,191			15,451	
FUND BALANCE (DEFICIT), end of year		\$ 2,309			\$ 17,725	

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, 2014**

	<u>West End Tax Increment District</u>			<u>S.I.D. Revolving</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
Taxes	\$ 80,000	122,374	42,374	\$ -	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	13,189	19,784	6,595	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	150	1,112	962	500	316	(184)
Other	-	-	-	340	-	(340)
Total revenue	<u>93,339</u>	<u>143,270</u>	<u>49,931</u>	<u>840</u>	<u>316</u>	<u>(524)</u>
EXPENDITURES						
Debt service						
Principal	48,000	48,000	-	-	-	-
Interest and fiscal fees	27,400	26,400	1,000	-	-	-
Total expenditures	<u>75,400</u>	<u>74,400</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>17,939</u>	<u>68,870</u>	<u>50,931</u>	<u>840</u>	<u>316</u>	<u>(524)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	204,106	204,106	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>204,106</u>	<u>204,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>222,045</u>	<u>272,976</u>	<u>50,931</u>	<u>840</u>	<u>316</u>	<u>(524)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>177,686</u>			<u>36,085</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 450,662</u>			<u>\$ 36,401</u>	

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, 2014**

	<u>S.I.D. 178</u>			<u>S.I.D. 180</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Taxes	\$ -	-	-	\$ -	-	-
Special assessments	10,371	10,643	272	4,847	4,835	(12)
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	100	78	(22)	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>10,471</u>	<u>10,721</u>	<u>250</u>	<u>4,847</u>	<u>4,835</u>	<u>(12)</u>
EXPENDITURES						
Debt service						
Principal	5,000	5,000	-	4,600	-	4,600
Interest and fiscal fees	<u>2,000</u>	<u>1,283</u>	<u>717</u>	<u>1,500</u>	<u>1,484</u>	<u>16</u>
Total expenditures	<u>7,000</u>	<u>6,283</u>	<u>717</u>	<u>6,100</u>	<u>1,484</u>	<u>4,616</u>
Revenues over (under) expenditures	<u>3,471</u>	<u>4,438</u>	<u>967</u>	<u>(1,253)</u>	<u>3,351</u>	<u>4,604</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>3,471</u>	<u>4,438</u>	<u>967</u>	<u>(1,253)</u>	<u>3,351</u>	<u>4,604</u>
FUND BALANCE (DEFICIT), beginning of year		<u>22,210</u>			<u>(31,225)</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 26,648</u>			<u>\$ (27,874)</u>	

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, 2014**

	Total		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Taxes	\$ 115,205	160,371	45,166
Special assessments	15,218	15,478	260
Intergovernmental	13,189	19,784	6,595
Charges for services	-	-	-
Interest on investments	900	1,651	751
Other	340	-	(340)
Total revenue	<u>144,852</u>	<u>197,284</u>	<u>52,432</u>
EXPENDITURES			
Debt service			
Principal	87,600	83,000	4,600
Interest and fiscal fees	36,300	33,917	2,383
Total expenditures	<u>123,900</u>	<u>116,917</u>	<u>6,983</u>
Revenues over (under) expenditures	<u>20,952</u>	<u>80,367</u>	<u>59,415</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	204,106	204,106	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>204,106</u>	<u>204,106</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>225,058</u>	284,473	<u>59,415</u>
FUND BALANCE (DEFICIT), beginning of year		<u>221,398</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 505,871</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, 2014

	<u>Capital Improvements</u>			<u>Library Extension</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	\$ -	-	-	\$ -	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	-	75,000	75,000	-	-	-
Charges for services	-	-	-	-	-	-
Interest on investments	-	-	-	300	451	151
Other	150,000	140,501	(9,499)	-	-	-
Total revenue	<u>150,000</u>	<u>215,501</u>	<u>65,501</u>	<u>300</u>	<u>451</u>	<u>151</u>
EXPENDITURES						
Current - General Government	-	758	(758)	-	-	-
Capital outlay	150,000	104,864	45,136	4,860	4,860	-
Total expenditures	<u>150,000</u>	<u>105,622</u>	<u>44,378</u>	<u>4,860</u>	<u>4,860</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>109,879</u>	<u>109,879</u>	<u>(4,560)</u>	<u>(4,409)</u>	<u>151</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 and other uses	<u>-</u>	<u>109,879</u>	<u>109,879</u>	<u>(4,560)</u>	<u>(4,409)</u>	<u>151</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(107,763)</u>			<u>48,444</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 2,116</u>			<u>\$ 44,035</u>	

See the Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
CAPITAL PROJECT FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2014

	<u>Railroad Underpass</u>			<u>Total</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	\$ -	8,796	8,796	\$ -	8,796	8,796
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	75,000	75,000
Charges for services	-	-	-	-	-	-
Interest on investments	1,750	1,622	(128)	2,050	2,073	23
Other	-	-	-	150,000	140,501	(9,499)
Total revenue	<u>1,750</u>	<u>10,418</u>	<u>8,668</u>	<u>152,050</u>	<u>226,370</u>	<u>74,320</u>
EXPENDITURES						
Current - General government	-	-	-	-	758	(758)
Capital outlay	385,262	35,826	349,436	540,122	145,550	394,572
Total expenditures	<u>385,262</u>	<u>35,826</u>	<u>349,436</u>	<u>540,122</u>	<u>146,308</u>	<u>393,814</u>
Revenues over (under) expenditures	<u>(383,512)</u>	<u>(25,408)</u>	<u>358,104</u>	<u>(388,072)</u>	<u>80,062</u>	<u>468,134</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 and other uses	<u>(383,512)</u>	<u>(25,408)</u>	<u>358,104</u>	<u>(388,072)</u>	<u>80,062</u>	<u>468,134</u>
FUND BALANCE (DEFICIT), beginning of year		<u>384,429</u>			<u>325,110</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 359,021</u>			<u>\$ 405,172</u>	

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, 2014**

	Cemetery Perpetual Care		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	-	-
Special assessments	-	-	-
Intergovernmental	-	-	-
Charges for services	-	2,700	2,700
Interest on investments	10,000	4,410	(5,590)
Other	1,500	-	(1,500)
	<u>11,500</u>	<u>7,110</u>	<u>(4,390)</u>
Total revenue			
	<u>11,500</u>	<u>7,110</u>	<u>(4,390)</u>
EXPENDITURES			
Current - General government	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures			
	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>11,500</u>	<u>7,110</u>	<u>(4,390)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(10,000)	(4,409)	5,591
	<u>(10,000)</u>	<u>(4,409)</u>	<u>5,591</u>
Total other financing sources (uses)			
	<u>(10,000)</u>	<u>(4,409)</u>	<u>5,591</u>
Revenues and other sources over (under) expenditures and other uses	<u>1,500</u>	<u>2,701</u>	<u>1,201</u>
FUND BALANCE (DEFICIT), beginning of year		<u>223,967</u>	
FUND BALANCE (DEFICIT), end of year		<u>\$ 226,668</u>	

See Independent Auditors' Report.

AGENCY FUNDS STATEMENTS

CITY OF LIVINGSTON, MONTANA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

	<u>Payroll</u> <u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 34,254
Prepaid health insurance	<u>63,121</u>
Total assets	<u><u>\$ 97,375</u></u>
LIABILITIES	
Accounts payable	\$ 97,188
Other	<u>187</u>
Total liabilities	<u><u>\$ 97,375</u></u>

See Independent Auditors' Report.

CITY OF LIVINGSTON, MONTANA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2014

	Payroll Agency			
	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	
ASSETS				
Cash and cash equivalents	\$ 21,246	\$ 13,008	\$ -	\$ 34,254
Prepaid health insurance	63,121	-	-	63,121
Total assets	<u>\$ 84,367</u>	<u>\$ 13,008</u>	<u>\$ -</u>	<u>\$ 97,375</u>
LIABILITIES				
Accounts payable	\$ 84,138	\$ 13,050	\$ -	97,188
Other	229	-	(42)	187
Total liabilities	<u>\$ 84,367</u>	<u>\$ 13,050</u>	<u>\$ (42)</u>	<u>\$ 97,375</u>

See Independent Auditors' Report.

E. REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS



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

Honorable Mayor, City Commissioners, and City Manager of the
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, 2014, 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 January 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies (2014-I-1).



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Livingston'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2014-C-1.

We noted certain matters that we reported to management of the City in a separate letter dated January 6, 2015.

City's Responses to Findings

The City of Livingston, Montana's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended 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

January 6, 2015

CITY OF LIVINGSTON, MONTANA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014

2014-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: Two funds were budgeted for continuing deficits at June 30, 2014. S.I.D. 180 debt service fund had a final budgeted deficit fund balance of \$32,478 (opening deficit fund balance of \$31,225 plus budgeted deficit of \$1,253) and Solid Waste fund had a final budgeted deficit for the year of \$128,038.

Effect: There is continued deficit spending in the two funds.

Cause: The deficit in S.I.D. 180 is the result of the method in which the City elected to finance the improvements. The deficit in the Solid Waste fund appears to be the result of historically inadequate rate increases in that enterprise fund.

Recommendation: The City needs to eliminate the deficits in the two funds.

Response: We concur. The deficit in the S.I.D. 180 Fund could be eliminated by incurring external debt, which would increase costs to the City and its taxpayers through debt service payments to a third party. The City has chosen to avoid the increased costs and eliminate the deficit over time, as assessments are collected. In respect to the Solid Waste Fund, the City Commission passed rate increases in fiscal year 2014 and has accepted a 5-year CIP which contains recommended rate changes that, if enacted, will prevent this problem in the future. Furthermore, the City has recently signed a contract with Park County for the disposal of their solid waste. This contract is expected to generate additional income to the fund.

2014-I-1 Criteria: There should be adequate segregation of duties with regard to cash receipts for all billing and sales done through the Utility Department.

Condition: Only one person is involved with the revenue/receipt transaction cycle for miscellaneous receivable utility billing. Also, for some sales, the subsidiary ledger is not reconciled to revenue recorded in the general ledger.

Effect: There is a significant deficiency in internal control with regard to certain cash receipts at the Utility Department.

Cause: Miscellaneous utility invoices are created manually (rather than through Black Mountain), so they are not captured in the accounting software until the invoice is paid; the subsidiary ledgers for cemetery plot and transfer station sales are not reconciled on a regular basis.

Recommendation: To alleviate this deficiency, the City could either purchase additional software (a specific module) or segregate the duties (one individual would do the miscellaneous utility billing and the receipts would come to another individual to reconcile against the billing). The City has the option to purchase a module through the existing software system, but the City Finance Director is waiting to evaluate its cost effectiveness before purchasing. Additionally, subsidiary sales ledgers should be reconciled to revenues recorded.

Response: We have purchased an accounting module in July of 2014 to alleviate this concern. While this has not been implemented at the time of the audit, we do anticipate full implementation of this module during Fiscal Year 2015.

**CITY OF LIVINGSTON
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2014**

The results of our tests disclosed the following instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, which were required to be reported under *Government Auditing Standards* as of June 30, 2013.

2013-C-1 Criteria: In accordance with Montana Code Annotated (MCA) 7-6-207(2), the governing body shall accept and approve and make a complete minute entry of the acceptance and approval of pledged securities at least quarterly.

Condition: The City implemented this procedure last year and recorded approval of the pledged securities for the first quarter of fiscal year 2013. However, it was then moved to a supplemental council agenda item, which does not result in a complete minute entry of the acceptance and approval of pledged securities.

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

Cause: The City Council was accepting and approving the pledged securities quarterly, but was not recording a complete minute entry of the acceptance and approval.

Recommendation: The City Council should record a complete minute entry of the acceptance and approval of the pledged securities at least quarterly.

Status: This was corrected in fiscal year 2014 and the City is now in compliance with MCA 7-6-207(2).

2013-C-2 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: Two funds were budgeted for continuing deficits at June 30, 2013. S.I.D. 180 debt service fund had a final budgeted deficit fund balance of \$35,809 (opening deficit fund balance of \$34,465 plus budgeted deficit of \$1,344) and Solid Waste fund had a final budgeted deficit for the year of \$130,272.

Effect: There is continued deficit spending in the two funds.

Cause: The deficit in S.I.D. 180 is the result of the method in which the City elected to finance the improvements. The deficit in the Solid Waste fund appears to be the result of historically inadequate rate increases in that enterprise fund.

Recommendation: The City needs to eliminate the deficits in the two funds.

Status: See current year finding 2014-C-1.

CITY OF LIVINGSTON
STATUS OF PRIOR YEAR FINDINGS (Continued)
JUNE 30, 2014

2013-I-1

Criteria: There should be adequate segregation of duties with regard to cash receipts for all billing and sales done through the Utility Department.

Condition: Only one person is involved with the revenue/receipt transaction cycle for miscellaneous receivable utility billing. Also, for some sales, the subsidiary ledger is not reconciled to revenue recorded in the general ledger.

Effect: There is a significant deficiency in internal control with regard to certain cash receipts at the Utility Department.

Cause: Utility invoices are created manually (rather than through Black Mountain), so they are not captured in the accounting software until the invoice is paid; the subsidiary ledger for cemetery plot sales is not reconciled on a regular basis.

Recommendation: Utility invoices should be processed through Black Mountain software so they are tracked in the accounting software as soon as they are created. Also, subsidiary sales ledgers should be reconciled to revenues recorded.

Status: See current year finding 2014-I-1.

PART III

STATISTICAL SECTION

Statistical Section

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time	III-1
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	III-6
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	III-12
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	III-17
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	III-19

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

Note: The City of Livingston implemented GASB Statement 34 in Fiscal Year 2002, therefore the data for prior years are not shown; schedules presenting government-wide information include information beginning in that year.

FINANCIAL TRENDS 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

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 4,471,949	\$ 4,265,153	\$ 3,588,429	\$ 3,628,235	\$ 4,791,902	\$ 5,250,251	\$ 6,078,018	\$ 6,345,938	\$ 7,055,867	\$ 7,917,516
Nonspendable - Cemetery perpetual care	213,458	223,930	229,744	241,412	240,728	242,403	213,093	223,302	219,534	222,258
Restricted for General Government	-	-	-	-	-	-	257,535	-	-	-
Restricted for Public Works	1,522	-	-	-	20,867	27,409	169,005	195,117	203,686	274,167
Restricted for Public Safety	-	-	-	-	-	-	-	-	7,753	280
Restricted for Culture and Recreation	-	-	-	-	-	-	-	-	129,183	137,058
Restricted for Debt Service	-	77,475	98,667	98,667	98,667	119,647	147,350	185,384	227,928	111,547
Unrestricted - Long-term Receivable	-	-	-	-	-	-	131,465	131,465	123,333	109,463
Unrestricted	2,772,759	1,994,156	3,218,634	3,418,458	2,779,245	3,345,619	3,150,717	3,798,037	3,848,976	3,944,824
Total governmental activities	<u>\$ 7,459,688</u>	<u>\$ 6,560,714</u>	<u>\$ 7,135,474</u>	<u>\$ 7,386,772</u>	<u>\$ 7,931,409</u>	<u>\$ 8,985,329</u>	<u>\$ 10,147,183</u>	<u>\$ 10,879,243</u>	<u>\$ 11,816,260</u>	<u>\$ 12,717,113</u>
Business-type activities										
Net investment in capital assets	8,343,381	11,063,206	10,763,846	12,769,964	12,763,957	13,569,445	13,516,375	14,152,599	14,659,760	15,199,573
Restricted for Debt Service	49,524	118,831	244,469	244,469	244,469	275,302	-	264,538	264,538	297,373
Unrestricted	1,531,329	1,501,878	2,230,961	327,198	507,647	615,639	1,030,158	663,525	558,508	274,064
Total business-type activities	<u>\$ 9,924,234</u>	<u>\$ 12,683,915</u>	<u>\$ 13,239,276</u>	<u>\$ 13,341,631</u>	<u>\$ 13,516,073</u>	<u>\$ 14,460,386</u>	<u>\$ 14,546,533</u>	<u>\$ 15,080,662</u>	<u>\$ 15,482,806</u>	<u>\$ 15,771,010</u>
Primary government										
Net investment in capital assets	12,815,330	15,328,359	14,352,275	16,398,199	17,555,859	18,819,696	19,594,393	20,498,537	21,715,627	23,117,089
Nonspendable - Cemetery perpetual care	213,458	223,930	229,744	241,412	240,728	242,403	213,093	223,302	219,534	222,258
Restricted for General Government	-	-	-	-	-	-	257,535	-	-	-
Restricted for Public Works	1,522	-	-	-	20,867	27,409	169,005	195,117	203,686	274,167
Restricted for Public Safety	-	-	-	-	-	-	-	-	7,753	280
Restricted for Culture and Recreation	-	-	-	-	-	-	-	-	129,183	137,058
Restricted for Debt Service	49,524	196,306	343,136	343,136	343,136	394,949	147,350	449,922	492,466	408,920
Unrestricted - Long-term Receivable	-	-	-	-	-	-	131,465	131,465	123,333	109,463
Unrestricted	4,304,088	3,496,034	5,449,595	3,745,656	3,286,892	3,961,258	4,180,875	4,461,562	4,407,484	4,218,888
Total primary government net position	<u>\$ 17,383,922</u>	<u>\$ 19,244,629</u>	<u>\$ 20,374,750</u>	<u>\$ 20,728,403</u>	<u>\$ 21,447,482</u>	<u>\$ 23,445,715</u>	<u>\$ 24,693,716</u>	<u>\$ 25,959,905</u>	<u>\$ 27,299,066</u>	<u>\$ 28,488,123</u>

Unaudited statistical section.

CITY OF LIVINGSTON
CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 692,795	\$ 622,318	\$ 671,976	\$ 723,174	\$ 746,860	\$ 749,152	\$ 1,031,773	\$ 1,122,470	\$ 1,135,135	\$ 1,193,800
Public Safety	2,248,565	2,494,485	2,759,316	2,957,488	2,753,670	2,944,873	3,098,097	3,015,754	3,152,724	3,322,504
Public Works	606,375	704,441	811,629	868,198	956,690	763,844	941,905	1,089,382	1,021,021	1,075,975
Public Health	34,888	29,989	30,739	31,590	33,215	80,401	96,381	98,443	116,736	112,524
Social and economic services	5,839	35,606	10,010	10,010	10,010	-	-	-	-	-
Culture and recreation	807,294	841,903	943,173	869,470	890,856	953,065	976,499	965,639	996,843	970,960
Housing and community development	79,208	170,622	38,833	41,600	86,383	-	-	-	-	-
Other current charges	9,488	32,545	8,670	12,372	14,689	-	-	-	-	-
Interest on long-term debt	56,792	61,005	144,559	103,560	101,882	85,257	71,427	77,361	50,831	49,771
Total governmental activities expenses	\$ 4,541,244	\$ 4,992,914	\$ 5,418,905	\$ 5,617,462	\$ 5,594,255	\$ 5,576,592	\$ 6,216,082	\$ 6,369,049	\$ 6,473,290	\$ 6,725,534
Business-type activities:										
Water	911,381	932,682	964,522	1,011,047	1,009,865	962,942	1,009,560	1,049,151	1,075,920	1,181,411
Wastewater	937,757	1,013,923	1,038,329	1,183,068	1,320,939	1,348,657	1,425,800	1,521,606	1,477,751	1,663,023
Solid waste	809,811	933,490	985,597	1,013,026	1,135,456	1,057,280	947,897	1,039,317	1,320,116	1,641,254
Ambulance	577,736	580,004	594,925	575,478	571,103	623,264	1,059,037	613,363	636,765	660,829
Wind Farm	566	-	-	546	-	-	-	-	-	-
Total business-type activities expenses	3,237,251	3,460,099	3,583,373	3,783,165	4,037,363	3,992,143	4,442,294	4,223,437	4,510,552	5,146,517
Total primary government net assets	\$ 7,778,495	\$ 8,453,013	\$ 9,002,278	\$ 9,400,627	\$ 9,631,618	\$ 9,568,735	\$ 10,658,376	\$ 10,592,486	\$ 10,983,842	\$ 11,872,051
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	277,823	315,552	228,387	296,195	266,869	156,540	161,749	161,870	165,481	188,666
Public Safety	480,162	504,975	461,536	347,978	327,994	367,608	390,667	434,824	418,833	396,905
Public Service	507,365	517,093	576,027	831,932	861,023	979,448	1,517,435	941,032	1,181,471	1,278,691
Social and economic services	-	4,808	30,362	19,560	10,021	-	-	-	-	-
Culture and recreation	111,076	114,751	99,146	90,823	90,190	100,514	105,748	116,791	113,506	104,158
Operating Grants and Contributions	773,560	1,014,182	910,113	903,914	838,060	758,947	782,756	831,849	799,383	832,410
Capital Grants and Contributions	1,521,908	-	203,013	-	2,054	310,688	396,285	165,707	174,399	258,531
Total governmental activities program revenues	\$ 3,671,894	\$ 2,471,361	\$ 2,508,584	\$ 2,490,402	\$ 2,396,211	\$ 2,673,745	\$ 3,354,640	\$ 2,652,073	\$ 2,853,073	\$ 3,059,361

Unaudited statistical section.

CITY OF LIVINGSTON
CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for Services:										
Water	885,515	1,156,550	1,083,081	1,084,692	1,141,988	1,205,136	1,288,684	1,419,677	1,580,576	1,451,627
Sewer	958,351	1,179,716	1,108,092	1,093,193	1,223,776	1,419,446	1,570,532	1,670,015	1,733,664	1,958,761
Solid Waste	835,648	885,215	896,991	956,618	982,850	986,786	1,019,435	1,159,736	1,385,507	1,686,513
Ambulance	495,589	612,420	586,177	629,878	657,604	699,426	1,130,187	603,331	591,979	782,272
Wind Farm	732	-	-	493	-	-	-	-	-	-
Operating Grants and Contributions	-	-	28,627	7,500	-	-	-	-	-	8,558
Capital Grants and Contributions	88,509	969,741	263,231	62,209	187,023	674,974	252,281	-	23,118	-
Total business-type activities program revenues	3,264,344	4,803,642	3,966,199	3,834,583	4,193,241	4,985,768	5,261,119	4,852,759	5,314,844	5,887,731
Total Primary government program revenues:	\$ 6,936,238	\$ 7,275,003	\$ 6,474,783	\$ 6,324,985	\$ 6,589,452	\$ 7,659,513	\$ 8,615,759	\$ 7,504,832	\$ 8,167,917	\$ 8,947,092
Net (Expense) / Revenue										
Governmental activities	(869,350)	(2,521,553)	(2,910,321)	(3,127,060)	(3,198,044)	(2,902,847)	(2,861,442)	(3,716,976)	(3,620,217)	(3,666,173)
Business-type activities	27,093	1,343,543	382,826	51,418	155,878	993,625	818,825	629,322	804,292	741,214
Total primary government net position:	\$ (842,257)	\$ (1,178,010)	\$ (2,527,495)	\$ (3,075,642)	\$ (3,042,166)	\$ (1,909,222)	\$ (2,042,617)	\$ (3,087,654)	\$ (2,815,925)	\$ (2,924,959)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes, levied for general purposes	1,563,800	1,674,980	1,980,517	1,975,108	2,109,361	2,406,495	2,654,856	2,666,168	2,847,654	2,802,705
Property taxes, levied for debt service	132,966	133,318	218,851	251,735	261,922	-	-	-	-	-
Licenses and permits	54,529	55,213	55,930	58,416	58,735	-	-	-	-	-
Miscellaneous	33,214	54,833	230,102	32,695	56,425	499,027	62,957	341,391	256,361	217,778
Gain on disposal of capital assets	700	14,956	6,290	10,495	700	-	-	-	-	-
Transfers	1,500	(1,274,951)	(11,336)	66,420	57,750	103,124	485,431	453,586	472,154	488,809
Unrestricted investment earnings	82,331	117,435	148,071	95,955	95,852	35,869	32,261	23,249	15,378	27,218
Intergovernmental	826,752	846,795	856,656	887,534	918,204	912,252	947,400	964,641	965,687	1,030,516
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 2,695,792	\$ 1,622,579	\$ 3,485,081	\$ 3,378,358	\$ 3,558,949	\$ 3,956,767	\$ 4,182,905	\$ 4,449,035	\$ 4,557,234	\$ 4,567,026
Business-type activities:										
Property taxes levied	28,739	28,784	34,808	32,271	32,920	34,171	34,864	34,543	37,074	25,999
Miscellaneous	27,797	40,208	8,072	3,844	7,270	-	-	14,895	25,000	-
Gain on disposal of capital assets	-	-	742	(66,420)	33,195	-	-	-	-	-
Transfers	(1,500)	1,274,951	11,336	-	2,929	(103,124)	(485,431)	(453,586)	(472,154)	(488,809)
Unrestricted investment earnings	39,602	64,973	110,331	72,121	-	19,641	18,266	8,578	7,932	9,800
Intergovernmental	7,330	7,222	7,246	9,121	(57,750)	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Total business-type activities	101,968	1,416,138	172,535	50,937	18,564	(49,312)	(432,301)	(395,570)	(402,148)	(453,010)
Total primary government	\$ 2,797,760	\$ 3,038,717	\$ 3,657,616	\$ 3,429,295	\$ 3,577,513	\$ 3,907,455	\$ 3,750,604	\$ 4,053,465	\$ 4,155,086	\$ 4,114,016
Change in Net Position										
Governmental Activities	1,826,442	(898,974)	574,760	251,298	360,905	1,053,920	1,321,463	732,059	937,017	900,853
Business-type activities	129,061	2,759,681	555,361	102,355	174,442	944,313	386,524	233,752	402,144	288,204
Total primary government	\$ 1,955,503	\$ 1,860,707	\$ 1,130,121	\$ 353,653	\$ 535,347	\$ 1,998,233	\$ 1,707,987	\$ 965,811	\$ 1,339,161	\$ 1,189,057

Unaudited statistical section.

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

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Nonspendable	-	-	-	-	-	-	131,465	136,799	123,333	95,177
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	15,925	-	-	-	-	-	-	-	7,122	-
Unassigned	846,624	721,749	732,812	328,930	437,380	479,799	298,274	341,903	345,096	562,948
Total general fund	<u>\$ 862,549</u>	<u>\$ 721,749</u>	<u>\$ 732,812</u>	<u>\$ 328,930</u>	<u>\$ 437,380</u>	<u>\$ 479,799</u>	<u>\$ 429,739</u>	<u>\$ 478,702</u>	<u>\$ 475,551</u>	<u>\$ 658,125</u>
All Other Governmental										
Nonspendable	213,458	240,649	229,744	241,412	240,728	242,403	213,093	217,968	219,534	222,258
Restricted	190,384	295,072	284,321	270,664	259,991	119,647	573,890	498,239	568,550	915,801
Committed	-	-	-	-	-	-	2,131,645	2,458,633	2,904,486	3,040,800
Assigned	238,911	-	-	-	-	-	32,985	31,785	4,433	4,410
Unassigned	1,093,344	1,405,444	2,080,761	1,800,597	1,236,806	2,093,076	(70,794)	(36,430)	(144,799)	(49,179)
Total all other governmental funds	<u>\$ 1,736,097</u>	<u>\$ 1,941,165</u>	<u>\$ 2,594,826</u>	<u>\$ 2,312,673</u>	<u>\$ 1,737,525</u>	<u>\$ 2,455,126</u>	<u>\$ 2,880,819</u>	<u>\$ 3,170,195</u>	<u>\$ 3,552,204</u>	<u>\$ 4,134,090</u>

Unaudited statistical section.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 2,148,623	\$ 2,220,564	\$ 3,048,030	\$ 2,849,423	\$ 3,200,968	\$ 3,571,464	\$ 3,488,511	\$ 3,460,223	\$ 3,922,915	\$ 3,992,291
Licenses and permits	365,421	435,377	311,392	266,885	222,884	215,015	256,846	246,605	247,882	313,561
Intergovernmental	1,651,805	1,860,952	1,726,751	1,757,539	1,726,827	1,981,887	2,126,441	1,962,197	1,939,469	2,121,457
Charges for service	401,307	423,048	440,382	425,361	420,970	338,247	388,664	423,153	411,730	547,724
Fines and forfeitures	169,244	127,343	134,715	133,381	134,484	152,248	137,846	149,204	157,247	118,987
Interest on investments	133,309	169,798	204,538	101,745	73,084	35,869	32,261	23,249	15,378	27,218
Loan repayment	-	-	-	-	-	-	222,542	66,244	167,132	282,641
Other	33,214	51,101	115,506	66,604	85,862	496,574	62,957	341,391	256,361	217,778
Total revenues	\$ 4,902,923	\$ 5,288,183	\$ 5,981,314	\$ 5,600,938	\$ 5,865,079	\$ 6,791,304	\$ 6,716,068	\$ 6,672,266	\$ 7,118,114	\$ 7,621,657
Expenditures										
General Government	\$ 670,745	\$ 611,354	\$ 661,376	\$ 693,981	\$ 714,389	\$ 700,194	\$ 1,035,575	\$ 1,256,770	\$ 1,150,212	\$ 1,243,719
Public safety	2,161,062	2,395,422	2,648,113	2,884,633	2,641,006	2,842,541	2,994,803	2,906,514	3,210,364	3,071,872
Public service	530,340	680,040	684,937	742,611	795,390	590,826	765,986	896,448	672,562	837,353
Public health	29,880	24,981	25,731	26,555	27,299	74,486	90,465	91,967	110,944	107,870
Culture and recreation	776,176	837,322	747,155	822,758	852,761	904,128	928,701	888,476	909,444	907,607
Housing and community development	309,208	170,622	38,833	522,778	86,383	-	-	-	-	-
Other Current charges	9,488	32,545	8,670	12,372	14,689	-	-	-	-	-
Capital outlay	670,562	1,660,322	477,746	380,254	1,109,453	756,343	978,324	580,357	1,412,053	1,099,251
Debt service										
Principal	109,852	109,038	233,561	199,192	232,357	183,950	206,019	348,000	95,000	142,084
Interest and other charges	56,792	59,830	141,861	101,210	99,532	85,257	71,427	77,361	50,831	49,771
Total expenditures	\$ 5,324,105	\$ 6,581,476	\$ 5,667,983	\$ 6,386,344	\$ 6,573,259	\$ 6,137,725	\$ 7,071,300	\$ 7,045,893	\$ 7,611,410	\$ 7,459,527
Excess of revenues over (under) expenditures	(421,182)	(1,293,293)	313,331	(785,406)	(708,180)	653,579	(355,232)	(373,627)	(493,296)	162,130
Other Financing Sources (Uses)										
Proceeds from borrowing	82,971	1,338,804	329,574	14,276	-	-	-	-	400,000	113,521
Transfers in	250,479	247,744	402,110	613,884	312,372	454,260	1,014,266	1,113,209	1,064,525	1,302,386
Transfers out	(248,979)	(247,744)	(388,581)	(547,464)	(254,622)	(351,136)	(528,835)	(659,623)	(592,371)	(813,577)
Insurance Proceeds	-	3,757	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-	-	250,000	-	-
Premium on Issuance of Debt	-	-	-	-	-	-	-	8,379	-	-
Sales of capital assets	700	15,000	8,290	18,675	-	3,317	-	-	-	-
Total other financing sources (uses)	\$ 85,171	\$ 1,357,561	\$ 351,393	\$ 99,371	\$ 57,750	\$ 106,441	\$ 485,431	\$ 711,965	\$ 872,154	\$ 602,330
Extraordinary items	-	-	-	-	-	-	245,434	-	-	-
Net change in fund balances	\$ (336,011)	\$ 64,268	\$ 664,724	\$ (686,035)	\$ (650,430)	\$ 760,020	\$ 375,633	\$ 338,338	\$ 378,858	\$ 764,460
Debt service as a percentage of noncapital expenditures	3.6%	3.4%	7.2%	5.0%	6.1%	5.0%	4.6%	6.6%	2.4%	3.0%

Unaudited statistical section.

REVENUE CAPACITY 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 June 30,	Residential Property	Commercial & Industrial Property	Agricultural Property	Total Taxable Value	Total Direct Tax Rate
2005	5,169,711	3,402,248	21,522	8,593,481	173.77
2006	5,413,236	3,562,515	22,536	8,998,287	170.66
2007	5,725,058	3,767,728	23,834	9,516,620	191.43
2008	6,116,326	4,025,226	25,463	10,167,015	191.28
2009	6,092,969	4,009,854	25,366	10,128,189	198.12
2010	6,270,020	4,126,374	26,103	10,422,497	209.01
2011	6,557,908	4,315,836	27,302	10,901,046	210.83
2012	6,639,931	4,369,816	27,643	11,037,390	209.06
2013	6,738,708	4,434,823	28,054	11,201,585	217.13
2014	6,956,582	4,578,208	28,961	11,563,751	209.53

Source: City of Livingston Finance Department
 Department of Revenue

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

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>	<u>Basic 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>
2005	163.01	10.76	173.77	304.94	86.12	46.00
2006	164.48	6.18	170.66	292.06	90.16	46.00
2007	184.99	6.44	191.43	292.59	92.43	46.00
2008	184.79	6.49	191.28	290.34	93.70	46.00
2009	195.25	2.87	198.12	294.90	97.73	46.00
2010	202.94	6.07	209.01	275.88	97.58	46.00
2011	204.69	6.14	210.83	310.22	102.28	46.00
2012	202.42	6.64	209.06	304.72	111.82	46.00
2013	213.95	3.18	217.13	290.59	108.31	46.00
2014	206.35	3.18	209.53	292.06	109.80	46.00

Source: Based on information provided by Department of Revenue

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

	<u>Tax Year</u>			<u>Tax Year</u>		
	<u>2014</u>			<u>2005</u>		
	<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>
Northwestern Corp Transmission & Distribution	\$ 940,482	1	8.40%	\$ 793,912	1	9.24%
Montana Rail Link, Inc	470,182	2	4.20%	253,223	2	2.95%
Printingforless.com Inc.	126,728	3	1.13%			
CenturyLink, Inc.	109,719	4	0.98%			
Bresnan Communications	94,579	5	0.84%			
ABS MT-O, LLC	81,400	6	0.73%			
MAA Best Yellowstone Hospitality, LLC	69,634	7	0.62%			
Printingforless	69,491	8	0.62%			
First Interstate Bank	69,061	9	0.62%	48,044	10	0.56%
American Bank of Montana	62,642	10	0.56%	60,246	6	0.70%
Qwest Corporation				226,756	3	2.64%
Talgo-LRC, Inc.				174,108	4	2.03%
Buttrey Food & Drug Company				74,248	5	0.86%
Osterman, Sylvia				59,354	7	0.69%
Midstates Development, Inc.				57,738	8	0.67%
IRET Properties				55,941	9	0.65%
Total	<u>\$ 2,093,918</u>		<u>18.69%</u>	<u>\$ 1,803,570</u>		<u>20.99%</u>
Total City Taxable Assessed Value	<u>\$ 11,563,751</u>			<u>\$ 8,593,481</u>		

Source: State of Montana Assessor's Office

Unaudited statistical section.

CITY OF LIVINGSTON
PROPERTY TAX LEVIES AND COLLECTIONS
Past Nineteen 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
1996	\$ 1,109,643.62	\$ 1,101,751.93	99.29%	\$ 7,891.69	1,109,643.62	100.00%
1997	1,147,087.36	1,081,396.57	94.27%	65,690.79	1,147,087.36	100.00%
1998	1,236,740.74	1,167,706.48	94.42%	68,988.10	1,236,694.58	100.00%
1999	1,171,992.41	1,105,971.15	94.37%	64,133.76	1,170,104.91	99.84%
2000	1,179,024.27	1,169,221.25	99.17%	8,660.53	1,177,881.78	99.90%
2001	1,255,193.41	1,150,601.25	91.67%	104,177.85	1,254,779.10	99.97%
2002	1,278,372.80	1,167,663.97	91.34%	110,343.89	1,278,007.86	99.97%
2003	1,296,816.69	1,125,850.51	86.82%	170,383.10	1,296,233.61	99.96%
2004	1,382,219.14	1,248,813.34	90.35%	132,144.68	1,380,958.02	99.91%
2005	1,493,289.02	1,349,363.28	90.36%	142,902.74	1,492,266.02	99.93%
2006	1,535,648.17	1,336,189.13	87.01%	198,389.92	1,534,579.05	99.93%
2007	1,821,766.57	1,672,805.02	91.82%	148,198.21	1,821,003.23	99.96%
2008	1,944,747.59	1,689,590.89	86.88%	254,137.43	1,943,728.32	99.95%
2009	2,006,597.00	1,761,565.64	87.79%	244,271.53	2,005,837.17	99.96%
2010	2,197,531.14	2,109,410.30	95.99%	84,896.85	2,194,307.15	99.85%
2011	2,298,257.83	2,185,537.03	95.10%	109,183.29	2,294,720.32	99.85%
2012	2,307,395.22	2,148,330.26	93.11%	155,458.06	2,303,788.32	99.84%
2013	2,432,200.15	2,327,029.90	95.68%	98,353.76	2,425,383.66	99.72%
2014	2,423,004.92	2,366,838.35	97.68%	-	2,366,838.35	97.68%

Unaudited statistical section.

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

	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Type of Customer										
Residential	254,042	275,218	290,467	298,726	271,085	242,379	229,267	250,284	279,511	252,688
Commercial	103,676	108,701	102,684	100,990	88,960	82,031	78,684	83,381	84,794	80,654
Industrial	1,705	8,139	5,999	3,303	4,073	2,637	3,443	3,227	3,904	5,786
Total	359,423	392,058	399,150	403,019	364,118	327,047	311,394	336,892	368,209	339,128

Source: City of Livingston Utility Department

CITY OF LIVINGSTON
WATER AND SEWER RATES
Past Ten Fiscal Years

<u>Water</u>			<u>Sewer</u>		
Fiscal Year Ended <u>June 30,</u>	Monthly Base <u>Rate</u>	Rate per 1,000 <u>Gallons</u>	Fiscal Year Ended <u>June 30,</u>	Monthly Base <u>Rate</u>	Rate per 1,000 <u>Gallons</u>
2005	7.00	1.56	2005	8.00	3.26
2006	7.00	1.56	2006	8.00	3.26
2007	7.00	1.56	2007	8.00	3.26
2008	7.00	1.56	2008	8.00	3.26
2009	7.98	1.78	2009	9.52	3.88
2010	9.10	2.03	2010	11.32	4.60
2011	10.38	2.32	2011	13.47	5.48
2012	10.38	2.32	2012	13.47	5.48
2013	10.79	2.41	2013	14.00	5.69
2014	11.00	2.45	2014	15.54	6.31

Sources:

City of Livingston, Montana Commission Resolution 3525
 City of Livingston, Montana Commission Resolution 3614
 City of Livingston, Montana Commission Resolution 3953
 City of Livingston, Montana Commission Resolution 4033
 City of Livingston, Montana Commission Resolution 4141
 City of Livingston, Montana Commission Resolution 4237
 City of Livingston, Montana Commission Resolution 4277
 City of Livingston, Montana Commission Resolution 4387

City of Livingston, Montana Commission Resolution 3526
 City of Livingston, Montana Commission Resolution 3615
 City of Livingston, Montana Commission Resolution 3954
 City of Livingston, Montana Commission Resolution 4033
 City of Livingston, Montana Commission Resolution 4142
 City of Livingston, Montana Commission Resolution 4236
 City of Livingston, Montana Commission Resolution 4278
 City of Livingston, Montana Commission Resolution 4388

Unaudited statistical section.

DEBT CAPACITY 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 <u>June 30,</u>	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Notes Payable	Special Assessment Bonds	Tax Increment Revenue Bonds	Capital Leases	Revenue Bonds	Bond Anticipation Notes	Notes Payable	Capital Leases			
2005	535,000	67,678	272,000	-	71,785	-	310,000	212,500	35,057	1,504,020	29.85%	211.21
2006	505,000	51,731	654,344	915,460	49,694	855,000	155,000	187,482	19,274	3,392,985	14.55%	469.03
2007	445,000	35,091	654,000	971,000	167,151	1,709,217	-	162,482	196,279	4,340,220	12.10%	589.14
2008	405,000	17,656	605,000	932,000	127,670	1,592,217	-	137,482	151,863	3,968,888	14.18%	533.60
2009	365,000	-	535,000	891,000	63,969	2,348,533	-	112,482	104,143	4,420,127	11.82%	598.93
2010	325,000	-	468,000	849,000	29,019	2,591,062	-	382,166	35,929	4,680,176	11.27%	664.42
2011	285,000	-	435,000	805,000	-	2,437,609	-	327,698	-	4,290,307	13.46%	610.63
2012	250,000	-	356,000	761,000	-	2,679,000	-	273,230	-	4,319,230	14.07%	615.71
2013	220,000	400,000	336,000	716,000	-	2,488,000	-	218,762	-	4,378,762	14.01%	619.08
2014	190,000	475,437	310,000	668,000	-	2,292,000	-	176,812	-	4,112,249	15.35%	576.27

Sources: City of Livingston Finance Department

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

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

Unaudited statistical section.

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

Fiscal Year Ended <u>June 30,</u>	General Obligation <u>Bonds</u>	Less: Amounts Available in Debt <u>Service Fund</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value¹ of <u>Property</u>	<u>Per Capita</u>²
2004	565,000	40,418	524,582	6.19%	74.41
2005	535,000	70,336	464,664	5.41%	65.25
2006	505,000	69,427	435,573	4.84%	60.21
2007	445,000	37,017	407,983	4.29%	55.38
2008	405,000	33,580	371,420	3.65%	49.94
2009	365,000	4,666	360,334	3.56%	48.83
2010	325,000	5,362	319,638	3.07%	45.38
2011	285,000	11,183	273,817	2.51%	38.97
2012	250,000	25,957	224,043	2.03%	31.94
2013	220,000	16,641	203,359	1.82%	28.75
2014	190,000	20,034	169,966	1.47%	23.82

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

	<u>As of</u> <u>June 30, 2014</u>	<u>Applicable to</u> <u>the City of</u> <u>Livingston</u>	<u>As of</u> <u>June 30, 2013</u>	<u>Applicable to</u> <u>the City of</u> <u>Livingston</u>
<u>City of Livingston, Montana</u>				
General obligation debt	\$ 190,000		\$ 220,000	
Less: Debt Service Fund balance (deficit)			<u>16,641</u>	
Net general obligation debt	<u>\$ 190,000</u>	100%	<u>\$ 236,641</u>	100%
 <u>Overlapping Bonded Indebtedness</u>				
Park County	-	45.3%	-	45.3%
Livingston School District				
Elementary District	-	68.4%	-	68.4%
High School District	11,660,000	55.6%	12,500,000	55.6%
Total overlapping bond indebtedness	<u>\$ 11,660,000</u>		<u>\$ 12,500,000</u>	

Sources:

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

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

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

CITY OF LIVINGSTON
LEGAL DEBT MARGIN INFORMATION
Past Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Market Value	\$ 255,028,707	\$ 270,057,755	\$ 280,237,462	\$ 306,428,791	\$ 310,180,729	\$ 346,653,498	\$ 372,719,664	\$ 377,761,961	\$ 396,161,276	\$ 423,354,775
Limit %	1.51%	1.51%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Debt Limit	\$ 3,850,933	\$ 4,077,872	\$ 7,005,937	\$ 7,660,720	\$ 7,754,518	\$ 8,666,337	\$ 9,317,992	\$ 9,444,049	\$ 9,904,032	\$ 10,583,869
Total net debt applicable to limit	(464,664)	(435,573)	(407,983)	(371,420)	(360,334)	(319,638)	(273,817)	(224,043)	(203,359)	(169,966)
Legal debt margin	<u>\$ 3,386,269</u>	<u>\$ 3,642,299</u>	<u>\$ 6,597,953</u>	<u>\$ 7,289,300</u>	<u>\$ 7,394,185</u>	<u>\$ 8,346,700</u>	<u>\$ 9,044,175</u>	<u>\$ 9,220,006</u>	<u>\$ 9,700,673</u>	<u>\$ 10,413,904</u>
Total net debt applicable to the limit as a percentage of debt limit	12%	11%	6%	5%	5%	4%	3%	2%	2%	2%

Legal Debt Margin Calculation for Fiscal Year 2014

Total Assessed Value	\$ 423,354,775
Debt Limit (2.5% of total assessed (market) value)	10,583,869
Debt Applicable to Limit:	
General Obligation Bonds	190,000
Less: Amount set aside for repayment of general obligation debt	20,034
Total net debt applicable to limit	<u>169,966</u>
Legal debt margin	<u>\$ 10,413,904</u>

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

Source: City Manager's Recommended Budget

CITY OF LIVINGSTON
PLEDGED REVENUE COVERAGE
Past Ten Fiscal Years

Fiscal Year Ended June 30,	Water Revenue Bonds						Sewer Revenue Bonds					
	Metered Water Sales	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2005	885,515	762,984	122,531	49,600	9,107	2.09	958,351	711,182	247,169	-	-	-
2006	1,156,550	762,892	393,658	22,000	24,724	8.43	1,179,716	786,633	393,083	-	4,508	87.20
2007	1,083,081	750,047	333,034	46,000	31,631	4.29	1,108,092	724,509	383,583	66,000	33,505	3.85
2008	1,084,692	782,478	302,214	49,000	29,831	3.83	1,093,193	852,132	241,061	68,000	42,386	2.18
2009	1,141,988	776,683	365,305	52,000	27,975	4.57	1,223,776	914,126	309,650	71,000	65,513	2.27
2010	1,201,731	740,110	461,621	53,000	27,921	5.70	1,420,363	912,419	507,944	121,545	68,988	2.67
2011	1,285,521	778,285	507,236	70,294	27,256	5.20	1,569,639	954,297	615,342	156,948	78,144	2.62
2012	1,417,738	804,714	613,024	43,294	23,132	9.23	1,669,440	960,571	708,869	75,174	75,555	4.70
2013	1,579,321	819,182	760,139	80,294	9,350	8.48	1,733,664	957,532	776,132	140,174	49,289	4.10
2014	1,444,460	913,542	530,918	80,294	8,691	5.97	1,958,055	1,031,970	926,085	145,174	46,443	4.83

Fiscal Year Ended June 30,	Special Assessment Bonds				Tax Increment District Revenue Bonds			
	Special Assessment Collections	Debt Service		Coverage	Tax Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2005	40,194	20,000	15,873	1.12	-	-	-	-
2006	80,732	41,000	15,846	1.42	-	-	2,468	-
2007	74,596	57,668	37,032	0.79	84,724	38,825	53,679	0.92
2008	68,236	49,000	27,498	0.89	61,332	39,000	36,056	0.82
2009	97,202	70,000	30,134	0.97	127,249	41,000	34,575	1.68
2010	70,957	67,000	24,348	0.78	104,001	42,000	33,019	1.39
2011	66,974	93,000	19,485	0.60	121,900	44,000	31,552	1.61
2012	68,029	19,000	16,312	1.93	121,527	44,000	29,897	1.64
2013	53,354	20,000	12,413	1.65	120,710	45,000	28,445	1.64
2014	49,925	26,000	14,124	1.24	122,374	48,000	26,400	1.64

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

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 Age³	K-12 School Enrollment⁴	Unemployment Rate
2005	7,121	15,757	\$ 449,011	\$ 28,496	39.6	1,465	3.5%
2006	7,234	15,842	\$ 493,833	\$ 31,172	38.8	1,455	3.1%
2007	7,367	16,027	\$ 525,230	\$ 32,772	40.0	1,459	3.4%
2008	7,438	16,109	\$ 562,965	\$ 34,947	40.1	1,472	4.6%
2009	7,380	15,941	\$ 522,661	\$ 32,787	40.3	1,437	7.1%
2010	7,044	15,636	\$ 527,320	\$ 33,725	39.9	1,414	7.6%
2011	7,026	15,586	\$ 577,412	\$ 37,047	40.0	1,371	7.5%
2012	7,015	15,508	\$ 607,898	\$ 39,199	40.1	1,402	7.2%
2013	7,073	15,592 *	\$ 613,438 *	\$ 39,343	39.9	1,473	6.4%
2014	7,136	15,682 *	\$ 631,248 *	\$ 40,253 *	39.9	1,491	5.6%

Data Sources:

¹ Montana Department of Commerce

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

³ US Census Bureau, Population Division

⁴ Livingston School District Administrative Offices- Enrollment as of October 9th 2013.

⁵ US Bureau of Labor Statistics (As of July of that year)

* Estimate based on average annual increases of past years.

CITY OF LIVINGSTON
PRINCIPAL EMPLOYERS
Current and Nine Years Ago

2014		2005	
Private Employers By Class	Employer Class Size	Private Employers By Class	Employer Class Size
Livingston Healthcare	7	Livingston Memorial Hospital	7
Chico Hot Springs	6	Chico Hot Springs	6
PrintingForLess.com	6	Church Universal & Triumphant	6
Albertson's	5	PrintingForLess.com	6
Best Western Mammoth Hot Springs	5	Albertson's	5
Church Universal & Triumphant	5	Best Western Mammoth Hot Springs	5
Livingston Health & Rehabilitation Center	5	Community Health Partners	5
Montana's Rib & Chop House	5	Evergreen Healthcare	5
Mountain Sky Guest Ranch	5	Golden Ratio WoodWorks	5
Town & Country Foods	5	Montana's Rib & Chop House	5

Note: Based on 2nd Quarter 2013 Data.

Note: Based on 2nd Quarter 2004 Data.

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

Source: Montana Department of Labor & Industry

Note: This list includes only private industry employers subject to unemployment insurance for Park County. Railroads and government agencies are excluded.

OPERATING 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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
City Commission	0.00	0.00	0.00	0.20	0.23	0.00	0.00	0.00	0.00	0.00
Judicial	1.50	1.50	1.50	1.75	1.75	2.00	2.00	2.00	2.00	2.00
City Manager	1.12	1.15	1.15	1.01	0.99	1.01	2.20	2.20	2.20	2.20
Finance	0.45	0.45	0.45	0.45	0.46	0.19	0.46	0.46	0.46	1.00
Accounting	1.77	1.27	0.75	1.29	1.30	1.30	2.76	2.76	2.76	2.80
Planner	1.50	1.50	2.00	1.00	1.15	1.15	1.15	1.15	1.15	1.15
City Attorney	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.61	1.61
Law Enforcement	12.50	11.50	13.00	13.00	13.00	14.00	14.00	14.00	14.00	14.00
Parking Attendant	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.00
Firefighters	8.75	8.75	9.25	10.00	11.00	9.00	9.00	9.00	9.00	9.00
Building Code Enforcement	0.00	0.00	0.00	0.00	0.85	0.85	0.85	0.85	0.85	0.85
Public Services	0.67	0.67	0.67	0.55	0.55	0.05	0.55	0.05	0.00	0.00
Cemetery Department	2.66	2.66	2.41	2.44	2.19	1.69	1.72	1.72	1.72	1.72
Parks Department	4.05	4.05	3.55	3.13	3.38	3.34	3.44	2.98	2.98	1.52
Recreation	0.00	0.00	1.50	1.50	1.50	1.50	2.00	2.00	1.84	1.84
Swimming Pool	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.51
Animal Control	0.00	0.00	0.00	0.00	0.00	0.50	0.72	0.72	0.72	0.72
Sub-Total General Fund	<u>37.25</u>	<u>35.78</u>	<u>39.51</u>	<u>39.59</u>	<u>41.62</u>	<u>39.86</u>	<u>44.13</u>	<u>43.17</u>	<u>43.57</u>	<u>41.92</u>
Special Revenue Funds										
Recreation	1.25	1.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Summerfest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46	0.16	0.16
Library	7.45	7.45	8.35	7.67	8.35	7.92	7.90	7.27	7.72	7.85
Senior Transportation Services	2.15	2.15	2.15	2.15	2.21	0.00	0.00	0.00	0.00	0.00
Dispatch	7.00	7.00	8.00	8.00	8.09	8.09	8.00	8.00	8.00	8.60
Building Code Enforcement	2.55	4.05	5.55	6.40	0.00	0.00	0.00	0.00		0.00
Street Maintenance District	1.00	1.00	4.11	3.11	3.14	3.66	3.70	3.70	3.70	4.20
Gas Tax	3.11	3.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total Special Revenue Funds	<u>24.51</u>	<u>26.01</u>	<u>28.16</u>	<u>27.33</u>	<u>21.79</u>	<u>19.66</u>	<u>19.60</u>	<u>19.43</u>	<u>19.58</u>	<u>20.81</u>
Enterprise Funds										
Water Department	9.83	9.12	9.79	10.29	9.31	9.23	8.47	8.47	8.47	8.09
Sewer Department	8.51	8.98	8.60	9.11	10.07	9.99	8.49	8.48	8.48	9.09
Solid Waste Department	8.31	8.64	8.32	8.32	10.37	9.78	9.16	9.16	9.16	10.27
Ambulance Service	6.69	6.69	6.19	5.54	5.65	6.62	6.00	6.00	6.00	6.00
Sub-Total Enterprise Funds	<u>33.33</u>	<u>33.43</u>	<u>32.90</u>	<u>33.26</u>	<u>35.41</u>	<u>35.62</u>	<u>32.12</u>	<u>32.11</u>	<u>32.11</u>	<u>33.45</u>
Total all funds	<u>95.09</u>	<u>95.22</u>	<u>100.56</u>	<u>100.18</u>	<u>98.82</u>	<u>95.14</u>	<u>95.85</u>	<u>94.71</u>	<u>95.26</u>	<u>96.18</u>

Source: City Manager's Recommended Budget

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Finance/Accounting										
Claim Checks Processed	3357	3336	3198	2720	2541	2807	2936	2889	2864	2892
W-2's Processed	157	155	163	164	142	144	153	147	152	158
Payroll Checks Processed	2784	3016	3008	2971	3102	3111	3116	3220	3271	3404
1099's Processed	30	30	30	23	20	25	18	23	18	27
Business Licenses Processed	586	594	621	673	641	605	673	672	667	658
City Attorney										
Resolutions	119	107	119	79	81	92	83	85	89	85
Ordinances	9	12	15	13	10	6	11	7	3	7
Police Department *										
Number of Officers	12	13	13	13	13	14	14	14	13	
Calls for Service	6940	7191	7385	7125	6603	6592	6335	6458	6220	
Incident Reports	1125	1099	1014	956	953	864	912	992	1116	
Traffic Citations	586	494	463	488	521	489	555	580	285	
Vehicle Accident Reports	232	223	264	221	160	162	168	152	163	
Adult Arrests	401	471	364	408	409	308	404	452	210	
Juvenile Arrests	98	127	145	143	126	65	82	112	66	
Downtown Parking Citations	3027	3228	2752	2659	2242	1350	1201	929	703	
DUI Arrests	53	82	66	60	73	64	65	56	14	
Domestic Disturbance Reports	127	87	84	58	54	75	66	65	75	
Domestic Violence Arrests	42	28	35	34	35	24	35	46	24	
Sex Offense Investigations	8	17	16	15	12	3	15	22	19	
Drug Charges	52	60	50	55	38	44	92	182	39	
Theft Reports	393	389	321	326	257	243	225	259	238	
Burglary Reports	51	26	43	30	19	26	17	15	26	
Vandalism Reports	241	261	231	254	172	201	155	158	133	

Source: City Manager's Recommended Budget

* Statistics are on a calendar year basis.

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

N/A: Data Not Available.

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	8	8	8	8	8	8	8	8	8	8
Fire										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Apparatus	3	3	3	3	3	2	2	2	2	2
Ambulance	4	4	4	4	4	4	4	4	4	4
Public Works										
Solid Waste										
Collections Trucks	4	4	5	5	5	5	5	5	5	5
Streets										
Sweeper Trucks	1	1	1	1	1	1	1	1	1	1
Streets (Miles)	28.845	28.845	31.289	37.714	39.414	39.414	41.070	41.070	41.070	39.525
Alleys (Miles)	14.821	14.821	14.821	14.413	14.413	14.413	18.942	18.942	18.942	18.942
Secondary Urban Streets (Miles)	8.858	8.858	8.858	9.724	9.724	9.724	11.145	11.145	11.145	12.676
Culture and Recreation										
Parks										
Number of Parks	6	6	6	6	6	6	7	8	8	13
Acres of Parks	40.23	40.23	40.23	40.23	40.23	40.23	59.067	100.571	100.571	150
Number of Swimming/Wading Pools	3	1	1	1	1	1	1	1	1	1

Source: City Manager's Recommended Budget

