

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2015

Gallatin County, P.O. Box 520, Bozeman, Montana 59771-0520



Comprehensive Annual Financial Report

of

BOZEMAN SCHOOL DISTRICT NO. 7

For the fiscal year ended June 30, 2015

Prepared by the Business Office

Steven D. Johnson, CPA, Deputy Superintendent Operations

Mike Waterman, Director of Business Services/District Clerk

Richard J. Tvedt, CPA, Accounting Supervisor

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INTRODUCTORY SECTION





Bozeman Public Schools

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Bozeman, MT 59771-0520
Voice: (406) 522-6001
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Dr. Robert J. Watson
Superintendent

Dr. Marilyn King
Deputy Superintendent
Instruction

Steven D. Johnson, CPA
Deputy Superintendent
Operations

December 29, 2015

Letter of Transmittal

Wendy Tage, Chair
Members of the Board of Trustees
Bozeman School District No. 7
404 W. Main
Bozeman, Montana 59715

Dear Board Members:

Montana Law requires that Bozeman School District No. 7 annually publish audited financial statements within twelve months of the close of each fiscal year. This Comprehensive Annual Financial Report meets that requirement for the fiscal year ended June 30, 2015.

Responsibility for the accuracy of the presentation, including all disclosures, rests with the Superintendent and the Deputy Superintendent Operations. A framework of internal controls has been established to assist in the accuracy and reliability of the enclosed financial information. Due to the cost effectiveness of internal controls, they are designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

For the year ended June 30, 2015, Anderson ZurMuehlen & Co., P.C. has issued an unmodified (referred to as "clean") opinion on the Bozeman School District No. 7's financial statements. Their independent audit report is located at the beginning of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it. The MD & A can be found immediately following the auditor's report in the financial section.

PROFILE OF THE DISTRICT

Geographically, the Bozeman Public School system covers an area greater than the City of Bozeman. The school system includes two legal districts - Elementary District No. 7 and High School District No. 7. The elementary district covers approximately 275 square miles and has an estimated population of 52,507. The high school district covers approximately 700 square miles, and encompasses eight elementary districts (kindergarten through 8th grade (K-8) - Bozeman, Anderson,

Cottonwood, Gallatin Gateway, LaMotte, Malmborg, Monforton, and Sedan-Wilsall). The estimated population of the high school district is 63,337. The school system is a public entity under the authority of the State of Montana.

The school district is governed by a Board of Trustees - seven of which are citizens who are elected by the voters of the Bozeman Elementary District. One Trustee-at-large is elected by the citizens of the other elementary districts to serve with the Bozeman elementary trustees as a high school board. Board policies are administered by the district superintendent.

The two separate legal entities make up one independent reporting entity clearly within the criteria established in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The District serves approximately 6,326 students and provides a full range of educational services appropriate to grade levels Pre-K through 12, as well as Adult Education. These include regular and enriched academic education, special education for students with disabilities and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics. The Bozeman Schools Foundation, Bozeman Hawk Booster Club, Bozeman Schools Friends of Music and the various parent organizations are separate legal entities. The impacts of these individual entities is considered immaterial to the overall financial status of the District and, as such, are not included in these financial statements.

The District is required by state law to annually adopt budgets for certain funds, generally those supported by property taxes. The elementary and high school board of trustees must meet to legally adopt final budgets on or before August 15th immediately preceding the school year. The following governmental funds require an annual budget to be appropriated: General, Transportation, Bus Depreciation, Tuition, Retirement, Technology Acquisition, Adult Education, Debt Service, and Building Reserve. These budgeted funds are the primary building blocks of the District's overall financial planning.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The District is located on the eastern slope of the Rocky Mountains in Southwestern Montana. The major city within the District is Bozeman, which also serves as the county seat of Gallatin County.

Montana State University - Bozeman (M.S.U.) represents a major economic activity in the District. M.S.U., with a fiscal year 2014-2015 annual budget of approximately \$400,418,135, employs approximately 3,741 employees (2,321 full time, 771 part time, and 649 graduate teaching and research assistants). With a student enrollment of 15,421 (Fall 2014), M.S.U. is not only one of the largest factors in the area economy but also one of the more stable factors.

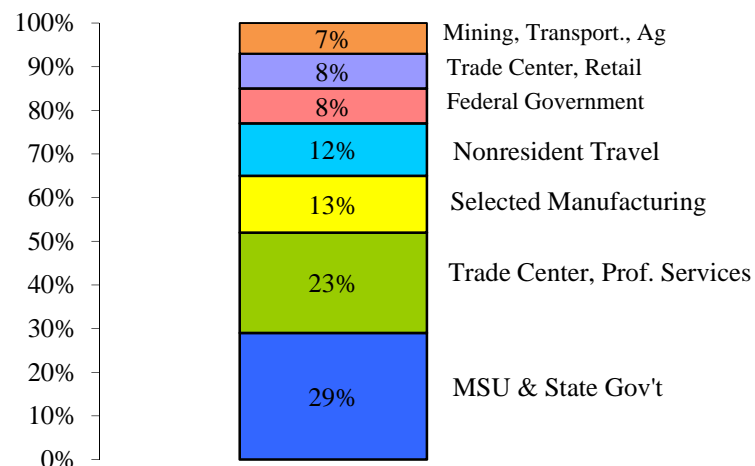
The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide

variety of activities, including economic analysis and forecasting. Excerpts from the Bureau's forecasts contained in the Spring 2015 issue of the *Montana Business Quarterly* related to Bozeman and Gallatin County, are restated in the following paragraphs.

The Gallatin County economy has been on an economic roller coaster since the onset of the Great Recession of 2008. The Bozeman-area economy experienced a significant contraction early in the recession. But the economy began to turn around in 2010 and has continued upward ever since. In fact, Gallatin County is one of only two major urban areas in the state to significantly exceed the statewide growth rates during the recovery phase of this business cycle.

The favorable growth trends in Gallatin County can be attributed to several factors. The construction industry has enjoyed a robust recovery with a double-digit growth in all sectors of construction during 2013, which had followed significant growth in 2012. The hard hit nonresident travel industry also had strong years in 2012 and 2013. Positive trends in Gallatin County's high-tech sector and the transition of Bozeman into a regional trade and service center suggest continued growth. Montana State University accounts for nearly 30% of the County's economic base and the long-term growth in enrollment at MSU suggests there are probably additional positive influences on the local economy that are not yet reflected in the earnings data. Gallatin County is projected to grow 5 percent per year or greater from 2015 to 2018, the fastest of all the urban areas in the state.

**Earnings in Basic Industries, Gallatin County,
2012-2014 (percent of total)**



Outdoor recreational opportunities, the natural beauty of the area, proximity to two major ski resorts and to Yellowstone National Park promote the nonresident travel to the area. Due to these attractions, Montana State University, and a strong local economy, Bozeman Yellowstone International Airport is the busiest airport in Montana.

Major Initiatives

The District uses a continual long range strategic planning process (LRSP), that includes core ideology, envisioned future, goal statements, strategic objectives and assumptions that bring rigor to the process of setting goals; ensures the wants, preferences and needs of our community are well understood; and strategically focuses our resources to build a strong, vital School District.

The LRSP helps to form the culture of the District and is a valuable tool for moving the District forward. One of many intended outcomes of the LRSP is to provide a tool to assure available resources are appropriately allocated to accomplish attainable strategic outcomes. This Comprehensive Annual Financial Report (CAFR) helps demonstrate how valuable resources are received and spent.

Relevant Financial Policies

The District has worked hard to maintain and currently has a structurally balanced General Fund. This means that the current annual obligations of the General Fund are paid with current available General Fund revenues.

Long-Term Financial Planning

In addition to the main purpose of the district, which is Academic Performance, the LRSP includes sections for Operations and Capacity Building, Community Engagement and Partnerships, and Student and Staff Safety/Health/Welfare.

As part of the Operations and Capacity Building Goal, the District is constantly evaluating its financial footprint in the community. With this in mind (and historically low interest rates), the District partially advance refunded 4 of its outstanding general obligation bonds in August 2014 and an additional 5 of its outstanding general obligation bonds in March 2015 that resulted in a net present value in savings of \$2,379,079. To keep up with a growing student body, voters overwhelmingly approved in the Fall of 2015 the District's proposal of expanding the Sacajawea Middle School and Hawthorne Elementary to add capacity and improve the functionality of each building.

Voters also approved additional Building Reserve and Technology levies in the fiscal year ended June 30, 2013. Each are long-term in nature: the Building Reserve and Technology levies have 5-year and permanent

durations, respectively. The Building Reserve levies are helping the District tackle current and expected facilities costs and also helped generate an attractive funding match in procuring generous private community support for recently completed renovation of the District's Wilson Auditorium.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bozeman School District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. *The District is proud to announce that this is the twenty-sixth year that it has received this prestigious award.* We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

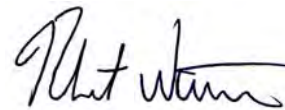
Acknowledgements

We would like to express our appreciation to the Board of Trustees for their concern in providing fiscal accountability to the patrons of our school district and thereby contributing their support to the development of one of the best educational financial operations within the State. The preparation of this report could not be accomplished without the efficient and dedicated services of R.J. Tvedt and the entire Business Office staff. To those personnel who assisted and contributed to its preparation, thank you!

Sincerely,



Steven D. Johnson, CPA
Deputy Superintendent Operations



Robert J. Watson, Ed.D.
Superintendent



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

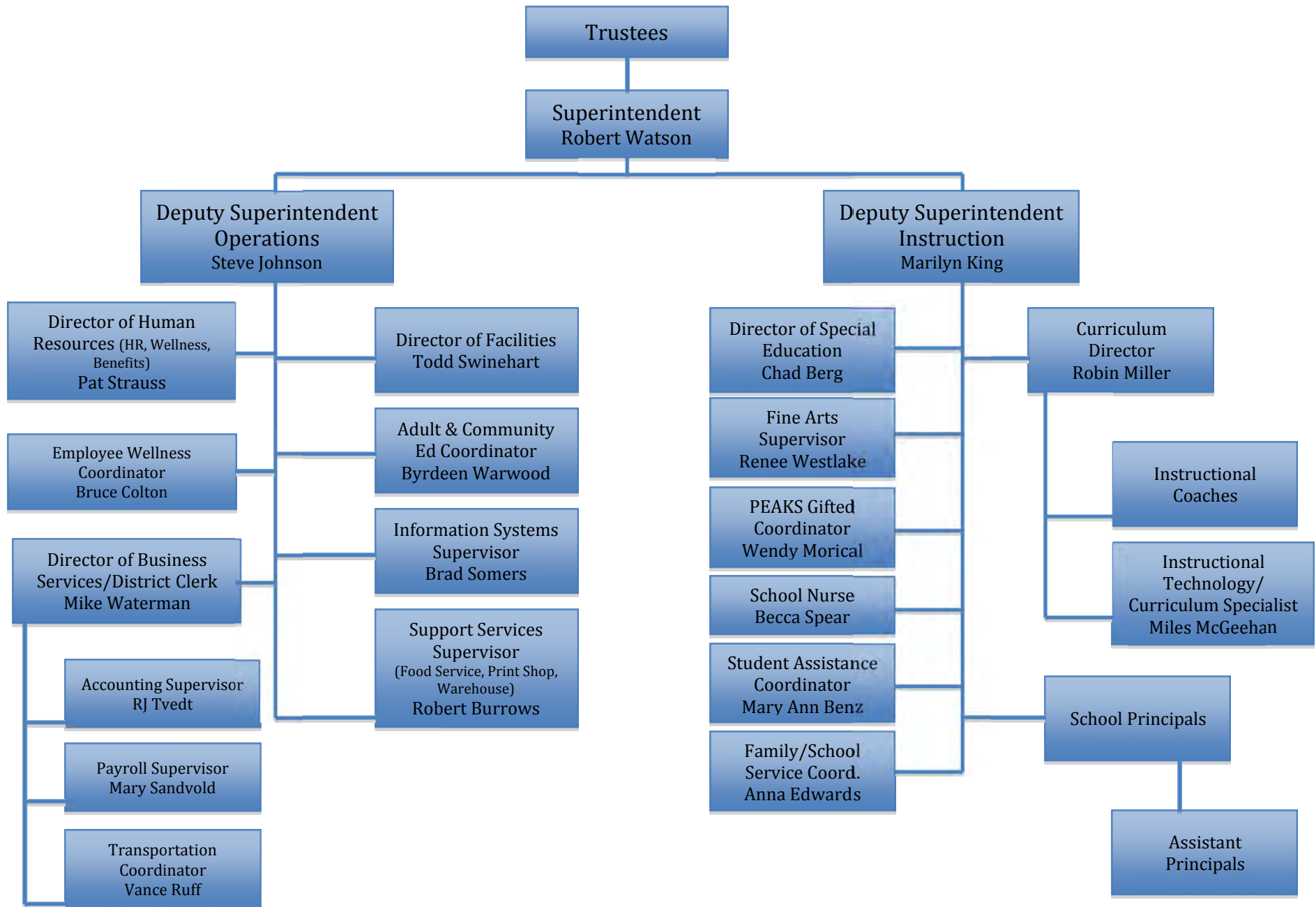
Bozeman School District No. 7
Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Bozeman School District 7 Administrative Organization



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials
Board of Trustees

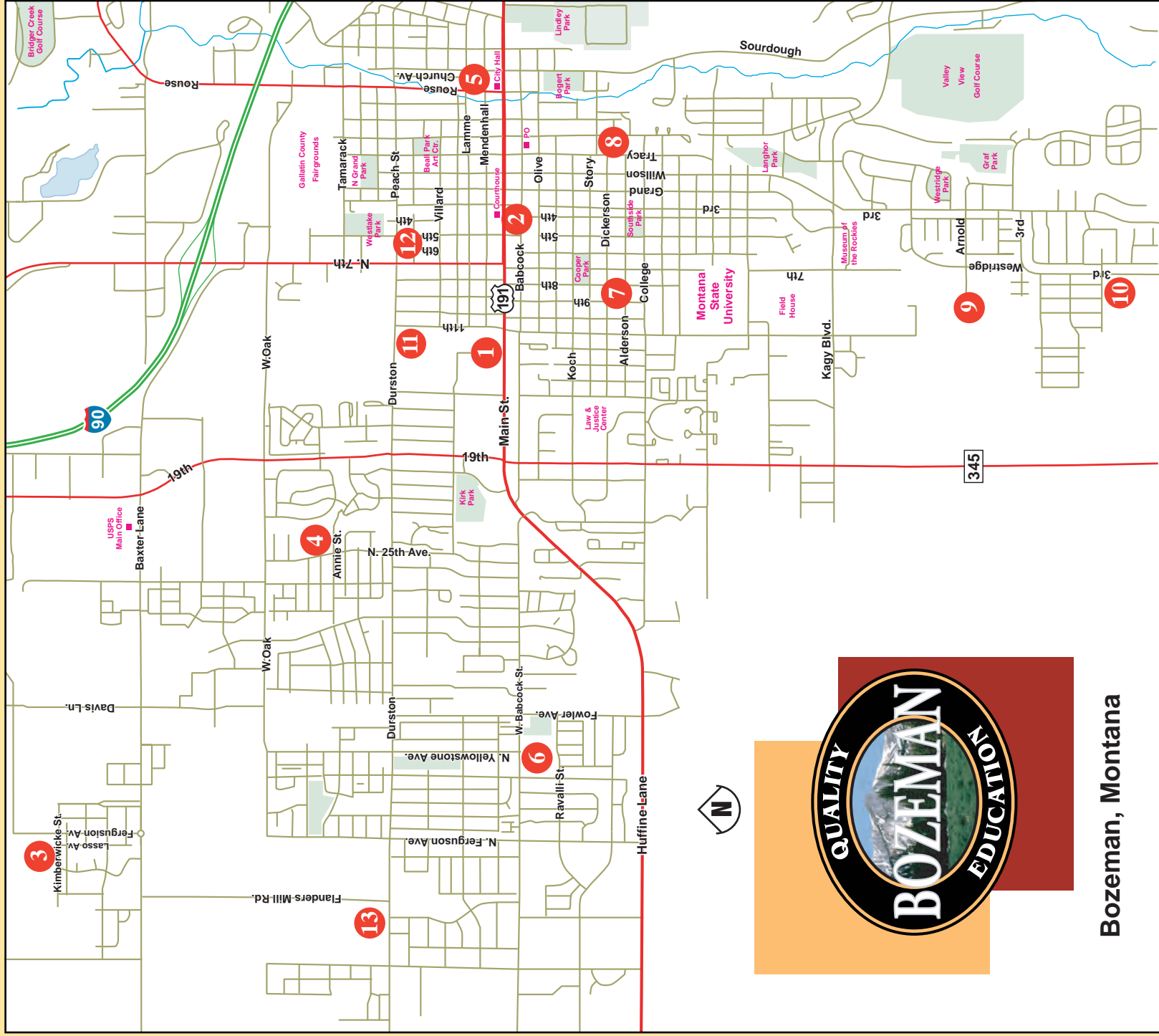
	<u>Term Expires April</u>
Wendy TageChair	2018
Andy WillettVice Chair	2016
Heide ArnesonTrustee	2017
Douglas FischerTrustee	2018
Bruce GrubbsTrustee	2018
Gary LusinTrustee	2017
Elizabeth WilliamsonTrustee	2016
Sandra WilsonTrustee	2018

Appointed

Robert J. Watson, Ed. D.	Superintendent of Schools
Marilyn King, Ed. D.	Deputy Superintendent Instruction
Steven Johnson, C.P.A.	Deputy Superintendent Operations
Pat Strauss.	Director of Human Resources

Board Meetings Held During Fiscal Year 2014-15

Regular	12
Special	25



Bozeman, Montana

1	Bozeman High School 205 North 11th 522-6200	4	Emily Dickinson Elementary 2435 Annie Street 522-6650	8	Longfellow Elementary 516 South Tracy 522-6150	12	Whittier Elementary 511 North 5th 522-6750
1	Bridger Alternative High School 205 North 11th 522-6100	5	Hawthorne Elementary 114 North Rouse 522-6700	9	Morning Star Elementary 830 Arnold Street 522-6500	13	Meadowlark Elementary 4415 Durston Road
2	Central Administration Offices 404 W. Main Street 522-6000	6	Hyalite Elementary School 3600 West Babcock 582-6800	10	Sacajawea Middle School 3525 South 3rd 522-6400		
3	Chief Joseph Middle School 4255 Kimberwicke 522-6300	7	Irving Elementary 611 South 8th 522-6600	11	Support Services 501 North 11th 522-6380		



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bozeman School District No. 7

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bozeman School District No. 7, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress-other postemployment healthcare benefits, the schedule of proportionate share of net pension liability and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the supplemental combining and individual nonmajor fund financial statements, the schedule of capital assets used in the operation of governmental funds, supplemental information mandated by Montana Office of Public Instruction, and statistical sections (as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co, P.C.

Bozeman, Montana
December 29, 2015

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

This discussion and analysis of the Bozeman School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 25.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Bozeman School District No. 7 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds (General, Elementary Building, Elementary Building Reserve, and the High School Building Reserve Funds) with all other nonmajor funds presented in total in one column.

Overview of the financial statements

Statement of Net Position (page 28) and the Statement of Activities (page 29)

The Statement of Net Position and the Statement of Activities answer the question "How did we do financially during 2015". These government-wide statements include *all assets, deferred inflows of resources, deferred outflows of resources, and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial condition* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District's *governmental activities* are presented. These *activities* include most of the District's programs and services including instruction, support services, administration, operations and maintenance, student transportation, food services and certain extracurricular activities.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, 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 District 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of its funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Elementary Building, Elementary Building Reserve, and High School Building Reserve Funds, which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and *schedules* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The District maintains one proprietary fund type. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. When the School District charges customers for the services it provides, whether to outside customers or to other departments of the District, these services are generally reported in proprietary funds. The District uses two internal service funds to account for services provided to all the other funds of the District: purchasing and self-insurance. The internal service funds use the same accounting method as the government-wide statements and are included with the governmental activities shown on those statements.

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 122-124 of this report. The *basic* proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The *basic* fiduciary fund financial statements can be found on pages 40-41 of this report and the *combining* fiduciary fund statements can be found on pages 125-127. The District uses the fiduciary funds to account for extracurricular student activities, Worthy Student Scholarships, and High School Interlocal Agreement activities.

Notes to the financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 43.

THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial condition. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,550,939 as of June 30, 2015. This was a precipitous drop (65.3%) in net position from the prior year balance of \$59,330,793 and was solely the result of implementing the newly issued GASB Statement 68 "Accounting and Financial Reporting for Pensions" and its companion Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". The implementation of these two new standards resulted in an extremely large \$45,032,304 prior period adjustment which reduced the beginning net position. Without taking into effect this large prior period adjustment and current year effects of these new standards, the District's net position would have experienced an approximate 10% increase (\$5,875,548) in net position. *Table 1* presents a comparative summary of the District's net position for the fiscal years ended June 30, 2015 and 2014. *Table 2* illustrates a comparative summary of the change in net position between the fiscal years.

By far, the largest portion of the District's positive net position reflects its net investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment and construction in progress), plus capital-related deferred outflows, less any related debt outstanding used to acquire those assets and capital-related deferred inflows (unspent bond proceeds are not accounted for in this line). The District uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$9.9 million of the District's net position was subject to external restrictions on how it may be used. *Unrestricted* net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - had an ending balance of (\$39,754,030). As mentioned above, this negative component of the net position was due to implementing GASB Statements 68 and 71 and the additional accounting for pension activity of eligible District employees participating in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS).

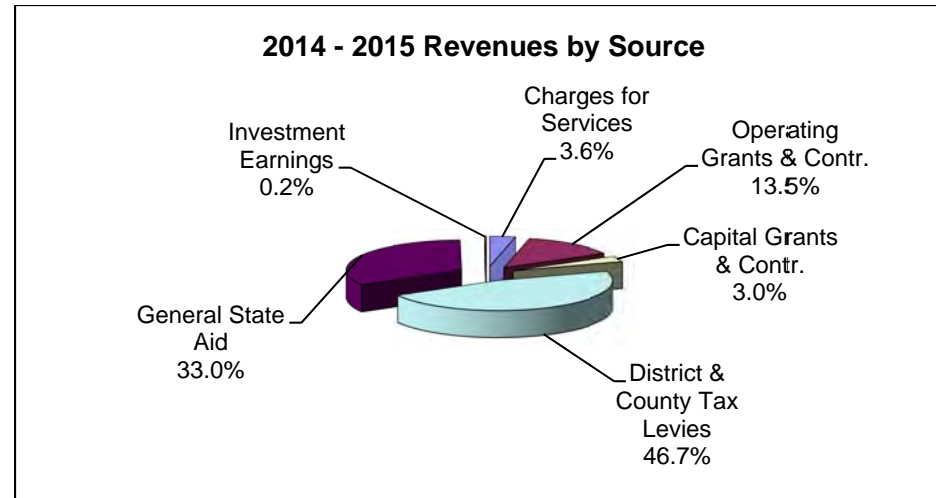
Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Position

	Governmental Activities	
	2015	2014
Current assets	\$ 22,057,877	\$ 24,837,269
Capital assets	128,149,433	124,073,634
Total assets	150,207,310	148,910,903
Deferred outflows of resources	7,110,422	-
Total assets and deferred outflows of resources	157,317,732	148,910,903
Current liabilities	7,883,180	7,629,975
Noncurrent bonds payable	75,548,773	77,894,120
Other noncurrent liabilities	4,368,321	4,056,015
Net pension liability	41,907,098	-
Total liabilities	129,707,372	89,580,110
Deferred inflows of resources	7,059,421	-
Total liabilities and deferred inflows of resources	136,766,793	-
Net position:		
Net investment in capital assets	50,406,598	44,554,505
Restricted	9,898,371	10,415,989
Unrestricted	(39,754,030)	4,360,299
Total net position	\$ 20,550,939	\$ 59,330,793

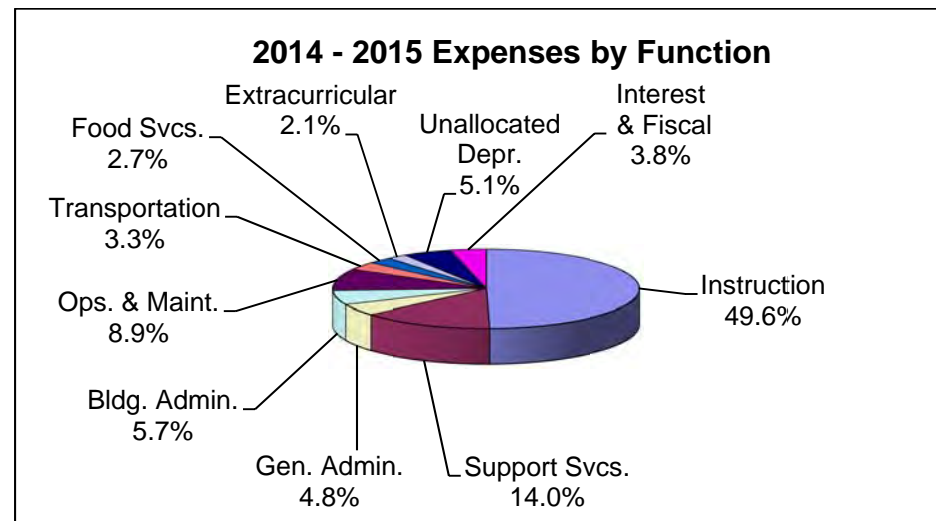
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 2,768,457	\$ 2,751,728
Operating grants and contributions	10,441,288	11,039,331
Capital grants and contributions	2,326,971	27,358
General revenues		
District property taxes	30,381,590	30,291,040
Investment earnings	171,422	164,158
Unrestricted county distribution - retirement	5,759,010	5,770,760
Unrestricted state equalization	16,757,156	16,080,262
Unrestricted state guaranteed tax base subsidy	3,138,561	2,734,398
Unrestricted state motor vehicle fee reimbursement	1,969,511	1,773,347
Unrestricted quality educator	1,399,168	1,302,442
Unrestricted on-behalf pension	1,571,377	-
Unrestricted other state revenue	754,681	256,841
Transfers	-	(2,006,200)
Total revenues and transfers	77,439,192	70,185,465
Program Expenses		
Instruction	35,354,198	35,618,686
Support services	9,941,072	8,887,042
General administration	3,413,430	2,815,439
Building administration	4,085,993	3,614,781
Operations and maintenance	6,311,684	6,443,041
Student transportation	2,339,489	2,193,615
Food services	1,906,087	2,148,983
Extracurricular activities	1,507,974	1,170,210
Unallocated depreciation	3,643,476	3,387,281
Interest and fiscal charges	2,683,339	3,517,576
Total expenses	71,186,742	69,796,654
Change in net position	6,252,450	388,811
Net position, beginning of year	59,330,793	58,941,982
Restatement of net position due to pensions	(45,032,304)	N/A
Net position, beginning of year, as restated	14,298,489	N/A
Net position, end of year	\$ 20,550,939	\$ 59,330,793

Excluding the transfers, revenues for fiscal year 2015 on *Table 2* experienced an increase of \$5,247,527. This increase was largely attributable to an overall increase in state funding, district property taxes and a large capital grant received and expended on the large Willson Auditorium renovations. The following chart illustrates the breakout of revenue by source.



Total expenses on *Table 2* increased by \$1,390,088 (2.0%) and was largely attributable to the expected increase in depreciation, GASB Statement 68 driven pension expense and an increase in cost of salary, benefit and staffing to keep up with demand for services. The following chart illustrates the breakout of expenses by function.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 32) reported a *combined* fund balance of \$17,100,419, a decrease of \$1,743,111 due primarily to the expending bond proceeds on the renovation of Longfellow Elementary School and completing the Support Services Building expansion.

The major elementary building fund had a \$3,213,018 decrease in fund balance due to the Longfellow Elementary renovation and final completion of the Support Services Building expansion. The elementary major building reserve fund was faced with a 17.6% decrease in fund balance largely due to current construction projects exceeding tax collections. The high school major building reserve fund experienced a modest \$58,414 (2.9%) decrease due to spending reserves to complete ongoing construction projects. The general fund (the fourth major fund) is the main operating fund of the Bozeman School District. Its fund balance enjoyed a large \$1,199,288 (34.3%) increase primarily due to protested taxes being released by the taxpayers (and now available for revenue recognition in the governmental statements) and tax increment district proceeds received from the City of Bozeman.

General fund budgetary highlights

Ending budgeted general fund balance reserves climbed significantly to 9.6% of the 2015-2016 expenditure budget. This was primarily the result of the unanticipated release of protested taxes and the depositing of the tax increment funds into the general fund. The 9.6% is 96% of the state allowed 10% maximum and is adequate to meet cash flow needs. Due to these two revenue sources, actual general fund revenues in the current year exceeded budgeted general fund revenues by \$835,434 (1.92%).

General fund expenditures and transfers utilized 99.4% of the general fund budget. There were no significant functional variances in the expenditure section and the general fund budget was not expended fully to positively impact the general fund balance reserve as well.

Student enrollment is critical in the calculation of general fund budget limits. The overall District PreK-12 enrollment has increased every year since 2005 (see Table 24). While the October 2014 count revealed a 113 increase in students and was less than the record October 2013 220 student increase, the student population growth is tracking the current trend of enrollment projections. This enrollment gain will continue to increase the demand for resources but will also have a positive impact on the maximum budget allowed to service the educational needs of the students.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had invested roughly \$163.0 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an increase prior to depreciation of \$7,512,868 over 2014. Total depreciation expense for the year was \$4,061,693. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2015.

	Amount
Land	\$ 9,997,655
Land improvements	7,733,328
Buildings and improvements	104,851,859
Machinery and equipment	2,207,281
Construction in progress	4,471,356
Total	<u>\$129,261,479</u>

The total assets (net of depreciation) noted above include \$1,112,046 of fiduciary net capital assets. Additional information on the District's capital assets can be found in Note III C of this report.

Debt Administration

At year-end, the District had \$124,529,337 in general and limited obligation bonds and other long-term debt outstanding, of which \$5,504,450 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2015, is presented below:

	Amount
General obligation bonds	\$ 77,579,468
Limited obligation bonds	163,367
Compensated absences	4,378,280
Voluntary termination benefits	21,000
Net pension liability	41,907,098
Other postemployment benefits	480,124
Total	<u>\$ 124,529,337</u>

The Elementary and High School Districts have each maintained their respective **Aa2** Moody's rating for general obligation debt. State statutes currently limit the amount of the general obligation debt a District may issue. As of June 30, 2015, the current elementary legal debt margin is \$25,202,779 and the high school legal debt margin is \$52,760,174 (as shown on Table 14).

Additional information on the District's long-term debt can be found in Note III E of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration and board of trustees during the process of developing the fiscal year 2015-2016 budget. The primary factors were the District's student population, collective bargaining agreements, inflation rates, and the local economy. Budgeted expenditures in the General Fund increased by 4.1% to \$45,114,628 in fiscal year 2015-2016. Increased payroll and employee benefit costs are the primary reason for the increase.

Inflation for fiscal year 2015 (June to June) was 0.1% which was significantly lower than the twelve month 2.1% rate as of June 2014. For the time period covering July through November 2014, the Consumer Price Index has remained the same. The local cost of living within the Bozeman School District has kept pace with that of the

national economy. This fact was considered when evaluating the cost of living during collective bargaining negotiations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact Steve Johnson (Deputy Superintendent Operations), at the Bozeman School District, 404 West Main Street, Bozeman, Montana 59715 (or by phone at 406-522-6042).

Basic Financial Statements



Government-Wide Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities		Governmental Activities
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 18,724,988	Accounts payable	\$ 1,037,975
Property taxes receivable(net of allowances for uncollectibles)	1,008,758	Accrued interest payable	209,100
Due from other governments	2,114,371	Internal balances	4,514
Accounts receivable	106,632	Retainages payable	59,334
Inventory, at cost	39,850	Unearned revenue	1,067,807
Prepaid items	27,222	Bonds payable - due within one year	4,993,367
Flexible accounts deposit	36,056	Compensated absences - due within one year	508,083
Total current assets	<u>22,057,877</u>	Voluntary termination benefits - due within one year	3,000
		Total current liabilities	<u>7,883,180</u>
Noncurrent assets:		Noncurrent liabilities:	
Land	8,885,609	Bonds payable	75,548,773
Land improvements	10,978,909	Compensated absences	3,870,197
Buildings and improvements	131,696,552	Voluntary termination benefits	18,000
Machinery and equipment	5,870,043	Net pension liability	41,907,098
Construction in progress	4,471,356	Other postemployment health benefits	480,124
Less accumulated depreciation	<u>(33,753,036)</u>	Total noncurrent liabilities	<u>121,824,192</u>
Total noncurrent assets	<u>128,149,433</u>	Total liabilities	<u>129,707,372</u>
Total assets	<u>150,207,310</u>		
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		<u>DEFERRED INFLOWS OF RESOURCES</u>	
Contribution to pension plans in current fiscal year	4,311,117	Pension deferrals	7,059,421
Excess reacquisition costs due to bond refunding	2,799,305	Total deferred inflows of resources	<u>7,059,421</u>
Total deferred outflows of resources	<u>7,110,422</u>		
		<u>NET POSITION</u>	
Total assets and deferred outflows of resources	<u>\$ 157,317,732</u>	Net investment in capital assets	50,406,598
		Restricted for:	
		Building	2,043,162
		Building reserve	3,656,864
		Debt service	28,506
		Bus depreciation	500,168
		Retirement	1,412,792
		Technology acquisition	880,997
		Transportation	811,622
		Tuition	8,198
		Grant purposes	364,409
		Adult education	191,653
		Unrestricted	<u>(39,754,030)</u>
		Total net position	<u>20,550,939</u>
		Total liabilities, deferred inflows of resources and net position	<u>\$ 157,317,732</u>

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 35,354,198	\$ 700,800	\$ 4,264,322	\$ -	\$ (30,389,076)
Support services	9,941,072	315,604	4,102,038	-	(5,523,430)
General administration	3,413,430	100,214	328,004	-	(2,985,212)
Building administration	4,085,993	145,435	191,137	-	(3,749,421)
Operations and maintenance	6,311,684	183,137	125,828	2,245,343	(3,757,376)
Student transportation	2,339,489	4,937	722,350	-	(1,612,202)
Food services	1,906,087	1,042,607	592,576	-	(270,904)
Extracurricular activities	1,507,974	275,723	115,033	81,628	(1,035,590)
Unallocated depreciation *	3,643,476	-	-	-	(3,643,476)
Interest and fiscal charges	2,683,339	-	-	-	(2,683,339)
Total governmental activities	\$ 71,186,742	\$ 2,768,457	\$ 10,441,288	\$ 2,326,971	\$ (55,650,026)
General revenues:					
District property taxes					30,381,590
Investment earnings					171,422
Intergovernmental revenue					
Unrestricted:					
County distribution - retirement					5,759,010
State equalization					16,757,156
State guaranteed tax base subsidy					3,138,561
State motor vehicle fee reimbursement					1,969,511
State quality educator					1,399,168
State on-behalf pension					1,571,377
Other state revenue					754,681
Total general revenues					61,902,476
Change in net position					6,252,450
Net position, beginning of year					59,330,793
Restatement of net position due to pensions					(45,032,304)
Net position, beginning of year, as restated					14,298,489
Net position, end of year					\$ 20,550,939

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

The notes to the financial statements are an integral part of this statement.



Fund Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 4,296,992	\$ 2,041,260	\$ 1,965,963	\$ 1,994,656	\$ 5,037,515	\$ 15,336,386
Property taxes receivable	577,465	-	48,947	49,994	342,317	1,018,723
Due from other governments	521,522	-	-	-	1,592,849	2,114,371
Accounts receivable	4,354	1,960	-	-	100,318	106,632
Inventory, at cost	-	-	-	-	39,110	39,110
Prepaid items	8,986	-	-	-	18,236	27,222
Total assets	\$ 5,409,319	\$ 2,043,220	\$ 2,014,910	\$ 2,044,650	\$ 7,130,345	\$ 18,642,444
<u>LIABILITIES</u>						
Accounts payable	\$ 129,789	\$ 58	\$ 105,591	\$ 20,196	\$ 129,426	\$ 385,060
Retainages payable	-	-	47,927	9,930	1,477	59,334
Unearned revenue	-	-	-	-	74,394	74,394
Due to other funds	4,514	-	-	-	-	4,514
Total liabilities	134,303	58	153,518	30,126	205,297	523,302
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	577,465	-	48,947	49,994	342,317	1,018,723
Total deferred inflows of resources	577,465	-	48,947	49,994	342,317	1,018,723
<u>FUND BALANCES</u>						
Nonspendable	8,986	-	-	-	57,346	66,332
Restricted	-	2,043,162	1,812,445	1,964,530	4,558,595	10,378,732
Committed	-	-	-	-	1,966,790	1,966,790
Assigned	443,846	-	-	-	-	443,846
Unassigned	4,244,719	-	-	-	-	4,244,719
Total fund balances	4,697,551	2,043,162	1,812,445	1,964,530	6,582,731	17,100,419
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,409,319	\$ 2,043,220	\$ 2,014,910	\$ 2,044,650	\$ 7,130,345	\$ 18,642,444

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Amounts reported for governmental activities in the statement of net position (page 28) are different because:

Total fund balances - governmental funds (page 32)	\$ 17,100,419
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$161,902,469 and the accumulated depreciation is \$33,753,036.	128,149,433
Deferred inflows of resources(unavailable property taxes) are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.	1,018,723
Pension related deferred inflows and outflows are not accounted for in the governmental funds. Excess reacquisition costs related to bond refunding are accounted for as deferred inflows of resources on the government-wide statements. The following number reports the net result of the current and long-term effect of these resources.	51,001
Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net position.	(9,965)
Long-term liabilities, including bonds payable, compensated absences, voluntary termination benefits, and net pension liability are not due and payable in the current period and therefore are not reported in the funds. The effects of these prior items are as follows:	
Bonds payable	\$ 80,751,240
Compensated absences	4,378,280
Voluntary termination benefits	21,000
Net pension liability	41,907,098
	(127,057,618)
Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,298,946
Total net position - governmental activities (page 28)	<u><u>\$ 20,550,939</u></u>

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
District property taxes	\$ 17,884,890	\$ -	\$ 1,545,495	\$ 1,531,936	\$ 10,600,225	\$ 31,562,546
Tuition and fees	30,838	-	-	-	1,192,213	1,223,051
Interest	43,345	13,577	9,268	16,594	35,916	118,700
Other district revenue	524,057	1,961,600	618	-	1,559,599	4,045,874
Gallatin County	-	-	-	-	6,136,520	6,136,520
State of Montana	25,684,302	-	-	-	3,034,403	28,718,705
Federal	-	-	-	-	3,902,080	3,902,080
Total revenues	<u>44,167,432</u>	<u>1,975,177</u>	<u>1,555,381</u>	<u>1,548,530</u>	<u>26,460,956</u>	<u>75,707,476</u>
Expenditures:						
Current -						
Instruction	26,909,401	18,269	22,691	43,847	6,950,007	33,944,215
Support services	5,422,230	-	-	187	4,281,361	9,703,778
General administration	2,212,663	-	392	6,735	899,869	3,119,659
Building administration	3,092,404	-	-	-	771,147	3,863,551
Operations and maintenance	4,332,954	481,941	626,921	186,407	422,193	6,050,416
Student transportation	6,706	-	-	-	2,328,123	2,334,829
Food services	15,159	1,303	-	919	1,727,494	1,744,875
Extracurricular activities	976,627	-	-	-	499,988	1,476,615
Capital outlay	-	4,887,809	1,150,174	1,368,849	397,811	7,804,643
Debt service -						
Principal retirement	-	-	140,554	-	4,970,000	5,110,554
Interest and fiscal charges	-	-	550	-	2,510,775	2,511,325
Bond issuance costs	-	-	-	-	357,643	357,643
Total expenditures	<u>42,968,144</u>	<u>5,389,322</u>	<u>1,941,282</u>	<u>1,606,944</u>	<u>26,116,411</u>	<u>78,022,103</u>
Excess (deficiency) of revenues over expenditures	<u>1,199,288</u>	<u>(3,414,145)</u>	<u>(385,901)</u>	<u>(58,414)</u>	<u>344,545</u>	<u>(2,314,627)</u>
Other financing sources (uses):						
Property damage insurance proceeds	-	201,127	-	-	-	201,127
Advance refunding bonds issued	-	-	-	-	36,335,000	36,335,000
Premium on general obligation debt	-	-	-	-	3,331,744	3,331,744
Payments to refunded bond escrow agent	-	-	-	-	(39,296,355)	(39,296,355)
Total other financing sources (uses)	<u>-</u>	<u>201,127</u>	<u>-</u>	<u>-</u>	<u>370,389</u>	<u>571,516</u>
Net changes in fund balances	<u>1,199,288</u>	<u>(3,213,018)</u>	<u>(385,901)</u>	<u>(58,414)</u>	<u>714,934</u>	<u>(1,743,111)</u>
Fund balances, beginning of year	<u>3,498,263</u>	<u>5,256,180</u>	<u>2,198,346</u>	<u>2,022,944</u>	<u>5,867,797</u>	<u>18,843,530</u>
Fund balances, end of year	<u>\$ 4,697,551</u>	<u>\$ 2,043,162</u>	<u>\$ 1,812,445</u>	<u>\$ 1,964,530</u>	<u>\$ 6,582,731</u>	<u>\$ 17,100,419</u>

The notes to the financial statements are an integral part of this statement.

**BOZEMAN SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Net change in fund balances - total governmental funds (page 34) **\$ (1,743,111)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$8,112,562) exceeded depreciation (\$3,999,521) in the current period. 4,113,041

Deferred inflows of resources in the governmental funds are reported on the full accrual method in the government-wide financial statements. (1,180,956)

The net pension liability and related pension deferred inflows and outflows of the district are reported on the full accrual method and solely in the government-wide financial statements. 380,406

The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized as a component of interest and fiscal charges in the statement of activities. If debt is refunded at a cost more than the carrying amount of the old debt, this excess acquisition cost is also amortized as a component of interest and fiscal charges in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt. 4,967,560

The current period net increase in compensated absences and voluntary termination benefits payable did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds. (348,009)

Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The net income of the internal service funds is reported with governmental activities. 63,519

Change in net position of governmental activities (page 29) **\$ 6,252,450**

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
District property taxes	\$ 17,462,652	\$ 17,884,890	\$ 422,238
Tuition and fees	17,500	30,838	13,338
Interest	38,395	41,870	3,475
Other district revenue	2,801	524,057	521,256
State of Montana	25,809,175	25,684,302	(124,873)
Total revenues	<u>43,330,523</u>	<u>44,165,957</u>	<u>835,434</u>
Expenditures:			
Current -			
Instruction	27,016,246	26,902,203	114,043
Support services	5,584,489	5,481,348	103,141
General administration	2,234,191	2,213,111	21,080
Building administration	3,126,878	3,085,660	41,218
Operations and maintenance	4,401,097	4,326,685	74,412
Student transportation	2,885	6,706	(3,821)
Food services	-	401	(401)
Extracurricular activities	964,737	961,267	3,470
Total expenditures	<u>43,330,523</u>	<u>42,977,381</u>	<u>353,142</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,188,576</u>	<u>1,188,576</u>
Other financing sources (uses):			
Transfers out	-	(80,000)	(80,000)
Total other financing sources (uses)	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>
Net change in fund balances	-	1,108,576	1,108,576
Fund balances, beginning of year	<u>3,145,129</u>	<u>3,145,129</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 3,145,129</u></u>	<u><u>\$ 4,253,705</u></u>	<u><u>\$ 1,108,576</u></u>

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 3,388,602
Inventory, at cost	740
Flexible accounts deposit	36,056
Total current assets	<u>3,425,398</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	571,402
Less accumulated depreciation	<u>(411,090)</u>
Net capital assets	<u>160,312</u>
Total assets	<u>3,585,710</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Contribution to pension plans in current fiscal year	406
Total deferred outflows of resources	<u>406</u>
Total assets and deferred outflows of resources	<u>\$ 3,586,116</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 652,915
Unearned revenue	993,413
Total current liabilities	<u>1,646,328</u>
Noncurrent liabilities:	
Net pension liability	81,103
Other postemployment health benefits	480,124
Total noncurrent liabilities	<u>561,227</u>
Total liabilities	<u>2,207,555</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension deferrals	20,966
Total deferred inflows of resources	<u>20,966</u>
<u>NET POSITION</u>	
Net investment in capital assets	160,312
Unrestricted	1,197,283
Total net position	<u>1,357,595</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 3,586,116</u></u>

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	\$ 6,661,751
Charges for Wellness services	97,893
State on-behalf pension	2,580
Total operating revenues	<u>6,762,224</u>
Operating expenses:	
Administrative expenses	285,159
Communications	30,609
Contracted Medicare supplement	248,347
Depreciation	62,172
Excess risk insurance	375,484
Facilities and equipment rental	2,502
Health, dental and vision claims	5,219,387
Materials and supplies	32,002
Minor technology equipment	6,201
Other expenses	2,057
Other postemployment health benefits	68,686
Pension	6,084
Repairs and maintenance	19,304
Salaries and benefits	46,736
Wellness	304,931
Total operating expenses	<u>6,709,661</u>
Operating income (loss)	<u>52,563</u>
Nonoperating revenues (expenses):	
Interest	10,956
Total nonoperating revenues (expenses)	<u>10,956</u>
Change in net position	<u>63,519</u>
Net position, beginning of year as originally reported	1,392,235
Beginning net position restatement due to pensions	<u>(98,159)</u>
Net position, beginning of year, as restated	<u>1,294,076</u>
Net position, end of year	<u><u>\$ 1,357,595</u></u>

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 6,837,266
Payments for insurance claims	(5,148,389)
Payments to employees	(46,736)
Payments to suppliers	(1,299,119)
Net cash provided (used) by operating activities	<u>343,022</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(3,500)
Net cash provided (used) by capital and related financing activities	<u>(3,500)</u>
Cash flows from investing activities:	
Interest received	10,956
Net cash provided (used) by investing activities	<u>10,956</u>
Net increase (decrease) in cash and cash equivalents	350,478
Cash and cash equivalents - 7/01/14	3,038,124
Cash and cash equivalents - 6/30/15	<u><u>\$ 3,388,602</u></u>
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 52,563
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:	
Depreciation	62,172
(Increase) decrease in accounts receivable	198
(Increase) decrease in inventories	589
Increase (decrease) in accounts payable	77,886
Increase (decrease) in other postemployment benefits	68,686
Increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability	3,504
Increase (decrease) in unearned insurance premiums	77,424
Total adjustments	<u>290,459</u>
Net cash provided (used) by operating activities	<u><u>\$ 343,022</u></u>

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,070,134
Investments	652,217
Due from other funds	4,514
Accounts receivable	5,000
Land	1,112,046
Total assets	\$ 3,843,911
<u>NET POSITION</u>	
Net position held in trust	\$ 3,843,911

The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust Funds
Additions:	
Contributions	\$ 1,500
Payments from member districts	798,048
Extracurricular receipts and fees	1,033,141
Other trust revenue	9,484
State of Montana	38,410
Total noninvestment trust additions	<u>1,880,583</u>
Investment earnings:	
Interest	<u>12,236</u>
Total additions	<u>1,892,819</u>
Deductions:	
Administrative expenses	10,828
Salaries and benefits	36,446
Instruction	87,254
Extracurricular activities	1,250,174
Professional contracted services	105,019
Purchased property services	6,999
Scholarships	3,795
Total deductions	<u>1,500,515</u>
Change in net position	392,304
Net position, beginning of year	<u>3,451,607</u>
Net position, end of year	<u><u>\$ 3,843,911</u></u>

The notes to the financial statements are an integral part of this statement.



Notes to Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bozeman School District No. 7 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has previously adopted the provisions of GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement codifies the requirements of all pre-November 30, 1989 FASB and AICPA pronouncements that apply to state and local governments.

In the fiscal year ended June 30, 2014, the District implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement 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.

For the fiscal year ended June 30, 2015, the financial reporting information pertaining to the District's participation in the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS) is now prepared in accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements establish accounting and financial reporting standards to account for the District's net pension liability, deferred outflows and inflows of revenues related to pensions, and pension expense.

A. Reporting Entity

School District No. 7 was established under Montana law to provide educational services below the College and University level to residents of the District. Generally accepted accounting principles require that these financial statements present School District No. 7 (the primary government) and all component units, if any. In the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 61 *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. One significant modification was the provision that a financial benefit or burden must exist between the District and potential component unit organization for it to be included in the reporting entity as a component unit. In applying this statement, it has been determined that School District No. 7 has no component units.

The District actually consists of two separate legal entities - Elementary and High School districts. Accounting records of both districts must be maintained separately per State law because of differences in funding and tax base. However, both are managed by one central Board of Trustees, elected in a district-wide election, and by a central administration appointed by and responsible to the Board. Although School District No. 7 legally consists of two separate statutory entities, it is managed and operated as a single system. These financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercise responsibility.

B. Government-wide and fund financial statements

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and statement of activities report information on all of the nonfiduciary activities of the primary government utilizing a full accrual basis of accounting. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities (and ultimately presents changes in net position). Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient of the goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Fund financial statements are designed to present financial information of the School District at a more detailed level (and to demonstrate legal compliance). The focus of governmental fund financial statements is on major funds. In School District No. 7's case, the general, elementary building, elementary building reserve, and high school building reserve funds are considered major and are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. The fiduciary funds are reported by type.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, State and County aid and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* accounts for all revenues and expenditures related to instruction, administration, and other activities, except those required to be accounted for in another fund.

The *elementary building fund* accounts for the construction of elementary schools and for the remodeling of existing elementary facilities.

The *elementary building reserve fund* accounts for the acquisition, construction or repair of major capital facilities in the elementary district.

The *high school building reserve fund* accounts for the acquisition, construction or repair of major capital facilities in the high school district.

Additionally, the government also reports the following fund types:

Internal service funds account for the financing of goods or services provided by one department to other departments of the District, or to other governments, on a cost reimbursement basis. In the District's case, the internal service funds are used to charge the costs of health insurance, printing, postage and other services to other individual funds.

The *private-purpose trust funds* are used to account for resources legally held in trust for use for the Worthy Student Scholarship on behalf of the Bozeman Schools Foundation, extracurricular activities departments, and the High School Interlocal Agreements. All resources in these funds (except for the Nonexpendable High School Endowment Fund), including any earnings on invested resources, may be used to support the funds' activities. The Montana Office of Public Instruction has currently instructed schools to account for certain extracurricular activities in the private-purpose trust funds. This decision has been made in part because although not all extracurricular funds are held in a "purely" custodial nature, the school board does have limited power to deny expenditures (and also deny the creation of the fund as a school district account in the first place).

It is the District's practice to eliminate the net income (loss) generated by interfund activity. This was implemented to comply with the GAAP requirement to consolidate internal activities in the government-wide statement of activities. Direct expenses of departments paying for the interfund activity (i.e. health insurance, printing, postage, etc) are not eliminated, but are presented as expenses in the appropriate functional category. Indirect expenses of the interfund activity, which are usually the ultimate reason of departments being indirectly over or undercharged, are eliminated through the reduction or increase of statement of activities expenses. If an Internal Service Fund receives revenue from a nongovernmental entity, it is recognized as a charges for services program revenue amongst the functions that generated it.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the District's *Purchasing* and *Self-Insurance* internal service funds are charges to customers for sales or services. Operating expenses for the internal service funds include the costs of sales and services, administrative expenses, pension, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net positions are available to expend, it is the District's policy to use its restricted net position first, followed by unrestricted net position as they are needed.

D. Deposits and investments

Except petty cash and a portion of the Private-Purpose Trust and Internal Service Funds, all District cash is held by the County Treasurer and pooled in the Gallatin County external investment pool or invested outside of that pool in direct obligations of United States Agencies. \$283,708 of the Middle and High School Student Extracurricular Funds (which are Private-Purpose Trust Funds) are in various checking accounts. \$1,002 of the nonexpendable high school endowment fund (private-purpose trust) is in interest bearing bank insured deposit accounts.

The County Treasurer, at the direction of the District, invests the pooled cash in nonfiduciary funds pursuant to State Law (MCA 20-9-213 [4]). Allowable investments include direct obligations of the United States Government and some United States Agencies (not to exceed five years), savings or time deposits in a state or national bank, building and loan association, savings and loan association, or credit union insured by the FDIC or NCUA located in the State, or in a repurchase agreement. It is also allowable to invest monies under the State Unified Investment Program (STIP) established in Title 17, Chapter 6, MCA. STIP has invested in derivatives, but the nature of those transactions, the reason for entering into them and the School District's exposure to credit is not available to the School District for disclosure. As of June 30, 2015, the District had a significant portion of its funds invested in STIP through the Gallatin County external investment pool.

The District invests fiduciary funds pursuant to State Law, Title 22 Chapter 30. Generally, that law requires the District to consider the intent of the donor and the charitable purpose of the gift. In addition, the funds shall be managed and invested in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

The School District considers all highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents. With this in mind, the entire amount of the Gallatin County investment pool is considered cash equivalents. All cash equivalents held in the Gallatin County investment pool are reported at fair value. The direct obligations of the United States Agencies (when present) are also held at fair value.

E. Receivables and payables

Trade receivables are primarily comprised of outstanding receivables for user charges and reimbursements anticipated from the internal service fund's excess risk insurance provider. Periodically, less than a hundred dollars has been written off for some fiscal years and therefore no allowance for uncollectibles is created for these receivables.

Property is assessed by the County division of the State Department of Revenue. Valuations are determined under State law and submitted to the County Treasurer for the preparation of tax notices. Property taxes are assessed against the owner of record as of January 1st with the taxes generally being levied in August and billed as of November 1st. Property taxes receivable are recorded as of the date levied. Uncollected taxes receivable at year-end are deferred only in the fund financial statements.

Property taxes are due in two payments, generally November 30th and May 31st. Unpaid taxes become delinquent on December 1st and June 1st. After three years of delinquency, the County may proceed to take title to the property. Delinquent taxes may be collected up to ten years. The County Treasurer may issue a writ of execution to the County Sheriff to seize the property and sell it to pay the taxes. Unpaid taxes at the end of ten years may be written off by the County Commissioners. Using the County's 10-year delinquency rate of 0.03% on real estate property taxes levied and 0.2% on personal property taxes levied, a \$9,965 allowance for uncollectibles has been calculated and the property taxes receivable are presented net of this amount.

All payables are reported in the government-wide financial statements with the proprietary funds payables also being presented on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and other voluntary termination benefits are reported as a liability in the fund financial statements only to the extent that there are unpaid reimbursable balances for terminated employees at year end.

F. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventoriable items purchased through the governmental funds and internal service funds are recorded as expenditures when consumed rather than when purchased (known as the consumption method).

G. Prepaid items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items in both the government-wide and fund financial statements. This current asset is recorded at the time of

purchase and an expenditure/expense is reported in the year in which services are consumed (consumption method).

H. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, and construction in progress, are reported in the government-wide financial statements. All lands purchased or received through a donation are capitalized, regardless of price. Machinery and equipment capital assets are defined by District policy as assets with an initial, individual cost of \$5,000 or more with a useful life of more than one year. District policy also dictates that buildings, improvement on buildings, land improvements, and construction in progress are deemed to be capital assets when the individual project has a cost of \$25,000 or more (or anticipated cost for construction in progress). Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the half-year straight-line method over the following estimated useful lives:

Land improvements	20 years
Building and improvements	20-50 years
Machinery and equipment	5-20 years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position (or fund balance) that applies to a future period(s) so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has some pension related deferred outflows of resources in the current fiscal year as well as deferred outflows due to an excess reacquisition loss on debt refunding.

In addition to liabilities, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the District's governmental fund balance sheet, there was one item that qualified as a deferred inflow of resources. This item was entirely comprised of outstanding property taxes as of June 30, 2015. These amounts are (and were) reported as revenue in the government-wide financial statements in the period in which they were levied and thus no deferred inflows of resources were reported for this unavailable property tax activity. The government-wide and proprietary Statements of Net Position did report some deferred inflows of resources for pension related activities. Please refer to the Other Information section of the notes for a more in-depth discussion of the pension activity that the District participates in.

I. Compensated absences

Accumulated Vacation and Sick Leave - Nonteaching District employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Vacation leave may be accumulated to a total not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of 11 to 12 days per year. Upon retirement or termination all employees are paid for 100% of unused vacation leave and 25% of unused sick leave (certified staff are limited to a maximum 150 days of sick leave payout). Upon termination, all payments are made at the employee's current salary.

The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. In governmental funds, sick leave and vacation leave are recorded as expenditures in the year paid, as it is the District's policy to satisfy any unpaid amounts at year-end from future resources, not expendable available resources. The District, in accordance with State law (MCA 20-9-512), transfers money, within the adopted budget, from the general fund to maintain the compensated absence liability fund. The purpose of this fund is to pay any accumulated sick and vacation leave that a nonteaching or administrative employee is entitled to upon termination of employment. The sick and vacation leave termination pay for teachers is paid out of the general fund. Generally Accepted Accounting Principles (GAAP) dictate that a fund solely funded from another fund cannot be a standalone special revenue fund. All of its activity must be reported in the fund that is truly paying for the expenditures. Therefore, on the modified accrual basis, the compensated absence liability fund activities have been consolidated into the general fund (its full funding source).

J. Voluntary termination benefits

Voluntary Career Option Plan - The Voluntary Career Option Plan was intended to provide mid-career and late career teachers some flexibility in developing new career options through capitalizing on financial incentives of value to both the teacher and the District. Teachers are covered by this plan through the Collective Bargaining Agreement (CBA) between School District No. 7 and the Bozeman Education Association July 1, 2007 - June 30, 2010. This plan was eliminated from the CBA effective June 30, 2010. The remaining plan obligations and plan description follow:

Teachers who elect to retire with between 13 and 24 credited years with the District are entitled to the benefit payable in: (1) a lump sum payment (13-19 credited years) based on a percentage of the highest average salary (HAS) for their three highest paid years that may be split over two years at the teachers request or (2) a lump sum payment plus a set monthly stipend for a period not exceeding 5 years (20-24 credited years service). In addition, teachers with 20-24 credited years service receive \$100 per month towards their medical insurance premium for 10 years as long as they remain a participant in the District's insurance program and are not eligible for participation in any other employer sponsored medical program or Medicare. The District contributions are financed on a pay-as-you-go basis.

The VCOP Plan cost the District \$3,789 for the fiscal year ended June 30, 2015 (the VCOP Plan is entirely employer funded). At the end of the current fiscal year, the District had no remaining past employees participating in the voluntary career option plan.

Administrator Severance Medical Insurance Payments - If an Administrator has at least thirteen years of administrative service with the District or at least twenty years of total service with the District, and

the Administrator's employment with the District ends in a no fault termination, the Administrator shall be entitled to payments of \$250 per month from the District for medical insurance. These payments shall cease on the first of the following to occur: a. The Administrator becoming eligible to participate in another employer sponsored medical insurance plan with benefits which are of comparable value to the District's group medical insurance plan, or Medicare. b. Ten years expiring from the date of the first such payment to the Administrator. For the fiscal year ended June 30, 2015, this voluntary termination benefit cost the District \$3,000 and had only 1 past employee participating as of that year end date.

K. Net pension liability

The District must now report its proportionate share of the collective net pension liability, pension expense, deferred inflows, and deferred outflows of resources associated with pension plans that its employees are eligible to participate in. See Note IV B for a more in-depth discussion of this liability and related elements.

L. Other postemployment benefits

The District allows retirees that have just finished employment with the District to remain on the District health insurance plan (with several Medicare and non-Medicare eligible options available). Another postemployment benefit arises from the difference in the District health insurance cost the retirees are incurring and what they would otherwise be paying on the open market for a similar plan. This benefit is reflected in the financials as a long term liability following the guidance of GASB Statement No. 45. See Note IV C for more details of this liability.

M. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Premiums and discounts are deferred over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period (when present). The face amount of the debts (when issued) are reported as other financing sources. Premiums (if present) received on the debt issuances would be reported as other financing sources while discounts (if present) on debt issuances would be reported as other financing uses. Both the government-wide and fund financial statements recognize bond issuance costs as current expenses in the year incurred.

N. Fund balance

In the fiscal year ended June 30, 2011, the District implemented the provisions of GASB Statement 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 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. As a result, the classifications of fund balance now used for governmental funds are reported in two general classifications, nonspendable and spendable.

The nonspendable category represents the portion of fund balance that is not in spendable form such as inventories and prepaid items. Spendable fund balance is further categorized as *restricted*, *committed*, *assigned*, and *unassigned*.

The *restricted* fund balance category contains balances that can only be spent 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 purpose determined by a formal action of the government's highest level of decision-making authority, the School Board. This same formal board action is needed not only to establish the commitment, but also to modify or rescind it at a future date. In the District, a board resolution being passed by the School Board meets the aforementioned formal board action in the committing or rescinding of committed fund balances.

Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The District has adopted policy 7515 which dictates how fund balances may be assigned and by whom. Assignments of fund balance may be enacted by the School Board in addition to the officials they have delegated the power to assign fund balances (the Superintendent and the Deputy Superintendent of Operations). In governmental funds other than the general fund, assigned fund balance also represents the remaining amount that is not restricted or committed. Currently included in assigned fund balance for the general fund are assignments for the reserve for encumbrances and the consolidated fund balances of the elementary and high school compensated absences liability (which had to be absorbed into the general fund due to sole funding by the general fund to those compensated absence funds). These amounts were assigned in the current fiscal year by the Deputy Superintendent of Operations via the delegated powers to that position by the School Board.

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 may only be used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of June 30, 2015, fund balances are comprised of the following:

	General	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 39,110	\$ 39,110
Prepaid items	8,986	-	-	-	18,236	27,222
Restricted:						
Federal, State, & Local Grants	-	-	-	-	364,409	364,409
Building constr. repair & renov.	-	2,043,162	1,812,445	1,964,530	-	5,820,137
Debt Service	-	-	-	-	311,770	311,770
Student Transport.	-	-	-	-	866,807	866,807
Replacing Buses	-	-	-	-	503,359	503,359
Student Tuition	-	-	-	-	200	200
Retirement taxes	-	-	-	-	1,412,792	1,412,792
Tech acquisition	-	-	-	-	899,294	899,294
Adult Education	-	-	-	-	199,964	199,964
Committed:						
Food services	-	-	-	-	395,835	395,835
Special services	-	-	-	-	859,349	859,349
Business services	-	-	-	-	303,843	303,843
Drivers education	-	-	-	-	245,577	245,577
Misc. district ops	-	-	-	-	162,186	162,186
Assigned:						
Encumbrances	71,046	-	-	-	-	71,046
Comp. absences	372,800	-	-	-	-	372,800
Unassigned	4,244,719	-	-	-	-	4,244,719
Total fund balances	\$4,697,551	\$2,043,162	\$1,812,445	\$1,964,530	\$ 6,582,731	\$ 17,100,419

When both restricted and unrestricted (spendable) resources are available, District policy dictates that spending will occur in the following order for the identified types:

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

O. Minimum General Fund - Fund Balance

The Bozeman School District policy dictates that the District will strive to maintain a minimum unassigned fund balance in the general fund as of June 30th equal to 5% of the subsequent fiscal year's expenditure budget.

P. Net Position

In funds other than governmental, net position represent the result of assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets plus capital-related deferred outflows, net of accumulated depreciation and also reduced by the outstanding balances of any borrowing used in the acquisition, construction, or improvement of those assets and any capital-related deferred inflows of resources. This line item is not reduced by the portion of debt that is related to unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Q. Prior Period Restatement

For the year ended June 30, 2015, the District has implemented GASB Statement 68, regarding the reporting of pension liabilities, and GASB Statement 71, regarding reporting of pension contributions subsequent to the measurement date of June 30, 2014. Accordingly, beginning net position has been restated to reflect the previously unrecognized pension liability as follows:

	Governmental Activities	Proprietary Fund (included in the Governmental Activities)
Beginning net position, as originally reported	\$ 59,330,793	\$ 1,392,235
Pension liability, June 30, 2013	(49,157,944)	(104,480)
Retirement contributions in 2014	4,125,640	6,321
Net restatement	(45,032,304)	(98,159)
Beginning net position, as restated	\$ 14,298,489	\$ 1,294,076

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

State law requires that the District adopt budgets for certain funds, generally those supported by property taxes. These mandated budgeted funds are as follows:

General

Special Revenue:

Transportation

Bus Depreciation

Tuition

Retirement

Technology Acquisition

Adult Education

Debt Service

Capital Projects:

Building Reserve

The General Fund budget is based on the State Funding Program, which is designed to equalize taxing effort throughout the State and bases the budget on enrollment. Budgets for other funds are based primarily on expected revenues and expenditures.

Budgetary policy follows:

- 1) By the first Monday in August, the Department of Revenue transmits a statement of assessed valuation and taxable valuation of all property to the County Superintendent of Schools.
- 2) On or before August 15th, the Board of Trustees must meet to legally adopt the final budget.
- 3) Upon adoption of the final budget, expenditures and operating transfers are limited to the total fund budget. (There is one exception, see Note IIC.) Unexpended and unencumbered appropriations lapse at year end. Under State law and District Policy, management may amend the budget without seeking Board approval as long as the total individual fund budget is not exceeded.
- 4) Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through 20-9-166.)

While the Bozeman School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law allows accounting for certain year end appropriations as encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presented for the District's major governmental fund(General) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are two major difference between the budget basis and GAAP basis in

presenting the general fund. One is that under GAAP, encumbrances outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The second major difference is that on a budget basis, compensated absence liability funds are tracked separately but for GAAP purposes, their activity is consolidated back into the general fund which originally supplied it with its full source of revenue.

B. Budgetary/GAAP reconciliation

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the major General fund.

Net Change in Fund Balance Major General Fund	
	<u>General</u>
GAAP Basis	\$1,199,288
Consolidating compensated absence liability fund activity	(22,516)
Adjustment for Encumbrances	<u>(68,196)</u>
Budget Basis	<u><u>\$1,108,576</u></u>

C. Excess of expenditures over appropriations

State law permits expenditures to exceed appropriations only for debt incurred after the final Debt Service budget has been adopted and if money is available (MCA 20-9-134). Due to advance refunding portions of multiple bond documents after the Debt Service was adopted, expenditures exceeded appropriations in the Elementary and High School Debt Service Funds in the current fiscal year.

D. Deficit fund equity

The District had no deficit fund equity to report in the fund financial statements.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The District directs the investment of money pursuant to the provisions of the Montana Code.

Cash and cash equivalents consist of:

Petty cash	\$ 4,490
County Treasurer's Investment Pool	20,505,922
Cash in checking	283,708
Cash in D.A. Davidson bank insured deposits	1,002
Total	<u>\$ 20,795,122</u>

Investments consist of:

		<u>Credit Risk</u>	<u>Interest Rate Risk</u>
	Investment Mkt Value	Standard & Poor's Corporate Bond Rating	Weighted Average Maturity (Years)
Mutual Funds	<u>\$652,217</u>	<u>AAA</u>	<u>0.00</u>
Portfolio weighted average maturity			0.00

A small amount of petty cash is separately held by some of the District's funds and is all reported as cash and cash equivalents.

The Middle and High School Extracurricular Funds have cash in several checking accounts totaling \$283,708 which is fully insured by the FDIC.

The District participates in a cooperative investment program with Gallatin County and the other school districts in the County. Under this system the District's cash is pooled with all other County funds and the interest earned is prorated to the various funds based on equity in the pool. Each fund type's portion of this pool is reported on the statement of net assets as cash and cash equivalents.

Short-term investments consisting of a daily repurchase agreement with a local bank, U.S. agencies and Certificates of Deposit account for the management of cash temporarily idle during the year in the vast majority of the District's funds. The fiduciary Nonexpendable High School Endowment fund had cash spread amongst several nonlocal banks through its D.A. Davidson investment account. The mutual funds listed above

were also purchased with this same Endowment fund and are an allowable investment option for fiduciary funds.

The Gallatin County Investment Pool cash and cash equivalents are valued at cost, which approximates fair value. There is no material difference between the value of the pool shares and the fair value. The pool is not SEC registered. Montana law designates allowable investment options. Montana law also allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. Since the District invests in a cooperative pool, pledged securities for the various individual deposits and repurchase agreements are managed by the County Treasurer. Montana code allows the County Treasurer to take collateral up to 50% of deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more; and 100% if the ratio is less than 6%.

Risk in the event of loss is unclear in state law, but appears to be the liability of the County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, full risk classifications according to GASB 40 are available in the Gallatin County's annual report. There is no known maturity and credit rating of the Gallatin County Investment Pool. In regards to the Federal Home Loan Mortgage Corporation and mutual funds - credit and interest rate risks are detailed earlier in this note. The District investment policy is written to follow Montana School Investment law (MCA 7-7-202). This law states that Districts may invest in direct obligations of the U.S. Government or accounts collateralized by the direct obligation of the U.S. Government. If savings or time deposits are used, they must be insured by FDIC or NCUA. The District is complying with this law and accepts the inherent credit and interest rate risks. The District investment policy does not explicitly refer to credit rate risks, however, all of its investments have a AAA rating.

B. Receivables

Receivables as of June 30, 2015, for the District's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Elementary Building	Elem. Bldg Reserve	High School Building Reserve	Nonmajor and Other Funds	Total
Receivables:						
Accounts	\$ 4,354	\$ 1,960	\$ -	\$ -	\$ 105,318	\$ 111,632
Property taxes	577,465	-	48,947	49,994	342,317	1,018,723
Gross receivables	581,819	1,960	48,947	49,994	447,635	1,130,355
Less: allowance for Uncollectibles	(5,649)	-	(479)	(489)	(3,348)	(9,965)
Net total receivables	\$ 576,170	\$ 1,960	\$ 48,468	\$ 49,505	\$ 444,287	\$1,120,390

Governmental funds report deferred inflows of resources (unavailable) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned (unearned). At the end of the current fiscal year, the various components of \$1,018,723 deferred inflows and \$74,394 unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$577,465	\$ -
Delinquent property taxes receivable (Elementary Building Reserve)	48,947	-
Delinquent property taxes receivable (High School Bldg. Reserve)	49,994	-
Delinquent property taxes receivable (Nonmajor governmental funds)	342,317	-
Food Service, Elementary & High School grants (Nonmajor gov'tl funds)	-	74,394
Total unavailable and unearned revenue for governmental funds	<u>\$1,018,723</u>	<u>\$ 74,394</u>

The Self-Insurance internal service fund had unearned revenue of \$993,413 as of June 30, 2015, that is almost entirely comprised of health insurance premiums deducted from June payroll checks to cover premiums due in the months of July and August.

C. Capital assets

A summary of capital asset activity for the year ended June 30, 2015 follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 8,885,609	\$ -	\$ -	\$ 8,885,609
Construction in progress	4,754,210	4,133,829	(4,416,683)	4,471,356
Total capital assets, not being depreciated	13,639,819	4,133,829	(4,416,683)	13,356,965
Capital assets, being depreciated:				
Land improvements	10,559,552	419,357	-	10,978,909
Buildings and improvements	124,164,298	7,532,254	-	131,696,552
Machinery and equipment	5,922,258	490,781	(542,996)	5,870,043
Total capital assets being depreciated	140,646,108	8,442,392	(542,996)	148,545,504
Less accumulated depreciation for:				
Land improvements	(2,699,287)	(546,294)	-	(3,245,581)
Buildings and improvements	(23,734,199)	(3,110,494)	-	(26,844,693)
Machinery and equipment	(3,778,807)	(426,951)	542,996	(3,662,762)
Total accumulated depreciation	(30,212,293)	(4,083,739)	542,996	(33,753,036)

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Total capital assets, being depreciated, net	110,433,815	4,358,653	-	114,792,468
Governmental activities capital assets, net	<u>\$124,073,634</u>	<u>\$ 8,492,482</u>	<u>\$ (4,416,683)</u>	<u>\$128,149,433</u>

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

Governmental activities:	
Instruction	\$ 59,634
Support services	46,037
General administration	82,869
Operations and maintenance	70,163
Food services	89,594
Extracurricular activities	7,748
Unallocated depreciation (buildings and land improvements)	3,643,476
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>62,172</u>
Total depreciation expense - governmental activities	<u>\$4,061,693</u>

Fiduciary Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$1,112,046	\$ -	\$ -	\$1,112,046
Total capital assets, not being depreciated	<u>1,112,046</u>	<u>-</u>	<u>-</u>	<u>1,112,046</u>
Capital assets, being depreciated:				
Land improvements	83,852	-	(83,852)	-
Machinery and equipment	19,822	-	(19,822)	-
Less accumulated depreciation	<u>(22,046)</u>	<u>-</u>	<u>22,046</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>81,628</u>	<u>-</u>	<u>(81,628)</u>	<u>-</u>
Fiduciary activities capital assets, net	<u>\$1,193,674</u>	<u>\$ -</u>	<u>\$ (81,628)</u>	<u>\$1,112,046</u>

There was no depreciation in the fiduciary funds in the 2014-2015 fiscal year.

Construction commitments - The District has active construction projects as of June 30, 2015. At year-end the District's commitments with contractors were as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Constr. & Arch. contracts for Irving office relocation and classroom reconfigure	\$ 88,526	\$ 309,955
Construction contract for Willson Auditorium, lobby, and miscellaneous remodel	3,002,654	1,000
Construction contract for Emily Dickinson reroof project	169,688	61,913
Construction contract for Sacajawea Phase # 2 reroof project	147,158	119,659
Construction contract for Longfellow sewer replacement project	-	59,692
Construction contract for West Willson parking lot project	-	83,500
Construction contracts for High School tennis court reconstruction	198,599	400,932
Total	\$ 3,606,625	\$ 1,036,651

The elementary building reserve fund is paying for the Irving office relocation, Emily Dickinson and Sacajawea reroof projects, Longfellow sewer project, and a portion of the Willson auditorium remodel and upcoming Willson parking lot project. The high school building reserve fund is paying a portion of the Willson parking lot project and auditorium remodel as well as all of the high school tennis court reconstruction.

D. Interfund activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities whereas in the fund financial statements, they are reported as transfers within other financing sources/uses category. There were no transfers between governmental funds in the current fiscal year.

E. Long-term debt

General obligation bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds have only been issued for governmental activities. The original amount of currently outstanding general obligation bonds issued in prior years was \$103,200,000. During the current fiscal year, general obligation bonds totaling \$36,335,000 were issued to refund portions of the 2006, 2007, and 2008 elementary g.o. bonds as well as portions of the 2006 and 2007 high school g.o. bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with varying amounts of increasingly larger amounts of principal maturing each year (the 2007 and 2008 high school g.o. bonds were actually issued for 19 and 18 years, respectively, to have the same maturity as the 2006 high school g.o. bond issue). General obligation bonds currently outstanding are comprised of the following individual issues:

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2015	Due Within One Year
2006 Elementary	\$14,100,000	20	4.00 - 5.25%	\$ 680,000	\$ 680,000
2007 Elementary	5,750,000	19	3.75 - 4.20%	285,000	285,000
2008 Elementary	17,500,000	20	3.00 - 4.25%	7,065,000	770,000
2012 Elementary	10,000,000	20	1.00 - 3.00%	8,700,000	430,000
2013 Elementary	16,375,000	20	3.00 - 4.00%	14,535,000	650,000
2014 Elementary	9,500,000	11	1.00 - 4.00%	9,380,000	50,000
2015 Elementary	8,935,000	13	2.00 - 5.00%	8,845,000	-
Subtotal				49,490,000	2,865,000
2006 High School	14,500,000	20	4.00 - 5.25%	700,000	700,000
2007 High School	14,975,000	19	4.10 - 4.50%	735,000	735,000
2008 High School	10,000,000	18	3.00 - 4.00%	7,050,000	520,000
2014 High School	9,150,000	11	1.00 - 4.00%	9,070,000	10,000
2015 High School	8,750,000	7	2.00 - 5.00%	8,665,000	-
Subtotal				26,220,000	1,965,000
Total				\$ 75,710,000	\$ 4,830,000

Annual debt service requirements to maturity on general obligation bonds at June 30, 2015, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 4,830,000	\$ 2,578,894	\$ 7,408,894
2017	4,965,000	2,406,957	7,371,957
2018	5,160,000	2,234,157	7,394,157
2019	5,345,000	2,064,107	7,409,107
2020	5,550,000	1,892,444	7,442,444
2021-2025	30,830,000	6,702,118	37,532,118
2026-2030	15,570,000	1,816,394	17,386,394
2031-2032	3,460,000	160,625	3,620,625
Total	\$ 75,710,000	\$ 19,855,696	\$ 95,565,696

Advance refundings

On August 20, 2014, the District issued \$18,650,000 of general obligation bonds (\$9,500,000 elementary, \$9,150,000 high school) with the proceeds being placed in an irrevocable escrow account that will service all future debt service payments of \$18,290,000 of 2006 and 2007 general obligation bonds (\$9,170,000 elementary, \$9,120,000 high school). As a result, these advance refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The reacquisition price

exceeded the net carrying amount of the old debt by \$1,518,296. This amount is included in deferred outflows of resources and amortized over the remaining life of the newly issued debt (which mirrored the original debt amortization timeline). This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,543,433 and resulted in an economic gain of \$1,346,223.

In addition to the above advance refunding, the District also issued \$17,685,000 of general obligation bonds (\$8,935,000 elementary, \$8,750,000 high school) with the proceeds placed in an irrevocable escrow account that will service all future debt service payments of \$18,070,000 of 2006, 2007, and 2008 general obligation bonds (\$9,070,000 elementary, \$9,000,000 high school). These advance refunded bonds are also considered to be defeased and the related liability has been removed from the statement of net position. The reacquisition price of these March 5, 2015, issued bonds exceeded the net carrying amount of the old debt by \$1,418,059. This amount is included in deferred outflows and amortized over the life of the newly issued debt (which also has the same amortization timeline of the old debt). As a result of this second round of advance refundings, total debt service payments of these refunded portions of debt will be reduced by \$1,132,842 over the next 7 to 13 years and resulted in an economic gain of \$1,032,856.

Limited obligation bonds

On December 19, 2006, the District issued limited obligation school building bonds in the amount of \$1,459,250. These specific bonds were used for major renovations at Whittier Elementary School and bear interest at 0% per annum and will be paid back through sinking fund deposits made over the next nine years from date of issuance. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on December 19, 2015. The District will recognize a reduction in bonds payable each year in the amount of principal payments and the scheduled investments earnings on the sinking fund. The elementary building reserve fund will be servicing 100% of the limited obligation debt payments and the limited obligation bonds are comprised as follows:

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2015	Due Within One Year
2006 Elementary	1,459,250	9	0%	\$ 163,367	\$ 163,367

Annual debt service requirements to maturity of limited obligation bonds at June 30, 2015, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Investment Earnings	Total
2016	\$ 140,553	\$ 22,814	\$ 163,367

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds	\$80,705,000	\$36,335,000	\$(41,330,000)	\$75,710,000	\$4,830,000
Limited obligations bonds	345,687	-	(182,320)	163,367	163,367
Amortized amounts:					
Bond premiums	1,620,753	3,331,744	(283,724)	4,668,773	-
Total bonds payable	82,671,440	39,666,744	(41,796,044)	80,542,140	4,993,367
Compensated absences	4,023,482	852,874	(498,076)	4,378,280	508,083
Voluntary termination benefits	27,789	-	(6,789)	21,000	3,000
Net pension liability	49,157,943		(7,250,845)	41,907,098	-
Other postemployment benefits	411,438	68,686	-	480,124	-
Total governmental activity					
Long-term liabilities	<u>\$136,292,092</u>	<u>\$40,588,304</u>	<u>\$(49,551,754)</u>	<u>\$127,328,642</u>	<u>\$5,504,450</u>

The compensated absences liability has been paid this year (and in past years) from all governmental funds except for the elementary and high school bus depreciation, tuition, and debt service funds. The voluntary termination benefits liability has been paid from the general and retirement funds. The District has not funded the other postemployment benefits liability.

The legal debt limits may not exceed the greater of 1) 50% of the latest available value of property which is subject to taxation within the district or 2) the statewide average taxable valuation per student multiplied by the number of students enrolled in a particular district multiplied by 50% (MCA 20-9-406). In the current fiscal year, the Elementary and High School District used the second formula above for its respective legal debt service limitation. For the year ending June 30, 2015, legal debt limitations were as follows:

TAXING DISTRICT

	<u>Elementary</u>	<u>High School</u>
Legal Debt Service Limitation	\$74,647,850	\$78,876,700

The 2006 Limited Obligation School Bonds were exclusively used in the renovations of Whittier Elementary School. The 2006 and 2007 Elementary G.O. Bond proceeds were used to purchase the new Chief Joseph Middle School site and for the construction of the middle school at this site. The 2006, 2007, and 2008 High

School G.O. Bonds were used to purchase additional high school land and to renovate the existing Bozeman High School. The 2008 Elementary General Obligation Bonds were used for the construction of the District's Hyalite Elementary School. Elementary General Obligation bonds issued in 2012 and 2013 were used to acquire an Elementary School site, construct Meadowlark Elementary School, renovate and expand the District Support Services site and building and perform renovations at Longfellow Elementary School. The 2014 and 2015 Elementary G.O. Bond proceeds were used to partially refund the 2006, 2007, and 2008 Elementary G.O. Bonds to take advantage of favorable interest rates. The 2014 and 2015 High School G.O. Bonds were issued to partially refund the 2006 and 2007 High School General Obligation Bonds and also take advantage of favorable interest rates.

F. Restricted net assets

The State of Montana has enabling legislation which mandates the creation of certain funds and establishes the criteria for property taxes levied to meet the specific purposes of these funds. The District classifies the fund balances of these funds as well and some federal, state and local grants as restricted fund balances. These individual funds and their restricted fund balances at June 30, 2015 are as follows:

<u>Fund Name</u>	<u>Fund Type</u>	<u>Amount</u>
Elementary building reserve	Capital Projects	\$ 1,812,445
High school building reserve	Capital Projects	1,964,530
Elementary building	Capital Projects	2,043,162
Elementary debt service	Debt Service	208,296
High School debt service	Debt Service	103,474
Elementary bus depreciation	Special Revenue	251,599
High school bus depreciation	Special Revenue	251,760
Elementary retirement	Special Revenue	990,588
High school retirement	Special Revenue	422,204
Elementary technology acquisition	Special Revenue	288,229
High school technology acquisition	Special Revenue	611,065
Elementary transportation	Special Revenue	621,049
High school transportation	Special Revenue	245,758
Elementary tuition	Special Revenue	100
High school tuition	Special Revenue	100
Elementary grants	Special Revenue	81,866
High school grants	Special Revenue	282,543
Adult education	Special Revenue	199,964
Total restricted fund balances		<u>\$ 10,378,732</u>

G. Leases

In May, 2011, the District approved a four year noncancelable operating photocopier lease arrangement which began on July 1, 2012. The arrangement involves 33 photocopiers with guaranteed minimums of 8,500,000 copies per year. The total cost of this lease for the fiscal year ended June 30, 2015, was \$90,286. The future minimum lease payment for the final year is as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 85,173

IV. OTHER INFORMATION

A. Risk management

The District 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 costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage, employee torts and professional liabilities. The District participates in a state-wide public risk pool, *Montana Schools Group's Workers' Compensation Risk Retention Program*, for workers' compensation coverage. Employee medical insurance is provided through a privately-administered, self-funded plan. Given the lack of insurance available, the District has no coverage for potential losses from environmental damages.

Coverage limits on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement costs of the assets. The maximum deductible amount on the various commercial policies is \$5,000 to \$20,000 depending on the part of the policy.

In 1989, the District joined together with other Montana school districts to form the *Montana Schools Group's Workers' Compensation Risk Retention Program*, a public entity risk pool currently operating as a common risk management and insurance program for the member school districts. The District pays a quarterly premium for its employee injury insurance coverage which is allocated to the funds based on total paid salaries and wages. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan.

Since July 1, 1990, the District has provided medical insurance coverage for its employees via a contributory self-funded plan. This plan is currently administered by Blue Cross Blue Shield of Montana. It provides both medical, dental, and vision benefits and is operated as an Internal Service Fund. Rates for the employees and employer's funds are determined in consultation with a third party consultant and are set at 125% of estimated claims for the coming year. The District also buys commercial 'stop-loss' policies through Berkley Life for claims in excess of the 125% amount and for claims in excess of \$225,000 per claimant covered charges during a year. An estimated medical, dental, and vision claims liability at year end was determined by averaging the last five years' final claims paid in the following year. An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2013	\$ 443,732	\$ 4,437,385	\$ 4,492,591	\$ 388,526
2014	388,526	4,978,529	4,895,901	471,154
2015	471,154	5,290,384	5,219,387	542,151

The District contracts with New West Medicare to provide medical insurance for retirees (and eligible spouses) who are of Medicare eligible ages. The retiree pays the entire insurance premium.

B. Retirement plans

The District participates in two state-wide, cost-sharing multiple-employer defined benefit retirement plans, which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers certified teaching employees, including principals and other administrators. The Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established under state law with the TRS plan being administered by the Teachers' Retirement System and the PERS administered by the Montana Public Employees Retirement Administration. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the state legislature. The next two subsections will individually discuss in more detail the accounting of the TRS and PERS retirement plans and their reporting is affected by GASB Statements 68 and 71. The following table presents the District's (Employer) proportion of TRS and PERS pension amounts.

	The employer's proportionate share associated with TRS	The employer's proportionate share associated with PERS	The employer's Total Pension Amounts
Net Pension Liability	\$36,419,975	\$5,487,123	\$41,907,098
Deferred Outflows of Resources	\$4,283,644	\$27,473	\$4,311,117
Deferred Inflows of Resources	\$5,640,945	\$1,418,476	\$7,059,421
Pension Expense	\$3,730,640	\$437,743	\$4,168,383

Teachers' Retirement System (TRS)

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015, and includes

requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

	Net Pension Liability as of June 30, 2013	Net Pension Liability as of June 30, 2014	Percent of Collective NPL
Employer's proportionate share	\$42,096,860	\$36,419,975	2.3667%
State of Montana proportionate share associated with employer	28,833,430	24,945,157	1.6210%
Total	<u>\$70,930,290</u>	<u>\$61,365,132</u>	<u>3.9877%</u>

At June 30, 2015, the employer recorded a liability of \$36,419,975 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The employer's proportion of the net pension liability was based on the employer's contributions received by TRS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2014, the employer's proportion was 2.3667 percent.

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs that affected the measurement of the Total Pension Liability have been made since the previous measurement date.

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net of investment and administrative expensed to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
- Mortality among disabled members was updated to the following:

- For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
- For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

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

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

Pension Expense

	Pension Expense as of June 30, 2014
Employer's proportionate share	\$2,333,802
State of Montana proportionate share associated with employer	1,396,838
Total	<u>\$3,730,640</u>

At June 30, 2015, the employer recognized a Pension Expense of \$3,730,640 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$1,396,838 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

Recognition of Beginning Deferred Outflow - GASB 71

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY 2014 contributions of \$3,705,618

Deferred Inflows and Outflows

At June 30, 2015, the employer reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$360,278	\$-
Changes in actuarial assumptions	825,430	-
Differences between projected and actual investment earnings	-	5,640,945
Difference between actual and expected contributions	150,168	-
Changes in proportion	N/A	N/A
*Contributions paid to TRS subsequent to the measurement date - FY 2015 Contributions	2,947,769	-
Total	<u>\$4,283,645</u>	<u>\$5,640,945</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expenses as an increase or (decrease) to Pension Expense
2016	\$445,292	\$1,410,236	(\$964,944)
2017	445,292	1,410,236	(964,944)
2018	445,292	1,410,236	(964,944)
2019	-	1,410,236	(1,410,236)
2020	-	-	-
Thereafter	-	-	-

Plan Description

Teachers' Retirement System (TRS or the System) is a mandatory-participation, multiple-employer cost-sharing, defined-benefit, public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana.

The TRS Board is the governing body of the System and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - $1.85\% \times \text{AFC} \times \text{years of creditable service}$ - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than $1.6667 \times \text{AFC} \times \text{years of creditable service}$)

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA calculated prior to July 1, 2013, was 1.5% of the benefit payable as of January 1st. Effective July 1, 2013, the GABA to be calculated for Tier One and Tier Two members each year may vary from 0.5% to 1.5% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation. The legislative enactment that allows for reduction of the GABA for Tier One members is currently being litigated. A temporary restraining order requires continued calculation of the GABA at the full 1.5% rate for Tier One members pending resolution of the litigation.

Overview of Contributions

The System receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in TRS. The System receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. The System also receives 0.11% of reportable compensation from the State's general fund for State and University Employers. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

MCA 19-20-605 requires each employer to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. Pursuant to MCA 19-20-609, this amount shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

Overview of Contributions - The tables below show the history of legislated contributions for TRS members and employers.

School District and Other Employers

	Members	Employers	State General Fund	Total
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	7.47%	2.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	7.47%	2.49%	17.11%
July 1, 2013 to June 30, 2014	8.15%	8.47%	2.49%	19.11%
July 1, 2014 to June 30, 2015	8.15%	8.57%	2.49%	19.21%
July 1, 2015 to June 30, 2016	8.15%	8.67%	2.49%	19.31%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.51%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.81%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2023 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

State and University Employers

	<u>Members</u>	<u>Employers</u>	<u>State General Fund</u>	<u>Total</u>
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	9.47%	0.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	9.85%	0.11%	17.11%
July 1, 2013 to June 30, 2014	8.15%	10.85%	0.11%	19.11%
July 1, 2014 to June 30, 2015	8.15%	10.95%	0.11%	19.21%
July 1, 2015 to June 30, 2016	8.15%	11.05%	0.11%	19.31%
July 1, 2016 to June 30, 2017	8.15%	11.15%	0.11%	19.41%
July 1, 2017 to June 30, 2018	8.15%	11.25%	0.11%	19.51%
July 1, 2018 to June 30, 2019	8.15%	11.35%	0.11%	19.61%
July 1, 2019 to June 30, 2020	8.15%	11.45%	0.11%	19.71%
July 1, 2020 to June 30, 2021	8.15%	11.55%	0.11%	19.81%
July 1, 2021 to June 30, 2022	8.15%	11.65%	0.11%	19.91%
July 1, 2022 to June 30, 2023	8.15%	11.75%	0.11%	20.01%
July 1, 2023 to June 30, 2024	8.15%	11.85%	0.11%	20.11%

TRS Stand-Alone Statements

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>.

Actuarial Assumptions

The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of July 1, 2014. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2014, valuation were based on the results of the last actuarial experience study, dated May 1, 2014. Among those assumptions were the following:

Total Wage Increases*	8.51%
Investment Return	7.75%
Price Inflation	3.25%
Postretirement Benefit Increases	1.50%
(starting three years after retirement)	

- Mortality among contributing members, service retired members, and beneficiaries.

- For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
- For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
- Mortality among disabled members
 - For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Total Wage Increases include 4.00% general wage increase assumption and 4.51% merit and longevity increases.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2116. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis
Broad US Equity	36.00%	4.80%
Broad International Equity	18.00%	6.05%
Private Equity	12.00%	8.50%
Intermediate Bonds	23.40%	1.50%
Core Real Estate	4.00%	4.50%
High Yield Bonds	2.60%	3.25%
Non-Core Real Estate	4.00%	7.50%
	100.00%	

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared every four years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated May 1, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans, which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, is summarized in the above table.

Sensitivity Analysis

	6.75% (1.0% Decrease)	7.75% Discount Rate	8.75% (1.0% Increase)
The Employer's proportion of Net Pension Liability	\$50,598,926	\$36,419,975	\$24,440,939

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

Summary of Significant Accounting Policies

The Teachers' Retirement System prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Teachers' Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>.

Public Employees' Retirement System (PERS)

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System (PERS). Statement 68 became effective June 30, 2015, and includes requirements to record and report their proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows, and Deferred Outflows of resources associated with pensions.

In accordance with Statement 68, PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the employers. Due to the existence of this special funding situation, local governments and school districts are required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

The State of Montana also has a funding situation that is not Special Funding whereby the State General Fund provides contributions from the Coal Severance Tax and interest. All employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer.

	Net Pension Liability as of June 30, 2013	Net Pension Liability as of June 30, 2014	Percent of Collective NPL
Employer proportionate share	\$7,061,084	\$5,487,123	0.440375%
State of Montana proportionate share associated with employer	330,082	256,505	2.141511%
Total	<u>\$7,391,166</u>	<u>\$5,743,628</u>	<u>2.582186%</u>

At June 30, 2015, the employer recorded a liability of \$5,487,123 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2014. The employer's proportion of the Net Pension Liability was based on the employer's contributions received by PERS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERS' participating employers. At June 30, 2014, the employer's proportion was 0.440375% percent.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

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

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

Pension Expense

	Pension Expense as of June 30, 2014
Employer's proportionate share	\$263,205
State of Montana proportionate share associated with employer	174,538
Total	<u>\$437,743</u>

At June 30, 2015, the employer recognized a Pension Expense of \$437,734 for its proportionate share of the PERS' Pension Expense. The employer also recognized grant revenue of \$174,538 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the employer.

Recognition of Beginning Deferred Outflow - GASB 71

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY2014 contributions of \$427,648.

Deferred Inflows and Outflows

At June 30, 2015, the employer reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$-	\$-
Changes in assumptions	-	-
Differences between projected and actual earnings on pension plan investments	-	1,417,782

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion differences between employer contributions and proportionate share of contributions	\$1,331	\$694
Differences between actual and expected contributions	-	-
* Contributions paid to PERS subsequent to the measurement date - FY2015 contributions	26,141	-
Total	<u>\$27,472</u>	<u>\$1,418,476</u>

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amounts Recognized in Pension Expense as an Increase or (Decrease) to Pension Expense
2016	\$333	\$354,566	(\$354,233)
2017	333	354,566	(354,233)
2018	333	354,779	(354,233)
2019	-	-	N/A
2020	-	-	N/A
Thereafter	-	-	N/A

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

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

universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Summary of Benefits

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
 Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months;
 Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a member's highest average compensation.

Eligibility for benefit

Service retirement:

Hired prior to July 1, 2011: Age 60, 5 years of membership service;
 Age 65, regardless of membership service; or
 Any age, 30 years of membership service.

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

Early retirement, actuarially reduced:

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

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

Vesting

Age 55, 5 years of membership service

Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;

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

Guaranteed Annual Benefit Adjustment (GABA)*

3% for members hired prior to July 1, 2007

1.5% for members hired on or after July 1, 2007

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

*At this time, as a result of permanent injunction issued in the AMRPE vs State litigation, the GABA rate in effect is being used in the calculation. Clarification of the GABA rate for members hired on or after July 1, 2013, is pending.

Total number of members (employees) covered by benefit terms as of June 30, 2015:

1. Active plan members: 28,237
2. Inactive members entitled to but not yet receiving benefits or a refund:
Vested: 2,925
Non-vested: 8,839
3. Inactive members and beneficiaries currently receiving benefits:
Service Retirements: 20,080
Disability Retirements: 176
Survivor Benefits: 425

Overview of Contributions

1. Rates are specified by state law for periodic employer and employee contributions
The State legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
 - a. Plan members are required to contribute 7.90% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.
 - b. The 7.90% member contributions is temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
3. Employer contributions to the system:
 - a. State and University System employers are required to contribute 8.27% of members' compensation.
 - b. Local government entities are required to contribution 8.17% of members' compensation.
 - c. School district employers contributed 7.90% of members' compensation.

- d. Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
 - e. Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP is allocated to the defined benefit plan's Plan Choice Rate unfunded liability.
 - f. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
4. Non Employer Contributions
- a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - b. Not Special Funding
 - i. The State contributes from the Coal Tax Severance fund

Actuarial Assumptions

The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of June 30, 2014. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the last actuarial experience study, dated May 2010, for the six-year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

- General Wage Growth* 4.00%
- *includes Inflation at 3.00%
- Merit Increases 0% to 6%
- Investment Return 7.75%
- Postretirement Benefit Increases
 - 3% for members hired prior to July 1, 2007
 - 1.5% for members hired on or after July 1, 2007

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

*At this time as a result of permanent injunction issued in the AMRPE vs State litigation, the GABA rate in effect is being used in the calculation. Clarification of the GABA rate for members hired on or after July 1, 2013 is pending.

- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with

scale AA.

- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.80%
Foreign Equity	18.00%	6.05%
Fixed Income	24.00%	1.68%
Private Equity	12.00%	8.50%
Real Estate	8.00%	4.50%

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, is summarized in the above table.

Sensitivity Analysis

	6.75% (1.0% Decrease)	7.75% Discount Rate	8.75% (1.0% Increase)
PERS' Net Pension Liability	\$1,982,274,732	\$1,246,010,898	\$625,044,646
Employer's Proportionate Share of the Net Pension Liability	8,729,446	5,487,123	2,752,542

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Stand-Alone Statements

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena MT 59620-0131, 406-444-3154.

CAFR information including our stand alone financial statements can be found on our website at <http://mpera.mt.gov/annualreports.shtml>.

The latest actuarial valuation and experience study can be found at our website at <http://mpera.mt.gov/actuarialvaluations.shtml>.

C. Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 45 Other Postemployment Benefits, the District has calculated and included a post employment benefit liability for the fiscal year ended June 30, 2015.

Plan Description

Bozeman School District maintains a single-employer self-insured medical plan. The plan currently provides defined healthcare insurance benefits for eligible employees, retirees, spouses and dependents, included are medical, dental, and vision benefits. Participation is elected by the retiree at the time of retirement. The plan has options for pre Medicare insurance benefits. There is no separate, audited GAAP-basis postemployment benefit plan report available for the self-insured medical defined benefit plan. Medicare eligible retirees may purchase health insurance through New West Medicare (via the District) and they are solely responsible for paying 100% of these premiums.

Funding Policy

The required contribution for the District is based on a pay-as-you-go financing requirement using a level percentage of pay amortization method over 30 years. Although the net OPEB obligation continues to increase, the General Fund is the governmental fund making payments that are actuarially construed as contributions toward the annual required contribution (hence, making the net OPEB obligation to climb more slowly).

Annual OPEB Cost and Net OPEB Obligation

The Bozeman School District's other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the Bozeman School District's net OPEB obligation:

Annual required contribution	\$ 273,591
Interest on net OPEB obligation	16,458
Adjustment to annual required contribution	<u>(19,880)</u>
Annual OPEB cost (expense)	270,169
Contributions made	<u>(201,483)</u>
Increase in net OPEB obligation	68,686
Net OPEB obligation - beginning of year	<u>411,438</u>
Net OPEB obligation - end of year	<u><u>\$ 480,124</u></u>

The District's Annual OPEB cost, employer contributions, the percentage of OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 257,243	\$ 160,299	62.3%	\$ 326,734
June 30, 2014	270,623	185,919	68.7%	411,438
June 30, 2015	270,169	201,483	74.6%	480,124

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. As of June 30, 2015, the Plan was 0% funded. The District is currently (and for the foreseeable future) not planning on funding the AAL. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. An abbreviated schedule of funding progress is presented below.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability AAL (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
9/1/2012	\$ -	\$ 2,291,449	\$ 2,291,449	0.0%	\$ 32,217,783	7.11%
9/1/2013	-	2,384,867	2,384,867	0.0%	33,506,494	7.12%
9/1/2014	-	2,408,030	2,408,030	0.0%	34,823,180	6.92%

Actuarial Methods and Assumptions

As of June 30, 2015, the District's actuarially accrued liability (AAL) for benefits was \$2,408,030. This was calculated using a closed amortization period. The AAL by status breakdown is shown below:

Actives	\$ 1,658,724
Retirees	749,306
Total AAL	<u>\$ 2,408,030</u>
Normal Cost	<u>\$ 152,979</u>
Participant information	
Actives	773
Retirees	55
Total	<u>828</u>

The following key assumptions were chosen by the District:

1. Funding method used was Entry Age Normal Cost, level percent of pay
2. Discount Rate (which is also used for the investment rate of return): 4.00%
3. Salary increase of 4.00% per year
4. Inflation rate: 3.00%
5. Healthcare Trend Rate (2015 - 9.0%, 2016 - 8.5%, 2017 8.0%, then reduced to 7.5% by 2018, and remaining below that level thereafter)
6. Participation Rate: 45% of current Active medical plan participants; 10% of actives not participating
7. Marital Assumption: 70% of currently active participants are assumed to be married; of these 80% are assumed to elect coverage for their spouse in retirement, with husbands assumed to be 3 years older than their wives

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.

D. Subsequent events

On November 3, 2015, Bozeman School District taxpayers overwhelmingly approved a ballot measure which asked for permission to raise \$16,000,000 to expand the Sacajawea Middle School and an additional \$5,500,000 to add a new two-story wing to Hawthorne Elementary School. With its successful passage, the District is tentatively planning on breaking ground on both projects in the spring of 2016 with completion anticipated to be in the fall of 2017.

E. Contingencies

As of June 30, 2015, the District was not involved in any lawsuits.

**Required Supplementary Information
Other Than Management Discussion and Analysis**

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2015

The annual ARC, the percentage of ARC contributed to the plan, and the net OPEB obligation for June 30, 2015, and the two prior fiscal years for the Retiree Health Plan are as follows:

ANNUAL OPEB COST AND NET OPEB OBLIGATION				
	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
Retiree Health Plan	6/30/2013	\$257,243	62.3%	\$326,734
	6/30/2014	\$270,623	68.7%	\$411,438
	6/30/2015	\$270,169	74.6%	\$480,124

The funded status of the plan was as follows:

FUNDED STATUS	
(a) Actuarial accrued liability (AAL)	\$ 2,408,030
(b) Actuarial value of plan assets (UAAL)	-
Unfunded actuarial accrued liability (funding excess) [(a) - (b)]	<u>\$ 2,408,030</u>
Funded ratio (b) / (a)	0.0%
(c) Covered payroll	\$ 34,823,180
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b)) / (c)	6.92%

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	9/1/2012	\$ -	\$ 2,291,449	\$ 2,291,449	0%	\$ 32,217,783	7.11%
	9/1/2013	\$ -	\$ 2,384,867	\$ 2,384,867	0%	\$ 33,506,494	7.12%
	9/1/2014	\$ -	\$ 2,408,030	\$ 2,408,030	0%	\$ 34,823,180	6.92%

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Proportionate Share of the Net Pension Liability:

	PERS		TRS
Employer's proportion of the net pension liability	\$5,487,123		\$36,419,975
Employer's proportionate share of the net pension liability associated with the Employer	0.44038%		2.36670%
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 256,505		\$24,945,157
Total	\$5,743,628		\$61,365,132
Employer's covered-employee payroll	\$5,157,599		\$29,716,736
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	106.38900%		122.55700%
Plan fiduciary net position as a percentage of the total pension liability	79.90000%		70.36000%

Schedule of Contributions:

	PERS		TRS
Contractually required contributions	\$ 26,140		\$ 2,947,769
Contributions in relation to the contractually required contributions	\$ 26,140		\$ 2,947,769
Contribution deficiency (excess)	\$ -		\$ -
Employer's covered-employee payroll	\$4,903,746		\$31,421,447
Contributions of covered-employee payroll (as a percentage)	0.53310%		9.38139%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



Supplemental Information



Combining Financial Statements



General Fund

The General Fund is the general operation fund of the District. All general tax revenue and other receipts that are not allocated by law to another fund are accounted for in this fund. General operating expenditures, instructional expenditures and capital outlay are paid from the General Fund. Because Bozeman School District is comprised of two legal entities (Elementary and High School Districts), the General Fund (in addition to almost every other budgeted fund) has an elementary and high school portion. As one of four District *major* funds, combining general subfund schedules have been presented to show the reader activity in the separate entities that comprise the General Fund, in total.

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL GENERAL SUBFUNDS
JUNE 30, 2015**

	Elementary General Subfund	High School General Subfund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,604,509	\$ 1,692,483	\$ 4,296,992
Property taxes receivable	357,980	219,485	577,465
Due from other governments	521,322	200	521,522
Accounts receivable	3,457	897	4,354
Prepaid items	3,927	5,059	8,986
Total assets	\$ 3,491,195	\$ 1,918,124	\$ 5,409,319
<u>LIABILITIES</u>			
Accounts payable	\$ 80,965	\$ 48,824	129,789
Due to other funds	-	4,514	4,514
Total liabilities	80,965	53,338	134,303
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	357,980	219,485	577,465
Total deferred inflows of resources	357,980	219,485	577,465
<u>FUND BALANCES</u>			
Nonspendable	3,927	5,059	8,986
Assigned	314,132	129,714	443,846
Unassigned	2,734,191	1,510,528	4,244,719
Total fund balances	3,052,250	1,645,301	4,697,551
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,491,195	\$ 1,918,124	\$ 5,409,319

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	\$ 11,396,355	\$ 6,488,535	\$ 17,884,890
Tuition and fees	19,735	11,103	30,838
Interest	30,220	13,125	43,345
Other district revenue	524,057	-	524,057
State of Montana	17,191,767	8,492,535	25,684,302
Total revenues	<u>29,162,134</u>	<u>15,005,298</u>	<u>44,167,432</u>
Expenditures:			
Current -			
Instruction	18,356,955	8,552,446	26,909,401
Support services	3,783,859	1,638,371	5,422,230
General administration	1,161,080	1,051,583	2,212,663
Building administration	2,224,428	867,976	3,092,404
Operations and maintenance	2,393,986	1,938,968	4,332,954
Student transportation	6,706	-	6,706
Food services	-	15,159	15,159
Extracurricular activities	202,907	773,720	976,627
Total expenditures	<u>28,129,921</u>	<u>14,838,223</u>	<u>42,968,144</u>
Net change in fund balances	1,032,213	167,075	1,199,288
Fund balances, beginning of year	<u>2,020,037</u>	<u>1,478,226</u>	<u>3,498,263</u>
Fund balances, end of year	<u><u>\$ 3,052,250</u></u>	<u><u>\$ 1,645,301</u></u>	<u><u>\$ 4,697,551</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary General Subfund			High School General Subfund		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 11,125,017	\$ 11,396,355	\$ 271,338	\$ 6,337,635	\$ 6,488,535	\$ 150,900
Tuition and fees	10,000	19,735	9,735	7,500	11,103	3,603
Interest	26,264	29,319	3,055	12,131	12,551	420
Other district revenue	2,769	524,057	521,288	32	-	(32)
State of Montana	17,342,426	17,191,767	(150,659)	8,466,749	8,492,535	25,786
Total revenues	<u>28,506,476</u>	<u>29,161,233</u>	<u>654,757</u>	<u>14,824,047</u>	<u>15,004,724</u>	<u>180,677</u>
Expenditures:						
Current -						
Instruction	18,588,548	18,351,004	237,544	8,427,698	8,551,199	(123,501)
Support services	3,883,388	3,845,827	37,561	1,701,101	1,635,521	65,580
General administration	1,180,665	1,161,304	19,361	1,053,526	1,051,807	1,719
Building administration	2,258,295	2,221,056	37,239	868,583	864,604	3,979
Operations and maintenance	2,393,592	2,388,530	5,062	2,007,505	1,938,155	69,350
Student transportation	2,600	6,706	(4,106)	285	-	285
Food services	-	-	-	-	401	(401)
Extracurricular activities	199,388	202,907	(3,519)	765,349	758,360	6,989
Total expenditures	<u>28,506,476</u>	<u>28,177,334</u>	<u>329,142</u>	<u>14,824,047</u>	<u>14,800,047</u>	<u>24,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>983,899</u>	<u>983,899</u>	<u>-</u>	<u>204,677</u>	<u>204,677</u>
Other financing sources (uses):						
Transfers out	-	(56,000)	(56,000)	-	(24,000)	(24,000)
Total other financing sources (uses)	<u>-</u>	<u>(56,000)</u>	<u>(56,000)</u>	<u>-</u>	<u>(24,000)</u>	<u>(24,000)</u>
Net change in fund balances	<u>-</u>	<u>927,899</u>	<u>927,899</u>	<u>-</u>	<u>180,677</u>	<u>180,677</u>
Fund balances, beginning of year	<u>1,810,219</u>	<u>1,810,219</u>	<u>-</u>	<u>1,334,910</u>	<u>1,334,910</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,810,219</u>	<u>\$ 2,738,118</u>	<u>\$ 927,899</u>	<u>\$ 1,334,910</u>	<u>\$ 1,515,587</u>	<u>\$ 180,677</u>

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2015

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,725,745	\$ 311,770	\$ 5,037,515
Property taxes receivable	93,655	248,662	342,317
Due from other governments	1,592,849	-	1,592,849
Accounts receivable	100,318	-	100,318
Inventory, at cost	39,110	-	39,110
Prepaid items	18,236	-	18,236
Total assets	\$ 6,569,913	\$ 560,432	\$ 7,130,345
<u>LIABILITIES</u>			
Accounts payable	\$ 129,426	\$ -	\$ 129,426
Retainages payable	1,477	-	1,477
Unearned revenue	74,394	-	74,394
Total liabilities	205,297	-	205,297
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	93,655	248,662	342,317
Total deferred inflows of resources	93,655	248,662	342,317
<u>FUND BALANCES</u>			
Nonspendable	57,346	-	57,346
Restricted	4,246,825	311,770	4,558,595
Committed	1,966,790	-	1,966,790
Total fund balances	6,270,961	311,770	6,582,731
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,569,913	\$ 560,432	\$ 7,130,345

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
Revenues:			
District property taxes	\$ 2,949,965	\$ 7,650,260	\$ 10,600,225
Tuition and fees	1,192,213	-	1,192,213
Interest	24,004	11,912	35,916
Other district revenue	1,559,599	-	1,559,599
Gallatin County	6,136,520	-	6,136,520
State of Montana	2,947,671	86,732	3,034,403
Federal	3,902,080	-	3,902,080
Total revenues	<u>18,712,052</u>	<u>7,748,904</u>	<u>26,460,956</u>
Expenditures:			
Current -			
Instruction	6,950,007	-	6,950,007
Support services	4,281,361	-	4,281,361
General administration	899,869	-	899,869
Building administration	771,147	-	771,147
Operations and maintenance	422,193	-	422,193
Student transportation	2,328,123	-	2,328,123
Food services	1,727,494	-	1,727,494
Extracurricular activities	499,988	-	499,988
Capital outlay	397,811	-	397,811
Debt service -			
Principal retirement	-	4,970,000	4,970,000
Interest and fiscal charges	-	2,510,775	2,510,775
Bond issuance costs	-	357,643	357,643
Total expenditures	<u>18,277,993</u>	<u>7,838,418</u>	<u>26,116,411</u>
Excess (deficiency) of revenues over expenditures	<u>434,059</u>	<u>(89,514)</u>	<u>344,545</u>
Other financing sources (uses):			
Advance refunding bonds issued	-	36,335,000	36,335,000
Premium on general obligation debt	-	3,331,744	3,331,744
Payments to refunded bond escrow agent	-	(39,296,355)	(39,296,355)
Total other financing sources (uses)	<u>-</u>	<u>370,389</u>	<u>370,389</u>
Net changes in fund balances	434,059	280,875	714,934
Fund balances, beginning of year	<u>5,836,902</u>	<u>30,895</u>	<u>5,867,797</u>
Fund balances, end of year	<u><u>\$ 6,270,961</u></u>	<u><u>\$ 311,770</u></u>	<u><u>\$ 6,582,731</u></u>



Nonmajor Special Revenue Funds

Budgeted:

Transportation Fund – (Elementary and High School) To account for revenue and expenditures for the District's pupil transportation programs.

Bus Depreciation Fund (Elementary and High School) To account for the replacement of District owned-buses.

Tuition Fund – (Elementary and High School) To account for tuition payments for pupils who are residents of the district but attend school outside the district.

Retirement Fund – (Elementary and High School) To account for the employer's contribution to the Teachers' Retirement System, the Public Employees' Retirement System, Unemployment Compensation, and the employer's share of Social Security.

Technology Acquisition Fund – (Elementary and High School) To account for the purchase and maintenance of a portion of the District's technological assets.

Adult Education – (High School) To account for revenue and expenditures involved with the adult education program.

Non-Budgeted:

Food Service Fund - To account for the District's food service program.

Miscellaneous Local, State & Federal Grant Funds – (Elementary and High School) To account for Federal, State and Local grants and indirect cost monies received by the district.

Drivers Education Fund – To account for expenditures related to Drivers Education and the related tuition charged.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Technology Acquisition	High School Transportation	High School Bus Depreciation
<u>ASSETS</u>								
Cash and cash equivalents	\$ 621,060	\$ 251,599	\$ 100	\$ 655,800	\$ 402,225	\$ 291,002	\$ 245,770	\$ 251,760
Property taxes receivable	35,921	1,182	6,320	-	-	12,282	20,333	1,235
Due from other governments	-	-	-	334,788	796,980	-	-	-
Accounts receivable	-	-	-	-	99,890	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	-
Prepaid items	2,400	-	-	-	1,862	4,754	2,401	-
Total assets	\$ 659,381	\$ 252,781	\$ 6,420	\$ 990,588	\$ 1,300,957	\$ 308,038	\$ 268,504	\$ 252,995
<u>LIABILITIES</u>								
Accounts payable	\$ 11	\$ -	\$ -	\$ -	\$ 104,363	\$ 2,773	\$ 12	\$ -
Retainages payable	-	-	-	-	1,477	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	11	-	-	-	105,840	2,773	12	-
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue - property taxes	35,921	1,182	6,320	-	-	12,282	20,333	1,235
Total deferred inflows of resources	35,921	1,182	6,320	-	-	12,282	20,333	1,235
<u>FUND BALANCES</u>								
Nonspendable	2,400	-	-	-	1,862	4,754	2,401	-
Restricted	621,049	251,599	100	990,588	81,866	288,229	245,758	251,760
Committed	-	-	-	-	1,111,389	-	-	-
Total fund balances	623,449	251,599	100	990,588	1,195,117	292,983	248,159	251,760
Total liabilities, deferred inflows of resources, and fund balances	\$ 659,381	\$ 252,781	\$ 6,420	\$ 990,588	\$ 1,300,957	\$ 308,038	\$ 268,504	\$ 252,995

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	High School Food	High School Tuition	High School Retirement	High School Grants	High School Adult Education	High School Drivers Education	High School Technology Acquisition	Totals
<u>ASSETS</u>								
Cash and cash equivalents	\$ 460,560	\$ 100	\$ 134,605	\$ 395,507	\$ 200,358	\$ 203,943	\$ 611,356	\$ 4,725,745
Property taxes receivable	-	2,694	-	-	6,710	-	6,978	93,655
Due from other governments	5,126	-	288,852	117,756	-	49,347	-	1,592,849
Accounts receivable	428	-	-	-	-	-	-	100,318
Inventory, at cost	39,110	-	-	-	-	-	-	39,110
Prepaid items	100	-	-	1,965	-	-	4,754	18,236
Total assets	\$ 505,324	\$ 2,794	\$ 423,457	\$ 515,228	\$ 207,068	\$ 253,290	\$ 623,088	\$ 6,569,913
<u>LIABILITIES</u>								
Accounts payable	\$ 3,694	\$ -	\$ 1,253	\$ 8,922	\$ 394	\$ 7,713	\$ 291	\$ 129,426
Retainages payable	-	-	-	-	-	-	-	1,477
Unearned revenue	66,585	-	-	7,809	-	-	-	74,394
Total liabilities	70,279	-	1,253	16,731	394	7,713	291	205,297
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue - property taxes	-	2,694	-	-	6,710	-	6,978	93,655
Total deferred inflows of resources	-	2,694	-	-	6,710	-	6,978	93,655
<u>FUND BALANCES</u>								
Nonspendable	39,210	-	-	1,965	-	-	4,754	57,346
Restricted	-	100	422,204	282,543	199,964	-	611,065	4,246,825
Committed	395,835	-	-	213,989	-	245,577	-	1,966,790
Total fund balances	435,045	100	422,204	498,497	199,964	245,577	615,819	6,270,961
Total liabilities, deferred inflows of resources, and fund balances	\$ 505,324	\$ 2,794	\$ 423,457	\$ 515,228	\$ 207,068	\$ 253,290	\$ 623,088	\$ 6,569,913

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Technology Acquisition	High School Transportation	High School Bus Depreciation
Revenues:								
District property taxes	\$ 1,149,779	\$ 38,001	\$ 216,567	\$ -	\$ -	\$ 400,635	\$ 617,623	\$ 37,180
Tuition and fees	3,085	-	-	-	-	-	2,203	-
Interest	2,394	944	218	5,137	1,188	843	1,195	889
Other district revenue	-	-	-	-	1,086,961	1,228	-	-
Gallatin County	252,128	-	-	3,866,889	-	-	125,382	-
State of Montana	307,571	-	-	-	1,821,024	230,452	149,475	-
Federal	-	-	-	-	3,106,630	-	-	-
Total revenues	<u>1,714,957</u>	<u>38,945</u>	<u>216,785</u>	<u>3,872,026</u>	<u>6,015,803</u>	<u>633,158</u>	<u>895,878</u>	<u>38,069</u>
Expenditures:								
Current -								
Instruction	-	-	192,982	2,435,929	2,083,036	265,927	-	-
Support services	-	-	20,572	583,596	3,189,213	12,008	-	-
General administration	77,799	-	-	192,202	229,916	145,189	77,886	-
Building administration	-	-	-	346,528	7,686	1,524	-	-
Operations and maintenance	-	-	-	214,346	71,373	-	-	-
Student transportation	1,532,240	-	-	13,544	9,566	-	768,135	-
Food services	-	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	26,904	61,359	-	-	-
Capital outlay	-	-	-	-	199,140	112,281	-	-
Total expenditures	<u>1,610,039</u>	<u>-</u>	<u>213,554</u>	<u>3,813,049</u>	<u>5,851,289</u>	<u>536,929</u>	<u>846,021</u>	<u>-</u>
Net change in fund balances	104,918	38,945	3,231	58,977	164,514	96,229	49,857	38,069
Fund balances, beginning of year	<u>518,531</u>	<u>212,654</u>	<u>(3,131)</u>	<u>931,611</u>	<u>1,030,603</u>	<u>196,754</u>	<u>198,302</u>	<u>213,691</u>
Fund balances, end of year	<u>\$ 623,449</u>	<u>\$ 251,599</u>	<u>\$ 100</u>	<u>\$ 990,588</u>	<u>\$ 1,195,117</u>	<u>\$ 292,983</u>	<u>\$ 248,159</u>	<u>\$ 251,760</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	High School Food	High School Tuition	High School Retirement	High School Grants	High School Adult Education	High School Drivers Education	High School Technology Acquisition	Totals
Revenues:								
District property taxes	\$ -	\$ 86,022	\$ -	\$ -	\$ 199,045	\$ -	\$ 205,113	\$ 2,949,965
Tuition and fees	1,029,318	-	-	-	36,567	121,040	-	1,192,213
Interest	2,574	-	3,204	1,458	1,116	887	1,957	24,004
Other district revenue	1,951	-	-	465,178	4,231	50	-	1,559,599
Gallatin County	-	-	1,892,121	-	-	-	-	6,136,520
State of Montana	5,126	-	-	195,820	-	49,347	188,856	2,947,671
Federal	587,322	-	-	208,128	-	-	-	3,902,080
Total revenues	<u>1,626,291</u>	<u>86,022</u>	<u>1,895,325</u>	<u>870,584</u>	<u>240,959</u>	<u>171,324</u>	<u>395,926</u>	<u>18,712,052</u>
Expenditures:								
Current -								
Instruction	-	85,170	1,212,916	325,968	35,891	115,158	197,030	6,950,007
Support services	-	-	224,283	239,974	6,225	-	5,490	4,281,361
General administration	-	-	109,263	11	1,733	1,811	64,059	899,869
Building administration	-	-	212,129	-	183,682	19,598	-	771,147
Operations and maintenance	-	-	129,585	6,889	-	-	-	422,193
Student transportation	-	-	4,638	-	-	-	-	2,328,123
Food services	1,615,403	-	112,091	-	-	-	-	1,727,494
Extracurricular activities	-	-	94,095	317,630	-	-	-	499,988
Capital outlay	26,541	-	-	26,041	-	-	33,808	397,811
Total expenditures	<u>1,641,944</u>	<u>85,170</u>	<u>2,099,000</u>	<u>916,513</u>	<u>227,531</u>	<u>136,567</u>	<u>300,387</u>	<u>18,277,993</u>
Net change in fund balances	(15,653)	852	(203,675)	(45,929)	13,428	34,757	95,539	434,059
Fund balances, beginning of year	<u>450,698</u>	<u>(752)</u>	<u>625,879</u>	<u>544,426</u>	<u>186,536</u>	<u>210,820</u>	<u>520,280</u>	<u>5,836,902</u>
Fund balances, end of year	<u>\$ 435,045</u>	<u>\$ 100</u>	<u>\$ 422,204</u>	<u>\$ 498,497</u>	<u>\$ 199,964</u>	<u>\$ 245,577</u>	<u>\$ 615,819</u>	<u>\$ 6,270,961</u>

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
ELEMENTARY TRANSPORTATION AND ELEMENTARY BUS DEPRECIATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary Transportation			Elementary Bus Depreciation		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 1,119,490	\$ 1,149,779	\$ 30,289	\$ 36,368	\$ 38,001	\$ 1,633
Tuition and fees	2,500	3,085	585	-	-	-
Interest	1,500	2,394	894	500	944	444
Gallatin County	274,644	252,128	(22,516)	-	-	-
State of Montana	330,087	307,571	(22,516)	-	-	-
Total revenues	<u>1,728,221</u>	<u>1,714,957</u>	<u>(13,264)</u>	<u>36,868</u>	<u>38,945</u>	<u>2,077</u>
Expenditures:						
Current -						
General administration	96,824	77,799	19,025	-	-	-
Student transportation	1,775,469	1,532,240	243,229	-	-	-
Capital outlay	-	-	-	249,522	-	249,522
Total expenditures	<u>1,872,293</u>	<u>1,610,039</u>	<u>262,254</u>	<u>249,522</u>	<u>-</u>	<u>249,522</u>
Net change in fund balances	(144,072)	104,918	248,990	(212,654)	38,945	251,599
Fund balances, beginning of year	<u>518,531</u>	<u>518,531</u>	<u>-</u>	<u>212,654</u>	<u>212,654</u>	<u>-</u>
Fund balances, end of year	<u>\$ 374,459</u>	<u>\$ 623,449</u>	<u>\$ 248,990</u>	<u>\$ -</u>	<u>\$ 251,599</u>	<u>\$ 251,599</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
ELEMENTARY TUITION AND ELEMENTARY RETIREMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 222,043	\$ 216,567	\$ (5,476)	\$ -	\$ -	\$ -
Interest	-	218	218	1,500	5,137	3,637
Gallatin County	-	-	-	3,866,889	3,866,889	-
State of Montana	13,732	-	(13,732)	-	-	-
Total revenues	<u>235,775</u>	<u>216,785</u>	<u>(18,990)</u>	<u>3,868,389</u>	<u>3,872,026</u>	<u>3,637</u>
Expenditures:						
Current -						
Instruction	235,775	192,982	42,793	2,640,000	2,435,929	204,071
Support services	-	20,572	(20,572)	560,000	583,596	(23,596)
General administration	-	-	-	200,000	192,202	7,798
Building administration	-	-	-	320,000	346,528	(26,528)
Operations and maintenance	-	-	-	200,000	214,346	(14,346)
Student transportation	-	-	-	-	13,544	(13,544)
Extracurricular activities	-	-	-	80,000	26,904	53,096
Total expenditures	<u>235,775</u>	<u>213,554</u>	<u>22,221</u>	<u>4,000,000</u>	<u>3,813,049</u>	<u>186,951</u>
Net change in fund balances	-	3,231	3,231	(131,611)	58,977	190,588
Fund balances, beginning of year	-	(3,131)	(3,131)	931,611	931,611	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 800,000</u>	<u>\$ 990,588</u>	<u>\$ 190,588</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
ELEMENTARY TECHNOLOGY ACQUISITION AND HIGH SCHOOL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary Technology Acquisition			High School Transportation		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 395,744	\$ 400,635	\$ 4,891	\$ 616,090	\$ 617,623	\$ 1,533
Tuition and fees	-	-	-	1,000	2,203	1,203
Interest	750	843	93	500	1,195	695
Other district revenue	-	1,228	1,228	-	-	-
Gallatin County	-	-	-	138,155	125,382	(12,773)
State of Montana	230,710	230,452	(258)	162,248	149,475	(12,773)
Total revenues	<u>627,204</u>	<u>633,158</u>	<u>5,954</u>	<u>917,993</u>	<u>895,878</u>	<u>(22,115)</u>
Expenditures:						
Current -						
Instruction	558,957	265,927	293,030	-	-	-
Support services	-	12,008	(12,008)	-	-	-
General administration	150,000	145,189	4,811	57,066	77,886	(20,820)
Building administration	-	1,524	(1,524)	-	-	-
Student transportation	-	-	-	873,180	768,135	105,045
Capital outlay	115,000	112,281	2,719	-	-	-
Total expenditures	<u>823,957</u>	<u>536,929</u>	<u>287,028</u>	<u>930,246</u>	<u>846,021</u>	<u>84,225</u>
Net change in fund balances	(196,753)	96,229	292,982	(12,253)	49,857	62,110
Fund balances, beginning of year	<u>196,754</u>	<u>196,754</u>	<u>-</u>	<u>198,302</u>	<u>198,302</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 292,983</u>	<u>\$ 292,982</u>	<u>\$ 186,049</u>	<u>\$ 248,159</u>	<u>\$ 62,110</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL BUS DEPRECIATION AND HIGH SCHOOL TUITION FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	High School Bus Depreciation			High School Tuition		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 36,368	\$ 37,180	\$ 812	\$ 87,976	\$ 86,022	\$ (1,954)
Interest	500	889	389	-	-	-
State of Montana	-	-	-	2,289	-	(2,289)
Total revenues	<u>36,868</u>	<u>38,069</u>	<u>1,201</u>	<u>90,265</u>	<u>86,022</u>	<u>(4,243)</u>
Expenditures:						
Current -						
Instruction	-	-	-	90,265	85,170	5,095
Capital outlay	250,558	-	250,558	-	-	-
Total expenditures	<u>250,558</u>	<u>-</u>	<u>250,558</u>	<u>90,265</u>	<u>85,170</u>	<u>5,095</u>
Net change in fund balances	(213,690)	38,069	251,759	-	852	852
Fund balances, beginning of year	<u>213,691</u>	<u>213,691</u>	<u>-</u>	<u>-</u>	<u>(752)</u>	<u>(752)</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 251,760</u>	<u>\$ 251,759</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL RETIREMENT AND HIGH SCHOOL ADULT EDUCATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	High School Retirement			High School Adult Education		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ -	\$ -	\$ -	\$ 193,464	\$ 199,045	\$ 5,581
Tuition and fees	-	-	-	30,000	36,567	6,567
Interest	2,000	3,204	1,204	500	1,116	616
Other district revenue	-	-	-	-	4,231	4,231
Gallatin County	1,892,121	1,892,121	-	-	-	-
Total revenues	<u>1,894,121</u>	<u>1,895,325</u>	<u>1,204</u>	<u>223,964</u>	<u>240,959</u>	<u>16,995</u>
Expenditures:						
Current -						
Instruction	1,266,000	1,212,916	53,084	73,185	35,891	37,294
Support services	252,000	224,283	27,717	9,500	6,225	3,275
General administration	105,000	109,263	(4,263)	2,500	1,733	767
Building administration	168,000	212,129	(44,129)	218,889	183,682	35,207
Operations and maintenance	105,000	129,585	(24,585)	-	-	-
Student transportation	-	4,638	(4,638)	-	-	-
Food services	112,000	112,091	(91)	-	-	-
Extracurricular activities	92,000	94,095	(2,095)	-	-	-
Total expenditures	<u>2,100,000</u>	<u>2,099,000</u>	<u>1,000</u>	<u>304,074</u>	<u>227,531</u>	<u>76,543</u>
Net change in fund balances	(205,879)	(203,675)	2,204	(80,110)	13,428	93,538
Fund balances, beginning of year	<u>625,879</u>	<u>625,879</u>	<u>-</u>	<u>186,536</u>	<u>186,536</u>	<u>-</u>
Fund balances, end of year	<u>\$ 420,000</u>	<u>\$ 422,204</u>	<u>\$ 2,204</u>	<u>\$ 106,426</u>	<u>\$ 199,964</u>	<u>\$ 93,538</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL TECHNOLOGY ACQUISITION FUND
FOR THE YEAR ENDED JUNE 30, 2015

	High School Technology Acquisition		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
District property taxes	\$ 200,000	\$ 205,113	\$ 5,113
Interest	1,500	1,957	457
State of Montana	188,856	188,856	-
Total revenues	<u>390,356</u>	<u>395,926</u>	<u>5,570</u>
Expenditures:			
Current -			
Instruction	805,636	197,030	608,606
Support services	-	5,490	(5,490)
General administration	70,000	64,059	5,941
Capital outlay	35,000	33,808	1,192
Total expenditures	<u>910,636</u>	<u>300,387</u>	<u>610,249</u>
Net change in fund balances	(520,280)	95,539	615,819
Fund balances, beginning of year	<u>520,280</u>	<u>520,280</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 615,819</u>	<u>\$ 615,819</u>



Nonmajor Debt Service Funds

Budgeted:

Elementary School Debt Service Fund - Debt Service funds are used to account for the annual payment of principal, interest, and expenditures on long-term obligation debt. Under State of Montana statutes, this fund may also be used to pay special improvement district assessment charges against District-owned property.

High School Debt Service Fund - Debt Service funds are used to account for the annual payment of principal, interest, and expenditures on long-term obligation debt. Under State of Montana statutes, this fund may also be used to pay special improvement district assessment charges against District-owned property.

**BOZEMAN SCHOOL DISTRICT NO. 7
BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2015**

	Elementary Debt Service	High School Debt Service	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 208,296	\$ 103,474	\$ 311,770
Property taxes receivable	145,141	103,521	248,662
Total assets	\$ 353,437	\$ 206,995	\$ 560,432
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	\$ 145,141	\$ 103,521	\$ 248,662
Total deferred inflows of resources	145,141	103,521	248,662
<u>FUND BALANCE</u>			
Restricted	208,296	103,474	311,770
Total fund balance	208,296	103,474	311,770
Total liabilities, deferred inflows of resources, and fund balances	\$ 353,437	\$ 206,995	\$ 560,432

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary Debt Service	High School Debt Service	Totals
Revenues:			
District property taxes	\$ 4,632,113	\$ 3,018,147	\$ 7,650,260
Interest	6,963	4,949	11,912
State of Montana	86,732	-	86,732
Total revenues	<u>4,725,808</u>	<u>3,023,096</u>	<u>7,748,904</u>
Expenditures:			
Debt service -			
Principal retirement	2,930,000	2,040,000	4,970,000
Interest and fiscal charges	1,609,552	901,223	2,510,775
Bond issuance costs	181,595	176,048	357,643
Total expenditures	<u>4,721,147</u>	<u>3,117,271</u>	<u>7,838,418</u>
Excess (deficiency) of revenues over expenditures	<u>4,661</u>	<u>(94,175)</u>	<u>(89,514)</u>
Other financing sources (uses):			
Advance refunding bonds issued	18,435,000	17,900,000	36,335,000
Premium on general obligation debt	1,560,773	1,770,971	3,331,744
Payments to refunded bond escrow agent	(19,808,037)	(19,488,318)	(39,296,355)
Total other financing sources (uses)	<u>187,736</u>	<u>182,653</u>	<u>370,389</u>
Net changes in fund balances	192,397	88,478	280,875
Fund balances, beginning of year	<u>15,899</u>	<u>14,996</u>	<u>30,895</u>
Fund balances, end of year	<u><u>\$ 208,296</u></u>	<u><u>\$ 103,474</u></u>	<u><u>\$ 311,770</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Elementary Debt Service			High School Debt Service		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 4,535,168	\$ 4,632,113	\$ 96,945	\$ 2,942,096	\$ 3,018,147	\$ 76,051
Interest	4,000	6,963	(2,963)	3,000	4,949	(1,949)
Other district revenue	35,000	-	35,000	35,000	-	35,000
State of Montana	-	86,732	86,732	-	-	-
Total revenues	<u>4,574,168</u>	<u>4,725,808</u>	<u>215,714</u>	<u>2,980,096</u>	<u>3,023,096</u>	<u>109,102</u>
Expenditures:						
Debt service -						
Principal retirement	2,840,000	2,930,000	(90,000)	1,955,000	2,040,000	(85,000)
Interest and fiscal charges	1,712,617	1,609,552	103,065	1,007,291	901,223	106,068
Bond issuance costs	37,450	181,595	(144,145)	32,801	176,048	(143,247)
Total expenditures	<u>4,590,067</u>	<u>4,721,147</u>	<u>(131,080)</u>	<u>2,995,092</u>	<u>3,117,271</u>	<u>(122,179)</u>
Excess (deficiency) of revenues over expenditures	<u>(15,899)</u>	<u>4,661</u>	<u>84,634</u>	<u>(14,996)</u>	<u>(94,175)</u>	<u>(13,077)</u>
Other financing sources (uses):						
Advance refunding bonds issued	-	18,435,000	18,435,000	-	17,900,000	17,900,000
Premium on general obligation debt	-	1,560,773	1,560,773	-	1,770,971	1,770,971
Payments to refunded bond escrow agent	-	(19,808,037)	(19,808,037)	-	(19,488,318)	(19,488,318)
Total other financing sources (uses)	<u>-</u>	<u>187,736</u>	<u>187,736</u>	<u>-</u>	<u>182,653</u>	<u>182,653</u>
Net change in fund balances	<u>(15,899)</u>	<u>192,397</u>	<u>272,370</u>	<u>(14,996)</u>	<u>88,478</u>	<u>169,576</u>
Fund balances, beginning of year	<u>15,899</u>	<u>15,899</u>	<u>-</u>	<u>14,996</u>	<u>14,996</u>	<u>-</u>
Fund balances, end of year	<u>-</u>	<u>\$ 208,296</u>	<u>\$ 272,370</u>	<u>-</u>	<u>\$ 103,474</u>	<u>\$ 169,576</u>

Major Capital Projects Funds

Budgeted:

Major -

Elementary School Building Reserve Fund - To account for financial resources segregated for the acquisition, construction or repair of major capital facilities. (**note:** Only Budget to Actual schedule presented in this section)

High School Building Reserve Fund - To account for financial resources segregated for the acquisition, construction or repair of major capital facilities. (**note:** Only Budget to Actual schedule presented in this section)

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	MAJOR Elementary Building Reserve			MAJOR High School Building Reserve		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 1,500,000	\$ 1,545,495	\$ 45,495	\$ 1,500,000	\$ 1,531,936	\$ 31,936
Interest	-	9,268	9,268	7,500	16,594	9,094
Other district revenue	7,500	618	(6,882)	-	-	-
Total revenues	<u>1,507,500</u>	<u>1,555,381</u>	<u>47,881</u>	<u>1,507,500</u>	<u>1,548,530</u>	<u>41,030</u>
Expenditures:						
Current -						
Instruction	-	22,691	(22,691)	75,000	43,847	31,153
Support services	-	-	-	-	187	(187)
General administration	-	392	(392)	-	6,735	(6,735)
Operations and maintenance	2,364,741	626,921	1,737,820	1,955,444	186,407	1,769,037
Food services	-	-	-	-	919	(919)
Capital outlay	1,200,000	1,150,174	49,826	1,500,000	1,368,849	131,151
Debt service -						
Principal retirement	140,554	140,554	-	-	-	-
Interest and fiscal charges	550	550	-	-	-	-
Total expenditures	<u>3,705,845</u>	<u>1,941,282</u>	<u>1,764,563</u>	<u>3,530,444</u>	<u>1,606,944</u>	<u>1,923,500</u>
Net change in fund balances	(2,198,345)	(385,901)	1,812,444	(2,022,944)	(58,414)	1,964,530
Fund balances, beginning of year	<u>2,198,346</u>	<u>2,198,346</u>	<u>-</u>	<u>2,022,944</u>	<u>2,022,944</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 1,812,445</u>	<u>\$ 1,812,444</u>	<u>\$ -</u>	<u>\$ 1,964,530</u>	<u>\$ 1,964,530</u>

PROPRIETARY FUNDS

Internal Service Funds:

Internal service funds are used to account for the financing of goods or services provided by one department to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Purchasing – This fund is used to account for supplies and equipment, printing, and mail posting provided by several departments to other departments of the District.

Self-Insurance – This fund is used to account for the insurance premiums collected and claims paid out for employees and retirees of the District and former employees on the COBRA plan.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Purchasing	Self-Insurance	Totals
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 176,056	\$ 3,212,546	\$ 3,388,602
Inventory, at cost	740	-	740
Flexible accounts deposit	-	36,056	36,056
Total current assets	<u>176,796</u>	<u>3,248,602</u>	<u>3,425,398</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	546,472	24,930	571,402
Less accumulated depreciation	(406,935)	(4,155)	(411,090)
Net capital assets	<u>139,537</u>	<u>20,775</u>	<u>160,312</u>
Total assets	<u>316,333</u>	<u>3,269,377</u>	<u>3,585,710</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Contribution to pension plans in current fiscal year	-	406	406
Total deferred outflows of resources	<u>-</u>	<u>406</u>	<u>406</u>
Total asset and deferred outflows of resources	<u>\$ 316,333</u>	<u>\$ 3,269,783</u>	<u>\$ 3,586,116</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 3,501	\$ 649,414	\$ 652,915
Unearned revenue	-	993,413	993,413
Total current liabilities	<u>3,501</u>	<u>1,642,827</u>	<u>1,646,328</u>
Noncurrent liabilities:			
Net pension liability	-	81,103	81,103
Other postemployment health benefits	-	480,124	480,124
Total noncurrent liabilities	<u>-</u>	<u>561,227</u>	<u>561,227</u>
Total liabilities	<u>3,501</u>	<u>2,204,054</u>	<u>2,207,555</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	-	20,966	20,966
Total deferred inflows of resources	<u>-</u>	<u>20,966</u>	<u>20,966</u>
<u>NET POSITION</u>			
Net investment in capital assets	139,537	20,775	160,312
Unrestricted	<u>173,295</u>	<u>1,023,988</u>	<u>1,197,283</u>
Total net position	<u>312,832</u>	<u>1,044,763</u>	<u>1,357,595</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 316,333</u>	<u>\$ 3,269,783</u>	<u>\$ 3,586,116</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Purchasing</u>	<u>Self-Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 119,832	\$ 6,541,919	\$ 6,661,751
Charges for Wellness services	-	97,893	97,893
State on-behalf pension	-	2,580	2,580
Total operating revenues	<u>119,832</u>	<u>6,642,392</u>	<u>6,762,224</u>
Operating expenses:			
Administrative expenses	-	285,159	285,159
Communications	29,107	1,502	30,609
Contracted Medicare supplement	-	248,347	248,347
Depreciation	58,017	4,155	62,172
Excess risk insurance	-	375,484	375,484
Facilities and equipment rental	2,502	-	2,502
Health, dental and vision claims	-	5,219,387	5,219,387
Materials and supplies	31,942	60	32,002
Minor technology equipment	6,201	-	6,201
Other expenses	2,057	-	2,057
Other postemployment health benefits	-	68,686	68,686
Pension	-	6,084	6,084
Repairs and maintenance	19,304	-	19,304
Salaries and benefits	-	46,736	46,736
Wellness	-	304,931	304,931
Total operating expenses	<u>149,130</u>	<u>6,560,531</u>	<u>6,709,661</u>
Operating income (loss)	<u>(29,298)</u>	<u>81,861</u>	<u>52,563</u>
Nonoperating revenues (expenses):			
Interest	1,206	9,750	10,956
Total nonoperating revenues (expenses)	<u>1,206</u>	<u>9,750</u>	<u>10,956</u>
Change in net position	<u>(28,092)</u>	<u>91,611</u>	<u>63,519</u>
Net position, beginning of year as originally reported	340,924	1,051,311	1,392,235
Beginning net position restatement due to pensions	<u>-</u>	<u>(98,159)</u>	<u>(98,159)</u>
Net position, beginning of year, as restated	<u>340,924</u>	<u>953,152</u>	<u>1,294,076</u>
Net position, end of year	<u><u>\$ 312,832</u></u>	<u><u>\$ 1,044,763</u></u>	<u><u>\$ 1,357,595</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Purchasing	Self-Insurance	Totals
Cash flows from operating activities:			
Receipts from users	\$ 120,030	\$ 6,717,236	\$ 6,837,266
Payments for insurance claims	-	(5,148,389)	(5,148,389)
Payments to employees	-	(46,736)	(46,736)
Payments to suppliers	(87,023)	(1,212,096)	(1,299,119)
Net cash provided (used) by operating activities	<u>33,007</u>	<u>310,015</u>	<u>343,022</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	(3,500)	(3,500)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>
Cash flows from investing activities:			
Interest received	1,206	9,750	10,956
Net cash provided (used) by investing activities	<u>1,206</u>	<u>9,750</u>	<u>10,956</u>
Net increase (decrease) in cash and cash equivalents	34,213	316,265	350,478
Cash and cash equivalents - 7/01/14	<u>141,843</u>	<u>2,896,281</u>	<u>3,038,124</u>
Cash and cash equivalents - 6/30/15	<u><u>\$ 176,056</u></u>	<u><u>\$ 3,212,546</u></u>	<u><u>\$ 3,388,602</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (29,298)</u>	<u>\$ 81,861</u>	<u>\$ 52,563</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	58,017	4,155	62,172
(Increase) decrease in accounts receivable	198	-	198
(Increase) decrease in inventories	589	-	589
Increase (decrease) in accounts payable	3,501	74,385	77,886
Increase (decrease) in other postemployment benefits	-	68,686	68,686
Net increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability	-	3,504	3,504
Increase (decrease) in unearned insurance premiums	-	77,424	77,424
Total adjustments	<u>62,305</u>	<u>228,154</u>	<u>290,459</u>
Net cash provided (used) by operating activities	<u><u>\$ 33,007</u></u>	<u><u>\$ 310,015</u></u>	<u><u>\$ 343,022</u></u>

Fiduciary Funds

Private-Purpose Trust Funds:

Reward – To account for donations and interest revenues which are used to pay rewards for information received about crimes against students.

Elementary Student Extracurricular - To account for revenue and expenditures involved with elementary extracurricular activities.

Middle School Student Extracurricular – To account for revenue and expenditures involved with middle school extracurricular activities.

High School Student Extracurricular – To account for revenue and expenditures involved with high school extracurricular activities.

High School Endowment – To account for interest and fundraising revenues which are used to pay student scholarships.

Nonexpendable High School Endowment – To account for interest earned on invested cash. This is reinvested until a corpus level is attained where scholarships will be given from the interest on the corpus.

High School Interlocal Agreements - To account for revenue and expenditures involved with entities that have an interlocal or multi-district agreement with the High School District. Currently, this fund accounts for the online educating of students enrolled in the Montana Digital Academy, a significant portion of the cooperative multi-district activity encompassed by the Southwest Montana School Services (a Regional Education Service Agency) and flexible spending for the District as a whole via the K-12 multi-district agreement.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
ALL PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2015

	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	High School Interlocal Agreements	Totals
<u>ASSETS</u>							
Cash and cash equivalents	\$ 1,910	\$ 100,901	\$ 182,807	\$ 31,252	\$ 1,002	\$ 1,752,262	\$ 2,070,134
Investments	-	-	-	-	652,217	-	652,217
Due from other funds	-	-	-	-	-	4,514	4,514
Accounts receivable	-	-	-	-	-	5,000	5,000
Land	-	-	-	-	-	1,112,046	1,112,046
Total assets	\$ 1,910	\$ 100,901	\$ 182,807	\$ 31,252	\$ 653,219	\$ 2,873,822	\$ 3,843,911
<u>NET POSITION</u>							
Net position held in trust	\$ 1,910	\$ 100,901	\$ 182,807	\$ 31,252	\$ 653,219	\$ 2,873,822	\$ 3,843,911

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
ALL PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	High School Interlocal Agreements	Totals
Additions:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Payments from member districts	-	-	-	-	-	-	798,048	798,048
Extracurricular receipts and fees	-	-	214,310	818,831	-	-	-	1,033,141
Other trust revenue	-	-	-	-	-	-	9,484	9,484
State of Montana	-	-	-	-	-	-	38,410	38,410
Total noninvestment trust additions	-		214,310	818,831	1,500	-	845,942	1,880,583
Investment earnings:								
Interest	-	140	-	-	11	10,995	1,090	12,236
Total additions	-	140	214,310	818,831	1,511	10,995	847,032	1,892,819
Deductions:								
Administrative expenses	8,594	-	-	-	-	-	2,234	10,828
Salaries and benefits	-	-	-	-	-	-	36,446	36,446
Instruction	-	-	-	-	-	-	87,254	87,254
Extracurricular activities	-	122,144	199,673	928,357	-	-	-	1,250,174
Professional contracted services	-	-	-	-	1,535	-	103,484	105,019
Purchased property services	-	-	-	-	-	-	6,999	6,999
Scholarships	-	-	-	-	3,795	-	-	3,795
Total deductions	8,594	122,144	199,673	928,357	5,330	-	236,417	1,500,515
Changes in net position	(8,594)	(122,004)	14,637	(109,526)	(3,819)	10,995	610,615	392,304
Net position, beginning of year	8,594	123,914	86,264	292,333	35,071	642,224	2,263,207	3,451,607
Net position, end of year		\$ 1,910	\$ 100,901	\$ 182,807	\$ 31,252	\$ 653,219	\$ 2,873,822	\$ 3,843,911



CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE¹
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
<u>Governmental funds capital assets:</u>		
Land and improvements	\$ 19,864,518	\$ 19,445,161
Buildings and improvements	131,696,552	124,164,298
Machinery and equipment	5,298,641	5,375,786
Construction in progress	<u>4,471,356</u>	<u>4,754,210</u>
 Total governmental funds capital assets	 <u>\$ 161,331,067</u>	 <u>\$ 153,739,455</u>
 <u>Investments in governmental funds assets by source:</u>		
General fund	\$ 14,327,228	\$ 14,399,201
Special revenue funds	7,017,027	6,990,679
Capital projects funds	139,273,906	131,862,960
Donations	<u>712,906</u>	<u>486,615</u>
 Total governmental funds capital assets	 <u><u>\$ 161,331,067</u></u>	 <u><u>\$ 153,739,455</u></u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service and fiduciary funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF JUNE 30, 2015

<u>Function and Activity</u>	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Instruction	\$ -	\$ -	\$ 1,504,938	\$ -	\$ 1,504,938
Support services	-	-	264,358	-	264,358
General administration	-	-	692,688	-	692,688
Operations and maintenance	-	-	1,072,013	-	1,072,013
Student transportation	-	-	12,745	-	12,745
Food service	-	-	1,566,474	-	1,566,474
Extracurricular activities	-	-	185,425	-	185,425
Facilities – capital outlay	<u>19,864,518</u>	<u>131,696,552</u>	<u>-</u>	<u>4,471,356</u>	<u>156,032,426</u>
Total governmental funds capital assets	<u>\$ 19,864,518</u>	<u>\$ 131,696,552</u>	<u>\$ 5,298,641</u>	<u>\$ 4,471,356</u>	<u>\$ 161,331,067</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service and fiduciary funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGE BY FUNCTION AND ACTIVITY¹
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Function and Activity	Governmental Funds Capital Assets July 1, 2014	Additions	Deletions	Governmental Funds Capital Assets June 30, 2015
Instruction	\$ 1,925,342	\$ 27,396	\$ (447,800)	\$ 1,504,938
Support services	192,551	78,472	(6,665)	264,358
General administration	523,269	257,950	(88,531)	692,688
Operations and maintenance	1,057,651	14,362	-	1,072,013
Student transportation	12,745	-	-	12,745
Food service	1,520,129	46,345	-	1,566,474
Extracurricular activities	144,099	41,326	-	185,425
Facilities – capital outlay	<u>148,363,669</u>	<u>12,085,440</u>	<u>(4,416,683)</u>	<u>156,032,426</u>
Total governmental funds capital assets	<u>\$ 153,739,455</u>	<u>\$ 12,551,291</u>	<u>\$ (4,959,679)</u>	<u>\$ 161,331,067</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service and fiduciary funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**Required Supplementary Information
Other Than Management Discussion and Analysis**

BOZEMAN SCHOOL DISTRICT NO. 7
ELEMENTARY STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2015

Activity	Net Position at 7/01/14	Additions	Deductions	Net Position at 6/30/15
Longfellow Fundraiser	\$ 4,128.74	\$ -	\$ 4,128.74	\$ -
Longfellow Library	3,998.31	-	3,998.31	-
Longfellow Arts	52,795.45	-	52,795.45	-
Irving School Store	-	-	-	-
Irving Photography Club	1,415.54	-	1,415.54	-
Irving Fly Fishing Club	-	-	-	-
Irving 5th Grade Fundraiser	-	-	-	-
Irving Library Fundraiser	4,564.73	-	4,564.73	-
Irving Climbing Club	138.10	-	-	138.10
Irving Scholarships	2,886.57	-	2,886.57	-
Whittier Field Trips	-	-	-	-
Morning Star School Store	256.53	-	-	256.53
Emily Library Fundraiser	2,559.28	-	2,559.28	-
Hyalite Library Fundraiser	2,079.93	-	2,079.93	-
Music	5,339.66	-	5,339.66	-
Enrichment	4,267.40	-	4,267.40	-
School Sponsored Extracurricular	1,575.10	140.07	200.00	1,515.17
Elementary Athletic Participation	7,087.19	-	7,087.19	-
CJMS and SMS Athletics	30,822.08	-	30,822.08	-
Total	<u>\$ 123,914.61</u>	<u>\$ 140.07</u>	<u>\$ 122,144.88</u>	<u>\$ 1,909.80</u>

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2015

Activity	Net Position at 7/01/14	Additions	Deductions	Net Position at 6/30/15
Computer Club	\$ 33.00	\$ -	\$ -	\$ 33.00
Pennies for Past	14.96	3,160.00	3,170.00	4.96
Lego Robotics	238.71	250.00	250.00	238.71
Art Club	360.50	-	105.02	255.48
Foreign Language Club	-	6,094.10	6,064.10	30.00
Foreign Language Scholarships	269.31	-	-	269.31
Yearbook	3,113.12	4,542.00	3,063.84	4,591.28
Drama Club	1,451.40	1,323.00	1,681.56	1,092.84
One Million Ways	1,047.49	-	771.72	275.77
Music	8,446.36	22,918.99	22,266.37	9,098.98
CJ Rocks	112.17	650.00	724.13	38.04
Breakfast Club	170.00	1,179.65	568.19	781.46
Horizons	1,311.70	781.00	726.00	1,366.70
MBI	747.08	-	84.45	662.63
Leo	183.44	1,342.00	985.77	539.67
Library	1,721.75	-	-	1,721.75
Peer Mediation	733.58	527.83	330.12	931.29
Student Aid	3,638.68	3,404.66	2,245.21	4,798.13
Student Council - 6th Grade	3,086.17	3,038.68	2,537.51	3,587.34
Student Council - 7th Grade	1,838.43	2,417.68	2,063.45	2,192.66
Student Council - 8th Grade	508.37	1,069.68	815.91	762.14
Student Projects	370.89	1,986.00	1,740.00	616.89
Team 6A	1,696.53	5,891.20	6,725.16	862.57
Team 6B	2,680.59	7,515.00	8,606.10	1,589.49
Team 7A	1,899.34	10,689.00	9,024.01	3,564.33
Team 7B	-	850.00	850.00	-
Team 8A	2,252.69	6,138.00	7,011.47	1,379.22
Team 8B	489.63	5,435.00	5,433.87	490.76
Science Club - Pierce	129.77	-	-	129.77
Science Club - Johaneson	115.97	-	-	115.97
Science Club - McCabe/Woidtke	-	175.00	-	175.00
Science Club - Hannula	63.53	-	-	63.53
Science Club - VanDyk	39.83	-	-	39.83
Tech. Ed Club - Mathews	886.76	245.00	-	1,131.76
Bird/Science	2,441.28	4,439.20	4,358.16	2,522.32
Friends of Reading Club	-	1,992.25	1,417.73	574.52
Total	<u>\$ 42,093.03</u>	<u>\$ 98,054.92</u>	<u>\$ 93,619.85</u>	<u>\$ 46,528.10</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2015

Activity	Net Position at 7/01/14	Additions	Deductions	Net Position at 6/30/15
Music	\$ 18,540.63	\$ 30,474.65	\$ 22,558.62	\$ 26,456.66
Drama Club	114.38	-	-	114.38
Newspaper	42.00	-	-	42.00
Computer Club	80.75	-	-	80.75
Knitting Club	210.40	200.00	-	410.40
Lego Robotics	151.00	196.50	-	347.50
Photo Lab Club	437.87	-	77.50	360.37
Foreign Language	4,036.92	2,099.42	4,036.92	2,099.42
Humanitarian Club	40.00	-	-	40.00
MBI	481.52	602.70	753.59	330.63
Peer Mediation	2,191.42	303.00	158.47	2,335.95
Art Club	1,365.56	-	100.20	1,265.36
Student Aid	5,489.03	542.79	2,366.33	3,665.49
Yearbook	1,475.19	9,049.00	8,461.48	2,062.71
Student Council	2,237.88	4,022.33	3,045.54	3,214.67
Select Choir	34.44	3,832.75	4,701.59	(834.40)
6A Team	944.03	8,474.60	8,042.38	1,376.25
6B Team	1,677.52	11,840.05	12,992.74	524.83
7A Team	1,333.39	17,636.09	15,037.46	3,932.02
7B Team	(13.76)	408.05	386.01	8.28
8A Team	2,962.98	9,387.50	9,288.85	3,061.63
8B Team	212.28	12,413.80	11,922.08	704.00
Outdoor Club	(220.36)	1,695.50	1,455.72	19.42
Science Olympiad Club	(44.20)	2,500.00	-	2,455.80
Science Club	362.31	566.00	640.00	288.31
Maintenance Account	27.30	10.56	27.23	10.63
Total	<u>\$ 44,170.48</u>	<u>\$ 116,255.29</u>	<u>\$ 106,052.71</u>	<u>\$ 54,373.06</u>

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2015

Activity	Net Position at 7/01/14	Additions	Deductions	Net Position at 6/30/15
Athletics	\$ 113,684.17	\$ -	\$ 113,684.17	\$ -
Backboard BB-Ball	3,012.14	63,007.27	52,497.99	13,521.42
Cheerleading	863.17	15,865.83	12,632.14	4,096.86
Fastpitch	7,262.96	3,310.00	8,578.02	1,994.94
Football Club	413.24	34,342.77	30,909.74	3,846.27
Golf Club	6,813.13	2,144.40	6,126.68	2,830.85
Hawk Stat Crew	410.72	810.00	160.00	1,060.72
Lady Hawk B-Ball	1,768.99	20,951.25	18,786.50	3,933.74
Soccer - Boys	6,791.77	14,533.79	8,583.15	12,742.41
Soccer - Girls	5,831.36	10,635.79	12,702.00	3,765.15
Speech Club	10,826.73	21,955.85	20,940.53	11,842.05
Spikers VB	3,643.83	15,712.11	18,070.95	1,284.99
Swimming	574.18	3,763.33	3,987.76	349.75
Tennis	491.40	12,378.02	6,073.23	6,796.19
Track Club	9,582.46	19,957.75	20,862.53	8,677.68
Wrestling Club	669.24	12,290.86	12,536.93	423.17
X-Country Club	1,137.43	15,112.55	14,229.33	2,020.65
Business Professionals	9,035.88	1,355.97	10,254.35	137.50
Cad Club	628.16	5,267.18	3,867.27	2,028.07
Construction Club	1,198.72	-	138.01	1,060.71
Deca	200.00	32,595.59	28,904.44	3,891.15
Jewelry Guild Club	-	1,812.50	1,124.33	688.17
Pro Start Club	-	12,540.69	9,943.62	2,597.07
Robotics Club	8,788.42	-	5,060.04	3,728.38
Skills USA	1,493.66	3,117.90	2,781.82	1,829.74
Art Club	4,085.22	15,706.05	17,312.49	2,478.78
Drama Club	1,594.54	57,720.37	55,943.54	3,371.37
Ecuador/Montana	44.95	-	-	44.95
FCCLA	455.48	871.00	1,149.02	177.46
French Club	384.24	589.00	447.50	525.74
Total	\$ 201,686.19	\$ 398,347.82	\$ 498,288.08	\$ 101,745.93

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2015

Activity	Net Position at 7/01/14	Additions	Deductions	Net Position at 6/30/15
German Club	\$ 4,208.30	\$ 2,906.50	\$ 3,883.59	\$ 3,231.21
Galapagos Club	-	90,095.52	90,091.43	4.09
HOSA	687.87	7,781.30	8,246.79	222.38
Latin Club	211.43	1,690.90	1,431.30	471.03
MUN Club	81.75	-	-	81.75
Project Excel	4,099.26	104.00	-	4,203.26
Science Olympiad	372.45	543.50	546.61	369.34
Ski P.E.	-	3,631.50	3,631.50	-
Spanish Club	532.19	376.45	210.78	697.86
Youth Leg. Club	403.65	2,588.12	2,799.54	192.23
Wildlife Biology Club	343.82	320.00	369.77	294.05
Cap & Gowns	26.27	-	-	26.27
Class of 2015	-	6,520.33	4,435.33	2,085.00
Girls & Boys State	335.00	540.00	540.00	335.00
Prom	7,657.41	11,578.00	10,763.38	8,472.03
Student Council	20,889.97	26,155.68	26,262.51	20,783.14
Bridger Alternative	452.81	638.20	129.97	961.04
MTI	1,396.43	-	-	1,396.43
Amnesty International	674.28	-	-	674.28
The B Club	361.17	-	-	361.17
Key Club	1,380.74	270.31	611.57	1,039.48
Leo Club	752.20	3,178.91	2,135.50	1,795.61
National Honor Society	200.91	1,997.85	1,878.66	320.10
Project X2	1,516.03	635.04	590.14	1,560.93
Recycle	451.90	-	318.07	133.83
Special Ed Concessions	5,200.01	970.40	1,140.12	5,030.29
Gay-Straight Alliance	542.99	-	67.69	475.30
Interact Club	2,613.57	2,057.66	1,146.27	3,524.96
Band	16,473.57	80,648.12	94,499.57	2,622.12
Choir	2,618.64	21,795.35	23,975.26	438.73
Orchestra	1,673.21	117,767.33	108,268.42	11,172.12
Aerie	10,128.59	25,290.00	29,780.13	5,638.46
Hawk Tawk	2,210.88	7,204.00	8,573.85	841.03
Hawk TV Club	84.80	-	-	84.80
Scribblings	-	906.00	448.71	457.29
General	2,064.57	2,292.54	3,292.41	1,064.70
Total	<u>\$ 292,332.86</u>	<u>\$ 818,831.33</u>	<u>\$ 928,356.95</u>	<u>\$ 182,807.24</u>

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2015

<u>Enrollment</u>	<u>As Reported</u>	<u>Audit Per District Records</u>	<u>Difference</u>
Fall Enrollment - October 6, 2014			
Elementary School District			
Pre K-6:			
(a.) Pre-Kindergarten *	32	32	0
(b.) Kindergarten	520	520	0
(c.) Grades 1 - 6	2895	2895	0
(d.) Part-Time (number of part-time students included on line b and c above)	12	12	0
7-8:			
(e.) Grade 7-8	906	906	0
(f.) Part-Time (number of part-time students included on line e above)	11	11	0
(g.) Total (add lines a, b, c and e)	4353	4353	0
High School District			
9-12:			
(h.) Grades 9-12	1973	1973	0
(i.) Part-Time (number of part-time students included on line h above)	12	12	0
(j.) 19 year-olds included on line h	1	1	0
(k.) Montana Youth Challenge Academy students included on line h	2	2	0
Spring Enrollment - February 2, 2015			
Elementary School District			
Pre K-6:			
(l.) Pre-Kindergarten *	32	32	0
(m.) Kindergarten	534	534	0
(n.) Grades 1 - 6	2899	2899	0
(o.) Part-Time (number of part-time students included on line l and m above)	17	17	0
7-8:			
(p.) Grade 7-8	914	914	0
(q.) Part-Time (number of part-time students included on line o above)	14	14	0
(r.) Total (add lines k, l, m and o)	4379	4379	0
High School District			
9-12:			
(s.) Grades 9-12	1921	1921	0
(t.) Part-Time (number of part-time students included on line r above)	12	12	0
(u.) 19 year-olds included on line r	1	1	0
(v.) Early Graduates	16	16	0
(w.) Montana Youth Challenge Academy students included on line s	4	4	0

* The Pre-Kindergarten amounts above are not required to be audited. The amount listed is the official Special Education Pre-K Child Count from October 2014.



STATISTICAL SECTION

(Unaudited)

This section of the Bozeman School District's comprehensive annual financial report presents statistical information as an added tool to better understand what the information in the financial statements, note disclosures, and required supplementary information is saying about the District's overall financial health.

Contents	Page
Financial Trends	142
These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.	
Revenue Capacity	147
These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.	
Debt Capacity	154
These debt capacity schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	158
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activity takes place.	
Operating Information	160
These schedules contain service and infrastructure data to better help the reader interpret how the information in the District's financial report correspond to the services the District provides and the activities it performs.	

Table 1

BOZEMAN SCHOOL DISTRICT NO. 7
Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<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>	<u>2015</u>
Governmental activities:										
Net investment in capital assets	\$22,676,015	\$25,142,399	\$29,295,503	\$32,116,906	\$33,258,003	\$35,512,140	\$38,752,077	\$41,859,235	\$44,554,505	\$50,406,598
Restricted	3,418,622	3,987,403	4,279,556	6,904,765	9,741,156	8,779,717	9,586,558	12,475,447	10,415,989	9,898,371
Unrestricted	<u>1,716,125</u>	<u>2,741,647</u>	<u>3,392,696</u>	<u>3,254,771</u>	<u>3,126,362</u>	<u>4,715,667</u>	<u>3,022,777</u>	<u>4,607,300</u>	<u>4,360,299</u>	<u>(39,754,030)</u>
Total governmental activities net position	<u>\$27,810,762</u>	<u>\$31,871,449</u>	<u>\$36,967,755</u>	<u>\$42,276,442</u>	<u>\$46,125,521</u>	<u>\$49,007,524</u>	<u>\$51,361,412</u>	<u>\$58,941,982</u>	<u>\$59,330,793</u>	<u>\$20,550,939</u>

Note: The Bozeman School District implemented the new standards for reporting pension activity required by GASB Statement 68 and 71 in fiscal year 2015.

Table 2

BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Instruction	\$ 23,407,889	\$ 25,568,496	\$ 27,118,400	\$ 28,152,194	\$ 30,604,653	\$ 30,254,885	\$ 31,164,999	\$ 31,716,354	\$ 35,618,686	\$ 35,354,198
Support services	4,642,961	4,975,685	5,457,545	5,592,822	6,705,443	6,506,964	6,903,108	7,412,715	8,887,042	9,941,072
General administration	1,873,647	2,116,552	2,331,788	2,334,476	2,408,966	2,427,344	2,728,377	2,563,815	2,815,439	3,413,430
Building administration	2,876,614	3,163,125	3,267,924	3,508,649	3,379,725	3,506,951	3,568,685	3,310,381	3,614,781	4,085,993
Operations and maintenance	3,766,666	3,663,019	4,038,663	4,624,960	4,785,116	5,887,349	5,852,700	5,055,062	6,443,041	6,311,684
Student transportation	1,400,420	1,433,032	1,531,760	1,663,428	1,578,194	1,751,558	1,844,503	1,801,699	2,193,615	2,339,489
Food services	1,743,790	1,835,040	1,843,131	1,705,634	1,627,069	1,686,356	1,808,610	1,868,641	2,148,983	1,906,087
Extracurricular activities	836,613	885,231	941,072	915,870	911,863	928,880	897,486	932,725	1,170,210	1,507,974
Unallocated depreciation	912,711	960,431	985,952	1,217,973	1,670,495	2,277,029	2,734,240	2,851,136	3,387,281	3,643,476
Interest and fiscal charges	682,825	1,574,466	2,428,542	3,510,039	3,005,401	2,849,464	2,705,910	3,003,231	3,517,576	2,683,339
Total governmental activities expenses	<u>\$ 42,144,136</u>	<u>\$ 46,175,077</u>	<u>\$ 49,944,777</u>	<u>\$ 53,226,045</u>	<u>\$ 56,676,925</u>	<u>\$ 58,076,780</u>	<u>\$ 60,208,618</u>	<u>\$ 60,515,759</u>	<u>\$ 69,796,654</u>	<u>\$ 71,186,742</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 505,592	\$ 586,576	\$ 618,855	\$ 620,755	\$ 753,021	\$ 749,691	\$ 707,919	\$ 835,292	\$ 859,372	\$ 700,800
Food services	1,230,667	1,379,861	1,250,448	1,176,105	1,114,078	1,090,682	1,172,420	1,174,689	1,180,670	1,042,607
Other functional activities	510,592	516,807	531,477	543,383	704,901	782,544	949,140	684,405	711,686	1,025,050
Operating grants and contributions	6,192,636	6,580,610	7,365,898	8,463,278	9,639,736	10,701,409	9,053,281	9,657,240	11,039,331	10,441,288
Capital grants and contributions	54,400	810,146	1,112,116	307,076	1,001,944	537,755	934,990	2,216,427	27,358	2,326,971
Total governmental activities program revenues	<u>\$ 8,493,887</u>	<u>\$ 9,874,000</u>	<u>\$ 10,878,794</u>	<u>\$ 11,110,597</u>	<u>\$ 13,213,680</u>	<u>\$ 13,862,081</u>	<u>\$ 12,817,750</u>	<u>\$ 14,568,053</u>	<u>\$ 13,818,417</u>	<u>\$ 15,536,716</u>
Total governmental activities net expense	<u>\$ (33,650,249)</u>	<u>\$ (36,301,077)</u>	<u>\$ (39,065,983)</u>	<u>\$ (42,115,448)</u>	<u>\$ (43,463,245)</u>	<u>\$ (44,214,699)</u>	<u>\$ (47,390,868)</u>	<u>\$ (45,947,706)</u>	<u>\$ (55,978,237)</u>	<u>\$ (55,650,026)</u>
General Revenues and Transfers										
Governmental activities:										
General Revenues:										
District property taxes	\$ 16,788,764	\$ 19,928,795	\$ 21,716,571	\$ 24,919,224	\$ 25,517,907	\$ 26,005,786	\$ 25,901,455	\$ 27,624,361	\$ 30,291,040	\$ 30,381,590
Investment earnings	755,196	1,839,432	2,023,195	1,437,886	404,319	212,450	196,015	173,809	164,158	171,422
Unrestricted county distribution - retirement	3,768,848	3,872,500	4,115,000	4,685,689	4,319,087	4,628,599	4,677,674	5,107,947	5,770,760	5,759,010
Unrestricted state equalization	11,283,156	11,695,502	12,329,569	13,069,595	12,631,646	11,651,621	14,168,581	14,847,712	16,080,262	16,757,156
Unrestricted state guaranteed tax base subsidy	612,409	443,964	965,909	1,334,192	1,489,387	1,619,235	1,730,896	2,296,582	2,734,398	3,138,561
Unrestricted state motor vehicle fee reimbursement	1,567,969	1,579,896	1,591,893	1,603,991	1,616,183	1,628,465	1,628,465	1,773,347	1,773,347	1,969,511
Unrestricted state quality educator	-	778,808	1,216,152	1,231,076	1,247,959	1,264,058	1,257,904	1,266,515	1,302,442	1,399,168
Unrestricted state on-behalf pension	-	-	-	-	-	-	-	-	-	1,571,377
Unrestricted other state revenue	147,070	222,322	202,718	184,689	85,836	86,488	183,766	438,003	256,841	754,681
Gain(loss) on sale of capital assets	14,429	545	1,282	(1,042,207)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	(2,006,200)	-
Total governmental activities general revenues and transfers	<u>\$ 34,937,841</u>	<u>\$ 40,361,764</u>	<u>\$ 44,162,289</u>	<u>\$ 47,424,135</u>	<u>\$ 47,312,324</u>	<u>\$ 47,096,702</u>	<u>\$ 49,744,756</u>	<u>\$ 53,528,276</u>	<u>\$ 56,367,048</u>	<u>\$ 61,902,476</u>
Change in Net Position										
Governmental activities	<u>\$ 1,287,592</u>	<u>\$ 4,060,687</u>	<u>\$ 5,096,306</u>	<u>\$ 5,308,687</u>	<u>\$ 3,849,079</u>	<u>\$ 2,882,003</u>	<u>\$ 2,353,888</u>	<u>\$ 7,580,570</u>	<u>\$ 388,811</u>	<u>\$ 6,252,450</u>

Table 3

BOZEMAN SCHOOL DISTRICT NO. 7
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 348,877	\$ 156,283	\$ 68,169	\$ 101,278	\$ 339,845					
Unreserved	2,129,161	2,210,022	1,617,590	2,269,075	1,621,285					
Nonspendable						\$ 4,388	\$ 4,623	\$ 5,421	\$ 36,085	\$ 8,986
Restricted						-	-	-	-	-
Committed						-	-	-	-	-
Assigned						429,580	365,306	465,196	353,134	443,846
Unassigned						2,341,289	2,504,519	2,926,355	3,109,044	4,244,719
Total general fund	<u>\$ 2,478,038</u>	<u>\$ 2,366,305</u>	<u>\$ 1,685,759</u>	<u>\$ 2,370,353</u>	<u>\$ 1,961,130</u>	<u>\$ 2,775,257</u>	<u>\$ 2,874,448</u>	<u>\$ 3,396,972</u>	<u>\$ 3,498,263</u>	<u>\$ 4,697,551</u>
All other governmental funds										
Reserved	\$ 62,589	\$ (96,886)	\$ (236,463)	\$ (80,945)	\$ 1,007,568					
Unreserved, reported in:										
Special revenue funds	3,950,436	5,285,646	6,409,696	6,549,846	6,884,962					
Capital projects funds	26,399,086	42,644,504	50,993,882	22,218,476	8,820,311					
Nonspendable						\$ 28,589	\$ 37,592	\$ 50,525	\$ 291,698	\$ 57,346
Restricted						12,546,192	9,831,486	23,560,751	13,443,730	10,378,732
Committed						-	1,463,593	1,743,226	1,613,722	1,966,790
Assigned						241,168	-	-	-	-
Unassigned						(57,451)	(130,307)	(7,901)	(3,883)	-
Total all other governmental funds	<u>\$ 30,412,111</u>	<u>\$ 47,833,264</u>	<u>\$ 57,167,115</u>	<u>\$ 28,687,377</u>	<u>\$ 16,712,841</u>	<u>\$ 12,758,498</u>	<u>\$ 11,202,364</u>	<u>\$ 25,346,601</u>	<u>\$ 15,345,267</u>	<u>\$ 12,402,868</u>

Note: The Bozeman School District implemented the new standards for reporting fund balance GASB Statement 54 in fiscal year 2011.

Table 4

BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
District property taxes	\$ 16,713,548	\$ 19,391,531	\$ 20,428,699	\$ 25,038,979	\$ 24,883,053	\$ 26,545,666	\$ 26,751,318	\$ 27,590,997	\$ 29,992,132	\$ 31,562,546
Tuition and fees	1,420,239	1,568,319	1,433,802	1,312,340	1,309,338	1,269,001	1,407,899	1,353,370	1,349,404	1,223,051
Interest	699,210	1,795,207	1,958,196	1,388,484	340,176	146,501	115,677	133,505	120,319	118,700
Other district revenue	377,377	482,394	820,270	1,337,136	1,013,307	966,899	1,619,654	1,374,732	2,054,037	4,045,874
Gallatin County	4,127,197	4,213,172	4,442,764	5,033,862	4,643,079	4,962,871	5,026,254	5,442,341	6,147,312	6,136,520
State of Montana	16,012,832	18,419,447	19,835,311	20,515,634	20,989,422	19,909,687	23,001,183	24,899,502	26,625,282	28,718,705
Federal	3,280,384	3,116,050	3,429,823	3,575,590	5,104,214	5,984,544	3,421,088	3,505,205	3,862,088	3,902,080
Total revenues	42,630,787	48,986,120	52,348,865	58,202,025	58,282,589	59,785,169	61,343,073	64,299,652	70,150,574	75,707,476
Expenditures										
Instruction	22,585,585	24,569,060	25,840,900	27,198,581	29,183,083	29,186,027	29,973,733	30,815,248	34,059,897	33,944,215
Support services	4,574,701	4,909,200	5,331,933	5,535,648	6,574,898	6,414,239	6,818,826	7,407,391	8,726,400	9,703,778
General administration	1,759,136	1,996,421	2,200,858	2,228,618	2,266,440	2,315,573	2,625,336	2,490,089	2,615,520	3,119,659
Building administration	2,755,991	3,014,613	3,078,574	3,335,098	3,163,077	3,260,330	3,337,108	3,247,724	3,471,766	3,863,551
Operations and maintenance	3,656,580	3,567,525	3,929,421	4,570,270	4,700,440	5,240,989	5,420,379	4,971,441	6,308,007	6,050,416
Student transportation	1,399,786	1,432,484	1,531,216	1,661,872	1,575,172	1,748,225	1,841,957	1,799,240	2,191,740	2,334,829
Food services	1,679,095	1,769,280	1,777,468	1,672,348	1,603,425	1,671,841	1,785,246	1,838,621	2,093,596	1,744,875
Extracurricular activities	817,127	871,909	925,698	908,091	901,574	917,404	889,182	928,333	1,150,819	1,476,615
Capital outlay	5,122,160	7,623,511	20,737,577	31,158,167	13,768,914	5,342,833	3,668,987	17,606,813	9,666,273	7,804,643
Debt service										
Principal	1,606,506	2,216,506	3,577,059	3,634,728	3,982,059	4,092,059	4,247,059	5,488,708	4,565,554	5,110,554
Interest and fiscal charges	249,532	1,748,732	2,212,528	4,094,281	2,954,436	2,835,865	2,692,203	2,970,582	3,194,845	2,511,325
Bond issuance costs	79,578	142,254	79,175	-	56,742	-	-	260,334	-	357,643
Total expenditures	46,285,777	53,861,495	71,222,407	85,997,702	70,730,260	63,025,385	63,300,016	79,824,524	78,044,417	78,022,103
Excess of revenues over (under) expenditures	(3,654,990)	(4,875,375)	(18,873,542)	(27,795,677)	(12,447,671)	(3,240,216)	(1,956,943)	(15,524,872)	(7,893,843)	(2,314,627)
Other financing sources (uses)										
Sale of capital assets	19,376	545	1,282	533	-	-	-	-	-	-
Transfers in	32,698	23,344	145,429	3,366,639	1,281,921	631,395	-	-	-	-
Transfers out	(32,698)	(23,344)	(145,429)	(3,366,639)	(1,281,921)	(631,395)	-	-	(2,006,200)	-
Property damage insurance proceeds	-	-	-	-	-	100,000	500,000	2,093,038	-	201,127
General obligation bonds issued	28,600,000	20,725,000	27,500,000	-	-	-	-	26,375,000	-	-
Limited obligation bonds issued	-	1,459,250	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	3,275,000	-	-	-	-	36,335,000
Premium on bonds issued	28,721	-	25,565	-	110,840	-	-	1,723,595	-	3,331,744
Payments to refunded bond escrow agent	-	-	-	-	(3,321,928)	-	-	-	-	(39,296,355)
Total other financing sources (uses)	28,648,097	22,184,795	27,526,847	533	63,912	100,000	500,000	30,191,633	(2,006,200)	571,516
Net change in fund balances	\$ 24,993,107	\$ 17,309,420	\$ 8,653,305	\$ (27,795,144)	\$ (12,383,759)	\$ (3,140,216)	\$ (1,456,943)	\$ 14,666,761	\$ (9,900,043)	\$ (1,743,111)
Debt service as a percentage of noncapital expenditures	4.5%	8.6%	11.5%	14.1%	12.3%	12.0%	11.6%	13.6%	11.3%	11.4%

Table 5

BOZEMAN SCHOOL DISTRICT NO. 7
General Fund Expenditures by Function
Last Ten Fiscal Years
(budget basis of accounting)

Year	Instruction	Support Services	General Administration	Building Administration	Operations & Maintenance	Student Transportation	Food Services	Extracurricular Activities	Capital Outlay	Principal Retirement & Interest	Total
2006	\$ 17,592,880	\$ 2,902,930	\$ 1,168,491	\$ 2,201,235	\$ 2,832,853	\$ 3,092	\$ -	\$ 760,510	\$ 493,246	\$ -	\$ 27,955,237
2007	18,995,915	3,220,986	1,596,212	2,413,652	2,981,420	9,616	-	805,206	6,933	-	30,029,940
2008	19,834,850	3,448,882	1,712,186	2,471,987	3,172,844	7,598	-	839,706	182,514	-	31,670,567
2009	21,033,525	3,417,621	1,720,166	2,552,984	3,429,669	1,780	-	844,247	-	-	32,999,992
2010	22,171,589	3,922,743	1,707,113	2,573,178	3,469,799	5,763	-	835,084	-	-	34,685,269
2011	22,303,333	3,949,570	1,794,818	2,609,518	3,965,340	-	-	844,781	25,412	-	35,492,772
2012	23,483,777	3,768,264	1,909,353	2,647,095	3,784,961	-	-	816,199	157,004	-	36,566,653
2013	24,580,312	4,068,345	1,790,203	2,649,077	3,668,270	382	-	851,514	7	-	37,608,110
2014	25,877,250	4,605,511	1,887,071	2,822,409	4,085,732	-	-	996,363	12,420	1,249	40,288,005
2015	\$ 26,902,203	\$ 5,481,348	\$ 2,213,111	\$ 3,085,660	\$ 4,326,685	\$ 6,706	\$ 401	\$ 961,267	\$ -	\$ -	\$ 42,977,381

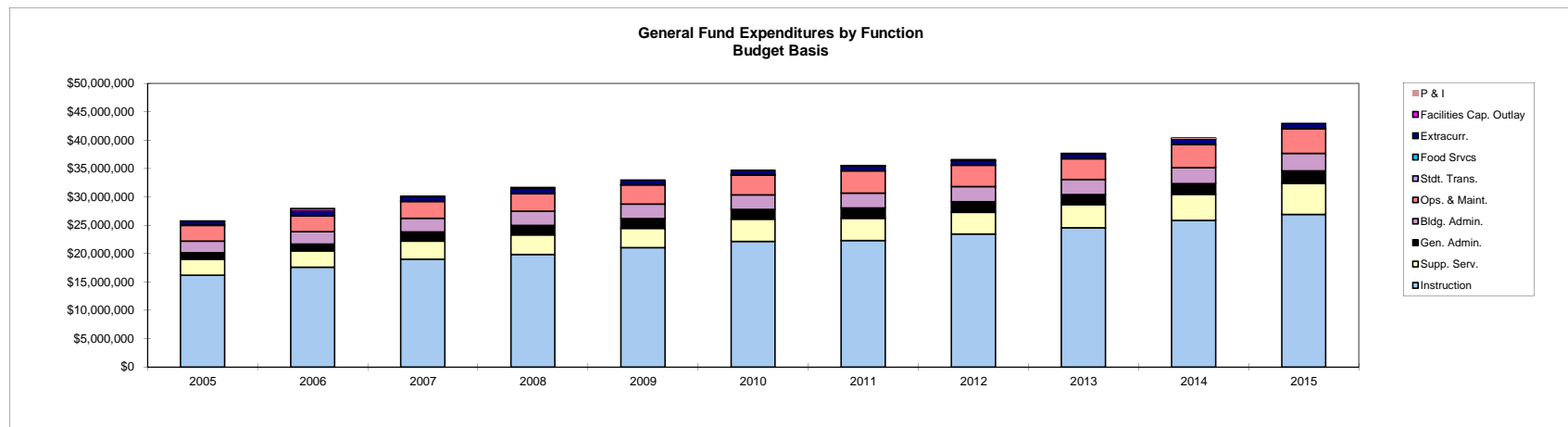


Table 6

BOZEMAN SCHOOL DISTRICT NO. 7
Property Tax Assessments and Collections
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Assessed Valuation ¹	Estimated Actual Value	Percent of Assessed Value to Estimated Actual Value	Mill Levy	Direct Rate to be Applied against Assessed Value (Mill Levy / 1,000)	Taxes Levied ⁴	Tax Levy Collections in Levy Year	Percent of Tax Levies Collected in Levy Year	Tax Levy Collections after Levy Year	Total Tax Collections Since Levy	Percent of Total Tax Collections To Taxes Levied
Elementary District:											
2006	\$ 89,208,819	\$ 2,649,536,773	3.4%	111.60	0.11160	\$ 9,955,704	\$ 9,397,703	94.40%	\$ 558,001	\$ 9,955,704	100.00%
2007	97,593,808	2,922,699,201	3.3%	120.32	0.12032	11,742,487	11,383,815	96.95%	316,996	11,700,811	99.65%
2008	104,361,792	3,223,076,430	3.2%	118.51	0.11851	12,553,495	11,695,683	93.17%	780,564	12,476,247	99.38%
2009	111,162,065	3,542,469,947	3.1%	141.13	0.14113	15,794,516	14,558,640	92.18%	1,194,580	15,753,220	99.74% ³
2010	117,329,369	3,888,212,136	3.0%	130.49	0.13049	15,432,743	14,194,814	91.98%	1,202,005	15,396,819	99.77% ³
2011	121,072,738	4,135,670,271	2.9%	121.55	0.12155	14,619,619	13,975,603	95.59%	549,061	14,524,664	99.35%
2012	122,688,282	4,375,448,618	2.8%	123.38	0.12338	15,000,166	14,264,897	95.10%	684,545	14,949,442	99.66%
2013	124,859,611	4,633,513,028	2.7%	131.45	0.13145	16,419,994	15,743,823	95.88%	573,472	16,317,295	99.37%
2014	128,394,150	4,931,149,202	2.6%	145.25	0.14525	18,477,949	17,897,333	96.86%	484,240	18,381,573	99.48%
2015	\$ 131,762,887	\$ 5,231,028,932	2.5%	143.70	0.14370	\$ 18,910,738	\$ 18,374,140	97.16%	\$ -	\$ 18,374,140	97.16%
High School District:											
2006	\$ 119,033,013	\$ 3,554,146,064	3.3%	57.46	0.05746	\$ 6,839,637	\$ 6,383,483	93.33%	\$ 456,154	\$ 6,839,637	100.00%
2007	130,732,377	3,946,654,848	3.3%	62.42	0.06242	8,160,315	7,879,151	96.55%	259,225	8,138,376	99.73%
2008	140,147,897	4,381,850,279	3.2%	65.34	0.06534	9,346,202	8,673,645	92.80%	616,155	9,289,800	99.40%
2009	130,543,804	4,170,386,822	3.1%	71.40	0.07140	9,384,507	8,573,226	91.36%	780,625	9,353,851	99.67% ³
2010	138,744,445	4,593,821,578	3.0%	69.05	0.06905	10,460,314	9,463,193	90.47%	984,564	10,447,757	99.88% ³
2011	143,508,070	4,898,411,705	2.9%	75.34	0.07534	11,148,142	10,579,367	94.90%	508,242	11,087,609	99.46%
2012	145,618,673	5,189,061,038	2.8%	73.48	0.07348	11,027,493	10,430,413	94.59%	562,592	10,993,005	99.69%
2013	148,311,838	5,501,565,981	2.7%	71.81	0.07181	11,088,494	10,601,483	95.61%	427,852	11,029,335	99.47%
2014	152,997,133	5,873,324,071	2.6%	73.16	0.07316	11,512,340	11,135,267	96.72%	324,177	11,459,444	99.54%
2015	\$ 157,393,739	\$ 6,240,141,982	2.5%	72.97	0.07297	\$ 11,900,498	\$ 11,541,757	96.99%	\$ -	\$ 11,541,757	96.99%
Total District:											
2006	\$ 119,033,013	\$ 3,554,146,064	3.3%	169.06	0.16906	\$ 16,795,341	\$ 15,781,186	93.96%	\$ 1,014,155	\$ 16,795,341	100.00%
2007	130,732,377	3,946,654,848	3.3%	182.74	0.18274	19,902,802	19,262,966	96.79%	576,221	19,839,187	99.68%
2008	140,147,897	4,381,850,279	3.2%	183.85	0.18385	21,899,697	20,369,328	93.01%	1,396,719	21,766,047	99.39%
2009	130,543,804	4,170,386,822	3.1%	212.53	0.21253	25,179,023	23,131,866	91.87%	1,975,205	25,107,071	99.71% ³
2010	138,744,445	4,593,821,578	3.0%	199.54	0.19954	25,893,057	23,658,007	91.37%	2,186,569	25,844,576	99.81% ³
2011	143,508,070	4,898,411,705	2.9%	196.89	0.19689	25,767,761	24,554,970	95.29%	1,057,303	25,612,273	99.40%
2012	145,618,673	5,189,061,038	2.8%	196.86	0.19686	26,027,659	24,695,310	94.88%	1,247,137	25,942,447	99.67%
2013	148,311,838	5,501,565,981	2.7%	203.26	0.20326	27,508,488	26,345,306	95.77%	1,001,324	27,346,630	99.41%
2014	152,997,133	5,873,324,071	2.6%	218.41	0.21841	29,990,289	29,032,600	96.81%	808,417	29,841,017	99.50%
2015	\$ 152,997,133	\$ 5,873,324,071	2.6%	216.67	0.21667	\$ 30,811,236	\$ 29,915,897	97.09%	\$ -	\$ 29,915,897	97.09%

¹ Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 2005-06 fiscal year is calculated as of January 2005)

² Fiscal year 2009 and 2010 first year collections were substantially lower due to the bills for personal property taxes (a portion of total taxes levied) being sent out late.

³ Taxes actually levied will differ from the mathematical calculation of assessed value multiplied times the direct rate (presented above) due to personal property taxes(a component of total taxes) being calculated using an assessed value one year later than the real property taxes.

Note: Because the High School District's boundaries encompasses the Elementary's, the Total District subsection only presents the High School assessed and estimated actual value. Mill levies and all taxes collected are a combination of the Elementary and High School District activity.

Table 7

BOZEMAN SCHOOL DISTRICT NO. 7
Property Tax Rates and Tax Levies
Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Rates (per \$1,000 of taxable value)						
Fiscal Year	These columns denote the Direct Rate of the District		City of Bozeman	Gallatin County	State of Montana	Total
	Bozeman Elementary District	Bozeman High School District				
2006	111.60	57.46	168.26	196.74	46.00	580.06
2007	120.32	62.42	163.42	197.36	46.00	589.52
2008	118.51	65.34	154.18	205.40	46.00	589.43
2009	141.13	71.40	171.16	210.14	46.00	639.83
2010	130.49	69.05	170.19	210.25	46.00	625.98
2011	121.55	75.34	168.75	217.21	46.00	628.85
2012	123.38	73.48	166.75	215.77	46.00	625.38
2013	131.45	71.81	166.75	215.10	46.00	631.11
2014	145.25	73.16	173.08	221.00	46.00	658.49
2015	143.70	72.97	187.73	224.58	46.00	674.98

Tax Levies						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
2006	\$ 9,955,704	\$ 6,839,637	\$ 9,911,843	\$ 32,959,146	\$ 7,706,215	\$ 67,372,545
2007	11,742,487	8,160,315	10,475,697	35,948,481	8,378,750	74,705,730
2008	12,553,495	9,346,202	10,804,728	40,697,643	9,114,370	82,516,438
2009	15,794,516	9,384,507	12,891,848	44,279,401	9,692,835	92,043,107
2010	15,432,743	10,460,314	13,749,595	47,389,128	10,368,133	97,399,913
2011	14,619,619	11,148,142	14,130,990	50,835,661	10,765,805	101,500,217
2012	15,000,166	11,027,493	14,183,870	51,333,428	10,943,772	102,488,729
2013	16,419,994	11,088,494	14,385,313	52,310,804	11,186,876	105,391,481
2014	18,477,949	11,512,340	15,525,281	55,391,002	11,529,349	112,435,921
2015	\$ 18,910,738	\$ 11,900,498	\$ 17,289,871	\$ 57,717,285	\$ 11,822,046	\$ 117,640,438

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2014-15
 Gallatin County Treasurer

Table 8

BOZEMAN SCHOOL DISTRICT NO. 7
Principal Property Tax Payers in the Bozeman Elementary District
Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	\$ 8,213,134	1	6.23%	\$ 6,426,866	1	7.20%
Centurylink, Inc.	1,007,558	2	0.76%	1,649,292	2	1.85%
Bresnan Communications, LLC	805,952	3	0.61%	-		-
Verizon Wireless	624,316	4	0.47%	-		-
Harry Daum (Gallatin Mall)	496,708	5	0.38%	516,660	3	0.58%
Stone Ridge Partners LLC	472,006	6	0.36%	-		-
Bridger Bowl Inc.	385,232	7	0.29%	-		-
Bridger Peaks Holding, LLC	362,555	8	0.28%	329,112	5	0.37%
First Security Bank of Bozeman	362,097	9	0.27%	-		-
J & D Family Limited Partnership	355,492	10	0.27%	-		-
Wal-Mart Stores	-		-	392,693	4	0.44%
Costco Wholesale Corporation	-		-	281,944	6	0.32%
Bozeman Deaconess Foundation	-		-	277,352	7	0.31%
Machinery Power and Equipment Company	-		-	252,073	8	0.28%
Highgate Bozeman, LLC	-		-	223,186	9	0.25%
POB Gallatin LP (Gallatin Center)	-		-	212,824	10	0.24%
Total	\$ 13,085,050		9.92%	\$ 10,562,002		11.84%

Source: Gallatin County Treasurer

Table 9

BOZEMAN SCHOOL DISTRICT NO. 7
Principal Property Tax Payers in the Bozeman High School District
Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total High School District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total High School District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	\$ 9,574,465	1	6.26%	\$ 8,679,448	1	7.29%
Centurylink, Inc.	1,048,875	2	0.69%	1,826,693	2	1.53%
Bresnan Communications, LLC	805,952	3	0.53%	-		-
Black Bull Owner LLC	762,942	4	0.50%			
Verizon Wireless	654,010	5	0.43%	-		-
Zoot Properties LLC	535,874	6	0.35%	573,034	3	0.48%
Harry Daum (Gallatin Mall)	496,708	7	0.32%	516,660	4	0.43%
Stone Ridge Partners LLC	472,006	8	0.31%	-		-
Bridger Bowl Inc.	385,232	9	0.25%	-		-
Bridger Peaks Holdings, LLC	362,555	10	0.24%	329,112	6	0.28%
Wal-Mart Stores	-		-	392,693	5	0.33%
Costco Wholesale Corporation	-		-	281,944	7	0.24%
Bozeman Deaconess Foundation	-		-	277,352	8	0.23%
Machinery Power and Equipment Company	-		-	252,073	9	0.21%
POB Gallatin LP (Gallatin Center)	-		-	294,162	10	0.25%
Total	\$ 15,098,619		9.88%	\$ 13,423,171		11.27%

Source: Gallatin County Treasurer

Table 10

BOZEMAN SCHOOL DISTRICT NO. 7
Revenue by Source - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2015
(modified accrual basis of accounting)

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	\$31,562,546	41.69%
Tuition and fees	1,223,051	1.62%
Interest	118,700	0.16%
Other district revenue	4,045,874	5.34%
County retirement	5,759,010	7.61%
County transportation	377,510	0.50%
Total revenue from local and intermediate sources	<u>43,086,691</u>	<u>56.92%</u>
Revenue from State sources:		
State equalization	16,757,156	22.13%
State special education allowable costs	1,913,038	2.53%
State guarantee tax base subsidy	3,138,561	4.15%
State transportation	377,510	0.50%
State motor vehicle fee reimbursement	1,969,511	2.60%
State quality educator	1,399,168	1.85%
State medicaid, medicaid admin, CSCT	1,760,090	2.32%
Other State revenue	1,403,671	1.85%
Total revenue from State sources	<u>28,718,705</u>	<u>37.93%</u>
Revenue from Federal sources:		
Other Federal Grants	289,428	0.38%
Federal Title I and Title I Schoolwide	857,539	1.13%
Federal IDEA Part B and Preschool	1,481,543	1.96%
Federal Title IIA	298,578	0.39%
Federal Title IIB	387,670	0.51%
Federal food service	587,322	0.78%
Total revenue from Federal sources	<u>3,902,080</u>	<u>5.15%</u>
Total governmental funds revenue	<u>\$75,707,476</u>	<u>100.00%</u>

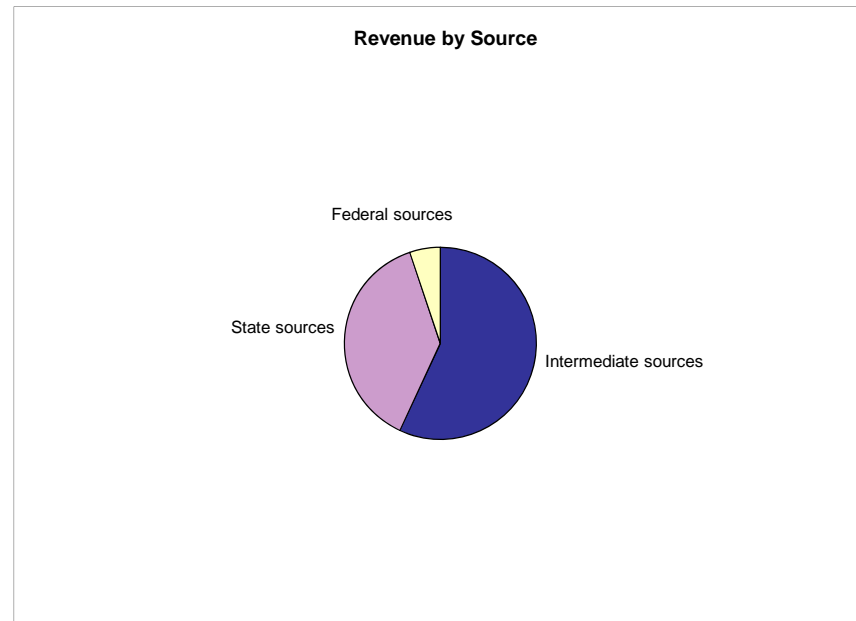


Table 11

BOZEMAN SCHOOL DISTRICT NO. 7
General Fund Revenue by Source
Last Ten Fiscal Years
(budget basis of accounting)

Year	District Tax Levies	Tuition & Fees	Interest	Other District Revenue	State of Montana	Federal	Total
2006	\$ 12,954,456	\$ 41,541	\$ 141,486	\$ 2,658	\$ 14,833,593	\$ -	\$ 27,973,734
2007	13,581,764	34,941	158,402	1,388	16,158,742	-	29,935,237
2008	13,195,792	39,209	208,293	4,766	17,749,057	-	31,197,117
2009	14,325,294	28,934	95,804	504,029	19,022,682	-	33,976,743
2010	14,520,782	42,773	85,100	5,276	18,735,240	890,503	34,279,674
2011	15,827,796	32,933	33,708	8,123	17,819,627	2,413,699	36,135,886
2012	16,058,899	82,078	32,913	9,597	20,722,014	16,617	36,922,118
2013	15,955,470	28,748	32,128	946	22,200,452	-	38,217,744
2014	16,750,875	28,495	38,395	2,801	24,025,992	-	40,846,558
2015	\$ 17,884,890	\$ 30,838	\$ 41,870	\$ 524,057	\$ 25,684,302	\$ -	\$ 44,165,957

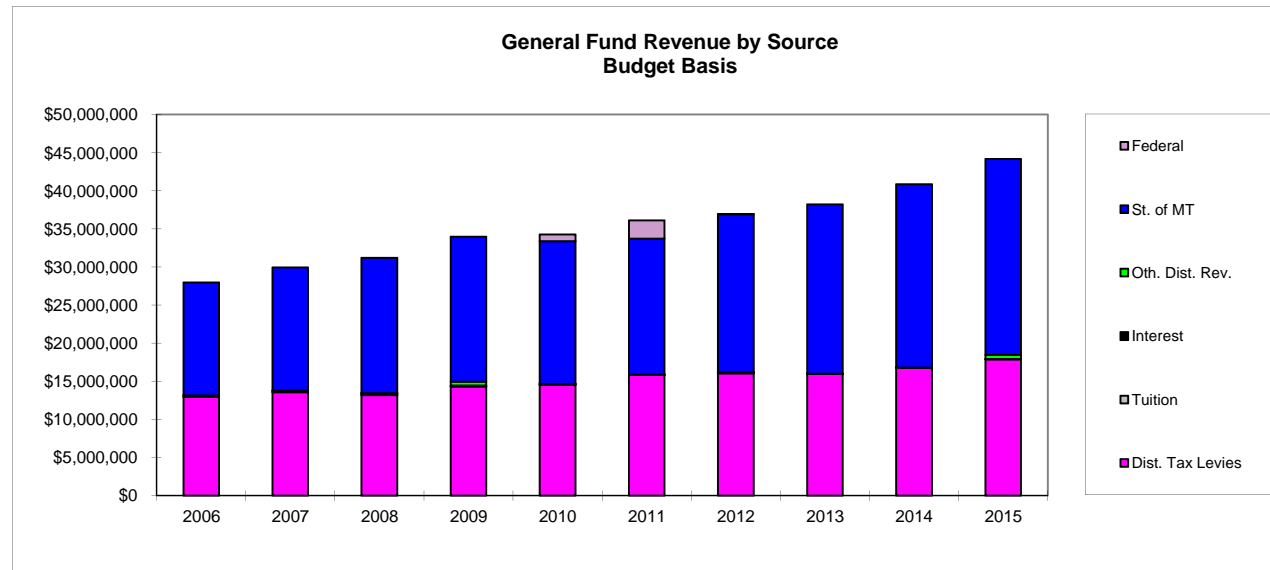


Table 12

BOZEMAN SCHOOL DISTRICT NO. 7
General Fund Revenue Per Student
Last Ten Fiscal Years
(budget basis of accounting)

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student			
						District	State	Federal	Total
2006	\$ 13,140,141	\$ 14,833,593	\$ -	\$ 27,973,734	5,332	\$ 2,464	\$ 2,782	\$ -	\$ 5,246
2007	13,776,495	16,158,742	-	29,935,237	5,356	2,572	3,017	-	5,589
2008	13,448,060	17,749,057	-	31,197,117	5,413	2,484	3,279	-	5,763
2009	14,954,061	19,022,682	-	33,976,743	5,463	2,737	3,482	-	6,219
2010	14,653,931	18,735,240	890,503	34,279,674	5,509	2,660	3,401	162	6,222
2011	15,902,560	17,819,627	2,413,699	36,135,886	5,679	2,800	3,138	425	6,363
2012	16,183,487	20,722,014	16,617	36,922,118	5,810	2,785	3,567	3	6,355
2013	16,017,292	22,200,452	-	38,217,744	5,993	2,673	3,704	-	6,377
2014	16,820,566	24,025,992	-	40,846,558	6,213	2,707	3,867	-	6,574
2015	\$ 18,481,655	\$ 25,684,302	\$ -	\$ 44,165,957	6,326	\$ 2,922	\$ 4,060	\$ -	\$ 6,982

Source: District Records

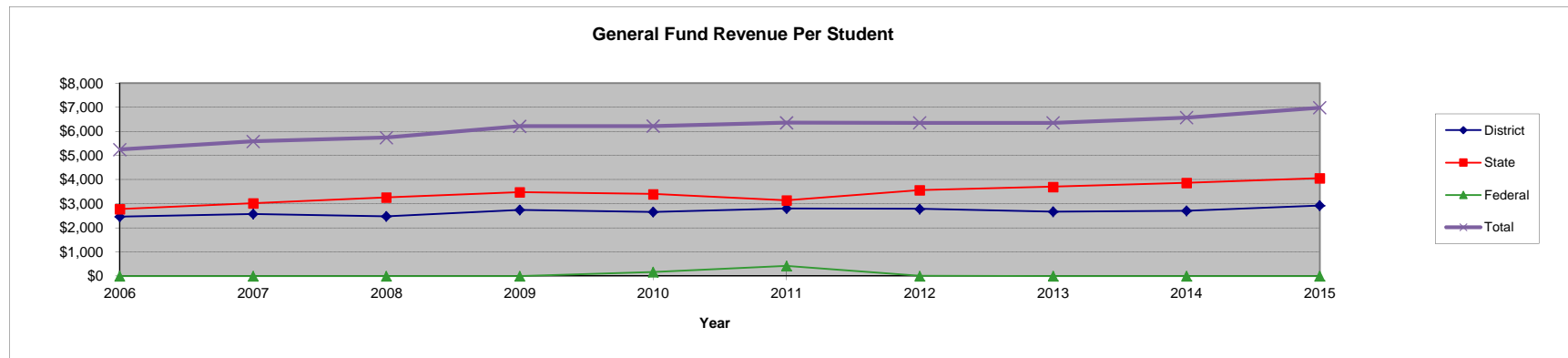


Table 13

BOZEMAN SCHOOL DISTRICT NO. 7
Ratio of Total Bonded Debt (listed by type) to Assessed Value and Total Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	General Obligation Bonded Debt	Limited Obligation Bonded Debt	Total Bonded Debt	Percentage of Total Bonded Debt to Assessed Value	Total Bonded Debt Per Capita	Total Bonded Debt as a % of Per Capita Income
Elementary District:								
2006	44,385	\$ 89,208,819	\$ 21,348,121	\$ 1,271,621	\$ 22,619,742	25.36%	\$ 510	1.48%
2007	45,495	97,593,808	25,525,083	2,564,823	28,089,906	28.78%	617	1.65%
2008	46,632	104,361,792	41,016,402	2,249,561	43,265,963	41.46%	928	2.53%
2009	47,798	111,162,065	38,607,378	1,922,819	40,530,197	36.46%	848	2.41%
2010	48,993	117,329,369	36,497,427	1,584,178	38,081,605	32.46%	777	2.16%
2011	50,217	121,072,738	34,269,931	1,233,206	35,503,137	29.32%	707	1.86%
2012	51,472	122,688,282	31,957,435	869,451	32,826,886	26.76%	638	1.59%
2013	51,729	124,859,611	56,546,615	521,791	57,068,406	45.71%	1,103	2.71%
2014	52,246	128,394,150	53,831,523	345,687	54,177,210	42.20%	1,037	Not Available
2015	52,507	\$ 131,762,887	\$ 52,486,972	\$ 163,367	\$ 52,650,339	39.96%	\$ 1,003	Not Available
High School District:								
2006	55,191	\$ 119,033,013	\$ 15,050,163	\$ -	\$ 15,050,163	12.64%	\$ 273	0.80%
2007	56,350	130,732,377	29,553,437	-	29,553,437	22.61%	524	1.40%
2008	56,913	141,147,897	38,322,373	-	38,322,373	27.15%	673	1.90%
2009	57,198	130,543,804	36,810,325	-	36,810,325	28.20%	644	1.80%
2010	59,097	138,744,445	35,279,106	-	35,279,106	25.43%	597	1.66%
2011	60,574	143,508,070	33,687,887	-	33,687,887	23.47%	556	1.47%
2012	62,088	145,618,673	32,026,668	-	32,026,668	21.99%	516	1.29%
2013	62,398	148,311,838	30,295,449	-	30,295,449	20.43%	486	1.19%
2014	63,022	152,997,133	28,494,230	-	28,494,230	18.62%	452	Not Available
2015	63,337	\$ 157,393,739	\$ 27,891,801	\$ -	\$ 27,891,801	17.72%	\$ 440	Not Available

⁽¹⁾ **2006-2015** The 2006 and future year population data were calculated using a relationship between the Bozeman School District as compared to the City of Bozeman and Gallatin County using United States Bureau of Census information.

⁽²⁾ **2009** In 2009, the voters of Ophir Elementary, an outlying K-8 school district that feeds into Bozeman High School District, approved a referendum to form a K-12 district effective July 1, 2009. The tax base of Ophir Elementary represented approximately 13% of the Bozeman High School. The large High School District assessed value drop in 2009 resulted from this event.

Note: The above table properly presents each district's (Elementary and High School) debt statistics in a manner that reflects their difference in populations. Elementary taxpayer's total debt per capita is derived by adding the elementary and high school amounts. A sizeable portion of taxpayers live in the Bozeman High School District but not in the Bozeman Elementary District - their debt per capita is simply the high school data amounts listed above. Since the legal debt margin is legally calculated for each district (Elementary and High School), presenting the total debt responsible by Elementary taxpayers above would give the appearance that their debt had exceeded the debt margin of that district which would be inaccurate as their debt still falls within legal standards.

Source: District Records
Gallatin County Assessor's Office
U.S. Census Bureau
Montana Tax Foundation

Table 14

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Legal Debt Margin
For the Year Ended June 30, 2015

Elementary District:	<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>	<u>2015</u>
Debt limit	\$ 40,143,969	\$ 43,442,825	\$ 52,180,896	\$ 55,581,033	\$ 58,664,685	\$ 60,536,369	\$ 61,855,448	\$ 65,771,565	\$ 69,895,920	\$ 74,647,850
Total net debt applicable to limit	<u>25,381,638</u>	<u>30,172,341</u>	<u>50,054,561</u>	<u>45,432,874</u>	<u>36,792,190</u>	<u>34,681,679</u>	<u>59,086,735</u>	<u>55,371,791</u>	<u>52,554,788</u>	<u>49,445,071</u>
Legal debt margin	<u>\$ 14,762,331</u>	<u>\$ 13,270,484</u>	<u>\$ 2,126,335</u>	<u>\$ 10,148,159</u>	<u>\$ 21,872,495</u>	<u>\$ 25,854,690</u>	<u>\$ 2,768,713</u>	<u>\$ 10,399,774</u>	<u>\$ 17,341,132</u>	<u>\$ 25,202,779</u>
Total net debt applicable to the limit as a percentage of debt limit	63.23%	69.45%	95.93%	81.74%	62.72%	57.29%	95.52%	84.19%	75.19%	66.24%
High School District:										
Debt limit	\$ 53,564,856	\$ 58,279,834	\$ 70,573,949	\$ 65,271,902	\$ 69,372,223	\$ 71,754,035	\$ 72,809,337	\$ 74,155,919	\$ 76,498,567	\$ 78,876,700
Total net debt applicable to limit	<u>42,662,895</u>	<u>42,010,000</u>	<u>38,665,000</u>	<u>36,970,000</u>	<u>35,260,000</u>	<u>33,670,000</u>	<u>31,984,546</u>	<u>30,245,931</u>	<u>28,465,004</u>	<u>26,116,526</u>
Legal debt margin	<u>\$ 10,901,961</u>	<u>\$ 16,269,834</u>	<u>\$ 31,908,949</u>	<u>\$ 28,301,902</u>	<u>\$ 34,112,223</u>	<u>\$ 38,084,035</u>	<u>\$ 40,824,791</u>	<u>\$ 43,909,988</u>	<u>\$ 48,033,563</u>	<u>\$ 52,760,174</u>
Total net debt applicable to the limit as a percentage of debt limit	79.65%	72.08%	54.79%	56.64%	50.83%	46.92%	43.93%	40.79%	37.21%	33.11%
			Elementary District	High School District						
Legal Debt Margin Calculation for Fiscal Year 2015										
District taxable valuation			\$ 131,762,887	\$ 157,393,739						
Times: 50%			<u>0.50</u>	<u>0.50</u>						
District taxable valuation legal debt service limit			<u>65,881,444</u>	<u>78,696,870</u>						
Statewide average taxable valuation per student			\$ 33,140	\$ 78,680						
Times: Student ANB			<u>4,505</u>	<u>2,005</u>						
Times: 50%			<u>0.50</u>	<u>0.50</u>						
Statewide average taxable valuation debt service limit			<u>74,647,850</u>	<u>78,876,700</u>						
Legal Debt Service Limit *			<u>74,647,850</u>	<u>78,876,700</u>						
General Obligation Bonds Payable			49,490,000	26,220,000						
Limited Obligation Bonds Payable			163,367	-						
Less: Cash Available for Retirement of Bonds			<u>208,296</u>	<u>103,474</u>						
Net Amount of Bonds Payable Applicable to Limit			<u>49,445,071</u>	<u>26,116,526</u>						
Margin Above Bonds Payable			25,202,779	52,760,174						
Less: General Obligation Bonds Authorized but Unused			<u>-</u>	<u>-</u>						
Legal Debt Margin			<u>\$ 25,202,779</u>	<u>\$ 52,760,174</u>						

* Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 50% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 50%. The state legislature changed the percentage used in item 1 and 2 above to 50% from 45% effective for fiscal years 2008 and beyond. The District taxable valuations for August 2014 are used in the above calculation. It was more beneficial for the elementary and high school district to use the statewide average taxable valuation method in FY 2015. Effective as of October 1, 2009 (for fiscal years 2010 and beyond), outstanding building reserve levies will no longer be included in the Legal Debt Margin calculation.

The legal debt margins presented above have to be calculated for each District that comprises the reporting entity. The results are not subtotaled together as that would present a legal debt margin for the entity as a whole that would be inaccurate since all debt is either issued for the Elementary District or High School District - but never for a bond issue covering both districts.

Table 15

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Direct and Overlapping Governmental Activities Total Bonded Debt
For the Fiscal Year Ended June 30, 2015

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
		Percent	Amount	Percent	Amount
Bozeman Elementary District:					
G.O. Issue 2006 (originally \$14,100,000)	\$ 680,000	100.0%	\$ 680,000	0.0%	\$ -
G.O. Issue 2007 (originally \$5,750,000)	285,000	100.0%	285,000	0.0%	-
G.O. Issue 2008 (originally \$17,500,000)	7,065,000	100.0%	7,065,000	0.0%	-
G.O. Issue 2012 (originally \$10,000,000)	8,982,673	100.0%	8,982,673	0.0%	-
G.O. Issue 2013 (originally \$16,375,000)	15,750,542	100.0%	15,750,542	0.0%	-
G.O. Issue 2014 (originally \$ 9,500,000)	9,841,957	100.0%	9,841,957	0.0%	-
G.O. Issue 2015 (originally \$8,935,000)	9,881,800	100.0%	9,881,800	0.0%	-
L.O. Issue 2006 (originally \$1,459,250)	163,367	100.0%	163,367	0.0%	-
Bozeman High School District:					
G.O. Issue 2006 (originally \$14,500,000)	700,000	83.7%	585,900	16.3%	114,100
G.O. Issue 2007 (originally \$14,975,000)	735,000	83.7%	615,195	16.3%	119,805
G.O. Issue 2008 (originally \$10,000,000)	7,053,408	83.7%	5,903,702	16.3%	1,149,706
G.O. Issue 2014 (originally \$ 9,150,000)	9,857,977	83.7%	8,251,127	16.3%	1,606,850
G.O. Issue 2015 (originally \$8,750,000)	9,545,416	83.7%	7,989,513	16.3%	1,555,903
Total Direct Debt	\$ 80,542,140		\$ 75,995,776		\$ 4,546,364
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	\$ 48,946,288	51.3%	\$ 25,109,446	10.0%	\$ 4,894,629
City of Bozeman:					
Various Issues	22,998,774	100%	22,998,774	0.0%	-
Total Overlapping Debt	\$ 71,945,062		\$ 48,108,220		\$ 4,894,629
Total Direct and Overlapping debt			\$ 124,103,996		\$ 9,440,993

Note: Overlapping debt percentages are calculated using a pro rata share of taxable values of all entities involved. This enables a presentation of debt responsibility for Bozeman School District taxpayers living in the Bozeman Elementary District and the taxpayers that live in the portion of the High School District that lies outside of the Elementary District boundaries. Almost all taxpayers are treated as living in either the Elementary School District or in the portion of the High School District that falls outside of the Elementary District. Totalling the Elementary and Outlying High School direct and overlapping debt calculated above would be impractical since the typical taxpayer would never be responsible for a share of both of the final two columns listed above.

Source: City, County and District Records

Table 16

BOZEMAN SCHOOL DISTRICT NO. 7
Ratio of Annual Debt Service for General Obligation
Bonded Debt to Total General Subfund Expenditures
Last Ten Fiscal Years
(budget basis of accounting)

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service*	Total General Subfund Expenditures	Percentage of Debt Service to General Subfund Expenditures
Elementary:					
2006	\$ 1,280,000	\$ 259,663	\$ 1,539,663	\$ 16,272,850	9.46%
2007	1,590,000	968,686	2,558,686	17,665,666	14.48%
2008	2,045,000	998,465	3,043,465	19,171,295	15.88%
2009	2,425,000	1,829,219	4,254,219	20,376,276	20.88%
2010	2,160,000	1,469,970	3,629,970	21,588,382	16.81%
2011	2,210,000	1,419,490	3,629,490	22,602,120	16.06%
2012	2,295,000	1,338,402	3,633,402	23,414,033	15.52%
2013	3,445,000	1,671,538	5,116,538	24,394,799	20.97%
2014	2,625,000	1,977,999	4,602,999	26,253,876	17.53%
2015	\$ 2,930,000	\$ 1,609,552	\$ 4,539,552	\$ 28,177,334	16.11%
High School:					
2006	\$ 175,000	\$ 16,525	\$ 191,525	\$ 11,682,387	1.64%
2007	475,000	779,433	1,254,433	12,364,274	10.15%
2008	1,240,000	1,206,761	2,446,761	12,499,272	19.58%
2009	1,515,000	1,660,615	3,175,615	12,623,716	25.16%
2010	1,530,000	1,477,522	3,007,522	13,096,887	22.96%
2011	1,590,000	1,409,609	2,999,609	12,890,652	23.27%
2012	1,660,000	1,347,209	3,007,209	13,152,620	22.86%
2013	1,730,000	1,282,084	3,012,084	13,213,311	22.80%
2014	1,800,000	1,216,296	3,016,296	14,034,129	21.49%
2015	\$ 2,040,000	\$ 901,223	\$ 2,941,223	\$ 14,800,047	19.87%

Source: District Records

*Includes only expenditures for bonded indebtedness; does not include expenditures for special assessments. Bond issuance and defeasance costs are also not included in these annual debt service expenditures.

Table 17

BOZEMAN SCHOOL DISTRICT NO. 7
Demographic Statistics
Last Ten Fiscal Years

Year	Elementary District Population (1)	High School District Population (1)	Per Capita Personal Income (2)	Total Elementary District Personal Income (3)	Total High School District Personal Income (3)	Unemployment Rate (4)
2006	44,385	55,191	\$ 34,437	\$ 1,528,486,245	\$ 1,900,612,467	2.2%
2007	45,495	56,350	36,578	1,664,116,110	2,061,170,300	2.3%
2008	46,632	56,913	36,094	1,683,135,408	2,054,217,822	3.2%
2009	47,798	57,198	34,769	1,661,888,662	1,988,717,262	6.3%
2010	48,993	59,097	35,953	1,761,445,329	2,124,714,441	7.5%
2011	50,217	60,574	37,912	1,903,826,904	2,296,481,488	7.3%
2012	51,472	62,088	40,000	2,058,880,000	2,483,520,000	6.3%
2013	51,729	62,398	\$ 40,670	\$ 2,103,818,430	\$ 2,537,726,660	4.5%
2014	52,246	63,022	Not available	Not available	Not available	3.6%
2015	52,507	63,337	Not available	Not available	Not available	2.8%

Sources and other information:

- (1) 2006 - 2015 : The 2006-2015 population numbers were calculated using a relationship between the Bozeman School District as compared to the City of Bozeman and Gallatin County using United States Bureau of Census information.
- (2) Gallatin County Per Capita information. Montana Tax Foundation.
- (3) Calculated using the Gallatin County Per Capita Personal Income applied to the estimated District population.
- (4) Department of Labor (Bureau of Labor Statistics) - Information only available for entire Gallatin County.

Table 18

BOZEMAN SCHOOL DISTRICT NO. 7
PRINCIPAL EMPLOYERS FOR GALLATIN COUNTY
Current Year and Nine Years Ago

June 2015		June 2006	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	8
Oracle America	7	Capital Opportunities (Home Care Services)	7
Wal-Mart	7	Wal-Mart	7
Albertson's	6	Albertson's	6
Bridger Bowl	6	Bozeman Daily Chronicle	6
Community Food Co-Op	6	Community Food Coop	6
Costco	6	Costco	6
Federal Premium Ammunition	6	First Security Bank	6
First Student	6	Grantree Inn	6
Kenyon Noble Lumber & Hardware	6	Kenyon Noble Lumber & Hardware	6
Korman Marketing Group	6	Laidlaw Transit	6
Martel Construction	6	Martel Construction	6
McDonald's	6	Murdoch's Ranch & Home Supply	6
Murdoch's Ranch & Home Supply	6	Ressler Motor Co	6
Ressler Motor	6	Schlauch Bottcher Construction	6
Rosauers Supermarkets	6	Simkins Hallin Lumber	6
Simkins Hallin Lumber & Hardware	6		
Town & Country Foods	6		
Town Pump Convenience Stores	6		
Zoot Enterprises	6		
Public Employers By Class, Alphabetically	Employer Class Size	Public Employers By Class, Alphabetically	Employer Class Size
Montana State University	9	Montana State University	9
Bozeman School District #7	9	Bozeman School District #7	8
Belgrade School District # 44	8	Belgrade School District # 44	7
City of Bozeman	7	City of Bozeman	7
U.S. Department of Agriculture	7	Gallatin County	7
Gallatin County	7		

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 - 1,000+ Employees

Source: Montana Department of Labor & Industry (Research and Analysis Bureau)

Table 19

BOZEMAN SCHOOL DISTRICT NO. 7
Operating Statistics
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Expenses ⁽¹⁾	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) ⁽²⁾	Pupil/ Certified Staff Ratio
2006	\$ 42,144,136	5,332	\$ 7,904	4.38%	364.2	14.6
2007	46,175,077	5,356	8,621	9.07%	369.4	14.5
2008	49,944,777	5,413	9,227	7.03%	365.8	14.8
2009	53,226,045	5,463	9,743	5.59%	385.0	14.2
2010	56,676,925	5,509	10,288	5.59%	393.6	14.0
2011	57,513,286	5,679	10,127	-1.57%	390.6	14.5
2012	60,208,618	5,810	10,363	2.33%	398.6	14.6
2013	60,515,759	5,993	10,098	-2.56%	408.4	14.7
2014	69,796,654	6,213	11,234	11.20%	437.9	14.2
2015	\$ 71,186,742	6,326	\$ 11,253	0.20%	439.8	14.4

⁽¹⁾ Expenses are from Statement of Activities.

⁽²⁾ Certified Staff is comprised of Teachers, Librarians, Counselors, Psychologists, Speech Pathologists and District Nurse.

Source: District records

Table 20

BOZEMAN SCHOOL DISTRICT NO. 7
Employee Full Time Equivalency (FTE) by Function
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015				
Instruction														
Certified Staff	327.9	333.0	330.4	345.8	343.5	343.0	357.9	355.4	383.4	385.1				
Classified & Prof. Employees	57.9	61.4	64.3	84.7	90.3	100.5	98.8	88.7	102.9	72.5				
Support Services														
Administrators	-	-	-	-	-	-	-	-	-	1.0				
Certified Staff	36.3	36.4	37.8	39.2	50.1	47.1	40.7	52.6	54.1	53.7				
Classified & Prof. Employees	35.2	41.1	36.9	34.1	37.5	46.2	45.5	46.7	54.4	76.7				
General Administration														
Administrators	5.0	5.0	5.0	5.0	5.0	4.5	4.0	6.0	6.0	5.0				
Certified Staff	-	-	-	-	-	0.5	-	-	-	-				
Classified & Prof. Employees	26.5	24.1	29.3	31.4	31.2	29.1	30.2	24.5	23.5	26.3				
Building Administration														
Administrators	18.0	18.0	18.0	18.0	17.0	17.0	17.0	15.0	17.0	17.0				
Certified staff	-	-	-	-	-	-	-	-	-	0.5				
Classified & Prof. Employees	24.5	26.5	25.9	24.3	29.9	30.1	29.8	26.3	29.0	29.4				
Operations and Maintenance														
Administrators	1.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0				
Classified & Prof. Employees	41.2	41.5	44.1	43.6	53.1	54.6	54.9	55.4	57.1	55.6				
Student Transportation														
Classified & Prof. Employees	2.5	3.1	3.6	3.6	4.2	3.8	3.9	4.5	4.8	4.8				
Food Services														
Classified & Prof. Employees	31.0	32.0	30.7	32.0	30.5	31.3	31.0	32.1	33.3	29.9				
Extracurricular Activities														
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0				
Certified Staff	-	-	-	-	-	-	-	0.4	0.4	0.5				
Classified & Prof. Employees	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0				
Total	612.0	629.1	633.0	667.7	698.3	713.7	719.7	712.6	770.9	763.0				

Fiscal 2014 Summary	Admin.	Certified Staff	Classified & Professional Employees	Total FTE
Instruction	-	385.1	72.5	457.6
Support Services	1.0	53.7	76.7	131.4
General Administration	5.0	-	26.3	31.3
Building Administration	17.0	0.5	29.4	46.9
Operations and Maintenance	1.0	-	55.6	56.6
Student Transportation	-	-	4.8	4.8
Food Services	-	-	29.9	29.9
Extracurricular Activities	1.0	0.5	3.0	4.5
Total	25.0	439.8	298.2	763.0

Source: District Records

Table 21

BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
January 19, 2015

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	56.2	12.8%	33.8%
Bachelor's Degree + 15 Credits	23.0	5.2%	
Bachelor's Degree + 30 Credits	7.5	1.7%	
Bachelor's Degree + 45 Credits	27.6	6.3%	
Bachelor's Degree + 60 Credits	16.0	3.6%	
Bachelor's Degree + 75 Credits	7.5	1.7%	
Bachelor's Degree + 90 Credits	11.0	2.5%	66.2%
Master's Degree BA + 45 Credits	24.0	5.5%	
Master's Degree BA + 60 Credits	51.6	11.7%	
Master's Degree BA + 75 Credits	31.9	7.3%	
Master's Degree BA + 90 Credits	31.6	7.2%	
Master's Degree BA + 105 Credits	151.9	34.5%	
Total	439.8	100.0%	

Years of Experience	Full Time Equivalent	Percent of Total
0 - 5	107.4	24.4%
6 - 10	124.4	28.2%
11 - 15	80.5	18.3%
16 - 20	56.3	12.8%
21 - 25	38.6	8.8%
26 and Over	32.6	7.4%
Total	439.8	100.0%

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2015

	<u>Year Built</u>	<u>Square Footage</u>	<u>Functional Capacity</u>	<u>Enrollment</u>	<u>Percentage of Capacity Used</u>
Elementary Schools:					
<u>K-5 Schools</u>					
Longfellow	1939	39,086	332	325	97.9%
Irving	1939	33,893	312	293	93.9%
Whittier	1958	34,700	286	242	84.6%
Hawthorne	1939	38,094	332	336	101.2%
Morning Star	1992	56,010	534	493	92.3%
Emily Dickinson	1992	56,012	498	446	89.6%
Hyalite	2009	66,000	534 ⁽²⁾	479	89.7%
Meadowlark	2013	71,719	554	364	65.7%
<u>6-8 Schools</u>					
Chief Joseph	2008	129,500	780	698	89.5%
Sacajawea	1996	97,456	690	677	98.1%
High School:					
Bozeman High School	1957	404,386 ⁽¹⁾	2,400 ⁽¹⁾	1,973	82.2%

⁽¹⁾ In the fiscal year ended June 30, 2011, the school district completed a very large expansion and renovation of the Bozeman High School. 2,400 students is the current self-imposed maximum capacity, the functional capacity would be higher.

⁽²⁾ All 32 Pre-K students are listed under Hyalite school even though some are receiving itinerant-only services and the majority are taught at a classroom located in the High School. This is the elementary school in which they are counted for State reporting purposes.

BOZEMAN SCHOOL DISTRICT NO. 7
Percentage of Students who qualified for Free and Reduced Lunch
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary Schools:										
<u>K-5 Schools</u>										
Longfellow	16%	14%	14%	16%	15%	17%	20%	19%	18%	15%
Irving	43%	35%	37%	36%	42%	43%	47%	55%	46%	41%
Whittier	53%	46%	47%	45%	56%	52%	53%	48%	47%	50%
Hawthorne	17%	16%	15%	16%	24%	26%	22%	26%	23%	15%
Morning Star	7%	9%	8%	9%	11%	10%	10%	10%	8%	6%
Emily Dickinson	20%	22%	24%	24%	27%	29%	25%	24%	23%	16%
Hyalite	N/A	N/A	N/A	N/A	39%	44%	46%	45%	46%	39%
Meadowlark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14%	15%
<u>6-8 Schools</u>										
Chief Jospheh	22%	21%	31%	23%	28%	31%	33%	37%	31%	27%
Sacajawea	13%	11%	13%	13%	19%	20%	24%	23%	23%	21%
High School										
	12%	15%	12%	18%	24%	15%	19%	23%	21%	20%

Source: Title I portion of ESEA consolidated applications

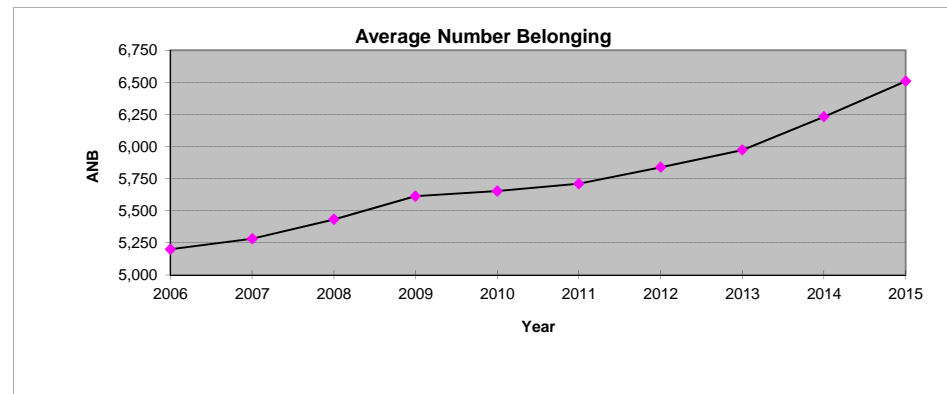
Table 24

BOZEMAN SCHOOL DISTRICT NO. 7
Attendance Data
Last Ten Fiscal Years

Year Ended June 30	October Enrollment	Percent Increase (Decrease)	Average Number Belonging (ANB)		
			Amount	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
2006	5,332	2.6	5,200	1.7	100.0
2007	5,356	0.5	5,282	1.6	99.1
2008	5,413	1.1	5,432	2.8	101.4
2009	5,463	0.9	5,613	3.3	103.7
2010	5,509	0.8	5,653	0.7	103.5
2011	5,679	3.1	5,710	1.0	103.6
2012	5,810	2.3	5,839	2.3	102.8
2013	5,993	3.1	5,973	2.3	102.8
2014	6,213	3.7	6,232	4.3	104.0
2015	6,326	1.8	6,510	4.5	104.8

Source: District Records

Note: ANB is calculated by averaging the previous year's Fall and Spring enrollment figures.



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

I. Commercial Property, General Liability, Automobile Liability & Physical Damage, Educators Legal Liability

- A. Policy #: ALA-64-A3-EX-0000007-08
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/14- 7/1/15
- D. Coverages: Building and Contents, Property Floaters, General Liability and Crime
- E. Limits: \$1,000,000 per occurrence; \$2,000,000 aggregate

II. Workers' Compensation Policy

- A. Policy #: WC-1511-42
- B. Carrier: Workers' Compensation Risk Retention Program
- C. Policy Period: 07/01/14 - 07/01/15

III. Boiler and Machinery Policy

- A. Policy #: BAJ-BME 18156L884TIL14
- B. Carrier: Travelers Boiler
- C. Policy Period: 7/1/14 - 7/1/15
- D. Limits: \$100,000,000 per occurrence

IV. Excess Liability

- A. Policy #: 64-A3-FF-0000008-07
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/14 - 7/1/15
- D. Limits: \$6,000,000

V. Commercial Employee Blanket Bond

- A. Policy #: ALA-64-A3-EX-0000007-08
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/14 - 7/1/15
- D. Limits: \$500,000 All Employees

VI. Excess Property

- A. Policy #: KTK-CMB-545D4969-14
- B. Carrier: Travelers Insurance
- C. Policy Period: 7/1/14 - 7/1/15
- D. Limits: \$100,000,000 per occurrence

SINGLE AUDIT SECTION



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Federal Award Expenditures
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantors Number	Program or Award Amount	Revenues	Expenditures
U.S. Department of Education					
Pass-through Montana Office of Public Instruction:					
Title I, Part A	84.010A	16-0350-31-15	\$ 757,539	\$ 757,539	\$ 757,539
Title I, Part A - Schoolwide	84.010A	16-0350-32-15	100,000	100,000	100,000
Subtotal Title I, Part A	84.010A		857,539	857,539	857,539
Adult Basic Education and Literacy	84.002	16-0351-56-15-BG	88,968	88,968	88,968
EL/Civics	84.002	16-0351-56-15-EL	13,043	13,043	13,043
Subtotal ABLE and EL/Civics	84.002		102,011	102,011	102,011
Title II, Part A	84.367	16-0350-14-15	281,073	278,578	278,578
Title II, Part A - State Levels	84.367A	16-0350-14-15-SLA	20,000	20,000	20,000
Subtotal Title II, Part A	84.367		301,073	298,578	298,578
Title II, Part B	84.366B	16-0350-15-14-MSP	401,459	42,194	42,194
Title II, Part B	84.366B	16-0350-15-15-MSP	407,470	325,476	325,476
Title II, Part B - Supplemental	84.366B	16-0350-15-15-MSP	20,000	20,000	20,000
Subtotal Title II, Part B	84.366B		828,929	387,670	387,670
Title I, Part D - Neglected and Delinquent	84.013A	16-0351-42-15	8,615	1,686	1,686
Title III, Part A	84.365A	16-0350-41-15I	12,575	12,575	12,575
IDEA-B	84.027A	16-0350-77-15	1,529,813	1,455,216	1,455,216
IDEA-B Preschool	84.173A	16-0350-79-15	26,327	26,327	26,327
Carl Perkins - Basic	84.048A	16-0351-81-15	92,851	92,851	92,851
Title X	84.196	16-0350-57-15	10,900	10,900	10,900
Total U.S. Department of Education Pass-Through			\$ 3,770,633	\$ 3,245,353	\$ 3,245,353
U.S. Department of Education Direct Programs:					
Title VII Indian Education	84.060A	S060A140430	\$ 24,211	\$ 24,211	\$ 24,211
Total U.S. Department of Education Direct			\$ 24,211	\$ 24,211	\$ 24,211
U.S. Federal Highway Administration:					
Pass-through Montana Department of Transportation:					
Safe Routes to School - Infrastructure	20.205	SRTS 1299(31)	\$ 57,000	\$ 33,414	\$ 33,414
Total U.S. Federal Highway Administration			\$ 57,000	\$ 33,414	\$ 33,414
U.S. Department of Agriculture:					
Pass-through Montana Office of Public Instruction:					
National School Lunch Program	10.555	N/A	\$ 587,322	\$ 587,322	\$ 587,322
School Wellness - MT Team Nutrition	10.555	N/A	200	200	200
National School Lunch Program - Commodities	10.555	N/A	-	112,780	112,780
Total U.S. Department of Agriculture			\$ 587,522	\$ 700,302	\$ 700,302
U.S. Department of Health & Human Services:					
Pass-through Dept. of Health & Human Services - MT:					
TANF (Education Support)	93.558	14-02261003-0	\$ 33,844	\$ 11,580	\$ 11,580
Total U.S. Department of Health & Human Services			\$ 33,844	\$ 11,580	\$ 11,580
TOTAL FEDERAL ASSISTANCE			\$ 4,473,210	\$ 4,014,860	\$ 4,014,860

Notes to Schedule of Federal Awards:

I. Summary of Significant Accounting Policies:

Basis of Accounting

This schedule was prepared on the modified accrual basis of accounting as described in Note I C. Commodities are not reported as federal revenue in the fund financial statements or the government-wide statement of activities.

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

To the Board of Trustees
Bozeman School District No. 7

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Zurmuehlen & Co, P.C.

Bozeman, Montana
December 29, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Bozeman School District No. 7

Report on Compliance for Each Major Federal Program

We have audited Bozeman School District No. 7 (the District)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Districts major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bozeman School District No. 7, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anderson Zurmuehlen & Co, P.C.

Bozeman, Montana
December 29, 2015

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant Deficiency identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness identified	No
Significant Deficiency identified not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance With Circular A-133, Section .510(a)?	No

Identification of major programs

Special Education Cluster:

84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Prior Year Audit Findings

None Reported