

ANNUAL COMPREHENSIVE FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2021

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



Annual Comprehensive Financial Report

of

BOZEMAN SCHOOL DISTRICT NO. 7

For the fiscal year ended June 30, 2021

Prepared by the Business Office

Mike Waterman, Executive Director Business and Operations

Richard J. Tvedt, CPA, Accounting Supervisor

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Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	7
Administrative Organization Chart	8
Board of Trustees	9
Map of City of Bozeman denoting school locations	10

FINANCIAL SECTION

Independent Auditor's Report	12
Management's Discussion and Analysis	15

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	28
Statement of Activities	29

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds	32
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	36

Proprietary Fund Financial Statements

Statement of Net Position - Proprietary Funds	37
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	39

Notes to the Financial Statements	41
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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT DISCUSSION AND ANALYSIS

Schedule of Changes in the District's Net OPEB Liability and Related Ratios	96
Schedule of Proportionate Share of Net Pension Liability and Schedule of Contribution - TRS	97
Schedule of Proportionate Share of Net Pension Liability and Schedule of Contribution - PERS	98
Notes to the Required Supplementary Information	99

SUPPLEMENTAL INFORMATION

Combining Financial Statements

Combining Balance Sheet - All General Subfunds	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All General Subfunds	111
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All General Subfunds	112

Nonmajor Governmental Funds - By Fund Type

Combining Balance Sheet - All Nonmajor Governmental Funds - By Fund Type	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Nonmajor Governmental Funds - By Fund Type	115

Nonmajor Special Revenue Funds

Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	121
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Elementary Transportation and Elementary Bus Depreciation	124
Elementary Tuition and Elementary Retirement	125
Elementary Technology Acquisition and Elementary Flexibility	126
High School Transportation and High School Bus Depreciation	127
High School Tuition and High School Retirement	128
High School Adult Education and High School Technology Acquisition	129
High School Flexibility	130

Nonmajor Debt Service Funds

Combining Balance Sheet	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	133

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Elementary and Major High School Debt Service Funds	134
Nonmajor Capital Projects Funds	
Combining Balance Sheet	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	137
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Elementary Building Reserve and Major High School Building Reserve	138
Proprietary Funds	
Combining Statement of Net Position - All Internal Service Funds	140
Combining Statement of Revenues, Expenses, and Changes in Net Position - All Internal Service Funds	141
Combining Statement of Cash Flows - All Internal Service Funds	142
Capital Assets Used in the Operation of Governmental Funds	
Capital Assets Used in the Operation of Governmental Funds - Schedule by Source	144
Capital Assets Used in the Operation of Governmental Funds - Schedule by Function and Activity	145
Capital Assets Used in the Operation of Governmental Funds - Schedule of Change by Function and Activity	146
SUPPLEMENTAL INFORMATION MANDATED BY MONTANA OFFICE OF PUBLIC INSTRUCTION	
Extracurricular Fund Activity Detail	
Chief Joseph Middle School Student Extracurricular Fund	148
Sacajawea Middle School Student Extracurricular Fund	149
Bozeman High School Student Extracurricular Fund	150
Gallatin High School Student Extracurricular Fund	152
Schedule of Enrollment	153

STATISTICAL SECTION

Table 1 - Net Position	156
Table 2 - Changes in Net Position	157
Table 3 - Fund Balances of Governmental Funds	158

Table 4 - Changes in Fund Balances of Governmental Funds	159
Table 5 - General Fund Expenditures by Function	160
Table 6 - Property Tax Assessments and Collections	161
Table 7 - Property Tax Rates and Tax Levies - Direct and Overlapping Governments	162
Table 8 - Principal Property Tax Payers in the Bozeman Elementary District	163
Table 9 - Principal Property Tax Payers in the Bozeman High School District	164
Table 10 - Revenue by Source - All Governmental Fund Types	165
Table 11 - General Fund Revenue by Source	166
Table 12 - General Fund Revenue per Student	167
Table 13 - Ratio of Total Bonded Debt to Assessed Value and Total Bonded Debt Per Capita	168
Table 14 - Computation of Legal Debt Margin	169
Table 15 - Computation of Direct and Overlapping Governmental Activities Debt	170
Table 16 - Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Subfund Expenditures	171
Table 17 - Demographic Statistics	172
Table 18 - Principal Employers for Gallatin County	173
Table 19 - Operating Statistics	174
Table 20 - Employee Full Time Equivalency (FTE) by Function	175
Table 21 - Certified Staff Education and Experience	176
Table 22 - Educational Building Data	177
Table 23 - Percentage of Students Who Qualified for Free and Reduced Lunch	178
Table 24 - Enrollment Data	179
Table 25 - Schedule of Insurance in Force	180

SINGLE AUDIT SECTION

Schedule of Federal Award Expenditures	183
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	184
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	186
Schedule of Findings and Questioned Costs	189

INTRODUCTORY SECTION





Bozeman Public Schools

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Bozeman, MT 59771-0520
Voice: (406) 522-6001
Fax: (406) 522-6065

Casey Bertram
Interim Superintendent

December 30, 2021

Letter of Transmittal

Sandra Wilson, Chair
Members of the Board of Trustees
Citizens of the Bozeman School District No. 7
404 W. Main
Bozeman, Montana 59715

Dear Board Members and Citizens:

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 Annual Comprehensive Financial Report meets that requirement for the fiscal year ended June 30, 2021.

Responsibility for the accuracy of the presentation, including all disclosures and contents, rests with the Interim Superintendent and the Executive Director Business and 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, 2021, 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 58,484. 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 70,122. The school system is a public entity under the authority of the State of Montana.

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

The two separate legal entities make up one independent reporting entity clearly within the criteria established in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The District serves approximately 6,893 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 and Gallatin Raptor Booster Clubs, 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 are state-mandated to have an annual budget 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. No other District governmental funds have budgets appropriated by the board of trustees.

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 2020-2021 annual budget of approximately \$529,160,492, employs approximately 4,232 employees (2,613 full time, 805 part-time, and 814 graduate teaching and research assistants). With a student enrollment of 16,249(Fall 2020), 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. In an effort to shed some light on the District's labor market,

excerpts from the Bureau's analysis contained in the *Montana Business Quarterly* October 20, 2021, article titled 'Resolving Montana's Labor Shortage' is restated in the following paragraphs.

Demand in the economy in Montana and elsewhere has roared back with unexpected speed from the pandemic declines of 2020. When you combine that surprising growth surge with the reality that public health disruptions in schools, workplaces and logistics remain with us, albeit in different forms, you have an economy that is supply constrained in a significant number of sectors.

One of those sectors is the labor market. To say that the balance of power in the give and take between workers and employers has swung toward workers in recent months would be an understatement, and that is just one of many surprises. In past recessions, employment growth lags economic growth, as employers hire back laid-off workers not only after all other measures to boost output - such as working the existing workforce more hours - have been taken.

The brief but severe 2020 pandemic recession has been a completely different animal. Not only did the resumption of job growth occur in April 2020, barely two months after the February 2020 date considered to be the pre-recession peak, but the growth was strong. This very rapid down-up pattern of employment stands in stark contrast to the two-year-long malaise in employment that occurred during the Great Recession of 2007-09.

Now as we move through the fall of 2021, we have a mixture of circumstances that are placing heavy demands on the labor market at a time when labor supply is challenged. Not all of these are unique to this recession, but many are. They include:

- The reopening of the economy as vaccination rates rose and anxiety levels over pandemic contagion eased. The reopening was strongest in the industries previously hurt the most, notably the highly seasonal and labor-intensive accommodations, restaurant and personal services industries.
- The redirection of national visitor demand from international to domestic destinations, including Montana, as international travel continued to be challenged by COVID-related restrictions. The Bozeman Yellowstone International Airport enplanements were almost 90% higher in June than pre-pandemic, the second highest increase of any airport in the country.
- The withdrawal of many former workers from the labor market for a variety of reasons, including financial security from stock market and housing wealth increases, government support payments, spousal income and COVID-related concerns.

One last factor contributing to pressure on Montana labor markets is the seasonal nature of our economy. During the summer months of any year, employment generally surges by 25,000 jobs or more as tourist volume ramps up and labor-intensive industries that serve that demand expand. The timing of the reopening of the state economy in 2021 coincided almost exactly with that seasonal peak.

The upshot of these events has been a shortage of workers across a wide spectrum of occupations and industries in Montana that is as severe as any place in the country. By almost any measure, the scarcity of labor is apparent, particularly for entry level jobs, where increases in starting wages have been

the strongest. There has been a marked increase in voluntary quits by workers, a sign of their confidence in future job availability. And speaking of availability, the Montana experienced a 62% increase in job openings since before the pandemic began, which was higher than any other state.

The labor shortages being experienced by Montana employers in 2021 reflect the fact that labor markets take time to adjust to major events like recessions and reopenings. The immediate resumption of demand for workers after more than 50,000 jobs were destroyed in the span of two months in 2020 was a surprise to workers and employers alike. Each anticipated employment separations of a longer duration than actually occurred. Employers let skilled workers go, to their profound regret, and workers used their employment hiatus as a time to consider other kinds of jobs or even retirement.

The Bozeman School District did not reduce any staff directly as a result of the pandemic, our employee counts did drop due to worker attrition and an expanding District. It continues to be a challenge to find new workers and to retain existing workers amidst the dueling wage increases increasingly apparent in the private and public sector.

Within Gallatin County where the District resides, outdoor recreational opportunities, the natural beauty of the area, proximity to two major ski resorts (Bridger Bowl and Big Sky) and to Yellowstone National Park, promote nonresident travel to the area, even in the times of a pandemic. By the end of the current fiscal year in June 30, 2021, nonresident and resident travel in the County had exceeded pre-pandemic levels. While this was welcome news for the local economy, it placed even more pressures on the labor shortage facing the county and state in general.

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 Annual Comprehensive Financial Report (ACFR) helps demonstrate how valuable resources are received and spent.

One of the major goals leading into the current year was working with our teacher's union to create more collaboration and planning time for K-5 teachers. The union received a grant to help with the process, and the parties reached a cost-neutral agreement that took effect during the 2020-21 school year.

Although not an official 'initiative,' the District did transition to a hybrid and online remote learning in the fall of 2020 in light of the COVID pandemic. That transition included another unplanned week of professional

development for certified staff. The District did not return to a majority in-person 5-days-a-week learning environment until the second semester (January 2021).

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 opened its second high school (Gallatin). Gallatin High School has already had a significant impact on operating budgets, and as a result, it figures predominately in the Operations and Capacity Building Goal. The former one-high school model allowed for significant efficiencies of scale that have been lost with the opening of the Gallatin High School. Administration had estimated that opening a second high school would require around \$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 General Fund resources became available when the second high school opened its doors. As a result, the District is considering several alternate plans to address this ongoing issue until increased student population brings back some of the former economic efficiencies.

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 annual comprehensive financial report for the fiscal year ended June 30, 2020. 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 thirty-second year that it has received this prestigious award.* We believe our current annual comprehensive 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 Services staff. To those personnel who assisted and contributed to its preparation, thank you!

Sincerely,



Mike Waterman
Executive Director Business Operations



Casey Bertram
Interim Superintendent



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

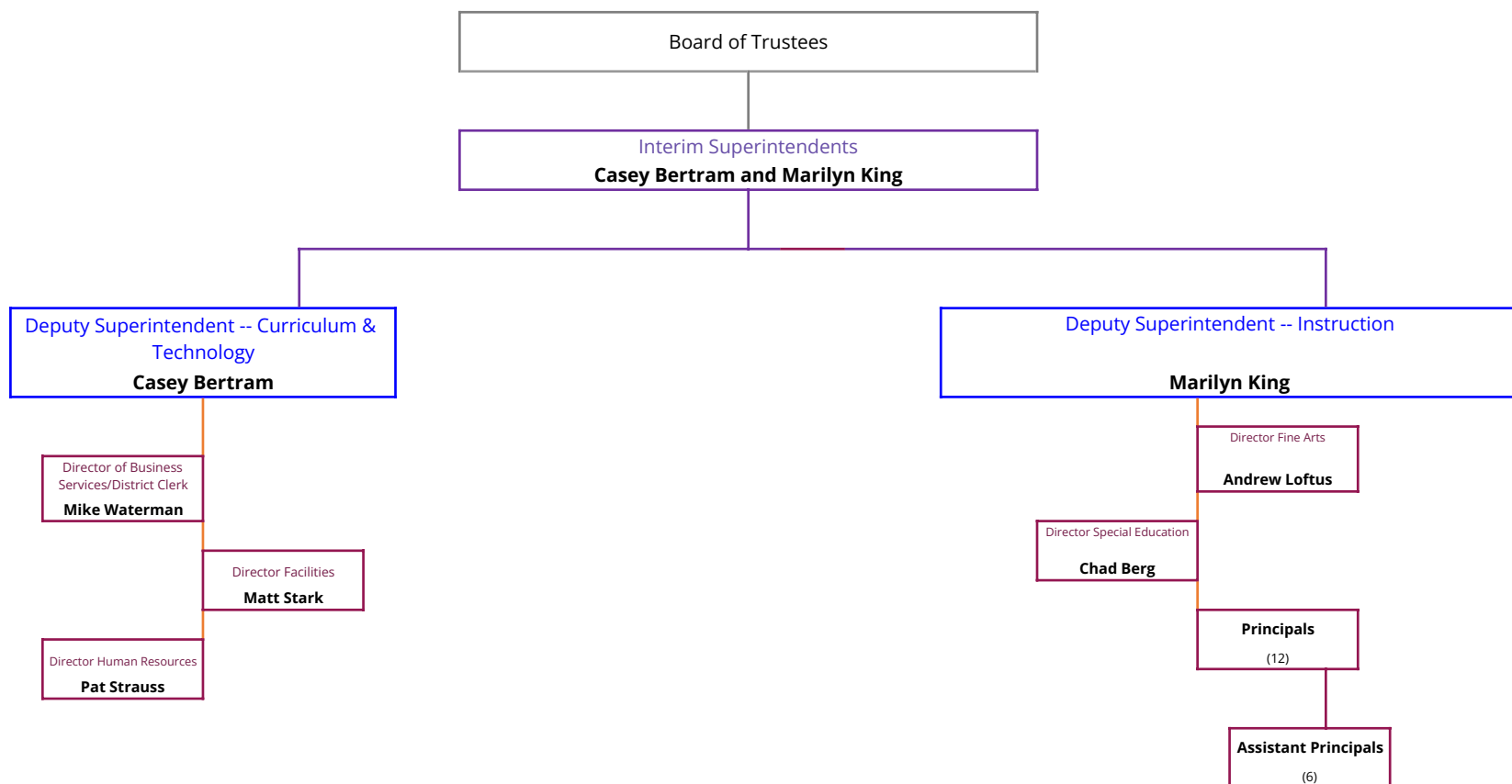
**Bozeman School District No. 7
Montana**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials as of June 30, 2021
Board of Trustees

	Term Expires <u>April</u>
Sandra WilsonChair	2024
Greg NeilVice Chair	2023
Lei-Anna BertelsenTrustee	2024
Kevin BlackTrustee	2023
Douglas FischerTrustee	2024
Gary LusinTrustee	2024
Tanya ReinhardtTrustee	2022
Lisa WeaverTrustee	2022

Appointed Positions as of June 30, 2021

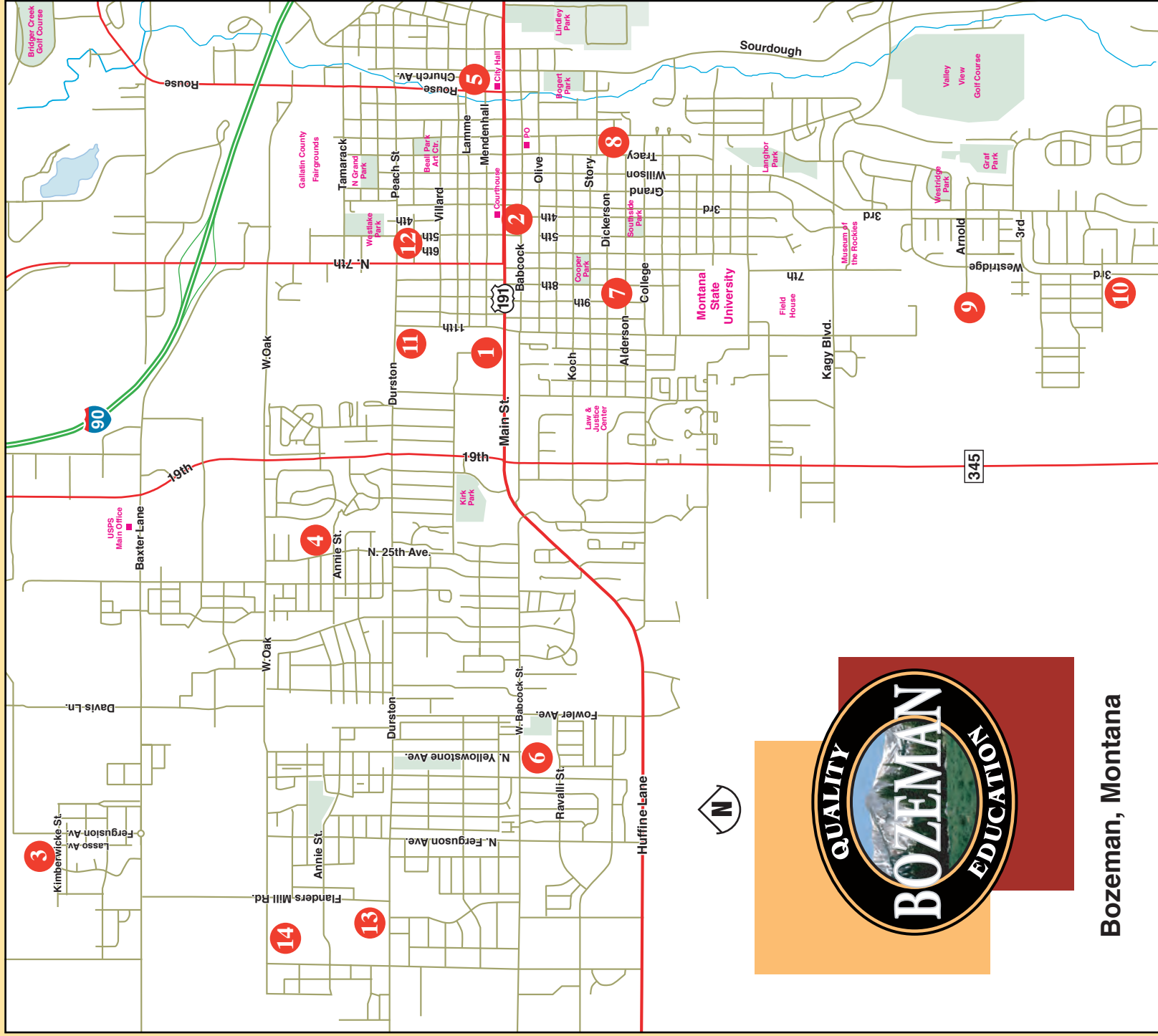
Casey Bertram Interim Co-Superintendent of Schools
Marilyn King, Ed. D. Interim Co-Superintendent of Schools
Mike Waterman Director of Business Services/District Clerk

Appointed Positions as of report issuance

Casey Bertram Interim Superintendent of Schools
Marilyn King, Ed. D. Deputy Superintendent Instruction
Mike VanVuren Deputy Superintendent Curriculum & Technology
Mike Waterman Executive Director Business & Operations

Board Meetings Held During Fiscal Year 2020-21

Regular 12
Special 19



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	14	Gallatin High School 4455 Annie Street
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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of 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 Requirements, 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 , on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Anderson ZurMuehlen & Co., P.C.

Bozeman, Montana
December 30, 2021

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 26.

USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds (General, Elementary Grants, High School Debt Service, High School Building, High School Building Reserve and K-12 Interlocal Agreement 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 2021?". 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, general and building 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-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Elementary Grants, High School Debt Service, High School Building, High School Building Reserve and K-12 Interlocal Agreements Funds, which are considered to be major funds. Data from the other twenty-two 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 \$1.4 million this year as compared to an almost \$6.9 million increase experienced last year (but this did not include a \$1.7 million decrease in beginning net position due to a prior period adjustment). This current year \$1.4 million increase was largely attributed to planned conservation of building reserve and K-12 Interlocal Agreement proceeds for future projects and district needs. On subsequent pages, *Table 1* presents a comparative summary of the District's net position for the fiscal years ended June 30, 2021 and 2020. *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 \$21.2 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 (\$43,132,633) which was a 9.97% decline 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".

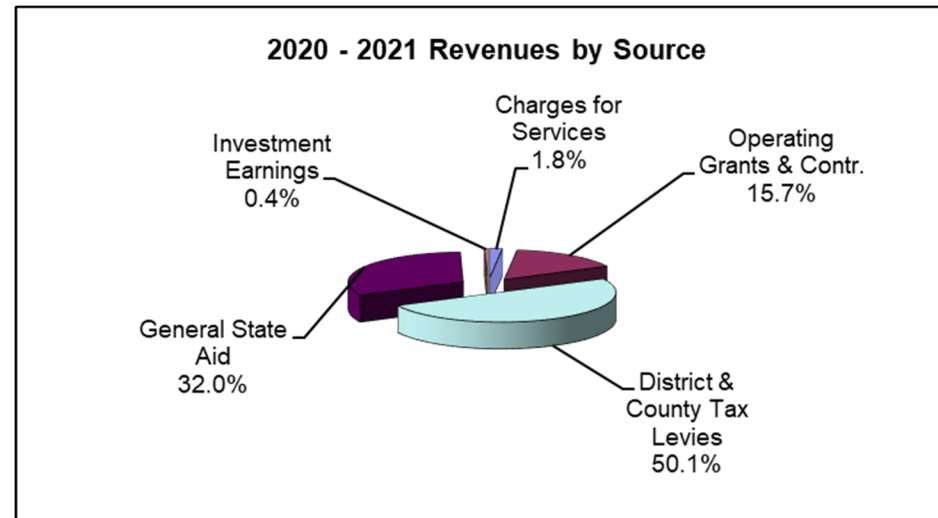
Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Position

	Governmental Activities		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current assets	\$ 57,022,067	\$ 82,527,096	\$ (25,505,029)
Capital assets	<u>253,071,949</u>	<u>237,629,380</u>	<u>15,442,569</u>
Total assets	310,094,016	320,156,476	(10,062,460)
Deferred outflows of resources	<u>16,893,457</u>	<u>11,794,012</u>	<u>5,099,445</u>
Total assets and deferred outflows of resources	<u>326,987,473</u>	<u>331,950,488</u>	<u>(4,963,015)</u>
Current liabilities	16,495,294	20,188,021	(3,692,727)
Noncurrent bonds payable	179,226,681	191,181,594	(11,954,913)
Other noncurrent liabilities	8,325,058	8,026,543	298,515
Net pension liability	<u>70,608,616</u>	<u>60,643,651</u>	<u>9,964,965</u>
Total liabilities	274,655,649	280,039,809	(5,384,160)
Deferred inflows of resources	<u>2,172,568</u>	<u>1,438,368</u>	<u>734,200</u>
Total liabilities and deferred inflows of resources	<u>276,828,217</u>	<u>281,478,177</u>	<u>(4,649,960)</u>
Net position:			
Net investment in capital assets	72,067,216	69,395,491	2,671,725
Restricted	21,224,673	20,297,869	926,804
Unrestricted	<u>(43,132,633)</u>	<u>(39,221,049)</u>	<u>(3,911,584)</u>
Total net position	<u>\$ 50,159,256</u>	<u>\$ 50,472,311</u>	<u>\$ (313,055)</u>

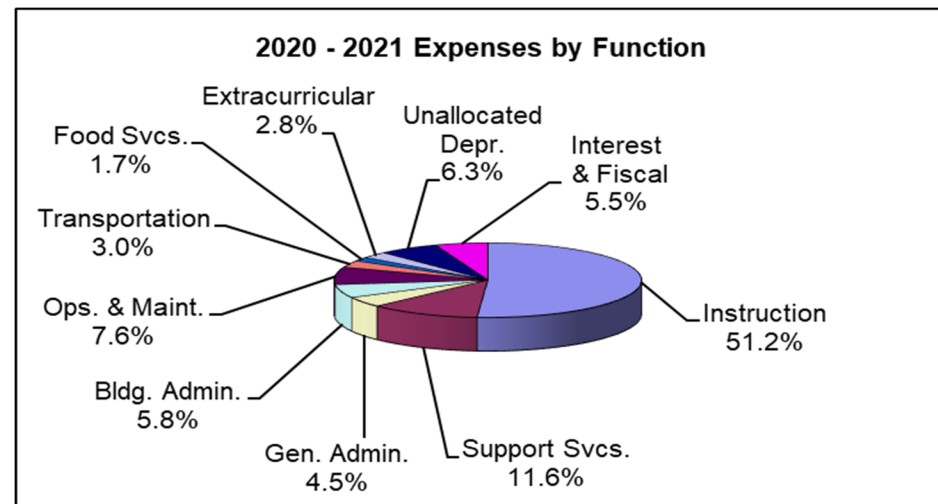
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
Program revenues:			
Charges for services	\$ 1,929,018	\$ 3,119,191	\$ (1,190,173)
Operating grants and contributions	16,959,107	15,227,118	1,731,989
Capital grants and contributions	-	322,874	(322,874)
General revenues			
District property taxes	46,271,080	44,487,925	1,783,155
Investment earnings	443,336	1,675,145	(1,231,809)
Gain on sale of asset	500	1,500	(1,000)
Unrestricted county distribution - retirement	7,627,797	7,054,632	573,165
Unrestricted state equalization	21,481,437	20,529,193	952,244
Unrestricted state guaranteed tax base subsidy	6,182,728	5,933,621	249,107
Unrestricted quality educator	1,744,832	1,678,297	66,535
Unrestricted on-behalf pension	4,997,664	4,095,752	901,912
Unrestricted other state revenue	93,925	94,091	(166)
Total revenues	107,731,424	104,219,339	3,512,085
Program Expenses			
Instruction	54,365,339	48,105,047	6,260,292
Support services	12,362,208	11,751,109	611,099
General administration	4,761,408	4,578,917	182,491
Building administration	6,158,378	5,315,904	842,474
Operations and maintenance	8,094,242	9,034,506	(940,264)
Student transportation	3,187,980	2,187,375	1,000,605
Food services	1,836,680	1,795,332	41,348
Extracurricular activities	2,946,856	2,596,539	350,317
Unallocated depreciation	6,747,039	5,443,235	1,303,804
Interest and fiscal charges	5,881,078	6,455,819	(574,741)
Total expenses	106,341,208	97,263,783	9,077,425
Change in net position	1,390,216	6,955,556	(5,565,340)
Net position, beginning of year	50,472,311	43,516,755	6,955,556
Restatement, correction of an error (2020)	(1,703,271)	-	(1,703,271)
Net position, beginning of year, as restated	48,769,040	43,516,755	5,252,285
Net position, end of year	\$ 50,159,256	\$ 50,472,311	\$ (313,055)

The 2021 fiscal year District revenues on *Table 2* experienced a net increase of \$3,512,085. This increase was largely attributable to climbing state funding and local district property taxes generated by rising student enrollment as well as increased pandemic related federal funding and state on-behalf pension revenue. The following chart details revenue by source.



Total expenses on *Table 2* increased by \$9,077,425 (9.3%) and were largely attributable to the historical increase in the cost of salary, benefit and staffing to keep up with demand for services (and new costs associated with opening a second high school) as well as increased pension liability reporting requirements. 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 \$47,503,620, a 32.5% decrease of approximately \$22.9 million due to spending down bond proceeds related to the completion of the new Gallatin High School and ongoing renovation of the existing Bozeman High School.

The major elementary grants fund enjoyed a modest 5.7% increase primarily due to unspent administrative indirect cost revenue generated by the increased pandemic funding. These funds are in part committed to assist in the increasingly complex administrative requirements placed upon the district.

The major high school debt service fund experienced an insignificant \$6,123 decrease in fund balance caused by tax collections falling slightly short of projections. There were no significant revenue or expenditure budget to actual variances within this major fund.

The major high school building fund encountered a dramatic \$26,493,009 decrease in fund balance solely due to spending of bond proceeds referenced above. This high school building fund balance will continue to decline when the unspent bond proceeds are liquidated during the soon-to-be completed current renovation of the existing Bozeman High School.

Another major fund that experienced a significant increase in fund balance was the high school building reserve fund. Its fund balance climbed almost 34% (\$2.2 million) which was mostly attributable to the planned accumulation in this fund to largely bear the final finishing costs of the Bozeman High School renovation in the near future. Within the high school building reserve fund, there were two significant budget to actual expenditure variances within the instructional (99.9%) and operations and maintenance (96.9%) functional areas. Although both of these lines were assigned large budget amounts to give the District the flexibility to spend these building reserve funds in case of an acceleration of an expected need in the current year, administration's overarching intent was to accumulate these funds and spend it in the future on the instructional needs during the infancy of the newly opened Gallatin High School and vast majority of the building reserve funds on the Bozeman High School renovation, after available general obligation bond monies are liquidated.

The K-12 Interlocal Agreements major fund experienced a substantial \$922,006 (11.9%) increase in fund balance primarily due to the aggregation of funds to position the district to financially handle the needs of a historically rapid growing student enrollment.

The sixth major fund, the General Fund, is the main operating fund of the Bozeman School District. Its fund balance experienced a very minor \$16,330 (0.3%) increase primarily due to nonbudgeted tax increment proceeds received from the City of Bozeman.

General fund budgetary highlights

The ending budgeted general fund balance reserves maintained a level equal to 10.0% of the 2021-2022 expenditure budget. The 10.0% is 100% of the state allowed 10% maximum, and 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 exceeded budgeted general fund revenues by a modest \$440,211 (0.82%). This was primarily due to the receipt of tax increment fund proceeds that the District chose to use to maintain strong General Fund operating reserves.

General fund expenditures and transfers out utilized 99.9% of the general fund budget. The support services functional line encountered a positive 12.7% budget variance in part due to federal pandemic funding a portion of the support services functions (within the elementary and high school grant funds) and some large curriculum purchases actually coded more appropriately into the instruction function rather than the budgeted support services function. The operations and maintenance functional line item experienced a favorable 26.2% budget variance due to unspent utility contingency budget, annual repairs and maintenance expenditures coming in below budget, salary and benefits coming in under budget due to staff turnover and federal pandemic funding financing some maintenance needs of the district. 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. For the first time since fiscal year ended June 30, 2004, the District experienced a contraction of its PreK-12 enrollment (see Table 24). The District believes this 3.6% reduction in enrollment was directly affected by parents concerns of the unknowns spawned by the COVID-19 pandemic. Although the District provided in person, hybrid and remote only instruction options, many parents opted to withdraw their students from public schools during the school year ended June 30, 2021, to test the viability of homeschooling or alternate remote learning for their children. The District had predicted this reduction in enrollment would be a short-term trend as more of the unknowns of the pandemic became more known quantities that parents could relate and respond to. Our fall enrollment student count in October 2021 has confirmed the District's prediction, as elementary enrollment has partially recovered and, in the high school grades, climbed above the pre-pandemic enrollment levels.

The student population growth is once again tracking the historical 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. Even with the pandemic induced temporary reduction in student enrollment, the Bozeman School District is experiencing some of the fastest student enrollment growth in the state.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had invested roughly \$318.2 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 \$22.5 million over 2020 (or a \$24.2 million increase after taking into account the effects of a prior period adjustment). Total depreciation expense for the year was \$7,058,049. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2021. Additional information on the District's capital assets can be found in Note III C within this report.

	Amount
Land	\$ 13,136,828
Land improvements	24,314,545
Buildings and improvements	188,565,151
Machinery and equipment	2,107,190
Construction in progress	24,948,235
Total	<u>\$253,071,949</u>

Debt Administration

At year-end, the District had \$269,212,005 in general obligation bonds and other long-term debt outstanding, of which \$11,051,650 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2021, is presented below:

	Amount
General obligation bonds	\$ 179,226,681
Compensated absences	4,058,503
Voluntary termination benefits	8,000
Net pension liability	70,608,616
Other postemployment benefits	4,258,555
Total	<u>\$ 258,160,355</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, 2021, the current elementary legal debt margin is \$152,565,720 and the high school legal debt margin is \$109,159,220 (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 2021-2022 budget. The primary factors were the District's student population,

collective bargaining agreements, inflation rates, monitoring the operations at a newly opened second high school and gauging the effect of the coronavirus relief funding. Budgeted expenditures in the General Fund increased by 0.7% to \$54,581,291 in fiscal year 2021-2022. Increased payroll and employee benefit costs for an expanding workforce educating a growing student body are the primary reason for the increase. This modest increase in the General Fund budget is not enough to keep up with the demands on the District. In light of this, the District will be using budget contingency amounts, Transition Levy amounts approved by the voters and non-renewable/one-time resources to balance the budget.

Inflation for fiscal year 2021 (June to June) was 5.40%, which was the largest annual increase as of June since August 2008. The annual inflation rate has risen another 2.90% during the July through November 2021 timeframe to a now 40 year high annualized rate of 6.80%. The local cost of living within the Bozeman School District has outpaced that of the national economy. These factors are two of many considered when evaluating the cost of living during collective bargaining negotiations and the recent reevaluation of pay scales.

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 Mike Waterman (Executive Director Business and Operations), at the Bozeman School District, 404 West Main Street, Bozeman, Montana 59715 (or by phone at 406-522-6097).

Basic Financial Statements

Government-Wide Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities		Governmental Activities
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 48,325,079	Accounts payable	\$ 2,784,285
Investments	1,017,774	Accrued interest payable	567,642
Property taxes receivable (net of allowances for uncollectibles)	1,463,124	Retainages payable	599,144
Due from other governments	5,693,081	Unearned revenue	1,446,878
Accounts receivable	44,496	Bonds payable - due within one year	10,480,000
Inventory, at cost	59,686	Compensated absences - due within one year	562,900
Prepaid items	382,771	Voluntary termination benefits - due within one year	8,750
Flexible accounts deposit	36,056	Due to other government	45,695
Total current assets	<u>57,022,067</u>	Total current liabilities	<u>16,495,294</u>
Noncurrent assets:		Noncurrent liabilities:	
Land	13,136,828	Bonds payable	179,226,681
Land improvements	32,295,840	Compensated absences	4,058,503
Buildings and improvements	240,353,828	Voluntary termination benefits	8,000
Machinery and equipment	7,495,590	Net pension liability	70,608,616
Construction in progress	24,948,235	Other postemployment health benefits	4,258,555
Less accumulated depreciation	(65,158,372)	Total noncurrent liabilities	<u>258,160,355</u>
Total noncurrent assets	<u>253,071,949</u>	Total liabilities	<u>274,655,649</u>
Total assets	<u>310,094,016</u>		
		<u>DEFERRED INFLOWS OF RESOURCES</u>	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		Other postemployment health benefits assumption changes	711,155
Other postemployment health benefits deferred contributions	756,427	Pension deferrals	1,461,413
Contribution to pension plans in current fiscal year	14,914,903	Total deferred inflows of resources	<u>2,172,568</u>
Excess reacquisition costs due to bond refunding	1,222,127		
Total deferred outflows of resources	<u>16,893,457</u>	<u>NET POSITION</u>	
		Net investment in capital assets	72,067,216
Total assets and deferred outflows of resources	<u>\$ 326,987,473</u>	Restricted for:	
		Building	1,851,425
		Building reserve	11,224,596
		Debt service	552,232
		Bus depreciation	609,449
		Retirement	2,499,671
		Restricted endowment:	
		Nonexpendable portion	287,147
		Expendable portion	735,835
		Technology acquisition	1,053,726
		Transportation	1,287,515
		Tuition	624,767
		Grant purposes	348,936
		Adult education	149,374
		Unrestricted	(43,132,633)
		Total net position	<u>50,159,256</u>
		Total liabilities, deferred inflows of resources and net position	<u>\$ 326,987,473</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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 54,365,339	\$ 843,154	\$ 7,810,143	\$ -	\$ (45,712,042)
Support services	12,362,208	153,034	3,296,176	-	(8,912,998)
General administration	4,761,408	121,140	403,132	-	(4,237,136)
Building administration	6,158,378	124,923	745,618	-	(5,287,837)
Operations and maintenance	8,094,242	68,253	1,175,956	-	(6,850,033)
Student transportation	3,187,980	-	1,036,437	-	(2,151,543)
Food services	1,836,680	398,011	1,368,994	-	(69,675)
Extracurricular activities	2,946,856	220,503	591,900	-	(2,134,453)
Unallocated depreciation *	6,747,039	-	-	-	(6,747,039)
Interest and fiscal charges	5,881,078	-	530,751	-	(5,350,327)
Total governmental activities	\$ 106,341,208	\$ 1,929,018	\$ 16,959,107	\$ -	\$ (87,453,083)
General revenues:					
District property taxes					46,271,080
Investment earnings					443,336
Intergovernmental revenue					
Unrestricted:					
County distribution - retirement					7,627,797
State equalization					21,481,437
State guaranteed tax base subsidy					6,182,728
State quality educator					1,744,832
State on-behalf pension					4,997,664
Other state revenue					93,925
Gain on sale of assets					500
Total general revenues					88,843,299
Change in net position					1,390,216
Net position, beginning of year					50,472,311
Restatement of net position due to correction of error					(1,703,271)
Net position, beginning of year as restated					48,769,040
Net position, end of year					\$ 50,159,256

* 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, 2021

	General	Elementary Grants	High School Debt Service	High School Building	High School Building Reserve	K-12 Interlocal Agreements	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 4,984,893	\$ 2,120	\$ -	\$ 10,967,915	\$ 8,787,148	\$ 6,683,097	\$ 12,082,497	\$ 43,507,670
Investments	-	-	-	-	-	-	1,017,774	1,017,774
Property taxes receivable	682,595	-	369,026	-	83,557	-	342,947	1,478,125
Due from other funds	253,458	-	14,175	-	-	2,250,000	5,890	2,523,523
Due from other governments	679,647	3,997,844	58,751	-	-	-	956,841	5,693,083
Accounts receivable	572	240	-	-	-	8,937	34,747	44,496
Inventory, at cost	-	-	-	-	-	-	58,550	58,550
Prepaid items	77,968	19,534	-	-	-	41,835	192,862	332,199
Total assets	\$ 6,679,133	\$ 4,019,738	\$ 441,952	\$ 10,967,915	\$ 8,870,705	\$ 8,983,869	\$ 14,692,108	\$ 54,655,420
<u>LIABILITIES</u>								
Cash overdraft	\$ -	\$ -	\$ 291,030	\$ -	\$ -	\$ -	\$ 31,202	\$ 322,232
Accounts payable	101,051	27,455	-	1,822,697	-	42,898	34,450	2,028,551
Retainages payable	-	-	-	599,144	-	-	-	599,144
Unearned revenue	-	-	-	-	-	-	154,530	154,530
Due to other funds	-	2,250,000	-	-	-	273,523	-	2,523,523
Due to other governments	-	20,483	-	-	12,606	-	12,606	45,695
Total liabilities	101,051	2,297,938	291,030	2,421,841	12,606	316,421	232,788	5,673,675
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable revenue - property taxes	682,595	-	369,026	-	83,557	-	342,947	1,478,125
Total deferred inflows of resources	682,595	-	369,026	-	83,557	-	342,947	1,478,125
<u>FUND BALANCES</u>								
Nonspendable	77,968	19,534	-	-	-	41,835	538,559	677,896
Restricted	-	200,190	-	8,546,074	8,774,542	-	11,710,478	29,231,284
Committed	-	1,502,076	-	-	-	8,625,613	1,867,336	11,995,025
Assigned	437,357	-	-	-	-	-	-	437,357
Unassigned	5,380,162	-	(218,104)	-	-	-	-	5,162,058
Total fund balances	5,895,487	1,721,800	(218,104)	8,546,074	8,774,542	8,667,448	14,116,373	47,503,620
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,679,133	\$ 4,019,738	\$ 441,952	\$ 10,967,915	\$ 8,870,705	\$ 8,983,869	\$ 14,692,108	\$ 54,655,420

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, 2021

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

Fund balances - total governmental funds	\$ 47,503,620
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$317,969,209 and the accumulated depreciation is \$64,904,318.	253,064,891
Deferred inflows of resources (unavailable property taxes) are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.	1,478,125
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.	14,654,833
Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net position.	(15,000)
Accrued interest payable on bonds is reported on the statement of net position.	(567,642)
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.	
Bonds payable	\$189,706,681
Compensated absences	4,621,403
Voluntary termination benefits	16,750
Net pension liability	70,491,505
	(264,836,339)
Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(1,123,232)
Net position - governmental activities	<u><u>\$ 50,159,256</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, 2021

	General	Elementary Grants	High School Debt Service	High School Building	High School Building Reserve	K-12 Interlocal Agreements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
District property taxes	\$ 21,386,692	\$ -	\$ 11,156,846	\$ -	\$ 2,567,984	\$ -	\$ 10,891,169	\$ 46,002,691
Tuition and fees	51,785	-	-	-	-	-	507,916	559,701
Investment earnings	42,457	6	2,073	94,810	21,370	19,218	251,322	431,256
Other district revenue	679,647	319,107	58,751	80,572	86,840	8,937	1,828,197	3,062,051
Gallatin County	-	-	-	-	-	-	7,935,953	7,935,953
State of Montana	31,905,256	950,989	-	-	36,285	-	5,433,264	38,325,794
Federal	-	7,669,341	-	-	-	-	2,506,047	10,175,388
Total revenues	<u>54,065,837</u>	<u>8,939,443</u>	<u>11,217,670</u>	<u>175,382</u>	<u>2,712,479</u>	<u>28,155</u>	<u>29,353,868</u>	<u>106,492,834</u>
Expenditures:								
Current -								
Instruction	31,847,308	5,563,676	-	2,246,446	1,264	879,580	9,384,854	49,923,128
Support services	6,289,253	2,284,849	-	6,775	107,481	73,417	2,418,209	11,179,984
General administration	3,092,390	124,358	-	18,500	-	16,689	1,071,846	4,323,783
Building administration	3,935,528	358,083	-	-	-	35,993	1,667,249	5,996,853
Operations and maintenance	5,337,710	310,521	61,250	224,317	249,321	53,977	1,558,497	7,795,593
Student transportation	8,117	602	-	-	-	2,796	3,152,800	3,164,315
Food services	11,379	168,090	-	26,901	-	15,686	1,412,910	1,634,966
Extracurricular activities	1,548,066	46,718	-	284,198	-	3,652	966,291	2,848,925
Capital outlay	4,115	-	-	22,909,484	130,411	-	1,159,879	24,203,889
Debt service -								
Principal retirement	-	-	6,790,000	-	-	-	4,355,000	11,145,000
Interest and fiscal charges	-	-	5,324,313	-	-	-	1,834,126	7,158,439
Total expenditures	<u>52,073,866</u>	<u>8,856,897</u>	<u>12,175,563</u>	<u>25,716,621</u>	<u>488,477</u>	<u>1,081,790</u>	<u>28,981,661</u>	<u>129,374,875</u>
Excess (deficiency) of revenues over expenditures	<u>1,991,971</u>	<u>82,546</u>	<u>(957,893)</u>	<u>(25,541,239)</u>	<u>2,224,002</u>	<u>(1,053,635)</u>	<u>372,207</u>	<u>(22,882,041)</u>
Other financing sources (uses):								
Transfer in	-	10,164	951,770	-	-	1,975,641	-	2,937,575
Transfer out	(1,975,641)	-	-	(951,770)	-	-	(10,164)	(2,937,575)
Proceeds from sale of asset	-	-	-	-	-	-	500	500
Total other financing sources (uses)	<u>(1,975,641)</u>	<u>10,164</u>	<u>951,770</u>	<u>(951,770)</u>	<u>-</u>	<u>1,975,641</u>	<u>(9,664)</u>	<u>500</u>
Net changes in fund balances	16,330	92,710	(6,123)	(26,493,009)	2,224,002	922,006	362,543	(22,881,541)
Fund balances, beginning of year	<u>5,879,157</u>	<u>1,629,090</u>	<u>(211,981)</u>	<u>35,039,083</u>	<u>6,550,540</u>	<u>7,745,442</u>	<u>13,753,830</u>	<u>70,385,161</u>
Fund balances, end of year	<u>\$ 5,895,487</u>	<u>\$ 1,721,800</u>	<u>\$ (218,104)</u>	<u>\$ 8,546,074</u>	<u>\$ 8,774,542</u>	<u>\$ 8,667,448</u>	<u>\$ 14,116,373</u>	<u>\$ 47,503,620</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, 2021**

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

Net change in fund balances - total governmental funds	\$ (22,881,541)
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.	(721)
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 (\$24,203,889) exceeded depreciation (\$7,054,678) in the current period.	17,149,211
Deferred inflows of resources in the governmental funds are reported on the full accrual method in the government-wide financial statements.	269,109
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.	(5,132,764)
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.	12,422,357
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.	(236,932)
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 loss of the internal service funds is reported with governmental activities.	<u>(198,503)</u>
Change in net position of governmental activities	<u>\$ 1,390,216</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
District property taxes	\$ 21,474,871	\$ 21,474,871	\$ 21,386,692	\$ (88,179)
Tuition and fees	-	-	51,785	51,785
Investment earnings	243,874	243,874	40,832	(203,042)
Other district revenue	-	-	679,647	679,647
State of Montana	31,905,256	31,905,256	31,905,256	-
Total revenues	<u>53,624,001</u>	<u>53,624,001</u>	<u>54,064,212</u>	<u>440,211</u>
Expenditures:				
Current -				
Instruction	30,654,535	31,036,543	31,829,359	(792,816)
Support services	7,191,127	7,191,127	6,277,014	914,113
General administration	2,951,411	2,951,411	3,032,035	(80,624)
Building administration	4,183,991	4,183,991	3,906,554	277,437
Operations and maintenance	7,137,434	7,137,434	5,263,186	1,874,248
Student transportation	-	-	7,595	(7,595)
Food services	-	-	484	(484)
Extracurricular activities	1,663,807	1,663,807	1,548,066	115,741
Capital outlay	-	-	4,115	(4,115)
Total expenditures	<u>53,782,305</u>	<u>54,164,313</u>	<u>51,868,408</u>	<u>2,295,905</u>
Other financing sources (uses):				
Transfers out	-	-	(2,215,641)	(2,215,641)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,215,641)</u>	<u>(2,215,641)</u>
Net change in fund balances	(158,304)	(540,312)	(19,837)	520,475
Fund balances, beginning of year	<u>5,499,117</u>	<u>5,499,117</u>	<u>5,499,117</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,340,813</u>	<u>\$ 4,958,805</u>	<u>\$ 5,479,280</u>	<u>\$ 520,475</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, 2021

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 5,139,639
Inventory, at cost	1,136
Prepaid expenses	50,572
Flexible accounts deposit	36,056
Total current assets	<u>5,227,403</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	261,112
Less accumulated depreciation	<u>(254,056)</u>
Net capital assets	<u>7,056</u>
Total assets	<u>5,234,459</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Other postemployment health benefits deferred contributions	756,427
Contribution to pension plans in current fiscal year	<u>27,442</u>
Total deferred outflows of resources	<u>783,869</u>
Total assets and deferred outflows of resources	<u>\$ 6,018,328</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 755,733
Unearned revenue	<u>1,292,348</u>
Total current liabilities	<u>2,048,081</u>
Noncurrent liabilities:	
Net pension liability	117,111
Other postemployment health benefits	<u>4,258,555</u>
Total noncurrent liabilities	<u>4,375,666</u>
Total liabilities	<u>6,423,747</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Other postemployment health benefits assumption changes	711,155
Pension deferrals	<u>6,658</u>
Total deferred inflows of resources	<u>717,813</u>
<u>NET POSITION</u>	
Net investment in capital assets	7,056
Unrestricted	<u>(1,130,288)</u>
Total net position	<u>(1,123,232)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,018,328</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, 2021

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	\$ 8,704,787
Charges for wellness services	2,972
Total operating revenues	<u>8,707,759</u>
Operating expenses:	
Administrative expenses	547,243
Communications	22,776
Contracted Medicare supplement	445,405
Depreciation	3,372
Facilities and equipment rental	80,427
Health, dental and vision claims	7,059,236
Materials and supplies	4,088
Minor equipment	9,888
Minor technology equipment	10,294
Other expenses	3,897
Other postemployment health benefits	434,549
Repairs and maintenance	42,413
Salaries and benefits	85,540
Software maintenance	32,683
Wellness	136,531
Total operating expenses	<u>8,918,342</u>
Operating loss	<u>(210,583)</u>
Nonoperating revenues:	
Investment earnings	12,080
Total nonoperating revenues	<u>12,080</u>
Change in net position	(198,503)
Net position, beginning of year	<u>(924,729)</u>
Net position, end of year	<u><u>\$ (1,123,232)</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 8,759,114
Payments for insurance claims	(7,059,236)
Payments to employees	(85,540)
Payments to suppliers	(1,430,295)
Net cash flows from operating activities	<u>184,043</u>
 Cash flows from investing activities:	
Interest received	<u>12,080</u>
Net cash flows from investing activities	<u>12,080</u>
 Net change in cash and cash equivalents	196,123
 Cash and cash equivalents - beginning of the year	<u>4,943,516</u>
Cash and cash equivalents - end of the year	<u><u>\$ 5,139,639</u></u>
 Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	<u>\$ (210,583)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation	3,372
(Increase) decrease in inventories	66
(Increase) decrease in prepaid items	(15,511)
(Increase) decrease in accounts receivable	106
Increase (decrease) in accounts payable	87,951
Increase (decrease) in unearned insurance premiums	51,249
Increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability	8,242
Increase (decrease) in other postemployment benefits	<u>259,151</u>
Total adjustments	<u>394,626</u>
Net cash flows from operating activities	<u><u>\$ 184,043</u></u>

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



Notes to Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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 and proprietary funds. Fund financial statements are designed to present financial information of the School District at a more detailed level (and to demonstrate legal compliance). The focus of governmental fund financial statements is on major funds. In School District No. 7's case, the general, elementary grants, high school debt service, high school building, high school building reserve, and K-12 interlocal agreements 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 *elementary grants fund* accounts for Federal, State and Local grants and indirect cost monies received by the district.

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

The *K-12 interlocal agreements fund* accounts 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).

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. 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, 2021, 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, a \$15,000 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, 2021. 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 187 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, 2021, this voluntary termination benefit cost the District \$7,500 and had 3 past employees 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 2021 contribution amounts and no adjustment has been made for amounts as of the measurement date for government-wide statements, 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, prepaid items and the endowment. 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 Director of Business Services/District Clerk 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, 2021, fund balances are comprised of the following:

	General	Elementary Grants	High School Debt Service	High School Building	High School Building Reserve	K-12 Interlocal Agreements	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,550	\$ 58,550
Prepaid Items	77,968	19,534	-	-	-	41,835	192,862	332,199
Endowment	-	-	-	-	-	-	287,147	287,147
Restricted:								
Federal, State, & Local Grants	-	200,190	-	-	-	-	148,747	348,937
Building constr. repair & renov.	-	-	-	8,546,074	8,774,542	-	4,159,893	21,480,509
Debt Service	-	-	-	-	-	-	446,688	446,688
Student Transport.	-	-	-	-	-	-	1,284,099	1,284,099
Replacing Buses	-	-	-	-	-	-	609,481	609,481
Student Tuition	-	-	-	-	-	-	628,745	628,745
Retirement taxes	-	-	-	-	-	-	2,499,671	2,499,671
Tech acquisition	-	-	-	-	-	-	1,049,668	1,049,668
Adult Education	-	-	-	-	-	-	147,652	147,652
Endowment	-	-	-	-	-	-	735,835	735,835
Committed:								
Food services	-	-	-	-	-	-	652,595	652,595
Special services	-	928,126	-	-	-	-	-	928,126
Business services	-	298,207	-	-	-	-	264,728	562,935
Extracurricular activities	-	-	-	-	-	-	550,321	550,321
Drivers education	-	-	-	-	-	-	166,439	166,439
Interlocal agreements	-	-	-	-	-	8,625,613	-	8,625,613
Misc. district ops	-	275,743	-	-	-	-	233,252	508,995
Assigned:								
Comp. absences	416,207	-	-	-	-	-	-	416,207
Other	21,150	-	-	-	-	-	-	21,150
Unassigned	5,380,162	-	(218,104)	-	-	-	-	5,162,058
Total fund balances	\$5,895,487	\$1,721,800	\$ (218,104)	\$ 8,546,074	\$ 8,774,542	\$ 8,667,448	\$14,116,373	\$ 47,503,620

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, 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 prior year ended June 30, 2020, the District has corrected an error related to the improper accounting for capital outlay. The District determined that \$1,703,271 of minor equipment was improperly categorized as capital outlay in the High School Building Fund and capitalized as Construction in Progress on the government-wide Statement of Net Position instead of categorized as minor equipment expense for the amounts of \$1,037,293 and \$665,978 in the instruction and food service expense line items, respectively, on the government-wide Statement of Activities. Accordingly, beginning net position for the government-wide governmental activities has been restated to reflect the accounting error.

	Government-Wide Governmental Activities			
	Net Position	Construction in Progress	Instruction Expense	Food Services Expense
As originally reported	\$ 50,472,311	\$ 86,490,904	\$ 48,105,047	\$ 1,795,232
Restatement due to correction of an error (2020)	(1,703,271)	(1,703,271)	1,037,293	665,978
As restated	<u>\$ 48,769,040</u>	<u>\$ 84,787,633</u>	<u>\$ 49,142,340</u>	<u>\$ 2,461,210</u>

	High School Building Governmental Funds		
	Capital Outlay	Instruction Expense	Food Services Expense
As originally reported	\$ 37,768,618	\$ 218,527	\$ -
Restatement due to correction of an error (2020)	(1,703,271)	1,037,293	665,978
As restated	<u>\$ 36,065,347</u>	<u>\$ 1,255,820</u>	<u>\$ 665,978</u>

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	\$ 16,330
Consolidating compensated absence liability fund activity	(36,167)
Budget Basis	<u>\$ (19,837)</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 \$218,104. 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	\$ 8,448
County Treasurer's Investment Pool	48,311,423
Cash in D.A. Davidson bank insured deposits	5,208
Total	<u>\$ 48,325,079</u>

Investments consist of:

	Investment Mkt	Maturities	Credit Risk	Fair
	Value		Standard & Poor's Corporate Bond Rating	Value Measure ment
Mutual Funds	<u>\$ 1,017,774</u>	N/A	N/A	Level 1

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

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 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.

The special revenue Nonexpendable High School Endowment fund had cash held at JPMorgan Case Bank 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 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, 2021, 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	Elementary Grants	High School Debt Service	High School Building	High School Building Reserve	K-12 Interlocal Agreements	Nonmajor and Other Funds	Total
Receivables:								
Accounts	\$ 572	\$ 240	\$ -	\$ -	\$ -	\$ 8,937	\$ 34,747	\$ 44,496
Property taxes	682,595	-	369,026	-	83,557	-	342,947	1,478,125
Gross receivables	683,167	240	369,026	-	83,557	8,937	377,694	1,522,621
Less: allowance for uncollectibles								
(government-wide only)	(6,927)	-	(3,745)	-	(848)	-	(3,480)	(15,000)
Net total receivables	\$ 676,240		\$ 365,281	\$ -	\$ 82,709	\$ 8,937	\$ 374,214	\$ 1,507,621

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)	\$ 682,595	\$ -
Delinquent property taxes receivable (High school debt service fund)	369,026	-
Delinquent property taxes receivable (High school building fund)	83,557	-
Delinquent property taxes receivable (Nonmajor governmental funds)	342,947	-
Food Services and high school grants funds (nonmajor gov'tl funds)	-	154,530
	<u>\$ 1,478,125</u>	<u>\$ 154,530</u>

The Self-Insurance internal service fund had unearned revenue of \$1,292,348 as of June 30, 2021, 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, 2021 follows:

	Beginning Balance	Restatement	Beginning Balance as Restated	Increase	Decrease	Ending Balance
Governmental Activities						
Capital assets, not being depreciated:						
Land	\$ 13,136,828	\$ -	\$ 13,136,828	\$ -	\$ -	\$ 13,136,828
Construction in progress	86,490,904	(1,703,271)	84,787,633	21,114,195	(80,953,593)	24,948,235
Total capital assets, not being depreciated	99,627,732	(1,703,271)	97,924,461	21,114,195	(80,953,593)	38,085,063
Capital assets, being depreciated:						
Land improvements	23,004,465	-	23,004,465	9,291,375	-	32,295,840
Buildings and improvements	166,816,625	-	166,816,625	73,537,203	-	240,353,828
Machinery and equipment	6,286,381	-	6,286,381	1,214,709	(5,500)	7,495,590
Total capital assets being depreciated	196,107,471	-	196,107,471	84,043,287	(5,500)	280,145,258
Less accumulated depreciation for:						
Land improvements	(6,648,367)	-	(6,648,367)	(1,332,928)	-	(7,981,295)
Buildings and improvements	(46,374,567)	-	(46,374,567)	(5,414,110)	-	(51,788,677)
Machinery and equipment	(5,082,889)	-	(5,082,889)	(311,011)	5,500	(5,388,400)
Total accumulated depreciation	(58,105,823)	-	(58,105,823)	(7,058,049)	5,500	(65,158,372)
Total capital assets, being depreciated, net	138,001,648	-	138,001,648	76,985,238	-	214,986,886
Governmental activities capital assets, net	\$ 237,629,380	\$ (1,703,271)	\$ 235,926,109	\$ 98,099,433	\$ (80,953,593)	\$ 253,071,949

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

Governmental Activities:

Instruction	\$ 69,803
Support services	17,849
General administration	50,173
Operations and maintenance	47,066
Student transportation	8,577
Food services	99,645
Extracurricular activities	14,525
Unallocated depreciation (buildings and land improvements)	6,747,039
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	3,372
Total depreciation expense - governmental activities	<u>\$ 7,058,049</u>

Construction commitments - The District has active construction projects as of June 30, 2021. At year-end the District's commitments with contractors were as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction contract for Morning Star mechanical upgrade phase # 2	\$ 119,144	\$ 127,356
Construction contract for Emily Dickinson mechanical upgrade phase # 2	119,144	127,356
Constr. & architect contracts for BHS expansion and renovation	<u>23,331,528</u>	<u>9,952,669</u>
Total	<u>\$23,569,816</u>	<u>\$10,207,381</u>

The elementary building reserve fund is paying for the Morning Star Elementary and Emily Dickinson Elementary phase # 2 mechanical upgrade projects. The high school building fund has paid for all costs associated with the Bozeman High School (BHS) expansion and renovation project-to-date, and will continue to fund the project until its conclusion. The high school building reserve fund will also help fund the remaining commitment related to the BHS renovation project.

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 \$1,975,641 out of the General Fund into the K-12 Interlocal Agreements Fund to assist with future operational needs of the District. Additionally, there were transfers totaling \$10,164 out the Middle School Student Extracurricular Club Fund into the Elementary Grants funds to fund student aid endeavors, and additional transfers totaling \$951,770 out of the High School Building Fund into the High School Debt Service Fund to help with debt retirement.

Transfers out	Transfers in			
	Elementary Grants	High School Debt Service	K-12 Interlocal Agreements	Total
General Fund	\$ -	\$ -	\$ 1,975,641	\$ 1,975,641
High School Building	-	951,770	-	951,770
Other Nonmajor Governmental Funds	10,164	-	-	10,164
Total	\$ 10,164	\$ 951,770	\$ 1,975,641	\$ 2,937,575

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, 2021, the District reported \$273,523 due from the K-12 Interlocal Agreement funds to the Elementary General Fund (\$253,458), to the Elementary Debt Service Fund (\$5,890), and to the High School Debt Service Fund (\$14,175). Additionally, in the current fiscal year, the District reported \$2,250,000 due from the Elementary Grants fund to the K-12 Interlocal Agreements Fund. 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 outstanding general obligation bonds issued in prior years was \$215,110,000.

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, 2021	Due Within One Year
2012 Elementary	10,000,000	20	1.00 - 3.00%	\$ 6,030,000	\$ 475,000
2013 Elementary	16,375,000	20	3.00 - 4.00%	10,330,000	775,000
2014 Elementary	9,500,000	11	1.00 - 4.00%	6,575,000	1,240,000
2015 Elementary	8,935,000	13	2.00 - 5.00%	5,920,000	-
2016 Elementary	21,500,000	20	2.00 - 5.00%	17,240,000	940,000
Subtotal				<u>46,095,000</u>	<u>3,430,000</u>
2014 High School	9,150,000	11	1.00 - 4.00%	8,990,000	985,000
2015 High School	8,750,000	7	2.00 - 5.00%	810,000	810,000
2017 High School	5,900,000	9	2.00 - 3.00%	3,225,000	610,000
2017 High School	100,000,000	20	3.00 - 5.00%	89,145,000	3,905,000
2019 High School	25,000,000	16	2.00 - 5.00%	24,355,000	740,000
Subtotal				<u>126,525,000</u>	<u>7,050,000</u>
Total				<u>\$172,620,000</u>	<u>\$10,480,000</u>

Annual debt service requirements to maturity on general obligation bonds at June 30, 2021, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2022	\$ 10,480,000	6,756,306	\$ 17,236,306
2023	10,965,000	6,400,406	17,365,406
2024	12,360,000	5,943,431	18,303,431
2025	12,895,000	5,412,119	18,307,119
2026	13,440,000	4,858,544	18,298,544
2027-2031	54,550,000	16,874,044	71,424,044
2032-2036	50,485,000	6,555,081	57,040,081
2037-2041	7,445,000	224,100	7,669,100
Total	<u>\$ 172,620,000</u>	<u>\$ 53,024,031</u>	<u>\$ 225,644,031</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. Of the aforementioned \$10,510,000 advanced refunding bonds issued, the \$4,610,000 attributed to the elementary has been extinguished within the current fiscal year.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds	\$183,765,000	\$ -	\$ (11,145,000)	\$ 172,620,000	\$10,480,000
Amortized amounts:					
Bond premiums	18,561,594	-	(1,474,913)	17,086,681	-
Total bonds payable	202,326,594	-	(12,619,913)	189,706,681	10,480,000
Compensated absences	4,382,220	980,621	(741,438)	4,621,403	562,900
Voluntary termination benefits	19,000	5,250	(7,500)	16,750	8,750
Net pension liability	60,643,651	9,964,965	-	70,608,616	-
Other postemployment benefits	4,122,827	135,728	-	4,258,555	-
Total governmental activity					
Long-term liabilities	<u>\$ 271,494,292</u>	<u>\$ 11,086,564</u>	<u>\$ (13,368,851)</u>	<u>\$ 269,212,005</u>	<u>\$ 11,051,650</u>

The compensated absences liability has been paid this year (and in past years) from all governmental funds except for the elementary and high school bus depreciation, tuition, student club extracurricular, flexibility, debt service and nonexpendable high school endowment 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 and High School District each used the second formula above to calculate their respective legal debt service limitations.

For the year ending June 30, 2021, legal debt limitations were as follows:

	Taxing District	
	Elementary	High School
Legal Debt Service Limitation	\$ 198,660,720	\$ 235,684,220

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 High School G.O. Bonds were issued to partially refund the 2008 High School General Obligation Bonds and also take advantage of favorable interest rates. Additional 2017 High School G.O. Bond were issued to construct a second high school for the District and to renovate the existing high school. The 2019 High School G.O. Bonds was the final issue previously authorized to also construct the new Gallatin High School and renovate the existing Bozeman 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, 2021, are as follows:

Fund Name	Fund Type	Amount
Elementary building reserve	Capital Projects	\$ 2,403,278
High School building reserve	Capital Projects	8,774,542
Elementary building	Capital Projects	1,756,615
High School building	Capital Projects	8,546,074
Elementary debt service	Debt Service	446,688
Elementary bus depreciation	Special Revenue	304,607
High School bus depreciation	Special Revenue	304,874
Elementary retirement	Special Revenue	1,595,724
High School retirement	Special Revenue	903,947
Elementary technology acquisition	Special Revenue	515,861
High School technology acquisition	Special Revenue	533,807
Elementary transportation	Special Revenue	862,914
High School transportation	Special Revenue	421,185
Elementary tuition	Special Revenue	225,574
High School tuition	Special Revenue	403,171
Elementary grants	Special Revenue	200,190
High School grants	Special Revenue	148,746
Adult education	Special Revenue	147,652
Nonexpendable high school endowment	Special Revenue	735,835
Total restricted fund balances		<u>\$ 29,231,284</u>

G. Endowment

The District holds an endowment restricted for worthy student scholarship endeavors. The District presently does not have a formal investment and spending policy on the spendable portion of the restricted endowment. However, Management's directives are to spend the spendable portion of the restricted endowment on worthy student scholarship endeavors. The District also follows the State of Montana law regarding endowment funds.

The State of Montana adopted the Uniform Prudent Management of Institutional Funds Act (MUPMIFA) requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

Accordingly, the District classifies as restricted - nonexpendable (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any

accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted - nonexpendable is classified as restricted - expendable on the Statement of Net Position until those amounts are appropriated for expenditure by the District in a manner consistent with the standard of prudence prescribed by MUPMIFA.

H. Leases

In June, 2016, the District approved a four year cancellable operating photocopier lease arrangement which began on July 1, 2016. As allowed by the terms of the lease, the District extended the lease arrangement for one additional year. The arrangement involved 38 photocopiers with no guaranteed minimum copies per year. The total cost of this lease for the fiscal year ended June 30, 2021, was \$80,039. There are no guaranteed future minimum lease payments for this arrangement.

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 purchased commercial 'stop-loss' policies through Blue Cross Blue Shield of Montana which insures the District for annual claims in excess of 125% of the prior year total amount and for individual aggregated claimant claims in excess of \$250,000 during the plan 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
2019	\$ 669,710	\$6,909,255	\$6,935,374	\$ 643,591
2020	643,591	6,726,380	6,801,697	568,274
2021	568,274	7,089,377	7,059,236	598,415

As of June 30, 2021, 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, 2020, and a reporting date of June 30, 2021. 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	\$61,526,605	\$ 9,082,011	\$70,608,616
Deferred Outflows of Resources	12,812,915	2,101,988	14,914,903
Deferred Inflows of Resources	945,062	516,351	1,461,413
Pension Expense	13,421,264	1,730,104	15,151,368

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, 2021 and June 30, 2020 (reporting dates).

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
BOZEMAN SCHOOL DISTRICT NO. 7					
Proportionate Share	\$61,526,605	\$53,602,615	2.7352%	2.7798%	-0.0446%
State of Montana					
Proportionate Share					
associated with employer	36,385,843	32,451,087	1.6175%	1.6829%	-0.0654%
Total	<u>\$97,912,448</u>	<u>\$86,053,702</u>	<u>4.3527%</u>	<u>4.4627%</u>	<u>-0.1100%</u>

At June 30, 2021, the employer recorded a liability of \$61,526,605 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2021, the employer's proportion was 2.7352 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:

- The discount rate was lowered from 7.50% to 7.34%
- The investment rate of return assumption was lowered from 7.50% to 7.34%
- The inflation rate was reduced from 2.50% to 2.40%

Changes in benefit terms:

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

Changes in proportionate share:

There were no changes between the measurement date of the collective 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 6/30/2021
Bozeman School District No. 7 Proportionate Share	\$ 8,600,284
State of Montana Proportionate Share associated with the Employer	4,820,980
Total	<u>\$ 13,421,264</u>

At June 30, 2021, the employer recognized a Pension Expense of \$8,600,284 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$4,820,980 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, 2021, 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	\$ 596,435	\$ -
Changes in actuarial assumptions	3,222,427	70,758
Differences between projected and actual investment earnings	4,310,208	-
Changes in proportion & Differences between actual and expected contributions	559,241	874,304
*Contributions paid to TRS subsequent to the measurement date - FY 2021 Contributions	4,124,604	-
Total	<u>\$ 12,812,915</u>	<u>\$ 945,062</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, 2022.

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)
2022	\$2,783,275	\$ -	\$ 2,783,275
2023	2,047,085	-	2,047,085
2024	1,831,147	-	1,831,147
2025	1,081,742	-	1,081,742
2026	-	-	-
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, 2020, measurement date, is based on the results of an actuarial valuation date of July 1, 2020. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2020 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 7.34%
- 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 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities 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 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the Discount rate.

Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Equity	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Cash	<u>2.00%</u>	0.11%
	100.00%	

The long-term capital market assumptions published in the Survey of Capital Market Assumptions 2020 Edition by Horizon Actuarial Service, LLC, yield a median real return of 4.94%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2020 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.34%.

Sensitivity Analysis

	1.0% Decrease (6.34%)	Current Discount Rate (7.34%)	1.0% Increase (8.34%)
Bozeman School District No. 7's portion of Net Pension Liability	\$81,920,830	\$ 61,526,605	\$ 44,463,484

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 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) 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, 2020 measurement date for the 2021 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, 2021.

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, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The 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, 2021, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$9,082,011 and the employer's proportionate share was 0.3442 percent.

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Bozeman School District No. 7 Proportionate Share	\$ 9,082,011	\$ 7,041,036	0.3442%	0.3368%	0.0074%
State of Montana Proportionate Share associated with employer	3,176,134	2,539,413	0.1204%	0.1215%	-0.0011%
Total	<u>\$12,258,145</u>	<u>\$ 9,580,449</u>	<u>0.4646%</u>	<u>0.4583%</u>	<u>0.0063%</u>

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

- The discount rate was lowered from 7.65% to 7.34%
- The investment rate of return was lowered from 7.65% to 7.34%
- The inflation rate was reduced from 2.75% to 2.40%

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense

At June 30, 2021, the employer recognized a pension expense of \$1,210,673 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$519,431 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

<u>As of measurement date</u>	<u>Pension Expense as of 6/30/2021</u>
Bozeman School District No. 7 Proportionate Share	\$ 1,210,673
State of Montana Proportionate Share associated with the Employer	519,341
Total	<u>\$ 1,730,014</u>

Recognition of Deferred Inflows and Outflows

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Expected vs. Actual Experience	\$ 146,602	\$ 259,668
Projected Investment Earnings vs. Actual Investment Earnings	786,421	-
Changes in Assumptions	628,895	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	256,683
Employer contributions subsequent to the measurement date.	540,070	-
Total	<u>\$ 2,101,988</u>	<u>\$ 516,351</u>

\$540,070 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, 2022. 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
2021	\$ 27,336
2022	\$ 546,972
2023	\$ 274,782
2024	\$ 196,477
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 2.02%, effective July 1, 2018).
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- 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.

<u>Fiscal Year</u>	<u>State & Universities</u>		<u>Local Government</u>		<u>School Districts</u>	
	<u>Member</u>		<u>Employer</u>	<u>Employer</u>	<u>State</u>	<u>Employer</u>
	<u>Hired <07/01/11</u>	<u>Hired >07/01/11</u>				<u>State</u>
2020	7.9000%	7.9000%	8.870%	8.770%	0.100%	8.500%
2020	7.9000%	7.9000%	8.770%	8.670%	0.100%	8.400%
2019	7.9000%	7.9000%	8.670%	8.570%	0.100%	8.300%
2018	7.9000%	7.9000%	8.570%	8.470%	0.100%	8.200%
2017	7.9000%	7.9000%	8.470%	8.370%	0.100%	8.100%
2016	7.9000%	7.9000%	8.370%	8.270%	0.100%	8.000%
2015	7.9000%	7.9000%	8.270%	8.170%	0.100%	7.900%
2014	7.9000%	7.9000%	8.170%	8.070%	0.100%	7.800%
2012-2013	6.9000%	7.9000%	7.170%	7.070%	0.100%	6.800%
2010-2011	6.9000%		7.170%	7.070%	0.100%	6.800%
2008-2009	6.9000%		7.035%	6.935%	0.100%	6.800%
2000-2007	6.9000%		6.900%	6.800%	0.100%	6.800%

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.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non Employer Contributions:
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund of \$33,951,150.

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, 2019, actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2020. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- | | |
|--|-------|
| • Investment Return (net of admin expense) | 7.34% |
| • Admin Expense as % of Payroll | 0.30% |

- General Wage Growth* 3.50%
 *includes Inflation at 2.40%
- Merit Increases 0% to 4.80%

- 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 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The State contributed 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 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The most recent experience study, performed for the period covering July 1, 2020 to June 30, 2016 is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long term capital market assumptions published in the Survey of Capital Market Assumptions 2020 Edition by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the 2020 OASDI Trustees Report by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, the measurement date, are summarized in the table below:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
		<u>Arithmetic Basis</u>
Cash	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Investments	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	<u>5.00%</u>	3.97%
	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 7.34%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

<u>As of measurement date</u>	<u>1.0% Decrease (6.34%)</u>	<u>Current Discount Rate (7.34%)</u>	<u>1.0% Increase (8.34%)</u>
Bozeman School District No. 7 proportion of Net Pension Liability	\$ 12,500,851	\$ 9,082,011	\$ 6,210,209

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, 2020, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$775,195.

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, 2021.

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. Since the inception of reporting the OPEB obligation, the District's historical policy has been, and continues to be, to not fund the OPEB obligation.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Category	Count
Active employees	635
Inactive employees entitled to but not yet receiving benefit payment	196
Inactive employees or beneficiaries currently receiving benefit payments	18
Total	<u>849</u>

Contributions

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

Total OPEB Liability (TOL)

The District's total OPEB liability of \$4,258,555 was measured as of June 30, 2020, and was determined by an actuarial valuation as of September 1, 2020.

Changes in the TOL for the year ended June 30, 2021 are as follows:

Service cost	\$ 309,832
Interest	151,336
Differences between expected and actual experience	(504,848)
Changes in assumptions	421,574
Benefit payments	<u>(242,166)</u>
Net change in total OPEB liability	135,728
Total OPEB liability, beginning of year	<u>4,122,827</u>
Total OPEB liability, end of year	<u>\$ 4,258,555</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 (1.21%) or one percentage point higher (3.21%) follows:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	\$ 4,654,457	\$ 4,258,555	\$ 3,984,039

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 (4.80%) or one percentage point higher (6.80%) than the current healthcare cost trend rate follows:

	1% Decrease 4.80% decreasing to 3.00%	Trend Rate 5.80% decreasing to 4.00%	1% Increase 6.80% decreasing to 5.00%
Total OPEB liability	\$ 3,741,949	\$ 4,258,555	\$ 4,875,661

For the year ended June 30, 2021, the District recognized OPEB expense of \$452,272. At June 30, 2021, 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	\$ 581,029	\$ 105,498
Differences between expected and actual experience	-	605,657
Deferred contributions	175,398	-
Total	<u>\$ 756,427</u>	<u>\$ 711,155</u>

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of \$175,398 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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
2022	\$ (26,619)
2023	(26,619)
2024	(26,619)
2025	(26,619)
2026	(13,577)
Thereafter	(10,073)

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, 2020 for fiscal year end June 30, 2021 financial reporting. This valuation was derived based on the 2020 actual costs and participants. As of September 1, 2020, the most recent valuation date, the District's total OPEB liability was determined using the following significant actuarial assumptions:

1. Asset Valuation Method: Not applicable (\$0; no PEB trust has been established)
2. Discount Rate: 2.51% as of June 30, 2020; 3.51% as of June 30, 2019
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: 3.0% 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 claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen model and are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2021	5.80%	2061-2066	4.80%
2022	5.70%	2067	4.70%
2023	5.60%	2068	4.60%
2024	5.50%	2069	4.50%
2025-2026	5.40%	2070-2071	4.40%
2027-2029	5.30%	2072	4.30%
2030-2051	5.20%	2073-2074	4.20%
2052	5.10%	2075	4.10%
2056-2055	5.00%	2076 & later	4.00%
2056-2060	4.90%		

The healthcare trend shown above was developed using the Getzen Model 2021_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.5%; Excess Medical Growth 1.2% Expected Health Share of GDP in 2028 20.3%; Resistance Point 25%; Year after which medical growth is limited to growth in GDP 2075.

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.

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 2020 on a fully generational basis. The MacLeod Watts Scale 2020 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2019 Report, published in October 2019, and (2) the demographic assumptions used in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published in April 2019.

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, 2021, the District portion of the property taxes abated by Gallatin County totaled \$2,156 under this program, reducing property tax revenue for the District.

E. Contingencies

As of June 30, 2021, the District was not involved in any lawsuits.

**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, 2021

Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 309,832	\$ 283,632	\$ 259,481	\$ 277,808
Interest	151,336	153,908	136,187	110,781
Differences between expected and actual experience	(504,848)	-	(230,765)	-
Change of assumptions	421,574	121,038	164,113	(200,330)
Benefit payments	<u>(242,166)</u>	<u>(258,165)</u>	<u>(210,219)</u>	<u>(187,798)</u>
Net changes in total OPEB liability	135,728	300,413	118,797	461
Total OPEB liability, beginning of year	<u>4,122,827</u>	<u>3,822,414</u>	<u>3,703,617</u>	<u>3,703,156</u>
Total OPEB liability, end of year	<u><u>\$ 4,258,555</u></u>	<u><u>\$ 4,122,827</u></u>	<u><u>\$ 3,822,414</u></u>	<u><u>\$ 3,703,617</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 242,166	\$ 258,165	\$ 210,219	\$ 187,798
Benefit payments	<u>(242,166)</u>	<u>(258,165)</u>	<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>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability, end of year	<u><u>\$ 4,258,555</u></u>	<u><u>\$ 4,122,827</u></u>	<u><u>\$ 3,822,414</u></u>	<u><u>\$ 3,703,617</u></u>
Covered employee payroll	<u><u>\$ 46,106,420</u></u>	<u><u>\$ 44,043,978</u></u>	<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>9.24%</u>	<u>9.36%</u>	<u>9.52%</u>	<u>9.63%</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, 2021

Schedule of Proportionate Share of the Net Pension Liability

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Employer's proportion of the net pension liability	2.73520%	2.77980%	2.71430%	2.62950%	2.53350%	2.46410%	2.36670%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 61,526,605	\$ 53,602,615	\$ 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	\$ 36,385,843	\$ 32,451,087	\$ 31,290,489	\$ 28,142,575	\$ 30,154,266	\$ 27,107,547	\$ 24,945,157
Total	\$ 97,912,448	\$ 86,053,702	\$ 81,670,188	\$ 72,478,498	\$ 76,438,182	\$ 67,593,185	\$ 61,365,130
Employer's covered payroll	\$ 37,664,500	\$ 37,712,943	\$ 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	163.35%	142.13%	139.46%	127.83%	140.74%	128.75%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

Schedule of Contributions:

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contributions	\$ 4,124,604	\$ 3,630,181	\$ 3,625,199	\$ 3,446,699	\$ 3,267,549	\$ 3,008,409	\$ 2,947,769
Contributions in relation to the contractually required contributions	\$ 4,124,604	\$ 3,630,181	\$ 3,625,199	\$ 3,446,699	\$ 3,267,549	\$ 3,008,409	\$ 2,947,769
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 41,401,511	\$ 37,664,500	\$ 37,712,943	\$ 36,125,172	\$ 34,682,649	\$ 32,886,005	\$ 31,446,361
Contributions of covered payroll (as a percentage)	9.96%	9.64%	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, 2021

Schedule of Proportionate Share of the Net Pension Liability:

	6/30/2021	6/30/2020	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)	0.3442%	0.3368%	0.3300%	0.4258%	0.4178%	0.4064%	0.4404%
Employer's proportion of the net pension liability (amount)	\$ 9,082,011	\$ 7,041,036	\$ 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)	\$ 3,176,134	\$ 2,539,413	\$ 2,569,818	\$ 435,070	\$ 332,565	\$ 266,953	\$ 256,505
Total	\$ 12,258,145	\$ 9,580,450	\$ 9,457,620	\$ 8,727,497	\$ 7,448,442	\$ 5,948,025	\$ 5,743,628
Employer's covered payroll	\$ 5,961,583	\$ 5,738,642	\$ 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	152.34%	122.70%	122.87%	151.93%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

Schedule of Contributions:

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required defined benefit contributions	\$ 540,070	\$ 506,048	\$ 478,012	\$ 459,685	\$ 442,087	\$ 418,263	\$ 390,832
Plan Choice Rate Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,924	\$ 31,348
Contributions in relation to the contractually required contributions	\$ 540,070	\$ 506,048	\$ 478,012	\$ 459,685	\$ 442,087	\$ 437,187	\$ 422,180
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,353,767	\$ 5,961,583	\$ 5,738,642	\$ 5,605,920	\$ 5,457,905	\$ 5,172,904	\$ 4,903,746
Contributions of covered payroll (as a percentage)	8.49%	8.49%	8.33%	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, 2021**

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 2020:

- The discount rate was lowered from 7.50% to 7.34%
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%.

The following changes to the actuarial assumptions were adopted in 2019:

- The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.
-

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:

- 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

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	29 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increase	3.25 to 7.76 percent, including inflation for Non-University Members and 4.25% for University Members;
Investment rate of return	7.50 percent, net of pension plan investment 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 8.47%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (healthy members)	For males and females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year.
Mortality (disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.30%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. 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 six 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, 2021

	Elementary General Subfund	High School General Subfund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,407,455	\$ 1,577,438	\$ 4,984,893
Property taxes receivable	421,938	260,657	682,595
Due from other funds	253,458	-	253,458
Due from other governments	96,407	583,240	679,647
Accounts receivable	282	290	572
Prepaid items	28,715	49,253	77,968
Total assets	\$ 4,208,255	\$ 2,470,878	\$ 6,679,133
<u>LIABILITIES</u>			
Accounts payable	\$ 65,203	\$ 35,848	\$ 101,051
Total liabilities	65,203	35,848	101,051
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	421,938	260,657	682,595
Total deferred inflows of resources	421,938	260,657	682,595
<u>FUND BALANCES</u>			
Nonspendable	28,715	49,253	77,968
Assigned	253,922	183,435	437,357
Unassigned	3,438,477	1,941,685	5,380,162
Total fund balances	3,721,114	2,174,373	5,895,487
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,208,255	\$ 2,470,878	\$ 6,679,133

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	\$ 13,492,720	\$ 7,893,972	\$ 21,386,692
Tuition and fees	25,554	26,231	51,785
Investment earnings	30,842	11,615	42,457
Other district revenue	96,407	583,240	679,647
State of Montana	20,956,766	10,948,490	31,905,256
Total revenues	<u>34,602,289</u>	<u>19,463,548</u>	<u>54,065,837</u>
Expenditures:			
Current -			
Instruction	21,460,726	10,386,582	31,847,308
Support services	4,256,418	2,032,835	6,289,253
General administration	1,641,442	1,450,948	3,092,390
Building administration	2,524,520	1,411,008	3,935,528
Operations and maintenance	2,713,111	2,624,599	5,337,710
Student transportation	8,117	-	8,117
Food services	8,226	3,153	11,379
Extracurricular activities	194,050	1,354,016	1,548,066
Capital outlay	-	4,115	4,115
Total expenditures	<u>32,806,610</u>	<u>19,267,256</u>	<u>52,073,866</u>
Other financing sources (uses):			
Transfers out	(1,853,559)	(122,082)	(1,975,641)
Total other financing sources (uses)	<u>(1,853,559)</u>	<u>(122,082)</u>	<u>(1,975,641)</u>
Net change in fund balances	(57,880)	74,210	16,330
Fund balances, beginning of year	<u>3,778,994</u>	<u>2,100,163</u>	<u>5,879,157</u>
Fund balances, end of year	<u><u>\$ 3,721,114</u></u>	<u><u>\$ 2,174,373</u></u>	<u><u>\$ 5,895,487</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Elementary General Subfund			High School General Subfund			
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:							
District property taxes	\$ 13,543,084	\$ 13,492,720	\$ (50,364)	\$ 7,931,787	\$ 7,931,787	\$ 7,893,972	\$ (37,815)
Tuition and fees	-	25,554	25,554	-	-	26,231	26,231
Investment earnings	109,086	29,990	(79,096)	134,788	134,788	10,842	(123,946)
Other district revenue	-	96,407	96,407	-	-	583,240	583,240
State of Montana	20,956,766	20,956,766	-	10,948,490	10,948,490	10,948,490	-
Total revenues	<u>34,608,936</u>	<u>34,601,437</u>	<u>(7,499)</u>	<u>19,015,065</u>	<u>19,015,065</u>	<u>19,462,775</u>	<u>447,710</u>
Expenditures:							
Current -							
Instruction	21,877,930	21,444,327	433,603	8,776,605	9,158,613	10,385,032	(1,226,419)
Support services	4,994,100	4,245,902	748,198	2,197,027	2,197,027	2,031,112	165,915
General administration	1,525,557	1,603,213	(77,656)	1,425,854	1,425,854	1,428,822	(2,968)
Building administration	2,639,480	2,504,788	134,692	1,544,511	1,544,511	1,401,766	142,745
Operations and maintenance	3,447,459	2,659,850	787,609	3,689,975	3,689,975	2,603,336	1,086,639
Student transportation	-	7,595	(7,595)	-	-	-	-
Food services	-	339	(339)	-	-	145	(145)
Extracurricular activities	262,361	194,050	68,311	1,401,446	1,401,446	1,354,016	47,430
Capital outlay	-	-	-	-	-	4,115	(4,115)
Total expenditures	<u>34,746,887</u>	<u>32,660,064</u>	<u>2,086,823</u>	<u>19,035,418</u>	<u>19,417,426</u>	<u>19,208,344</u>	<u>209,082</u>
Other financing sources (uses):							
Transfers out	-	(2,006,559)	(2,006,559)	-	-	(209,082)	(209,082)
Total other financing sources (uses)	<u>-</u>	<u>(2,006,559)</u>	<u>(2,006,559)</u>	<u>-</u>	<u>-</u>	<u>(209,082)</u>	<u>(209,082)</u>
Net change in fund balances	(137,951)	(65,186)	72,765	(20,353)	(402,361)	45,349	447,710
Fund balances, beginning of year	<u>3,553,527</u>	<u>3,553,527</u>	<u>-</u>	<u>1,945,590</u>	<u>1,945,590</u>	<u>1,945,590</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,415,576</u>	<u>\$ 3,488,341</u>	<u>\$ 72,765</u>	<u>\$ 1,925,237</u>	<u>\$ 1,543,229</u>	<u>\$ 1,990,939</u>	<u>\$ 447,710</u>

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2021

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,174,570	\$ -	\$ 3,907,927	\$ 12,082,497
Investments	1,017,774	-	-	1,017,774
Property taxes receivable	100,983	179,993	61,971	342,947
Due from other funds	-	5,890	-	5,890
Due from other governments	231,383	472,000	253,458	956,841
Accounts receivable	23,574	-	11,173	34,747
Inventory, at cost	58,550	-	-	58,550
Prepaid items	135,671	-	57,191	192,862
Total assets	\$ 9,742,505	\$ 657,883	\$ 4,291,720	\$ 14,692,108
<u>LIABILITIES</u>				
Cash overdraft	\$ -	\$ 31,202	\$ -	\$ 31,202
Accounts payable	34,391	-	59	34,450
Due to other governments	-	-	12,606	12,606
Unearned revenue	154,530	-	-	154,530
Total liabilities	188,921	31,202	12,665	232,788
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	100,983	179,993	61,971	342,947
Total deferred inflows of resources	100,983	179,993	61,971	342,947
<u>FUND BALANCES</u>				
Nonspendable	481,368	-	57,191	538,559
Restricted	7,103,897	446,688	4,159,893	11,710,478
Committed	1,867,336	-	-	1,867,336
Total fund balances	9,452,601	446,688	4,217,084	14,116,373
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,742,505	\$ 657,883	\$ 4,291,720	\$ 14,692,108

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, 2021

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
District property taxes	\$ 3,144,965	\$ 5,752,596	\$ 1,993,608	\$ 10,891,169
Tuition and fees	507,916	-	-	507,916
Investment earnings	234,343	4,799	12,180	251,322
Other district revenue	931,264	472,000	424,933	1,828,197
Gallatin County	7,935,953	-	-	7,935,953
State of Montana	5,352,283	4,689	76,292	5,433,264
Federal	2,506,047	-	-	2,506,047
Total revenues	<u>20,612,771</u>	<u>6,234,084</u>	<u>2,507,013</u>	<u>29,353,868</u>
Expenditures:				
Current -				
Instruction	9,384,626	-	228	9,384,854
Support services	2,418,209	-	-	2,418,209
General administration	1,071,846	-	-	1,071,846
Building administration	1,304,643	-	362,606	1,667,249
Operations and maintenance	745,351	61,381	751,765	1,558,497
Student transportation	3,152,800	-	-	3,152,800
Food services	1,412,910	-	-	1,412,910
Extracurricular activities	966,291	-	-	966,291
Capital outlay	121,999	-	1,037,880	1,159,879
Debt service -				
Principal retirement	-	4,355,000	-	4,355,000
Interest and fiscal charges	-	1,834,126	-	1,834,126
Total expenditures	<u>20,578,675</u>	<u>6,250,507</u>	<u>2,152,479</u>	<u>28,981,661</u>
Excess (deficiency) of revenues over expenditures	<u>34,096</u>	<u>(16,423)</u>	<u>354,534</u>	<u>372,207</u>
Other financing sources (uses):				
Transfers out	(10,164)	-	-	(10,164)
Proceeds from sale of asset	500	-	-	500
Total other financing sources (uses)	<u>(9,664)</u>	<u>-</u>	<u>-</u>	<u>(9,664)</u>
Net changes in fund balances	<u>24,432</u>	<u>(16,423)</u>	<u>354,534</u>	<u>362,543</u>
Fund balances, beginning of year	<u>9,428,169</u>	<u>463,111</u>	<u>3,862,550</u>	<u>13,753,830</u>
Fund balances, end of year	<u>\$ 9,452,601</u>	<u>\$ 446,688</u>	<u>\$ 4,217,084</u>	<u>\$ 14,116,373</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 - (High School) To account for the District’s food services program.

Miscellaneous Local, State & Federal Grant Funds – (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 corpus and previous earnings. This is reinvested until a desired overall level is attained in which scholarships will be awarded from the spendable portion of this fund.

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Technology Acquisition	Middle School Student Club Extracurricular
<u>ASSETS</u>						
Cash and cash equivalents	\$ 862,949	\$ 304,607	\$ 225,574	\$ 1,528,493	\$ 516,565	\$ 79,768
Investments	-	-	-	-	-	-
Property taxes receivable	36,655	2	8,721	-	17,805	-
Due from other governments	-	-	-	67,252	-	-
Accounts receivable	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-
Prepaid items	-	-	-	-	87,992	-
Total assets	\$ 899,604	\$ 304,609	\$ 234,295	\$ 1,595,745	\$ 622,362	\$ 79,768
<u>LIABILITIES</u>						
Accounts payable	\$ 35	\$ -	\$ -	\$ 21	\$ 704	\$ 1,930
Unearned revenue	-	-	-	-	-	-
Total liabilities	35	-	-	21	704	1,930
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	36,655	2	8,721	-	17,805	-
Total deferred inflows of resources	36,655	2	8,721	-	17,805	-
<u>FUND BALANCES</u>						
Nonspendable	-	-	-	-	87,992	-
Restricted	862,914	304,607	225,574	1,595,724	515,861	-
Committed	-	-	-	-	-	77,838
Total fund balances	862,914	304,607	225,574	1,595,724	603,853	77,838
Total liabilities, deferred inflows of resources, and fund balances	\$ 899,604	\$ 304,609	\$ 234,295	\$ 1,595,745	\$ 622,362	\$ 79,768

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	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
<u>ASSETS</u>									
Cash and cash equivalents	\$ 421,220	\$ 304,874	\$ 711,941	\$ 403,171	\$ 867,927	\$ 667,805	\$ 147,991	\$ 113,580	\$ 534,511
Investments	-	-	-	-	-	-	-	-	-
Property taxes receivable	20,157	2	-	675	-	-	10,363	-	6,603
Due from other governments	-	-	62,360	-	36,020	12,836	-	52,915	-
Accounts receivable	-	-	2,196	-	-	6,000	-	-	-
Inventory, at cost	-	-	58,550	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	800	-	-	46,879
Total assets	\$ 441,377	\$ 304,876	\$ 835,047	\$ 403,846	\$ 903,947	\$ 687,441	\$ 158,354	\$ 166,495	\$ 587,993
<u>LIABILITIES</u>									
Accounts payable	\$ 35	\$ -	\$ 272	\$ -	\$ -	\$ 9,014	\$ 339	\$ 56	\$ 704
Unearned revenue	-	-	123,630	-	-	30,900	-	-	-
Total liabilities	35	-	123,902	-	-	39,914	339	56	704
<u>DEFERRED INFLOWS OF RESOURCES</u>									
Unavailable revenue - property taxes	20,157	2	-	675	-	-	10,363	-	6,603
Total deferred inflows of resources	20,157	2	-	675	-	-	10,363	-	6,603
<u>FUND BALANCES</u>									
Nonspendable	-	-	58,550	-	-	800	-	-	46,879
Restricted	421,185	304,874	-	403,171	903,947	148,746	147,652	-	533,807
Committed	-	-	652,595	-	-	497,981	-	166,439	-
Total fund balances	421,185	304,874	711,145	403,171	903,947	647,527	147,652	166,439	580,686
Total liabilities, deferred inflows of resources, and fund balances	\$ 441,377	\$ 304,876	\$ 835,047	\$ 403,846	\$ 903,947	\$ 687,441	\$ 158,354	\$ 166,495	\$ 587,993

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	High School Student Club Extracurricular	Nonexpendable High School Endowment	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 478,386	\$ 5,208	\$ 8,174,570
Investments	-	1,017,774	1,017,774
Property taxes receivable	-	-	100,983
Due from other governments	-	-	231,383
Accounts receivable	15,378	-	23,574
Inventory, at cost	-	-	58,550
Prepaid items	-	-	135,671
Total assets	\$ 493,764	\$ 1,022,982	\$ 9,742,505
<u>LIABILITIES</u>			
Accounts payable	\$ 21,281	\$ -	\$ 34,391
Unearned revenue	-	-	154,530
Total liabilities	21,281	-	188,921
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	-	-	100,983
Total deferred inflows of resources	-	-	100,983
<u>FUND BALANCES</u>			
Nonspendable	-	287,147	481,368
Restricted	-	735,835	7,103,897
Committed	472,483	-	1,867,336
Total fund balances	472,483	1,022,982	9,452,601
Total liabilities, deferred inflows of resources, and fund balances	\$ 493,764	\$ 1,022,982	\$ 9,742,505

(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, 2021

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Technology Acquisition	Middle School Student Club Extracurricular
Revenues:						
District property taxes	\$ 1,163,321	\$ 1	\$ 278,824	\$ -	\$ 572,493	\$ -
Tuition and fees	-	-	-	-	-	-
Investment earnings	5,156	684	340	5,724	1,525	-
Other district revenue	-	-	-	-	20	28,245
Gallatin County	202,925	-	-	5,118,494	-	-
State of Montana	202,925	-	-	3,071,659	28,601	-
Federal	280,580	-	-	-	-	-
Total revenues	<u>1,854,907</u>	<u>685</u>	<u>279,164</u>	<u>8,195,877</u>	<u>602,639</u>	<u>28,245</u>
Expenditures:						
Current -						
Instruction	-	-	63,590	5,437,058	285,849	-
Support services	-	-	-	1,174,457	34,559	-
General administration	78,953	-	-	267,679	139,839	-
Building administration	-	-	-	586,141	-	-
Operations and maintenance	1,614	-	-	287,817	-	-
Student transportation	2,144,892	-	-	34,529	-	-
Food services	-	-	-	68,710	-	-
Extracurricular activities	-	-	-	43,768	-	29,807
Capital outlay	-	-	-	-	41,591	-
Total expenditures	<u>2,225,459</u>	<u>-</u>	<u>63,590</u>	<u>7,900,159</u>	<u>501,838</u>	<u>29,807</u>
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(10,164)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,164)</u>
Net change in fund balances	(370,552)	685	215,574	295,718	100,801	(11,726)
Fund balances, beginning of year	<u>1,233,466</u>	<u>303,922</u>	<u>10,000</u>	<u>1,300,006</u>	<u>503,052</u>	<u>89,564</u>
Fund balances, end of year	<u>\$ 862,914</u>	<u>\$ 304,607</u>	<u>\$ 225,574</u>	<u>\$ 1,595,724</u>	<u>\$ 603,853</u>	<u>\$ 77,838</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, 2021

	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	\$ 611,298	\$ 9	\$ -	\$ 5,558	\$ -	\$ -	\$ 314,009	\$ -	\$ 199,452
Tuition and fees	-	-	375,029	-	-	-	4,097	128,790	-
Investment earnings	2,163	685	1,585	1,913	4,077	442	548	564	2,784
Other district revenue	-	-	600	1,634	-	448,267	-	-	425
Gallatin County	105,231	-	-	-	2,509,303	-	-	-	-
State of Montana	105,231	-	1,925	-	1,636,373	236,804	-	52,913	15,852
Federal	169,572	-	1,114,391	-	-	941,504	-	-	-
Total revenues	<u>993,495</u>	<u>694</u>	<u>1,493,530</u>	<u>9,105</u>	<u>4,149,753</u>	<u>1,627,017</u>	<u>318,654</u>	<u>182,267</u>	<u>218,513</u>
Expenditures:									
Current -									
Instruction	-	-	-	70,934	2,749,719	342,472	153,825	147,199	133,980
Support services	-	-	-	-	543,484	643,022	4,977	-	17,710
General administration	78,952	-	-	-	238,404	129,150	107	5,998	132,764
Building administration	-	-	-	-	369,912	113,254	193,071	42,265	-
Operations and maintenance	935	-	-	-	246,281	208,704	-	-	-
Student transportation	966,815	-	-	-	6,296	268	-	-	-
Food services	-	-	1,227,018	-	44,610	72,572	-	-	-
Extracurricular activities	-	-	-	-	255,797	225,373	-	-	-
Capital outlay	-	-	-	-	-	34,702	-	-	41,591
Total expenditures	<u>1,046,702</u>	<u>-</u>	<u>1,227,018</u>	<u>70,934</u>	<u>4,454,503</u>	<u>1,769,517</u>	<u>351,980</u>	<u>195,462</u>	<u>326,045</u>
Other financing sources (uses):									
Transfers out	-	-	-	-	-	-	-	-	-
Proceeds from sale of asset	-	-	500	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(53,207)	694	267,012	(61,829)	(304,750)	(142,500)	(33,326)	(13,195)	(107,532)
Fund balances, beginning of year	<u>474,392</u>	<u>304,180</u>	<u>444,133</u>	<u>465,000</u>	<u>1,208,697</u>	<u>790,027</u>	<u>180,978</u>	<u>179,634</u>	<u>688,218</u>
Fund balances, end of year	<u>\$ 421,185</u>	<u>\$ 304,874</u>	<u>\$ 711,145</u>	<u>\$ 403,171</u>	<u>\$ 903,947</u>	<u>\$ 647,527</u>	<u>\$ 147,652</u>	<u>\$ 166,439</u>	<u>\$ 580,686</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, 2021

	High School Student Club Extracurricular	Nonexpendable High School Endowment	Totals
Revenues:			
District property taxes	\$ -	\$ -	\$ 3,144,965
Tuition and fees	-	-	507,916
Investment earnings	-	206,153	234,343
Other district revenue	452,073	-	931,264
Gallatin County	-	-	7,935,953
State of Montana	-	-	5,352,283
Federal	-	-	2,506,047
Total revenues	<u>452,073</u>	<u>206,153</u>	<u>20,612,771</u>
Expenditures:			
Current -			
Instruction	-	-	9,384,626
Support services	-	-	2,418,209
General administration	-	-	1,071,846
Building administration	-	-	1,304,643
Operations and maintenance	-	-	745,351
Student transportation	-	-	3,152,800
Food services	-	-	1,412,910
Extracurricular activities	411,546	-	966,291
Capital outlay	4,115	-	121,999
Total expenditures	<u>415,661</u>	<u>-</u>	<u>20,578,675</u>
Other financing sources (uses):			
Transfers out	-	-	(10,164)
Proceeds from sale of asset	-	-	500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(9,664)</u>
Net change in fund balances	36,412	206,153	24,432
Fund balances, beginning of year	<u>436,071</u>	<u>816,829</u>	<u>9,428,169</u>
Fund balances, end of year	<u>\$ 472,483</u>	<u>\$ 1,022,982</u>	<u>\$ 9,452,601</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, 2021

	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	\$ 1,161,162	\$ 1,163,321	\$ 2,159	\$ -	\$ 1	\$ 1
Investment earnings	1,500	5,156	3,656	500	684	184
Gallatin County	275,205	202,925	(72,280)	-	-	-
State of Montana	275,205	202,925	(72,280)	-	-	-
Federal	392,400	280,580	(111,820)	-	-	-
Total revenues	<u>2,105,472</u>	<u>1,854,907</u>	<u>(250,565)</u>	<u>500</u>	<u>685</u>	<u>185</u>
Expenditures:						
Current -						
General administration	88,548	78,953	9,595	-	-	-
Operations and maintenance	-	1,614	(1,614)	-	-	-
Student transportation	2,543,901	2,144,892	399,009	304,422	-	304,422
Total expenditures	<u>2,632,449</u>	<u>2,225,459</u>	<u>406,990</u>	<u>304,422</u>	<u>-</u>	<u>304,422</u>
Net change in fund balances	(526,977)	(370,552)	156,425	(303,922)	685	304,607
Fund balances, beginning of year	<u>1,233,466</u>	<u>1,233,466</u>	<u>-</u>	<u>303,922</u>	<u>303,922</u>	<u>-</u>
Fund balances, end of year	<u>\$ 706,489</u>	<u>\$ 862,914</u>	<u>\$ 156,425</u>	<u>\$ -</u>	<u>\$ 304,607</u>	<u>\$ 304,607</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
ELEMENTARY TUITION AND ELEMENTARY RETIREMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 280,000	\$ 278,824	\$ (1,176)	\$ -	\$ -	\$ -
Investment earnings	-	340	340	1,500	5,724	4,224
Gallatin County	-	-	-	5,118,494	5,118,494	-
Total revenues	<u>280,000</u>	<u>279,164</u>	<u>(836)</u>	<u>5,119,994</u>	<u>5,124,218</u>	<u>4,224</u>
Expenditures:						
Current -						
Instruction	290,000	63,590	226,410	3,600,009	3,170,894	429,115
Support services	-	-	-	609,901	726,544	(116,643)
General administration	-	-	-	312,442	211,107	101,335
Building administration	-	-	-	426,931	373,451	53,480
Operations and maintenance	-	-	-	292,645	242,103	50,542
Student transportation	-	-	-	19,260	21,973	(2,713)
Food Services	-	-	-	-	57,143	(57,143)
Extracurricular activities	-	-	-	88,812	25,285	63,527
Total expenditures	<u>290,000</u>	<u>63,590</u>	<u>226,410</u>	<u>5,350,000</u>	<u>4,828,500</u>	<u>521,500</u>
Net change in fund balances	(10,000)	215,574	225,574	(230,006)	295,718	525,724
Fund balances, beginning of year	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>1,300,006</u>	<u>1,300,006</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 225,574</u>	<u>\$ 225,574</u>	<u>\$ 1,070,000</u>	<u>\$ 1,595,724</u>	<u>\$ 525,724</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, 2021

	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	\$ 575,062	\$ 572,493	\$ (2,569)	\$ -	\$ -	\$ -
Investment earnings	1,500	1,525	25	-	-	-
Other district revenue	-	20	20	4,000	-	(4,000)
State of Montana	28,601	28,601	-	-	-	-
Total revenues	<u>605,163</u>	<u>602,639</u>	<u>(2,524)</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Expenditures:						
Current -						
Instruction	1,094,853	285,849	809,004	4,000	-	4,000
Support services	13,362	34,559	(21,197)	-	-	-
General administration	-	139,839	(139,839)	-	-	-
Capital outlay	-	41,591	(41,591)	-	-	-
Total expenditures	<u>1,108,215</u>	<u>501,838</u>	<u>606,377</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Net change in fund balances	(503,052)	100,801	603,853	-	-	-
Fund balances, beginning of year	<u>503,052</u>	<u>503,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 603,853</u>	<u>\$ 603,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2021

	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	\$ 613,586	\$ 611,298	\$ (2,288)	\$ -	\$ 9	\$ 9
Investment earnings	500	2,163	1,663	500	685	185
Gallatin County	158,943	105,231	(53,712)	-	-	-
State of Montana	158,943	105,231	(53,712)	-	-	-
Federal	188,400	169,572	(18,828)	-	-	-
Total revenues	<u>1,120,372</u>	<u>993,495</u>	<u>(126,877)</u>	<u>500</u>	<u>694</u>	<u>194</u>
Expenditures:						
Current -						
Instruction	75,000	-	75,000	-	-	-
General administration	88,548	78,952	9,596	-	-	-
Operations and maintenance	-	935	(935)	-	-	-
Student transportation	1,165,423	966,815	198,608	304,680	-	304,680
Total expenditures	<u>1,328,971</u>	<u>1,046,702</u>	<u>282,269</u>	<u>304,680</u>	<u>-</u>	<u>304,680</u>
Net change in fund balances	(208,599)	(53,207)	155,392	(304,180)	694	304,874
Fund balances, beginning of year	474,392	474,392	-	304,180	304,180	-
Fund balances, end of year	<u>\$ 265,793</u>	<u>\$ 421,185</u>	<u>\$ 155,392</u>	<u>\$ -</u>	<u>\$ 304,874</u>	<u>\$ 304,874</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, 2021

	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	\$ -	\$ 5,558	\$ 5,558	\$ -	\$ -	\$ -
Investment earnings	-	1,913	1,913	2,000	4,077	2,077
Other district revenue	-	1,634	1,634	-	-	-
Gallatin County	-	-	-	2,509,303	2,509,303	-
Total revenues	<u>-</u>	<u>9,105</u>	<u>9,105</u>	<u>2,511,303</u>	<u>2,513,380</u>	<u>2,077</u>
Expenditures:						
Current -						
Instruction	465,000	70,934	394,066	2,024,605	1,631,348	393,257
Support services	-	-	-	353,402	336,179	17,223
General administration	-	-	-	181,040	189,888	(8,848)
Building administration	-	-	-	247,380	251,873	(4,493)
Operations and maintenance	-	-	-	169,571	218,737	(49,166)
Student transportation	-	-	-	11,160	5,482	5,678
Food services	-	-	-	61,380	34,499	26,881
Extracurricular activities	-	-	-	51,462	150,124	(98,662)
Total expenditures	<u>465,000</u>	<u>70,934</u>	<u>394,066</u>	<u>3,100,000</u>	<u>2,818,130</u>	<u>281,870</u>
Net change in fund balances	(465,000)	(61,829)	403,171	(588,697)	(304,750)	283,947
Fund balances, beginning of year	<u>465,000</u>	<u>465,000</u>	<u>-</u>	<u>1,208,697</u>	<u>1,208,697</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 403,171</u>	<u>\$ 403,171</u>	<u>\$ 620,000</u>	<u>\$ 903,947</u>	<u>\$ 283,947</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL ADULT EDUCATION AND HIGH SCHOOL TECHNOLOGY ACQUISITION FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 314,296	\$ 314,009	\$ (287)	\$ 200,000	\$ 199,452	\$ (548)
Tuition and fees	21,500	4,097	(17,403)	-	-	-
Investment earnings	500	548	48	500	2,784	2,284
Other district revenue	-	-	-	-	425	425
State of Montana	-	-	-	15,852	15,852	-
Total revenues	<u>336,296</u>	<u>318,654</u>	<u>(17,642)</u>	<u>216,352</u>	<u>218,513</u>	<u>2,161</u>
Expenditures:						
Current -						
Instruction	151,600	153,825	(2,225)	901,898	133,980	767,918
Support services	5,500	4,977	523	2,672	17,710	(15,038)
General administration	1,000	107	893	-	132,764	(132,764)
Building administration	225,066	193,071	31,995	-	-	-
Capital outlay	-	-	-	-	41,591	(41,591)
Total expenditures	<u>383,166</u>	<u>351,980</u>	<u>31,186</u>	<u>904,570</u>	<u>326,045</u>	<u>578,525</u>
Net change in fund balances	(46,870)	(33,326)	13,544	(688,218)	(107,532)	580,686
Fund balances, beginning of year	180,978	180,978	-	688,218	688,218	-
Fund balances, end of year	<u>\$ 134,108</u>	<u>\$ 147,652</u>	<u>\$ 13,544</u>	<u>\$ -</u>	<u>\$ 580,686</u>	<u>\$ 580,686</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, 2021

	High School Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other district revenue	\$ 4,000	\$ -	\$ (4,000)
Total revenues	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Expenditures:			
Current -			
Instruction	4,000	-	4,000
Total expenditures	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Nonmajor and Major Debt Service Funds

Budgeted:

Nonmajor –

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.

Major -

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

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2021**

	Elementary Debt Service	Totals
<u>ASSETS</u>		
Property taxes receivable	\$ 179,993	\$ 179,993
Due from other funds	5,890	5,890
Due from other governments	472,000	472,000
Total assets	<u><u>\$ 657,883</u></u>	<u><u>\$ 657,883</u></u>
<u>LIABILITIES</u>		
Cash overdraft	\$ 31,202	\$ 31,202
Total liabilities	<u>31,202</u>	<u>31,202</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	179,993	179,993
Total deferred inflows of resources	<u>179,993</u>	<u>179,993</u>
<u>FUND BALANCE</u>		
Restricted	446,688	446,688
Total fund balance	<u>446,688</u>	<u>446,688</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 657,883</u></u>	<u><u>\$ 657,883</u></u>

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, 2021

	Elementary Debt Service	Totals
Revenues:		
District property taxes	\$ 5,752,596	\$ 5,752,596
Investment earnings	4,799	4,799
Other district revenue	472,000	472,000
State of Montana	4,689	4,689
Total revenues	<u>6,234,084</u>	<u>6,234,084</u>
Expenditures:		
Current -		
Operations and maintenance	61,381	61,381
Debt service -		
Principal retirement	4,355,000	4,355,000
Interest and fiscal charges	1,834,126	1,834,126
Total expenditures	<u>6,250,507</u>	<u>6,250,507</u>
Excess (deficiency) of revenues over expenditures	<u>(16,423)</u>	<u>(16,423)</u>
Net changes in fund balances	(16,423)	(16,423)
Fund balances, beginning of year	<u>463,111</u>	<u>463,111</u>
Fund balances, end of year	<u><u>\$ 446,688</u></u>	<u><u>\$ 446,688</u></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, 2021

	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	\$ 5,772,807	\$ 5,752,596	\$ (20,211)	\$ 11,220,793	\$ 11,156,846	\$ (63,947)
Investment earnings	4,000	4,799	799	3,000	2,073	(927)
Other district revenue	-	472,000	472,000	-	58,751	58,751
State of Montana	-	4,689	4,689	-	-	-
Total revenues	<u>5,776,807</u>	<u>6,234,084</u>	<u>457,277</u>	<u>11,223,793</u>	<u>11,217,670</u>	<u>(6,123)</u>
Expenditures:						
Current -						
Operations and maintenance	-	61,381	(61,381)	-	61,250	(61,250)
Debt service -						
Principal retirement	4,355,000	4,355,000	-	6,790,000	6,790,000	-
Interest and fiscal charges	1,895,507	1,834,126	61,381	5,385,563	5,324,313	61,250
Total expenditures	<u>6,250,507</u>	<u>6,250,507</u>	<u>-</u>	<u>12,175,563</u>	<u>12,175,563</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(473,700)</u>	<u>(16,423)</u>	<u>457,277</u>	<u>(951,770)</u>	<u>(957,893)</u>	<u>(6,123)</u>
Other financing sources (uses):						
Transfer in	-	-	-	-	951,770	951,770
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>951,770</u>	<u>951,770</u>
Net changes in fund balances	<u>(473,700)</u>	<u>(16,423)</u>	<u>457,277</u>	<u>(951,770)</u>	<u>(6,123)</u>	<u>945,647</u>
Fund balances, beginning of year	<u>463,111</u>	<u>463,111</u>	<u>-</u>	<u>(211,981)</u>	<u>(211,981)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (10,589)</u>	<u>\$ 446,688</u>	<u>\$ 457,277</u>	<u>\$ (1,163,751)</u>	<u>\$ (218,104)</u>	<u>\$ 945,647</u>

Nonmajor and Major Capital Projects Funds

Budgeted:

Nonmajor -

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

Major –

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

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 FUNDS
JUNE 30, 2021

	Elementary Building	Elementary Building Reserve	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,745,501	\$ 2,162,426	\$ 3,907,927
Property taxes receivable	-	61,971	61,971
Accounts receivable	11,173	-	11,173
Prepaid items	-	57,191	57,191
Due from other governments	-	253,458	253,458
Total assets	\$ 1,756,674	\$ 2,535,046	\$ 4,291,720
<u>LIABILITIES</u>			
Accounts payable	\$ 59	\$ -	\$ 59
Due to other governments	-	12,606	12,606
Total liabilities	59	12,606	12,665
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	-	61,971	61,971
Total deferred inflows of resources	-	61,971	61,971
<u>FUND BALANCES</u>			
Nonspendable	-	57,191	57,191
Restricted	1,756,615	2,403,278	4,159,893
Total fund balances	1,756,615	2,460,469	4,217,084
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,756,674	\$ 2,535,046	\$ 4,291,720

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Elementary Building	Elementary Building Reserve	Totals
Revenues:			
District property taxes	\$ -	\$ 1,993,608	\$ 1,993,608
Investment earnings	4,680	7,500	12,180
Other district revenue	97,929	327,004	424,933
State of Montana	-	76,292	76,292
Total revenues	<u>102,609</u>	<u>2,404,404</u>	<u>2,507,013</u>
Expenditures:			
Current -			
Instruction	-	228	228
Support services	-	362,606	362,606
Operations and maintenance	145,781	605,984	751,765
Capital outlay	-	1,037,880	1,037,880
Total expenditures	<u>145,781</u>	<u>2,006,698</u>	<u>2,152,479</u>
Excess (deficiency) of revenues over expenditures	<u>(43,172)</u>	<u>397,706</u>	<u>354,534</u>
Net changes in fund balances	(43,172)	397,706	354,534
Fund balances, beginning of year	<u>1,799,787</u>	<u>2,062,763</u>	<u>3,862,550</u>
Fund balances, end of year	<u><u>\$ 1,756,615</u></u>	<u><u>\$ 2,460,469</u></u>	<u><u>\$ 4,217,084</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR AND NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Elementary Building Reserve			Major High School Building Reserve		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 2,000,000	\$ 1,993,608	\$ (6,392)	\$ 2,601,770	\$ 2,567,984	\$ (33,786)
Investment earnings	7,500	7,500	-	12,500	21,370	8,870
Other district revenue	-	327,004	327,004	-	86,840	86,840
State of Montana	78,193	76,292	(1,901)	37,190	36,285	(905)
Total revenues	<u>2,085,693</u>	<u>2,404,404</u>	<u>318,711</u>	<u>2,651,460</u>	<u>2,712,479</u>	<u>61,019</u>
Expenditures:						
Current -						
Instruction	-	228	(228)	951,770	1,264	950,506
Support services	233,172	362,606	(129,434)	37,190	107,481	(70,291)
Operations and maintenance	3,480,878	605,984	2,874,894	8,006,430	249,321	7,757,109
Capital outlay	434,407	1,037,880	(603,473)	206,610	130,411	76,199
Total expenditures	<u>4,148,457</u>	<u>2,006,698</u>	<u>2,141,759</u>	<u>9,202,000</u>	<u>488,477</u>	<u>8,713,523</u>
Net change in fund balances	(2,062,764)	397,706	2,460,470	(6,550,540)	2,224,002	8,774,542
Fund balances, beginning of year	<u>2,062,763</u>	<u>2,062,763</u>	<u>-</u>	<u>6,550,540</u>	<u>6,550,540</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1)</u>	<u>\$ 2,460,469</u>	<u>\$ 2,460,470</u>	<u>\$ -</u>	<u>\$ 8,774,542</u>	<u>\$ 8,774,542</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, 2021

	Purchasing	Self-Insurance	Totals
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 522,619	\$ 4,617,020	\$ 5,139,639
Inventory, at cost	1,136	-	1,136
Prepaid expenses	12,233	38,339	50,572
Flexible accounts deposit	-	36,056	36,056
Total current assets	535,988	4,691,415	5,227,403
Noncurrent assets:			
Capital assets:			
Machinery and equipment	236,182	24,930	261,112
Less accumulated depreciation	(229,126)	(24,930)	(254,056)
Net capital assets	7,056	-	7,056
Total assets	543,044	4,691,415	5,234,459
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other postemployment health benefits deferred contributions	-	756,427	756,427
Contribution to pension plans in current fiscal year	-	27,442	27,442
Total deferred outflows of resources	-	783,869	783,869
Total asset and deferred outflows of resources	\$ 543,044	\$ 5,475,284	\$ 6,018,328
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 17,090	\$ 738,643	\$ 755,733
Unearned revenue	-	1,292,348	1,292,348
Total current liabilities	17,090	2,030,991	2,048,081
Noncurrent liabilities:			
Net pension liability	-	117,111	117,111
Other postemployment health benefits	-	4,258,555	4,258,555
Total noncurrent liabilities	-	4,375,666	4,375,666
Total liabilities	17,090	6,406,657	6,423,747
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other postemployment health benefits assumption changes	-	711,155	711,155
Pension deferrals	-	6,658	6,658
Total deferred inflows of resources	-	717,813	717,813
<u>NET POSITION</u>			
Net investment in capital assets	7,056	-	7,056
Unrestricted	518,898	(1,649,186)	(1,130,288)
Total net position	525,954	(1,649,186)	(1,123,232)
Total liabilities, deferred inflows of resources, and net position	\$ 543,044	\$ 5,475,284	\$ 6,018,328

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, 2021

	Purchasing	Self-Insurance	Totals
Operating revenues:			
Charges for services	\$ 181,687	\$ 8,523,100	\$ 8,704,787
Charges for wellness services	-	2,972	2,972
Total operating revenues	<u>181,687</u>	<u>8,526,072</u>	<u>8,707,759</u>
Operating expenses:			
Administrative expenses	-	547,243	547,243
Communications	18,415	4,361	22,776
Contracted Medicare supplement	-	445,405	445,405
Depreciation	3,372	-	3,372
Facilities and equipment rental	80,427	-	80,427
Health, dental and vision claims	-	7,059,236	7,059,236
Materials and supplies	4,088	-	4,088
Minor equipment	9,807	81	9,888
Minor technology equipment	10,294	-	10,294
Other expenses	3,897	-	3,897
Other postemployment health benefits	-	434,549	434,549
Repairs and maintenance	42,413	-	42,413
Salaries and benefits	-	85,540	85,540
Software maintenance	-	32,683	32,683
Wellness	-	136,531	136,531
Total operating expenses	<u>172,713</u>	<u>8,745,629</u>	<u>8,918,342</u>
Operating income (loss)	<u>8,974</u>	<u>(219,557)</u>	<u>(210,583)</u>
Nonoperating revenues (expenses):			
Investment earnings	1,454	10,626	12,080
Total nonoperating revenues (expenses)	<u>1,454</u>	<u>10,626</u>	<u>12,080</u>
Change in net position	10,428	(208,931)	(198,503)
Net position, beginning of year	<u>515,526</u>	<u>(1,440,255)</u>	<u>(924,729)</u>
Net position, end of year	<u><u>\$ 525,954</u></u>	<u><u>\$ (1,649,186)</u></u>	<u><u>\$ (1,123,232)</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Purchasing</u>	<u>Self-Insurance</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from users	\$ 181,793	\$ 8,577,321	\$ 8,759,114
Payments for insurance claims	-	(7,059,236)	(7,059,236)
Payments to employees	-	(85,540)	(85,540)
Payments to suppliers	(166,460)	(1,263,835)	(1,430,295)
Net cash flows from operating activities	<u>15,333</u>	<u>168,710</u>	<u>184,043</u>
Cash flows from investing activities:			
Interest received	<u>1,454</u>	<u>10,626</u>	<u>12,080</u>
Net cash flows from investing activities	<u>1,454</u>	<u>10,626</u>	<u>12,080</u>
Net change in cash and cash equivalents	16,787	179,336	196,123
Cash and cash equivalents - 7/01/20	<u>505,832</u>	<u>4,437,684</u>	<u>4,943,516</u>
Cash and cash equivalents - 6/30/21	<u><u>\$ 522,619</u></u>	<u><u>\$ 4,617,020</u></u>	<u><u>\$ 5,139,639</u></u>
Reconciliation of operating income to net cash flows from operating activities:			
Operating income (loss)	<u>\$ 8,974</u>	<u>\$ (219,557)</u>	<u>\$ (210,583)</u>
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	3,372	-	3,372
(Increase) decrease in accounts receivable	106	-	106
(Increase) decrease in inventories	66	-	66
(Increase) decrease in prepaid items	(12,233)	(3,278)	(15,511)
Increase (decrease) in accounts payable	15,048	72,903	87,951
Increase (decrease) in other postemployment benefits	-	259,151	259,151
Net increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability	-	8,242	8,242
Increase (decrease) in unearned insurance premiums	<u>-</u>	<u>51,249</u>	<u>51,249</u>
Total adjustments	<u>6,359</u>	<u>388,267</u>	<u>394,626</u>
Net cash from operating activities	<u><u>\$ 15,333</u></u>	<u><u>\$ 168,710</u></u>	<u><u>\$ 184,043</u></u>

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 SOURCE
JUNE 30, 2021

	<u>2021</u>	<u>2020 ⁽¹⁾</u>
<u>Governmental funds capital assets:</u>		
Land and improvements	\$ 45,432,668	\$ 36,141,293
Buildings and improvements	240,353,828	166,816,625
Machinery and equipment	7,234,478	6,025,269
Construction in progress	<u>24,948,235</u>	<u>84,787,633</u>
 Total governmental funds capital assets	 <u>\$ 317,969,209</u>	 <u>\$ 293,770,820</u>
 <u>Investments in governmental funds assets by source:</u>		
General fund	\$ 14,267,714	\$ 14,269,099
Special revenue funds	8,971,355	8,849,355
Capital projects funds	293,578,561	269,500,787
Donations	<u>1,151,579</u>	<u>1,151,579</u>
 Total governmental funds capital assets	 <u><u>\$ 317,969,209</u></u>	 <u><u>\$ 293,770,820</u></u>

⁽¹⁾ FY 2020 construction-in-progress line and corresponding capital projects funds line item amounts have been reduced by \$1,703,271 to present the effect of a prior period adjustment originating from that year, but booked on the face of the face of the FY 2021 financial statements.

Note: This 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 ACTIVITY
AS OF JUNE 30, 2021

<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	\$ -	\$ -	\$ 2,034,110	\$ -	\$ 2,034,110
Support services	-	-	373,621	-	373,621
General administration	-	-	976,359	-	976,359
Operations and maintenance	-	-	1,463,669	-	1,463,669
Student transportation	-	-	72,781	-	72,781
Food service	-	-	2,010,803	-	2,010,803
Extracurricular activities	-	-	303,135	-	303,135
Facilities – capital outlay	<u>45,432,668</u>	<u>240,353,828</u>	<u>-</u>	<u>24,948,235</u>	<u>310,734,731</u>
Total governmental funds capital assets	<u>\$ 45,432,668</u>	<u>\$ 240,353,828</u>	<u>\$ 7,234,478</u>	<u>\$ 24,948,235</u>	<u>\$ 317,969,209</u>

Note: This 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 ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Function and Activity	Governmental Funds Capital Assets July 1, 2020	Prior Period Restatement	July 1, 2020 Beginning Balance As Restated	Additions	Deletions	Governmental Funds Capital Assets June 30, 2021
Instruction	\$ 1,622,006	\$ -	\$ 1,622,006	\$ 412,104	\$ -	\$ 2,034,110
Support Services	326,266	-	326,266	47,355	-	373,621
General administration	893,177	-	893,177	83,182	-	976,359
Operations and maintenance	1,278,285	-	1,278,285	190,884	(5,500)	1,463,669
Student transportation	72,781	-	72,781	-	-	72,781
Food services	1,611,129	-	1,611,129	399,674	-	2,010,803
Extracurricular activities	221,625	-	221,625	81,510	-	303,135
Facilities - capital outlay	<u>289,448,822</u>	<u>(1,703,271)</u>	<u>287,745,551</u>	<u>103,942,773</u>	<u>(80,953,593)</u>	<u>310,734,731</u>
Total governmental funds capital assets	<u>\$ 295,474,091</u>	<u>\$ (1,703,271)</u>	<u>\$ 293,770,820</u>	<u>\$ 105,157,482</u>	<u>\$ (80,959,093)</u>	<u>\$ 317,969,209</u>

Note: This 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, 2021

Activity	Fund Balance at 7/01/20	Additions	Deductions	Fund Balance at 6/30/21
Computer Club	\$ -	\$ -	\$ -	\$ -
Miscellaneous Fundraising Club	1,891.18	254.90	560.98	1,585.10
Lego Robotics Club	-	-	-	-
Art Club	845.47	225.00	120.03	950.44
Foreign Language Club	2,019.89	-	-	2,019.89
Yearbook Club	-	6,026.63	4,028.80	1,997.83
Drama Club	0.90	-	-	0.90
One Million Ways Club	-	-	-	-
Music Club	15,393.31	8,789.00	11,248.79	12,933.52
CJ Rocks Club	-	-	-	-
Breakfast Club	155.55	-	67.93	87.62
Horizons Club	3,284.46	426.00	1,275.00	2,435.46
MBI Club	703.39	500.00	-	1,203.39
Leo Club	1,857.46	726.00	344.86	2,238.60
Forensics Club	264.50	320.00	43.99	540.51
Knitting Corner Club	155.86	-	-	155.86
After School Club	-	-	-	-
Peer Mediation Club	1,566.22	-	-	1,566.22
Student Aid Club	7,329.72	-	7,329.72	-
Student Council - 6th Grade Club	3,694.39	1,409.17	3,263.33	1,840.23
Student Council - 7th Grade Club	9,713.21	777.27	1,790.66	8,699.82
Student Council - 8th Grade Club	2,426.99	284.94	1,201.22	1,510.71
Student Projects Club	298.15	-	-	298.15
Science Club	478.18	625.00	245.99	857.19
Tech. Ed Club - Mathews	279.60	-	-	279.60
Bird/Science Club	2,737.60	472.00	31.98	3,177.62
Friends of Reading Club	1,837.38	809.00	623.87	2,022.51
Total	\$ 56,933.41	\$ 21,644.91	\$ 32,177.15	\$ 46,401.17

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2021

Activity	Fund Balance at 7/01/20	Additions	Deductions	Fund Balance at 6/30/21
Drama Club	\$ 212.49	\$ -	\$ -	\$ 212.49
Newspaper Club	-	-	-	-
Computer Club	171.75	-	-	171.75
Knitting Club	183.18	250.00	59.40	373.78
Lego Robotics Club	4,085.83	1,550.00	-	5,635.83
Photo Lab Club	-	-	-	-
Foreign Language Club	1,006.60	-	-	1,006.60
Humanitarian Club	-	-	-	-
MBI Club	572.63	-	-	572.63
Speech and Debate Club	665.77	-	479.54	186.23
Peer Mediation Club	1,191.59	-	-	1,191.59
Art Club	712.63	-	-	712.63
Student Aid Club	2,834.05	-	2,834.05	-
Yearbook Club	4,005.03	1,378.00	367.94	5,015.09
Student Council Club	6,441.77	3,362.29	3,471.75	6,332.31
Select Choir Club	3,909.27	60.00	413.85	3,555.42
Eclectic String Orchestra Club	1,048.80	-	89.00	959.80
Outdoor Club	2,067.09	-	77.71	1,989.38
Science Olympiad Club	-	-	-	-
Science Club	-	-	-	-
Book Buddy Club	2,660.75	-	-	2,660.75
Archery Club	-	-	-	-
Bike Club	861.08	-	-	861.08
Total	<u>\$ 32,630.31</u>	<u>\$ 6,600.29</u>	<u>\$ 7,793.24</u>	<u>\$ 31,437.36</u>

BOZEMAN SCHOOL DISTRICT NO. 7
BOZEMAN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2021

Activity	Fund Balance at 7/01/20	Additions	Deductions	Fund Balance at 6/30/21
BHS Backboard BB-Ball Club	\$ 15,401.48	\$ 4,511.00	\$ 10,984.32	\$ 8,928.16
BHS Cheerleading Club	1,784.01	1,372.00	1,139.75	2,016.26
BHS Dance Club	2,508.18	7,469.00	4,422.04	5,555.14
BHS Fastpitch Club	5,972.71	1,050.00	3,948.05	3,074.66
BHS Football Club	25,519.55	12,205.00	27,082.26	10,642.29
BHS Golf Club	8,790.54	10,753.00	9,922.72	9,620.82
BHS Hawk Stat Crew Club	-	-	-	-
BHS Lady Hawk B-Ball Club	13,485.61	5,895.00	12,502.89	6,877.72
BHS Boys Soccer Club	4,986.83	9,594.00	10,064.68	4,516.15
BHS Girls Soccer Club	7,188.30	9,240.00	7,390.11	9,038.19
BHS Speech Club	28,803.37	14,860.00	19,993.09	23,670.28
BHS Spikers VB Club	13,614.13	6,900.00	7,961.77	12,552.36
BHS Swimming Club	2,381.27	2,278.83	4,358.63	301.47
BHS Tennis Club	3,378.42	2,890.00	3,052.00	3,216.42
BHS Track Club	7,732.94	23,083.45	7,008.87	23,807.52
BHS Wrestling Club	8,255.10	300.00	5,470.96	3,084.14
BHS Cross Country Club	7,408.32	-	987.14	6,421.18
BHS Business Professionals Club	217.32	-	-	217.32
BHS Engineering Club	320.00	100.00	-	420.00
BHS Woodworking Club	133.33	225.00	-	358.33
BHS Deca Club	13,911.44	8,273.58	11,794.85	10,390.17
BHS Photo Club	683.28	-	-	683.28
BHS Jewelry Guild Club	1,247.25	-	721.24	526.01
BHS Pro Start Club	3,562.98	-	-	3,562.98
BHS Robotics Club	2,142.20	-	-	2,142.20
BHS Shop Fund Club	550.03	-	-	550.03
BHS Skills USA Club	963.00	-	104.00	859.00
BHS Art Club	2,220.77	-	-	2,220.77
BHS Drama Club	6,611.51	2,672.50	9,152.85	131.16
BHS Costa Rica Science Trip Fund Club	3,606.55	3,600.00	2,001.24	5,205.31
BHS Solar Panel Club	9,739.73	18,189.17	4,724.18	23,204.72
BHS FCCLA Club	473.96	-	408.98	64.98
BHS Spanish Honor Society Club	380.03	-	100.00	280.03
BHS French Club	638.06	-	-	638.06
BHS German Club	1,819.10	595.50	678.00	1,736.60
BHS Galapagos Club	-	-	-	-
BHS HOSA Club	1,773.24	2,115.00	1,715.00	2,173.24
Subtotal	\$ 208,204.54	\$ 148,172.03	\$ 167,689.62	\$ 188,686.95

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
BOZEMAN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2021

Activity	Fund Balance at 7/01/20	Additions	Deductions	Fund Balance at 6/30/21
BHS Latin Club	\$ 36.46	\$ -	\$ -	\$ 36.46
BHS MUN Club	1,262.21	-	-	1,262.21
BHS Native American Club	390.55	-	30.50	360.05
BHS Project Excel Club	3,759.32	-	-	3,759.32
BHS Science Olympiad Club	104.34	-	-	104.34
BHS Spanish Club	1.25	146.00	-	147.25
BHS Youth Legislature Club	1,763.78	20.00	-	1,783.78
BHS Wildlife Biology Club	494.70	-	-	494.70
BHS Ski Club	189.35	-	-	189.35
BHS Cap & Gowns Club	-	-	-	-
BHS Class of 2020 Club	12,948.88	-	12,948.88	-
BHS Class of 2021 Club	-	6,474.44	4,708.18	1,766.26
BHS Girls & Boys State Club	-	-	-	-
BHS Prom Club	3,226.74	2,490.00	1,589.21	4,127.53
BHS Student Council Club	35,283.53	1,224.57	26,013.98	10,494.12
BHS Bridger Charter Academy Club	1,263.84	-	-	1,263.84
BHS MTI Club	-	-	-	-
BHS Amnesty International Club	-	-	-	-
BHS The B Club	-	-	-	-
BHS Key Club	2,634.17	-	1,317.08	1,317.09
BHS Leo Club	1,647.89	390.07	390.00	1,647.96
BHS Human Rights Club	49.14	-	-	49.14
BHS National Honor Society Club	1,557.79	925.00	1,972.00	510.79
BHS Project X2 Club	3,761.98	-	-	3,761.98
BHS Recycle Club	-	-	-	-
BHS Partners Club	5,148.23	4,270.50	3,573.50	5,845.23
BHS SAGA Club	2,402.18	-	1,251.09	1,151.09
BHS Interact Club	1,147.50	1,384.00	1,500.00	1,031.50
BHS Band Club	26,678.05	6,345.18	9,450.94	23,572.29
BHS Choir Club	9,609.64	7,618.00	2,974.64	14,253.00
BHS Orchestra Club	25,868.71	15,111.02	14,745.13	26,234.60
BHS Aerie Club	19,652.17	6,830.00	10,796.43	15,685.74
BHS Hawk Tawk Club	1,721.85	4,118.25	5,393.99	446.11
BHS Hawk TV Club	505.85	-	-	505.85
BHS Scribbles Club	351.14	-	-	351.14
BHS Academic Olympics Club	-	500.00	-	500.00
Total	<u>\$ 371,665.78</u>	<u>\$ 206,019.06</u>	<u>\$ 266,345.17</u>	<u>\$ 311,339.67</u>

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
GALLATIN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2021

Activity	Fund Balance at 7/01/20	Additions	Deductions	Fund Balance at 6/30/21
GHS Boys Basketball Club	\$ 6,800.00	\$ 24,987.70	\$ 17,313.04	\$ 14,474.66
GHS Cheerleading Club	-	5,621.14	5,621.14	-
GHS Fastpitch Club	-	4,555.90	1,421.03	3,134.87
GHS Football Club	3,379.20	35,239.70	33,369.76	5,249.14
GHS Golf Club	3,160.00	14,215.00	9,875.00	7,500.00
GHS Girls Basketball Club	6,120.12	17,983.70	23,113.59	990.23
GHS Boys Soccer Club	1,075.00	15,125.00	9,498.05	6,701.95
GHS Girls Soccer Club	-	12,518.00	5,848.79	6,669.21
GHS Speech Club	-	8,400.20	3,042.87	5,357.33
GHS Volleyball Club	26,574.63	6,807.50	16,908.61	16,473.52
GHS Swimming Club	-	3,255.18	2,340.00	915.18
GHS Tennis Club	-	16,821.00	7,976.98	8,844.02
GHS Track Club	2,500.00	7,616.80	1,849.77	8,267.03
GHS Wrestling Club	3,391.72	15,977.40	9,647.71	9,721.41
GHS Cross Country Club	3,000.00	1,723.00	2,083.68	2,639.32
GHS DECA Club	5,201.00	26,602.48	20,185.06	11,618.42
GHS Drama Club	1,600.00	2,002.50	3,433.61	168.89
GHS FCCLA Club	-	236.98	-	236.98
GHS Spanish Honor Society Club	-	130.00	-	130.00
GHS German Club	-	595.50	135.78	459.72
GHS HOSA Club	1,604.08	2,075.00	2,333.92	1,345.16
GHS Project Excel Club	-	800.00	645.00	155.00
GHS Student Council Club	-	18,766.31	3,161.86	15,604.45
GHS Key Club	-	1,934.08	833.93	1,100.15
GHS Partners Club	-	4,256.61	468.89	3,787.72
GHS SAGA Club	-	1,651.09	305.17	1,345.92
GHS Band Club	-	6,191.61	3,514.53	2,677.08
GHS Choir Club	-	3,987.56	409.71	3,577.85
GHS Orchestra Club	-	20,265.98	1,690.88	18,575.10
GHS Yearbook Club	-	21,080.87	17,657.86	3,423.01
Total	<u>\$ 64,405.75</u>	<u>\$ 301,423.79</u>	<u>\$ 204,686.22</u>	<u>\$ 161,143.32</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2021

<u>Enrollment</u>	<u>As Reported</u>	<u>Audit Per District Records</u>	<u>Difference</u>
Fall Enrollment - October 5, 2020			
Elementary School District			
Pre K-6:			
(a.) Pre-Kindergarten *	29	29	0
(b.) Kindergarten	452	452	0
(c.) Grades 1 - 6	2978	2978	0
(d.) Part-Time (number of part-time students included on line b and c above)	0	0	0
7-8:			
(e.) Grade 7-8	1036	1036	0
(f.) Part-Time (number of part-time students included on line e above)	1	1	0
(g.) Total (add lines a, b, c and e)	4495	4495	0
High School District			
9-12:			
(h.) Grades 9-12	2398	2398	0
(i.) Part-Time (number of part-time students included on line h above)	12	12	0
(j.) 19 year-olds included on line h	1	1	0
(k.) Montana Youth Challenge Academy and Job Corps students included on line h	3	3	0
Spring Enrollment - February 1, 2021			
Elementary School District			
Pre K-6:			
(l.) Pre-Kindergarten *	35	35	0
(m.) Kindergarten	465	465	0
(n.) Grades 1 - 6	2996	2996	0
(o.) Part-Time (number of part-time students included on line m and n above)	1	1	0
7-8:			
(p.) Grade 7-8	1040	1040	0
(q.) Part-Time (number of part-time students included on line p above)	1	1	0
(r.) Total (add lines l, m, n and p)	4536	4536	0
High School District			
9-12:			
(s.) Grades 9-12	2338	2338	0
(t.) Part-Time (number of part-time students included on line r above)	28	28	0
(u.) 19 year-olds included on line s	1	1	0
(v.) Early Graduates	24	24	0
(w.) Montana Youth Challenge Academy and Job Corps students included on line s	1	1	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	156
These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.	
Revenue Capacity	161
These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.	
Debt Capacity	168
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	172
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	174
These schedules contain service and infrastructure data to better help the reader interpret how the information in the District's financial report correspond to the services the District provides and the activities it performs.	

Table 1

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 ⁽¹⁾</u>	<u>2021</u>
Governmental activities:										
Net investment in capital assets	\$ 38,752,077	\$ 41,859,235	\$ 44,554,505	\$ 50,406,598	\$ 53,028,385	\$ 52,358,871	\$ 51,973,114	\$ 60,340,748	\$ 67,692,220	\$ 72,067,216
Restricted	9,586,558	12,475,447	10,415,989	9,898,371	10,916,375	14,626,706	17,974,372	18,672,551	20,297,869	21,224,673
Unrestricted	<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>	<u>(39,221,049)</u>	<u>(43,132,633)</u>
Total governmental activities net position	<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>	<u>\$ 48,769,040</u>	<u>\$ 50,159,256</u>

⁽¹⁾ 2020 - The net investment in capital assets reported in the FY 2020 column has been lowered by \$1,703,271 to report the effect of a prior period adjustment presented on the June 30, 2021, Statement of Activities.

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 regarding fiduciary activities in fiscal year 2019.

Table 2

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

Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾	2021
Governmental activities:										
Instruction	\$ 31,164,999	\$ 31,716,354	\$ 35,618,686	\$ 35,354,198	\$ 37,265,828	\$ 42,124,323	\$ 43,026,874	\$ 43,667,751	\$ 49,142,340	\$ 54,365,339
Support services	6,903,108	7,412,715	8,887,042	9,941,072	10,288,823	10,761,333	11,168,070	11,343,464	11,751,109	12,362,208
General administration	2,728,377	2,563,815	2,815,439	3,413,430	3,329,484	3,672,373	3,955,888	3,892,055	4,578,917	4,761,408
Building administration	3,568,685	3,310,381	3,614,781	4,085,993	4,001,440	4,286,364	4,427,837	4,642,232	5,315,904	6,158,378
Operations and maintenance	5,852,700	5,055,062	6,443,041	6,311,684	5,673,633	6,246,085	6,745,515	9,982,952	9,034,506	8,094,242
Student transportation	1,844,503	1,801,699	2,193,615	2,339,489	2,434,259	2,319,235	2,486,481	2,511,789	2,187,375	3,187,980
Food services	1,808,610	1,868,641	2,148,983	1,906,087	2,005,265	2,179,268	2,022,080	1,994,843	2,461,310	1,836,680
Extracurricular activities	897,486	932,725	1,170,210	1,507,974	1,465,920	1,560,728	1,652,681	3,037,684	2,596,539	2,946,856
Unallocated depreciation	2,734,240	2,851,136	3,387,281	3,643,476	3,919,169	4,056,661	4,530,430	5,046,184	5,443,235	6,747,039
Interest and fiscal charges	2,705,910	3,003,231	3,517,576	2,683,339	2,934,288	2,898,000	6,531,974	5,975,573	6,455,819	5,881,078
Total governmental activities expenses	<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>	<u>\$ 98,967,054</u>	<u>\$ 106,341,208</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 707,919	\$ 835,292	\$ 859,372	\$ 700,800	\$ 710,250	\$ 688,342	\$ 703,800	\$ 787,185	\$ 773,257	\$ 843,154
Food services	1,172,420	1,174,689	1,180,670	1,042,607	1,253,628	1,402,986	1,346,085	1,410,177	1,094,725	398,011
Other functional activities	949,140	684,405	711,686	1,025,050	798,034	1,242,787	1,253,858	1,360,210	1,251,209	687,853
Operating grants and contributions	9,053,281	9,657,240	11,039,331	10,441,288	10,884,477	10,572,999	10,669,076	12,409,589	15,227,118	16,959,107
Capital grants and contributions	934,990	2,216,427	27,358	2,326,971	133,064	231,315	156,003	207,756	322,874	-
Total governmental activities program revenues	<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>	<u>\$ 18,669,183</u>	<u>\$ 18,888,125</u>
Total governmental activities net expense	<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>	<u>\$ (80,297,871)</u>	<u>\$ (87,453,083)</u>
General Revenues and Transfers										
Governmental activities:										
General Revenues:										
District property taxes	\$ 25,901,455	\$ 27,624,361	\$ 30,291,040	\$ 30,381,590	\$ 31,161,445	\$ 33,008,907	\$ 35,963,449	\$ 43,173,454	\$ 44,487,925	\$ 46,271,080
Investment earnings	196,015	173,809	164,158	171,422	228,192	378,296	665,974	2,820,120	1,675,145	443,336
Unrestricted county distribution - retirement	4,677,674	5,107,947	5,770,760	5,759,010	6,625,912	6,814,815	7,018,292	7,302,635	7,054,632	7,627,797
Unrestricted state equalization	14,168,581	14,847,712	16,080,262	16,757,156	17,734,527	18,795,297	19,163,278	19,867,754	20,529,193	21,481,437
Unrestricted state guaranteed tax base subsidy	1,730,896	2,296,582	2,734,398	3,138,561	3,469,015	4,201,145	4,947,869	6,095,249	5,933,621	6,182,728
Unrestricted state motor vehicle fee reimbursement	1,628,465	1,773,347	1,773,347	1,969,511	1,969,511	1,969,511	65,255	-	-	-
Unrestricted state quality educator	1,257,904	1,266,515	1,302,442	1,399,168	1,453,177	1,489,151	1,591,226	1,655,169	1,678,297	1,744,832
Unrestricted state on-behalf pension	-	-	-	1,571,377	1,622,924	2,277,460	2,083,447	2,708,996	4,095,752	4,997,664
Unrestricted other state revenue	183,766	438,003	256,841	754,681	582,126	718,249	242,837	95,770	94,091	93,925
Gain(loss) on sale of capital assets	-	-	-	-	(28,781)	-	2,273,272	-	1,500	500
Transfers	-	-	(2,006,200)	-	-	-	-	-	-	-
Total governmental activities general revenues and transfers	<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>	<u>\$ 85,550,156</u>	<u>\$ 88,843,299</u>
Change in Net Position										
Governmental activities	<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>	<u>\$ 5,252,285</u>	<u>\$ 1,390,216</u>

⁽¹⁾ 2020 - Instruction functional expenses have been raised by \$1,037,293 and the Food Service expenses have been raised by \$665,978 to reflect, in total, a \$1,703,271 prior period adjustment that was presented on the June 30, 2021, Statement of Activities.

Table 3

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund										
Nonspendable	\$ 4,623	\$ 5,421	\$ 36,085	\$ 8,986	\$ 7,729	\$ 54,643	\$ 46,382	\$ 50,758	\$ 113,556	\$ 77,968
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	365,306	465,196	353,134	443,846	291,534	347,273	485,825	583,467	500,928	437,357
Unassigned	<u>2,504,519</u>	<u>2,926,355</u>	<u>3,109,044</u>	<u>4,244,719</u>	<u>4,569,984</u>	<u>4,651,098</u>	<u>4,827,286</u>	<u>4,896,460</u>	<u>5,264,673</u>	<u>5,380,162</u>
Total general fund	<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>	<u>\$ 5,879,157</u>	<u>\$ 5,895,487</u>
All other governmental funds										
Nonspendable	\$ 37,592	\$ 50,525	\$ 291,698	\$ 57,346	\$ 99,959	\$ 122,183	\$ 106,636	\$ 128,609	\$ 501,141	\$ 599,928
Restricted	9,831,486	23,560,751	13,443,730	10,378,732	33,785,649	20,232,153	114,409,498	62,385,982	53,425,975	29,231,284
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	10,790,869	11,995,025
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>(130,307)</u>	<u>(7,901)</u>	<u>(3,883)</u>	<u>-</u>	<u>(183,186)</u>	<u>(508,704)</u>	<u>-</u>	<u>(157,274)</u>	<u>(211,981)</u>	<u>(218,104)</u>
Total all other governmental funds	<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>	<u>\$ 64,506,004</u>	<u>\$ 41,608,133</u>

Table 4

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾	2021
Revenues										
District property taxes	\$ 26,751,318	\$ 27,590,997	\$ 29,992,132	\$ 31,562,546	\$ 31,443,349	\$ 32,950,899	\$ 36,059,072	\$ 42,870,991	\$ 44,284,891	\$ 46,002,691
Tuition and fees	1,407,899	1,353,370	1,349,404	1,223,051	1,423,480	1,588,411	1,551,887	1,615,926	1,245,936	559,701
Investment earnings	115,677	133,505	120,319	118,700	187,590	350,335	620,149	2,751,824	1,608,500	431,256
Other district revenue	1,619,654	1,374,732	2,054,037	4,045,874	2,699,956	2,840,115	2,990,357	4,674,485	7,159,669	3,062,051
Gallatin County	5,026,254	5,442,341	6,147,312	6,136,520	7,018,606	7,182,241	7,384,452	7,664,382	7,381,533	7,935,953
State of Montana	23,001,183	24,899,502	26,625,282	28,718,705	29,537,088	31,496,426	32,294,723	34,746,336	36,887,475	38,325,794
Federal	3,421,088	3,505,205	3,862,088	3,902,080	4,162,866	4,239,056	4,264,635	4,193,927	4,247,206	10,175,388
Total revenues	61,343,073	64,299,652	70,150,574	75,707,476	76,472,935	80,647,483	85,165,275	98,517,871	102,815,210	106,492,834
Expenditures										
Instruction	29,973,733	30,815,248	34,059,897	33,944,215	36,098,615	38,847,417	41,581,051	42,119,810	45,359,759	49,923,128
Support services	6,818,826	7,407,391	8,726,400	9,703,778	10,166,405	10,158,534	10,930,478	11,117,573	10,814,904	11,179,984
General administration	2,625,336	2,490,089	2,615,520	3,119,659	3,268,472	3,391,852	3,695,292	3,786,571	4,269,798	4,323,783
Building administration	3,337,108	3,247,724	3,471,766	3,863,551	3,906,172	3,958,140	4,222,891	4,465,895	5,090,454	5,996,853
Operations and maintenance	5,420,379	4,971,441	6,308,007	6,050,416	5,827,721	6,084,807	6,485,815	9,835,437	8,794,088	7,795,593
Student transportation	1,841,957	1,799,240	2,191,740	2,334,829	2,438,768	2,309,299	2,479,667	2,508,321	2,168,211	3,164,315
Food services	1,785,246	1,838,621	2,093,596	1,744,875	1,980,927	2,042,167	1,855,584	1,887,131	2,309,383	1,634,966
Extracurricular activities	889,182	928,333	1,150,819	1,476,615	1,460,130	1,500,949	1,619,349	3,005,627	2,477,242	2,848,925
Capital outlay	3,668,987	17,606,813	9,666,273	7,804,643	4,220,217	16,959,674	17,569,890	54,216,538	38,273,873	24,203,889
Debt service										
Principal	4,247,059	5,488,708	4,565,554	5,110,554	4,970,554	5,775,000	7,125,000	10,420,000	10,165,000	11,145,000
Interest and fiscal charges	2,692,203	2,970,582	3,194,845	2,511,325	2,893,377	3,107,109	6,509,382	6,947,712	7,264,959	7,158,439
Bond issuance costs	-	260,334	-	357,643	191,730	101,814	589,540	-	146,326	-
Total expenditures	63,300,016	79,824,524	78,044,417	78,022,103	77,423,088	94,236,762	104,663,939	150,310,615	137,133,997	129,374,875
Excess of revenues over (under) expenditures	(1,956,943)	(15,524,872)	(7,893,843)	(2,314,627)	(950,153)	(13,589,279)	(19,498,664)	(51,792,744)	(34,318,787)	(22,882,041)
Other financing sources (uses)										
Sale of capital assets	-	-	-	-	-	-	2,274,779	500	1,500	500
Transfers in	-	-	-	-	-	1,082,176	677,521	1,204,016	1,682,413	2,937,575
Transfers out	-	-	(2,006,200)	-	-	(1,082,176)	(677,521)	(1,204,016)	(1,682,413)	(2,937,575)
Property damage insurance proceeds	500,000	2,093,038	-	201,127	-	-	-	-	-	-
General obligation bonds issued	-	26,375,000	-	-	21,500,000	-	100,000,000	-	25,000,000	-
Refunding bonds issued	-	-	-	36,335,000	-	10,510,000	-	-	-	-
Premium on bonds issued	-	1,723,595	-	3,331,744	3,037,614	576,318	12,195,590	-	3,112,062	-
Payments to refunded bond escrow agent	-	-	-	(39,296,355)	-	(10,974,298)	-	-	-	-
Total other financing sources (uses)	500,000	30,191,633	(2,006,200)	571,516	24,537,614	112,020	114,470,369	500	28,113,562	500
Net change in fund balances	\$ (1,456,943)	\$ 14,666,761	\$ (9,900,043)	\$ (1,743,111)	\$ 23,587,461	\$ (13,477,259)	\$ 94,971,705	\$ (51,792,244)	\$ (6,205,225)	\$ (22,881,541)
Debt service as a percentage of noncapital expenditures	11.6%	13.6%	11.3%	10.9%	10.7%	11.5%	15.7%	18.1%	17.6%	17.4%

⁽¹⁾ 2020 - Instruction functional expenditures were raised by \$1,037,293, Food Services expenditures were raised by \$665,978 and the Capital Outlay functional expenditures were correspondingly lowered by \$1,703,271 to reflect the effect of a prior period adjustment that was presented on the June 30, 2021, Statement of Activities.

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
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
2020	31,907,906	6,481,754	2,926,128	3,675,780	4,342,539	6,823	208	1,151,787	-	-	50,492,925
2021	\$ 31,829,359	\$ 6,277,014	\$ 3,032,035	\$ 3,906,554	\$ 5,263,186	\$ 7,595	\$ 484	\$ 1,548,066	\$ 4,115	\$ -	\$ 51,868,408

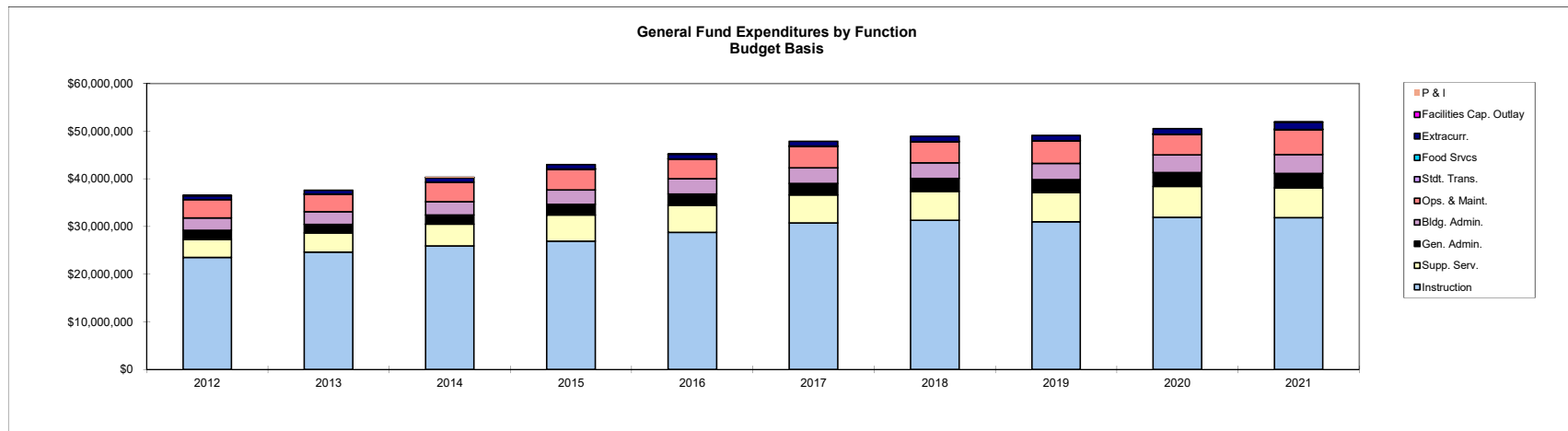


Table 6

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 ²	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:											
2012	\$ 122,688,282	\$ 4,375,448,618	2.8%	123.38	0.12338	\$ 15,000,166	\$ 14,264,897	95.10%	\$ 726,412	\$ 14,991,309	99.94%
2013	124,859,611	4,633,513,028	2.7%	131.45	0.13145	16,419,994	15,743,823	95.88%	617,935	16,361,758	99.65%
2014	128,394,150	4,931,149,202	2.6%	145.25	0.14525	18,477,949	17,897,333	96.86%	532,207	18,429,540	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%	452,379	22,302,303	100.00%
2020	186,201,043	12,458,677,049	1.5%	125.90	0.12590	23,347,844	22,778,868	97.56%	568,976	23,347,844	100.00%
2021	\$ 191,687,364	\$ 12,789,728,194	1.5%	121.74	0.12174	\$ 23,312,870	\$ 22,658,949	97.20%	\$ -	\$ 22,658,949	97.20%
High School District:											
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%	459,295	11,060,778	99.75%
2014	152,997,133	5,873,324,071	2.6%	73.16	0.07316	11,512,340	11,135,267	96.72%	358,231	11,493,498	99.84%
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%	458,140	20,849,282	100.00%
2020	223,747,892	14,859,975,953	1.5%	92.77	0.09277	21,069,148	20,539,429	97.49%	529,719	21,069,148	100.00%
2021	\$ 230,172,095	\$ 15,249,296,508	1.5%	97.61	0.09761	\$ 22,867,788	\$ 22,182,821	97.00%	\$ -	\$ 22,182,821	97.00%
Total District:											
2012	\$ 145,618,673	\$ 5,189,061,038	2.8%	196.86	0.19686	\$ 26,027,659	\$ 24,695,310	94.88%	\$ 1,323,492	\$ 26,018,802	99.97%
2013	148,311,838	5,501,565,981	2.7%	203.26	0.20326	27,508,488	26,345,306	95.77%	1,077,230	27,422,536	99.69%
2014	152,997,133	5,873,324,071	2.6%	218.41	0.21841	29,990,289	29,032,600	96.81%	890,438	29,923,038	99.78%
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	159,327,210	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%	910,519	43,151,585	100.00%
2020	223,747,892	14,859,975,953	1.5%	218.67	0.21867	44,416,992	43,318,297	97.53%	1,098,695	44,416,992	100.00%
2021	\$ 230,172,095	\$ 15,249,296,508	1.5%	219.35	0.21935	\$ 46,180,658	\$ 44,841,770	97.10%	\$ -	\$ 44,841,770	97.10%

¹ Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 2011-12 fiscal year is calculated as of January 2011).

² 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				
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	238.66	46.00	727.48
2020	125.90	92.77	187.70	220.56	46.00	672.93
2021	121.74	97.61	169.53	221.84	46.00	656.72

Tax Levies						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
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	70,596,084	13,606,888	147,304,985
2020	23,347,844	21,069,148	23,541,897	77,821,788	16,230,514	162,011,191
2021	\$ 23,312,870	\$ 22,867,788	\$ 21,960,427	\$ 81,277,075	\$ 16,853,342	\$ 166,271,502

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2020-21
 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	2021			2012		
	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	\$ 13,824,945	1	7.21%	\$ 7,426,373	1	6.05%
Verizon Wireless (Cellco Partnership)	946,612	2	0.49%	746,375	4	0.61%
CCC Bozeman LLC	761,000	3	0.40%	-		-
Charter Communications Inc	750,987	4	0.39%	1,332,506	2	1.09%
Harry Daum (Gallatin Mall)	532,374	5	0.28%	508,230	5	0.41%
GKT Bozeman Gateway LLC	514,332	6	0.27%	-		-
NB Stadium View Dst	483,105	7	0.25%	-		-
Spring VII at Bozeman LLC	476,646	8	0.25%	-		-
Stone Ridge Partners LLC	423,867	9	0.22%	440,095	6	0.36%
Revesco (USA) Properties of Bozeman LP	413,802	10	0.22%	-		-
Centurylink, Inc.	-		-	1,264,150	3	1.03%
Bridger Bowl Inc.	-		-	361,075	7	0.29%
First Security Bank of Bozeman	-		-	342,184	8	0.28%
Bridger Peaks Holdings LLC	-		-	339,009	9	0.28%
Highgate Bozeman LLC	-		-	321,938	10	0.26%
Total	<u>\$ 19,127,670</u>		<u>9.98%</u>	<u>\$ 13,081,935</u>		<u>10.66%</u>

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	2021			2012		
	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	\$ 16,683,546	1	7.25%	\$ 8,631,639	1	5.93%
Verizon Wireless	946,612	2	0.41%	787,070	4	0.54%
CCC Bozeman LLC	761,000	3	0.33%	-		-
Charter Communications Inc	750,987	4	0.33%	1,332,506	2	0.92%
Harry Daum (Gallatin Mall)	532,374	5	0.23%	508,230	7	0.35%
GKT Bozeman Gateway LLC	514,332	6	0.22%	-		-
NB Stadium View Dst	483,105	7	0.21%	-		-
Spring VII at Bozeman LLC	476,646	8	0.21%	-		-
Stone Ridge Partners LLC	423,867	9	0.18%	440,095	8	0.30%
Revesco (USA) Properties of Bozeman LP	413,802	10	0.18%	-		-
Centurylink, Inc.	-		-	1,321,448	3	0.91%
Black Bull Run Development LLC	-		-	770,958	5	0.53%
Zoot Properties LLC	-		-	581,340	6	0.40%
Bridger Bowl Inc.	-		-	361,075	9	0.25%
First Security Bank of Bozeman	-		-	342,184	10	0.23%
Total	<u>\$ 21,986,271</u>		<u>9.55%</u>	<u>\$ 15,076,545</u>		<u>10.36%</u>

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, 2021
(modified accrual basis of accounting)

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	\$ 46,002,691	43.18%
Tuition and fees	559,701	0.53%
Investment earnings	431,256	0.40%
Other district revenue	3,062,051	2.88%
County retirement	7,627,797	7.16%
County transportation	308,156	0.29%
Total revenue from local and intermediate sources	<u>57,991,652</u>	<u>54.44%</u>
Revenue from State sources:		
State equalization	21,481,437	20.17%
State special education allowable costs	2,032,192	1.91%
State guarantee tax base subsidy	6,182,728	5.81%
State transportation	308,156	0.29%
State on-behalf pension revenue	4,997,644	4.69%
State quality educator	1,744,832	1.64%
State medicaid, medicaid admin, CSCT	678,275	0.64%
State other grant revenue	900,530	0.85%
Total revenue from State sources	<u>38,325,794</u>	<u>36.00%</u>
Revenue from Federal sources:		
Federal ESSER Coronavirus Relief Funds	3,520,295	3.31%
Federal CARES Act Coronavirus Relief Funds	2,897,520	2.72%
Federal Title I Part A, Schoolwide and Targeted Support	893,773	0.84%
Federal IDEA Part B and Preschool	1,212,484	1.14%
Federal food service	1,114,391	1.05%
Federal other grant revenue	536,925	0.50%
Total revenue from Federal sources	<u>10,175,388</u>	<u>9.56%</u>
Total governmental funds revenue	<u>\$ 106,492,834</u>	<u>100.00%</u>

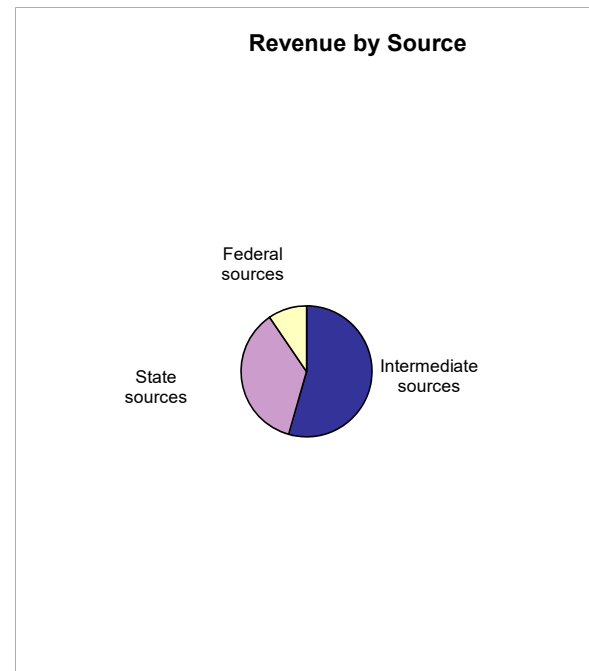


Table 11

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
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
2020	20,893,827	62,909	243,876	882,497	30,631,467	-	52,714,576
2021	\$ 21,386,692	\$ 51,785	\$ 40,832	\$ 679,647	\$ 31,905,256	\$ -	\$ 54,064,212

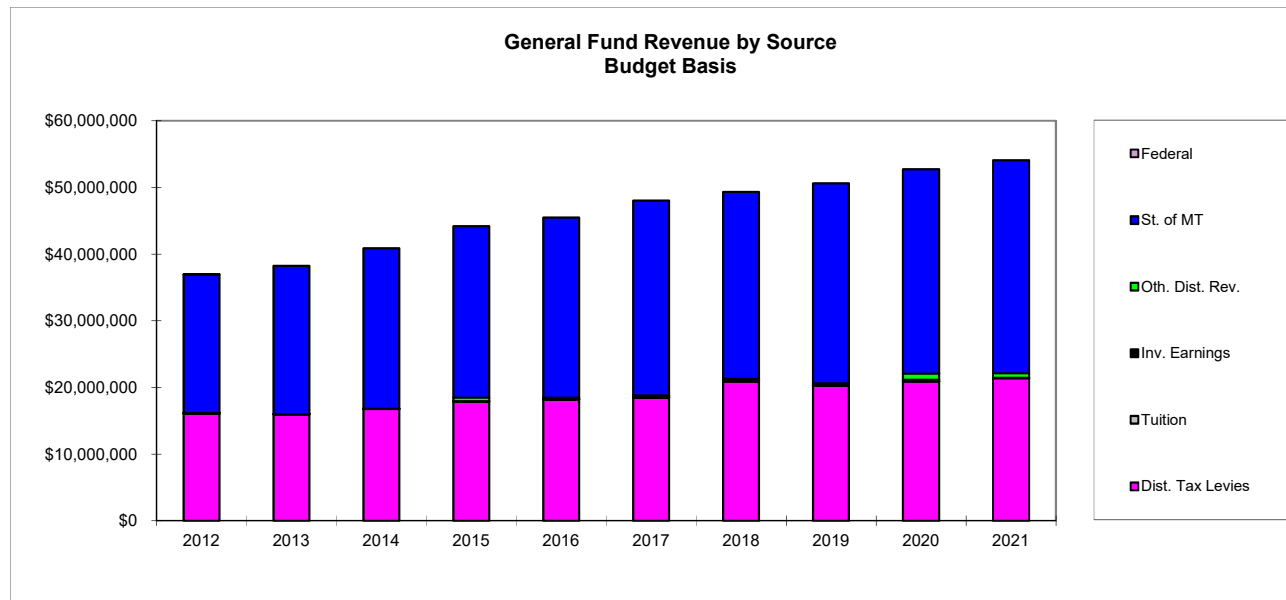


Table 12

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
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
2020	22,083,109	30,631,467	-	52,714,576	7,152	3,088	4,283	-	7,371
2021	\$ 22,158,956	\$ 31,905,256	\$ -	\$ 54,064,212	6,893	\$ 3,215	\$ 4,629	\$ -	\$ 7,844

Source: District Records

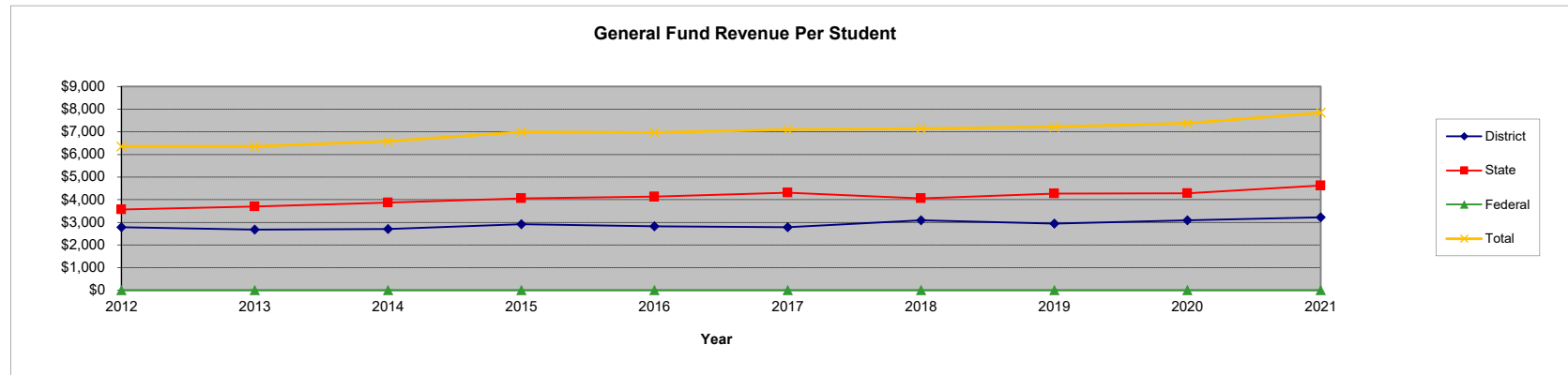


Table 13

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:								
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	2.50%
2018	53,756	151,994,908	64,615,548	-	64,615,548	42.51%	1,202	2.20%
2019	54,294	156,191,478	59,489,429	-	59,489,429	38.09%	1,096	1.88%
2020	56,781	186,201,043	54,823,310	-	54,823,310	29.44%	966	Not Available
2021	58,484	\$ 191,687,364	\$ 50,033,699	\$ -	\$ 50,033,699	26.10%	\$ 856	Not Available
High School District:								
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	0.70%
2018	64,933	182,556,412	132,916,301	-	132,916,301	72.81%	2,047	3.74%
2019	65,582	187,815,184	126,338,591	-	126,338,591	67.27%	1,926	3.31%
2020	68,496	223,747,892	147,503,284	-	147,503,284	65.92%	2,153	Not Available
2021	70,122	\$ 230,172,095	\$ 139,672,982	\$ -	\$ 139,672,982	60.68%	\$ 1,992	Not Available

⁽¹⁾ **2012-2021** The 2012 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, 2021

Elementary District:										
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 61,855,448	\$ 65,771,565	\$ 69,895,920	\$ 74,647,850	\$ 151,568,800	\$ 159,292,770	\$ 166,941,000	\$ 181,003,120	\$ 186,201,043	\$ 198,660,720
Total net debt applicable to limit	59,086,735	55,371,791	52,554,788	49,445,071	68,070,655	63,203,682	58,643,412	54,675,000	50,450,000	46,095,000
Legal debt margin	<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>	<u>\$ 135,751,043</u>	<u>\$ 152,565,720</u>
Total net debt applicable to the limit as a percentage of debt limit	95.52%	84.19%	75.19%	66.24%	44.91%	39.68%	35.13%	30.21%	27.09%	23.20%
High School District:										
Debt limit	\$ 72,809,337	\$ 74,155,919	\$ 76,498,567	\$ 78,876,700	\$ 159,526,080	\$ 177,962,400	\$ 189,157,540	\$ 205,231,320	\$ 223,747,892	\$ 235,684,220
Total net debt applicable to limit	31,984,546	30,245,931	28,465,004	26,116,526	24,230,021	147,074,275	144,951,126	139,255,000	133,315,000	126,525,000
Legal debt margin	<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>	<u>\$ 90,432,892</u>	<u>\$ 109,159,220</u>
Total net debt applicable to the limit as a percentage of debt limit	43.93%	40.79%	37.21%	33.11%	15.19%	82.64%	76.63%	67.85%	59.58%	53.68%
Legal Debt Margin Calculation for Fiscal Year 2021										
			<u>Elementary District</u>	<u>High School District</u>						
District taxable valuation			\$ 191,687,364	\$ 230,172,095						
Times: 100%			<u>1.00</u>	<u>1.00</u>						
District taxable valuation legal debt service limit			<u>191,687,364</u>	<u>230,172,095</u>						
Facility guaranteed mill value per ANB X 1,000			\$ 39,230	\$ 96,830						
Times: Student ANB			5,064	2,434						
Times: 100%			<u>1.00</u>	<u>1.00</u>						
Facility guaranteed mill taxable valuation debt service limit			<u>198,660,720</u>	<u>235,684,220</u>						
Legal Debt Service Limit *			<u>\$ 198,660,720</u>	<u>\$ 235,684,220</u>						
General Obligation Bonds Payable			46,095,000	126,525,000						
Less: Cash Available for Retirement of Bonds			<u>-</u>	<u>-</u>						
Net Amount of Bonds Payable Applicable to Limit			<u>46,095,000</u>	<u>126,525,000</u>						
Margin Above Bonds Payable			152,565,720	109,159,220						
Less: General Obligation Bonds Authorized but Unusec			<u>-</u>	<u>-</u>						
Legal Debt Margin			<u>\$ 152,565,720</u>	<u>\$ 109,159,220</u>						

* 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 2020 are used in the above calculation. In the 2020 fiscal year, the Elementary and High School District both utilized the facility guaranteed mill valuation method (#2) 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, 2021

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)	\$ 6,212,413	100.0%	\$ 6,212,413	0.0%	\$ -
G.O. Issue 2013 (originally \$16,375,000)	11,114,412	100.0%	11,114,412	0.0%	-
G.O. Issue 2014 (originally \$ 9,500,000)	6,783,085	100.0%	6,783,085	0.0%	-
G.O. Issue 2015 (originally \$8,935,000)	6,475,192	100.0%	6,475,192	0.0%	-
G.O. Issue 2016 (originally \$21,500,000)	19,448,597	100.0%	19,448,597	0.0%	-
Bozeman High School District:					
G.O. Issue 2014 (originally \$ 9,150,000)	9,344,897	83.3%	7,784,299	16.7%	1,560,598
G.O. Issue 2015 (originally \$8,750,000)	926,712	83.3%	771,951	16.7%	154,761
G.O. Issue 2017 (originally \$5,900,000)	3,364,346	83.3%	2,802,500	16.7%	561,846
G.O. Issue 2017 (originally \$100,000,000)	98,932,216	83.3%	82,410,536	16.7%	16,521,680
G.O. Issue 2019 (originally \$25,000,000)	27,104,811	83.3%	22,578,308	16.7%	4,526,503
Total Direct Debt	\$ 189,706,681		\$ 166,381,293		\$ 23,325,388
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	\$ 24,175,000	52.3%	\$ 12,643,525	10.5%	\$ 2,538,375
City of Bozeman:					
Various Issues	64,085,342	100%	64,085,342	0.0%	-
Total Overlapping Debt	\$ 88,260,342		\$ 76,728,867		\$ 2,538,375
Total Direct and Overlapping debt			\$ 243,110,160		\$ 25,863,763

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)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service*</u>	<u>Total General Subfund Expenditures</u>	<u>Percentage of Debt Service to General Subfund Expenditures</u>
Elementary:					
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%
2020	4,225,000	1,955,681	6,180,681	33,134,782	18.65%
2021	\$ 4,355,000	\$ 1,829,106	\$ 6,184,106	\$ 32,660,064	18.93%
High School:					
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%
2020	5,940,000	5,299,938	11,239,938	17,358,143	64.75%
2021	\$ 6,790,000	\$ 5,324,313	\$ 12,114,313	\$ 19,208,344	63.07%

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)
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	52,337	2,796,365,910	3,373,119,650	2.5%
2018	53,756	64,933	56,471	3,035,655,076	3,666,831,443	2.3%
2019	54,294	65,582	\$ 58,195	\$ 3,159,639,330	\$ 3,816,544,490	2.0%
2020	56,781	68,496	Not available	Not available	Not available	6.7%
2021	58,484	70,122	Not available	Not available	Not available	2.9%

Sources and other information:

- (1) 2012 - 2021 : The 2012-2021 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 2021		June 2012	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Health	9	Bozeman Deaconess Hospital	9
Oracle America	7	Oracle American Inc.	8
Kenyon Noble Lumber & Hardware	7	Wal-Mart	7
Town Pump Convenience Stores	7	Albertson's	6
Wal-Mart	7	Community Food Co-Op	6
Albertson's	6	Costco	6
Bridger Bowl	6	Croakies	6
Community Food Co-Op	6	First Security Bank	6
Costco	6	Gibson Guitar	6
First Student	6	Kenyon Noble Lumber & Hardware	6
Glacier Bancorp	6	Lowes	6
McDonalds	6	Luzenac America	6
Murdoch's Ranch & Home Supply	6	Martel Construction	6
Ressler Motors	6	McDonald's	6
Rosauers Food & Drug	6	Murdoch's Ranch & Home Supply	6
Target	6	Ressler Chevrolet, Cadillac & Toyota	6
Town & Country Foods	6	Rosauers Supermarket	6
UPS	6	Town & Country Foods	6
Williams Plumbing & Heating	6	Town Pump	6
Zoot Enterprises	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
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
2020	97,263,783	7,152	13,600	3.60%	484.6	14.8
2021	\$ 106,341,208	6,893	\$ 15,427	13.43%	501.5	13.7

⁽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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021						
Instruction																
Certified Teaching Staff	357.9	355.4	383.4	385.1	395.3	413.0	421.7	424.1	431.9	448.4						
Classified & Prof. Employees	98.8	88.7	102.9	72.5	82.9	84.7	85.5	82.0	76.1	66.4						
Support Services																
Administrators	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	-						
Certified Teaching Staff	32.8	44.5	45.2	44.7	48.0	51.4	51.4	50.9	52.3	52.3						
Classified & Prof. Employees	53.4	54.8	63.3	85.7	90.6	89.7	86.4	87.5	81.4	69.8						
General Administration																
Administrators	4.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0						
Certified Teaching Staff	-	-	-	-	-	-	-	-	-	-						
Classified & Prof. Employees	30.2	24.5	23.5	26.3	25.5	26.5	27.9	26.9	28.1	27.4		Fiscal 2021 Summary	Admin.	Certified Staff	Classified & Professional Employees	Total FTE
Building Administration												Instruction	-	448.4	66.4	514.8
Administrators	17.0	15.0	17.0	17.0	18.0	18.0	18.0	20.0	19.0	21.0		Support Services	-	52.3	69.8	122.1
Certified Teaching Staff	-	-	-	0.5	0.5	-	-	-	-	-		General Administration	6.0	-	27.4	33.4
Classified & Prof. Employees	29.8	26.3	29.0	29.4	29.1	28.3	28.3	28.5	29.8	34.9		Building Administration	21.0	-	34.9	55.9
Operations and Maintenance												Operations and Maintenance	1.0	-	65.4	66.4
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0		Student Transportation	-	-	5.0	5.0
Classified & Prof. Employees	54.9	55.4	57.1	55.6	53.9	54.4	58.4	54.1	59.1	65.4		Food Services	-	-	26.3	26.3
Student Transportation												Extracurricular Activities	1.0	0.8	3.0	4.8
Classified & Prof. Employees	3.9	4.5	4.8	4.8	4.5	5.1	5.1	5.4	5.1	5.0		Total	29.0	501.5	298.2	828.7
Food Services																
Classified & Prof. Employees	31.0	32.1	33.3	29.9	33.9	34.5	31.9	30.5	29.5	26.3						
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	0.4	0.8						
Classified & Prof. Employees	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0						
Total	719.7	712.6	770.9	763.0	793.6	817.0	826.0	821.3	823.7	828.7						

Source: District Records

Table 21

BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
November 2020

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	62.4	12.4%	29.9%
Bachelor's Degree + 15 Credits	20.8	4.1%	
Bachelor's Degree + 30 Credits	14.0	2.8%	
Bachelor's Degree + 45 Credits	16.0	3.2%	
Bachelor's Degree + 60 Credits	12.0	2.4%	
Bachelor's Degree + 75 Credits	9.0	1.8%	
Bachelor's Degree + 90 Credits	16.2	3.2%	70.1%
Master's Degree BA + 45 Credits	40.7	8.1%	
Master's Degree BA + 60 Credits	53.3	10.6%	
Master's Degree BA + 75 Credits	47.0	9.4%	
Master's Degree BA + 90 Credits	37.4	7.5%	
Master's Degree BA + 105 Credits	172.7	34.4%	
Total	501.5	100.0%	

Years of Experience	Full Time Equivalent	Percent of Total	
0 - 5	88.6	17.7%	
6 - 10	136.8	27.2%	
11 - 15	97.4	19.4%	
16 - 20	64.5	12.9%	
21 - 25	67.7	13.5%	
26 and Over	46.5	9.3%	
Total	501.5	100.0%	

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2021

	<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	269	81.0%
Irving	1939	33,893	293	220	75.1%
Whittier	1958	34,700	327	255	78.0%
Hawthorne	1939	46,622	390	315	80.8%
Morning Star	1992	56,010	528	433	82.0%
Emily Dickinson	1992	56,012	528	481	91.1%
Hyalite	2009	66,000	549	452	82.3%
Meadowlark	2013	71,719	549	496	90.3%
<u>6-8 Schools</u>					
Chief Joseph	2008	129,500	780	742	95.1%
Sacajawea	1996	134,857	1,023	832	81.3%
High Schools:					
Bozeman High School	1957	346,178 ⁽¹⁾	1,500 ⁽¹⁾	1,468 ⁽¹⁾	97.9%
Gallatin High School	2020	300,239	1,500	930	62.0%

⁽¹⁾ In the current year ended June 30, 2021, the Bozeman High School was still undergoing major enhancements (adding an auditorium, expanding the atrium, construction of a new 2 story addition, etc), accordingly, the total square footage will climb when this construction project is complete. The functional capacity at the Gallatin High School is 1,500 students and the self-imposed functional capacity at the Bozeman High School is 1,500 students as well. During this year of transition into the newly opened Gallatin High School, all seniors in the District were scheduled to finish their high school career at the Bozeman High School causing, in turn, the large temporary expected disparity in student enrollment between the two high schools.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary Schools:										
<u>K-5 Schools</u>										
Longfellow	20%	19%	18%	15%	14%	11%	8%	7%	9%	9%
Irving	47%	55%	46%	41%	44%	41%	44%	39%	42%	38%
Whittier	53%	48%	47%	50%	43%	51%	46%	37%	46%	40%
Hawthorne	22%	26%	23%	15%	15%	10%	9%	6%	7%	5%
Morning Star	10%	10%	8%	6%	6%	6%	6%	4%	7%	5%
Emily Dickinson	25%	24%	23%	16%	16%	16%	16%	15%	14%	10%
Hyalite	46%	45%	46%	39%	42%	36%	36%	23%	28%	25%
Meadowlark	N/A	N/A	14%	15%	13%	16%	15%	10%	11%	10%
<u>6-8 Schools</u>										
Chief Jospheh	33%	37%	31%	27%	24%	22%	20%	13%	16%	16%
Sacajawea	24%	23%	23%	21%	20%	19%	20%	14%	16%	15%
High Schools:										
Bozeman High School	19%	23%	21%	20%	20%	16%	13%	5%	11%	9%
Gallatin High School	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10%

Source: Title I portion of ESEA consolidated applications

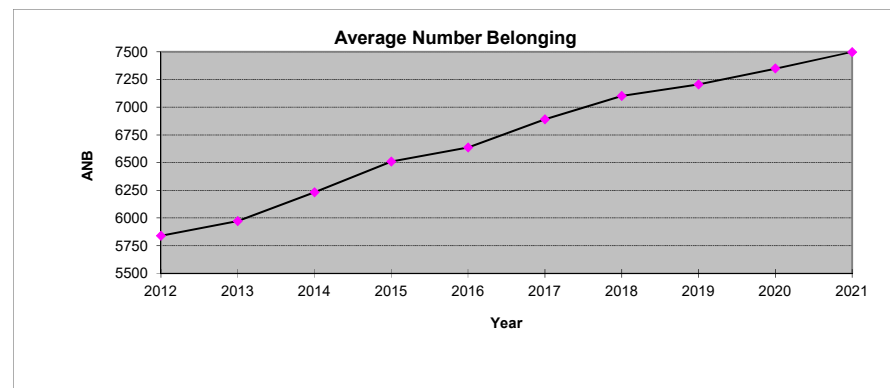
Table 24

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
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	7,204	1.4	104.3
2020	7,152	2.0	7,348	2.0	104.7
2021	6,893	(3.6)	7,498	2.1	104.8

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 #:	KTQ-CMB-0R90983-7-20		
B. Carrier:	Travelers Insurance		
C. Policy Period:	7/1/20 - 7/1/21		
D. Limits:	Blanket replacement buildings and contents, Contractor equipment & vehicles are on an actual cash value basis.		
II. Workers' Compensation Policy			
A. Policy #:	WC-20-11042		
B. Carrier:	Montana Schools Group Interlocal Authority (MSGIA)		
C. Policy Period:	7/1/20 - 7/1/21		
D. Limits:	Part A - WC and OD	Statutory	
	Part B - Employer's Liability	\$1,000,000 Bodily Injury by Accident, each accident	
		\$1,000,000 Bodily Injury by Disease, each employee	
		\$1,000,000 Bodily Injury by Disease, policy limit	
III. Comprehensive General Liability, Auto Liability, School Board Legal Liability, and Crime and Employee Dishonesty			
A. Policy #:	PK1036820		
B. Carrier:	BRIT Global Specialty USA		
C. Policy Period:	7/1/20 - 7/1/21		
D. Limits:	Compr General Liability	\$10,000,000 each occurrence, \$12,000,000 Annual Aggregate,	
		\$10,000 each person medical payments	
	Auto Liability	\$10,000,000 each occurrence	
	School Board Legal Liability	\$10,000,000 each claim, \$12,000,000 Annual Aggregate,	
		\$250,000 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-20		
B. Carrier:	Travelers Boiler		
C. Policy Period:	7/1/20 - 7/1/21		
D. Limits:	\$200,000,000		
V. Cyber Liability			
A. Policy #:	EONG27879937004		
B. Carrier:	Chubb Cyber		
C. Policy Period:	7/1/20 - 7/1/21		
D. Limits:	\$2,000,000 Security & Privacy/Regulatory Action Liability		
	\$2,000,000 Event Management Insurance		
VI. Disaster Management			
A. Policy #:	PC0491820		
B. Carrier:	KILN Disaster Management		
C. Policy Period:	7/1/20 - 7/1/21		
D. Limits:	\$1,000,000 per occurrence		
	\$1,000,000 annual aggregate limit per occurrence		
VII. Employee Business Travel			
A. Policy #:	BTAI000691		
B. Carrier:	STARR Employee Business Travel		
C. Policy Period:	7/1/20 - 7/1/21		
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, 2021

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	16-0350-31-21	\$ 481,039	\$ 468,325	\$ 468,325
Title I, Part A - Schoolwide	84.010A	16-0350-32-21	433,102	410,888	410,888
Title I, Targeted Support and Assistance	84.010A	16-0351-37-20	14,560	14,560	14,560
Subtotal Title I	84.010A		<u>928,701</u>	<u>893,773</u>	<u>893,773</u>
IDEA-B	84.027A	16-0350-77-21	1,535,446	1,178,868	1,178,868
IDEA-B	84.027	N/A	800	800	800
IDEA-B Preschool	84.173A	16-0350-79-21	32,816	32,816	32,816
Subtotal Special Education (IDEA) - Cluster			<u>1,569,062</u>	<u>1,212,484</u>	<u>1,212,484</u>
Title III, Part A (Non ESEA consolidated app FY 20/21)	84.365A	16-0350-41-21	27,416	27,416	27,416
Title III, Part A (Non ESEA consolidated app FY 19/20)	84.365A	16-0350-41-20	20,571	8,821	8,821
Title III, Part A	84.365A	16-0350-41-21	31,149	18,608	18,608
Subtotal Title III	84.365A		<u>79,136</u>	<u>54,845</u>	<u>54,845</u>
COVID-19 ESSER # 1 - Base	84.425D	16-0350-91-20	617,459	577,220	577,220
COVID-19 ESSER # 1 - Related Services	84.425D	16-0350-91-20	143,216	143,216	143,216
COVID-19 ESSER # 2 - Base	84.425D	16-0350-92-21	2,425,613	2,425,613	2,425,613
COVID-19 ESSER # 2 - Supplemental	84.425D	16-0350-92-21	194,776	194,776	194,776
COVID-19 ESSER # 2 - Special Needs	84.425D	16-0350-92-21	110,176	110,176	110,176
COVID-19 ESSER # 3 - Base	84.425D	16-0350-93-21	4,358,067	40,238	40,238
COVID-19 ESSER # 3 - Supplemental	84.425D	16-0350-93-21	194,776	-	-
COVID-19 ESSER # 3 - Lost Instructional Time	84.425D	16-0350-93-21	1,089,517	29,056	29,056
Subtotal ESSER	84.425D		<u>9,133,600</u>	<u>3,520,295</u>	<u>3,520,295</u>
Title II, Part A	84.367	16-0350-14-21	279,434	279,434	279,434
Title IV, Part A	84.424A	16-0350-52-20	64,161	64,161	64,161
Carl Perkins - Basic	84.048A	16-0351-81-21	97,668	97,668	97,668
COVID-19 ARP - Homeless Children and Youth	84.425W	16-0350-97-21	12,974	-	-
Title IX McKinney-Vento for Homeless Children and Youth	84.196A	16-0350-57-21	10,142	10,142	10,142
Pass-through Montana Dept. of Health & Human Services:					
Pre-Employment Transition Services	84.126A	HHS-DETD-00000288	20,000	10,000	10,000
Total U.S. Department of Education Pass-Through			<u>\$ 12,194,878</u>	<u>\$ 6,142,802</u>	<u>\$ 6,142,802</u>
U.S. Department of Education Direct Programs:					
Title VI Indian Education	84.060A	S060A200430	\$ 20,675	\$ 20,675	\$ 20,675
Total U.S. Department of Education Direct			<u>\$ 20,675</u>	<u>\$ 20,675</u>	<u>\$ 20,675</u>
U.S. Department of Treasury:					
Pass-through Montana Governor's Office					
COVID-19 CARES Act CRF - Elementary District	21.019	N/A	\$ 2,521,877	\$ 1,628,092	\$ 1,628,092
COVID-19 CARES Act CRF - High School District	21.019	N/A	1,212,134	819,276	819,276
COVID-19 CARES Act CRF - Transportation Distribution - Elem District	21.019	N/A	392,400	280,580	280,580
COVID-19 CARES Act CRF - Transportation Distribution - HS District	21.019	N/A	188,400	169,572	169,572
Total U.S. Department of Treasury			<u>\$ 4,314,811</u>	<u>\$ 2,897,520</u>	<u>\$ 2,897,520</u>
U.S. Department of Agriculture:					
Pass-through Montana Office of Public Instruction:					
National School Lunch Program - Commodities	10.555	N/A	\$ 80,925	\$ 80,925	\$ 80,925
National Summer Food Service Program	10.559	N/A	1,085,135	1,085,135	1,085,135
Fresh Fruit and Vegetables	10.582	N/A	29,256	29,256	29,256
Total U.S. Department of Agriculture			<u>\$ 1,195,316</u>	<u>\$ 1,195,316</u>	<u>\$ 1,195,316</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 17,725,680</u>	<u>\$ 10,256,313</u>	<u>\$ 10,256,313</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, 2021. 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.

The District did not incur any cash (or noncash) matching contributions for the year ended June 30, 2021, nor were any required.

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated .

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 ZuerMuehlen & Co., P.C.

Bozeman, Montana
December 30, 2021

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, 2021. 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, 2021.

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 ZuerMuehlen & Co., P.C.

Bozeman, Montana

December 30, 2021

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

10.555 & 10.559	Child Nutrition Cluster
84.425	COVID-19 ESSER
21.019	COVID-19 Coronavirus Relief Funds
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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.