

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2019

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, 2019

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

404 West Main
P.O. Box 520
Bozeman, MT 59771-0520
Voice: (406) 522-6001
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Bob Connors
Superintendent

Dr. Marilyn King
Deputy Superintendent
Instruction

Steven D. Johnson, CPA
Deputy Superintendent
Operations

December 30, 2019

Letter of Transmittal

Andy Willett, 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, 2019.

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, 2019, 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 54,294. 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 65,582. 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 7,015 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 that also support the District. While the support is very welcome, 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, Building Reserve, and Flexibility. 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 2018-2019 annual budget of approximately \$490,280,397, employs approximately 3,834 employees (2,429 full time, 785 part-time, and 620 graduate teaching and research assistants). With a student enrollment of 16,703(Fall 2017), 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 analysis contained in

the *2019 Montana Economic Report* related to Montana and Gallatin County, are restated in the following paragraphs.

The state of Montana turned in a strong revenue growth performance for the fiscal year ended June 30, 2018. The 13.7 percent increase in general fund revenues over the previous year's totals was aided by strong growth in the individual income tax, which accounts for more than half of the general fund total. There was also vigorous growth in the corporate income taxes and in a wide variety of natural resource and tourism-related revenues.

Preliminary data released in November, 2018, showed that Gallatin County's personal income surpassed Missoula County's to become the state's second largest economy by that measure in 2017. The announcement that the Billings Clinic would develop and expand their presence in Bozeman on a 54-acre site near the 19th Street and I-90 interchange capped off a year of expansions and new developments in the state's fastest growing urban area.

Home prices continued their rapid growth in many Montana markets, particularly in the western third of the state. Statewide prices in 2018 were 5.7 percent higher than year-ago levels and 20.4 percent higher than they were in 2015. Non-metro counties statewide, which are primarily dominated by the very active Bozeman, Kalispell and Ravalli County markets, saw home prices rise by 7.9 percent in 2018.

Gallatin County continues to be the growth leader statewide by a large margin. The torrid nonfarm earnings growth of more than 8 percent per year posted a few years ago has now decelerated to slightly more than 4 percent per year. Other Montana communities are struggling to exceed 2 percent. The causes of growth are not hard to find. Montana State University has been experiencing increasing enrollment and expanded research. There is the exciting high-tech industry concentrated in manufacturing and professional services. Outdoor recreational opportunities, the natural beauty of the area, proximity to two major ski resorts (Briger Bowl and Big Sky) and to Yellowstone National Park promote 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 and at an estimated 785,000 departures for 2019, is 40 percent larger in volume than the next busiest airport - Billings Logan International Airport. With all of these growth factors, construction is booming in Gallatin County. Congestion and affordability have emerged as pressing issues for this county, but many other parts of the state would wish to have these problems.

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.

Fiscal year 2019 marked the final year of activity in utilizing a three year, \$3 million research grant from the US Department of Justice. The grant provided funding to study the effectiveness of interventions for students experiencing traumatic events in their lives. Over the course of the grant, the District was able to employ roughly 10 FTE employees --mostly mental health professionals--and feels the program was very successful. It was so successful that the District and other interested parties lobbied the 2019 Montana Legislature to pass Senate Bill 92. Thanks to that legislation, public schools can now spend local tax money previously reserved for building repairs and safety improvements on operational costs of student safety. These costs can include costs such as counselors and police who work as resource officers in the schools at the discretion of the local Trustees.

Relevant Financial Policies

The District works to maintain a structurally balanced General Fund. 'Structurally balanced' means that the current annual obligations of the General Fund are paid with current available General Fund revenues. The General Fund is not currently structurally balanced, but one-time funds are available to cover potential deficits.

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.

In the fall of 2020, the District will open its second high school (Gallatin). Gallatin High School will have a significant impact on operating budgets, and as a result, it figures predominately in the Operations and Capacity Building Goal. The current one-high school model allows for significant efficiencies of scale that will be lost when the Gallatin High School opens. Administration currently estimates opening a second high school will require \$2.3 million per year in additional operating costs in today's dollars--roughly 12% of our annual High School operating budget. The State of Montana's funding formula sets maximum spending levels in an attempt to equalize per-student spending across the state. The Bozeman School District is at the cap, so no additional funds will become available when the second high school opens its doors. As a result, the District is considering several alternate plans to address this looming issue.

The District continues to benefit from Building Reserve and Technology levies that voters generously approved. Each are long-term in nature: the Building Reserve and Technology levies have 6-year and permanent durations, respectively. The Building Reserve levies are helping the District tackle current and expected facilities maintenance costs, while the Technology levy has helped the District keep up with the ever changing technology needs, replacing and modernizing as needed.

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, 2018. 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 thirtieth 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



Bob Connors
Superintendent



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Bozeman School District No. 7
Montana

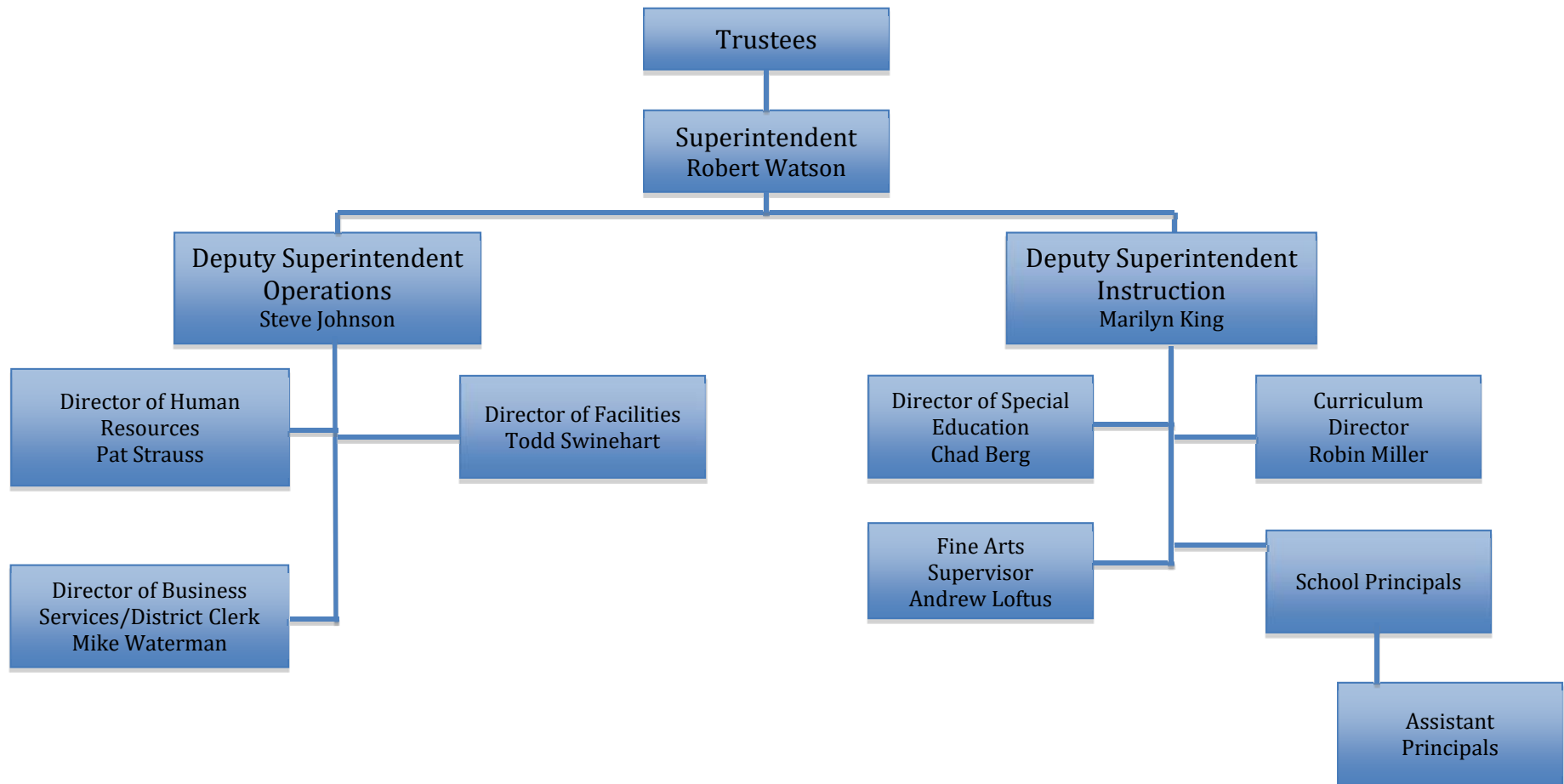
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

**Bozeman School District 7
Administrative Organization**



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials
Board of Trustees

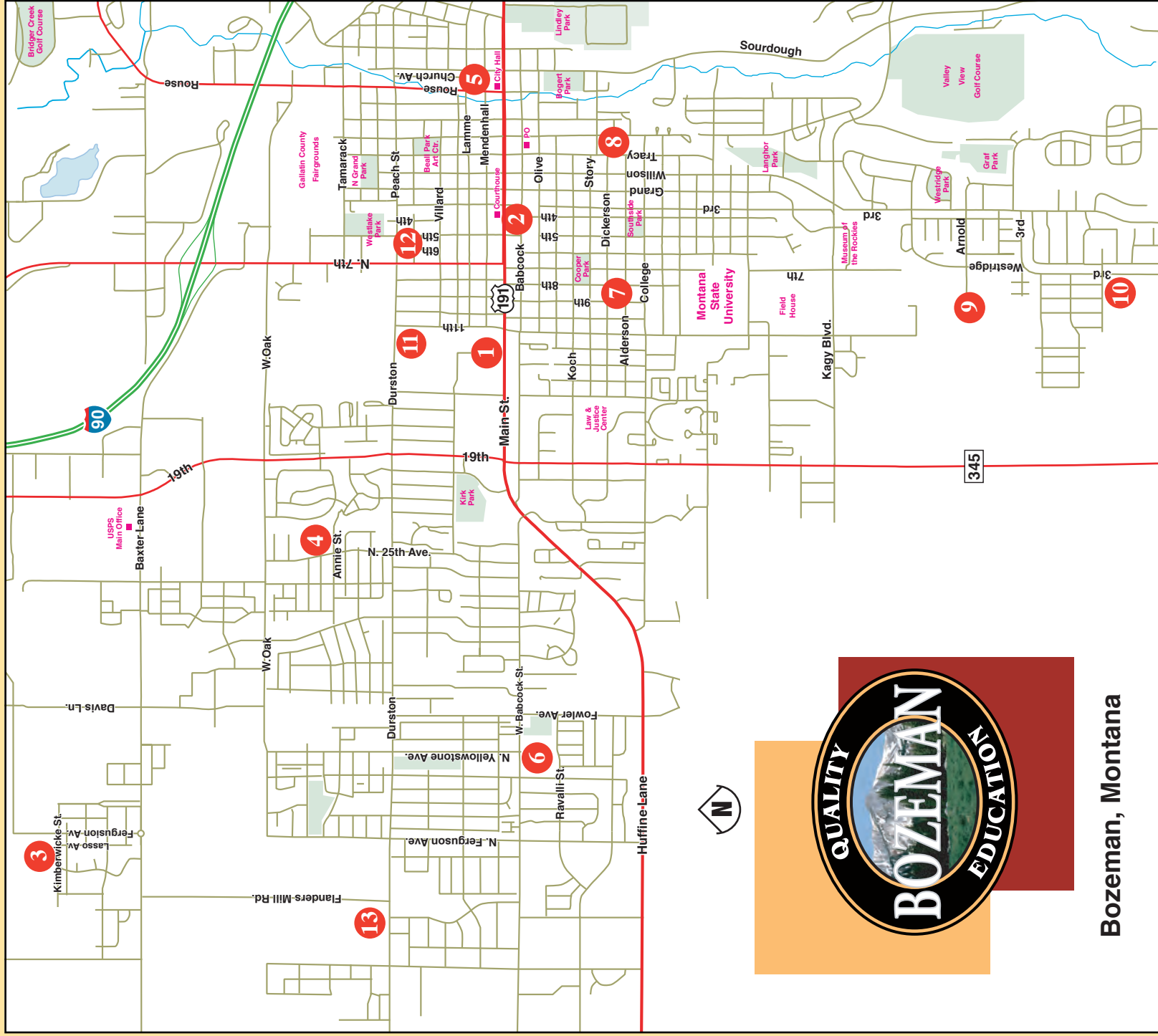
	Term Expires <u>April</u>
Andy WillettChair	2022
Sandra WilsonVice Chair	2021
Heide ArnesonTrustee	2020
Douglas FischerTrustee	2021
Gary LusinTrustee	2021
Greg NeilTrustee	2020
Tanya ReinhardtTrustee	2022
Wendy TageTrustee	2021

Appointed

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

Board Meetings Held During Fiscal Year 2018-19

Regular 12
Special 26



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 Charter Academy 205 North 11th 522-6100	5	Hawthorne Elementary 405 East Mendenhall Street 522-6700	9	Morning Star Elementary 830 Arnold Street 522-6500	13	Meadowlark Elementary 4415 Durston Road 582-6860
2	Central Administration Offices 404 West 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 811 West Alderson Street 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, 2019, 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, 2019, 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.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Bozeman School District No. 7. has adopted GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of July 1, 2018. Our opinions are not modified with respect to this matter.

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 changes in the net other postemployment healthcare benefits (OPEB) liability and related ratios, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, 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 30, 2019, 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.

Andersen Zuercher + Co, P.C.

Bozeman, Montana
December 30, 2019

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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, High School Debt Service and High School Building 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 help answer the question "How did we do financially during 2019?". 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 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 two categories: governmental funds and proprietary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. 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-nine 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, High School Debt Service and High School Building Funds, which are considered to be major funds. Data from the other twenty-six 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 140-142 of this report. The *basic* proprietary fund financial statements can be found on pages 37-39 of this report.

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 41.

THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial condition. The District's net position increased by approximately \$15.1 million this year as compared to an almost \$1.1 million decrease last year due in large part to a prior period adjustment booked per newly implemented GASB Statement 84 "Fiduciary Activities" which resulted in a \$7.3 million jump in the District's beginning net position for the year. The restatement was added to what would have otherwise been an approximate \$7.8 million increase in the year, due mainly to the reduction of bonds payable accomplished through scheduled payments. On subsequent pages, *Table 1* presents a comparative summary of the District's net position for the fiscal years ended June 30, 2019 and 2018. *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 \$18.7 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 deficit balance of (\$35,496,544) which was a 14.6% improvement over the prior year. The origin of this large negative component of the net position resides in the past implementation of GASB Statement 68 "Accounting and Financial Reporting for Pensions", GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date" and of GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

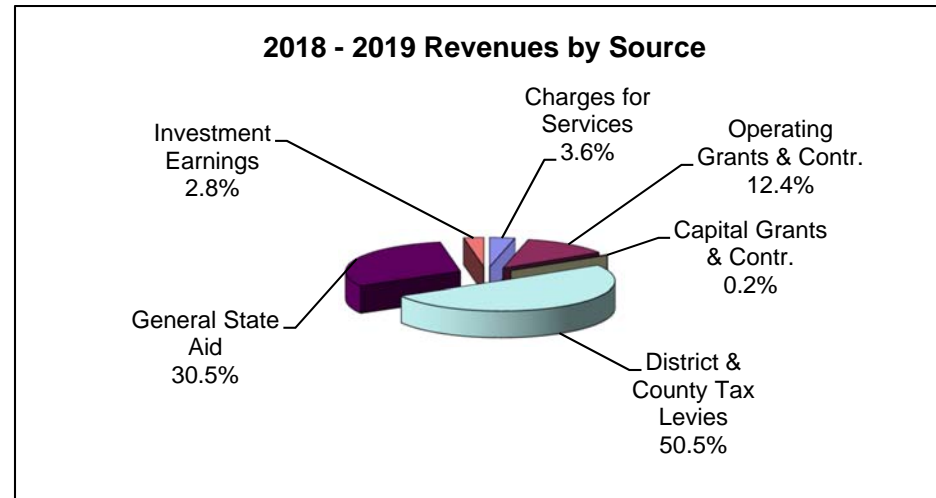
Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Position

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Current assets	\$ 90,101,264	\$ 131,567,803
Capital assets	<u>203,130,231</u>	<u>153,120,440</u>
Total assets	293,231,495	284,688,243
Deferred outflows of resources	<u>13,633,702</u>	<u>9,608,465</u>
Total assets and deferred outflows of resources	<u>306,865,197</u>	<u>294,296,708</u>
Current liabilities	20,695,745	18,099,999
Noncurrent bonds payable	175,663,020	187,111,849
Other noncurrent liabilities	7,594,228	7,380,229
Net pension liability	<u>57,267,501</u>	<u>52,628,350</u>
Total liabilities	261,220,494	265,220,427
Deferred inflows of resources	<u>2,127,948</u>	<u>671,412</u>
Total liabilities and deferred inflows of resources	<u>263,348,442</u>	<u>265,891,839</u>
Net position:		
Net investment in capital assets	60,340,748	51,973,114
Restricted	18,672,551	17,974,372
Unrestricted	<u>(35,496,544)</u>	<u>(41,542,617)</u>
Total net position	<u><u>\$ 43,516,755</u></u>	<u><u>\$ 28,404,869</u></u>

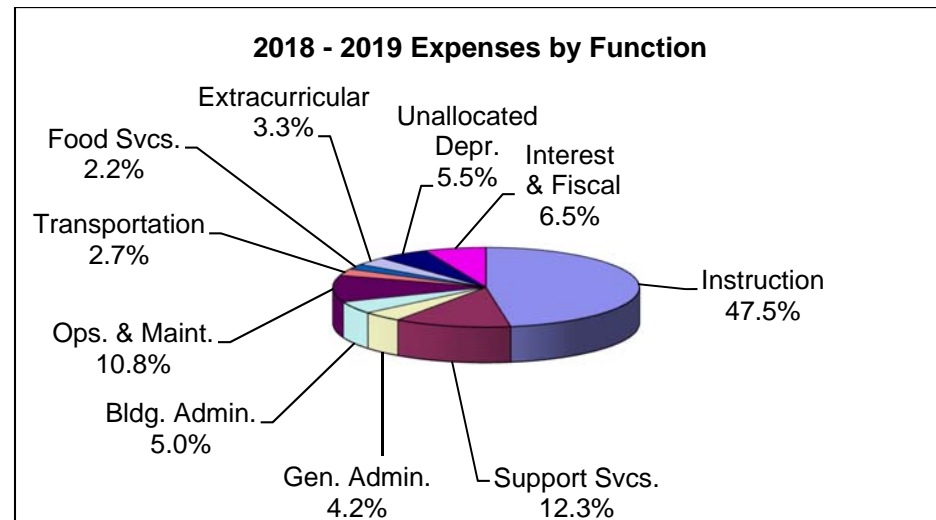
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Position

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,557,572	\$ 3,303,743
Operating grants and contributions	12,409,589	10,669,076
Capital grants and contributions	207,756	156,003
General revenues		
District property taxes	43,173,454	35,963,449
Investment earnings	2,820,120	665,974
Gain on sale of asset	-	2,273,272
Unrestricted county distribution - retirement	7,302,635	7,018,292
Unrestricted state equalization	19,867,754	19,163,278
Unrestricted state guaranteed tax base subsidy	6,095,249	4,947,869
Unrestricted state motor vehicle fee reimbursement	-	65,255
Unrestricted quality educator	1,655,169	1,591,226
Unrestricted on-behalf pension	2,708,996	2,083,447
Unrestricted other state revenue	95,770	242,837
Total revenues	<u>99,894,064</u>	<u>88,143,721</u>
Program Expenses		
Instruction	43,667,751	43,026,874
Support services	11,343,464	11,168,070
General administration	3,892,055	3,955,888
Building administration	4,642,232	4,427,837
Operations and maintenance	9,982,952	6,745,515
Student transportation	2,511,789	2,486,481
Food services	1,994,843	2,022,080
Extracurricular activities	3,037,684	1,652,681
Unallocated depreciation	5,046,184	4,530,430
Interest and fiscal charges	5,975,573	6,531,974
Total expenses	<u>92,094,527</u>	<u>86,547,830</u>
Change in net position	<u>7,799,537</u>	<u>1,595,891</u>
Net position, beginning of year	28,404,869	29,517,221
Restatement, change in fund reporting (2019), OPEB related (2018)	7,312,349	(2,708,243)
Net position, beginning of year, as restated	<u>35,717,218</u>	<u>26,808,978</u>
Net position, end of year	<u>\$ 43,516,755</u>	<u>\$ 28,404,869</u>

The 2019 fiscal year District revenues on *Table 2* experienced a net increase of \$11,750,343. This increase was largely attributable to climbing state funding and local district property taxes generated by rising student enrollment as well as approximately \$7.7 million of new Debt Service funding raised to meet the second year obligations of an extremely large high school G.O. bond. The following chart details revenue by source.



Total expenses on *Table 2* increased by \$5,546,697 (6.4%) and were largely attributable to the increase in the cost of salary, benefit and staffing to keep up with demand for services, pension liability reporting requirement, and increased debt service responsibilities. 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 \$76,590,386, a huge decrease of approximately \$45.6 million due to spending down bond proceeds related to the high school 2017 \$100 million issuance.

The major high school debt service fund experienced a \$196,148 decrease in fund balance. A decrease of this nature in the first few years of tax collections after an extremely large general obligation bond is issued, is not uncommon. The \$100 million 2017 high school general obligation bond issuance was the largest issue in the history of the overall reporting entity (the District). There were no significant revenue or expenditure budget to actual variances in the 2019 fiscal year.

The major high school building fund had a \$51,201,220 decrease in fund balance solely due to spending of bond proceeds reference above. This high school building fund balance will continue to decline when the unspent bond proceeds are liquidated during construction of the second high school(Gallatin) and renovation of the existing Bozeman High School. The third major fund, the General Fund, is the main operating fund of the Bozeman School District. Its fund balance experienced a \$171,192 (3.2%) increase primarily due to nonbudgeted tax increment proceeds received from the City of Bozeman and an increase in investment earnings due to rapidly climbing interest rates.

General fund budgetary highlights

The ending budgeted general fund balance reserves increased 0.2% to 9.8% of the 2019-2020 expenditure budget. The 9.8% is 98% of the state allowed 10% maximum, is adequate to meet cash flow needs, and exceeds the District self-imposed minimum reserve of 5%. Actual general fund revenues in the current year came under budgeted general fund revenues by a modest \$436,791 (0.86%). This was primarily due to a shortfall in actual state revenue received due to revenue-generating anticipated student enrollment not meeting original calculations (but still brought in much needed funding as allowed using the anticipated enrollment process).

General fund expenditures utilized 99.1% of the general fund budget. The operations and maintenance functional line item experienced a favorable 12.8% budget variance due to unspent utility contingency budget, annual repairs and maintenance expenditures coming in below budget, and salary and benefits coming in under budget due to staff turnover. There were no other significant functional variances in the budgeted general fund in the current fiscal year.

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). The October 2018 enrollment count revealed that the District had experienced a more modest single year enrollment increase of 107 students. 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. The Bozeman School District is experiencing some of the fastest student

enrollment growth in the state and continues to apply for anticipated enrollment increase funding as allowed by state law to help cope with the increasing student enrollment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the District had invested roughly \$255.5 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an approximate increase prior to depreciation of \$54.1 million over 2018. Total depreciation expense for the year was \$5,331,355. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2019.

	Amount
Land	\$ 11,685,032
Land improvements	9,445,985
Buildings and improvements	117,806,004
Machinery and equipment	1,235,470
Construction in progress	62,957,740
Total	<u>\$203,130,231</u>

Debt Administration

At year-end, the District had \$251,189,798 in general obligation bonds and other long-term debt outstanding, of which \$10,665,049 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2019, is presented below:

	Amount
General obligation bonds	\$ 185,828,020
Compensated absences	4,262,863
Voluntary termination benefits	9,000
Net pension liability	57,267,501
Other postemployment benefits	3,822,414
Total	<u>\$ 251,189,798</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, 2019, the current elementary legal debt margin is \$126,328,120 and the high school legal debt margin is \$65,976,320 (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 2019-2020 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 2.4% to \$52,274,490 in fiscal year 2019-2020. Increased payroll and employee benefit costs for an expanding workforce educating a growing student body are the primary reason for the increase.

Inflation for fiscal year 2019 (June to June) was 1.60% which was significantly lower than the twelve month 2.90% rate as of June 2018, and was also lower than the historical average since June 1990 of 2.36%. The annual inflation rate has risen to 2.1% during the July through November 2019 timeframe. The local cost of living within the Bozeman School District has slightly outpaced that of the national economy. This factor is one of several 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, 2019

	Governmental Activities		Governmental Activities
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 49,140,750	Cash overdraft	\$ 178,956
Investments	37,550,245	Accounts payable	6,293,106
Property taxes receivable (net of allowances for uncollectibles)	991,699	Accrued interest payable	552,261
Due from other governments	1,800,737	Retainages payable	1,660,985
Accounts receivable	372,883	Unearned revenue	1,345,388
Inventory, at cost	61,808	Bonds payable - due within one year	10,165,000
Prepaid items	147,086	Compensated absences - due within one year	497,049
Flexible accounts deposit	36,056	Voluntary termination benefits - due within one year	3,000
Total current assets	<u>90,101,264</u>	Total current liabilities	<u>20,695,745</u>
Noncurrent assets:		Noncurrent liabilities:	
Land	11,685,032	Bonds payable	175,663,020
Land improvements	15,181,037	Compensated absences	3,765,814
Buildings and improvements	159,650,651	Voluntary termination benefits	6,000
Machinery and equipment	6,046,600	Net pension liability	57,267,501
Construction in progress	62,957,740	Other postemployment health benefits	3,822,414
Less accumulated depreciation	(52,390,829)	Total noncurrent liabilities	<u>240,524,749</u>
Total noncurrent assets	<u>203,130,231</u>	Total liabilities	<u>261,220,494</u>
Total assets	<u>293,231,495</u>		
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		<u>DEFERRED INFLOWS OF RESOURCES</u>	
Other postemployment health benefits deferred contributions	427,952	Other postemployment health benefits assumption changes	382,028
Contribution to pension plans in current fiscal year	11,308,430	Pension deferrals	1,745,920
Excess reacquisition costs due to bond refunding	1,897,320	Total deferred inflows of resources	<u>2,127,948</u>
Total deferred outflows of resources	<u>13,633,702</u>		
Total assets and deferred outflows of resources	<u><u>\$ 306,865,197</u></u>	<u>NET POSITION</u>	
		Net investment in capital assets	60,340,748
		Restricted for:	
		Building	5,015,837
		Building reserve	6,648,588
		Debt service	692,634
		Bus depreciation	598,362
		Retirement	2,781,868
		Technology acquisition	874,930
		Transportation	1,020,475
		Tuition	397,209
		Grant purposes	447,509
		Adult education	195,139
		Unrestricted	(35,496,544)
		Total net position	<u>43,516,755</u>
		Total liabilities, deferred inflows of resources and net position	<u><u>\$ 306,865,197</u></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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	43,667,751	\$ 787,185	\$ 4,578,030	\$ -	\$ (38,302,536)
Support services	11,343,464	546,516	3,810,072	-	(6,986,876)
General administration	3,892,055	62,497	123,995	-	(3,705,563)
Building administration	4,642,232	142,940	159,487	-	(4,339,805)
Operations and maintenance	9,982,952	281,333	628,839	207,756	(8,865,024)
Student transportation	2,511,789	257	805,395	-	(1,706,137)
Food services	1,994,843	1,410,177	460,598	-	(124,068)
Extracurricular activities	3,037,684	326,667	1,368,873	-	(1,342,144)
Unallocated depreciation *	5,046,184	-	-	-	(5,046,184)
Interest and fiscal charges	5,975,573	-	474,300	-	(5,501,273)
Total governmental activities	\$ 92,094,527	\$ 3,557,572	\$ 12,409,589	\$ 207,756	\$ (75,919,610)
General revenues:					
District property taxes					43,173,454
Investment earnings					2,820,120
Intergovernmental revenue					
Unrestricted:					
County distribution - retirement					7,302,635
State equalization					19,867,754
State guaranteed tax base subsidy					6,095,249
State motor vehicle fee reimbursement					-
State quality educator					1,655,169
State on-behalf pension					2,708,996
Other state revenue					95,770
Total general revenues					83,719,147
Change in net position					7,799,537
Net position, beginning of year					28,404,869
Restatement of net position due to change in fund reporting					7,312,349
Net position, end of year					\$ 43,516,755

* 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, 2019

	General	High School Building	High School Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 5,482,717	\$ 15,228,358	\$ -	\$ 23,446,734	\$ 44,157,809
Investments	-	36,754,302	-	795,943	37,550,245
Property taxes receivable	476,345	-	245,172	284,205	1,005,722
Due from other funds	-	-	19,350	14,150	33,500
Due from other governments	143,988	-	-	1,656,749	1,800,737
Accounts receivable	848	217	-	371,818	372,883
Inventory, at cost	-	-	-	60,006	60,006
Prepaid items	50,758	1,220	-	67,383	119,361
Total assets	\$ 6,154,656	\$ 51,984,097	\$ 264,522	\$ 26,696,988	\$ 85,100,263
<u>LIABILITIES</u>					
Cash overdraft	\$ -	\$ -	\$ 176,624	\$ 2,332	\$ 178,956
Accounts payable	147,626	5,215,222	-	175,831	5,538,679
Retainages payable	-	1,585,572	-	75,413	1,660,985
Unearned revenue	-	-	-	92,035	92,035
Due to other funds	-	-	-	33,500	33,500
Total liabilities	147,626	6,800,794	176,624	379,111	7,504,155
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	476,345	-	245,172	284,205	1,005,722
Total deferred inflows of resources	476,345	-	245,172	284,205	1,005,722
<u>FUND BALANCES</u>					
Nonspendable	50,758	1,220	-	127,389	179,367
Restricted	-	45,182,083	-	17,203,899	62,385,982
Committed	-	-	-	8,702,384	8,702,384
Assigned	583,467	-	-	-	583,467
Unassigned	4,896,460	-	(157,274)	-	4,739,186
Total fund balances	5,530,685	45,183,303	(157,274)	26,033,672	76,590,386
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,154,656	\$ 51,984,097	\$ 264,522	\$ 26,696,988	\$ 85,100,263

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, 2019

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

Fund balances - total governmental funds	\$ 76,590,386
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$255,259,948 and the accumulated depreciation is \$52,143,517	203,116,431
Deferred inflows of resources (unavailable property taxes) are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.	1,005,722
Pension and OPEB 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.	11,454,684
Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net position.	(14,023)
Accrued interest payable on bonds is reported on the statement of net position.	(552,261)
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	\$ 185,828,020
Compensated absences	4,262,863
Voluntary termination benefits	9,000
Net pension liability	57,267,501
	(247,367,384)
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.	(716,800)
Net position - governmental activities	<u><u>\$ 43,516,755</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, 2019

	General	High School Building	High School Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
District property taxes	\$ 20,257,762	\$ -	\$ 10,375,797	\$ 12,237,432	\$ 42,870,991
Tuition and fees	71,754	-	-	1,544,172	1,615,926
Investment earnings	206,814	2,040,649	15,920	488,441	2,751,824
Other district revenue	143,988	-	-	4,530,497	4,674,485
Gallatin County	-	-	-	7,664,382	7,664,382
State of Montana	29,930,177	-	-	4,816,159	34,746,336
Federal	-	-	-	4,193,927	4,193,927
Total revenues	<u>50,610,495</u>	<u>2,040,649</u>	<u>10,391,717</u>	<u>35,475,010</u>	<u>98,517,871</u>
Expenditures:					
Current -					
Instruction	30,976,266	-	-	11,143,544	42,119,810
Support services	6,171,947	-	-	4,945,626	11,117,573
General administration	2,758,182	-	-	1,028,389	3,786,571
Building administration	3,492,523	-	-	973,372	4,465,895
Operations and maintenance	4,703,932	3,186,503	7,234	1,937,768	9,835,437
Student transportation	14,118	-	-	2,494,203	2,508,321
Food services	42,763	-	-	1,844,368	1,887,131
Extracurricular activities	1,130,482	18,596	-	1,856,549	3,005,627
Capital outlay	-	50,036,770	-	4,179,768	54,216,538
Debt service -					
Principal retirement	-	-	5,735,000	4,685,000	10,420,000
Interest and fiscal charges	-	-	4,845,631	2,102,081	6,947,712
Total expenditures	<u>49,290,213</u>	<u>53,241,869</u>	<u>10,587,865</u>	<u>37,190,668</u>	<u>150,310,615</u>
Excess (deficiency) of revenues over expenditures	<u>1,320,282</u>	<u>(51,201,220)</u>	<u>(196,148)</u>	<u>(1,715,658)</u>	<u>(51,792,744)</u>
Other financing sources (uses):					
Transfer in	-	-	-	1,204,016	1,204,016
Transfer out	(1,149,090)	-	-	(54,926)	(1,204,016)
Proceeds from sale of asset	-	-	-	500	500
Total other financing sources (uses)	<u>(1,149,090)</u>	<u>-</u>	<u>-</u>	<u>1,149,590</u>	<u>500</u>
Net changes in fund balances	<u>171,192</u>	<u>(51,201,220)</u>	<u>(196,148)</u>	<u>(566,068)</u>	<u>(51,792,244)</u>
Fund balances, beginning of year	5,359,493	96,384,523	38,874	20,399,436	122,182,326
Restatement, fund reporting	-	-	-	6,200,304	6,200,304
Fund balances, beginning of year as restated	<u>5,359,493</u>	<u>96,384,523</u>	<u>38,874</u>	<u>26,599,740</u>	<u>128,382,630</u>
Fund balances, end of year	<u>\$ 5,530,685</u>	<u>\$ 45,183,303</u>	<u>\$ (157,274)</u>	<u>\$ 26,033,672</u>	<u>\$ 76,590,386</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, 2019**

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

Net change in fund balances - total governmental funds	\$ (51,792,244)
Governmental funds accrue property tax revenue which is deemed collectible within 60 days; however, for the statement of activities the total amount estimated to ultimately be collected is accrued.	(2,465)
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 (\$54,216,538) exceeded depreciation (\$5,327,983) in the current period. Additionally, the receipt of donated capital assets (\$124,762) and a reduction of Construction in Progress due to cancellation of minor projects (\$13,965) is not reported in the governmental funds, but is reported in the statement of activities.	48,999,352
Governmental funds report the proceeds from sale of assets. However, in the statement of activities a loss on sale of asset is recorded. This is the amount by which the proceeds from sale of assets (\$500) exceeded the loss on sale of assets (\$97,735) in the current period.	(98,235)
Deferred inflows of resources in the governmental funds are reported on the full accrual method in the government-wide financial statements.	304,928
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.	(1,787,583)
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.	11,392,137
The current period net decrease in compensated absences, voluntary termination benefits payable, and the allowance for doubtful accounts did not require the use of current financial resources.	(148,736)
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.	932,383
Change in net position of governmental activities	<u>\$ 7,799,537</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 - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
District property taxes	\$ 20,543,775	\$ 20,257,762	\$ (286,013)
Tuition and fees	-	71,754	71,754
Investment earnings	149,892	203,371	53,479
Other district revenue	-	143,988	143,988
State of Montana	30,350,176	29,930,177	(419,999)
Total revenues	<u>51,043,843</u>	<u>50,607,052</u>	<u>(436,791)</u>
Expenditures:			
Current -			
Instruction	32,283,637	30,955,857	1,327,780
Support services	6,231,221	6,139,961	91,260
General administration	2,684,796	2,691,767	(6,971)
Building administration	3,332,980	3,459,782	(126,802)
Operations and maintenance	5,379,513	4,690,390	689,123
Student transportation	-	14,118	(14,118)
Food services	-	410	(410)
Extracurricular activities	1,131,696	1,130,482	1,214
Total expenditures	<u>51,043,843</u>	<u>49,082,767</u>	<u>1,961,076</u>
Other financing sources (uses):			
Transfers out	-	(1,498,090)	1,498,090
Total other financing sources (uses)	<u>-</u>	<u>(1,498,090)</u>	<u>1,498,090</u>
Net change in fund balances	-	26,195	(899,777)
Fund balances, beginning of year	<u>5,112,683</u>	<u>5,112,683</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,112,683</u>	<u>\$ 5,138,878</u>	<u>\$ (899,777)</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, 2019

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 4,982,941
Inventory, at cost	1,802
Prepaid expenses	27,725
Flexible accounts deposit	36,056
Total current assets	<u>5,048,524</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	261,112
Less accumulated depreciation	<u>(247,312)</u>
Net capital assets	<u>13,800</u>
Total assets	<u>5,062,324</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Other postemployment health benefits deferred contributions	427,952
Contribution to pension plans in current fiscal year	<u>20,367</u>
Total deferred outflows of resources	<u>448,319</u>
Total assets and deferred outflows of resources	<u>\$ 5,510,643</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 754,427
Unearned revenue	<u>1,253,353</u>
Total current liabilities	<u>2,007,780</u>
Noncurrent liabilities:	
Net pension liability	88,463
Other postemployment health benefits	<u>3,822,414</u>
Total noncurrent liabilities	<u>3,910,877</u>
Total liabilities	<u>5,918,657</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Other postemployment health benefits assumption changes	382,028
Pension deferrals	<u>15,221</u>
Total deferred inflows of resources	<u>397,249</u>
<u>NET POSITION</u>	
Net investment in capital assets	13,800
Unrestricted	<u>(819,063)</u>
Total net position	<u>(805,263)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,510,643</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, 2019

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	\$ 8,582,958
Charges for wellness services	95,257
Stop-loss insurance revenue	904,117
Total operating revenues	<u>9,582,332</u>
Operating expenses:	
Administrative expenses	273,149
Communications	27,007
Contracted Medicare supplement	327,103
Depreciation	3,372
Excess risk insurance	324,717
Facilities and equipment rental	89,232
Health, dental and vision claims	6,935,374
Materials and supplies	1,252
Minor equipment	4,653
Minor technology equipment	39,735
Other expenses	1,430
Other postemployment health benefits	364,635
Repairs and maintenance	44,219
Salaries and benefits	27,879
Wellness	254,491
Total operating expenses	<u>8,718,248</u>
Operating income	<u>864,084</u>
Nonoperating revenues:	
Investment earnings	68,296
Total nonoperating revenues	<u>68,296</u>
Change in net position	932,380
Net position, beginning of year	<u>(1,737,643)</u>
Net position, end of year	<u>\$ (805,263)</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, 2019

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 8,702,026
Receipts from stop-loss insurance claims	904,117
Payments for insurance claims	(6,935,374)
Payments to employees	(27,879)
Payments to suppliers	(1,707,886)
Net cash flow from operating activities	935,004
 Cash flows from investing activities:	
Interest received	68,296
Net cash flow from investing activities	68,296
 Net change in cash and cash equivalents	1,003,300
 Cash and cash equivalents - 7/01/18	3,979,641
Cash and cash equivalents - 6/30/19	\$ 4,982,941
 Reconciliation of operating income to net cash flow from operating activities:	
Operating income	\$ 864,084
Adjustments to reconcile operating income to net cash flow from operating activities:	
Depreciation	3,372
Loss on sale of assets	-
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventories	(1,108)
(Increase) decrease in prepaid items	(2,558)
Increase (decrease) in accounts payable	(14,360)
Increase (decrease) in other postemployment benefits	106,470
Increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability	(44,707)
Increase (decrease) in unearned insurance premiums	23,811
Total adjustments	70,920
Net cash from operating activities	\$ 935,004

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, 2019

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.

New Accounting Pronouncements

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

- Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve the guidance for the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for fiscal years beginning after December 15, 2018 but earlier application is encouraged. The District elected to early implement this pronouncement in fiscal year 2019.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings, and direct placement. It also clarifies which liabilities governments should include when disclosing information related to debt, such as reporting unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements related to significant events of default with finance-related consequences. This Statement is effective for fiscal years beginning after June 15, 2018.

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 activities of the primary government utilizing a full accrual basis of accounting. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used.

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, high school building, and high school debt service 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.

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 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 *high school building fund* accounts for the construction of high school buildings and for the remodeling of existing high school facilities.

The *high school debt service fund* accounts for the annual payment of principal, interest, and expenditures on long-term obligation debt.

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.

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, other postemployment benefits, wellness activities, 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. Cash and investments

The District's cash consists primarily of amounts held by the County Treasurer and pooled in the Gallatin County external investment pool. The District also maintains two checking accounts that hold amounts for the Middle and High School Student Extracurricular Funds (which are special revenue funds). In addition, a portion of the District's investments are held in interest bearing bank insured deposit accounts.

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

The County Treasurer, at the direction of the District, invests the vast majority of pooled cash 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, 2019, the District had a significant portion of its funds invested in STIP through the Gallatin County external investment pool.

The District invests certain special revenue 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, an \$14,023 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, donated works of art and similar items are recorded at acquisition 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 and other postemployment health benefits (OPEB) 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, 2019. 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 and OPEB related activities. Please refer to the Other Information section of the notes for a more in-depth discussion of the pension and OPEB activity that the District participates in.

J. 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 15 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 162 days of sick leave payout 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).

K. Voluntary termination benefits

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, 2019, this voluntary termination benefit cost the District \$3,000 and had only 1 past employee participating as of that year end date.

L. Net pension liability

The District must 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. On-behalf payments for fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments for the District include pension plan contributions. The State's pension contribution is recorded as intergovernmental revenue with an offsetting expenditure in the related funds. These contributions have been recorded at the fund level using fiscal year 2018 contribution amounts rather than the current fiscal year 2019 amounts, as the difference is not considered to be material. See Note IV B for a more in-depth discussion of this liability and related elements.

M. 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. 75. See Note IV C for more details of this liability.

N. 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.

O. 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 anticipated enrollment over levy 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, 2019, fund balances are comprised of the following:

	General	High School Building	High School Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 60,006	\$ 60,006
Prepaid Items	50,758	1,220	-	67,383	119,361
Restricted:					
Federal, State, & Local Grants	-	-	-	447,509	447,509
Building consr. Repair & renov.	-	45,182,083	-	9,612,207	54,794,290
Debt Service	-	-	-	485,168	485,168
Student Transport.	-	-	-	1,009,093	1,009,093
Replacing Buses	-	-	-	598,421	598,421
Student Tuition	-	-	-	401,050	401,050
Retirement taxes	-	-	-	2,781,868	2,781,868
Tech acquisition	-	-	-	872,000	872,000
Adult Education	-	-	-	193,432	193,432
Nonexpendable endowment	-	-	-	803,151	803,151
Committed:					
Food services	-	-	-	456,964	456,964
Special services	-	-	-	1,129,420	1,129,420
Business services	-	-	-	272,890	272,890
Extracurricular activities	-	-	-	399,179	399,179
Drivers education	-	-	-	255,147	255,147
Interlocal agreements	-	-	-	5,831,274	5,831,274
Misc. district ops	-	-	-	357,510	357,510
Assigned:					
Comp. absences	391,807	-	-	-	391,807
Other	191,660	-	-	-	191,660
Unassigned	4,896,460	-	(157,274)	-	4,739,186
Total fund balances	\$5,530,685	\$45,183,303	\$ (157,274)	\$26,033,672	\$ 76,590,386

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

P. 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.

Q. 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(excess reacquisition costs due to bond refunding), 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.

R. Prior Period Restatement

For the year ended June 30, 2019, the District has implemented GASB Statement 84, regarding the accounting and financial reporting of fiduciary funds. The District determined that funds previously being reported as private-purpose trust funds instead met the criteria to be reported as special revenue funds. Accordingly, beginning net position for the nonmajor governmental funds and the government-wide governmental activities has been restated to reflect the change from private-purpose trust funds to special revenue funds. Also included in the private-purpose trust funds was \$1,112,045 of capital assets.

	Nonmajor Governmental Funds	Government-Wide Governmental Activities
Beginning net position, as originally reported	\$ 122,182,326	\$ 28,404,869
Restatement of net position due to implementation of GASB 84	6,200,304	7,312,349
Beginning net position, as restated	\$ 128,382,630	\$ 35,717,218

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:

- Elementary and High School Transportation Funds
- Elementary and High School Bus Depreciation Funds
- Elementary and High School Tuition Funds
- Elementary and High School Retirement Funds
- Elementary and High School Technology Acquisition Funds
- Elementary and High School Flexibility Funds
- High School Adult Education Fund

Debt Service:

- Elementary and High School Debt Service Funds

Capital Projects:

- Elementary and High School Building Reserve Funds

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 is one major difference between the budget basis and GAAP basis in presenting the general fund. This 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	
GAAP Basis	\$ 171,192
Consolidating compensated	
absence liability fund activity	(144,997)
Budget Basis	<u>\$ 26,195</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). The District's expenditures did not exceed appropriations in any of the budgeted funds.

D. Deficit fund equity

The High School Debt Service fund has a deficit unassigned fund balance of \$157,274. The deficit is primarily the result of tax collections falling short of projections. This deficit can be common in the early stages of levying for a large increase in debt service requirements and eventually penalties and interest on delinquent taxes start to outpace current defaults on the tax payments. This causes the deficit to slowly shrink over time.

III. DETAILED NOTES ON ALL FUNDS

A. Cash 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	\$ 5,521
County Treasurer's Investment Pool	48,728,729
Cash in checking	399,179
Cash in Cetera bank insured deposits	113
Cash in D.A. Davidson bank insured deposits	7,208
Total	<u>\$ 49,140,750</u>

Investments consist of:

	Investment Mkt		Credit Risk	Fair
	Value	Maturities	Standard & Poor's Corporate Bond Rating	Value Measure ment
Government Bonds	\$ 36,754,302	2019-2020	AA+	Level 2
Mutual Funds	795,943	N/A	N/A	Level 1
	<u>\$ 37,550,245</u>			

The District categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Government bonds, Level 2, are valued using quoted prices for similar assets in an active market.

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 two checking accounts totaling \$434,875 and are covered by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. Uninsured, uncollateralized amounts at June 30, 2019, amounted to \$184,875.

The District participates in a cooperative investment program with Gallatin County and the other 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 position as cash and cash equivalents.

At June 30, 2019, some funds have overdrawn their share of the pooled cash and investments. Fund overdrafts of pooled cash and investments are reported as cash overdraft liabilities on the statement of net position.

The special revenue Nonexpendable High School Endowment fund had cash held at Wells Fargo, N.A. within 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 endowment funds.

The High School Building fund had cash held within its Cetera investment account. The government bonds listed above are also held within this fund, and have a credit rating of AA+ by Standard and Poor's Corporation (S&P). These investments are holding a portion of the proceeds of the 2017 High School G.O. Bond that was issued to construct a second high school for the District and to renovate the existing high school.

The Gallatin County Investment Pool cash and cash equivalents are valued at cost. 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 other investments, 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 an AA+ rating.

B. Receivables

Receivables as of June 30, 2019, for the District's individual major funds, nonmajor, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	High School Building	High School Debt Service	Nonmajor and Other Funds	Total
Receivables:					
Accounts	\$ 848	\$ 217	\$ -	\$371,818	\$ 372,883
Property taxes	476,345	-	245,172	284,205	1,005,722
Gross receivables	477,193	217	245,172	656,023	1,378,605
Less: allowance for uncollectibles	(6,558)	-	(3,376)	(4,089)	(14,023)
Net total receivables	\$470,635	\$ 217	\$ 241,796	\$651,934	\$ 1,364,582

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 deferred inflows and unearned revenue reported in governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General fund)	\$ 476,345	\$ -
Delinquent property taxes receivable (High school debt service fund)	245,172	-
Delinquent property taxes receivable (Nonmajor governmental funds)	284,205	-
Food Services funds (nonmajor gov'tl funds)	-	92,035
	<u>\$ 1,005,722</u>	<u>\$ 92,035</u>

The Self-Insurance internal service fund had unearned revenue of \$1,253,353 of June 30, 2019, 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, 2019 follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,996,148	\$ 1,688,884	\$ -	\$ 11,685,032
Construction in progress	13,319,190	50,559,102	(920,552)	62,957,740
Total capital assets, not being depreciated	23,315,338	52,247,986	(920,552)	74,642,772
Capital assets, being depreciated:				
Land improvements	14,488,642	692,395	-	15,181,037
Buildings and improvements	157,643,332	2,153,877	(146,558)	159,650,651
Machinery and equipment	5,934,965	153,630	(41,995)	6,046,600
Total capital assets being depreciated	178,066,939	2,999,902	(188,553)	180,878,288
Less accumulated depreciation for:				
Land improvements	(5,031,968)	(703,084)	-	(5,735,052)
Buildings and improvements	(37,564,569)	(4,343,099)	63,021	(41,844,647)
Machinery and equipment	(4,553,254)	(285,172)	27,296	(4,811,130)
Total accumulated depreciation	(47,149,791)	(5,331,355)	90,317	(52,390,829)
Total capital assets, being depreciated, net	130,917,148	(2,331,453)	(98,236)	128,487,459
Governmental activities capital assets, net	\$ 154,232,486	\$ 49,916,533	\$ (1,018,788)	\$ 203,130,231

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

Governmental Activities:		
Instruction	\$	46,504
Support services		15,482
General administration		47,408
Operations and maintenance		72,495
Student transportation		4,288
Food services		87,619
Extracurricular activities		8,003
Unallocated depreciation (buildings and land improvements)	5,046,183	
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets		3,373
Total depreciation expense - governmental activities		<u>\$ 5,331,355</u>

Construction commitments - The District has active construction projects as of June 30, 2019. At year-end the District's commitments with contractors were as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Constr. & Architect contracts for Irving ADA Elevator and Renov.	\$ 820,527	\$ 108,827
Construction contract for Support Services Building Solar Project	-	57,074
Constr. & Architect contracts for Van Winkle Stadium	9,830,116	3,787,783
Constr. & Architect contracts for Gallatin High School	51,033,588	33,634,803
Architect contract for Bozeman High School expansion and renovation	1,452,395	924,376
Total	<u>\$63,136,626</u>	<u>\$38,512,863</u>

The elementary building reserve fund is paying for the Irving ADA elevator project and a portion of the Support Services Building Solar Project. The high school building reserve and miscellaneous grant funds are paying for the remaining portion of the Support Services Building Solar Project. The high school building fund (bond monies) is funding the construction of the Gallatin High School, Van Winkle Stadium and associated infrastructure, and the design and upcoming construction of the Bozeman High School expansion and renovation.

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. In the current fiscal year, there were transfers totaling \$1,149,090 out of the General Fund into the High School Interlocal Agreements Fund to assist with future operational needs of the District. There was also \$54,926 transferred out of the High School Food Services Fund into the Elementary Food Services Fund to assist with joint food services operations.

<u>Transfers out</u>	<u>Transfers in</u>
	Other Nonmajor Governmental Funds
General Fund	\$ 1,149,090
Other Nonmajor Governmental Funds	54,926
	<u>\$ 1,204,016</u>

Flows of cash from one fund to another with a requirement for repayment are reported as due from and due to other funds. Amounts between governmental funds are eliminated in the statement of net position whereas in the fund financial statements, they are reported as receivables and payables. At June 30, 2019, the District reported amounts due from the High School Interlocal Agreements Fund to the Elementary Debt Service Fund (\$13,200), to the High School Debt Service Fund (\$19,350), and to the Elementary Tuition Fund (\$950). These amounts were to assist with year-end operations and are very temporary in nature. They are eliminated immediately in the next 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 \$194,720,000. There were no new issues of general obligation bonds in the current fiscal year.

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.

General obligation bonds currently outstanding are comprised of the following individual issues:

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2019	Due Within One Year
2012 Elementary	10,000,000	20	1.00 - 3.00%	\$ 6,950,000	\$ 455,000
2013 Elementary	16,375,000	20	3.00 - 4.00%	11,810,000	730,000
2014 Elementary	9,500,000	11	1.00 - 4.00%	8,975,000	1,190,000
2015 Elementary	8,935,000	13	2.00 - 5.00%	5,920,000	-
2016 Elementary	21,500,000	20	2.00 - 5.00%	19,020,000	875,000
2017 Elementary	4,610,000	4	4.00%	2,000,000	975,000
Subtotal				<u>54,675,000</u>	<u>4,225,000</u>
2014 High School	9,150,000	11	1.00 - 4.00%	9,020,000	15,000
2015 High School	8,750,000	7	2.00 - 5.00%	4,120,000	1,630,000
2017 High School	5,900,000	9	2.00 - 3.00%	4,600,000	680,000
2017 High School	100,000,000	20	3.00 - 5.00%	96,515,000	3,615,000
Subtotal				<u>114,255,000</u>	<u>5,940,000</u>
Total				<u>\$168,930,000</u>	<u>\$10,165,000</u>

Annual debt service requirements to maturity on general obligation bonds at June 30, 2019, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 10,165,000	\$ 6,584,809	\$ 16,749,809
2021	10,500,000	6,257,269	16,757,269
2022	9,740,000	5,890,706	15,630,706
2023	10,240,000	5,564,206	15,804,206
2024	11,620,000	5,130,981	16,750,981
2025-2029	51,030,000	18,417,519	69,447,519
2030-2034	41,915,000	9,138,794	51,053,794
2035-2037	23,720,000	1,629,900	25,349,900
Total	<u>\$ 168,930,000</u>	<u>\$ 58,614,184</u>	<u>\$ 227,544,184</u>

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 were to 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 were considered to be defeased and the liability was 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 is being 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.

On March 5, 2015, the District 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 were considered to be defeased and the related liability was 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 is being 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 advance refunding, total debt service payments of these refunded portions of debt will be reduced by \$1,132,842 over a period of 7 to 13 years and resulted in an economic gain of \$1,032,856.

On April 20, 2017, The District issued \$10,510,000 of general obligation bonds (\$4,610,000 elementary, \$5,900,000 high school) with the proceeds placed in an irrevocable escrow account that will service all future debt service payments of \$10,640,000 of 2008 general obligation bonds (\$4,650,000 elementary, \$5,990,000 high school). These advance refunded bonds were considered to be defeased and the related liability was been removed from the statement of net position. The reacquisition price of these issued bonds exceeded the net carrying amount of the old debt by \$334,298. This amount is included in deferred outflows and is being 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 advanced refunding, the total debt service payments of these refunded portions of debt will be reduced by \$990,740 over a period of 4 to 9 years which will garner the District an economic gain of \$833,842.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds	\$179,350,000	\$ -	\$(10,420,000)	\$ 168,930,000	\$10,165,000
Amortized amounts:					
Bond premiums	18,181,849	-	(1,283,829)	16,898,020	-
Total bonds payable	197,531,849	-	(11,703,829)	185,828,020	10,165,000
Compensated absences	4,111,128	685,580	(533,845)	4,262,863	497,049
Voluntary termination benefits	12,000	-	(3,000)	9,000	3,000
Net pension liability	52,628,350	4,639,151	-	57,267,501	-
Other postemployment benefits	3,703,617	118,797	-	3,822,414	-
Total governmental activity					
Long-term liabilities	\$ 257,986,944	\$ 5,443,528	\$(12,240,674)	\$ 251,189,798	\$ 10,665,049

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, flexibility, and debt service funds. The voluntary termination benefits liability has been paid from the general and retirement funds. The net pension liability has been paid from the retirement and miscellaneous grants funds. The District has not funded the other postemployment benefits liability.

The legal debt limits may not exceed the greater of 1) 100% of the latest available value of property which is subject to taxation within the district or 2) the facility guaranteed mill value per ANB multiplied by the average number belonging student count enrolled in a particular district multiplied by 100% (MCA 20-9-406). In the current fiscal year, the Elementary District and the High School District used the second formula referenced above to calculate their respective legal debt service limitations.

For the year ending June 30, 2019, legal debt limitations were as follows:

	Taxing District	
	Elementary	High School
Legal Debt Service Limitation	\$ 181,003,120	\$ 205,231,320

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. Sacajawea Middle School and Hawthorne Elementary were expanded and renovated with the issued 2016 Elementary G.O. Bonds. The 2017 Elementary and High School G.O. Bonds were issued to partially refund the 2008 Elementary and High School General Obligation Bonds and also take advantage of favorable interest rates. The 2017 High School G.O. Bond was issued to construct a second high school for the District and to renovate the existing high school.

F. Restricted fund balance

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, 2019, are as follows:

Fund Name	Fund Type	Amount
Elementary building reserve	Capital Projects	\$ 1,401,423
High School building reserve	Capital Projects	5,234,376
Elementary building	Capital Projects	2,976,408
High school building	Capital Projects	45,182,083
Elementary debt service	Debt Service	485,168
Elementary bus depreciation	Special Revenue	299,083
High School bus depreciation	Special Revenue	299,338
Elementary retirement	Special Revenue	1,577,392
High School retirement	Special Revenue	1,204,476
Elementary technology acquisition	Special Revenue	427,169
High School technology acquisition	Special Revenue	444,831
Elementary transportation	Special Revenue	697,733
High School transportation	Special Revenue	311,360
Elementary tuition	Special Revenue	1,050
High School tuition	Special Revenue	400,000
Elementary grants	Special Revenue	187,591
High School grants	Special Revenue	259,918
Adult education	Special Revenue	193,432
Nonexpendable high school endowment	Special Revenue	803,151
Total restricted fund balances		<u>\$ 62,385,982</u>

G. Leases

In June, 2016, the District approved a four year cancellable operating photocopier lease arrangement which began on July 1, 2016. The arrangement involved 35 photocopiers with no guaranteed minimum copies per year. The total cost of this lease for the fiscal year ended June 30, 2019, was \$88,876. There are no guaranteed future minimum lease payments for this arrangement.

In September 2016, the District approved a 36 month lease for 5 vehicles. Monthly payments due under this lease are \$1,420. The total cost of this lease for the fiscal year ended June 30, 2019, was \$17,036. Future minimum lease payments for these vehicles amounts to \$4,259 in FY 2020.

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, f) medical insurance costs of employees, and g) cyber liability. 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 and 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 \$500 to \$5,000 depending on the part of the policy.

Presently, the workers compensation coverage program that the District participates in is managed by the Montana Schools Group Insurance Authority. It is 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 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 TMS Re, Inc. for total District 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:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
2017	550,437	6,444,873	6,375,909	619,401
2018	619,401	6,732,014	6,660,874	690,541
2019	690,541	6,541,168	6,556,585	675,124

As of June 30, 2019, the District contracted with Blue Cross Blue Shield of Montana (via the BCBS Advantage Plan) 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 and some administrators. 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 and use a measurement date of June 30, 2018, and a reporting date of June 30, 2019. 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	\$50,379,699	\$ 6,887,802	\$57,267,501
Deferred Outflows of Resources	9,722,648	\$1,585,782	11,308,430
Deferred Inflows of Resources	560,776	\$1,185,144	1,745,920

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. 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. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2019 and June 30, 2018 (reporting dates).

	<u>Net Pension Liability as of 6/30/2019</u>	<u>Net Pension Liability as of 6/30/2018</u>	<u>Percent of Collective NPL as of 6/30/2019</u>	<u>Percent of Collective NPL as of 6/30/2018</u>	<u>Change in Percent of Collective NPL</u>
BOZEMAN SCHOOL DISTRICT NO. 7					
Proportionate Share	\$50,379,699	\$44,335,923	2.7143%	2.6295%	0.0848%
State of Montana					
Proportionate Share					
associated with employer	31,290,489	28,142,575	1.6858%	1.6691%	0.0167%
Total	<u>\$81,670,188</u>	<u>\$72,478,498</u>	<u>4.4001%</u>	<u>4.2986%</u>	<u>0.1015%</u>

At June 30, 2019, the employer recorded a liability of \$50,379,699 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2019, the employer's proportion was 2.7143 percent.

Changes in actuarial assumptions and other inputs: As a result of the recent actuarial experience study, dated May 3, 2018, the following changes to the actuarial assumptions were made since the previous measurement date:

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.

- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - o For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

The tables include margins for mortality improvement which is expected to occur in the future.

- Mortality among disabled members was updated to the following:
 - o For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - o For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

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 reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

	Pension Expense as of 6/30/2019
Bozeman School District No. 7 Proportionate Share	\$ 5,392,661
State of Montana Proportionate Share associated with the Employer	2,542,575
Total	<u>\$ 7,935,236</u>

At June 30, 2019, the employer recognized a Pension Expense of \$7,935,236 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$2,542,575 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

Deferred Inflows and Outflows

At June 30, 2019, 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	\$ 359,524	\$ 31,437
Changes in actuarial assumptions	4,106,739	74,581
Differences between projected and actual investment earnings	-	454,758
Changes in proportion & Differences between actual and expected contributions	1,631,186	-
*Contributions paid to TRS subsequent to the measurement date - FY 2019 Contributions	3,625,199	-
Total	<u>\$ 9,722,648</u>	<u>\$ 560,776</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, 2020.

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 (a)	Deferred Inflows of Resources (b)	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense (a) - (b)
2020	\$3,188,160	\$ 106,018	\$ 3,082,142
2021	2,307,973	-	2,307,973
2022	1,423,418	1,042,304	381,114
2023	-	234,556	(234,556)
2024	-	-	-
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 for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members the GABA 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.

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 all TRS Employers including State Agency and University System Employers. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

The tables below show the legislated contribution rates for TRS members, employers and the State.

School District and Other Employers

	Members	Employers	General Fund	Total employee & employer
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

	Members	Employers	General Fund	Total employee & employer
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, 2018, is based on the results of an actuarial valuation date of July 1, 2018. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total Wage Increases* 3.25%-7.76% for Non-University Members
and 4.25% for University Members
- Investment Return 7.50%
- Price Inflation 2.50%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
- Mortality among disabled members
 - For Males: RP 2000 Disabled Mortality Table for Males, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table for Females, set forward two years, with mortality improvements projected by Scale BB to 2022.

*Total Wage Increases include 3.25% general wage increase assumption

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 2126. 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	Long-Term Expected Portfolio Real Rate of Return*
	(a)	(b)	(a) x (b)
Domestic US Equity	35.00%	6.68%	2.34%
International Equity	18.00%	6.98%	1.26%
Private Equity	10.00%	10.15%	1.02%
Natural Resources	3.00%	4.09%	0.12%
Intermediate Duration Bonds	19.00%	2.15%	0.41%
Core Real Estate	7.00%	5.38%	0.38%
TIPS	3.00%	1.78%	0.05%
High Yield Bonds	3.00%	4.36%	0.13%
Cash	2.00%	0.81%	0.02%
	100.00%		5.73%
		Inflation	2.50%
		Expected arithmetic nominal return	8.23%

* The assumed rate is comprised of a 2.50% inflation rate and a real long-term expected rate of return of 5.00%.

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 2013 through 2017, is outlined in a report dated May 3, 2018. 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 an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation). Estimates of variability and correlations for each asset class, were developed by the System's investment consultant. These ranges were combined to develop 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 long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) 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. The average long term capital market assumptions published in the Survey of Capital Market Assumptions 2017 Edition by Horizon Actuarial Service, LLC, yield a median real return of 5.07%. Our

recommended assumption of 5.00% for the real return reflects granting each source some degree of credibility. Combined with the 2.50% inflation assumption, the resulting nominal return is 7.50%.

Sensitivity Analysis

	1.0% Decrease (6.50%)	Current Discount Rate	1.0% Increase (8.50%)
Bozeman School District No. 7's portion of Net Pension Liability	\$69,273,615	\$ 50,379,699	\$ 34,554,541

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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) 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)

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions.

This report provides information for employers who are using a June 30, 2018 measurement date for the 2019 reporting. If an employer's fiscal year end is after June 30th, the employer will not use the measurements shown in this report but will need to wait for the measurement date as of June 30, 2019.

Pension Amount Totals

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

Net Pension Liability

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As GASB Statement 68 allows, a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2018, was determined by taking the results of the June 30, 2017, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The rollforward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

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

Not Special Funding

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

The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2019, and 2018, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total

state contributions paid. The employer recorded a liability of \$6,887,802 and the employer's proportionate share was 0.3300 percent.

	Net Pension Liability as of 6/30/2019	Net Pension Liability as of 6/30/2018	Percent of Collective NPL as of 6/30/2019	Percent of Collective NPL as of 6/30/2018	Change in Percent of Collective NPL
Bozeman School District No. 7 Proportionate Share	\$ 6,887,802	\$ 8,292,427	0.3300%	0.4258%	-0.0958%
State of Montana Proportionate Share associated with employer	2,569,818	435,070	0.4941%	2.2173%	-1.7232%
Total	<u>\$ 9,457,620</u>	<u>\$ 8,727,497</u>	<u>0.8241%</u>	<u>2.6431%</u>	<u>-1.8190%</u>

Changes in actuarial assumptions and methods:

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

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense

<u>As of measurement date</u>	<u>Pension Expense as of 6/30/2019</u>
Bozeman School District No. 7 Proportionate Share	\$ 452,324
Grant Revenue - State of Montana Proportionate Share for employer	171,507
Total	<u>\$ 623,831</u>

At June 30, 2019, the employer recognized \$452,324 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$171,507 for the state of Montana proportionate share of the pension expense associated with the employer. Additionally, the employer recognized grant revenue of \$0 from the State Statutory Appropriation from the General Fund.

Recognition of Deferred Inflows and Outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$ 523,771	\$ -
Projected Investment Earnings vs. Actual Investment Earnings	-	106,967
Changes in Assumptions	585,704	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	1,078,177
Employer contributions subsequent to the measurement date.	476,307	-
Total	<u>\$ 1,585,782</u>	<u>\$ 1,185,144</u>

\$476,307 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the employer's pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2020	\$ 279,862
2021	\$ 123,487
2022	\$ (435,066)
2023	\$ (43,952)
2024	\$ -
Thereafter	\$ -

Plan Description

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

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

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

Summary of Benefits

Eligibility for benefit

Service retirement:

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

Early retirement, actuarially reduced:

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

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

- 1) Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - a. A refund of member's contributions plus return interest (currently .77% effective July 1, 2017).
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- 2) Retired before January 1, 2016 and accumulate at least 2 years of additional service credit;

- a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
- b. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.

3) Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:

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

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months
- Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months

Compensation Cap

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

Monthly benefit formula

1) Members hired prior to July 1, 2011:

- a) Less than 25 years of membership service - 1.785% of HAC per year of service credit
- b) 25 years of membership service or more - 2% of HAC per year of service credit

2) Members hired on or after July 1, 2011:

- a) Less than 10 years of membership service - 1.5% of HAC per year of service credit
- b) 10 years or more, but less than 30 years of membership service - 1.785% of HAC per year of service credit
- c) 30 years or more of membership service - 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Overview of Contributions

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

Fiscal Year			<u>State & Universities</u>	<u>Local Government</u>		<u>School Districts</u>	
	Member		Employer	Employer	State	Employer	State
	Hired <07/01/11	Hired >07/01/11					
2019	7.9000%	7.9000%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.9000%	7.9000%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.9000%	7.9000%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.9000%	7.9000%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.9000%	7.9000%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.9000%	7.9000%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.9000%	7.9000%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.9000%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.9000%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.9000%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

3. Non Employer Contributions:

a. Special Funding

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

Stand-Alone Statements

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

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2017, actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2018. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the last actuarial experience study, dated May 5, 2017, for the six-year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Discount Rate

The discount rate used to measure the TPL was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities 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 contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The most recent analysis, performed for the period of July 1, 2010 to June 30, 2016, was outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, are summarized below.

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

Sensitivity Analysis

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

As of measurement date	1.0% Decrease (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
Bozeman School District No. 7 proportion of Net Pension Liability	\$ 9,961,357	\$ 6,887,802	\$ 4,363,923

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in

accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

PERS Disclosure for the defined contribution plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2018, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 316 employers that have participants in the PERS-DCRP totaled \$746,144.

C. Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 75 Other Postemployment Benefits, the District has calculated and included a postemployment benefit liability for the fiscal year ended June 30, 2019.

Plan Description and Benefits Provided

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, and includes medical, dental, and vision benefits. The plan is reported as an internal service fund on the District's financial statements and is administered by Blue Cross and Blue Shield of Montana. Benefit provisions are set annually by the Board of Trustees. Terminated employees may remain on the District's health insurance plan for up to 18 months if they pay the monthly premiums, as required under the federal COBRA law. A retiree is considered eligible for coverage under this plan only if the retiree was covered under this plan as a participant on his or her last day of active service for the employer prior to retirement. Retirees may remain on the District's health plan, provided they pay the monthly premiums. A retiree's dependent(s), upon the death of the retiree, is also eligible if the retiree was eligible for coverage and covered under this plan. Normal retirement eligibility is age 65 or age 60 and 5 years of service, or 30 years of service. Early retirement eligibility is age 50 and 5 years of service or 25 years of service. The plan also has options for pre Medicare insurance benefits. 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. There is no separate, audited GAAP-basis postemployment benefit plan report available for the self-insured medical defined benefit plan.

Funding Policy

The District's other post-employment benefit (OPEB) consists of the above described post-employment healthcare benefits. The District has accounted for this OPEB cost on a pay-as-you-go basis. The District has utilized the Self-Insurance internal service fund to liquidate these obligations. The District's annual OPEB cost consists of an implied rate subsidy since retirees and current employees are in the same plan as well as a cost for future benefits of current employees. The District's policy at this time is to not fund the OPEB obligation.

Employees Covered by Benefit Terms

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

Category	Count
Active employees	652
Inactive employees entitled to but not yet receiving benefit payment	189
Inactive employees or beneficiaries currently receiving benefit payments	49
Total	890

Contributions

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

Total OPEB Liability (TOL)

The District's total OPEB liability of \$3,822,414 was measured as of June 30, 2018, and was determined by an actuarial valuation as of September 1, 2016.

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

Service cost	\$ 259,481
Interest	136,187
Differences between expected and actual experience	(230,765)
Changes in assumptions	164,113
Benefit payments	(210,219)
Net change in total OPEB liability	118,797
Total OPEB liability, beginning of year	3,703,617
Total OPEB liability, end of year	<u><u>\$ 3,822,414</u></u>

There is sensitivity of the total OPEB liability to changes in the discount rate. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) follows:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 4,147,363	\$ 3,822,414	\$ 3,525,621

There is also sensitivity of the TOL to changes in the healthcare cost trend rates. The total OPEB liability of the District as well as what the District's total OPEB liability would be if it were recalculated using healthcare cost trend rates that are one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current healthcare cost trend rate follows:

	1% Decrease 6.50% decreasing to 4.00%	Trend Rate 7.50% decreasing to 5.00%	1% Increase 8.50% decreasing to 6.00%
Total OPEB liability	\$ 3,344,090	\$ 3,822,414	\$ 4,693,811

For the year ended June 30, 2019, the District recognized OPEB expense of \$364,635. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 146,079	\$ 152,914
Differences between expected and actual experience	-	205,406
Deferred contributions	258,165	-
Total	<u>\$ 404,244</u>	<u>\$ 358,320</u>

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of \$258,165 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year ending June 30:	Recognized Net Deferred Outflows (Inflows) of Resources
2019	\$ (31,033)
2020	(31,033)
2021	(31,033)
2022	(31,033)
2023	(31,033)
Thereafter	(57,076)

Actuarial Methods and Assumptions

The District's actuarial valuation is completed on a biennial frequency, provided no significant events have occurred warranting new measurement. The District completed the valuation with a measurement date of June 30, 2018 for fiscal year end June 30, 2019 financial reporting. This valuation was derived based on the 2018 actual costs and participants. As of September 1, 2018, the most recent valuation date, the District's total OPEB liability was determined using the following significant actuarial assumptions:

1. Asset Valuation Method: Market value of assets (\$0; plan is not yet funded)
2. Discount Rate: 3.87% as of June 30, 2018; 3.53% as of June 30, 2017
3. Participants Valued: Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation.
4. Salary Increase: 4.0% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
5. General Inflation Rate: 2.50% per year
6. Medicare Eligibility: Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

7. Healthcare Trend: District plan premiums are assumed to increase annually at the following rates
- | | | | |
|-------|-------|---------------|-------|
| 2018: | 8.00% | 2022: | 6.00% |
| 2019: | 7.50% | 2023: | 5.50% |
| 2020: | 7.00% | 2024: | 5.00% |
| 2021: | 6.50% | 2025 & later: | 5.00% |
8. Participation Rate: For active participants currently covered, 60% are assumed to continue their current District medical plan coverage in retirement until reaching age 65. For active participants currently waiving coverage, 5% are assumed to elect coverage in the District's High Plan in retirement. All current retirees are assumed to continue their existing election until death. At age 65, all current and future retirees are assumed to move to the separately rated Medicare Advantage plan offered by the District.
9. Spouse Coverage: For current active employees, 50% of those assumed to elect coverage in retirement are assumed to be married participants and 50% of the married participants are assumed to elect coverage for their spouse in retirement. Husbands are assumed to be 3 years older than their wives. For current retired employees, existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse information is used where available; otherwise husbands are assumed to be 3 years older than their wives.
10. Excise tax on high-cost plans: The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold amounts under the Affordable Care Act (ACA). The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. This report assumes that 100% of any excise tax liability for high cost retiree coverage will be borne by the District.

The discount rate was based on the published change in return for the applicable 20-year municipal bond index.

For PERS members, mortality rates were based on 90% of RP-2000 for males and 95% of RP-2000 for females, combined male & female tables. For TRS members, mortality rates were based on 75% of RP-2000 for males and females, combined male & female tables. Mortality rates applied before and after retirement were projected by applying MacLeod Watts Scale 2018 on a fully generational basis from 2006 forward. The MacLeod Watts Scale 2018 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017, and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published in July 2017.

D. Tax abatements

The District's property tax revenue is subject to tax abatement agreements entered into by Gallatin County (the County). Under the Montana Code Annotated, Title 15, Chapter 24, Part 14, the County approves tax incentives for qualified new or expanding industries located in Gallatin County. The tax incentives are for real and personal property taxes. To be eligible for the benefit, the taxpayer must apply and be approved by the County. In order to qualify, the taxpayer must invest a minimum of \$50,000 worth of qualifying improvements or modernized processes within the first 5 years after a construction permit is issued. Generally, the taxpayer commits to invest the statutory minimum and often includes a proposal to hire a certain number of additional employees in response to the entity's expansion. The County has not made any commitments as part of the agreements other than to reduce taxes.

The taxpayer receives a credit against property taxes in the form of a certain percentage reduction. The County manually applies the applicable credit amount to reduce the property tax bill. If property taxes were abated, but the taxpayer did not meet the eligibility requirements, the recapture amount is equal to the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes.

For the fiscal year ended June 30, 2019, the District portion of the property taxes abated by Gallatin County totaled \$3,585 under this program, reducing property tax revenue for the District.

E. Contingencies

As of June 30, 2019, the District was not involved in any lawsuits.

F. Subsequent events

The High School District voters approved a \$125,000,000 bond resolution in May 2017 to construct a second high school for the District and to renovate the existing high school. In fiscal year 2018, the District issued \$100,000,000 in high school general obligation bonds to begin work on the two high schools. On September 4, 2019, the remaining \$25,000,000 in high school general obligation bonds were issued. These bonds were issued with a \$3,112,062 bond premium and a \$93,750 underwriter discount.

Additionally, the District celebrated the opening of the newly constructed Van Winkle Stadium and related land improvements in September 2019. This project, amounting to approximately \$12 million, included a new sports stadium, parking lot, realignment and expansion of Ruth Thibeault Way, fast pitch fields, and a new roundabout to facilitate the western Bozeman High School entrance.



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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service cost	\$ 259,481	\$ 277,808
Interest	136,187	110,781
Differences between expected and actual experience	(230,765)	-
Change of assumptions	164,113	(200,330)
Benefit payments	<u>(210,219)</u>	<u>(187,798)</u>
Net changes in total OPEB liability	118,797	461
Total OPEB liability, beginning of year	<u>3,703,617</u>	<u>3,703,156</u>
Total OPEB liability, end of year	<u><u>\$ 3,822,414</u></u>	<u><u>\$ 3,703,617</u></u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 210,219	\$ 187,798
Benefit payments	<u>(210,219)</u>	<u>(187,798)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability, end of year	<u><u>\$ 3,822,414</u></u>	<u><u>\$ 3,703,617</u></u>
Covered employee payroll	<u><u>\$ 40,152,427</u></u>	<u><u>\$ 38,468,195</u></u>
District's total OPEB liability as a percentage of covered-employee payroll	<u><u>9.52%</u></u>	<u><u>9.63%</u></u>

See Note IV C for additional information on the significant assumptions used in calculating the total OPEB liability.

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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF MONTANA (TRS)
FOR THE YEAR ENDED JUNE 30, 2019

Schedule of Proportionate Share of the Net Pension Liability:

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Employer's proportion of the net pension liability	2.71430%	2.62950%	2.53350%	2.46410%	2.36670%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 50,379,699	\$ 44,335,923	\$ 46,283,916	\$ 40,485,638	\$ 36,419,973
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 31,290,489	\$ 28,142,575	\$ 30,154,266	\$ 27,107,547	\$ 24,945,157
Total	\$ 81,670,188	\$ 72,478,498	\$ 76,438,182	\$ 67,593,185	\$ 61,365,130
Employer's covered payroll	\$ 36,125,172	\$ 34,682,649	\$ 32,886,005	\$ 31,446,361	\$ 29,846,019
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	139.46%	127.83%	140.74%	128.75%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	69.09%	70.09%	66.69%	69.30%	70.36%

Schedule of Contributions:

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contributions	\$ 3,625,199	\$ 3,446,699	\$ 3,267,549	\$ 3,008,409	\$ 2,947,769
Contributions in relation to the contractually required contributions	\$ 3,625,199	\$ 3,446,699	\$ 3,267,549	\$ 3,008,409	\$ 2,947,769
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 37,712,943	\$ 36,125,172	\$ 34,682,649	\$ 32,886,005	\$ 31,446,361
Contributions of covered payroll (as a percentage)	9.61%	9.54%	9.42%	9.15%	9.37%

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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
FOR THE YEAR ENDED JUNE 30, 2019

Schedule of Proportionate Share of the Net Pension Liability:

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Employer's proportionate share of the net pension liability (percentage)	0.3300%	0.4258%	0.4178%	0.4064%	0.4404%
Employer's proportion of the net pension liability (amount)	\$ 6,887,802	\$ 8,292,427	\$ 7,115,877	\$ 5,681,072	\$ 5,487,123
State of Montana's proportionate share of the net pension liability (amount)	\$ 2,569,818	\$ 435,070	\$ 332,565	\$ 266,953	\$ 256,505
Total	\$ 9,457,620	\$ 8,727,497	\$ 7,448,442	\$ 5,948,025	\$ 5,743,628
Employer's covered payroll	\$ 5,605,920	\$ 5,457,905	\$ 5,172,904	\$ 4,903,746	\$ 5,200,735
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	122.87%	151.93%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.47%	73.75%	74.71%	78.40%	79.87%

Schedule of Contributions:

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required defined benefit contributions	\$ 476,307	\$ 459,685	\$ 442,087	\$ 418,263	\$ 390,832
Plan Choice Rate Required Contributions	\$ -	\$ -	\$ -	\$ 18,924	\$ 31,348
Contributions in relation to the contractually required contribution	\$ 476,307	\$ 459,685	\$ 442,087	\$ 437,187	\$ 422,180
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,738,642	\$ 5,605,920	\$ 5,457,905	\$ 5,172,904	\$ 4,903,746
Contributions of covered payroll (as a percentage)	8.30%	8.20%	8.10%	8.45%	8.61%

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

**BOZEMAN SCHOOL DISTRICT NO. 7
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Teacher's Retirement System (TRS)

Changes of Benefit Terms:

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

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below.

- 1) **Final Average Compensation:** average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- 2) **Service Retirement:** Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- 3) **Early Retirement:** Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- 4) **Professional Retirement Option:** if the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
- 5) **Annual Contribution:** 8.15% of member's earned compensation
- 6) **Supplemental Contribution Rate:** On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
 - a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
- 7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
- 8) **Guaranteed Annual Benefit Adjustment (GABA):**

a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

The tables include margins for mortality improvement which is expected to occur in the future.

- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to "retain membership in the System" are covered by the \$500 death benefit after termination.

The following changes to the actuarial assumptions were adopted in 2014:

- 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 expenses 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.

Method and assumptions used in calculations of actuarially determined contributions:

RSI

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	22 years
Asset valuation method	4-year smoothed market
Inflation	3.25 percent
	4.00 to 8.51 percent, including inflation for
	Non-University Members and 5.00% for
Salary increase	University Members;
	7.75 percent, net of pension plan investment
Investment rate of return	expense, and including inflation

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

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

2017 Legislative Changes:

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

Working Retiree Limitations -for PERS

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

Refunds

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

Interest Credited to Member Accounts

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

Lump-Sum Payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 2016 Experience Study:

General wage growth	3.50%
Investment rate of return*	7.65%
*includes inflation at	2.75%
Merit salary increases	0% to 6.30%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
	For males and females: RP 2000 Combined
	Employee and Annuitant Mortality Table
	projected to 2020 using Scale BB, males set
Mortality (healthy members)	back 1 year.
	For Males and Females: RP 2000 Combined
Mortality (disabled members)	Mortality Table
Admin Expense as % of Payroll	0.26%

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

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 three 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, 2019

	Elementary General Subfund	High School General Subfund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,516,657	\$ 1,966,060	\$ 5,482,717
Property taxes receivable	294,799	181,546	476,345
Due from other governments	80,278	63,710	143,988
Accounts receivable	162	686	848
Prepaid items	30,352	20,406	50,758
Total assets	\$ 3,922,248	\$ 2,232,408	\$ 6,154,656
<u>LIABILITIES</u>			
Accounts payable	\$ 96,897	\$ 50,729	\$ 147,626
Total liabilities	96,897	50,729	147,626
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	294,799	181,546	476,345
Total deferred inflows of resources	294,799	181,546	476,345
<u>FUND BALANCES</u>			
Nonspendable	30,352	20,406	50,758
Assigned	386,117	197,350	583,467
Unassigned	3,114,083	1,782,377	4,896,460
Total fund balances	3,530,552	2,000,133	5,530,685
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,922,248	\$ 2,232,408	\$ 6,154,656

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	\$ 12,924,082	\$ 7,333,680	\$ 20,257,762
Tuition and fees	48,663	23,091	71,754
Investment earnings	121,868	84,946	206,814
Other district revenue	80,278	63,710	143,988
State of Montana	19,907,030	10,023,147	29,930,177
Total revenues	<u>33,081,921</u>	<u>17,528,574</u>	<u>50,610,495</u>
Expenditures:			
Current -			
Instruction	21,381,479	9,594,787	30,976,266
Support services	4,244,957	1,926,990	6,171,947
General administration	1,502,052	1,256,130	2,758,182
Building administration	2,432,468	1,060,055	3,492,523
Operations and maintenance	2,782,278	1,921,654	4,703,932
Student transportation	14,118	-	14,118
Food services	2,516	40,247	42,763
Extracurricular activities	217,266	913,216	1,130,482
Total expenditures	<u>32,577,134</u>	<u>16,713,079</u>	<u>49,290,213</u>
Other financing sources (uses):			
Transfers out	(313,711)	(835,379)	(1,149,090)
Total other financing sources (uses)	<u>(313,711)</u>	<u>(835,379)</u>	<u>(1,149,090)</u>
Net change in fund balances	191,076	(19,884)	171,192
Fund balances, beginning of year	<u>3,339,476</u>	<u>2,020,017</u>	<u>5,359,493</u>
Fund balances, end of year	<u>\$ 3,530,552</u>	<u>\$ 2,000,133</u>	<u>\$ 5,530,685</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, 2019

	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	\$ 13,054,520	\$ 12,924,082	\$ (130,438)	\$ 7,489,255	\$ 7,333,680	\$ (155,575)
Tuition and fees	-	48,663	48,663	-	23,091	23,091
Investment earnings	81,324	119,490	38,166	68,568	83,881	15,313
Other district revenue	-	80,278	80,278	-	63,710	63,710
State of Montana	20,223,407	19,907,030	(316,377)	10,126,769	10,023,147	(103,622)
Total revenues	<u>33,359,251</u>	<u>33,079,543</u>	<u>(279,708)</u>	<u>17,684,592</u>	<u>17,527,509</u>	<u>(157,083)</u>
Expenditures:						
Current -						
Instruction	21,721,348	21,362,817	358,531	10,562,289	9,593,040	969,249
Support services	4,390,334	4,241,849	148,485	1,840,887	1,898,112	(57,225)
General administration	1,371,889	1,468,888	(96,999)	1,312,907	1,222,879	90,028
Building administration	2,449,224	2,431,081	18,143	883,756	1,028,701	(144,945)
Operations and maintenance	3,162,761	2,769,859	392,902	2,216,752	1,920,531	296,221
Student transportation	-	14,118	(14,118)	-	-	-
Food services	-	203	(203)	-	207	(207)
Extracurricular activities	263,695	217,266	46,429	868,001	913,216	(45,215)
Total expenditures	<u>33,359,251</u>	<u>32,506,081</u>	<u>853,170</u>	<u>17,684,592</u>	<u>16,576,686</u>	<u>1,107,906</u>
Other financing sources (uses):						
Transfers out	-	(490,711)	490,711	-	(1,007,379)	1,007,379
Total other financing sources (uses)	<u>-</u>	<u>(490,711)</u>	<u>490,711</u>	<u>-</u>	<u>(1,007,379)</u>	<u>1,007,379</u>
Net change in fund balances	-	82,751	(642,167)	-	(56,556)	(257,610)
Fund balances, beginning of year	<u>3,209,467</u>	<u>3,209,467</u>	<u>-</u>	<u>1,903,216</u>	<u>1,903,216</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,209,467</u>	<u>\$ 3,292,218</u>	<u>\$ 339,255</u>	<u>\$ 1,903,216</u>	<u>\$ 1,846,660</u>	<u>\$ 1,757,148</u>

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 14,256,551	\$ -	\$ 9,190,183	\$ 23,446,734
Investments	795,943	-	-	795,943
Property taxes receivable	79,343	129,929	74,933	284,205
Due from other funds	950	13,200	-	14,150
Due from other governments	639,948	474,300	542,501	1,656,749
Accounts receivable	303,519	-	68,299	371,818
Inventory, at cost	60,006	-	-	60,006
Prepaid items	67,383	-	-	67,383
Total assets	\$ 16,203,643	\$ 617,429	\$ 9,875,916	\$ 26,696,988
<u>LIABILITIES</u>				
Cash overdraft	\$ -	\$ 2,332	\$ -	\$ 2,332
Accounts payable	62,468	-	113,363	175,831
Due to other funds	33,500	-	-	33,500
Retainages payable	-	-	75,413	75,413
Unearned revenue	92,035	-	-	92,035
Total liabilities	188,003	2,332	188,776	379,111
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	79,343	129,929	74,933	284,205
Total deferred inflows of resources	79,343	129,929	74,933	284,205
<u>FUND BALANCES</u>				
Nonspendable	127,389	-	-	127,389
Restricted	7,106,524	485,168	9,612,207	17,203,899
Committed	8,702,384	-	-	8,702,384
Total fund balances	15,936,297	485,168	9,612,207	26,033,672
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,203,643	\$ 617,429	\$ 9,875,916	\$ 26,696,988

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, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
District property taxes	\$ 3,387,521	\$ 5,708,485	\$ 3,141,426	\$ 12,237,432
Tuition and fees	1,544,172	-	-	1,544,172
Investment earnings	271,499	30,991	185,951	488,441
Other district revenue	3,216,709	474,300	839,488	4,530,497
Gallatin County	7,664,382	-	-	7,664,382
State of Montana	4,816,159	-	-	4,816,159
Federal	4,193,927	-	-	4,193,927
Total revenues	<u>25,094,369</u>	<u>6,213,776</u>	<u>4,166,865</u>	<u>35,475,010</u>
Expenditures:				
Current -				
Instruction	11,136,701	-	6,843	11,143,544
Support services	4,945,626	-	-	4,945,626
General administration	1,028,389	-	-	1,028,389
Building administration	973,007	-	365	973,372
Operations and maintenance	535,305	32,461	1,370,002	1,937,768
Student transportation	2,494,203	-	-	2,494,203
Food services	1,844,368	-	-	1,844,368
Extracurricular activities	1,856,549	-	-	1,856,549
Capital outlay	273,056	-	3,906,712	4,179,768
Debt service -				
Principal retirement	-	4,685,000	-	4,685,000
Interest and fiscal charges	-	2,102,081	-	2,102,081
Total expenditures	<u>25,087,204</u>	<u>6,819,542</u>	<u>5,283,922</u>	<u>37,190,668</u>
Excess (deficiency) of revenues over expenditures	<u>7,165</u>	<u>(605,766)</u>	<u>(1,117,057)</u>	<u>(1,715,658)</u>
Other financing sources (uses):				
Transfers in	1,204,016	-	-	1,204,016
Transfers out	(54,926)	-	-	(54,926)
Proceeds from sale of asset	-	-	500	500
Premium on general obligation debt	-	-	-	-
Total other financing sources (uses)	<u>1,149,090</u>	<u>-</u>	<u>500</u>	<u>1,149,590</u>
Net changes in fund balances	<u>1,156,255</u>	<u>(605,766)</u>	<u>(1,116,557)</u>	<u>(566,068)</u>
Fund balances, beginning of year	<u>8,579,738</u>	<u>1,090,934</u>	<u>10,728,764</u>	<u>20,399,436</u>
Restatement, fund reporting	<u>6,200,304</u>	<u>-</u>	<u>-</u>	<u>6,200,304</u>
Fund balances, beginning of year as restated	<u>14,780,042</u>	<u>1,090,934</u>	<u>10,728,764</u>	<u>26,599,740</u>
Fund balances, end of year	<u>\$ 15,936,297</u>	<u>\$ 485,168</u>	<u>\$ 9,612,207</u>	<u>\$ 26,033,672</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.

Flexibility Fund – (Elementary and High School) To account for revenues and expenditures for authorized purposes established by the Montana Legislature.

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

Non-Budgeted:

Food Services Fund - (Elementary and High School) To account for the District's food services 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.

Student Club Extracurricular Funds – (Elementary and High School) To account for revenue and expenditures involved with middle and high school student club extracurricular activities.

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

Nonexpendable High School Endowment – To account for investment earnings on existing investments. This is reinvested until a corpus level is attained where scholarships will be given from the interest on the corpus.

High School Interlocal Agreements Fund – To account for revenue and expenditures with entities that have an interlocal or multi-district agreement with the High School District. Presently, this fund allows for flexible spending for the District as a whole via the K-12 multi-district agreement (solely between Bozeman Elementary and Bozeman High School Districts).

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	Elementary Transportation	Elementary Bus Depreciation	Elementary Food Services	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Technology Acquisition	Elementary Flexibility	Middle School Student Club Extracurricular
<u>ASSETS</u>									
Cash and cash equivalents	\$ 614,600	\$ 299,083	\$ 342,687	\$ 100	\$ 1,550,352	\$ 1,096,803	\$ 427,169	\$ -	\$ 124,242
Investments	-	-	-	-	-	-	-	-	-
Property taxes receivable	30,335	27	-	6,340	-	-	10,548	-	-
Due from other funds	-	-	-	950	-	-	-	-	-
Due from other governments	-	-	-	-	27,040	321,008	-	-	-
Accounts receivable	83,250	-	750	-	-	126,999	-	-	-
Inventory, at cost	-	-	47,309	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	15,689	25,847	-	-
Total assets	\$ 728,185	\$ 299,110	\$ 390,746	\$ 7,390	\$ 1,577,392	\$ 1,560,499	\$ 463,564	\$ -	\$ 124,242
<u>LIABILITIES</u>									
Accounts payable	\$ 117	\$ -	\$ 532	\$ -	\$ -	\$ 4,955	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	67,095	-	-	-	-	-	-
Total liabilities	117	-	67,627	-	-	4,955	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>									
Unavailable revenue - property taxes	30,335	27	-	6,340	-	-	10,548	-	-
Total deferred inflows of resources	30,335	27	-	6,340	-	-	10,548	-	-
<u>FUND BALANCES</u>									
Nonspendable	-	-	47,309	-	-	15,689	25,847	-	-
Restricted	697,733	299,083	-	1,050	1,577,392	187,591	427,169	-	-
Committed	-	-	275,810	-	-	1,352,264	-	-	124,242
Total fund balances	697,733	299,083	323,119	1,050	1,577,392	1,555,544	453,016	-	124,242
Total liabilities, deferred inflows of resources, and fund balances	\$ 728,185	\$ 299,110	\$ 390,746	\$ 7,390	\$ 1,577,392	\$ 1,560,499	\$ 463,564	\$ -	\$ 124,242

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	High School Transportation	High School Bus Depreciation	High School Food	High School Tuition	High School Retirement	High School Grants	High School Adult Education	High School Drivers Education	High School Technology Acquisition
<u>ASSETS</u>									
Cash and cash equivalents	\$ 228,227	\$ 299,338	\$ 206,155	\$ 400,000	\$ 1,197,001	\$ 458,312	\$ 193,752	\$ 214,768	\$ 457,043
Investments	-	-	-	-	-	-	-	-	-
Property taxes receivable	14,064	33	-	5,657	-	-	7,381	-	4,958
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	7,475	248,316	-	36,109	-
Accounts receivable	83,250	-	-	-	-	5,000	-	4,270	-
Inventory, at cost	-	-	12,697	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	25,847
Total assets	\$ 325,541	\$ 299,371	\$ 218,852	\$ 405,657	\$ 1,204,476	\$ 711,628	\$ 201,133	\$ 255,147	\$ 487,848
<u>LIABILITIES</u>									
Accounts payable	\$ 117	\$ -	\$ 61	\$ -	\$ -	\$ 44,154	\$ 320	\$ -	\$ 12,212
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	24,940	-	-	-	-	-	-
Total liabilities	117	-	25,001	-	-	44,154	320	-	12,212
<u>DEFERRED INFLOWS OF RESOURCES</u>									
Unavailable revenue - property taxes	14,064	33	-	5,657	-	-	7,381	-	4,958
Total deferred inflows of resources	14,064	33	-	5,657	-	-	7,381	-	4,958
<u>FUND BALANCES</u>									
Nonspendable	-	-	12,697	-	-	-	-	-	25,847
Restricted	311,360	299,338	-	400,000	1,204,476	259,918	193,432	-	444,831
Committed	-	-	181,154	-	-	407,556	-	255,147	-
Total fund balances	311,360	299,338	193,851	400,000	1,204,476	667,474	193,432	255,147	470,678
Total liabilities, deferred inflows of resources, and fund balances	\$ 325,541	\$ 299,371	\$ 218,852	\$ 405,657	\$ 1,204,476	\$ 711,628	\$ 201,133	\$ 255,147	\$ 487,848

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	High School Flexibility	High School Student Club Extracurricular	Nonexpendable High School Endowment	High School Interlocal Agreements	Totals
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ 274,937	\$ 7,208	\$ 5,864,774	\$ 14,256,551
Investments	-	-	795,943	-	795,943
Property taxes receivable	-	-	-	-	79,343
Due from other funds	-	-	-	-	950
Due from other governments	-	-	-	-	639,948
Accounts receivable	-	-	-	-	303,519
Inventory, at cost	-	-	-	-	60,006
Prepaid items	-	-	-	-	67,383
Total assets	\$	\$ 274,937	\$ 803,151	\$ 5,864,774	\$ 16,203,643
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 62,468
Due to other funds	-	-	-	33,500	33,500
Unearned revenue	-	-	-	-	92,035
Total liabilities	-	-	-	33,500	188,003
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	-	-	-	-	79,343
Total deferred inflows of resources	-	-	-	-	47,250
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	127,389
Restricted	-	-	803,151	-	7,106,524
Committed	-	274,937	-	5,831,274	8,702,384
Total fund balances	-	274,937	803,151	5,831,274	15,936,297
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 274,937	\$ 803,151	\$ 5,864,774	\$ 16,171,550

(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, 2019

	Elementary Transportation	Elementary Bus Depreciation	Elementary Food Services	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Technology Acquisition	Elementary Flexibility	Middle School Student Club Extracurricular
Revenues:									
District property taxes	\$ 1,338,917	\$ 13	\$ -	\$ 284,624	\$ -	\$ -	\$ 467,094	\$ -	\$ -
Tuition and fees	135	-	853,413	-	-	40	-	-	-
Investment earnings	10,651	6,763	1,595	1,679	19,541	1,332	4,110	-	-
Other district revenue	83,250	-	400	-	-	1,150,756	4,673	143	331,684
Gallatin County	266,124	-	-	-	4,795,691	-	-	-	-
State of Montana	229,867	-	2,566	-	1,751,826	1,721,851	-	-	-
Federal	-	-	446,146	-	-	2,717,215	-	-	-
Total revenues	<u>1,928,944</u>	<u>6,776</u>	<u>1,304,120</u>	<u>286,303</u>	<u>6,567,058</u>	<u>5,591,194</u>	<u>475,877</u>	<u>143</u>	<u>331,684</u>
Expenditures:									
Current -									
Instruction	-	-	-	279,313	4,268,395	2,799,108	321,597	-	-
Support services	-	-	-	7,325	967,753	2,437,561	14,658	-	-
General administration	84,915	-	-	-	243,628	170,944	88,518	1,710	-
Building administration	-	-	-	-	468,949	11,254	-	-	-
Operations and maintenance	5,954	-	-	-	288,230	3,062	-	-	-
Student transportation	1,726,247	258	-	-	26,732	17,516	-	-	-
Food services	-	-	1,035,927	-	67,107	9,714	-	-	-
Extracurricular activities	-	-	-	-	41,681	86,001	-	-	321,089
Capital outlay	44,950	-	-	-	-	97,885	23,793	-	-
Total expenditures	<u>1,862,066</u>	<u>258</u>	<u>1,035,927</u>	<u>286,638</u>	<u>6,372,475</u>	<u>5,633,045</u>	<u>448,566</u>	<u>1,710</u>	<u>321,089</u>
Other financing sources (uses):									
Transfers in	-	-	54,926	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>66,878</u>	<u>6,518</u>	<u>323,119</u>	<u>(335)</u>	<u>194,583</u>	<u>(41,851)</u>	<u>27,311</u>	<u>(1,567)</u>	<u>10,595</u>
Fund balances, beginning of year	630,855	292,565	-	1,385	1,382,809	1,597,395	425,705	1,567	-
Restatement, fund reporting	-	-	-	-	-	-	-	-	113,647
Fund balances, beginning of year as restated	<u>630,855</u>	<u>292,565</u>	<u>-</u>	<u>1,385</u>	<u>1,382,809</u>	<u>1,597,395</u>	<u>425,705</u>	<u>1,567</u>	<u>113,647</u>
Fund balances, end of year	<u>\$ 697,733</u>	<u>\$ 299,083</u>	<u>\$ 323,119</u>	<u>\$ 1,050</u>	<u>\$ 1,577,392</u>	<u>\$ 1,555,544</u>	<u>\$ 453,016</u>	<u>\$ -</u>	<u>\$ 124,242</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	High School Transportation	High School Bus Depreciation	High School Food Services	High School Tuition	High School Retirement	High School Grants	High School Adult Education	High School Drivers Education	High School Technology Acquisition
Revenues:									
District property taxes	\$ 566,090	\$ 18	\$ -	\$ 229,390	\$ -	\$ -	\$ 302,859	\$ -	\$ 198,516
Tuition and fees	135	-	538,224	-	-	-	31,369	120,856	-
Investment earnings	4,955	6,767	7,290	7,461	17,137	6,788	3,956	5,000	8,906
Other district revenue	83,250	-	1,600	-	-	570,325	-	-	-
Gallatin County	95,623	-	-	-	2,506,944	-	-	-	-
State of Montana	86,402	-	-	-	811,901	175,636	-	36,110	-
Federal	-	-	-	-	-	1,030,566	-	-	-
Total revenues	<u>836,455</u>	<u>6,785</u>	<u>547,114</u>	<u>236,851</u>	<u>3,335,982</u>	<u>1,783,315</u>	<u>338,184</u>	<u>161,966</u>	<u>207,422</u>
Expenditures:									
Current -									
Instruction	-	-	-	230,031	2,008,298	290,926	143,923	130,814	281,646
Support services	-	-	-	7,325	378,079	1,077,396	4,254	-	2,608
General administration	84,915	-	-	-	186,082	12,112	995	3,137	106,114
Building administration	-	-	-	-	262,515	-	186,567	40,622	-
Operations and maintenance	5,954	-	-	-	190,315	-	-	-	-
Student transportation	717,769	258	-	-	5,423	-	-	-	-
Food services	-	-	657,193	-	74,427	-	-	-	-
Extracurricular activities	-	-	-	-	177,423	306,010	-	-	-
Capital outlay	44,950	-	-	-	-	23,949	-	6,670	30,859
Total expenditures	<u>853,588</u>	<u>258</u>	<u>657,193</u>	<u>237,356</u>	<u>3,282,562</u>	<u>1,710,393</u>	<u>335,739</u>	<u>181,243</u>	<u>421,227</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(54,926)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(54,926)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(17,133)</u>	<u>6,527</u>	<u>(165,005)</u>	<u>(505)</u>	<u>53,420</u>	<u>72,922</u>	<u>2,445</u>	<u>(19,277)</u>	<u>(213,805)</u>
Fund balances, beginning of year	328,493	292,811	358,856	400,505	1,151,056	564,322	190,987	274,424	684,483
Restatement, fund reporting	-	-	-	-	-	30,230	-	-	-
Fund balances, beginning of year as restated	<u>328,493</u>	<u>292,811</u>	<u>358,856</u>	<u>400,505</u>	<u>1,151,056</u>	<u>594,552</u>	<u>190,987</u>	<u>274,424</u>	<u>684,483</u>
Fund balances, end of year	<u>\$ 311,360</u>	<u>\$ 299,338</u>	<u>\$ 193,851</u>	<u>\$ 400,000</u>	<u>\$ 1,204,476</u>	<u>\$ 667,474</u>	<u>\$ 193,432</u>	<u>\$ 255,147</u>	<u>\$ 470,678</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	High School Flexibility	High School Student Club Extracurricular	Nonexpendable High School Endowment	High School Interlocal Agreements	Totals
Revenues:					
District property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,387,521
Tuition and fees	-	-	-	-	1,544,172
Investment earnings	-	-	51,991	105,577	271,499
Other district revenue	522	969,606	-	20,500	3,216,709
Gallatin County	-	-	-	-	7,664,382
State of Montana	-	-	-	-	4,816,159
Federal	-	-	-	-	4,193,927
Total revenues	<u>522</u>	<u>969,606</u>	<u>51,991</u>	<u>126,077</u>	<u>25,094,369</u>
Expenditures:					
Current -					
Instruction	-	-	-	382,650	11,136,701
Support services	-	-	-	48,667	4,945,626
General administration	2,042	-	25,000	18,277	1,028,389
Building administration	-	-	-	3,100	973,007
Operations and maintenance	-	-	-	41,790	535,305
Student transportation	-	-	-	-	2,494,203
Food services	-	-	-	-	1,844,368
Extracurricular activities	-	924,345	-	-	1,856,549
Capital outlay	-	-	-	-	273,056
Total expenditures	<u>2,042</u>	<u>924,345</u>	<u>25,000</u>	<u>494,484</u>	<u>25,087,204</u>
Other financing sources (uses):					
Transfers in	-	-	-	1,149,090	1,204,016
Transfers out	-	-	-	-	(54,926)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,149,090</u>	<u>1,149,090</u>
Net change in fund balances	<u>(1,520)</u>	<u>45,261</u>	<u>26,991</u>	<u>780,683</u>	<u>1,156,255</u>
Fund balances, beginning of year	1,520	-	-	-	8,579,738
Restatement, fund reporting	-	229,676	776,160	5,050,591	6,200,304
Fund balances, beginning of year as restated	<u>1,520</u>	<u>229,676</u>	<u>776,160</u>	<u>5,050,591</u>	<u>14,780,042</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 274,937</u>	<u>\$ 803,151</u>	<u>\$ 5,831,274</u>	<u>\$ 15,936,297</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, 2019

	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	\$ 1,344,524	\$ 1,338,917	\$ (5,607)	\$ -	\$ 13	\$ 13
Tuition and fees	2,500	135	(2,365)	-	-	-
Investment earnings	1,500	10,651	9,151	501	6,763	6,262
Other district revenue	-	83,250	83,250	-	-	-
Gallatin County	301,920	266,124	(35,796)	-	-	-
State of Montana	301,920	229,867	(72,053)	-	-	-
Total revenues	<u>1,952,364</u>	<u>1,928,944</u>	<u>(23,420)</u>	<u>501</u>	<u>6,776</u>	<u>6,275</u>
Expenditures:						
Current -						
General administration	84,453	84,915	(462)	-	-	-
Operations and maintenance	-	5,954	(5,954)	-	-	-
Student transportation	2,068,229	1,726,247	341,982	293,066	258	292,808
Capital outlay	-	44,950	(44,950)	-	-	-
Total expenditures	<u>2,152,682</u>	<u>1,862,066</u>	<u>290,616</u>	<u>293,066</u>	<u>258</u>	<u>292,808</u>
Net change in fund balances	(200,318)	66,878	267,196	(292,565)	6,518	299,083
Fund balances, beginning of year	<u>630,855</u>	<u>630,855</u>	<u>-</u>	<u>292,565</u>	<u>292,565</u>	<u>-</u>
Fund balances, end of year	<u>\$ 430,537</u>	<u>\$ 697,733</u>	<u>\$ 267,196</u>	<u>\$ -</u>	<u>\$ 299,083</u>	<u>\$ 299,083</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
FOR THE YEAR ENDED JUNE 30, 2019

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 285,279	\$ 284,624	\$ (655)	\$ -	\$ -	\$ -
Investment earnings	-	1,679	1,679	1,500	19,541	18,041
Gallatin County	-	-	-	4,795,691	4,795,691	-
Total revenues	<u>285,279</u>	<u>286,303</u>	<u>1,024</u>	<u>4,797,191</u>	<u>4,815,232</u>	<u>18,041</u>
Expenditures:						
Current -						
Instruction	286,664	279,313	7,351	3,465,433	3,046,699	418,734
Support services	-	7,325	(7,325)	587,099	659,422	(72,323)
General administration	-	-	-	300,762	201,680	99,082
Building administration	-	-	-	410,971	346,001	64,970
Operations and maintenance	-	-	-	281,704	247,639	34,065
Student transportation	-	-	-	18,540	20,812	(2,272)
Food Services	-	-	-	-	67,107	(67,107)
Extracurricular activities	-	-	-	85,491	31,289	54,202
Total expenditures	<u>286,664</u>	<u>286,638</u>	<u>26</u>	<u>5,150,000</u>	<u>4,620,649</u>	<u>529,351</u>
Net change in fund balances	(1,385)	(335)	998	(352,809)	194,583	(511,310)
Fund balances, beginning of year	<u>1,385</u>	<u>1,385</u>	<u>-</u>	<u>1,382,809</u>	<u>1,382,809</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,577,392</u>	<u>\$ 998</u>	<u>\$ 1,030,000</u>	<u>\$ 1,577,392</u>	<u>\$ (511,310)</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 ELEMENTARY FLEXIBILITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Elementary Technology Acquisition			Elementary Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 468,574	\$ 467,094	\$ (1,480)	\$ -	\$ -	\$ -
Investment earnings	750	4,110	3,360	-	-	-
Other district revenue	-	4,673	4,673	4,000	143	(3,857)
Total revenues	<u>469,324</u>	<u>475,877</u>	<u>6,553</u>	<u>4,000</u>	<u>143</u>	<u>(3,857)</u>
Expenditures:						
Current -						
Instruction	895,029	321,597	573,432	5,567	-	5,567
Support services	-	14,658	(14,658)	-	-	-
General administration	-	88,518	(88,518)	-	1,710	(1,710)
Capital outlay	-	23,793	(23,793)	-	-	-
Total expenditures	<u>895,029</u>	<u>448,566</u>	<u>446,463</u>	<u>5,567</u>	<u>1,710</u>	<u>3,857</u>
Net change in fund balances	(425,705)	27,311	(439,910)	(1,567)	(1,567)	(7,714)
Fund balances, beginning of year	<u>425,705</u>	<u>425,705</u>	<u>-</u>	<u>1,567</u>	<u>1,567</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 453,016</u>	<u>\$ (439,910)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,714)</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL TRANSPORTATION AND HIGH SCHOOL BUS DEPRECIATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	High School Transportation			High School Bus Depreciation		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 569,406	\$ 566,090	\$ (3,316)	\$ -	\$ 18	\$ 18
Tuition and fees	1,000	135	(865)	-	-	-
Investment earnings	500	4,955	4,455	500	6,767	6,267
Other district revenue	-	83,250	83,250	-	-	-
Gallatin County	176,377	95,623	(80,754)	-	-	-
State of Montana	176,377	86,402	(89,975)	-	-	-
Total revenues	<u>923,660</u>	<u>836,455</u>	<u>(87,205)</u>	<u>500</u>	<u>6,785</u>	<u>6,285</u>
Expenditures:						
Current -						
General administration	84,453	84,915	(462)	-	-	-
Operations and maintenance	-	5,954	(5,954)	-	-	-
Student transportation	959,008	717,769	241,239	293,311	258	293,053
Extracurricular activities	-	-	-	-	-	-
Capital outlay	-	44,950	(44,950)	-	-	-
Total expenditures	<u>1,043,461</u>	<u>853,588</u>	<u>189,873</u>	<u>293,311</u>	<u>258</u>	<u>293,053</u>
Net change in fund balances	(119,801)	(17,133)	102,668	(292,811)	6,527	299,338
Fund balances, beginning of year	328,493	328,493	-	292,811	292,811	-
Fund balances, end of year	<u>\$ 208,692</u>	<u>\$ 299,338</u>	<u>\$ 102,668</u>	<u>\$ -</u>	<u>\$ 299,338</u>	<u>\$ 299,338</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL TUITION AND HIGH SCHOOL RETIREMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	High School Tuition			High School Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 223,638	\$ 229,390	\$ 5,752	\$ -	\$ -	\$ -
Investment earnings	-	7,461	7,461	2,000	17,137	15,137
Gallatin County	-	-	-	2,506,944	2,506,944	-
Total revenues	<u>223,638</u>	<u>236,851</u>	<u>13,213</u>	<u>2,508,944</u>	<u>2,524,081</u>	<u>15,137</u>
Expenditures:						
Current -						
Instruction	624,143	230,031	394,112	1,991,952	1,463,791	528,161
Support services	-	7,325	(7,325)	347,699	285,120	62,579
General administration	-	-	-	178,122	151,379	26,743
Building administration	-	-	-	243,391	204,351	39,040
Operations and maintenance	-	-	-	166,836	163,198	3,638
Student transportation	-	-	-	10,980	4,643	6,337
Food services	-	-	-	60,391	52,488	7,903
Extracurricular activities	-	-	-	50,629	145,691	(95,062)
Total expenditures	<u>624,143</u>	<u>237,356</u>	<u>386,787</u>	<u>3,050,000</u>	<u>2,470,661</u>	<u>579,339</u>
Net change in fund balances	(400,505)	(505)	(373,574)	(541,056)	53,420	(564,202)
Fund balances, beginning of year	<u>400,505</u>	<u>400,505</u>	<u>-</u>	<u>1,151,056</u>	<u>1,151,056</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ (373,574)</u>	<u>\$ 610,000</u>	<u>\$ 1,204,476</u>	<u>\$ (564,202)</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH ADULT EDUCATION AND HIGH SCHOOL TECHNOLOGY ACQUISITION FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	High School Adult Education			High School Technology Acquisition		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 304,661	\$ 302,859	\$ (1,802)	\$ 200,000	\$ 198,516	\$ (1,484)
Tuition and fees	27,000	31,369	4,369	-	-	-
Investment earnings	4,000	3,956	(44)	1,500	8,906	7,406
Other district revenue	500	-	(500)	-	-	-
Total revenues	<u>336,161</u>	<u>338,184</u>	<u>2,023</u>	<u>201,500</u>	<u>207,422</u>	<u>5,922</u>
Expenditures:						
Current -						
Instruction	143,800	143,923	(123)	885,983	281,646	604,337
Support services	4,530	4,254	276	-	2,608	(2,608)
General administration	1,000	995	5	-	106,114	(106,114)
Building administration	241,150	186,567	54,583	-	-	-
Capital outlay	-	-	-	-	30,859	(30,859)
Total expenditures	<u>390,480</u>	<u>335,739</u>	<u>54,741</u>	<u>885,983</u>	<u>421,227</u>	<u>464,756</u>
Net change in fund balances	(54,319)	2,445	(52,718)	(684,483)	(213,805)	(458,834)
Fund balances, beginning of year	<u>190,987</u>	<u>190,987</u>	<u>-</u>	<u>684,483</u>	<u>684,483</u>	<u>-</u>
Fund balances, end of year	<u>\$ 136,668</u>	<u>\$ 193,432</u>	<u>\$ (52,718)</u>	<u>\$ -</u>	<u>\$ 470,678</u>	<u>\$ (458,834)</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL FLEXIBILITY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	High School Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other district revenue	4,001	\$ 522	\$ (3,479)
Total revenues	<u>4,001</u>	<u>522</u>	<u>(3,479)</u>
Expenditures:			
Current -			
General administration	5,520	2,042	3,478
Total expenditures	<u>5,520</u>	<u>2,042</u>	<u>3,478</u>
Net change in fund balances	(1,519)	(1,520)	(1)
Fund balances, beginning of year	<u>1,520</u>	<u>1,520</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1)</u></u>

Nonmajor and Major Debt Service Funds

Budgeted:

Nonmajor -

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.

Major -

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. (**note:** Only Budget to Actual schedule presented in this section)

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2019**

	Elementary Debt Service	Totals
<u>ASSETS</u>		
Property taxes receivable	\$ 129,929	\$ 129,929
Due from other funds	13,200	13,200
Due from other governments	474,300	474,300
Total assets	\$ 617,429	\$ 617,429
<u>LIABILITIES</u>		
Cash overdraft	\$ 2,332	\$ 2,332
Total liabilities	2,332	2,332
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	\$ 129,929	\$ 129,929
Total deferred inflows of resources	129,929	129,929
<u>FUND BALANCE</u>		
Restricted	485,168	485,168
Total fund balance	485,168	485,168
Total liabilities, deferred inflows of resources, and fund balances	\$ 617,429	\$ 617,429

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, 2019

	Elementary Debt Service	Totals
Revenues:		
District property taxes	\$ 5,708,485	\$ 5,708,485
Investment earnings	30,991	30,991
Other district revenue	474,300	474,300
Total revenues	<u>6,213,776</u>	<u>6,213,776</u>
Expenditures:		
Current -		
Operations and maintenance	32,461	32,461
Debt service -		
Principal retirement	4,685,000	4,685,000
Interest and fiscal charges	2,102,081	2,102,081
Total expenditures	<u>6,819,542</u>	<u>6,819,542</u>
Excess (deficiency) of revenues over expenditures	<u>(605,766)</u>	<u>(605,766)</u>
Net changes in fund balances	(605,766)	(605,766)
Fund balances, beginning of year	<u>1,090,934</u>	<u>1,090,934</u>
Fund balances, end of year	<u>\$ 485,168</u>	<u>\$ 485,168</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR AND NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Elementary Debt Service			Major High School Debt Service		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 5,724,623	\$ 5,708,485	\$ (16,138)	\$ 10,545,992	\$ 10,375,797	\$ (170,195)
Investment earnings	4,000	30,991	26,991	3,000	15,920	-
Other district revenue	-	474,300	474,300	-	-	12,920
Total revenues	<u>5,728,623</u>	<u>6,213,776</u>	<u>485,153</u>	<u>10,548,992</u>	<u>10,391,717</u>	<u>(157,275)</u>
					-	
Expenditures:						
Current -						
Operations and maintenance	-	32,461	(32,461)	-	7,234	(7,234)
Debt service -						
Principal retirement	4,685,000	4,685,000	-	5,735,000	5,735,000	-
Interest and fiscal charges	2,134,557	2,102,081	32,476	4,852,866	4,845,631	7,235
Total expenditures	<u>6,819,557</u>	<u>6,819,542</u>	<u>15</u>	<u>10,587,866</u>	<u>10,587,865</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(1,090,934)</u>	<u>(605,766)</u>	<u>485,168</u>	<u>(38,874)</u>	<u>(196,148)</u>	<u>(157,274)</u>
Net changes in fund balances	(1,090,934)	(605,766)	485,168	(38,874)	(196,148)	(157,274)
Fund balances, beginning of year	<u>1,090,934</u>	<u>1,090,934</u>	<u>-</u>	<u>38,874</u>	<u>38,874</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 485,168</u>	<u>\$ 485,168</u>	<u>\$ -</u>	<u>\$ (157,274)</u>	<u>\$ (157,274)</u>

Nonmajor Capital Projects Funds

Budgeted:

Elementary School Building Reserve Fund - To account for financial resources segregated for the acquisition, construction or repair of major capital facilities.

High School Building Reserve Fund - To account for financial resources segregated for the acquisition, construction or repair of major capital facilities.

Non-budgeted:

Elementary Building - To account for construction of new elementary schools and for the remodeling of existing facilities.

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2019**

	Elementary Building	Elementary Building Reserve	High School Building Reserve	Totals
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,956,172	\$ 1,152,997	\$ 5,081,014	\$ 9,190,183
Property taxes receivable	-	34,460	40,473	74,933
Accounts receivable	20,294	48,005	-	68,299
Due from other governments	-	362,264	180,237	542,501
Total assets	\$ 2,976,466	\$ 1,597,726	\$ 5,301,724	\$ 9,875,916
<u>LIABILITIES</u>				
Accounts payable	\$ 58	\$ 112,878	\$ 427	\$ 113,363
Retainages payable	-	48,965	26,448	75,413
Total liabilities	58	161,843	26,875	188,776
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	-	34,460	40,473	74,933
Total deferred inflows of resources	-	34,460	40,473	74,933
<u>FUND BALANCES</u>				
Restricted	2,976,408	1,401,423	5,234,376	9,612,207
Total fund balances	2,976,408	1,401,423	5,234,376	9,612,207
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,976,466	\$ 1,597,726	\$ 5,301,724	\$ 9,875,916

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Elementary Building	Elementary Building Reserve	High School Building Reserve	Totals
Revenues:				
District property taxes	\$ -	\$ 1,495,607	\$ 1,645,819	\$ 3,141,426
Investment earnings	66,590	20,056	99,305	185,951
Other district revenue	276,923	382,328	180,237	839,488
Total revenues	<u>343,513</u>	<u>1,897,991</u>	<u>1,925,361</u>	<u>4,166,865</u>
Expenditures:				
Current -				
Instruction	517	6,175	151	6,843
Support services	-	-	365	365
Operations and maintenance	298,539	777,711	293,752	1,370,002
Capital outlay	1,698,527	1,342,917	865,268	3,906,712
Total expenditures	<u>1,997,583</u>	<u>2,126,803</u>	<u>1,159,536</u>	<u>5,283,922</u>
Excess (deficiency) of revenues over expenditures	<u>(1,654,070)</u>	<u>(228,812)</u>	<u>765,825</u>	<u>(1,117,057)</u>
Other financing sources (uses):				
Proceeds from sale of asset	500	-	-	500
Total other financing sources (uses)	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
Net changes in fund balances	<u>(1,653,570)</u>	<u>(228,812)</u>	<u>765,825</u>	<u>(1,116,557)</u>
Fund balances, beginning of year	<u>4,629,978</u>	<u>1,630,235</u>	<u>4,468,551</u>	<u>10,728,764</u>
Fund balances, end of year	<u>\$ 2,976,408</u>	<u>\$ 1,401,423</u>	<u>\$ 5,234,376</u>	<u>\$ 9,612,207</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Elementary Building Reserve			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	\$ 1,495,607	\$ (4,393)	\$ 1,650,000	\$ 1,645,819	\$ (4,181)
Investment earnings	7,500	20,056	12,556	12,500	99,305	86,805
Other district revenue	-	382,328	382,328	-	180,237	180,237
Total revenues	<u>1,507,500</u>	<u>1,897,991</u>	<u>390,491</u>	<u>1,662,500</u>	<u>1,925,361</u>	<u>262,861</u>
Expenditures:						
Current -						
Instruction	-	6,175	(6,175)	-	151	(151)
Support services	-	-	-	-	365	(365)
Operations and maintenance	3,137,735	777,711	3,137,735	6,131,051	293,752	5,837,299
Capital outlay	-	1,342,917	(777,711)	-	865,268	(865,268)
Total expenditures	<u>3,137,735</u>	<u>2,126,803</u>	<u>2,353,849</u>	<u>6,131,051</u>	<u>1,159,536</u>	<u>4,971,515</u>
Net change in fund balances	(1,630,235)	(228,812)	2,744,340	(4,468,551)	765,825	5,234,376
Fund balances, beginning of year	<u>1,630,235</u>	<u>1,630,235</u>	<u>-</u>	<u>4,468,551</u>	<u>4,468,551</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,401,423</u>	<u>\$ 2,744,340</u>	<u>\$ -</u>	<u>\$ 5,234,376</u>	<u>\$ 5,234,376</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, 2019

	Purchasing	Self-Insurance	Totals
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 452,191	\$ 4,530,750	\$ 4,982,941
Inventory, at cost	1,802	-	1,802
Prepaid expenses	-	27,725	27,725
Flexible accounts deposit	-	36,056	36,056
Total current assets	<u>453,993</u>	<u>4,594,531</u>	<u>5,048,524</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	236,182	24,930	261,112
Less accumulated depreciation	<u>(222,382)</u>	<u>(24,930)</u>	<u>(247,312)</u>
Net capital assets	<u>13,800</u>	<u>-</u>	<u>13,800</u>
Total assets	<u>467,793</u>	<u>4,594,531</u>	<u>5,062,324</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other postemployment health benefits deferred contributions	-	427,952	427,952
Contribution to pension plans in current fiscal year	<u>-</u>	<u>20,367</u>	<u>20,367</u>
Total deferred outflows of resources	<u>-</u>	<u>448,319</u>	<u>448,319</u>
Total asset and deferred outflows of resources	<u>\$ 467,793</u>	<u>\$ 5,042,850</u>	<u>\$ 5,510,643</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 2,021	\$ 752,406	\$ 754,427
Unearned revenue	<u>-</u>	<u>1,253,353</u>	<u>1,253,353</u>
Total current liabilities	<u>2,021</u>	<u>2,005,759</u>	<u>2,007,780</u>
Noncurrent liabilities:			
Net pension liability	-	88,463	88,463
Other postemployment health benefits	<u>-</u>	<u>3,822,414</u>	<u>3,822,414</u>
Total noncurrent liabilities	<u>-</u>	<u>3,910,877</u>	<u>3,910,877</u>
Total liabilities	<u>2,021</u>	<u>5,916,636</u>	<u>5,918,657</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other postemployment health benefits assumption changes	-	382,028	382,028
Pension deferrals	<u>-</u>	<u>15,221</u>	<u>15,221</u>
Total deferred inflows of resources	<u>-</u>	<u>397,249</u>	<u>397,249</u>
<u>NET POSITION</u>			
Net investment in capital assets	13,800	-	13,800
Unrestricted	<u>451,972</u>	<u>(1,271,035)</u>	<u>(819,063)</u>
Total net position	<u>465,772</u>	<u>(1,271,035)</u>	<u>(805,263)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 467,793</u>	<u>\$ 5,042,850</u>	<u>\$ 5,510,643</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, 2019

	Purchasing	Self-Insurance	Totals
Operating revenues:			
Charges for services	\$ 214,931	\$ 8,368,027	\$ 8,582,958
Charges for wellness services	-	95,257	95,257
Stop-loss insurance revenue	-	904,117	904,117
Total operating revenues	<u>214,931</u>	<u>9,367,401</u>	<u>9,582,332</u>
Operating expenses:			
Administrative expenses	-	273,149	273,149
Communications	22,791	4,216	27,007
Contracted Medicare supplement	-	327,103	327,103
Depreciation	3,372	-	3,372
Excess risk insurance	-	324,717	324,717
Facilities and equipment rental	89,232	-	89,232
Health, dental and vision claims	-	6,935,374	6,935,374
Materials and supplies	880	372	1,252
Minor equipment	153	4,500	4,653
Minor technology equipment	10,079	29,656	39,735
Other expenses	1,430	-	1,430
Other postemployment health benefits	-	364,635	364,635
Repairs and maintenance	44,219	-	44,219
Salaries and benefits	-	27,879	27,879
Wellness	-	254,491	254,491
Total operating expenses	<u>172,156</u>	<u>8,546,092</u>	<u>8,718,248</u>
Operating income (loss)	<u>42,775</u>	<u>821,309</u>	<u>864,084</u>
Nonoperating revenues (expenses):			
Investment earnings	6,780	61,516	68,296
Total nonoperating revenues (expenses)	<u>6,780</u>	<u>61,516</u>	<u>68,296</u>
Change in net position	49,555	882,825	932,380
Net position, beginning of year as originally reported	<u>416,217</u>	<u>(2,153,860)</u>	<u>(1,737,643)</u>
Net position, end of year	<u>\$ 465,772</u>	<u>\$ (1,271,035)</u>	<u>\$ (805,263)</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Purchasing	Self-Insurance	Totals
Cash flows from operating activities:			
Receipts from users	\$ 214,931	\$ 8,487,095	\$ 8,702,026
Receipts from stop-loss insurance claims	-	904,117	904,117
Payments for insurance claims	-	(6,935,374)	(6,935,374)
Payments to employees	-	(27,879)	(27,879)
Payments to suppliers	(169,876)	(1,538,010)	(1,707,886)
Net cash flows from operating activities	45,055	889,949	935,004
Cash flows from investing activities:			
Interest received	6,780	61,516	68,296
Net cash flows from investing activities	6,780	61,516	68,296
Net increase in cash and cash equivalents	51,835	951,465	1,003,300
Cash and cash equivalents - 7/01/18	400,356	3,579,285	3,979,641
Cash and cash equivalents - 6/30/19	\$ 452,191	\$ 4,530,750	\$ 4,982,941
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$ 42,775	\$ 821,309	\$ 864,084
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	3,372	-	3,372
(Increase) decrease in inventories	(1,108)	-	(1,108)
(Increase) decrease in prepaid items	-	(2,558)	(2,558)
Increase (decrease) in accounts payable	16	(14,376)	(14,360)
Increase (decrease) in other postemployment benefits	-	106,470	106,470
Net increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability	-	(44,707)	(44,707)
Increase (decrease) in unearned insurance premiums	-	23,811	23,811
Total adjustments	2,280	68,640	70,920
Net cash from operating activities	\$ 45,055	\$ 889,949	\$ 935,004

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, 2019

	<u>2019</u>	<u>2018</u>
<u>Governmental funds capital assets:</u>		
Land and improvements	\$ 26,866,069	\$ 23,372,744
Buildings and improvements	159,650,651	157,643,332
Machinery and equipment	5,785,488	5,673,853
Construction in progress	<u>62,957,740</u>	<u>13,319,190</u>
 Total governmental funds capital assets	 <u>\$ 255,259,948</u>	 <u>\$ 200,009,119</u>
 <u>Investments in governmental funds assets by source:</u>		
General fund	\$ 14,269,099	\$ 14,315,118
Special revenue funds	8,594,332	7,253,168
Capital projects funds	231,484,938	177,654,019
Donations	<u>911,579</u>	<u>786,814</u>
 Total governmental funds capital assets	 <u><u>\$ 255,259,948</u></u>	 <u><u>\$ 200,009,119</u></u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service 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 position.

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF JUNE 30, 2019

<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	\$ -	\$ -	\$ 1,555,364	\$ -	\$ 1,555,364
Support services	-	-	326,266	-	326,266
General administration	-	-	893,177	-	893,177
Operations and maintenance	-	-	1,216,487	-	1,216,487
Student transportation	-	-	72,781	-	72,781
Food service	-	-	1,535,988	-	1,535,988
Extracurricular activities	-	-	185,425	-	185,425
Facilities – capital outlay	<u>26,866,069</u>	<u>159,650,651</u>	<u>-</u>	<u>62,957,740</u>	<u>249,474,460</u>
Total governmental funds capital assets	<u>\$ 26,866,069</u>	<u>\$ 159,650,651</u>	<u>\$ 5,785,488</u>	<u>\$ 62,957,740</u>	<u>\$ 255,259,948</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service 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 position.

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, 2019

Function and Activity	Governmental Funds Capital Assets July 1, 2018	Additions	Deletions	Governmental Funds Capital Assets June 30, 2019
Instruction	\$ 1,528,278	\$ 27,086	\$ -	\$ 1,555,364
Support services	326,266	-	-	326,266
General administration	845,591	47,586	-	893,177
Operations and maintenance	1,197,565	18,922	-	1,216,487
Student transportation	12,745	60,036	-	72,781
Food service	1,577,983	-	-	1,577,983
Extracurricular activities	185,425	-	-	185,425
Facilities – capital outlay	<u>195,447,312</u>	<u>55,094,258</u>	<u>(1,109,105)</u>	<u>249,432,465</u>
Total governmental funds capital assets	<u>\$ 201,121,165</u>	<u>\$ 55,247,888</u>	<u>\$ (1,109,105)</u>	<u>\$ 255,259,948</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service 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 position.

Supplemental Information Mandated by Montana Office of Public Instruction

Montana's Office of Public Instruction mandates that certain information be included in a school district's annual financial statements. These items include: detail of student extracurricular funds by activity and a schedule of enrollment.

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2019

Activity	Net Position at 7/01/18	Additions	Deductions	Net Position at 6/30/19
Computer Club	\$ -	\$ -	\$ -	\$ -
Pennies for Past	264.96	1,942.00	1,942.00	264.96
Lego Robotics	-	-	-	-
Art Club	1,458.78	242.00	1,288.65	412.13
Foreign Language Club	6,561.74	60,858.78	47,102.06	20,318.46
Yearbook	4,877.60	3,280.00	5,794.56	2,363.04
Drama Club	1,634.90	270.00	1,671.39	233.51
One Million Ways	-	200.00	-	200.00
Music	16,511.48	71,889.00	77,463.32	10,937.16
CJ Rocks	38.04	-	-	38.04
Breakfast Club	580.40	994.56	1,498.55	76.41
Horizons	3,248.95	1,059.75	1,216.85	3,091.85
MBI	1,257.94	799.88	1,466.33	591.49
Leo	2,136.56	2,039.12	2,373.35	1,802.33
Forensics	902.79	200.00	575.61	527.18
Knitting Corner	335.25	1,606.12	1,701.63	239.74
After School Club	128.04	-	68.00	60.04
Peer Mediation	1,338.22	228.00	-	1,566.22
Student Aid	3,990.82	4,000.00	572.02	7,418.80
Student Council - 6th Grade	3,714.20	3,637.98	2,923.13	4,429.05
Student Council - 7th Grade	3,831.41	727.00	492.50	4,065.91
Student Council - 8th Grade	3,169.18	974.42	1,364.96	2,778.64
Student Projects	504.56	8,985.35	9,191.76	298.15
Team 6A	522.13	7,989.00	7,932.32	578.81
Team 6B	1,442.72	11,104.82	12,398.83	148.71
Team 7A	3,150.73	7,002.50	7,903.40	2,249.83
Team 7B	1,417.14	5,498.49	4,696.68	2,218.95
Team 8A	3,834.48	8,758.00	7,234.72	5,357.76
Team 8B	1,976.92	4,017.40	4,093.26	1,901.06
Science Club - Pierce	129.77	-	129.77	-
Science Club - Johaneson	115.97	-	-	115.97
Science Club - McCabe/Woidtke	-	-	-	-
Science Club - Hannula	181.50	379.80	333.12	228.18
Tech. Ed Club - Mathews	442.58	-	162.98	279.60
Bird/Science	2,816.83	2,433.25	1,961.33	3,288.75
Friends of Reading Club	4,884.42	2,063.00	5,437.97	1,509.45
Total	<u>\$ 77,401.01</u>	<u>\$ 213,180.22</u>	<u>\$ 210,991.05</u>	<u>\$ 79,590.18</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2019

Activity	Net Position at 7/01/18	Additions	Deductions	Net Position at 6/30/19
Drama Club	\$ 263.46	\$ -	\$ 50.97	\$ 212.49
Newspaper	42.00	-	-	42.00
Computer Club	171.75	-	-	171.75
Knitting Club	157.96	200.00	43.52	314.44
Lego Robotics	347.50	26,700.68	20,322.28	6,725.90
Photo Lab Club	7.14	-	-	7.14
Foreign Language	1,293.23	4,225.10	4,511.73	1,006.60
Humanitarian Club	1,439.33	-	1,400.00	39.33
MBI	768.05	130.50	90.02	808.53
Speech and Debate Club	963.53	-	-	963.53
Peer Mediation	1,553.33	-	361.74	1,191.59
Art Club	636.99	-	-	636.99
Student Aid	988.16	2,016.00	581.66	2,422.50
Yearbook	2,271.95	6,618.00	5,835.47	3,054.48
Student Council	6,035.10	3,744.95	2,431.51	7,348.54
Select Choir	2,905.77	1,879.00	1,313.92	3,470.85
Eclectic String Orchestra	292.71	2,179.00	2,046.41	425.30
Team Bison	1,902.82	7,183.00	7,968.79	1,117.03
Team Elk	2,398.16	3,791.95	4,261.42	1,928.69
Team Gallatin	4,244.59	6,897.00	6,679.70	4,461.89
Team Bridger	2,206.11	4,402.50	4,372.84	2,235.77
Team Madison	1,284.16	9,830.95	8,688.11	2,427.00
Team Boulder	546.31	9,852.00	10,346.92	51.39
Team Antelope	1,047.46	7,269.00	7,957.96	358.50
Team Yellowstone	269.15	9,074.00	9,008.00	335.15
Outdoor Club	1,070.56	1,138.00	740.99	1,467.57
Science Olympiad Club	794.10	834.00	1,014.25	613.85
Science Club	27.36	433.00	435.99	24.37
Book Buddy	44.22	9,540.00	8,964.44	619.78
Archery Club	180.50	206.50	348.89	38.11
Bike Club	82.25	358.50	320.19	120.56
Maintenance Account	10.63	-	-	10.63
Total	\$ 36,246.34	\$ 118,503.63	\$ 110,097.72	\$ 44,652.25

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2019

Activity	Net Position at 7/01/18	Additions	Deductions	Net Position at 6/30/19
Backboard BB-Ball	\$ 4,324.81	\$ 24,066.63	\$ 27,850.12	\$ 541.32
Cheerleading	5,858.17	10,698.00	16,172.66	383.51
Dance Club	4,293.53	7,746.44	10,600.62	1,439.35
Fastpitch	4,466.29	11,441.00	9,934.58	5,972.71
Football Club	2,619.00	46,654.67	38,022.23	11,251.44
Golf Club	10,902.56	14,174.00	13,081.24	11,995.32
Hawk Stat Crew	176.38	-	176.38	-
Lady Hawk B-Ball	13,298.81	19,525.63	21,317.75	11,506.69
Soccer - Boys	3,763.93	14,430.09	11,842.27	6,351.75
Soccer - Girls	7,138.09	14,108.13	11,132.98	10,113.24
Speech Club	12,675.61	46,613.83	43,384.79	15,904.65
Spikers VB	4,260.12	15,220.29	7,351.27	12,129.14
Swimming	661.53	7,977.13	4,467.49	4,171.17
Tennis	2,520.52	6,048.30	5,376.90	3,191.92
Track Club	13,195.69	22,641.00	24,413.75	11,422.94
Wrestling Club	19.22	20,876.39	20,078.92	816.69
Cross Country Club	4,960.99	17,372.42	17,587.37	4,746.04
Business Professionals	217.32	-	-	217.32
Engineering Club	9.10	2,869.55	2,878.65	-
Woodworking Club	744.19	355.25	175.96	923.48
Deca	10,186.51	131,595.60	130,797.65	10,984.46
Photo Club	868.22	1,500.00	1,684.94	683.28
Jewelry Guild Club	653.09	-	116.00	537.09
Pro Start Club	4,480.50	280.00	1,197.52	3,562.98
Robotics Club	5,846.19	24,350.92	26,416.67	3,780.44
Shop Fund Club	3,000.00	272.00	2,721.97	550.03
Skills USA	253.30	2,110.00	1,498.30	865.00
Art Club	4,932.76	710.00	2,465.18	3,177.58
Drama Club	2,930.15	26,386.31	24,482.51	4,833.95
Costa Rica Science Trip Fund	1,164.09	37,240.00	38,397.54	6.55
FCCLA	71.46	5,312.50	4,947.00	436.96
French Club	663.22	-	25.16	638.06
German Club	758.69	1,062.55	450.54	1,370.70
Galapagos Club	-	-	-	-
HOSA	3,401.27	5,678.00	5,761.15	3,318.12
Total	\$ 135,315.31	\$ 539,316.63	\$ 526,808.06	\$ 147,823.88

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2019

Activity	Net Position at 7/01/18	Additions	Deductions	Net Position at 6/30/19
Latin Club	\$ 36.46	\$ -	\$ -	\$ 36.46
MUN Club	193.43	1,165.00	-	1,358.43
Native American Club	511.05	187.00	337.75	360.30
Project Excel	3,847.32	645.00	1,028.00	3,464.32
Science Olympiad	219.34	110.00	325.00	4.34
Spanish Club	379.47	378.00	757.47	-
Youth Legislature Club	1,699.53	5,004.00	4,884.75	1,818.78
Wildlife Biology Club	494.70	-	-	494.70
Ski Club	-	149.86	-	149.86
Cap & Gowns	120.27	-	-	120.27
Class of 2018	5,056.19	-	5,056.19	-
Class of 2019	10,121.76	1,056.19	11,177.95	-
Class of 2020	-	12,948.88	-	12,948.88
Girls & Boys State	-	-	-	-
Prom	999.00	3,284.12	616.12	3,667.00
Student Council	21,189.00	21,051.99	15,753.20	26,487.79
Bridger Alternative	1,263.84	-	-	1,263.84
MTI	-	-	-	-
Amnesty International	674.28	-	674.28	-
The B Club	-	-	-	-
Key Club	1,637.05	398.69	1,701.82	333.92
Leo Club	1,964.94	1,127.44	1,366.96	1,725.42
Human Rights Club	-	150.00	-	150.00
National Honor Society	1,239.03	2,705.19	1,786.79	2,157.43
Project X2	5,699.23	3,865.25	5,869.00	3,695.48
Recycle	-	-	-	-
Special Ed Concessions	5,344.78	60.00	207.55	5,197.23
SAGA	1,084.59	367.00	849.41	602.18
Interact Club	607.86	1,598.50	158.17	2,048.19
Band	4,793.91	63,467.11	61,176.20	7,084.82
Choir	2,508.64	268,328.13	249,571.64	21,265.13
Orchestra	6,642.77	24,351.86	21,720.47	9,274.16
Aerie	13,187.34	8,420.87	7,193.17	14,415.04
Hawk Tawk	402.09	6,544.75	3,466.96	3,479.88
Hawk TV Club	505.85	-	-	505.85
Scribblings	762.03	544.60	100.00	1,206.63
General	1,175.00	2,380.19	1,758.56	1,796.63
Total	\$ 229,676.06	\$ 969,606.25	\$ 924,345.47	\$ 274,936.84

(Concluded)

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2019**

Enrollment	As Reported	Audit Per District Records	Difference
Fall Enrollment - October 1, 2018			
Elementary School District			
Pre K-6:			
(a.) Pre-Kindergarten *	49	49	0
(b.) Kindergarten	504	504	0
(c.) Grades 1 - 6	3195	3195	0
(d.) Part-Time (number of part-time students included on line b and c above)	5	5	0
7-8:			
(e.) Grade 7-8	1043	1043	0
(f.) Part-Time (number of part-time students included on line e above)	5	5	0
(g.) Total (add lines a, b, c and e)	4791	4791	0
High School District			
9-12:			
(h.) Grades 9-12	2224	2224	0
(i.) Part-Time (number of part-time students included on line h above)	22	22	0
(j.) 19 year-olds included on line h	2	2	0
(k.) Montana Youth Challenge Academy and Job Corps students included on line h	1	1	0
Spring Enrollment - February 4, 2019			
Elementary School District			
Pre K-6:			
(l.) Pre-Kindergarten *	49	49	0
(m.) Kindergarten	506	506	0
(n.) Grades 1 - 6	3218	3218	0
(o.) Part-Time (number of part-time students included on line l and m above)	3	3	0
7-8:			
(p.) Grade 7-8	1035	1035	0
(q.) Part-Time (number of part-time students included on line o above)	6	6	0
(r.) Total (add lines k, l, m and o)	4808	4808	0
High School District			
9-12:			
(s.) Grades 9-12	2154	2154	0
(t.) Part-Time (number of part-time students included on line r above)	17	17	0
(u.) 19 year-olds included on line r	2	2	0
(v.) Early Graduates	15	15	0
(w.) Montana Youth Challenge Academy and Job Corps students included on line s	13	13	0

* The Pre-Kindergarten amounts above are not required to be audited.

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	154
These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.	
Revenue Capacity	159
These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.	
Debt Capacity	166
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	170
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	172
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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 33,258,003	\$ 35,512,140	\$ 38,752,077	\$ 41,859,235	\$ 44,554,505	\$ 50,406,598	\$ 53,028,385	\$ 52,358,871	\$ 51,973,114	\$ 60,340,748
Restricted	9,741,156	8,779,717	9,586,558	12,475,447	10,415,989	9,898,371	10,916,375	14,626,706	17,974,372	18,672,551
Unrestricted	<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>	<u>(38,114,429)</u>	<u>(37,468,356)</u>	<u>(41,542,617)</u>	<u>(35,496,544)</u>
Total governmental activities net position	<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>	<u>\$ 25,830,331</u>	<u>\$ 29,517,221</u>	<u>\$ 28,404,869</u>	<u>\$ 43,516,755</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, the new standard for other postemployment benefits activity required by GASB Statement 75 in fiscal year 2018, and finally, early implemented GASB Statement 84 in fiscal year 2019

Table 2

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

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Instruction	\$ 30,604,653	\$ 30,254,885	\$ 31,164,999	\$ 31,716,354	\$ 35,618,686	\$ 35,354,198	\$ 37,265,828	\$ 42,124,323	\$ 43,026,874	\$ 43,667,751
Support services	6,705,443	6,506,964	6,903,108	7,412,715	8,887,042	9,941,072	10,288,823	10,761,333	11,168,070	11,343,464
General administration	2,408,966	2,427,344	2,728,377	2,563,815	2,815,439	3,413,430	3,329,484	3,672,373	3,955,888	3,892,055
Building administration	3,379,725	3,506,951	3,568,685	3,310,381	3,614,781	4,085,993	4,001,440	4,286,364	4,427,837	4,642,232
Operations and maintenance	4,785,116	5,887,349	5,852,700	5,055,062	6,443,041	6,311,684	5,673,633	6,246,085	6,745,515	9,982,952
Student transportation	1,578,194	1,751,558	1,844,503	1,801,699	2,193,615	2,339,489	2,434,259	2,319,235	2,486,481	2,511,789
Food services	1,627,069	1,686,356	1,808,610	1,868,641	2,148,983	1,906,087	2,005,265	2,179,268	2,022,080	1,994,843
Extracurricular activities	911,863	928,880	897,486	932,725	1,170,210	1,507,974	1,465,920	1,560,728	1,652,681	3,037,684
Unallocated depreciation	1,670,495	2,277,029	2,734,240	2,851,136	3,387,281	3,643,476	3,919,169	4,056,661	4,530,430	5,046,184
Interest and fiscal charges	3,005,401	2,849,464	2,705,910	3,003,231	3,517,576	2,683,339	2,934,288	2,898,000	6,531,974	5,975,573
Total governmental activities expenses	<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>	<u>\$ 73,318,109</u>	<u>\$ 80,104,370</u>	<u>\$ 86,547,830</u>	<u>\$ 92,094,527</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 753,021	\$ 749,691	\$ 707,919	\$ 835,292	\$ 859,372	\$ 700,800	\$ 710,250	\$ 688,342	\$ 703,800	\$ 787,185
Food services	1,114,078	1,090,682	1,172,420	1,174,689	1,180,670	1,042,607	1,253,628	1,402,986	1,346,085	1,410,177
Other functional activities	704,901	782,544	949,140	684,405	711,686	1,025,050	798,034	1,242,787	1,253,858	1,360,210
Operating grants and contributions	9,639,736	10,701,409	9,053,281	9,657,240	11,039,331	10,441,288	10,884,477	10,572,999	10,669,076	12,409,589
Capital grants and contributions	1,001,944	537,755	934,990	2,216,427	27,358	2,326,971	133,064	231,315	156,003	207,756
Total governmental activities program revenues	<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>	<u>\$ 13,779,453</u>	<u>\$ 14,138,429</u>	<u>\$ 14,128,822</u>	<u>\$ 16,174,917</u>
Total governmental activities net expense	<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>	<u>\$ (59,538,656)</u>	<u>\$ (65,965,941)</u>	<u>\$ (72,419,008)</u>	<u>\$ (75,919,610)</u>
General Revenues and Transfers										
Governmental activities:										
General Revenues:										
District property taxes	\$ 25,517,907	\$ 26,005,786	\$ 25,901,455	\$ 27,624,361	\$ 30,291,040	\$ 30,381,590	\$ 31,161,445	\$ 33,008,907	\$ 35,963,449	\$ 43,173,454
Investment earnings	404,319	212,450	196,015	173,809	164,158	171,422	228,192	378,296	665,974	2,820,120
Unrestricted county distribution - retirement	4,319,087	4,628,599	4,677,674	5,107,947	5,770,760	5,759,010	6,625,912	6,814,815	7,018,292	7,302,635
Unrestricted state equalization	12,631,646	11,651,621	14,168,581	14,847,712	16,080,262	16,757,156	17,734,527	18,795,297	19,163,278	19,867,754
Unrestricted state guaranteed tax base subsidy	1,489,387	1,619,235	1,730,896	2,296,582	2,734,398	3,138,561	3,469,015	4,201,145	4,947,869	6,095,249
Unrestricted state motor vehicle fee reimbursement	1,616,183	1,628,465	1,628,465	1,773,347	1,773,347	1,969,511	1,969,511	1,969,511	65,255	-
Unrestricted state quality educator	1,247,959	1,264,058	1,257,904	1,266,515	1,302,442	1,399,168	1,453,177	1,489,151	1,591,226	1,655,169
Unrestricted state on-behalf pension	-	-	-	-	-	1,571,377	1,622,924	2,277,460	2,083,447	2,708,996
Unrestricted other state revenue	85,836	86,488	183,766	438,003	256,841	754,681	582,126	718,249	242,837	95,770
Gain(loss) on sale of capital assets	-	-	-	-	-	-	(28,781)	-	2,273,272	-
Transfers	-	-	-	-	(2,006,200)	-	-	-	-	-
Total governmental activities general revenues and transfers	<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>	<u>\$ 64,818,048</u>	<u>\$ 69,652,831</u>	<u>\$ 74,014,899</u>	<u>\$ 83,719,147</u>
Change in Net Position										
Governmental activities	<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>	<u>\$ 5,279,392</u>	<u>\$ 3,686,890</u>	<u>\$ 1,595,891</u>	<u>\$ 7,799,537</u>

Table 3

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ 339,845									
Unreserved	1,621,285									
Nonspendable		\$ 4,388	\$ 4,623	\$ 5,421	\$ 36,085	\$ 8,986	\$ 7,729	\$ 54,643	\$ 46,382	\$ 50,758
Restricted		-	-	-	-	-	-	-	-	-
Committed		-	-	-	-	-	-	-	-	-
Assigned		429,580	365,306	465,196	353,134	443,846	291,534	347,273	485,825	583,467
Unassigned		2,341,289	2,504,519	2,926,355	3,109,044	4,244,719	4,569,984	4,651,098	4,827,286	4,896,460
Total general fund	<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>	<u>\$ 4,869,247</u>	<u>\$ 5,053,014</u>	<u>\$ 5,359,493</u>	<u>\$ 5,530,685</u>
All other governmental funds										
Reserved	\$ 1,007,568									
Unreserved, reported in:										
Special revenue funds	6,884,962									
Capital projects funds	8,820,311									
Nonspendable		\$ 28,589	\$ 37,592	\$ 50,525	\$ 291,698	\$ 57,346	\$ 99,959	\$ 122,183	\$ 106,636	\$ 128,609
Restricted		12,546,192	9,831,486	23,560,751	13,443,730	10,378,732	33,785,649	20,232,153	114,409,498	62,385,982
Committed		-	1,463,593	1,743,226	1,613,722	1,966,790	2,116,211	2,311,975	2,306,699	8,702,384
Assigned		241,168	-	-	-	-	-	-	-	-
Unassigned		(57,451)	(130,307)	(7,901)	(3,883)	-	(183,186)	(508,704)	-	(157,274)
Total all other governmental funds	<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>	<u>\$ 35,818,633</u>	<u>\$ 22,157,607</u>	<u>\$ 116,822,833</u>	<u>\$ 71,059,701</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
District property taxes	\$ 24,883,053	\$ 26,545,666	\$ 26,751,318	\$ 27,590,997	\$ 29,992,132	\$ 31,562,546	\$ 31,443,349	\$ 32,950,899	\$ 36,059,072	\$ 42,870,991
Tuition and fees	1,309,338	1,269,001	1,407,899	1,353,370	1,349,404	1,223,051	1,423,480	1,588,411	1,551,887	1,615,926
Investment earnings	340,176	146,501	115,677	133,505	120,319	118,700	187,590	350,335	620,149	2,751,824
Other district revenue	1,013,307	966,899	1,619,654	1,374,732	2,054,037	4,045,874	2,699,956	2,840,115	2,990,357	4,674,485
Gallatin County	4,643,079	4,962,871	5,026,254	5,442,341	6,147,312	6,136,520	7,018,606	7,182,241	7,384,452	7,664,382
State of Montana	20,989,422	19,909,687	23,001,183	24,899,502	26,625,282	28,718,705	29,537,088	31,496,426	32,294,723	34,746,336
Federal	5,104,214	5,984,544	3,421,088	3,505,205	3,862,088	3,902,080	4,162,866	4,239,056	4,264,635	4,193,927
Total revenues	58,282,589	59,785,169	61,343,073	64,299,652	70,150,574	75,707,476	76,472,935	80,647,483	85,165,275	98,517,871
Expenditures										
Instruction	29,183,083	29,186,027	29,973,733	30,815,248	34,059,897	33,944,215	36,098,615	38,847,417	41,581,051	42,119,810
Support services	6,574,898	6,414,239	6,818,826	7,407,391	8,726,400	9,703,778	10,166,405	10,158,534	10,930,478	11,117,573
General administration	2,266,440	2,315,573	2,625,336	2,490,089	2,615,520	3,119,659	3,268,472	3,391,852	3,695,292	3,786,571
Building administration	3,163,077	3,260,330	3,337,108	3,247,724	3,471,766	3,863,551	3,906,172	3,958,140	4,222,891	4,465,895
Operations and maintenance	4,700,440	5,240,989	5,420,379	4,971,441	6,308,007	6,050,416	5,827,721	6,084,807	6,485,815	9,835,437
Student transportation	1,575,172	1,748,225	1,841,957	1,799,240	2,191,740	2,334,829	2,438,768	2,309,299	2,479,667	2,508,321
Food services	1,603,425	1,671,841	1,785,246	1,838,621	2,093,596	1,744,875	1,980,927	2,042,167	1,855,584	1,887,131
Extracurricular activities	901,574	917,404	889,182	928,333	1,150,819	1,476,615	1,460,130	1,500,949	1,619,349	3,005,627
Capital outlay	13,768,914	5,342,833	3,668,987	17,606,813	9,666,273	7,804,643	4,220,217	16,959,674	17,569,890	54,216,538
Debt service										
Principal	3,982,059	4,092,059	4,247,059	5,488,708	4,565,554	5,110,554	4,970,554	5,775,000	7,125,000	10,420,000
Interest and fiscal charges	2,954,436	2,835,865	2,692,203	2,970,582	3,194,845	2,511,325	2,893,377	3,107,109	6,509,382	6,947,712
Bond issuance costs	56,742	-	-	260,334	-	357,643	191,730	101,814	589,540	-
Total expenditures	70,730,260	63,025,385	63,300,016	79,824,524	78,044,417	78,022,103	77,423,088	94,236,762	104,663,939	150,310,615
Excess of revenues over (under) expenditures	(12,447,671)	(3,240,216)	(1,956,943)	(15,524,872)	(7,893,843)	(2,314,627)	(950,153)	(13,589,279)	(19,498,664)	(51,792,744)
Other financing sources (uses)										
Sale of capital assets	-	-	-	-	-	-	-	-	2,274,779	500
Transfers in	1,281,921	631,395	-	-	-	-	-	1,082,176	677,521	1,204,016
Transfers out	(1,281,921)	(631,395)	-	-	(2,006,200)	-	-	(1,082,176)	(677,521)	(1,204,016)
Property damage insurance proceeds	-	100,000	500,000	2,093,038	-	201,127	-	-	-	-
General obligation bonds issued	-	-	-	26,375,000	-	-	21,500,000	-	100,000,000	-
Limited obligation bonds issued	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	3,275,000	-	-	-	-	36,335,000	-	10,510,000	-	-
Premium on bonds issued	110,840	-	-	1,723,595	-	3,331,744	3,037,614	576,318	12,195,590	-
Payments to refunded bond escrow agent	(3,321,928)	-	-	-	-	(39,296,355)	-	(10,974,298)	-	-
Total other financing sources (uses)	63,912	100,000	500,000	30,191,633	(2,006,200)	571,516	24,537,614	112,020	114,470,369	500
Net change in fund balances	<u>\$ (12,383,759)</u>	<u>\$ (3,140,216)</u>	<u>\$ (1,456,943)</u>	<u>\$ 14,666,761</u>	<u>\$ (9,900,043)</u>	<u>\$ (1,743,111)</u>	<u>\$ 23,587,461</u>	<u>\$ (13,477,259)</u>	<u>\$ 94,971,705</u>	<u>\$ (51,792,244)</u>
Debt service as a percentage of noncapital expenditures	12.2%	12.0%	11.6%	13.6%	11.3%	10.9%	10.7%	11.5%	15.7%	18.1%

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
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
2016	28,757,525	5,667,972	2,383,801	3,180,616	4,130,151	-	2,556	1,027,165	10,329	-	45,160,115
2017	30,717,087	5,874,044	2,452,863	3,226,003	4,557,683	5,477	2,123	1,027,406	-	-	47,862,686
2018	31,280,215	6,057,086	2,717,236	3,310,466	4,447,031	3,954	1,168	1,099,573	-	-	48,916,729
2019	\$ 30,955,857	\$ 6,139,961	\$ 2,691,767	\$ 3,459,782	\$ 4,690,390	\$ 14,118	\$ 410	\$ 1,130,482	\$ -	\$ -	\$ 49,082,767

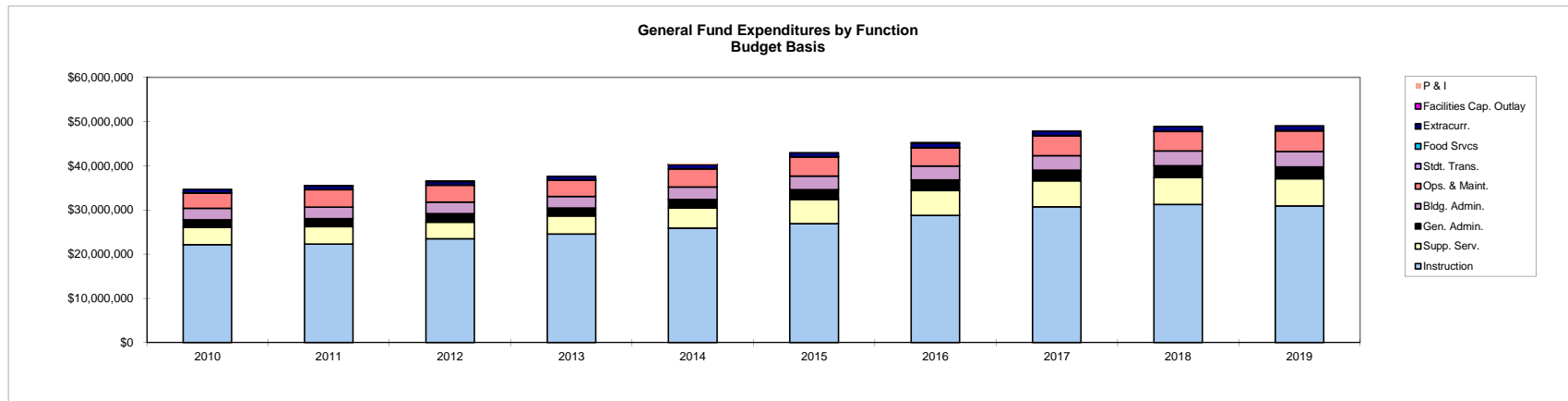


Table 6

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 ³	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:											
2010	\$ 117,329,369	\$ 3,888,212,136	3.0%	130.49	0.13049	\$ 15,432,743	\$ 14,194,814	91.98%	\$ 1,237,929	\$ 15,432,743	100.00% ²
2011	121,072,738	4,135,670,271	2.9%	121.55	0.12155	14,619,619	13,975,603	95.59%	609,477	14,585,080	99.76%
2012	122,688,282	4,375,448,618	2.8%	123.38	0.12338	15,000,166	14,264,897	95.10%	726,200	14,991,097	99.94%
2013	124,859,611	4,633,513,028	2.7%	131.45	0.13145	16,419,994	15,743,823	95.88%	617,564	16,361,387	99.64%
2014	128,394,150	4,931,149,202	2.6%	145.25	0.14525	18,477,949	17,897,333	96.86%	531,754	18,429,087	99.74%
2015	131,762,887	5,231,028,932	2.5%	143.70	0.14370	18,910,738	18,374,140	97.16%	536,598	18,910,738	100.00%
2016	127,702,815	8,302,361,471	1.5%	151.15	0.15115	19,139,054	18,753,331	97.98%	385,723	19,139,054	100.00%
2017	133,379,457	8,558,370,042	1.6%	154.81	0.15481	20,431,673	20,016,059	97.97%	415,614	20,431,673	100.00%
2018	151,994,908	9,949,720,141	1.5%	146.92	0.14692	22,244,388	21,898,102	98.44%	346,286	22,244,388	100.00%
2019	\$ 156,191,478	\$ 10,241,820,489	1.5%	142.63	0.14263	\$ 22,302,303	\$ 21,849,924	97.97%	\$ -	\$ 21,849,924	97.97%
High School District:											
2010	\$ 138,744,445	\$ 4,593,821,578	3.0%	69.05	0.06905	\$ 10,460,314	\$ 9,463,193	90.47%	\$ 997,121	\$ 10,460,314	100.00% ²
2011	143,508,070	4,898,411,705	2.9%	75.34	0.07534	11,148,142	10,579,367	94.90%	564,201	11,143,568	99.96%
2012	145,618,673	5,189,061,038	2.8%	73.48	0.07348	11,027,493	10,430,413	94.59%	597,080	11,027,493	100.00%
2013	148,311,838	5,501,565,981	2.7%	71.81	0.07181	11,088,494	10,601,483	95.61%	459,065	11,060,548	99.75%
2014	152,997,133	5,873,324,071	2.6%	73.16	0.07316	11,512,340	11,135,267	96.72%	357,951	11,493,218	99.83%
2015	157,393,739	6,240,141,982	2.5%	72.97	0.07297	11,900,498	11,541,757	96.99%	358,741	11,900,498	100.00%
2016	152,115,661	9,866,466,343	1.5%	76.76	0.07676	11,912,121	11,648,459	97.79%	263,662	11,912,121	100.00%
2017	159,327,210	10,195,548,038	1.6%	77.25	0.07725	12,519,614	12,258,917	97.92%	260,697	12,519,614	100.00%
2018	182,556,412	11,883,420,029	1.5%	73.10	0.07310	13,668,444	13,432,253	98.27%	236,191	13,668,444	100.00%
2019	\$ 187,815,184	\$ 12,249,935,144	1.5%	108.95	0.10895	\$ 20,849,282	\$ 20,391,142	97.80%	\$ -	\$ 20,391,142	97.80%
Total District:											
2010	\$ 138,744,445	\$ 4,593,821,578	3.0%	199.54	0.19954	\$ 25,893,057	\$ 23,658,007	91.37%	\$ 2,235,050	\$ 25,893,057	100.00% ²
2011	143,508,070	4,898,411,705	2.9%	196.89	0.19689	25,767,761	24,554,970	95.29%	1,173,678	25,728,648	99.85%
2012	145,618,673	5,189,061,038	2.8%	196.86	0.19686	26,027,659	24,695,310	94.88%	1,323,280	26,018,590	99.97%
2013	148,311,838	5,501,565,981	2.7%	203.26	0.20326	27,508,488	26,345,306	95.77%	1,076,629	27,421,935	99.69%
2014	152,997,133	5,873,324,071	2.6%	218.41	0.21841	29,990,289	29,032,600	96.81%	889,705	29,922,305	99.77%
2015	157,393,739	6,240,141,982	2.5%	216.67	0.21667	30,811,236	29,915,897	97.09%	895,339	30,811,236	100.00%
2016	152,115,661	9,866,466,343	1.5%	227.91	0.22791	31,051,175	30,401,790	97.91%	649,385	31,051,175	100.00%
2017	159,237,210	10,195,548,038	1.6%	232.06	0.23206	32,951,287	32,274,976	97.95%	676,311	32,951,287	100.00%
2018	182,556,412	11,883,420,029	1.5%	220.02	0.22002	35,912,832	35,330,355	98.38%	582,477	35,912,832	100.00%
2019	\$ 187,815,184	\$ 12,249,935,144	1.5%	251.58	0.25158	\$ 43,151,585	\$ 42,241,066	97.89%	\$ -	\$ 42,241,066	97.89%

¹ Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 2009-10 fiscal year is calculated as of January 2009).

² Fiscal year 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				
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	188.76	224.58	46.00	676.01
2016	151.15	76.76	210.16	245.58	46.00	729.65
2017	154.81	77.25	205.30	240.00	46.00	723.36
2018	146.92	73.10	187.33	224.83	46.00	678.18
2019	142.63	108.95	191.24	235.25	46.00	724.07

Tax Levies						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
2010	\$ 15,432,743	\$ 10,460,314	\$ 13,324,175	\$ 47,389,128	\$ 10,368,133	\$ 96,974,493
2011	14,619,619	11,148,142	13,567,611	50,835,661	10,765,805	100,936,838
2012	15,000,166	11,027,493	13,683,839	51,333,428	10,943,772	101,988,698
2013	16,419,994	11,088,494	13,878,293	52,310,804	11,186,876	104,884,461
2014	18,477,949	11,512,340	14,821,724	55,391,002	11,529,349	111,732,364
2015	18,910,738	11,900,498	16,590,871	57,717,285	11,822,046	116,941,438
2016	19,139,054	11,912,121	18,191,892	59,586,541	11,161,255	119,990,863
2017	20,431,673	12,519,614	18,338,501	61,070,983	11,705,252	124,066,023
2018	22,244,388	13,668,444	18,956,357	64,517,928	13,200,306	132,587,423
2019	\$ 22,302,303	\$ 20,849,282	\$ 19,950,428	\$ 69,587,400	\$ 13,606,888	\$ 146,296,301

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2018-19
Gallatin County Treasurer
City of Bozeman

Table 8

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

Taxpayer	2019			2010		
	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	\$ 12,034,153	1	7.70%	\$ 6,670,251	1	5.69%
Verizon Wireless	827,714	2	0.53%	-		-
Centurylink, Inc.	724,926	3	0.46%	1,466,164	2	1.25%
Charter Communications Inc	638,506	4	0.41%	-		-
NB Stadium View Dst	460,554	5	0.29%	-		-
Harry Daum (Gallatin Mall)	446,722	6	0.29%	533,461	3	0.45%
Stone Ridge Partners LLC	423,820	7	0.27%	357,325	7	0.30%
J & D Family Limited Partnership (JC Billion)	376,961	8	0.24%	-		-
Bridger Peaks Holdings LLC	374,868	9	0.24%	-		-
Mitchell Development & Investment LLC	373,066	10	0.24%	326,043	10	0.28%
Bozeman Deaconess Foundation	-		-	504,584	4	0.43%
BVI/HJSI Bozeman LLC	-		-	402,806	5	0.34%
Wal-Mart Stores	-		-	377,391	6	0.32%
Cellco Partnership	-		-	344,823	8	0.29%
Lowe's HIW Inc.	-		-	340,678	9	0.29%
Total	\$ 16,681,290		10.67%	\$ 11,323,526		9.64%

Source: Gallatin County Treasurer
State of Montana Department of Revenue - Appraisal/Assessment Division

Table 9

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

Taxpayer	2019			2010		
	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	\$ 14,600,338	1	7.77%	\$ 7,835,389	1	5.65%
Verizon Wireless	855,963	2	0.46%	-		-
Centurylink, Inc.	756,215	3	0.40%	1,627,951	2	1.17%
Charter Communications Inc	638,506	4	0.34%	-		-
NB Stadium View Dst	460,554	5	0.25%	-		-
Harry Daum (Gallatin Mall)	446,722	6	0.24%	533,461	4	0.38%
Stone Ridge Partners LLC	423,820	7	0.23%	357,325	9	0.26%
D & G Investments LLP (Ressler Motors)	383,635	8	0.20%	-		-
Zoot Properties LLC	379,533	9	0.20%	595,393	3	0.43%
J & D Family Limited Partnership (JC Billion)	376,961	10	0.20%			
Bozeman Deaconess Foundation	-		-	504,584	5	0.36%
BVI/HJSI Bozeman LLC	-		-	402,806	6	0.29%
Black Bull Run Development LLC	-		-	490,690	7	0.35%
Wal-Mart Stores	-		-	377,391	8	0.27%
Cellco Partnership	-		-	347,565	10	0.25%
Total	\$ 19,322,247		10.29%	\$ 13,072,555		9.41%

Source: Gallatin County Treasurer
State of Montana Department of Revenue - Appraisal/Assessment Division

Table 10

BOZEMAN SCHOOL DISTRICT NO. 7
Revenue by Source - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2019
(modified accrual basis of accounting)

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	\$42,870,991	43.52%
Tuition and fees	1,615,926	1.64%
Investment earnings	2,751,824	2.79%
Other district revenue	4,674,485	4.74%
County retirement	7,302,635	7.41%
County transportation	361,747	0.37%
Total revenue from local and intermediate sources	<u>59,577,608</u>	<u>60.47%</u>
Revenue from State sources:		
State equalization	19,867,754	20.17%
State special education allowable costs	2,015,845	2.05%
State guarantee tax base subsidy	6,095,249	6.19%
State transportation	316,269	0.32%
State on-behalf pension revenue	2,708,996	2.75%
State quality educator	1,655,169	1.68%
State medicaid, medicaid admin, CSCT	1,584,557	1.61%
Other State revenue	502,497	0.51%
Total revenue from State sources	<u>34,746,336</u>	<u>35.28%</u>
Revenue from Federal sources:		
Other Federal Grants	513,627	0.52%
Federal SAFE-TI	885,409	0.90%
Federal Title I Part A, Schoolwide and School Support	752,552	0.76%
Federal IDEA Part B and Preschool	1,318,163	1.34%
Federal Title IIA	278,030	0.28%
Federal food service	446,146	0.45%
Total revenue from Federal sources	<u>4,193,927</u>	<u>4.25%</u>
Total governmental funds revenue	<u>\$98,517,871</u>	<u>100.00%</u>

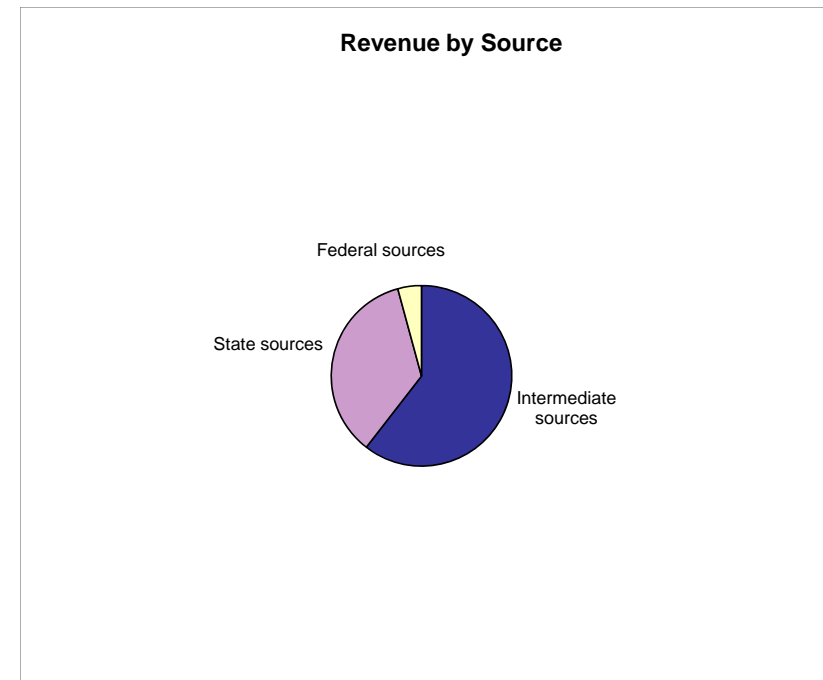


Table 11

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

Year	District Tax Levies	Tuition & Fees	Investment Earnings	Other District Revenue	State of Montana	Federal	Total
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
2016	18,170,793	32,546	55,443	222,660	27,002,682	-	45,484,124
2017	18,464,582	46,339	94,664	222,048	29,163,080	-	47,990,713
2018	20,901,867	54,241	149,892	212,500	28,005,171	-	49,323,671
2019	\$ 20,257,762	\$ 71,754	\$ 203,371	\$ 143,988	\$ 29,930,177	\$ -	\$ 50,607,052

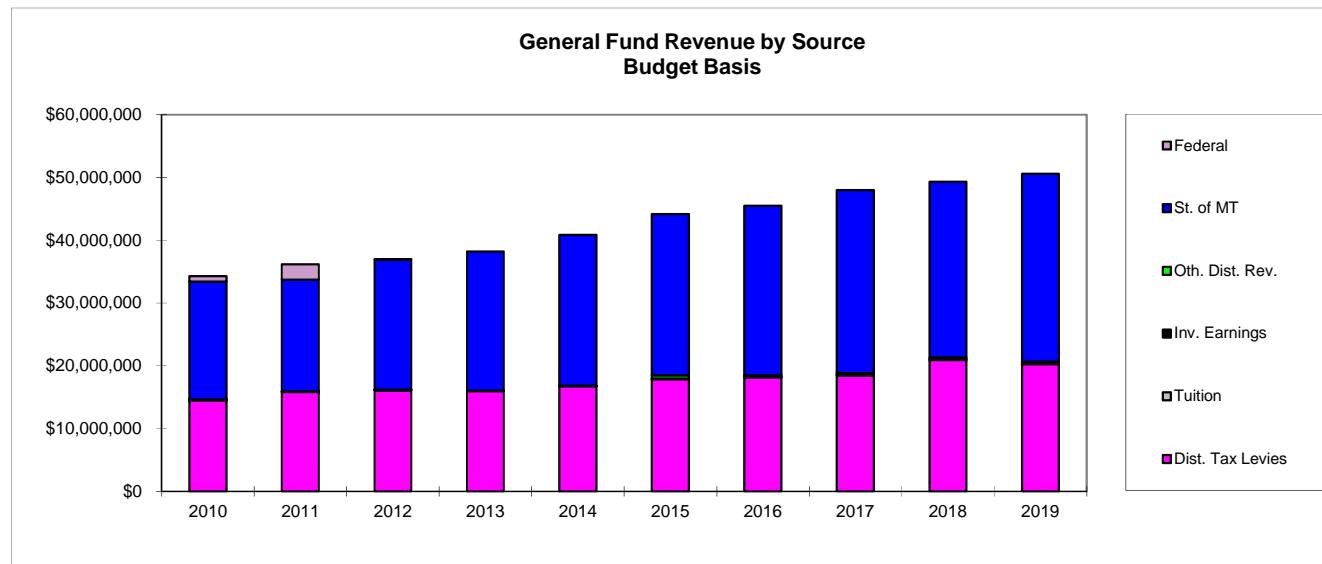


Table 12

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
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
2016	18,481,442	27,002,682	-	45,484,124	6,533	2,829	4,133	-	6,962
2017	18,827,633	29,163,080	-	47,990,713	6,770	2,781	4,308	-	7,089
2018	21,318,500	28,005,171	-	49,323,671	6,908	3,086	4,054	-	7,140
2019	\$ 20,676,875	\$ 29,930,177	\$ -	\$ 50,607,052	7,015	\$ 2,948	\$ 4,267	\$ -	\$ 7,215

Source: District Records

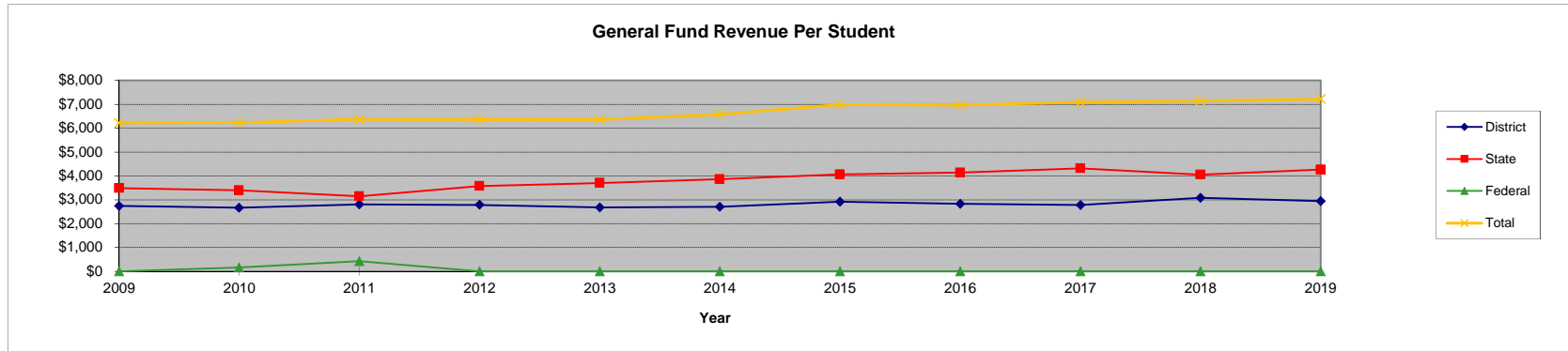


Table 13

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	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:								
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	2.33%
2015	52,507	131,762,887	52,486,972	163,367	52,650,339	39.96%	1,003	2.14%
2016	53,032	127,702,815	73,878,829	-	73,878,829	57.85%	1,393	2.73%
2017	53,430	133,379,457	70,006,667	-	70,006,667	52.49%	1,310	2.53%
2018	53,756	151,994,908	64,615,548	-	64,615,548	42.51%	1,202	Not Available
2019	54,294	\$ 156,191,478	\$ 59,489,429	\$ -	\$ 59,489,429	38.09%	\$ 1,096	Not Available
High School District:								
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	1.01%
2015	63,337	157,393,739	27,891,801	-	27,891,801	17.72%	440	0.94%
2016	63,970	152,115,661	25,727,015	-	25,727,015	16.91%	402	0.79%
2017	64,450	159,327,210	23,687,179	-	23,687,179	14.87%	368	0.71%
2018	64,933	182,556,412	132,916,301	-	132,916,301	72.81%	2,047	Not Available
2019	65,582	\$ 187,815,184	\$ 126,338,591	\$ -	\$ 126,338,591	67.27%	\$ 1,926	Not Available

⁽¹⁾ **2010-2019** The 2010 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.

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 they have used up more of the Elementary District legal debt margin. This would be inaccurate as their Elementary-only 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, 2019

Elementary District:										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 58,664,685	\$ 60,536,369	\$ 61,855,448	\$ 65,771,565	\$ 69,895,920	\$ 74,647,850	\$ 151,568,800	\$ 159,292,770	\$ 166,941,000	\$ 181,003,120
Total net debt applicable to limit	36,792,190	34,681,679	59,086,735	55,371,791	52,554,788	49,445,071	68,070,655	63,203,682	58,643,412	54,675,000
Legal debt margin	<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>	<u>\$ 83,498,145</u>	<u>\$ 96,089,088</u>	<u>\$ 108,297,588</u>	<u>\$ 126,328,120</u>
Total net debt applicable to the limit as a percentage of debt limit	62.72%	57.29%	95.52%	84.19%	75.19%	66.24%	44.91%	39.68%	35.13%	30.21%
High School District:										
Debt limit	\$ 69,372,223	\$ 71,754,035	\$ 72,809,337	\$ 74,155,919	\$ 76,498,567	\$ 78,876,700	\$ 159,526,080	\$ 177,962,400	\$ 189,157,540	\$ 205,231,320
Total net debt applicable to limit	35,260,000	33,670,000	31,984,546	30,245,931	28,465,004	26,116,526	24,230,021	147,074,275	144,951,126	139,255,000
Legal debt margin	<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>	<u>\$ 135,296,059</u>	<u>\$ 30,888,125</u>	<u>\$ 44,206,414</u>	<u>\$ 65,976,320</u>
Total net debt applicable to the limit as a percentage of debt limit	50.83%	46.92%	43.93%	40.79%	37.21%	33.11%	15.19%	82.64%	76.63%	67.85%
			Elementary District	High School District						
Legal Debt Margin Calculation for Fiscal Year 2018										
District taxable valuation			\$ 156,191,478	\$ 187,815,184						
Times: 100%			1.00	1.00						
District taxable valuation legal debt service limit			156,191,478	187,815,184						
Facility guaranteed mill value per ANB X 1,000			\$ 36,670	\$ 90,490						
Times: Student ANB			4,936	2,268						
Times: 100%			1.00	1.00						
Facility guaranted mill taxable valuation debt service limit			181,003,120	205,231,320						
Legal Debt Service Limit *			\$ 181,003,120	\$ 205,231,320						
General Obligation Bonds Payable			54,675,000	114,255,000						
Less: Cash Available for Retirement of Bonds			-	-						
Net Amount of Bonds Payable Applicable to Limit			54,675,000	114,255,000						
Margin Above Bonds Payable			126,328,120	90,976,320						
Less: General Obligation Bonds Authorized but Unused			-	25,000,000						
Legal Debt Margin			\$ 126,328,120	\$ 65,976,320						

* Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 100% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the facility guaranteed mill valuation per ANB multiplied by the average number of students belonging in a particular district multiplied by 100%. The state legislature changed the percentage used in item 1 and 2 above to 100% from 50% effective for fiscal years 2016 and beyond. It was previously changed from 45% to 50% effective for fiscal years 2009 through 2015. The District taxable valuations for August 2018 are used in the above calculation. In the 2019 fiscal year, the Elementary and High School District both utilized the Facility guaranteed mill taxable valuation method to calculate their respective legal debt service limits.

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 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, 2019

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 2012 (originally \$10,000,000)	\$ 7,165,833	100.0%	\$ 7,165,833	0.0%	\$ -
G.O. Issue 2013 (originally \$16,375,000)	12,738,122	100.0%	12,738,122	0.0%	-
G.O. Issue 2014 (originally \$ 9,500,000)	9,267,709	100.0%	9,267,709	0.0%	-
G.O. Issue 2015 (originally \$8,935,000)	6,635,728	100.0%	6,635,728	0.0%	-
G.O. Issue 2016 (originally \$21,500,000)	21,532,359	100.0%	21,532,359	0.0%	-
G.O. Issue 2017 (originally \$4,610,000)	2,149,678	100.0%	2,149,678	0.0%	-
Bozeman High School District:					
G.O. Issue 2014 (originally \$ 9,150,000)	9,519,257	83.2%	7,920,022	16.8%	1,599,235
G.O. Issue 2015 (originally \$8,750,000)	4,491,280	83.2%	3,736,745	16.8%	754,535
G.O. Issue 2017 (originally \$5,900,000)	4,796,030	83.2%	3,990,297	16.8%	805,733
G.O. Issue 2017 (originally \$100,000,000)	<u>107,532,024</u>	83.2%	<u>89,466,644</u>	16.8%	<u>18,065,380</u>
Total Direct Debt	<u>\$ 185,828,020</u>		<u>\$ 164,603,137</u>		<u>\$ 21,224,883</u>
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	\$ 30,275,000	52.8%	\$ 15,985,200	10.7%	\$ 3,239,425
City of Bozeman:					
Various Issues	<u>21,947,366</u>	100%	<u>21,947,366</u>	0.0%	<u>-</u>
Total Overlapping Debt	<u>\$ 52,222,366</u>		<u>\$ 37,932,566</u>		<u>\$ 3,239,425</u>
Total Direct and Overlapping debt			<u>\$ 202,535,703</u>		<u>\$ 24,464,308</u>

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:					
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%
2016	2,865,000	1,633,550	4,498,550	29,910,514	15.04%
2017	3,775,000	2,278,319	6,053,319	31,322,896	19.33%
2018	4,950,000	2,292,707	7,242,707	31,996,831	22.64%
2019	\$ 4,685,000	\$ 2,096,407	\$ 6,781,407	\$ 32,506,081	20.86%
High School:					
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%
2016	1,965,000	955,781	2,920,781	15,249,601	19.15%
2017	2,000,000	770,770	2,770,770	16,539,790	16.75%
2018	2,175,000	4,212,507	6,387,507	16,919,898	37.75%
2019	\$ 5,735,000	\$ 4,840,515	\$ 10,575,515	\$ 16,576,686	63.80%

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)
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	41,137	2,127,975,873	2,566,866,526	4.5%
2014	52,246	63,022	44,553	2,327,716,038	2,807,819,166	3.6%
2015	52,507	63,337	46,958	2,465,623,706	2,974,178,846	2.8%
2016	53,032	63,970	50,987	2,703,942,584	3,261,638,390	2.7%
2017	53,430	64,450	\$ 51,751	\$ 2,765,055,930	\$ 3,335,351,950	2.5%
2018	53,756	64,933	Not available	Not available	Not available	2.3%
2019	54,294	65,582	Not available	Not available	Not available	2.0%

Sources and other information:

- (1) 2010 - 2019 : The 2010-2019 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 (presenting the "not seasonally adjusted" unemployment rate).

Table 18

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

June 2019		June 2010	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	9
Oracle America	8	Right Now Technologies	7
Kenyon Noble Lumber & Hardware	7	Wal-Mart	7
Town Pump Convenience Stores	7	Albertsons	6
Wal Mart	7	Bozeman Daily Chronicle	6
Zoot Enterprises	7	Community Food Coop	6
Albertson's	6	Costco	6
Bridger Bowl	6	First Security Bank	6
Community Food Co-Op	6	First Student Management	6
Costco	6	Grantree Inn	6
First Security Bank	6	JTL Group	6
First Student Management	6	Kenyon Noble Lumber & Hardware	6
McDonald's	6	Korman Marketing Group	6
Murdoch's Ranch & Home Supply	6	Lowes	6
Reach Inc.	6	McDonald's	6
Ressler Motors	6	Murdoch's Ranch & Home Supply	6
Simms Fishing Products	6	Ressler Chevrolet Cadillac & Toyota	6
Target	6	Town & Country Foods	6
Town & Country Foods	6	Town Pump Convenience Stores	6
Williams Plumbing & Heating	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
Belgrade School District # 44	8	Bozeman School District #7	8
Bozeman School District #7	8	City of Bozeman	7
Gallatin County	8	Gallatin County	7
City of Bozeman	7		

Class 6 - 100 to 249 Employees

Class 7 - 250 to 499 Employees

Class 8 - 500 to 999 Employees

Class 9 - 1,000+ Employees

Source: Montana Department of Labor & Industry (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
2010	\$ 56,676,925	5,509	\$ 10,288	5.59%	385.0	14.3
2011	57,513,286	5,679	10,127	-1.57%	382.2	14.9
2012	60,208,618	5,810	10,363	2.33%	390.7	14.9
2013	60,515,759	5,993	10,098	-2.56%	399.9	15.0
2014	69,796,654	6,213	11,234	11.20%	428.6	14.5
2015	71,186,742	6,326	11,253	0.20%	429.8	14.7
2016	73,318,109	6,533	11,223	-0.30%	444.2	14.7
2017	80,104,370	6,770	11,832	5.43%	464.8	14.6
2018	86,547,830	6,908	12,529	5.89%	473.5	14.6
2019	\$ 92,094,527	7,015	\$ 13,128	4.78%	475.4	14.8

⁽¹⁾ Expenses are from Statement of Activities.

⁽²⁾ Certified Staff is comprised of Teachers, Librarians, Counselors, and Psychologists.

Source: District records

Table 20

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Certified Teaching Staff	343.5	343.0	357.9	355.4	383.4	385.1	395.3	413.0	421.7	424.1
Classified & Prof. Employees	90.3	100.5	98.8	88.7	102.9	72.5	82.9	84.7	85.5	82.0
Support Services										
Administrators	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Certified Teaching Staff	41.5	39.2	32.8	44.5	45.2	44.7	48.0	51.4	51.4	50.9
Classified & Prof. Employees	46.1	54.1	53.4	54.8	63.3	85.7	90.6	89.7	86.4	87.5
General Administration										
Administrators	5.0	4.5	4.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
Certified Teaching Staff	-	0.5	-	-	-	-	-	-	-	-
Classified & Prof. Employees	31.2	29.1	30.2	24.5	23.5	26.3	25.5	26.5	27.9	26.9
Building Administration										
Administrators	17.0	17.0	17.0	15.0	17.0	17.0	18.0	18.0	18.0	20.0
Certified Teaching Staff	-	-	-	-	-	0.5	0.5	-	-	-
Classified & Prof. Employees	29.9	30.1	29.8	26.3	29.0	29.4	29.1	28.3	28.3	28.5
Operations and Maintenance										
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified & Prof. Employees	53.1	54.6	54.9	55.4	57.1	55.6	53.9	54.4	58.4	54.1
Student Transportation										
Classified & Prof. Employees	4.2	3.8	3.9	4.5	4.8	4.8	4.5	5.1	5.1	5.4
Food Services										
Classified & Prof. Employees	30.5	31.3	31.0	32.1	33.3	29.9	33.9	34.5	31.9	30.5
Extracurricular Activities										
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Certified Teaching Staff	-	-	-	0.4	0.4	0.5	0.4	0.4	0.4	0.4
Classified & Prof. Employees	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total	<u>698.3</u>	<u>713.7</u>	<u>719.7</u>	<u>712.6</u>	<u>770.9</u>	<u>763.0</u>	<u>793.6</u>	<u>817.0</u>	<u>826.0</u>	<u>821.3</u>

Source: District Records

Fiscal 2019 Summary	Admin.	Certified Staff	Classified & Professional Employees	Total FTE
Instruction	-	424.1	82.0	506.1
Support Services	1.0	50.9	87.5	139.4
General Administration	5.0	-	26.9	31.9
Building Administration	20.0	-	28.5	48.5
Operations and Maintenance	1.0	-	54.1	55.1
Student Transportation	-	-	5.4	5.4
Food Services	-	-	30.5	30.5
Extracurricular Activities	1.0	0.4	3.0	4.4
Total	<u>28.0</u>	<u>475.4</u>	<u>317.9</u>	<u>821.3</u>

Table 21

BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
November 2018

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	61.4	12.9%	32.7%
Bachelor's Degree + 15 Credits	21.2	4.5%	
Bachelor's Degree + 30 Credits	14.4	3.0%	
Bachelor's Degree + 45 Credits	20.8	4.4%	
Bachelor's Degree + 60 Credits	11.0	2.3%	
Bachelor's Degree + 75 Credits	9.6	2.0%	
Bachelor's Degree + 90 Credits	17.0	3.6%	67.3%
Master's Degree BA + 45 Credits	36.8	7.7%	
Master's Degree BA + 60 Credits	47.3	9.9%	
Master's Degree BA + 75 Credits	37.0	7.8%	
Master's Degree BA + 90 Credits	39.8	8.4%	
Master's Degree BA + 105 Credits	159.1	33.5%	
Total	475.4	100.0%	

Years of Experience	Full Time Equivalent	Percent of Total
0 - 5	106.8	22.5%
6 - 10	108.4	22.8%
11 - 15	90.9	19.1%
16 - 20	63.3	13.3%
21 - 25	54.1	11.4%
26 and Over	51.9	10.9%
Total	475.4	100.0%

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2019

	<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	293	266	90.8%
Whittier	1958	34,700	327	280	85.6%
Hawthorne	1939	46,622	390	349	89.5%
Morning Star	1992	56,010	528	493	93.4%
Emily Dickinson	1992	56,012	528	528	100.0%
Hyalite	2009	66,000	549	475	86.5%
Meadowlark	2013	71,719	549	530	96.5%
<u>6-8 Schools</u>					
Chief Joseph	2008	129,500	780	749	96.0%
Sacajawea	1996	134,857	1,023	787	76.9%
High School:					
Bozeman High School	1957	404,386 ⁽¹⁾	2,400 ⁽¹⁾	2,224	92.7%

⁽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. The District is in the construction phase of building a second high school and further renovation of the existing high school is funded and presently in the planning phase.

Table 23

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Elementary Schools:										
<u>K-5 Schools</u>										
Longfellow	15%	17%	20%	19%	18%	15%	14%	11%	8%	7%
Irving	42%	43%	47%	55%	46%	41%	44%	41%	44%	39%
Whittier	56%	52%	53%	48%	47%	50%	43%	51%	46%	37%
Hawthorne	24%	26%	22%	26%	23%	15%	15%	10%	9%	6%
Morning Star	11%	10%	10%	10%	8%	6%	6%	6%	6%	4%
Emily Dickinson	27%	29%	25%	24%	23%	16%	16%	16%	16%	15%
Hyalite	39%	44%	46%	45%	46%	39%	42%	36%	36%	23%
Meadowlark	N/A	N/A	N/A	N/A	14%	15%	13%	16%	15%	10%
<u>6-8 Schools</u>										
Chief Josph	28%	31%	33%	37%	31%	27%	24%	22%	20%	13%
Sacajawea	19%	20%	24%	23%	23%	21%	20%	19%	20%	14%
High School	24%	15%	19%	23%	21%	20%	20%	16%	13%	5%

Source: Title I portion of ESEA consolidated applications

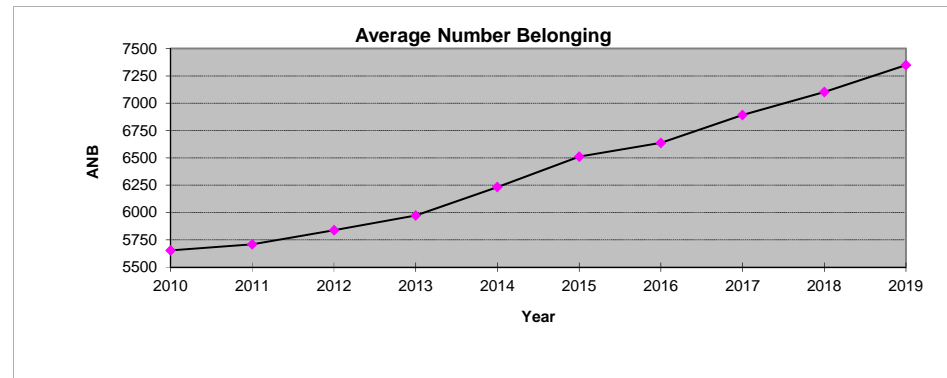
Table 24

BOZEMAN SCHOOL DISTRICT NO. 7
Enrollment 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
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
2016	6,533	3.3	6,637	2.0	104.9
2017	6,770	3.6	6,891	3.8	105.5
2018	6,908	2.0	7,102	3.1	104.9
2019	7,015	1.5	7,348	3.5	106.4

Source: District Records

Note: ANB is largely calculated by averaging the previous year's Fall and Spring enrollment figures, plus other factors.



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

- I. Excess Property - Real & Personal Property - Blanket Replacement, Inland Marine and Auto Physical Damage
- A. Policy #: KTK-CMB-545D496-9-18
- B. Carrier: Travelers Insurance
- C. Policy Period: 7/1/18 - 7/1/19
- D. Limits: Blanket replacement buildings and contents, Contractor equipment & vehicles are on an actual cash value basis.
- II. Workers' Compensation Policy
- A. Policy #: WC-19-11042
- B. Carrier: Workers' Compensation Risk Retention Program
- C. Policy Period: 7/1/18 - 7/1/19
- III. Comprehensive General Liability, Auto Liability, School Board Legal Liability, and Crime and Employee Dishonesty
- A. Policy #: ALA-64-A3-EX-0000007-12
- B. Carrier: Princeton E & S
- C. Policy Period: 7/1/18 - 7/1/19
- D. Limits:
- | | |
|-------------------------------|---|
| Compr General Liability | \$10,000,000 each occurrence, \$12,000,000 Annual Aggregate |
| Auto Liability | \$10,000,000 each occurrence |
| School Board Legal Liability | \$10,000,000 each claim and aggregate |
| | \$100,000 non-monetary claim defense limit per member/year |
| Crime and Employee Dishonesty | \$500,000 employee dishonesty |
| | \$500,000 loss inside and outside |
| | \$500,000 forgery & alteration |
- IV. Boiler and Machinery Policy
- A. Policy #: BAJ-BME 1-8156L884-TIL-18
- B. Carrier: Travelers Boiler
- C. Policy Period: 7/1/18 - 7/1/19
- D. Limits: \$200,000,000
- V. Cyber Liability
- A. Policy #: EONG27879937002
- B. Carrier: Chubb Cyber
- C. Policy Period: 7/1/18 - 7/1/19
- D. Limits: \$2,000,000 Security & Privacy/Regulatory Action Liability
\$2,000,000 Event Management Insurance
- VI. Disaster Management
- A. Policy #: PC0491818
- B. Carrier: KILN Disaster Management
- C. Policy Period: 7/1/18 - 7/1/19
- D. Limits: \$1,000,000 per occurrence
\$1,000,000 annual aggregate limit per occurrence
- VII. Employee Business Travel
- A. Policy #: BTAD0006912
- B. Carrier: Employee Business Travel
- C. Policy Period: 7/1/18 - 7/1/19
- D. Limits: \$100,000 maximum principal sum per person
\$1,000,000 aggregate limit benefit per occurrence

SINGLE AUDIT SECTION



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Federal Award Expenditures
For the Fiscal Year Ended June 30, 2019

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	16-0350-31-19	\$ 423,571	\$ 374,561	\$ 374,561
Title I, Part A	84.010A	16-0350-31-18	443,033	870	870
Title I, Part A - Schoolwide	84.010A	16-0350-32-19	414,195	343,033	343,033
Title I, School Support	84.010A	16-0350-32-18	97,750	34,088	34,088
Subtotal Title I	84.010A		<u>1,378,549</u>	<u>752,552</u>	<u>752,552</u>
IDEA-B	84.027A	16-0350-77-19	1,373,934	1,287,457	1,287,457
IDEA-B Preschool	84.173A	16-0350-79-19	30,706	30,706	30,706
Subtotal Special Education (IDEA) - Cluster			<u>1,404,640</u>	<u>1,318,163</u>	<u>1,318,163</u>
Title III, Part A	84.365A	16-0350-41-19I	18,166	18,166	18,166
Title III, Part A	84.365A	16-0350-41-19	8,857	-	-
Subtotal Title III			<u>27,023</u>	<u>18,166</u>	<u>18,166</u>
Title II, Part A	84.367	16-0350-14-19	278,030	278,030	278,030
Title II, Part B	84.366B	16-0350-15-17-MSP	460,000	28,517	28,517
Carl Perkins - Basic	84.048A	16-0351-81-19	93,075	93,075	93,075
Title IX McKinney-Vento for Homeless Children and Youth	84.196A	16-0350-57-19	7,276	7,276	7,276
Montana Preschool Development	84.419A	16-0350-16-19	367,205	328,823	328,823
Pass-through Montana Dept. of Health & Human Services: Pre-Employment Transition Services	84.126A	18-01-175-0008-0	71,500	-	31,414
Total U.S. Department of Education Pass-Through			<u>\$ 4,087,298</u>	<u>\$ 2,824,602</u>	<u>\$ 2,856,016</u>
U.S. Department of Education Direct Programs:					
Title VI Indian Education	84.060A	S060A180430	\$ 19,526	\$ 19,526	\$ 19,526
Total U.S. Department of Education Direct			<u>\$ 19,526</u>	<u>\$ 19,526</u>	<u>\$ 19,526</u>
U.S. Department of Justice:					
Pass-through National Institute of Justice School and Family Engagement - Trauma Informed (SAFE-TI)	16.560	2014-MU-MU-0017	\$ 3,319,810	\$ 885,409	\$ 885,409
Total U.S. Department of Justice			<u>\$ 3,319,810</u>	<u>\$ 885,409</u>	<u>\$ 885,409</u>
U.S. Environmental Protection Agency					
Pass-through Montana Department of Environmental Quality 319 Program Nonpoint Source Implementation Grant	66.460	216030	\$ 146,000	\$ 11,209	\$ 11,209
Total U.S. Environmental Protection Agency			<u>\$ 146,000</u>	<u>\$ 11,209</u>	<u>\$ 11,209</u>
U.S. Department of Agriculture:					
Pass-through Montana Office of Public Instruction: National School Lunch Program	10.555	N/A	\$ 446,146	\$ 446,146	\$ 446,146
National School Lunch Program - Commodities	10.555	N/A	119,599	119,599	119,599
Subtotal 10.555 School Lunch Related Funding	10.555		<u>565,745</u>	<u>565,745</u>	<u>565,745</u>
Pass-through Montana State University USDA Discover My Plate	10.574	N/A	250	250	250
Total U.S. Department of Agriculture			<u>\$ 565,995</u>	<u>\$ 565,995</u>	<u>\$ 565,995</u>
U.S. Department of Energy:					
Pass-through Montana Department of Environmental Quality Solar PV Array	81.117	519018	\$ 8,660	\$ 6,785	\$ 6,785
Total U.S. Department of Health & Human Services			<u>\$ 8,660</u>	<u>\$ 6,785</u>	<u>\$ 6,785</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 8,147,289</u>	<u>\$ 4,313,526</u>	<u>\$ 4,344,940</u>

Notes to Schedule of Federal Awards:

I. Summary of Significant Accounting Policies:

Basis of Presentation and Significant Accounting Policies

This Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because this schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

In accordance with the terms of the grant, the District has expended cash (and noncash) matching contributions during the year ended June 30, 2019, for the following program:

U.S. Environmental Protection Agency
Pass-through Montana Department of Environmental Quality
66.460 - 319 Program Nonpoint Source Implementation Grant \$28,191

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, 2019, 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 30, 2019.

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 30, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on each of the Districts major federal programs for the year ended June 30, 2019. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2019.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Zurmuehlen & Co, P.C.

Bozeman, Montana
December 30, 2019

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative
 Requirements, Cost Principles, and Audit Requirements for Federal Awards
 (Uniform Guidance)?

No

Identification of major programs

84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teach Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Prior Year Financial Statement Findings

None Reported

Prior Year Federal Award Findings and Questioned Costs:

None Reported