

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2008

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



Comprehensive Annual Financial Report

of

BOZEMAN SCHOOL DISTRICT NO. 7

For the fiscal year ended June 30, 2008

Prepared by the Business Office

Steven D. Johnson, CPA, Assistant Superintendent for Business & Operations

Richard J. Tvedt, CPA, Accounting Supervisor

404 West Main, P.O. Box 520

Bozeman, Montana 59771-0520

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INTRODUCTORY SECTION





Bozeman Public Schools

404 West Main
P.O. Box 520
Bozeman, MT 59771-0520
Voice: (406) 522-6001
Fax: (406) 522-6065

Dr. Kirk J. Miller
Superintendent

Dr. Marilyn King
Assistant Superintendent
Instruction

Steven D. Johnson, CPA
Assistant Superintendent
Business and Operations

December 22, 2008

Letter of Transmittal

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

Dear Board Members:

Montana Law requires that Bozeman School District No. 7 annually publish audited financial statements within six months of the close of each fiscal year. This Comprehensive Annual Financial Report meets that requirement for the fiscal year ended June 30, 2008.

Responsibility for the accuracy of the presentation, including all disclosures, rests with the Superintendent and the Assistant Superintendent for 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, 2008, Anderson ZurMuehlen & Co., P.C. has issued an unqualified (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 50,460. The high school district covers approximately 850 square miles, and encompasses nine elementary districts (kindergarten through 8th grade (K-8) - Bozeman, Anderson,

Cottonwood, Gallatin Gateway, LaMotte, Malmborg, Monforton, Ophir and Sedan. The Ophir K-8 School District at Big Sky became a K-12 District on July 1, 2008. After that date, Bozeman will have eight districts feeding into Bozeman High School. The estimated population of the high school district is 56,913. 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. Two Trustees-at-large are elected by the citizens of the other elementary districts to serve with the Bozeman elementary trustees as a high school board. Starting July 1, 2008, there will be only one trustee-at-large representing the other K-8 districts. 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 5,432 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 handicapped youngsters and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics. The activities of the Bozeman Education Foundation, Bozeman Hawk Booster Club, Bozeman Schools Friends of Music and the various parent organizations are separate legal entities. The impact of these individual entities is considered immaterial to the overall financial status of the District and, as such, are not included in these financial statements.

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

ECONOMIC CONDITION AND OUTLOOK

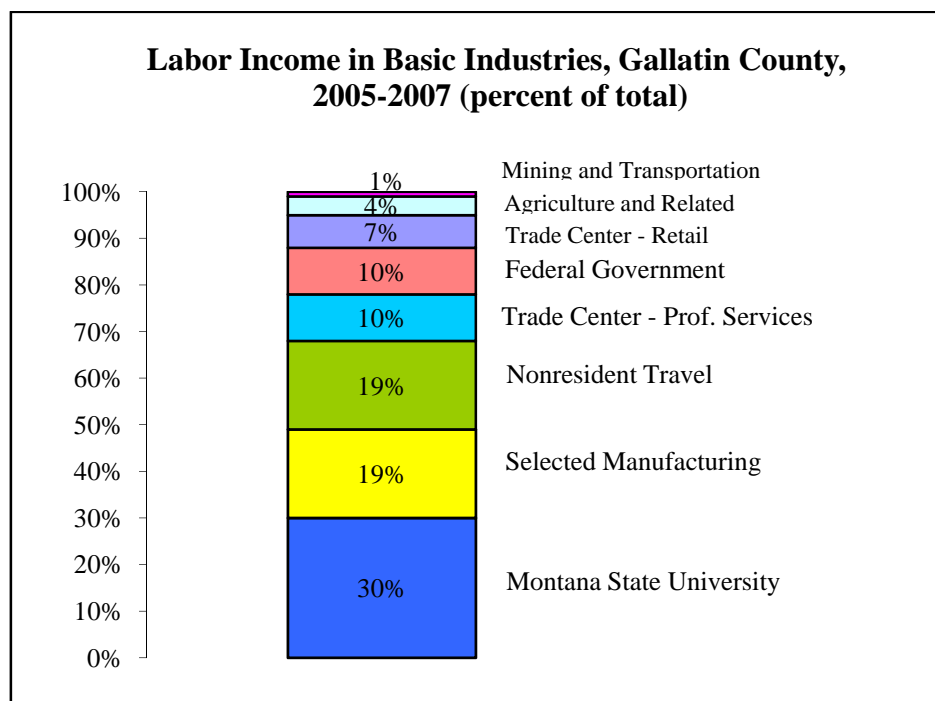
Local Economy

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

Montana State University - Bozeman (M.S.U.) represents a major economic activity in the District. M.S.U., with a fiscal year 2007-2008 annual budget of approximately \$332,817,712, employs approximately 3,504 employees (2,351 full time, 595 part time, and 558 graduate teaching and research assistants). With a student enrollment of 12,170 (Fall 2007), M.S.U. is not only one of the largest factors in the area economy but also one of the more stable factors.

The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide variety of activities, including economic analysis and forecasting. Excerpts from the Bureau's forecasts contained in the Spring 2008 issue of the Montana Business Quarterly related to Bozeman and Gallatin County, are restated in the following paragraphs.

Gallatin County has consistently reported the fastest growth of Montana's major counties over the last decade, but it could decelerate rapidly if construction and real estate go into a freefall. The strong local growth in both industries may have inflated the reported county growth rates since 2001. Both construction and real estate in Gallatin County have continued strong despite nationwide slowdowns. Bozeman's economy is based on strong fundamentals with diverse components that almost all experienced significant recent growth. Gallatin County is home to much of the state's high-tech industry, and it has more than recovered from the 2001 recession. From 2001 to 2005, the largest contributors to the county's growth were Montana State University (mostly research) and state government. Unlike the state's largest counties, all trade center components (especially retail trade) continue to grow in Gallatin County. Nonresident travel and the federal government also experienced significant growth. The figure below shows the composition of labor income in basic industries for the Gallatin County during the 2005-2007 time period.



Outdoor recreational opportunities and the natural beauty of the area and its proximity to Yellowstone National Park promote the nonresident travel to the area.

Major Initiatives

The District started the process of developing a long term strategic plan in 2007-2008. One intended outcome is to provide a tool to assure available resources are appropriately allocated to accomplish attainable strategic outcomes.

Relevant Financial Policies

One-time only funds were appropriated to the District as part of the increased funds received during the 2005 Special and 2007 Regular Legislative Sessions. These one-time funds have been received since 2005-2006. The use of these funds were restricted by the legislature for facility maintenance and Indian Education for All. Care has been taken not to build these one-time-only sources of revenue into the ongoing expenditure obligations of the District.

Long-Term Financial Planning

The Bozeman School District is currently in the midst of building a new 500 student elementary school and conducting major renovations at the existing high school. The administration and board of trustees felt that these projects were vital to position the District to handle future growth in student enrollment and provide better facilities for the existing student population. The public gave its approval by passing significant bond issues (\$19,850,000 Elementary Middle School, \$41,400,000 High School, and in September 2007, a \$17,500,000 Elementary K-5 School).

These building projects, along with anticipated student enrollment increases, will impact the operating budgets of both the Elementary and High School Districts. As these projects are completed, and anticipated enrollment increases are confirmed, the operating budgets will be adjusted to accommodate these added costs.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bozeman School District for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

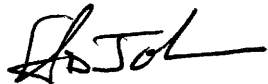
In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles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

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

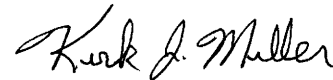
Acknowledgements

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

Sincerely,



Steven D. Johnson, CPA
Assistant Superintendent for
Business and Operations



Kirk J. Miller, Ed.D.
Superintendent of Schools

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Bozeman School District No. 7
Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



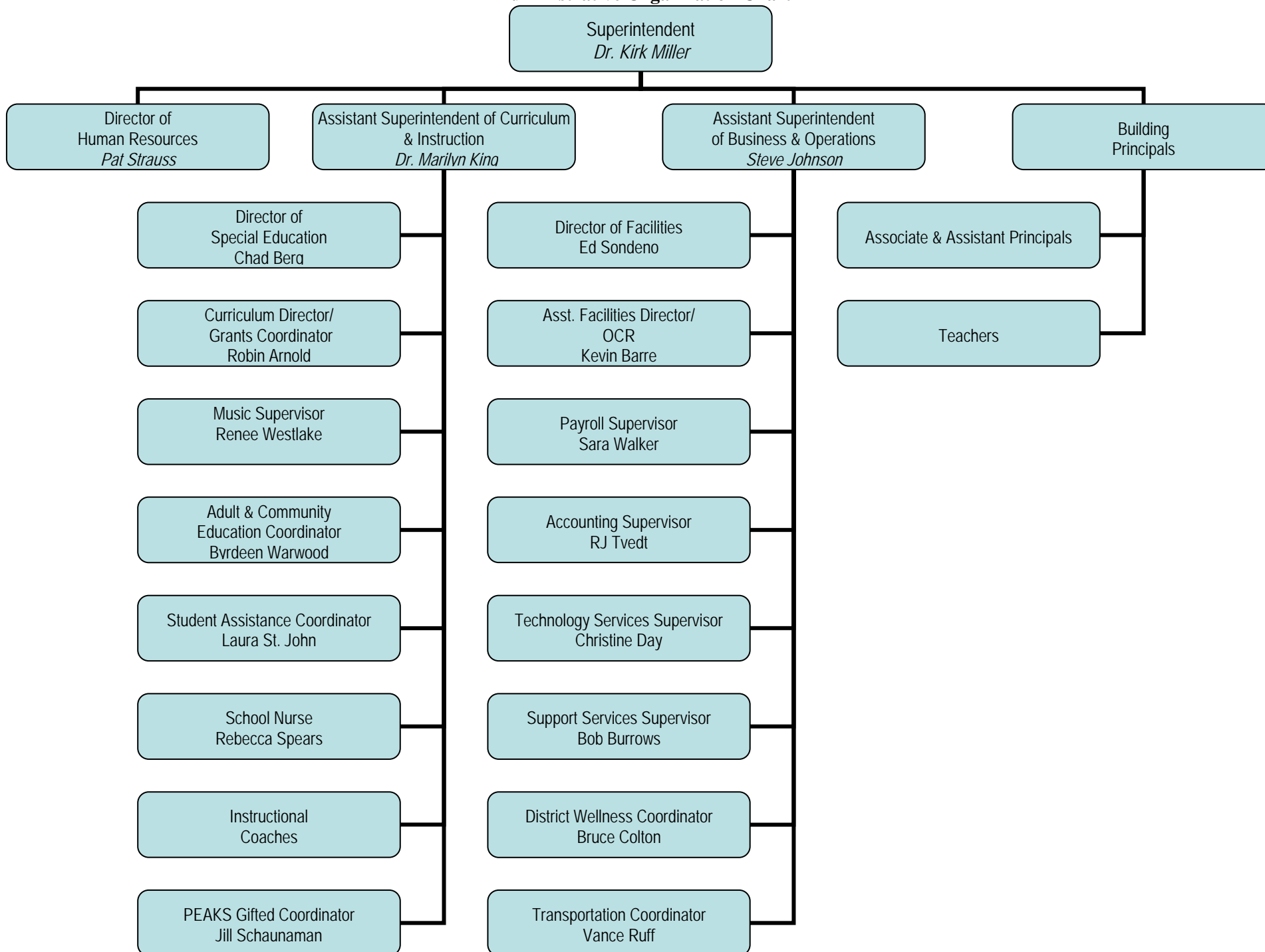
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

**Bozeman Public School
Administrative Organization Chart**



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials
Board of Trustees

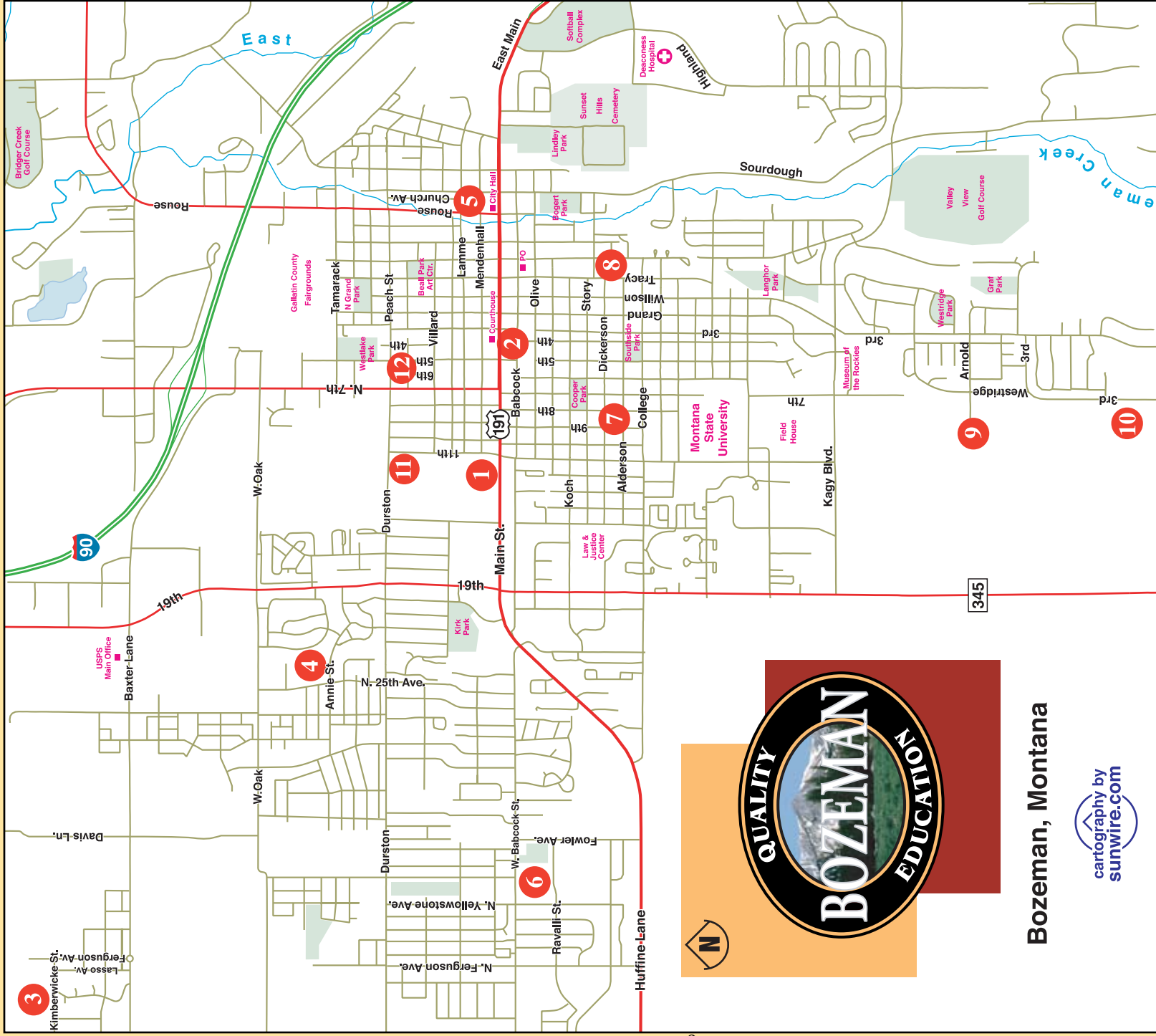
	Term Expires <u>April</u>
Gary Lusin.Chair	2011
Sarah Glover.Vice Chair	2009
Heidi ArnesonTrustee	2011
Martha Collins.Trustee	2011
Bruce Grubbs.Trustee	2010
Heather Hart.Trustee	2009
Denise HaymanTrustee	2009
Carson TaylorTrustee	2010
Vacant SeatTrustee	2008

Appointed

Kirk J. Miller, Ed. D.	Superintendent of Schools
Marilyn King, Ed. D.	Assistant Superintendent of Instruction
Steven Johnson, C.P.A.	Assistant Superintendent of Business and Operations
Pat Strauss.	Director of Human Resources

Board Meetings Held During Fiscal Year 2007-08

Regular	12
Special	22



Bozeman, Montana



- 1** Bozeman High School
205 North 11th
522-6200
- 2** Bridger Alternative High School
404 W. Main Street
522-6100
- 2** Central Administration Offices
404 W. Main Street
522-6000
- 3** Chief Joseph Middle School
4255 Kimberwicke
522-6300

- 4** Emily Dickinson Elementary
2435 Annie Street
522-6650
- 5** Hawthorne Elementary
114 North Rouse
522-6700
- 6** Hyalite Elementary School
3600 West Babcock
582-6800
- 7** Irving Elementary
611 South 8th
522-6600

- 8** Longfellow Elementary
516 South Tracy
522-6150
- 9** Morning Star Elementary
830 Arnold Street
522-6500
- 10** Sacajawea Middle School
3525 South 3rd
522-6400
- 11** Support Services
501 North 11th
522-6380

- 12** Whittier Elementary
511 North 5th
522-6750



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bozeman School District No. 7

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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Bozeman School District No. 7, as of June 30, 2008, and the respective changes in financial position, and cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Anderson Zee Muehlen & Co, P.C.

Bozeman, Montana
December 22, 2008

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 25.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

Overview of the financial statements

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

The Statement of Net Assets and the Statement of Activities answer the question "How did we do financially during 2008". These government-wide statements include *all assets* 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 assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* 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 Assets and the Statement of Activities, the School District's *governmental activities* are presented. These *activities* include most of the District's programs and services including instruction, support services, administration, operations and maintenance, pupil transportation, food services and certain extracurricular activities.

Fund Financial Statements

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

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of its funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Elementary Building, and High School Building Funds, which are considered to be major funds. Data from the other twenty-three 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 99-102 of this report. The *basic* proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The *basic* fiduciary fund financial statements can be found on pages 40-41 of this report and the *combining* fiduciary fund statements can be found on pages 103-105. The District uses the fiduciary funds to account for extracurricular student activities, Worthy Student Scholarships and the Medicaid Billing Consortium.

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

THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$36,967,755 as of June 30, 2008. Table 1 presents a comparative summary of the District's net assets for the fiscal years ended June 30, 2008 and 2007.

By far the largest portion of the District's net assets (79.3 percent) reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. 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 11.6% of the District's net assets were subject to external restrictions on how they may be used. *Unrestricted* net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements total \$3,392,696 at the end of this year.

Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Assets

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 68,161,961	\$ 53,929,992
Capital assets	<u>60,219,141</u>	<u>40,613,764</u>
Total assets	<u>128,381,102</u>	<u>94,543,756</u>
Current liabilities	10,946,893	5,542,962
Long-term debt outstanding	<u>80,466,454</u>	<u>57,129,345</u>
Total liabilities	<u>91,413,347</u>	<u>62,672,307</u>
Net assets:		
Invested in capital assets, net of related debt	29,295,503	25,142,399
Restricted	4,279,556	3,987,403
Unrestricted	<u>3,392,696</u>	<u>2,741,647</u>
Total net assets	<u><u>\$ 36,967,755</u></u>	<u><u>\$ 31,871,449</u></u>

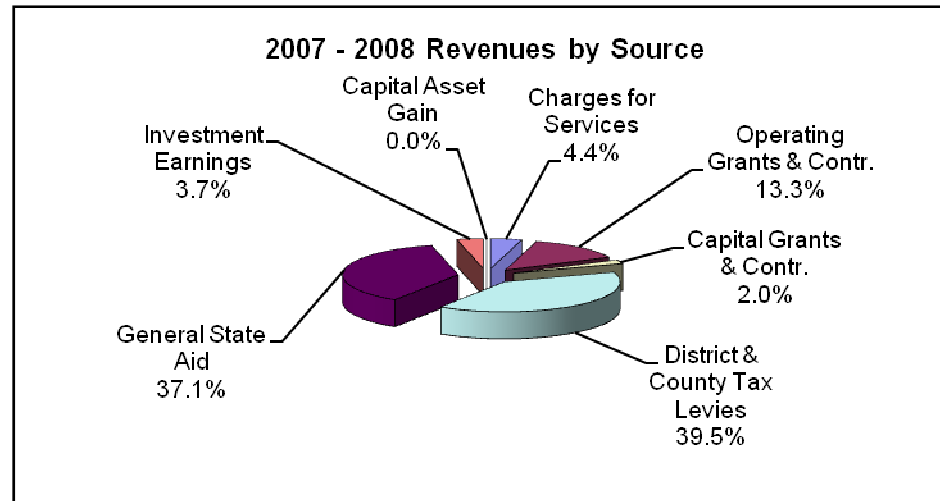
The District's net assets increased by \$5,096,306 during the current fiscal year. This increase resulted largely from the retirement of debt, dramatic investment earnings due to bond issuances, and a large increase in special revenues that were not spent by year-end.

Changes in net assets - As can be seen on *Table 2*, the Bozeman School District's governmental activities increased net assets by \$5,096,306, thereby accounting for 100 percent of the total growth in the net assets.

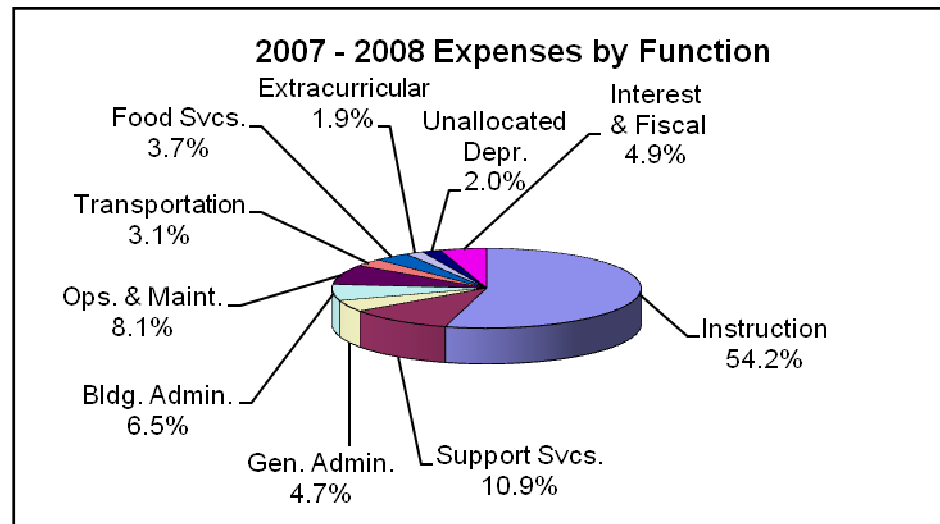
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program revenues:		
Charges for Services	\$ 2,400,780	\$ 2,483,244
Operating grants and contributions	7,365,898	6,580,610
Capital grants and contributions	1,112,116	810,146
General revenues:		
District property taxes	21,716,571	19,928,795
Investment earnings	2,023,195	1,839,432
Unrestricted county distribution - retirement	4,115,000	3,872,500
Unrestricted state equalization	12,329,569	11,695,502
Unrestricted state guaranteed tax base subsidy	965,909	443,964
Unrestricted state motore vehicle fee reimbursement	1,591,893	1,579,896
Unrestricted quality educator	1,216,152	778,808
Unrestricted other state revenue	202,718	222,322
Gain on sale of capital assets	1,282	545
Total revenues	<u>55,041,083</u>	<u>50,235,764</u>
Program Expenses		
Instruction	27,118,400	25,568,496
Support services	5,457,545	4,975,685
General administration	2,331,788	2,116,552
Building administration	3,267,924	3,163,125
Operations and maintenance	4,038,663	3,663,019
Student transportation	1,531,760	1,433,032
Food services	1,843,131	1,835,040
Extracurricular activities	941,072	885,231
Unallocated depreciation	985,952	960,431
Interest and fiscal charges	2,428,542	1,574,466
Total expenses	<u>49,944,777</u>	<u>46,175,077</u>
Increase (decrease) in net assets	<u>5,096,306</u>	<u>4,060,687</u>
Net assets, beginning of year	<u>31,871,449</u>	<u>27,810,762</u>
Net assets, end of year	<u><u>\$ 36,967,755</u></u>	<u><u>\$ 31,871,449</u></u>

Approximately 37.2% of the increase in total revenues on *Table 2* was generated by local taxpayers through general district property taxes. This increase of local support enabled the District to maintain current services. Approximately 32.7% of the increase was due to increases in state general revenues (including a 13% increase in the unrestricted state equalization alone). Another 10.0% of the increase was the result of the State raising the amount it contributes in on-behalf pension contributions to the Teachers Retirement System (TRS). The following chart illustrates the breakout of revenues by source.



Total expenses on *Table 2* increased by \$3,769,700 (8.2%) and was largely attributable to cost of living salary, benefit and staffing increases incurred to keep up with the demand for services combined with the expected increase in debt service interest expenses. 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 \$58,852,874, an increase of \$8,653,305 due primarily to the issuance of elementary and high school general obligation bonds.

The three major funds combined to make up almost 91% of the fund balance increase. The general fund is the main operating fund of the Bozeman School District. Its fund balance decreased by 28.8%. This decrease was largely attributable to local tax collections falling short of budgeted amounts.

The major elementary and high school building funds received the proceeds of a \$17,500,000 and \$10,000,000 bonds issued, respectively. At year end, unspent bond proceeds in these two funds comprised the vast majority of the governmental funds combined fund balance. The bond proceeds are recognized as an other financing source on these governmental fund statements.

General fund budgetary highlights

The general fund's original and final budget were identical for the year ended June 30, 2008 (see statement on page 36). Actual revenues fell short of expected budgeted general fund revenues by \$588,450 (1.90%), which is an acceptable shortfall.

General fund expenditures utilized 100% of the general fund budget. The only significant variances were in the functional areas of Operations and Maintenance as well as Extracurricular. These were both positive variances with the 8.2% Operations and Maintenance variance being primarily the result of lower than budgeted utility costs. The 5.6% positive Extracurricular variance was largely due to a slight reduction in stipends paid and less utilization of District payroll benefits.

Budgeted general fund balance reserves dropped to 4.8% of the expenditure budget. This percentage is 48% of the state mandated 10% maximum allowed and is adequate to meet cash flow needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the District had invested \$77.1 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an increase prior to depreciation of \$20,889,564. Total depreciation expense for the year was \$1,284,902. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2008.

	Amount
Land	\$ 7,443,747
Land improvements	1,650,271
Buildings and improvements	25,329,544
Machinery and equipment	1,058,864

Construction in progress	<u>24,738,501</u>
Total	<u>\$60,220,927</u>

The total assets (net of depreciation) noted above includes \$1,786 of fiduciary net machinery and equipment. Additional information on the District's capital assets can be found in Note III C on pages 55-56 of this report.

Debt Administration

At year-end, the District had \$85,181,724 in general and limited obligation bonds and other long-term debt outstanding, of which \$4,765,719 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2008, is presented below:

	<u>Amount</u>
General obligation bonds	\$ 79,288,326
Limited obligation bonds	2,249,561
Compensated absences	3,243,797
Voluntary termination benefits	<u>400,040</u>
Total	<u>\$ 85,181,724</u>

The Elementary and High School District each maintain a Moody's **Aaa** rating for general obligation debt. State statutes currently limit the amount of the general obligation debt a District may issue. As of June 30, 2008, the current elementary legal debt margin is \$2,909,303 and the high school is \$32,854,758 (as shown on Table 14).

Additional information on the District's long-term debt can be found in Note III E on pages 57-60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2008-2009 budget. The primary factors were the District's student population, collective bargaining agreements, inflation rates, and the local economy. Budgeted expenditures in the General Fund increased by 6.5% to \$33,850,682 in fiscal year 2008-2009. Increased payroll and employee benefit costs are the primary reason for the increase. Full time kindergarten was implemented which resulted in a substantial portion of increased staffing in the Elementary District.

Inflation rates continue to remain at relatively low levels. Inflation for fiscal year 2007 (June to June) was 2.7% with it increasing to 5.0% in fiscal year 2008. The Consumer Price Index decreased by 2.9% from June 2008 through November 2008. The local cost of living within the Bozeman School District exceeded that of the national economy. This fact was considered when evaluating the cost of living during collective bargaining negotiations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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



Basic Financial Statements



Government-Wide Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities		Governmental Activities
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 35,686,359	Accounts payable	\$ 4,359,791
Investments	28,254,836	Accrued interest payable	326,225
Property taxes receivable(net of allowances for uncollectibles)	2,732,086	Retainages payable	909,764
Due from other governments	491,462	Unearned revenue	567,311
Accounts receivable	134,026	Due to other governments	18,083
Interest receivable	244,724	Bonds payable - due within one year	4,266,742
Inventory, at cost	188,764	Compensated absences - due within one year	234,971
Prepaid items	56,865	Voluntary termination benefits - due within one year	264,006
Total current assets	<u>67,789,122</u>	Total current liabilities	<u>10,946,893</u>
Noncurrent assets:		Noncurrent liabilities:	
Deferred bond issuance costs	372,839	Deferred bond premiums	50,449
Land	7,443,747	Bonds payable	77,271,145
Land improvements	2,538,493	Compensated absences	3,008,826
Buildings and improvements	38,425,793	Voluntary termination benefits	136,034
Machinery and equipment	3,954,649	Total non-current liabilities	<u>80,466,454</u>
Construction in progress	24,738,501	Total liabilities	<u>91,413,347</u>
Less accumulated depreciation	(16,882,042)		
Total noncurrent assets	<u>60,591,980</u>	<u>NET ASSETS</u>	
Total assets	<u>\$ 128,381,102</u>	Invested in capital assets, net of related debt	29,295,503
		Restricted for:	
		Building reserve	362,638
		Bus depreciation	338,125
		Debt service	267,761
		Flexibility	326,517
		Retirement	1,915,448
		Technology acquisition	508,166
		Transportation	448,791
		Other purposes	112,110
		Unrestricted	3,392,696
		Total net assets	<u>\$ 36,967,755</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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 27,118,400	\$ 618,855	\$ 4,062,638	\$ 378,519	\$ (22,058,388)
Support services	5,457,545	136,396	2,026,843	-	(3,294,306)
General administration	2,331,788	64,083	83,849	-	(2,183,856)
Building administration	3,267,924	170,642	189,229	-	(2,908,053)
Operations and maintenance	4,038,663	141,644	19,220	733,597	(3,144,202)
Student transportation	1,531,760	15,284	588,363	-	(928,113)
Food services	1,843,131	1,250,448	376,173	-	(216,510)
Extracurricular activities	941,072	3,428	19,583	-	(918,061)
Unallocated depreciation *	985,952	-	-	-	(985,952)
Interest and fiscal charges	2,428,542	-	-	-	(2,428,542)
Total governmental activities	\$ 49,944,777	\$ 2,400,780	\$ 7,365,898	\$ 1,112,116	\$ (39,065,983)
General revenues:					
District property taxes					21,716,571
Investment earnings					2,023,195
Intergovernmental revenue					
Unrestricted:					
County distribution - retirement					4,115,000
State equalization					12,329,569
State guaranteed tax base subsidy					965,909
State motor vehicle fee reimbursement					1,591,893
State quality educator					1,216,152
Other state revenue					202,718
Gain on sale of capital assets					1,282
Total general revenues					44,162,289
Changes in net assets					5,096,306
Net assets, beginning of year					31,871,449
Net assets, end of year					\$ 36,967,755

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

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



Fund Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Elementary Building	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,022,605	\$ 19,941,905	\$ 8,578,040	\$ 5,499,208	\$ 35,041,758
Investments	690,956	-	26,369,835	877,000	27,937,791
Property taxes receivable	1,823,702	-	-	916,219	2,739,921
Due from other governments	-	-	-	491,462	491,462
Accounts receivable	3,527	4,499	-	40,639	48,665
Interest receivable	3,684	-	236,068	3,961	243,713
Inventory, at cost	-	-	-	18,440	18,440
Prepaid items	4,817	-	-	52,048	56,865
Total assets	\$ 3,549,291	\$ 19,946,404	\$ 35,183,943	\$ 7,898,977	\$ 66,578,615
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 39,830	\$ 2,935,457	\$ 484,438	\$ 176,580	\$ 3,636,305
Accrued interest payable	-	12,914	-	12,610	25,524
Bank overdraft	-	-	-	360,287	360,287
Deferred revenue	1,823,702	-	-	916,219	2,739,921
Unearned revenue	-	-	-	35,857	35,857
Due to other governments	-	-	-	18,083	18,083
Retainages payable	-	909,764	-	-	909,764
Total liabilities	1,863,532	3,858,135	484,438	1,519,636	7,725,741
Fund balances:					
Reserved:					
Encumbrances	63,352	72,089	-	3,128	138,569
Prepaid items	4,817	-	-	52,048	56,865
Debt service	-	-	-	(363,728)	(363,728)
Unreserved:					
Undesignated:					
General fund	1,617,590	-	-	-	1,617,590
Special revenue funds	-	-	-	6,409,696	6,409,696
Designated:					
Capital projects funds	-	16,016,180	34,699,505	278,197	50,993,882
Total fund balances	1,685,759	16,088,269	34,699,505	6,379,341	58,852,874
Total liabilities and fund balances	\$ 3,549,291	\$ 19,946,404	\$ 35,183,943	\$ 7,898,977	\$ 66,578,615

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 ASSETS
JUNE 30, 2008

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

Total fund balances - governmental funds (page 32)	\$ 58,852,874
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$77,101,183 and the accumulated depreciation is \$16,882,042.	60,219,141
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Property tax revenue is recognized when earned (and the claim to resources is established) rather than when "available." All of the deferred property tax revenue reported in the governmental funds is not available.	2,739,921
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Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net assets.	(7,835)
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Long-term liabilities, including bonds payable and compensated absences, and voluntary termination benefits are not due and payable in the current period and therefore are not reported in the funds. The effects of these prior items are as follows:

Bonds payable	\$ 81,516,198	
Compensated absences	3,243,797	
Voluntary termination benefits	400,040	(85,160,035)

Internal service funds are used by the District to charge the costs of health insurance, printing, warehouse, 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 assets.	<u>323,689</u>
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Total net assets - governmental activities (page 28)	<u><u>\$ 36,967,755</u></u>
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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, 2008

	General	Elementary Building	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
District property taxes	\$ 13,195,792	\$ -	\$ -	\$ 7,232,907	\$ 20,428,699
Tuition and fees	39,209	-	-	1,394,593	1,433,802
Interest	208,293	601,005	939,147	209,751	1,958,196
Other district revenue	4,766	103,679	-	711,825	820,270
Gallatin County	-	-	-	4,442,764	4,442,764
State of Montana	17,749,057	-	-	2,086,254	19,835,311
Federal	-	-	-	3,429,823	3,429,823
Total revenues	<u>31,197,117</u>	<u>704,684</u>	<u>939,147</u>	<u>19,507,917</u>	<u>52,348,865</u>
Expenditures:					
Current -					
Instruction	19,917,259	160,661	-	5,762,980	25,840,900
Support services	3,449,812	-	-	1,882,121	5,331,933
General administration	1,722,558	-	-	478,300	2,200,858
Building administration	2,473,325	-	-	605,249	3,078,574
Operations and maintenance	3,169,891	262,413	58,602	438,515	3,929,421
Student transportation	7,598	-	-	1,523,618	1,531,216
Food services	-	-	-	1,777,468	1,777,468
Extracurricular activities	839,706	-	-	85,992	925,698
Capital outlay	182,514	17,831,994	2,215,189	507,880	20,737,577
Debt service -					
Principal retirement	-	-	-	3,577,059	3,577,059
Interest and fiscal charges	-	-	-	2,212,528	2,212,528
Bond issuance costs	-	44,630	34,545	-	79,175
Total expenditures	<u>31,762,663</u>	<u>18,299,698</u>	<u>2,308,336</u>	<u>18,851,710</u>	<u>71,222,407</u>
Excess (deficiency) of revenues over expenditures	<u>(565,546)</u>	<u>(17,595,014)</u>	<u>(1,369,189)</u>	<u>656,207</u>	<u>(18,873,542)</u>
Other financing sources (uses):					
Sale of capital assets	-	1,282	-	-	1,282
Transfers in	-	-	-	145,429	145,429
General obligations bonds issued	-	17,500,000	10,000,000	-	27,500,000
Premium on general obligation debt	-	-	-	25,565	25,565
Transfers out	(115,000)	-	-	(30,429)	(145,429)
Total other financing sources (uses)	<u>(115,000)</u>	<u>17,501,282</u>	<u>10,000,000</u>	<u>140,565</u>	<u>27,526,847</u>
Net changes in fund balances	<u>(680,546)</u>	<u>(93,732)</u>	<u>8,630,811</u>	<u>796,772</u>	<u>8,653,305</u>
Fund balances, beginning of year	<u>2,366,305</u>	<u>16,182,001</u>	<u>26,068,694</u>	<u>5,582,569</u>	<u>50,199,569</u>
Fund balances, end of year	<u>\$ 1,685,759</u>	<u>\$ 16,088,269</u>	<u>\$ 34,699,505</u>	<u>\$ 6,379,341</u>	<u>\$ 58,852,874</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, 2008

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

Net change in fund balances - total governmental funds (page 34)	\$ 8,653,305
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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 (\$20,737,577) exceeded depreciation (\$1,253,837) in the current period in addition to the value of contributed capital assets of \$151,987 for this fiscal year. Governmental funds do not report capital contributions as revenue.	19,635,727
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This amount represents the portion of District property tax revenues in the statement of activities that did not provide current financial resources and therefore is not reported as revenues in the funds.	1,287,872
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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 assets. Also, governmental funds report the effect of issuance costs and 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. This amount is the net effect of these differences in the treatment of long-term debt.	(24,062,142)
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The current period net increase in compensated absences and decrease in voluntary termination benefits payable did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds.	(66,685)
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Internal service funds are used by the District to charge the costs of health insurance, printing, warehouse, postage and other services to individual funds. The net loss of the internal service funds is reported with governmental activities.	<u>(351,771)</u>
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Change in net assets of governmental activities (page 29)	<u>\$ 5,096,306</u>
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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, 2008

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
District property taxes	\$ 13,898,978	\$ 13,195,792	\$ (703,186)
Tuition and fees	-	39,209	39,209
Interest	158,402	208,293	49,891
Other district revenue	1,385	4,766	3,381
State of Montana	17,726,802	17,749,057	22,255
Total revenues	<u>31,785,567</u>	<u>31,197,117</u>	<u>(588,450)</u>
Expenditures:			
Current -			
Instruction	19,774,274	19,834,850	(60,576)
Support services	3,435,978	3,448,882	(12,904)
General administration	1,724,857	1,712,186	12,671
Building administration	2,492,880	2,471,987	20,893
Operations and maintenance	3,457,715	3,172,844	284,871
Student transportation	10,569	7,598	2,971
Extracurricular activities	889,294	839,706	49,588
Capital outlay	-	182,514	(182,514)
Total expenditures	<u>31,785,567</u>	<u>31,670,567</u>	<u>115,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(473,450)</u>	<u>(473,450)</u>
Other financing sources (uses):			
Transfers out	-	(115,000)	(115,000)
Total other financing sources (uses)	<u>-</u>	<u>(115,000)</u>	<u>(115,000)</u>
Net change in fund balances	-	(588,450)	(588,450)
Fund balances, beginning of year	<u>2,210,857</u>	<u>2,210,857</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 2,210,857</u></u>	<u><u>\$ 1,622,407</u></u>	<u><u>\$ (588,450)</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,004,888
Investments	317,045
Accounts receivable	85,361
Interest receivable	1,011
Inventory, at cost	170,324
Total current assets	<u>1,578,629</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	416,271
Less accumulated depreciation	<u>(309,716)</u>
Net capital assets	<u>106,555</u>
Total assets	<u>1,685,184</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	723,486
Unearned revenue	<u>531,454</u>
Total liabilities	<u>1,254,940</u>
<u>NET ASSETS</u>	
Invested in capital assets	106,555
Unrestricted	<u>323,689</u>
Total net assets	<u>\$ 430,244</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 FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	\$ 5,237,439
Charges for Wellness services	89,389
Total operating revenues	<u>5,326,828</u>
Operating expenses:	
Administrative expenses	281,647
Communications	48,347
Contracted bus services	76,376
Depreciation	30,350
Excess risk insurance	383,801
Health, dental and vision claims	4,068,147
Materials and supplies	381,140
Other expenses	906
Repairs and maintenance	40,840
Salaries and benefits	220,665
Wellness	188,176
Total operating expenses	<u>5,720,395</u>
Operating income (loss)	<u>(393,567)</u>
Nonoperating revenues (expenses):	
Interest	41,796
Total nonoperating revenues (expenses)	<u>41,796</u>
Changes in net assets	(351,771)
Total net assets, beginning of year	<u>782,015</u>
Total net assets, end of year	<u>\$ 430,244</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, 2008

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 5,268,436
Payments for insurance claims	(3,960,938)
Payments to employees	(220,665)
Payments to suppliers	(1,396,625)
	<u>(309,792)</u>
Net cash provided(used) by operating activities	<u>(309,792)</u>
Cash flows from investing activities:	
Sale of investments	35,000
Interest received	44,148
	<u>79,148</u>
Net cash provided(used) by investing activities	<u>79,148</u>
Net increase(decrease) in cash and cash equivalents	(230,644)
Cash and cash equivalents - 7/01/07	<u>1,235,532</u>
Cash and cash equivalents - 6/30/08	<u><u>\$ 1,004,888</u></u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:	
Operating income(loss)	\$ (393,567)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation	30,350
(Increase) decrease in accounts receivable	(72,455)
(Increase) decrease in inventories	8,690
Increase (decrease) in accounts payable	103,127
Increase (decrease) in unearned insurance premiums	14,063
	<u>83,775</u>
Total adjustments	<u>83,775</u>
Net cash provided(used) by operating activities	<u><u>\$ (309,792)</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private-Purpose Trust
<u>ASSETS</u>	
Cash and cash equivalents	\$ 658,687
Investments	365,000
Accounts receivable	55
Due from other governments	19,723
Interest receivable	1,404
Prepaid items	665
Machinery and equipment	5,000
Less accumulated depreciation	(3,214)
Total assets	1,047,320
<u>LIABILITIES</u>	
Accounts payable	314
Total liabilities	314
<u>NET ASSETS</u>	
Held in trust	\$ 1,047,006

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust Funds
Additions:	
Auctions	\$ 45,164
Contributions	45,383
Extracurricular receipts and fees	1,289,094
Medicaid direct billing receipts	446,597
Transfers from previous consortium	95,665
Total noninvestment trust additions	<u>1,921,903</u>
Investment earnings:	
Interest	<u>33,983</u>
Total additions	<u>1,955,886</u>
Deductions:	
Administrative expenses	76,854
Depreciation	715
Extracurricular activities	1,273,500
Fundraising	3,476
Payments to consortium members	373,015
Scholarships	41,975
Total deductions	<u>1,769,535</u>
Changes in net assets	186,351
Net assets, beginning of year	<u>860,655</u>
Net assets, end of year	<u><u>\$ 1,047,006</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, 2008

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.

In fiscal year 2002, the District adopted GASB Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments." GASB Statement No. 34 requires new basic financial statements for reporting on the District's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

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. Component units, as established by the GASB Statement 14, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations for which the District is financially accountable have been considered for inclusion in the basic financial statements. 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 assets 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 assets and statement of activities report information on all of the nonfiduciary activities of the primary government. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets 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. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient of the goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

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

The District reports the following major governmental funds:

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

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

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

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, warehouse, postage and other services to other individual funds.

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

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, warehouse goods, printing, 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, 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 resources are available for use, it is the District's policy to use restricted resources first, followed by unrestricted resources as they are needed.

D. Deposits and investments

Except petty cash and a portion of the Private-Purpose Trust and Internal Service Funds, all District cash is held by the County Treasurer and pooled in the Gallatin County external investment pool or invested outside of that pool in direct obligations of United States Agencies. \$134,644 of the Middle and High School Student Extracurricular Funds (which are Private-Purpose Trust Funds) and \$22,816 of the Self-Insurance Fund are in various interest bearing checking accounts.

The County Treasurer, at the direction of the District, invests the 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, 2008, the District had zero funds invested in STIP through the Gallatin County external investment pool.

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. The investments listed in the financial statements are entirely comprised of Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Banks, and Federal National Mortgage Association bonds with remaining maturities varying from 3 months to 4.9 years. All cash equivalents held in the Gallatin County investment pool are reported at fair value. The direct obligations of the United States Agencies 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 \$7,835 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. 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

I. Compensated absences

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

The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. In governmental funds, sick leave and vacation leave are recorded as expenditures in the year paid, as it is the District's policy to satisfy any unpaid amounts at year-end from future resources, not expendable available resources. The District, in accordance with State law (MCA 20-9-512), transfers money, within the adopted budget, from the general fund to maintain the compensated absence liability fund. The purpose of this fund is to pay any accumulated sick and vacation leave that a nonteaching or administrative employee is entitled to upon termination of employment. The sick and vacation leave termination pay for teachers is paid out of the general fund.

J. Voluntary termination benefits

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

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

The VCOP Plan cost the District \$269,508 for the fiscal year ended June 30, 2008 (the VCOP Plan is entirely employer funded). The District had 16 past employees participating in these plans on June 30, 2008.

K. 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 will be reflected in the financials when GASB Statement No. 45 becomes effective for the Bozeman School District during the fiscal year ended June 30, 2009.

L. 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 assets. Bond issuance costs, premiums and discounts are deferred over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized as a component of interest and fiscal charges over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period (when present). The face amount of the debts issued during the fiscal year just ended were 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. Issuance costs were reported as debt service expenditures.

M. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

General

Special Revenue:

Transportation

Bus Depreciation

Tuition

Retirement

Technology Acquisition

Adult Education
Flexibility

Debt Service

Capital Projects:
Building Reserve

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

Budgetary policy follows:

- 1) By the first Monday in August, the Department of Revenue transmits a statement of assessed valuation and taxable valuation of all property to the County Superintendent of Schools.
- 2) On or before August 15th, the Board of Trustees must meet to legally adopt the final budget.
- 3) Upon adoption of the final budget, expenditures and operating transfers are limited to the total fund budget. (There is one exception, see Note IIC.) Unexpended and unencumbered appropriations lapse at year end. Under State law and District Policy, management may amend the budget without seeking Board approval as long as the total individual fund budget is not exceeded.
- 4) Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through 20-9-166.) There were no supplemental appropriations approved during fiscal year 2008.

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 sole major governmental fund (General) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and GAAP basis is that under GAAP encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Budgetary/GAAP reconciliation

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

Net Change in Fund Balance
Major General Fund

	<u>General</u>
GAAP Basis	\$ (680,546)
Adjustment for Encumbrances	<u>92,096</u>
Budget Basis	<u><u>\$ (588,450)</u></u>

C. Excess of expenditures over appropriations

State law permits expenditures to exceed appropriations only for debt incurred after the final Debt Service budget has been adopted and if money is available (MCA 20-9-134). The District's expenditures did not exceed Appropriations in any of the budgeted funds.

D. Deficit fund equity

The Elementary and High School Debt Service funds had deficit fund balances of \$180,664 and \$183,064, respectively, as of June 30, 2008. These deficits were the result of revenues collected falling below the levied amount. This is not uncommon in the first year following large debt issuances (District issued \$27,500,000 in General Obligation debt last fiscal year). The High School Tuition fund had a \$1,741 deficit fund balance as of June 30, 2008. This deficit also resulted in revenue collections trailing levied amounts. Additional mills are allowed to be levied in the future to make up for these deficits.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

Cash and cash equivalents consist of:

Petty cash	\$ 4,615
County Treasurer's Investment Pool	27,465,929
Cash in Government Obligations money market	8,717,042
Cash in checking	<u>157,460</u>
Total	<u><u>\$ 36,345,046</u></u>

Investments consist of:

		<u>Credit Risk</u>	<u>Interest Rate Risk</u>
	<u>Investment Cost</u>	<u>Standard & Poor's Corporate Bond Rating</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Bank	\$10,262,916	AAA	1.80
Federal Home Loan Mortgage Corporation	11,406,500	AAA	2.01
Federal Farm Credit Banks	2,949,505	AAA	1.47
Federal National Mortgage Association	4,000,915	AAA	0.60
Total investment cost	<u>\$28,619,836</u>		
Portfolio weighted average maturity			1.68

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

The Middle and High School Extracurricular Funds have cash in several checking accounts totaling \$134,644 which is fully insured by the FDIC. \$22,816 of the Self-Insurance Fund cash is in checking and is fully insured by the FDIC.

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

Short-term investments consisting of a daily repurchase agreement with a local bank, U.S. agencies and Certificates of Deposit account for the management of cash temporarily idle during the year.

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

Risk in the event of loss is unclear in state law, but appears to be the liability of the County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, full risk classifications according to GASB 40 are available in the Gallatin County's annual report. The interest rate risk for the County Investment Pool is 1.41 years. The carrying amount and fair value of the cash and cash equivalents in the County Treasurer's Investment Pool were \$27,465,929. In regards to the Federal Home Loan Bank, Federal Home Loan Mortgage

Corporation, Federal Farm Credit Services and Federal National Mortgage Association long-term 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.

B. Receivables

Receivables as of June 30, 2008, for the District's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Elementary Building</u>	<u>High School Building</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Accounts	\$ 3,527	\$ 4,499	\$ -	\$ 126,055	\$ 134,081
Interest	3,684	-	236,068	6,376	246,128
Property taxes receivable	<u>1,823,702</u>	<u>-</u>	<u>-</u>	<u>916,219</u>	<u>2,739,921</u>
Gross receivables	1,830,913	4,499	236,068	1,048,650	3,120,130
Less: allowance for Uncollectibles	<u>(5,249)</u>	<u>-</u>	<u>-</u>	<u>(2,586)</u>	<u>(7,835)</u>
Net total receivables	<u>\$ 1,825,664</u>	<u>\$ 4,499</u>	<u>\$ 236,068</u>	<u>\$ 1,046,064</u>	<u>\$ 3,112,295</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of \$2,739,921 deferred revenue and \$35,857 unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$1,823,702	\$ -
Delinquent property taxes receivable (Nonmajor governmental funds)	916,219	-
Food Service and elementary grants (Nonmajor governmental funds)	<u>-</u>	<u>35,857</u>
Total deferred revenue for governmental funds	<u>\$2,739,921</u>	<u>\$ 35,857</u>

The Self-Insurance internal service fund had unearned revenue of \$531,454 as of June 30, 2008, 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, 2008 follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 7,443,747	\$ -	\$ -	\$ 7,443,747
Construction in progress	4,663,492	20,090,634	(15,625)	24,738,501
Total capital assets, not being depreciated	12,107,239	20,090,634	(15,625)	32,182,248
Capital assets, being depreciated:				
Land improvements	2,538,493	-	-	2,538,493
Buildings and improvements	37,903,728	522,065	-	38,425,793
Machinery and equipment	3,662,159	292,490	-	3,954,649
Total capital assets being depreciated	44,104,380	814,555	-	44,918,935
Less accumulated depreciation for:				
Land improvements	(761,298)	(126,924)	-	(888,222)
Buildings and improvements	(12,237,221)	(859,028)	-	(13,096,249)
Machinery and equipment	(2,599,336)	(298,235)	-	(2,897,571)
Total accumulated depreciation	(15,597,855)	(1,284,187)	-	(16,882,042)
Total capital assets, being depreciated, net	28,506,525	(469,632)	-	28,036,893
Governmental activities capital assets, net	<u>\$ 40,613,764</u>	<u>\$ 19,621,002</u>	<u>\$ (15,625)</u>	<u>\$ 60,219,141</u>

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

Governmental activities:	
Instruction	\$ 150,624
Support services	4,217

General administration	29,348
Operations and maintenance	38,757
Food services	41,393
Extracurricular activities	3,546
Unallocated depreciation (buildings and land improvements)	985,952
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>30,350</u>
Total depreciation expense - governmental activities	<u>\$1,284,187</u>

<u>Fiduciary Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 5,000	\$ -	\$ -	\$ 5,000
Less accumulated depreciation	(2,499)	(715)	-	(3,214)
Fiduciary activities capital assets, net	<u>\$ 2,501</u>	<u>\$ (715)</u>	<u>\$ -</u>	<u>\$ 1,786</u>

Depreciation expense in the fiduciary funds amounted to \$715 in the 2007-2008 fiscal year.

Construction commitments - The District has active construction projects as of June 30, 2008. At year-end the District's commitments with contractors were as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Architecture contract for New Chief Joseph Middle School	\$ 1,471,901	\$ 95,787
Construction contract for New Chief Joseph Middle School	14,561,873	2,954,659
Architecture contract for Whittier mechanical project	48,392	3,141
Construction contract for Whittier mechanical project	779,609	1,168,858
Architecture contract for Hyalite Elementary School	282,297	479,703
Construction contract for Hyalite Elementary School	1,532,524	10,467,476
Architecture contract for High School renovation	2,861,873	575,927
Construction contract for High School renovation	466,231	3,852,046
Construction contract for Willson parapet & roofing	7,845	118,328
Construction contract for Willson boiler replacement	<u>132,549</u>	<u>75,346</u>
Total	<u>\$ 22,145,094</u>	<u>\$ 19,791,271</u>

The elementary building fund is responsible for the new Chief Joseph Middle School, Hyalite Elementary School, and most of the Whittier mechanical project. The high school building fund is responsible for the

High School renovation project. Each of the Willson School projects are being funded through the elementary and high school building reserve funds along with some State of Montana capital grants.

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. Interfund transfers in the fund financial statements are reported as transfers within other financing sources/uses category. Transfers in the governmental funds were as follows:

	<u>Transfer In:</u>
	Nonmajor Governmental Funds
Transfer Out:	
General Fund	\$ 115,000
Nonmajor governmental funds	<u>30,429</u>
	<u>\$ 145,429</u>

The routine general fund transfer out listed above is for the purpose of providing funds for the Elementary and High School Compensated Absence Funds to pay any accumulated sick and vacation leave that a nonteaching or administrative employee is entitled to upon termination of employment. The \$30,429 transfer above is routine as well and is the result of transferring indirect costs between the Elementary and High School Miscellaneous Grant Funds.

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 general obligation bonds issued in prior years was \$62,215,000. During the 2003 fiscal year, general obligation bonds totaling \$12,890,000 were issued to refund all outstanding general obligation bonds. In the fiscal year just ended, general obligation bonds in the amount of \$17,500,000 were issued to construct the brand new Hyalite Elementary School. Also in this past year, \$10,000,000 of general obligation bonds were issued for the renovation of the existing high school.

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

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2008	Due Within One Year
2002 Elementary	\$ 6,915,000	12	1.40 - 4.10%	\$ 3,860,000	\$ 590,000
2003 Elementary	4,840,000	7	1.00 - 2.70%	785,000	785,000
2006 Elementary	14,100,000	20	4.00 - 5.25%	13,325,000	510,000
2007 Elementary	5,750,000	19	3.75 - 4.20%	5,535,000	215,000
2008 Elementary	17,500,000	20	3.00 - 4.25%	17,500,000	325,000
Subtotal				41,005,000	2,425,000
2003 High School	1,135,000	7	1.00 - 2.70%	185,000	185,000
2006 High School	14,500,000	20	4.00 - 5.25%	13,700,000	525,000
2007 High School	14,975,000	19	4.10 - 4.50%	14,420,000	550,000
2008 High School	10,000,000	18	3.00 - 4.00%	10,000,000	255,000
Subtotal				38,305,000	1,515,000
Total				\$ 79,310,000	\$ 3,940,000

Annual debt service requirements to maturity on general obligation bonds at June 30, 2008, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2009	\$ 3,940,000	\$ 3,487,087	\$ 7,427,087
2010	3,490,000	3,004,408	6,494,408
2011	3,630,000	2,858,290	6,488,290
2012	3,785,000	2,714,862	6,499,862
2013	3,940,000	2,571,896	6,511,896
2014-2018	19,190,000	10,633,600	29,823,600
2019-2023	22,735,000	6,656,282	29,391,282
2024-2028	18,600,000	1,813,214	20,413,214
Total	\$ 79,310,000	\$ 33,739,639	\$ 113,049,639

Limited obligation bonds

On November 25, 2003, the District issued limited obligation school building bonds in the amount of \$1,586,000. These specific bonds were used to renovate and remodel facilities at the District's Whittier and Irving Elementary Schools. \$1,459,250 of limited obligation bonds were issued by the District on December 19, 2006. These limited obligation bonds are being used for additional major renovations at Whittier Elementary School. Both of these bonds bear interest at 0% per annum will be paid back through sinking fund deposits made over the next nine years from date of issuance. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on November 12, 2012 (2003 issue) and December 19, 2015 (2006 issue). The District will recognize a reduction in bonds payable each year in

the amount of principal payments and the scheduled investments earnings on the sinking fund. The elementary building reserve fund will be servicing 100% of the 2003 and 2006 limited obligation debt payments. The limited obligation bonds are comprised of the following issues:

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2008	Due Within One Year
2003 Elementary	\$ 1,586,000	9	0%	\$ 933,324	\$ 178,681
2006 Elementary	1,459,250	9	0%	1,316,237	148,061
				<u>\$ 2,249,561</u>	<u>\$ 326,742</u>

Annual debt service requirements to maturity of limited obligation bonds at June 30, 2008, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Investment Earnings	Total
2009	\$ 292,059	\$ 34,683	\$ 326,742
2010	292,059	46,582	338,641
2011	292,059	58,913	350,972
2012	292,059	71,696	363,755
2013	292,059	55,601	347,660
2014-2016	421,659	100,132	521,791
Total	<u>\$ 1,881,954</u>	<u>\$ 367,607</u>	<u>\$ 2,249,561</u>

Long-term liability activity for the year ended June 30, 2008, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds	\$ 55,095,000	\$27,500,000	\$ (3,285,000)	\$79,310,000	\$3,940,000
Limited obligations bonds	2,564,823	-	(315,262)	2,249,561	326,742
Less deferred amounts:					
Excess reacquisition costs	(43,346)	-	21,672	(21,674)	-
Total bonds payable	57,616,477	27,500,000	(3,578,590)	81,537,887	4,266,742
Compensated absences	3,137,294	423,348	(316,845)	3,243,797	234,971
Voluntary termination benefits	439,858	229,690	(269,508)	400,040	264,006
Total governmental activity					
Long-term liabilities	<u>\$61,193,629</u>	<u>\$28,153,038</u>	<u>\$ (4,164,943)</u>	<u>\$85,181,724</u>	<u>\$4,765,719</u>

The legal debt limits may not exceed the greater of 1) 50% of the latest available value of property which is subject to taxation within the district or 2) the statewide average taxable valuation per student multiplied by the number of students enrolled in a particular district multiplied by 50% (MCA 20-9-406). The Elementary and High School Districts' debt limitations were calculated using the first formula. For the year ending June 30, 2008, legal debt limitations were as follows:

	<u>TAXING DISTRICT</u>	
	<u>Elementary</u>	<u>High School</u>
Legal Debt Service Limitation	\$52,963,864	\$71,519,758

The 2002 Elementary General Obligation Bonds mentioned previously advance refunded bonds originally issued and used to build the Sacajawea Middle School. The 2003 Elementary General Obligation Bonds currently refunded bonds that had previously refunded the original bonds issued and used to build the Morning Star and Emily Dickinson Elementary Schools. The 2003 High School General Obligation Bonds currently refunded bonds that had previously refunded the original bonds issued and used for high school renovation projects. The 2003 Limited Obligation School Bonds were used in renovations of the Whittier and Irving Elementary Schools. The 2006 and 2007 Elementary G.O. Bond proceeds were used to purchase the new Chief Joseph Middle School site and is still being used for the construction of this new middle school. The 2006, 2007, and 2008 High School G.O. Bonds were used to purchase additional high school land and are currently being used in the renovation of the existing Bozeman High School. Proceeds from the 2008 Elementary General Obligation Bonds are being used for the construction of the District's seventh elementary school named Hyalite Elementary School.

F. Restricted net assets

The State of Montana has enabling legislation which mandates the creation of certain funds and establishes the criteria for property taxes levied to meet the specific purposes of these funds. The District classifies the net assets of these funds as restricted net assets. These individual funds and their net assets at June 30, 2008 are as follows:

<u>Fund Name</u>	<u>Fund Type</u>	<u>Amount</u>
Elementary building reserve	Capital projects	\$ 155,449
High school building reserve	Capital projects	207,189
Elementary bus depreciation	Special revenue	168,791
High school bus depreciation	Special revenue	169,334
Elementary debt service	Debt service	184,043
High school debt service	Debt service	83,718
Elementary flexibility	Special revenue	95,201
High school flexibility	Special revenue	231,316
Elementary retirement	Special revenue	1,172,433
High school retirement	Special revenue	743,015
Elementary technology acquisition	Special revenue	227,350
High school technology acquisition	Special revenue	280,816
Elementary transportation	Special revenue	273,783

High school transportation	Special revenue	175,008
Other purposes:		
Elementary tuition	Special revenue	390
High school tuition	Special revenue	205
Adult education	Special revenue	<u>111,515</u>
Total restricted net assets		<u><u>\$ 4,279,556</u></u>

G. Leases

The District leases 31 photocopiers under a noncancelable operating lease which began on July 1, 2006. The total cost for the fiscal year ended June 30, 2008, was \$112,999. The District has guaranteed 7,000,000 copies per year for the current four year lease. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	\$ 73,650
2010	<u>73,650</u>
Total	<u><u>\$ 147,300</u></u>

IV. OTHER INFORMATION

A. Risk management

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

Coverage limits on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement costs of the assets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The maximum deductible amount on the various commercial policies is \$5,000 to \$20,000 depending on the part of the policy.

In 1989, the District joined together with other Montana school districts to form the *Montana Schools Group's Workers' Compensation Risk Retention Program*, a public entity risk pool currently operating as a

common risk management and insurance program for the member school districts. The District pays a quarterly premium for its employee injury insurance coverage which is allocated to the funds based on total paid salaries and wages. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan.

Since July 1, 1990, the District has provided medical insurance coverage for its employees via a contributory self-funded plan. This plan is currently administered by Blue Cross Blue Shield of Montana. It provides both medical, dental, and vision benefits and is operated as an Internal Service Fund. Rates for the employees and employer's funds are determined in consultation with a third party consultant and are set at 125% of estimated claims for the coming year. The District buys commercial 'stop-loss' policies through Reliastar Insurance Company for claims in excess of the 125% amount and for claims in excess of \$150,000 per claimant covered charges during a year. An estimated medical, dental, and vision claims liability at year end was determined by averaging the last three years' final claims paid in the following year. An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2006	\$ 481,675	\$ 3,575,826	\$ 3,599,536	\$ 457,965
2007	457,965	4,016,028	3,920,444	553,549
2008	553,549	4,105,006	4,068,147	590,408

B. Retirement plans

The District participates in two state-wide, cost-sharing multiple-employer defined benefit retirement plans, which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers certified teaching employees, including principals and other administrators. The Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established under state law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

Both plans issue publicly available annual reports that include financial statements and required supplemental information for the plans. Those reports may be obtained from the following sources:

Teachers Retirement System	Public Employees Retirement System
P.O. Box 200139	P.O. Box 200131
Helena, MT 59620-0139	Helena, MT 59620-0131
(406) 444-3134	(406) 444-3154

Contribution rates for both plans are required and determined by state law. The contribution rates for 2008, expressed as a percentage of covered payroll, were as follows:

	<u>Employer</u>	<u>Employee</u>	<u>State</u>	<u>Total</u>
TRS	7.47%	7.15%	2.110%	16.730%
PERS	6.80%	6.90%	0.235%	13.935%
Total	<u>14.27%</u>	<u>14.05%</u>	<u>2.345%</u>	<u>30.665%</u>

The amounts contributed to the plans during the year ended June 30, 2006, 2007 and 2008 were equal to the required contribution for each year. The amounts contributed by both the District and its employees (including additional voluntary contributions by employees as permitted by state law) were as follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
TRS	\$ 3,143,849	\$ 3,423,244	\$ 3,673,054
PERS	552,685	633,037	698,264
Total	<u>\$ 3,696,534</u>	<u>\$ 4,056,281</u>	<u>\$ 4,371,318</u>

The State's contribution to the plans in 2008 were approximately \$475,449 for TRS and \$10,891 for PERS. These on-behalf contributions have been included in the Statement of Activities as an operating grant program revenue and expensed functionally by participation percentage.

C. Recent Accounting Pronouncements

The Government Accounting Standards Board has issued GASB # 43 "Financial Reporting for Post Employment Benefit Plans other than Pension Plans" and GASB # 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions." These statements improve the relevance and usefulness of reporting by requiring systematic, accrual basis measurement and recognition of other post employment benefits expense over a period of time that approximates employees' years of service and provides information about actuarial accrued liabilities associated with other post employment employee benefits and whether and to what extent progress is being made in funding the plan. These statements are effective for the District for fiscal year ended June 30, 2009. The District has not assessed the impact of these statements on its financial position and results of operations and has not determined if the adoption of these statements will have a material effect on its basic financial statements. An actuarial study will be done in the Spring of 2009 to assist in implementing these statements and every other year thereafter, as required by the standards.

D. Subsequent events

The voters of Ophir Elementary, an outlying K-8 school district that feeds into the Bozeman High School District, approved a referendum to form a K-12 school district effective July 1, 2008. The tax base of Ophir Elementary represents approximately 13% of the Bozeman High School District.

According to plans, in August, 2008, the school board approved an amended increase to the High School renovation contract held with Dick Anderson Construction raising the total to \$24,500,000 (from an amount of \$4,318,277 as of June 30, 2008). This amendment was necessary due to the volume of multiple bid

openings in July of 2008. On November 14, 2008, the board approved having two classrooms being added to the current Hyalite Elementary School contract. This action will add approximately \$600,000 to the current June 30, 2008, \$12,000,000 construction contract with Langlas & Associates.

In 2005 a consortium of school districts and associations supporting schools successfully brought suit against the State of Montana for not adequately funding schools. The state legislature met in Special Session in December, 2005, and again in the 2007 Regular Session, and provided increased state funding. The Bozeman School District used a majority of this funding increase to enhance the teachers pay schedule. Because of the high cost of living in the Bozeman area, the Board has substantially improved the salary schedule for teachers over the last six years. In February 2008, the plaintiff district filed a motion with the court for supplemental relief and an order to show cause. They claimed that the state had failed to adequately meet the courts earlier order. In December 2008, the district judge issued his ruling that declines to award any supplemental relief.

E. Contingencies

As of June 30, 2008, the District was involved in one lawsuit which arose out of the normal course of operations. This lawsuit was settled for a minor amount in the Fall of 2008 funded by the District's insurance.

Supplemental Information



Combining Financial Statements



General Fund

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL GENERAL SUBFUNDS
JUNE 30, 2008

	Elementary General Subfund	High School General Subfund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 410,661	\$ 611,944	\$ 1,022,605
Investments	690,956	-	690,956
Property taxes receivable	1,033,663	790,039	1,823,702
Accounts receivable	412	3,115	3,527
Interest receivable	3,684	-	3,684
Prepaid items	1,875	2,942	4,817
Total assets	<u>\$ 2,141,251</u>	<u>\$ 1,408,040</u>	<u>\$ 3,549,291</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 30,965	\$ 8,865	\$ 39,830
Deferred revenue	1,033,663	790,039	1,823,702
Total liabilities	<u>1,064,628</u>	<u>798,904</u>	<u>1,863,532</u>
Fund balances:			
Reserved:			
Encumbrances	37,511	25,841	63,352
Prepaid items	1,875	2,942	4,817
Unreserved:			
Undesignated	1,037,237	580,353	1,617,590
Total fund balances	<u>1,076,623</u>	<u>609,136</u>	<u>1,685,759</u>
Total liabilities and fund balances	<u>\$ 2,141,251</u>	<u>\$ 1,408,040</u>	<u>\$ 3,549,291</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	\$ 7,604,640	\$ 5,591,152	\$ 13,195,792
Tuition and fees	22,301	16,908	39,209
Interest	149,708	58,585	208,293
Other district revenue	2,782	1,984	4,766
State of Montana	11,078,627	6,670,430	17,749,057
Total revenues	<u>18,858,058</u>	<u>12,339,059</u>	<u>31,197,117</u>
Expenditures:			
Current -			
Instruction	12,528,021	7,389,238	19,917,259
Support services	2,128,022	1,321,790	3,449,812
General administration	894,216	828,342	1,722,558
Building administration	1,621,787	851,538	2,473,325
Operations and maintenance	1,833,209	1,336,682	3,169,891
Student transportation	5,633	1,965	7,598
Extracurricular activities	159,157	680,549	839,706
Capital outlay	2,750	179,764	182,514
Total expenditures	<u>19,172,795</u>	<u>12,589,868</u>	<u>31,762,663</u>
Excess (deficiency) of revenues over expenditures	<u>(314,737)</u>	<u>(250,809)</u>	<u>(565,546)</u>
Other financing sources (uses):			
Transfers out	(24,000)	(91,000)	(115,000)
Total other financing sources (uses)	<u>(24,000)</u>	<u>(91,000)</u>	<u>(115,000)</u>
Net change in fund balances	(338,737)	(341,809)	(680,546)
Fund balances, beginning of year	<u>1,415,360</u>	<u>950,945</u>	<u>2,366,305</u>
Fund balances, end of year	<u>\$ 1,076,623</u>	<u>\$ 609,136</u>	<u>\$ 1,685,759</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, 2008

	Elementary General Subfund			High School General Subfund		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 8,031,473	\$ 7,604,640	\$ (426,833)	\$ 5,867,505	\$ 5,591,152	\$ (276,353)
Tuition and fees	-	22,301	22,301	-	16,908	16,908
Interest	97,870	149,708	51,838	60,532	58,585	(1,947)
Other district revenue	951	2,782	1,831	434	1,984	1,550
State of Montana	11,065,001	11,078,627	13,626	6,661,801	6,670,430	8,629
Total revenues	<u>19,195,295</u>	<u>18,858,058</u>	<u>(337,237)</u>	<u>12,590,272</u>	<u>12,339,059</u>	<u>(251,213)</u>
Expenditures:						
Current -						
Instruction	12,342,717	12,532,100	(189,383)	7,431,557	7,302,750	128,807
Support services	2,155,487	2,127,491	27,996	1,280,491	1,321,391	(40,900)
General administration	889,248	889,030	218	835,609	823,156	12,453
Building administration	1,603,042	1,620,449	(17,407)	889,838	851,538	38,300
Operations and maintenance	2,028,739	1,834,685	194,054	1,428,976	1,338,159	90,817
Student transportation	4,897	5,633	(736)	5,672	1,965	3,707
Extracurricular activities	171,165	159,157	12,008	718,129	680,549	37,580
Capital outlay	-	2,750	(2,750)	-	179,764	(179,764)
Total expenditures	<u>19,195,295</u>	<u>19,171,295</u>	<u>24,000</u>	<u>12,590,272</u>	<u>12,499,272</u>	<u>91,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(313,237)</u>	<u>(313,237)</u>	<u>-</u>	<u>(160,213)</u>	<u>(160,213)</u>
Other financing sources (uses):						
Transfers out	-	(24,000)	(24,000)	-	(91,000)	(91,000)
Total other financing sources (uses)	<u>-</u>	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>	<u>(91,000)</u>	<u>(91,000)</u>
Net change in fund balances	<u>-</u>	<u>(337,237)</u>	<u>(337,237)</u>	<u>-</u>	<u>(251,213)</u>	<u>(251,213)</u>
Fund balances, beginning of year	<u>1,376,349</u>	<u>1,376,349</u>	<u>-</u>	<u>834,508</u>	<u>834,508</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,376,349</u>	<u>\$ 1,039,112</u>	<u>\$ (337,237)</u>	<u>\$ 834,508</u>	<u>\$ 583,295</u>	<u>\$ (251,213)</u>

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,102,261	\$ -	\$ 396,947	\$ 5,499,208
Investments	877,000	-	-	877,000
Property taxes receivable	200,289	631,489	84,441	916,219
Due from other governments	491,462	-	-	491,462
Accounts receivable	40,639	-	-	40,639
Interest receivable	3,961	-	-	3,961
Inventory, at cost	18,440	-	-	18,440
Prepaid items	52,048	-	-	52,048
Total assets	\$ 6,786,100	\$ 631,489	\$ 481,388	\$ 7,898,977
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 57,830	\$ -	\$ 118,750	\$ 176,580
Accrued interest payable	-	12,610	-	12,610
Bank overdraft	9,169	351,118	-	360,287
Deferred revenue	200,289	631,489	84,441	916,219
Unearned revenue	35,857	-	-	35,857
Due to other governments	18,083	-	-	18,083
Total liabilities	321,228	995,217	203,191	1,519,636
Fund balances:				
Reserved:				
Encumbrances	3,128	-	-	3,128
Prepaid items	52,048	-	-	52,048
Debt service	-	(363,728)	-	(363,728)
Unreserved:				
Undesignated	6,409,696	-	-	6,409,696
Designated for capital outlay	-	-	278,197	278,197
Total fund balances	6,464,872	(363,728)	278,197	6,379,341
Total liabilities and fund balances	\$ 6,786,100	\$ 631,489	\$ 481,388	\$ 7,898,977

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, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
District property taxes	\$ 1,442,511	\$ 5,182,040	\$ 608,356	\$ 7,232,907
Tuition and fees	1,394,593	-	-	1,394,593
Interest	176,456	24,048	9,247	209,751
Other district revenue	711,825	-	-	711,825
Gallatin County	4,442,764	-	-	4,442,764
State of Montana	2,080,245	5,436	573	2,086,254
Federal	3,429,823	-	-	3,429,823
Total revenues	<u>13,678,217</u>	<u>5,211,524</u>	<u>618,176</u>	<u>19,507,917</u>
Expenditures:				
Current -				
Instruction	5,758,246	-	4,734	5,762,980
Support services	1,882,121	-	-	1,882,121
General administration	478,300	-	-	478,300
Building administration	605,249	-	-	605,249
Operations and maintenance	270,086	-	168,429	438,515
Student transportation	1,523,618	-	-	1,523,618
Food services	1,777,468	-	-	1,777,468
Extracurricular activities	85,992	-	-	85,992
Capital outlay	239,814	-	268,066	507,880
Debt service -				
Principal retirement	-	3,285,000	292,059	3,577,059
Interest and fiscal charges	-	2,212,028	500	2,212,528
Total expenditures	<u>12,620,894</u>	<u>5,497,028</u>	<u>733,788</u>	<u>18,851,710</u>
Excess (deficiency) of revenues over expenditures	<u>1,057,323</u>	<u>(285,504)</u>	<u>(115,612)</u>	<u>656,207</u>
Other financing sources (uses):				
Transfers in	145,429	-	-	145,429
Premiums on general obligation debt	-	25,565	-	25,565
Transfers out	(30,429)	-	-	(30,429)
Total other financing sources (uses)	<u>115,000</u>	<u>25,565</u>	<u>-</u>	<u>140,565</u>
Net change in fund balances	1,172,323	(259,939)	(115,612)	796,772
Fund balances, beginning of year	<u>5,292,549</u>	<u>(103,789)</u>	<u>393,809</u>	<u>5,582,569</u>
Fund balances, end of year	<u>\$ 6,464,872</u>	<u>\$ (363,728)</u>	<u>\$ 278,197</u>	<u>\$ 6,379,341</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:

Compensated Absence Liability Fund – (Elementary and High School) The District established this fund to pay any accumulated amount of sick and vacation leave to non-teaching and administrative personnel upon termination of employment.

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Compensated Absence Liability	Elementary Technology Acquisition
<u>ASSETS</u>							
Cash and cash equivalents	\$ 196,687	\$ 166,495	\$	\$ 496,860	\$ 1,549,356	\$ 32,327	\$ 201,112
Investments	-	-	-	568,000	-	-	-
Property taxes receivable	77,096	2,296	98	-	-	-	26,238
Due from other governments	-	-	-	104,556	112,240	-	-
Accounts receivable	-	-	-	-	34,956	-	-
Interest receivable	-	-	-	3,017	-	-	-
Inventory, at cost	-	-	-	-	-	-	-
Prepaid items	-	-	3,080	-	17,030	-	-
Total assets	\$ 273,783	\$ 168,791	\$ 3,178	\$ 1,172,433	\$ 1,713,582	\$ 32,327	\$ 227,350
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,360	\$ -	\$ -
Bank overdraft	-	-	2,788	-	-	-	-
Deferred revenue	77,096	2,296	98	-	-	-	26,238
Unearned revenue	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	10,171	-	-
Total liabilities	77,096	2,296	2,886	-	13,531	-	26,238
Fund balances:							
Reserved:							
Encumbrances	-	-	-	-	-	-	-
Prepaid items	-	-	3,080	-	17,030	-	-
Unreserved:							
Undesignated	196,687	166,495	(2,788)	1,172,433	1,683,021	32,327	201,112
Total fund balances	196,687	166,495	292	1,172,433	1,700,051	32,327	201,112
Total liabilities and fund balances	\$ 273,783	\$ 168,791	\$ 3,178	\$ 1,172,433	\$ 1,713,582	\$ 32,327	\$ 227,350

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Elementary Flexibility	High School Transportation	High School Bus Depreciation	High School Food	High School Tuition	High School Retirement	High School Grants
<u>ASSETS</u>							
Cash and cash equivalents	\$ 95,201	\$ 127,328	\$ 166,971	\$ 87,934	\$ -	\$ 350,427	\$ 847,682
Investments	-	-	-	-	-	309,000	-
Property taxes receivable	-	47,680	2,363	-	1,946	-	-
Due from other governments	-	-	-	-	-	82,644	164,822
Accounts receivable	-	-	-	5,683	-	-	-
Interest receivable	-	-	-	-	-	944	-
Inventory, at cost	-	-	-	18,440	-	-	-
Prepaid items	-	-	-	-	4,640	-	-
Total assets	\$ 95,201	\$ 175,008	\$ 169,334	\$ 112,057	\$ 6,586	\$ 743,015	\$ 1,012,504
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 431	\$ -	\$ -	\$ 53,652
Bank overdraft	-	-	-	-	6,381	-	-
Deferred revenue	-	47,680	2,363	-	1,946	-	-
Unearned revenue	-	-	-	35,857	-	-	-
Due to other governments	-	-	-	-	-	-	7,912
Total liabilities	-	47,680	2,363	36,288	8,327	-	61,564
Fund balances:							
Reserved:							
Encumbrances	-	-	-	-	-	-	2,539
Prepaid items	-	-	-	-	4,640	-	-
Unreserved:							
Undesignated	95,201	127,328	166,971	75,769	(6,381)	743,015	948,401
Total fund balances	95,201	127,328	166,971	75,769	(1,741)	743,015	950,940
Total liabilities and fund balances	\$ 95,201	\$ 175,008	\$ 169,334	\$ 112,057	\$ 6,586	\$ 743,015	\$ 1,012,504

(Continued)

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	High School Adult Education	High School Drivers Education	High School Compensated Absence Liability	High School Technology Acquisition	High School Flexibility	Totals
<u>ASSETS</u>						
Cash and cash equivalents	\$ 96,335	\$ 97,030	\$ 132,687	\$ 226,513	\$ 231,316	\$ 5,102,261
Investments	-	-	-	-	-	877,000
Property taxes receivable	15,567	-	-	27,005	-	200,289
Due from other governments	-	27,200	-	-	-	491,462
Accounts receivable	-	-	-	-	-	40,639
Interest receivable	-	-	-	-	-	3,961
Inventory, at cost	-	-	-	-	-	18,440
Prepaid items	-	-	-	27,298	-	52,048
Total assets	\$ 111,902	\$ 124,230	\$ 132,687	\$ 280,816	\$ 231,316	\$ 6,786,100
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ 57,830
Bank overdraft	-	-	-	-	-	9,169
Deferred revenue	15,567	-	-	27,005	-	200,289
Unearned revenue	-	-	-	-	-	35,857
Due to other governments	-	-	-	-	-	18,083
Total liabilities	15,954	-	-	27,005	-	321,228
Fund balances:						
Reserved:						
Encumbrances	589	-	-	-	-	3,128
Prepaid items	-	-	-	27,298	-	52,048
Unreserved:						
Undesignated	95,359	124,230	132,687	226,513	231,316	6,409,696
Total fund balances	95,948	124,230	132,687	253,811	231,316	6,464,872
Total liabilities and fund balances	\$ 111,902	\$ 124,230	\$ 132,687	\$ 280,816	\$ 231,316	\$ 6,786,100

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, 2008

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Compensated Absence Liability	Elementary Technology Acquisition
Revenues:							
District property taxes	\$ 563,454	\$ 18,876	\$ 940	\$ -	\$ -	\$ -	\$ 189,945
Tuition and fees	15,440	-	-	-	-	-	-
Interest	5,109	5,703	-	42,347	35,145	1,614	8,017
Other district revenue	-	-	-	-	320,750	-	-
Gallatin County	198,566	-	-	2,380,000	-	-	-
State of Montana	222,470	21	1	-	1,272,349	-	18,372
Federal	-	-	-	-	2,404,805	-	-
Total revenues	<u>1,005,039</u>	<u>24,600</u>	<u>941</u>	<u>2,422,347</u>	<u>4,033,049</u>	<u>1,614</u>	<u>216,334</u>
Expenditures:							
Current -							
Instruction	-	-	1,075	1,671,974	2,396,713	5,925	224,079
Support services	66,461	-	-	298,531	661,498	16,555	893
General administration	77,527	-	-	134,972	111,846	395	8,540
Building administration	-	-	-	223,970	27,052	7,663	-
Operations and maintenance	-	-	-	143,541	16,632	19,583	-
Student transportation	913,310	8,591	-	3,416	-	-	-
Food services	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	15,716	11,028	-	-
Capital outlay	13,088	-	-	-	135,832	-	-
Total expenditures	<u>1,070,386</u>	<u>8,591</u>	<u>1,075</u>	<u>2,492,120</u>	<u>3,360,601</u>	<u>50,121</u>	<u>233,512</u>
Excess (deficiency) of revenues over expenditures	<u>(65,347)</u>	<u>16,009</u>	<u>(134)</u>	<u>(69,773)</u>	<u>672,448</u>	<u>(48,507)</u>	<u>(17,178)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	30,429	24,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,429</u>	<u>24,000</u>	<u>-</u>
Net change in fund balances	<u>(65,347)</u>	<u>16,009</u>	<u>(134)</u>	<u>(69,773)</u>	<u>702,877</u>	<u>(24,507)</u>	<u>(17,178)</u>
Fund balances, beginning of year	<u>262,034</u>	<u>150,486</u>	<u>426</u>	<u>1,242,206</u>	<u>997,174</u>	<u>56,834</u>	<u>218,290</u>
Fund balances, end of year	<u>\$ 196,687</u>	<u>\$ 166,495</u>	<u>\$ 292</u>	<u>\$ 1,172,433</u>	<u>\$ 1,700,051</u>	<u>\$ 32,327</u>	<u>\$ 201,112</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Elementary Flexibility	High School Transportation	High School Bus Depreciation	High School Food	High School Tuition	High School Retirement	High School Grants
Revenues:							
District property taxes	\$ -	\$ 333,411	\$ 18,485	\$ -	\$ 15,591	\$ -	\$ -
Tuition and fees	-	2,075	-	1,237,853	-	-	-
Interest	2,885	2,913	6,099	6,333	-	18,314	15,738
Other district revenue	-	-	-	2,916	-	-	384,040
Gallatin County	-	129,198	-	-	-	1,735,000	-
State of Montana	38,118	142,730	18	1,091	15	-	294,181
Federal	-	-	-	373,315	-	-	651,703
Total revenues	<u>41,003</u>	<u>610,327</u>	<u>24,602</u>	<u>1,621,508</u>	<u>15,606</u>	<u>1,753,314</u>	<u>1,345,662</u>
Expenditures:							
Current -							
Instruction	717	-	-	-	16,206	932,421	245,497
Support services	-	-	-	-	-	178,130	628,195
General administration	-	39,204	-	-	-	84,006	6,536
Building administration	-	-	-	-	-	139,641	5,704
Operations and maintenance	-	-	-	-	-	82,714	3,698
Student transportation	-	584,969	8,591	-	-	1,704	3,037
Food services	-	-	-	1,683,360	-	84,439	-
Extracurricular activities	-	-	-	-	-	41,001	15,260
Capital outlay	-	4,863	-	-	-	-	86,031
Total expenditures	<u>717</u>	<u>629,036</u>	<u>8,591</u>	<u>1,683,360</u>	<u>16,206</u>	<u>1,544,056</u>	<u>993,958</u>
Excess (deficiency) of revenues over expenditures	<u>40,286</u>	<u>(18,709)</u>	<u>16,011</u>	<u>(61,852)</u>	<u>(600)</u>	<u>209,258</u>	<u>351,704</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(30,429)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,429)</u>
Net change in fund balances	40,286	(18,709)	16,011	(61,852)	(600)	209,258	321,275
Fund balances, beginning of year	<u>54,915</u>	<u>146,037</u>	<u>150,960</u>	<u>137,621</u>	<u>(1,141)</u>	<u>533,757</u>	<u>629,665</u>
Fund balances, end of year	<u>\$ 95,201</u>	<u>\$ 127,328</u>	<u>\$ 166,971</u>	<u>\$ 75,769</u>	<u>\$ (1,741)</u>	<u>\$ 743,015</u>	<u>\$ 950,940</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	High School Adult Education	High School Drivers Education	High School Compensated Absence Liability	High School Technology Acquisition	High School Flexibility	Totals
Revenues:						
District property taxes	\$ 110,862	\$ -	\$ -	\$ 190,947	\$ -	\$ 1,442,511
Tuition and fees	45,933	93,292	-	-	-	1,394,593
Interest	4,489	2,942	2,704	8,087	8,017	176,456
Other district revenue	4,107	12	-	-	-	711,825
Gallatin County	-	-	-	-	-	4,442,764
State of Montana	107	32,114	-	12,231	46,427	2,080,245
Federal	-	-	-	-	-	3,429,823
Total revenues	<u>165,498</u>	<u>128,360</u>	<u>2,704</u>	<u>211,265</u>	<u>54,444</u>	<u>13,678,217</u>
Expenditures:						
Current -						
Instruction	11,434	72,568	2,786	176,851	-	5,758,246
Support services	14,951	-	16,456	451	-	1,882,121
General administration	-	-	395	14,879	-	478,300
Building administration	159,740	31,271	10,208	-	-	605,249
Operations and maintenance	-	-	3,918	-	-	270,086
Student transportation	-	-	-	-	-	1,523,618
Food services	-	-	9,669	-	-	1,777,468
Extracurricular activities	-	-	2,987	-	-	85,992
Capital outlay	-	-	-	-	-	239,814
Total expenditures	<u>186,125</u>	<u>103,839</u>	<u>46,419</u>	<u>192,181</u>	<u>-</u>	<u>12,620,894</u>
Excess (deficiency) of revenues over expenditures	<u>(20,627)</u>	<u>24,521</u>	<u>(43,715)</u>	<u>19,084</u>	<u>54,444</u>	<u>1,057,323</u>
Other financing sources (uses):						
Transfers in	-	-	91,000	-	-	145,429
Transfers out	-	-	-	-	-	(30,429)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>91,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Net change in fund balances	<u>(20,627)</u>	<u>24,521</u>	<u>47,285</u>	<u>19,084</u>	<u>54,444</u>	<u>1,172,323</u>
Fund balances, beginning of year	<u>116,575</u>	<u>99,709</u>	<u>85,402</u>	<u>234,727</u>	<u>176,872</u>	<u>5,292,549</u>
Fund balances, end of year	<u>\$ 95,948</u>	<u>\$ 124,230</u>	<u>\$ 132,687</u>	<u>\$ 253,811</u>	<u>\$ 231,316</u>	<u>\$ 6,464,872</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, 2008

	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	\$ 593,436	\$ 563,454	\$ (29,982)	\$ 20,350	\$ 18,876	\$ (1,474)
Tuition and fees	9,000	15,440	6,440	-	-	-
Interest	3,500	5,109	1,609	4,000	5,703	1,703
Gallatin County	226,296	198,566	(27,730)	-	-	-
State of Montana	249,584	222,470	(27,114)	-	21	21
Total revenues	<u>1,081,816</u>	<u>1,005,039</u>	<u>(76,777)</u>	<u>24,350</u>	<u>24,600</u>	<u>250</u>
Expenditures:						
Current -						
Support services	57,304	66,461	(9,157)	-	-	-
General administration	78,388	77,527	861	-	-	-
Student transportation	984,183	913,310	70,873	-	8,591	(8,591)
Capital outlay	-	13,088	(13,088)	174,835	-	174,835
Total expenditures	<u>1,119,875</u>	<u>1,070,386</u>	<u>49,489</u>	<u>174,835</u>	<u>8,591</u>	<u>166,244</u>
Net change in fund balances	(38,059)	(65,347)	(27,288)	(150,485)	16,009	166,494
Fund balances, beginning of year	<u>262,034</u>	<u>262,034</u>	<u>-</u>	<u>150,486</u>	<u>150,486</u>	<u>-</u>
Fund balances, end of year	<u>\$ 223,975</u>	<u>\$ 196,687</u>	<u>\$ (27,288)</u>	<u>\$ 1</u>	<u>\$ 166,495</u>	<u>\$ 166,494</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, 2008

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 649	\$ 940	\$ 291	\$ -	\$ -	\$ -
Interest	-	-	-	25,000	42,347	17,347
Gallatin County	-	-	-	2,380,000	2,380,000	-
State of Montana	-	1	1	-	-	-
Total revenues	<u>649</u>	<u>941</u>	<u>292</u>	<u>2,405,000</u>	<u>2,422,347</u>	<u>17,347</u>
Expenditures:						
Current -						
Instruction	1,075	1,075	-	1,938,242	1,671,974	266,268
Support services	-	-	-	360,494	298,531	61,963
General administration	-	-	-	118,594	134,972	(16,378)
Building administration	-	-	-	215,556	223,970	(8,414)
Operations and maintenance	-	-	-	152,751	143,541	9,210
Student transportation	-	-	-	3,330	3,416	(86)
Extracurricular activities	-	-	-	16,033	15,716	317
Total expenditures	<u>1,075</u>	<u>1,075</u>	<u>-</u>	<u>2,805,000</u>	<u>2,492,120</u>	<u>312,880</u>
Net change in fund balances	(426)	(134)	292	(400,000)	(69,773)	330,227
Fund balances, beginning of year	<u>426</u>	<u>426</u>	<u>-</u>	<u>1,242,206</u>	<u>1,242,206</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ 292</u>	<u>\$ 842,206</u>	<u>\$ 1,172,433</u>	<u>\$ 330,227</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 FLEXIBILITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	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	\$ 200,000	\$ 189,945	\$ (10,055)	\$ -	\$ -	\$ -
Interest	-	8,017	8,017	-	2,885	2,885
State of Montana	18,158	18,372	214	38,118	38,118	-
Total revenues	<u>218,158</u>	<u>216,334</u>	<u>(1,824)</u>	<u>38,118</u>	<u>41,003</u>	<u>2,885</u>
Expenditures:						
Current -						
Instruction	436,448	224,079	212,369	93,032	717	92,315
Support services	-	893	(893)	-	-	-
General administration	-	8,540	(8,540)	-	-	-
Total expenditures	<u>436,448</u>	<u>233,512</u>	<u>202,936</u>	<u>93,032</u>	<u>717</u>	<u>92,315</u>
Net change in fund balances	(218,290)	(17,178)	201,112	(54,914)	40,286	95,200
Fund balances, beginning of year	<u>218,290</u>	<u>218,290</u>	<u>-</u>	<u>54,915</u>	<u>54,915</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 201,112</u>	<u>\$ 201,112</u>	<u>\$ 1</u>	<u>\$ 95,201</u>	<u>\$ 95,200</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, 2008

	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	\$ 349,189	\$ 333,411	\$ (15,778)	\$ 20,350	\$ 18,485	\$ (1,865)
Tuition and fees	1,200	2,075	875	-	-	-
Interest	1,000	2,913	1,913	4,000	6,099	2,099
Gallatin County	146,166	129,198	(16,968)	-	-	-
State of Montana	159,379	142,730	(16,649)	-	18	18
Total revenues	<u>656,934</u>	<u>610,327</u>	<u>(46,607)</u>	<u>24,350</u>	<u>24,602</u>	<u>252</u>
Expenditures:						
Current -						
General administration	38,610	39,204	(594)	-	-	-
Student transportation	630,533	584,969	45,564	-	8,591	(8,591)
Capital outlay	-	4,863	(4,863)	175,309	-	175,309
Total expenditures	<u>669,143</u>	<u>629,036</u>	<u>40,107</u>	<u>175,309</u>	<u>8,591</u>	<u>166,718</u>
Net change in fund balances	(12,209)	(18,709)	(6,500)	(150,959)	16,011	166,970
Fund balances, beginning of year	<u>146,037</u>	<u>146,037</u>	<u>-</u>	<u>150,960</u>	<u>150,960</u>	<u>-</u>
Fund balances, end of year	<u>\$ 133,828</u>	<u>\$ 127,328</u>	<u>\$ (6,500)</u>	<u>\$ 1</u>	<u>\$ 166,971</u>	<u>\$ 166,970</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, 2008

	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	\$ 17,641	\$ 15,591	\$ (2,050)	\$ -	\$ -	\$ -
Interest	-	-	-	25,000	18,314	(6,686)
Gallatin County	-	-	-	1,735,000	1,735,000	-
State of Montana	-	15	15	-	-	-
Total revenues	<u>17,641</u>	<u>15,606</u>	<u>(2,035)</u>	<u>1,760,000</u>	<u>1,753,314</u>	<u>(6,686)</u>
Expenditures:						
Current -						
Instruction	16,500	16,206	294	1,095,845	932,421	163,424
Support services	-	-	-	255,659	178,130	77,529
General administration	-	-	-	102,649	84,006	18,643
Building administration	-	-	-	150,891	139,641	11,250
Operations and maintenance	-	-	-	87,103	82,714	4,389
Student transportation	-	-	-	2,078	1,704	374
Food services	-	-	-	25,526	84,439	(58,913)
Extracurricular activities	-	-	-	40,249	41,001	(752)
Total expenditures	<u>16,500</u>	<u>16,206</u>	<u>294</u>	<u>1,760,000</u>	<u>1,544,056</u>	<u>215,944</u>
Net change in fund balances	1,141	(600)	(1,741)	-	209,258	209,258
Fund balances, beginning of year	<u>(1,141)</u>	<u>(1,141)</u>	<u>-</u>	<u>533,757</u>	<u>533,757</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (1,741)</u>	<u>\$ (1,741)</u>	<u>\$ 533,757</u>	<u>\$ 743,015</u>	<u>\$ 209,258</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, 2008

	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	\$ 117,069	\$ 110,862	\$ (6,207)	\$ 200,000	\$ 190,947	\$ (9,053)
Tuition and fees	68,000	45,933	(22,067)	-	-	-
Interest	3,000	4,489	1,489	-	8,087	8,087
Other district revenue	3,000	4,107	1,107	-	-	-
State of Montana	-	107	107	12,044	12,231	187
Total revenues	<u>191,069</u>	<u>165,498</u>	<u>(25,571)</u>	<u>212,044</u>	<u>211,265</u>	<u>(779)</u>
Expenditures:						
Current -						
Instruction	41,150	11,434	29,716	446,771	176,851	269,920
Support services	17,065	14,951	2,114	-	451	(451)
General administration	-	-	-	-	14,879	(14,879)
Building administration	169,375	159,931	9,444	-	-	-
Operations and maintenance	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>227,590</u>	<u>186,316</u>	<u>41,274</u>	<u>446,771</u>	<u>192,181</u>	<u>254,590</u>
Net change in fund balances	(36,521)	(20,818)	15,703	(234,727)	19,084	253,811
Fund balances, beginning of year	<u>116,177</u>	<u>116,177</u>	<u>-</u>	<u>234,727</u>	<u>234,727</u>	<u>-</u>
Fund balances, end of year	<u>\$ 79,656</u>	<u>\$ 95,359</u>	<u>\$ 15,703</u>	<u>\$ -</u>	<u>\$ 253,811</u>	<u>\$ 253,811</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, 2008

	High School Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ -	\$ 8,017	\$ 8,017
State of Montana	46,427	46,427	-
Total revenues	<u>46,427</u>	<u>54,444</u>	<u>8,017</u>
Expenditures:			
Current -			
Instruction	223,298	-	223,298
Total expenditures	<u>223,298</u>	<u>-</u>	<u>223,298</u>
Net change in fund balances	(176,871)	54,444	231,315
Fund balances, beginning of year	<u>176,872</u>	<u>176,872</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1</u></u>	<u><u>\$ 231,316</u></u>	<u><u>\$ 231,315</u></u>

Nonmajor Debt Service Funds

Budgeted:

Elementary and High School Debt Service Funds – 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 is also used to pay special improvement district assessment charges against District-owned property.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2008

	Elementary Debt Service	High School Debt Service	Totals
<u>ASSETS</u>			
Property taxes receivable	\$ 364,707	\$ 266,782	\$ 631,489
Total assets	<u>\$ 364,707</u>	<u>\$ 266,782</u>	<u>\$ 631,489</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accrued interest payable	\$ 10,969	\$ 1,641	\$ 12,610
Bank overdraft	169,695	181,423	351,118
Deferred revenue	364,707	266,782	631,489
Total liabilities	<u>545,371</u>	<u>449,846</u>	<u>995,217</u>
Fund balances:			
Reserved:			
Debt service	(180,664)	(183,064)	(363,728)
Total fund balances	<u>(180,664)</u>	<u>(183,064)</u>	<u>(363,728)</u>
Total liabilities and fund balances	<u>\$ 364,707</u>	<u>\$ 266,782</u>	<u>\$ 631,489</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, 2008

	Elementary Debt Service	High School Debt Service	Totals
Revenues:			
District property taxes	\$ 2,882,332	\$ 2,299,708	\$ 5,182,040
Interest	15,360	8,688	24,048
State of Montana	3,176	2,260	5,436
Total revenues	<u>2,900,868</u>	<u>2,310,656</u>	<u>5,211,524</u>
Expenditures:			
Debt service -			
Principal retirement	2,045,000	1,240,000	3,285,000
Interest and fiscal charges	1,005,267	1,206,761	2,212,028
Total expenditures	<u>3,050,267</u>	<u>2,446,761</u>	<u>5,497,028</u>
Excess (deficiency) of revenues over expenditures	<u>(149,399)</u>	<u>(136,105)</u>	<u>(285,504)</u>
Other financing sources (uses):			
Premiums on general obligation debt	19,769	5,796	25,565
Total other financing sources (uses)	<u>19,769</u>	<u>5,796</u>	<u>25,565</u>
Net changes in fund balance	(129,630)	(130,309)	(259,939)
Fund balances, beginning of year	<u>(51,034)</u>	<u>(52,755)</u>	<u>(103,789)</u>
Fund balances, end of year	<u><u>\$ (180,664)</u></u>	<u><u>\$ (183,064)</u></u>	<u><u>\$ (363,728)</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Elementary Debt Service			High School Debt Service		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 3,061,984	\$ 2,882,332	\$ (179,652)	\$ 2,471,504	\$ 2,299,708	\$ (171,796)
Interest	-	15,360	15,360	-	8,688	8,688
State of Montana	-	3,176	3,176	-	2,260	2,260
Total revenues	<u>3,061,984</u>	<u>2,900,868</u>	<u>(161,116)</u>	<u>2,471,504</u>	<u>2,310,656</u>	<u>(160,848)</u>
Expenditures:						
Debt service -						
Principal retirement	2,045,000	2,045,000	-	1,240,000	1,240,000	-
Interest and fiscal charges	1,016,984	1,005,267	11,717	1,231,504	1,206,761	24,743
Total expenditures	<u>3,061,984</u>	<u>3,050,267</u>	<u>11,717</u>	<u>2,471,504</u>	<u>2,446,761</u>	<u>24,743</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(149,399)</u>	<u>(149,399)</u>	<u>-</u>	<u>(136,105)</u>	<u>(136,105)</u>
Other financing sources (uses):						
Premiums on general obligation debt	-	19,769	19,769	-	5,796	5,796
Total other financing sources (uses)	<u>-</u>	<u>19,769</u>	<u>19,769</u>	<u>-</u>	<u>5,796</u>	<u>5,796</u>
Net change in fund balances	<u>-</u>	<u>(129,630)</u>	<u>(129,630)</u>	<u>-</u>	<u>(130,309)</u>	<u>(130,309)</u>
Fund balances, beginning of year	<u>(51,034)</u>	<u>(51,034)</u>	<u>-</u>	<u>(52,755)</u>	<u>(52,755)</u>	<u>-</u>
Fund balances, end of year	<u>(51,034)</u>	<u>\$ (180,664)</u>	<u>\$ (129,630)</u>	<u>(52,755)</u>	<u>\$ (183,064)</u>	<u>\$ (130,309)</u>

Nonmajor Capital Projects Funds

Budgeted:

Elementary and High School Building Reserve Funds – To account for financial resources segregated for the acquisition, construction or repair of major capital facilities.

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2008**

	Elementary Building Reserve	High School Building Reserve	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 125,108	\$ 271,839	\$ 396,947
Property taxes receivable	60,029	24,412	84,441
Total assets	<u>\$ 185,137</u>	<u>\$ 296,251</u>	<u>\$ 481,388</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 29,688	\$ 89,062	\$ 118,750
Deferred revenue	60,029	24,412	84,441
Total liabilities	<u>89,717</u>	<u>113,474</u>	<u>203,191</u>
Fund balances:			
Unreserved:			
Designated for capital outlay	95,420	182,777	278,197
Total fund balances	<u>95,420</u>	<u>182,777</u>	<u>278,197</u>
Total liabilities and fund balances	<u>\$ 185,137</u>	<u>\$ 296,251</u>	<u>\$ 481,388</u>

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, 2008

	Elementary Building Reserve	High School Building Reserve	Totals
Revenues:			
District property taxes	\$ 436,215	\$ 172,141	\$ 608,356
Interest	4,690	4,557	9,247
State of Montana	478	95	573
Total revenues	<u>441,383</u>	<u>176,793</u>	<u>618,176</u>
Expenditures:			
Current -			
Instruction	-	4,734	4,734
Operations and maintenance	102,785	65,644	168,429
Capital outlay	155,677	112,389	268,066
Debt service -			
Principal retirement	292,059	-	292,059
Interest and fiscal charges	500	-	500
Total expenditures	<u>551,021</u>	<u>182,767</u>	<u>733,788</u>
Net change in fund balances	(109,638)	(5,974)	(115,612)
Fund balances, beginning of year	<u>205,058</u>	<u>188,751</u>	<u>393,809</u>
Fund balances, end of year	<u><u>\$ 95,420</u></u>	<u><u>\$ 182,777</u></u>	<u><u>\$ 278,197</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS
ELEMENTARY AND HIGH SCHOOL BUILDING RESERVE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Elementary Building Reserve			High School Building Reserve		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 460,000	\$ 436,215	\$ (23,785)	\$ 180,000	\$ 172,141	\$ (7,859)
Interest	-	4,690	4,690	1,500	4,557	3,057
State of Montana	-	478	478	-	95	95
Total revenues	<u>460,000</u>	<u>441,383</u>	<u>(18,617)</u>	<u>181,500</u>	<u>176,793</u>	<u>(4,707)</u>
Expenditures:						
Current -						
Instruction	-	-	-	-	4,734	(4,734)
Operations and maintenance	239,576	102,785	136,791	370,250	65,644	304,606
Capital outlay	-	155,677	(155,677)	-	112,389	(112,389)
Debt service -						
Principal retirement	425,482	292,059	133,423	-	-	-
Interest and fiscal charges	-	500	(500)	-	-	-
Total expenditures	<u>665,058</u>	<u>551,021</u>	<u>114,037</u>	<u>370,250</u>	<u>182,767</u>	<u>187,483</u>
Net change in fund balances	(205,058)	(109,638)	95,420	(188,750)	(5,974)	182,776
Fund balances, beginning of year	<u>205,058</u>	<u>205,058</u>	<u>-</u>	<u>188,751</u>	<u>188,751</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 95,420</u>	<u>\$ 95,420</u>	<u>\$ 1</u>	<u>\$ 182,777</u>	<u>\$ 182,776</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, mail posting, and certain bussing 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 ex-employees on the COBRA plan.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET ASSETS - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2008

	<u>Purchasing</u>	<u>Self-Insurance</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 42,157	\$ 962,731	\$ 1,004,888
Investments	-	317,045	317,045
Accounts receivable	6,008	79,353	85,361
Interest receivable	-	1,011	1,011
Inventory, at cost	170,324	-	170,324
Total current assets	<u>218,489</u>	<u>1,360,140</u>	<u>1,578,629</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	416,271	-	416,271
Less accumulated depreciation	<u>(309,716)</u>	<u>-</u>	<u>(309,716)</u>
Net capital assets	<u>106,555</u>	<u>-</u>	<u>106,555</u>
Total assets	<u>\$ 325,044</u>	<u>\$ 1,360,140</u>	<u>\$ 1,685,184</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 14	\$ 723,472	\$ 723,486
Unearned revenue	<u>-</u>	<u>531,454</u>	<u>531,454</u>
Total liabilities	<u>14</u>	<u>1,254,926</u>	<u>1,254,940</u>
<u>NET ASSETS</u>			
Invested in capital assets	106,555	-	106,555
Unrestricted	<u>218,475</u>	<u>105,214</u>	<u>323,689</u>
Total net assets	<u>\$ 325,030</u>	<u>\$ 105,214</u>	<u>\$ 430,244</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Purchasing	Self-Insurance	Totals
Operating revenues:			
Charges for services	\$ 676,525	\$ 4,560,914	\$ 5,237,439
Charges for Wellness services	-	89,389	89,389
Total operating revenues	<u>676,525</u>	<u>4,650,303</u>	<u>5,326,828</u>
Operating expenses:			
Administrative expenses	-	281,647	281,647
Communications	43,330	5,017	48,347
Contracted bus services	76,376	-	76,376
Depreciation	30,350	-	30,350
Excess risk insurance	-	383,801	383,801
Health, dental and vision claims	-	4,068,147	4,068,147
Materials and supplies	381,140	-	381,140
Other expenses	880	26	906
Repairs and maintenance	40,840	-	40,840
Salaries and benefits	187,786	32,879	220,665
Wellness	-	188,176	188,176
Total operating expenses	<u>760,702</u>	<u>4,959,693</u>	<u>5,720,395</u>
Operating income (loss)	<u>(84,177)</u>	<u>(309,390)</u>	<u>(393,567)</u>
Nonoperating revenues (expenses):			
Interest	2,642	39,154	41,796
Total nonoperating revenues (expenses)	<u>2,642</u>	<u>39,154</u>	<u>41,796</u>
Change in net assets	(81,535)	(270,236)	(351,771)
Total net assets, beginning of year	<u>406,565</u>	<u>375,450</u>	<u>782,015</u>
Total net assets, end of year	<u>\$ 325,030</u>	<u>\$ 105,214</u>	<u>\$ 430,244</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Purchasing</u>	<u>Self-Insurance</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from users	\$ 674,722	\$ 4,593,714	\$ 5,268,436
Payments for insurance claims	-	(3,960,938)	(3,960,938)
Payments to employees	(187,786)	(32,879)	(220,665)
Payments to suppliers	(537,958)	(858,667)	(1,396,625)
Net cash provided(used) by operating activities	<u>(51,022)</u>	<u>(258,770)</u>	<u>(309,792)</u>
Cash flows from investing activities:			
Sale of investments	-	35,000	35,000
Interest received	2,642	41,506	44,148
Net cash provided(used) by investing activities	<u>2,642</u>	<u>76,506</u>	<u>79,148</u>
Net increase(decrease) in cash and cash equivalents	(48,380)	(182,264)	(230,644)
Cash and cash equivalents - 7/01/07	<u>90,537</u>	<u>1,144,995</u>	<u>1,235,532</u>
Cash and cash equivalents - 6/30/08	<u><u>\$ 42,157</u></u>	<u><u>\$ 962,731</u></u>	<u><u>\$ 1,004,888</u></u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:			
Operating income(loss)	<u>\$ (84,177)</u>	<u>\$ (309,390)</u>	<u>\$ (393,567)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:			
Depreciation	30,350	-	30,350
(Increase) decrease in accounts receivable	(1,803)	(70,652)	(72,455)
(Increase) decrease in inventories	8,690	-	8,690
Increase (decrease) in accounts payable	(4,082)	107,209	103,127
Increase (decrease) in unearned insurance premiums	-	14,063	14,063
Total adjustments	<u>33,155</u>	<u>50,620</u>	<u>83,775</u>
Net cash provided(used) by operating activities	<u><u>\$ (51,022)</u></u>	<u><u>\$ (258,770)</u></u>	<u><u>\$ (309,792)</u></u>

Fiduciary Funds

Private-Purpose Trust Funds:

Medicaid Billing Consortium – To account for direct billing of Medicaid services on behalf of five school districts and one special education cooperative.

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

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

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

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
ALL PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2008

	Medicaid Billing Consortium	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	Totals
<u>ASSETS</u>								
Cash and cash equivalents	\$ 77,140	\$ 8,334	\$ 90,545	\$ 49,625	\$ 239,705	\$ 103,195	\$ 90,143	\$ 658,687
Investments	-	-	-	-	-	-	365,000	365,000
Accounts receivable	-	-	-	-	55	-	-	55
Due from other governments	19,723	-	-	-	-	-	-	19,723
Interest receivable	-	-	-	-	-	-	1,404	1,404
Prepaid items	-	-	665	-	-	-	-	665
Machinery and equipment	-	-	-	-	5,000	-	-	5,000
Less accumulated depreciation	-	-	-	-	(3,214)	-	-	(3,214)
Total assets	<u>96,863</u>	<u>8,334</u>	<u>91,210</u>	<u>49,625</u>	<u>241,546</u>	<u>103,195</u>	<u>456,547</u>	<u>1,047,320</u>
<u>LIABILITIES</u>								
Accounts payable	-	-	-	-	314	-	-	314
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>314</u>
<u>NET ASSETS</u>								
Held in trust	<u>\$ 96,863</u>	<u>\$ 8,334</u>	<u>\$ 91,210</u>	<u>\$ 49,625</u>	<u>\$ 241,232</u>	<u>\$ 103,195</u>	<u>\$ 456,547</u>	<u>\$ 1,047,006</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS-
ALL PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Medicaid Billing Consortium	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	Totals
Additions:								
Auctions	\$ -	\$ -	\$ 17,556	\$ -	\$ -	\$ 27,608	\$ -	\$ 45,164
Contributions	-	-	-	-	18,754	21,821	4,808	45,383
Extracurricular receipts and fees	-	-	83,346	182,715	1,023,033	-	-	1,289,094
Medicaid direct billing receipts	446,597	-	-	-	-	-	-	446,597
Transfers from previous consortium	95,665	-	-	-	-	-	-	95,665
Total noninvestment trust additions	542,262	-	100,902	182,715	1,041,787	49,429	4,808	1,921,903
Investment earnings:								
Interest	4,470	330	1,205	63	6,625	2,733	18,557	33,983
Total additions	546,732	330	102,107	182,778	1,048,412	52,162	23,365	1,955,886
Deductions:								
Administrative expenses	76,854	-	-	-	-	-	-	76,854
Depreciation	-	-	-	-	715	-	-	715
Extracurricular activities	-	-	102,443	187,755	983,302	-	-	1,273,500
Fundraising	-	-	-	-	-	3,476	-	3,476
Payments to consortium members	373,015	-	-	-	-	-	-	373,015
Scholarships	-	-	-	-	-	41,975	-	41,975
Total deductions	449,869	-	102,443	187,755	984,017	45,451	-	1,769,535
Changes in net assets	96,863	330	(336)	(4,977)	64,395	6,711	23,365	186,351
Net assets, beginning of year	-	8,004	91,546	54,602	176,837	96,484	433,182	860,655
Net assets, end of year	\$ 96,863	\$ 8,334	\$ 91,210	\$ 49,625	\$ 241,232	\$ 103,195	\$ 456,547	\$ 1,047,006



CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE¹
JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
<u>Governmental funds capital assets:</u>		
Land and improvements	\$ 9,982,240	\$ 9,982,240
Buildings and improvements	38,425,793	37,903,728
Machinery and equipment	3,538,378	3,245,888
Construction in progress	<u>24,738,501</u>	<u>4,663,492</u>
 Total governmental funds capital assets	 <u>\$ 76,684,912</u>	 <u>\$ 55,795,348</u>
 <u>Investments in governmental funds assets by source:</u>		
General fund	\$ 15,687,739	\$ 15,507,964
Special revenue funds	2,154,212	1,960,169
Capital projects funds	58,596,654	38,232,895
Donations	<u>246,307</u>	<u>94,320</u>
 Total governmental funds capital assets	 <u><u>\$ 76,684,912</u></u>	 <u><u>\$ 55,795,348</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF JUNE 30, 2008

<u>Function and Activity</u>	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Instruction	\$ -	\$ -	\$ 1,387,472	\$ -	\$ 1,387,472
Support services	-	-	103,307	-	103,307
General administration	-	-	396,095	-	396,095
Operations and maintenance	-	-	763,687	-	763,687
Extracurricular activities	-	-	117,811	-	117,811
Food service	-	-	770,006	-	770,006
Facilities – capital outlay	<u>9,982,240</u>	<u>38,425,793</u>	<u>-</u>	<u>24,738,501</u>	<u>73,146,534</u>
Total governmental funds capital assets	<u>\$ 9,982,240</u>	<u>\$ 38,425,793</u>	<u>\$ 3,538,378</u>	<u>\$ 24,738,501</u>	<u>\$ 76,684,912</u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGE BY FUNCTION AND ACTIVITY¹
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deletions	Governmental Funds Capital Assets June 30, 2008
Instruction	\$ 1,244,982	\$ 142,490	\$ -	\$ 1,387,472
Support services	103,307	-	-	103,307
General administration	271,095	125,000	-	396,095
Building administration	-	-	-	-
Operations and maintenance	738,687	25,000	-	763,687
Extracurricular activities	117,811	-	-	117,811
Food service	770,006	-	-	770,006
Facilities – capital outlay	<u>52,549,460</u>	<u>20,597,074</u>	<u>-</u>	<u>73,146,534</u>
Total governmental funds capital assets	<u>\$ 55,795,348</u>	<u>\$ 20,889,564</u>	<u>\$ -</u>	<u>\$ 76,684,912</u>

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

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
ELEMENTARY STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2008

Activity	Net Assets at 7/01/07	Additions	Deductions	Net Assets at 6/30/08
Longfellow Fundraiser	\$ 3,839.25	2,264.00	3,871.03	\$ 2,232.22
Longfellow Library	2,749.41	1,608.43	505.94	3,851.90
Longfellow Arts	28,836.65	17,556.34	19,642.02	26,750.97
Irving School Theatre Arts	452.65	-	15.40	437.25
Irving School Store	27.10	-	-	27.10
Irving Photography Club	144.90	150.00	144.90	150.00
Irving Fly Fishing Club	(39.12)	2,539.12	674.65	1,825.35
Irving 5th Grade Fundraiser	3,801.77	1,404.00	4,416.30	789.47
Irving Library Fundraiser	(1,646.39)	7,534.45	5,873.85	14.21
Irving Climbing Club	138.10	-	-	138.10
Irving Scholarships	4,676.11	150.00	300.00	4,526.11
Whittier Field Trips	372.95	3,717.57	3,218.25	872.27
Morning Star School Store	344.51	-	-	344.51
Emily Library Fundraiser	2,744.52	6,237.96	6,326.97	2,655.51
Music	16,393.64	16,065.76	16,364.32	16,095.08
Enrichment	6,873.63	-	-	6,873.63
School Sponsored Extracurricular	4,943.52	475.43	4,771.95	647.00
Elementary Athletic Participation	2,215.76	10,525.00	9,282.74	3,458.02
CJMS and SMS Athletics	14,676.99	31,878.64	27,034.07	19,521.56
Total	<u>\$ 91,545.95</u>	<u>102,106.70</u>	<u>102,442.39</u>	<u>\$ 91,210.26</u>

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2008

Activity	Net Assets at 7/01/07	Additions	Deductions	Net Assets at 6/30/08
Book Fines	\$ 1,168.27	528.99	1,627.27	\$ 69.99
Computer Club	-	850.39		850.39
Pennies for Past	860.00	-	-	860.00
Art Club	(47.63)	183.00	-	135.37
Foreign Language Club	1,074.80	2,243.25	2,780.12	537.93
Foreign Language Scholarships	262.33	1,000.00	1,000.37	261.96
Yearbook	1,474.22	4,838.00	3,964.38	2,347.84
Drama Club	178.19	2,042.00	2,168.81	51.38
Madrigal Musical	-	1,223.33	737.71	485.62
Newspaper Fund	15.00	230.00	15.00	230.00
CJ Rocks	46.38	40.00	33.48	52.90
Breakfast Club	74.16	484.00	394.13	164.03
Horizons	28.15	260.00	288.15	-
MBI	306.36	317.57	400.35	223.58
Enrichment Program	154.45	210.03	364.48	-
Speech	194.00	218.23	412.23	-
Hearing	138.97	94.36	233.33	-
Library	758.27	7,434.42	6,843.09	1,349.60
Outdoor School	125.40	-	125.40	-
Peer Helpers	20.00	100.00	120.00	-
General	330.18	4,921.75	5,251.93	-
Student Aid	6,731.66	3,300.00	3,818.14	6,213.52
Student Council - 6th Grade	2,468.50	2,063.39	2,843.94	1,687.95
Student Council - 7th Grade	2,024.67	4,470.15	4,247.31	2,247.51
Student Council - 8th Grade	2,356.09	1,563.37	2,206.21	1,713.25
Student Projects	46.35	1,589.37	1,635.72	-
Health Enhancement	28.72	30.00	58.72	-
Calculator Fund	70.00	37.11	107.11	-
Master Lock Account	104.50	-	104.50	-
Team 6A	(111.85)	4,263.99	4,152.14	-
Team 6B	1,581.57	10,694.99	12,276.56	-
Team 7A	2,128.50	5,182.74	7,311.24	-
Team 7B	532.64	1,990.07	2,522.71	-
Team 8A	328.89	7,221.54	7,550.43	-
Team 8B	621.14	7,417.00	8,038.14	-
Band/Music	19.51	800.20	819.71	-
Agendas	2,126.67	1,833.34	3,960.01	-
Student T-Shirts	-	210.00	210.00	-
Pencil Fund	34.51	112.34	146.85	-
Science Club - Chiariello	101.75	589.75	19.96	671.54
Science Club - Bradshaw	153.58	1,442.33	20.00	1,575.91
Science Club - Albers	-	150.00	150.00	-
Science Club - Boujoukos	227.95	639.20	159.94	707.21
Tech. Ed Club	393.05	650.94	55.25	988.74
Bird/Science	1,353.50	5,240.88	5,480.17	1,114.21
Interest Account	91.64	-	91.64	-
Total	\$ 30,575.04	88,712.02	94,746.63	\$ 24,540.43

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2008

Activity	Net Assets at 7/01/07	Additions	Deductions	Net Assets at 6/30/08
Music	\$ 595.00	327.00	339.00	\$ 583.00
Book Fines	(138.25)	138.25	-	-
Drama Club	846.24	-	225.19	621.05
Newspaper Fund	(26.25)	26.25	-	-
Breakfast Club	14.00	-	-	14.00
Photo Lab Club	529.60	-	-	529.60
Foreign Language	70.00	12,572.03	12,639.27	2.76
Peer Mediation	1,861.43	427.00	1,357.96	930.47
Art Club	830.34	-	21.43	808.91
Library	9,364.58	8,983.86	6,980.57	11,367.87
Student Aid	7,010.71	3,300.00	10,310.71	-
Yearbook	1,175.25	7,494.00	7,865.22	804.03
Student Council	297.53	6,887.97	4,612.69	2,572.81
Calculator Fund	382.81	-	382.81	-
6A Team	-	4,543.46	2,940.39	1,603.07
6B Team	-	10,264.86	8,289.85	1,975.01
7A Team	-	9,257.70	8,142.27	1,115.43
7B Team	-	6,387.98	6,387.98	-
8A Team	-	6,182.48	5,134.52	1,047.96
8B Team	-	17,209.77	17,209.77	-
Science Club	1,052.33	-	-	1,052.33
Team Nutrition	50.00	-	-	50.00
Interest Account	111.43	63.03	168.46	6.00
Total	<u>\$ 24,026.75</u>	<u>94,065.64</u>	<u>93,008.09</u>	<u>\$ 25,084.30</u>

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2008

Activity	Net Assets at 7/01/07	Additions	Deductions	Net Assets at 6/30/08
Athletic Fines	\$ 555.25	-	555.25	\$ -
Athletics	2,404.28	166,010.87	147,203.03	21,212.12
Backboard BB-Ball	1,409.97	19,374.19	10,672.81	10,111.35
Cheerleading	5,230.70	8,629.00	5,815.82	8,043.88
Concessions	927.94	34,055.31	32,026.15	2,957.10
Fastpitch	823.41	15,287.97	11,349.26	4,762.12
Football Club	13,572.07	61,322.65	64,791.44	10,103.28
Golf Club	811.15	7,002.00	6,275.68	1,537.47
Hawk Stat Crew	1,536.94	1,150.00	429.40	2,257.54
Intramurals	-	-	-	-
Lady Hawk B-Ball	2,485.32	10,098.16	12,313.48	270.00
Soccer - Boys	142.96	1,257.04	1,400.00	-
Soccer - Girls	1,137.83	1,502.65	2,640.48	-
Speech Club	1,359.89	11,735.11	12,897.37	197.63
Spikers VB	2,234.31	6,547.78	6,128.02	2,654.07
Sports Medicine	568.94	260.00	828.94	-
Swimming	885.43	-	137.80	747.63
Tennis	4,625.43	7,573.09	7,549.92	4,648.60
Towel Fund	1,453.11	3,365.00	4,818.11	-
Track Club	551.47	17,980.14	13,732.23	4,799.38
Wendy's Activity Fund	3,758.82	4,271.93	5,756.93	2,273.82
Wrestling Club	13,354.90	7,984.85	19,876.67	1,463.08
X-Country Club	2,167.78	10,119.08	11,283.39	1,003.47
Business Professionals	1,028.59	7,929.06	7,551.65	1,406.00
Construction Club	1,637.57	6,042.45	7,680.02	-
Deca	5,549.76	41,148.65	33,185.34	13,513.07
Metals - Labor	1,146.97	20.00	-	1,166.97
Metals - Materials	1,046.50	2,254.75	2,669.80	631.45
Photo Club	-	133.00	133.00	-
Shop Fund	1,157.53	13,071.91	14,229.44	-
Skills USA	3,814.04	5,402.00	8,803.64	412.40
AP - Government	484.29	-	484.29	-
AP - History	160.00	-	160.00	-
Art Club	4,449.85	11,973.75	12,859.75	3,563.85
Drama Club	7,596.26	26,570.00	16,087.36	18,078.90
Ecuador/Montana	80.83	1,752.00	1,752.88	79.95
French Club	233.34	455.00	244.06	444.28
Total	\$ 90,383.43	512,279.39	484,323.41	\$ 118,339.41

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2008

Activity	Net Assets at 7/01/07	Additions	Deductions	Net Assets at 6/30/08
German Club	\$ 1,678.14	27,995.81	20,394.85	\$ 9,279.10
Galapagos Club	-	7,164.70	7,132.50	32.20
International Club	241.61	77.92	(118.50)	438.03
Latin Club	411.00	-	411.00	-
Library	207.45	205.50	412.95	-
MUN Club	-	481.14	-	481.14
Odessey of the Mind	3,839.08	-	-	3,839.08
Project Excel	1,758.51	1,247.50	777.02	2,228.99
Rocketry Club	-	175.81	-	175.81
Science Club	-	198.00	198.00	-
Science Olympiad	856.56	848.65	889.00	816.21
Ski P.E.	-	3,729.00	3,729.00	-
Spanish Club	181.40	410.43	62.75	529.08
Youth Leg. Club	-	6,811.70	6,319.58	492.12
Wildlife Biology Club	2,897.75	400.00	2,164.78	1,132.97
Cap & Gowns	378.52	18.00	-	396.52
Class of 2008	8,028.16	16,715.92	21,436.60	3,307.48
Class of 2009	925.00	6,218.90	-	7,143.90
Girls & Boys State	384.75	500.00	-	884.75
Prom	1,000.00	12,385.75	12,385.75	1,000.00
Student Council	9,115.36	25,926.20	21,799.30	13,242.26
Bridger Alternative	3,146.67	4,443.66	4,664.41	2,925.92
MTI	1,396.43	-	-	1,396.43
Amnesty International	799.85	4,187.89	4,599.79	387.95
Key Club	737.65	2,334.04	1,181.10	1,890.59
Leo Club	1,136.93	5,394.94	5,787.70	744.17
National Honor Society	372.09	526.50	540.12	358.47
Recycle	1,303.02	62.65	552.84	812.83
Special Ed Concessions	3,086.03	-	-	3,086.03
Gay-Straight Alliance	36.90	53.70	-	90.60
Interact Club	1,085.37	22,973.46	23,455.86	602.97
Band	3,186.57	123,659.34	116,890.96	9,954.95
Choir	10,308.94	16,140.05	16,592.23	9,856.76
Flute Choir	258.89	333.65	41.98	550.56
Orchestra	1,009.54	12,088.00	11,208.97	1,888.57
Aerie	3,810.68	82,689.62	84,042.92	2,457.38
Hawk Tawk	21.51	696.00	314.12	403.39
Hawk TV Club	-	235.25	-	235.25
Scribblings	50.27	938.23	898.98	89.52
Book Fines	380.87	2,119.57	2,500.44	-
Computers/Calculators	1,179.80	-	1,179.80	-
General	6,852.50	100,400.40	107,121.08	131.82
SSS	8,283.84	39,060.95	19,105.96	28,238.83
Lunch Bunch Club	-	286.79	230.80	55.99
Interest Investment	6,106.18	5,996.92	788.70	11,314.40
Total	\$ 176,837.25	1,048,411.93	984,016.75	\$ 241,232.43

(Concluded)

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Enrollment</u>	<u>As Reported</u>	<u>Audit Per District Records</u>	<u>Difference</u>
Fall Enrollment - October 1, 2007			
Elementary School District			
Pre K-6:			
(a.) Pre-Kindergarten	<u>14</u>	<u>14</u>	<u>0</u>
(b.) Kindergarten	<u>420</u>	<u>420</u>	<u>0</u>
(c.) Grades 1 - 6	<u>2280</u>	<u>2280</u>	<u>0</u>
(d.) Part-Time (number of part-time students included on line c above)	<u>1</u>	<u>1</u>	<u>0</u>
7-8:			
(e.) Grade 7-8	<u>786</u>	<u>786</u>	<u>0</u>
(f.) Part-Time (number of part-time students included on line e above)	<u>3</u>	<u>3</u>	<u>0</u>
(g.) Total (add lines a, b, c and e)	<u>3500</u>	<u>3500</u>	<u>0</u>
High School District			
9-12:			
(h.) Grades 9-12	<u>1913</u>	<u>1913</u>	<u>0</u>
(i.) Part-Time (number of part-time students included on line h above)	<u>28</u>	<u>28</u>	<u>0</u>
(j.) 19 year-olds included on line h	<u>4</u>	<u>4</u>	<u>0</u>
Spring Enrollment - February 1, 2007			
Elementary School District			
Pre K-6:			
(k.) Pre-Kindergarten	<u>21</u>	<u>21</u>	<u>0</u>
(l.) Kindergarten	<u>419</u>	<u>419</u>	<u>0</u>
(m.) Grades 1 - 6	<u>2293</u>	<u>2293</u>	<u>0</u>
(n.) Part-Time (number of part-time students included on line m above)	<u>2</u>	<u>2</u>	<u>0</u>
7-8:			
(o.) Grade 7-8	<u>788</u>	<u>788</u>	<u>0</u>
(p.) Part-Time (number of part-time students included on line o above)	<u>5</u>	<u>5</u>	<u>0</u>
(q.) Total (add lines k, l, m and o)	<u>3521</u>	<u>3521</u>	<u>0</u>
High School District			
9-12:			
(r.) Grades 9-12	<u>1865</u>	<u>1865</u>	<u>0</u>
(s.) Part-Time (number of part-time students included on line r above)	<u>23</u>	<u>23</u>	<u>0</u>
(t.) 19 year-olds included on line r	<u>4</u>	<u>4</u>	<u>0</u>
(u.) Early Graduates	<u>45</u>	<u>45</u>	<u>0</u>



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
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Financial Trends	120
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These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.

Revenue Capacity	125
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These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.

Debt Capacity	132
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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	136
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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	138
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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 Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Invested in capital assets, net of related debt	\$ 17,153,416	\$ 17,896,966	\$ 17,769,993	\$ 19,845,904	\$ 22,676,015	\$ 25,142,399	\$ 29,295,503
Restricted	2,771,750	3,698,751	4,480,655	4,266,241	3,418,622	3,987,403	4,279,556
Unrestricted	<u>2,800,767</u>	<u>2,990,458</u>	<u>2,949,316</u>	<u>2,411,025</u>	<u>1,716,125</u>	<u>2,741,647</u>	<u>3,392,696</u>
Total governmental activities net assets	<u>\$ 22,725,933</u>	<u>\$ 24,586,175</u>	<u>\$ 25,199,964</u>	<u>\$ 26,523,170</u>	<u>\$ 27,810,762</u>	<u>\$ 31,871,449</u>	<u>\$ 36,967,755</u>

Note: The District implemented the full accrual GASB Statement 34 in fiscal year 2002.
Ten years of comparative data will be presented when available.

Table 2

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

Expenses	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Instruction	\$ 18,247,225	\$ 18,888,292	\$ 20,437,715	\$ 21,931,633	\$ 23,407,889	\$ 25,568,496	\$ 27,118,400
Support services	3,562,598	3,630,049	3,951,836	4,418,767	4,642,961	4,975,685	5,457,545
General administration	1,518,732	1,752,069	1,793,788	1,788,838	1,873,647	2,116,552	2,331,788
Building administration	2,241,411	2,470,692	2,485,343	2,718,624	2,876,614	3,163,125	3,267,924
Operations and maintenance	3,151,222	3,309,869	3,386,525	3,609,292	3,766,666	3,663,019	4,038,663
Student transportation	1,070,139	1,045,895	1,218,576	1,312,826	1,400,420	1,433,032	1,531,760
Food services	1,062,232	1,133,804	1,379,981	1,580,563	1,743,790	1,835,040	1,843,131
Extracurricular activities	750,381	777,879	844,071	788,795	836,613	885,231	941,072
Unallocated depreciation	723,997	777,729	826,070	863,206	912,711	960,431	985,952
Interest and fiscal charges	693,821	604,690	481,425	347,186	682,825	1,574,466	2,428,542
Total governmental activities expenses	<u>\$ 33,021,758</u>	<u>\$ 34,390,968</u>	<u>\$ 36,805,330</u>	<u>\$ 39,359,730</u>	<u>\$ 42,144,136</u>	<u>\$ 46,175,077</u>	<u>\$ 49,944,777</u>
Program Revenues							
Governmental activities:							
Charges for services	\$ 1,673,981	\$ 1,782,957	\$ 1,777,149	\$ 2,035,548	\$ 2,246,851	\$ 2,483,244	\$ 2,400,780
Operating grants and contributions	4,091,397	4,651,015	5,214,598	6,382,579	6,192,636	6,580,610	7,365,898
Capital grants and contributions	-	39,920	-	200,907	54,400	810,146	1,112,116
Total governmental activities program revenues	<u>\$ 5,765,378</u>	<u>\$ 6,473,892</u>	<u>\$ 6,991,747</u>	<u>\$ 8,619,034</u>	<u>\$ 8,493,887</u>	<u>\$ 9,874,000</u>	<u>\$ 10,878,794</u>
Total governmental activities net expense	<u>\$ (27,256,380)</u>	<u>\$ (27,917,076)</u>	<u>\$ (29,813,583)</u>	<u>\$ (30,740,696)</u>	<u>\$ (33,650,249)</u>	<u>\$ (36,301,077)</u>	<u>\$ (39,065,983)</u>
General Revenues							
Governmental activities:							
District property taxes	\$ 11,514,050	\$ 13,027,975	\$ 14,155,373	\$ 15,180,803	\$ 16,788,764	\$ 19,928,795	\$ 21,716,571
Investment earnings	242,352	134,527	132,702	260,950	755,196	1,839,432	2,023,195
Unrestricted county distribution - retirement	2,883,197	3,165,298	3,246,825	3,749,000	3,768,848	3,872,500	4,115,000
Unrestricted state equalization	9,999,354	10,126,609	10,234,849	10,452,630	11,283,156	11,695,502	12,329,569
Unrestricted state guaranteed tax base subsidy	1,197,663	1,183,932	924,866	630,845	612,409	443,964	965,909
Unrestricted state motor vehicle fee reimbursement	1,936,130	1,886,909	1,544,407	1,556,143	1,567,969	1,579,896	1,591,893
Unrestricted state quality educator	-	-	-	-	-	778,808	1,216,152
Unrestricted other state revenue	153,771	252,068	188,350	169,026	147,070	222,322	202,718
Gain on sale of capital assets	-	-	-	64,505	14,429	545	1,282
Total governmental activities general revenues	<u>\$ 27,926,517</u>	<u>\$ 29,777,318</u>	<u>\$ 30,427,372</u>	<u>\$ 32,063,902</u>	<u>\$ 34,937,841</u>	<u>\$ 40,361,764</u>	<u>\$ 44,162,289</u>
Change in Net Assets							
Governmental activities	<u>\$ 670,137</u>	<u>\$ 1,860,242</u>	<u>\$ 613,789</u>	<u>\$ 1,323,206</u>	<u>\$ 1,287,592</u>	<u>\$ 4,060,687</u>	<u>\$ 5,096,306</u>

Note: The District implemented the full accrual GASB Statement 34 in fiscal year 2002.
Ten years of comparative data will be presented when available.

Table 3

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 943,325	\$ 1,046,529	\$ 951,958	\$ 341,882	\$ 239,001	\$ 130,615	\$ 128,085	\$ 348,877	\$ 156,283	\$ 68,169
Unreserved	1,684,796	1,626,913	2,063,165	1,938,158	1,728,770	2,103,208	2,268,037	2,129,161	2,210,022	1,617,590
Total general fund	<u>\$ 2,628,121</u>	<u>\$ 2,673,442</u>	<u>\$ 3,015,123</u>	<u>\$ 2,280,040</u>	<u>\$ 1,967,771</u>	<u>\$ 2,233,823</u>	<u>\$ 2,396,122</u>	<u>\$ 2,478,038</u>	<u>\$ 2,366,305</u>	<u>\$ 1,685,759</u>
 All other governmental funds										
Reserved	\$ 641,038	\$ 247,495	\$ 856,875	\$ 100,751	\$ 91,796	\$ 165,748	\$ 102,504	\$ 62,589	\$ (96,886)	\$ (236,463)
Unreserved, reported in:										
Special revenue funds	2,227,437	2,289,823	2,556,506	2,581,735	3,205,073	3,331,539	3,675,171	3,950,436	5,285,646	6,409,696
Capital projects funds	1,648,448	1,422,518	307,735	928,031	1,311,305	2,083,890	1,723,245	26,399,086	42,644,504	50,993,882
Total all other governmental funds	<u>\$ 4,516,923</u>	<u>\$ 3,959,836</u>	<u>\$ 3,721,116</u>	<u>\$ 3,610,517</u>	<u>\$ 4,608,174</u>	<u>\$ 5,581,177</u>	<u>\$ 5,500,920</u>	<u>\$ 30,412,111</u>	<u>\$ 47,833,264</u>	<u>\$ 57,167,115</u>

Table 4

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
District property taxes	\$ 10,696,556	\$ 9,862,262	\$ 10,558,907	\$ 11,508,960	\$ 12,683,554	\$ 14,323,095	\$ 15,414,842	\$ 16,713,548	\$ 19,391,531	\$ 20,428,699
Motor vehicle fees and taxes	1,352,484	1,395,670	1,317,755	- ¹	-	-	-	-	-	-
Tuition and fees	881,130	904,927	884,715	938,639	992,390	1,116,119	1,255,980	1,420,239	1,568,319	1,433,802
Interest	398,433	416,090	448,073	200,956	110,296	109,973	221,062	699,210	1,795,207	1,958,196
Other district revenue	278,483	216,568	238,121	310,080	301,959	305,221	581,288	377,377	482,394	820,270
Gallatin County	2,713,073	2,821,652	2,960,615	3,175,638	3,471,862	3,588,446	4,084,517	4,127,197	4,213,172	4,442,764
State of Montana	12,021,904	12,738,152	14,163,737	14,791,635	15,028,713	14,709,131	14,961,033	16,012,832	18,419,447	19,835,311
Federal	1,958,678	2,079,052	1,994,930	2,175,820	2,646,346	2,937,235	3,709,766	3,280,384	3,116,050	3,429,823
Total revenues	30,300,741	30,434,373	32,566,853	33,101,728	35,235,120	37,089,220	40,228,488	42,630,787	48,986,120	52,348,865
Expenditures										
Instruction	15,057,057	15,711,927	16,720,669	17,599,439	18,331,641	19,932,684	20,960,778	22,585,585	24,569,060	25,840,900
Support services	3,086,726	3,115,165	3,322,920	3,499,355	3,613,293	3,916,194	4,375,683	4,574,701	4,909,200	5,331,933
General administration	1,593,916	1,357,325	1,411,981	1,461,883	1,694,716	1,731,414	1,683,859	1,759,136	1,996,421	2,200,858
Building administration	1,824,496	1,987,621	2,061,383	2,118,760	2,367,575	2,377,911	2,555,223	2,755,991	3,014,613	3,078,574
Operations and maintenance	2,767,612	2,872,860	2,896,142	3,044,763	3,225,126	3,300,903	3,502,159	3,656,580	3,567,525	3,929,421
Student transportation	992,529	919,722	981,642	1,069,558	1,046,280	1,218,967	1,312,970	1,399,786	1,432,484	1,531,216
Food services	841,067	941,555	976,933	1,012,866	1,084,861	1,334,261	1,525,827	1,679,095	1,769,280	1,777,468
Extracurricular activities	639,840	669,266	698,935	742,821	766,478	832,620	776,863	817,127	871,909	925,698
Capital outlay	1,321,934	1,576,406	1,577,608	1,573,505	726,644	981,146	1,822,412	5,122,160	7,623,511	20,737,577
Debt service										
Principal	980,000	1,025,000	1,080,000	1,130,639	750,000	1,415,000	1,586,506	1,606,506	2,216,506	3,577,059
Interest and fiscal charges	829,084	785,676	743,530	693,821	444,149	315,765	296,801	249,532	1,748,732	2,212,528
Bond issuance costs	-	-	-	-	179,330	79,300	-	79,578	142,254	79,175
Bond defeasance costs	-	-	-	-	520,491	-	-	-	-	-
Total expenditures	29,934,261	30,962,523	32,471,743	33,947,410	34,750,584	37,436,165	40,399,081	46,285,777	53,861,495	71,222,407
Excess of revenues over (under) expenditures	366,480	(528,150)	95,110	(845,682)	484,536	(346,945)	(170,593)	(3,654,990)	(4,875,375)	(18,873,542)
Other financing sources (uses)										
Sale of capital assets	6,904	16,384	7,850	-	-	-	252,635	19,376	545	1,282
Transfers in	64,202	37,823	54,682	51,998	102,796	121,176	33,673	32,698	23,344	145,429
Transfers out	(64,202)	(37,823)	(54,682)	(51,998)	(102,796)	(121,176)	(33,673)	(32,698)	(23,344)	(145,429)
General obligation bonds issued	-	-	-	-	-	-	-	28,600,000	20,725,000	27,500,000
Limited obligation bonds issued	-	-	-	-	-	1,586,000	-	-	1,459,250	-
Refunding bonds issued	-	-	-	-	12,890,000	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	28,721	-	25,565
Payments to refunded bond escrow agent	-	-	-	-	(12,689,148)	-	-	-	-	-
Total other financing sources (uses)	6,904	16,384	7,850	-	200,852	1,586,000	252,635	28,648,097	22,184,795	27,526,847
Net change in fund balances	\$ 373,384	\$ (511,766)	\$ 102,960	\$ (845,682)	\$ 685,388	\$ 1,239,055	\$ 82,042	\$ 24,993,107	\$ 17,309,420	\$ 8,653,305
Debt service as a percentage of noncapital expenditures	6.3%	6.2%	5.9%	5.6%	3.5%	4.7%	4.9%	4.5%	8.6%	11.5%

¹ Beginning in 2002, motor vehicle fees and taxes became a state sourced revenue.

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	Extracurricular Activities	Capital Outlay	Principal Retirement & Interest	Total
1999	\$ 12,136,218	\$ 2,029,394	\$ 1,078,490	\$ 1,494,742	\$ 2,240,636	\$ 10,940	\$ 606,533	\$ 1,131,869	\$ -	\$ 20,728,822
2000	12,586,422	2,067,821	1,102,146	1,625,104	2,297,672	1,797	622,343	874,516	-	21,177,821
2001	13,437,321	2,292,249	1,146,548	1,679,983	2,330,415	12,181	663,432	683,899	-	22,246,028
2002	14,108,150	2,442,605	1,213,259	1,734,395	2,684,150	14,421	700,756	326,805	4,934	23,229,475
2003	14,488,029	2,497,303	1,277,378	1,874,145	2,791,133	14,230	716,668	436,275	-	24,095,161
2004	15,408,192	2,691,148	1,075,528	1,951,030	2,696,795	2,627	729,352	7,064	-	24,561,736
2005	16,204,121	2,833,398	1,117,522	2,036,854	2,805,342	6,327	723,202	1,608	-	25,728,374
2006	17,592,880	2,902,930	1,168,491	2,201,235	2,832,853	3,092	760,510	493,246	-	27,955,237
2007	18,995,915	3,220,986	1,596,212	2,413,652	2,981,420	9,616	805,206	6,933	-	30,029,940
2008	\$ 19,834,850	\$ 3,448,882	\$ 1,712,186	\$ 2,471,987	\$ 3,172,844	\$ 7,598	\$ 839,706	\$ 182,514	\$ -	\$ 31,670,567

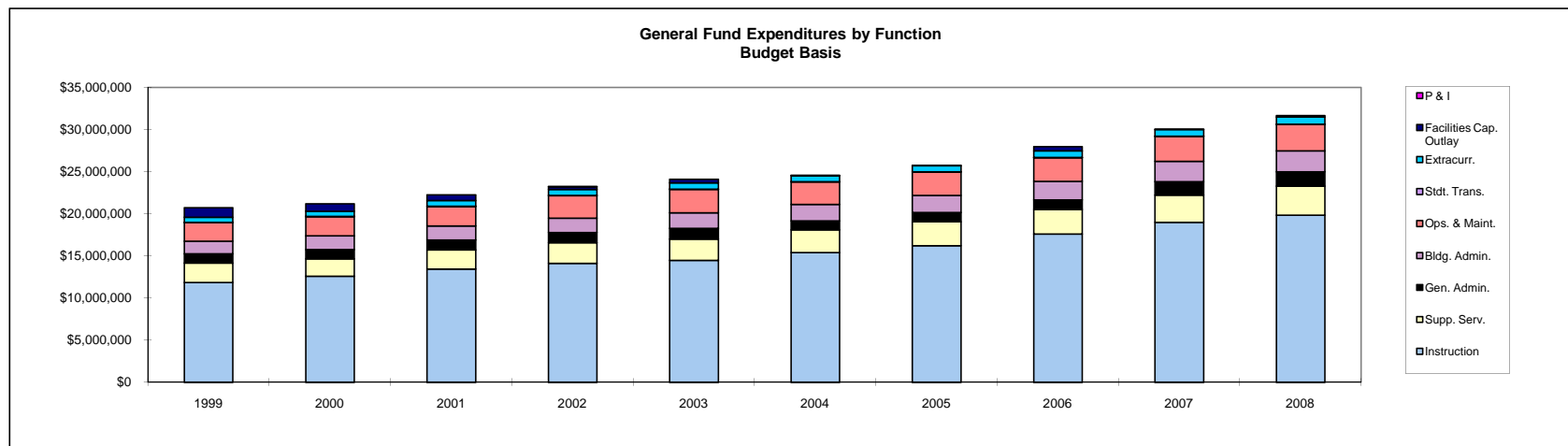


Table 6

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

Fiscal Year	Assessed Valuation*	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Direct Rate to be Applied against Assessed Value (Mill Levy / 1,000)	Taxes Levied	Tax Levy Collections in Levy Year	Tax Levy Collections after Levy Year	Percent of Total Tax Collections To Taxes Levied
Elementary District:									
1999	\$ 62,309,317	\$ 1,478,399,485	4.2%	111.42	0.11142	\$ 6,942,504	\$ 6,983,396	\$ -	100.59%
2000	62,205,986	1,505,479,023	4.1%	107.76	0.10776	6,703,317	6,384,310	-	95.24%
2001	63,029,015	1,649,476,862	3.8%	106.29	0.10629	6,699,354	6,845,301	-	102.18%
2002	65,933,754	1,798,479,256	3.7%	109.50	0.10950	7,219,746	7,286,835	-	100.93%
2003	71,248,110	2,004,352,468	3.6%	115.64	0.11564	8,239,131	8,023,190	-	97.38%
2004	76,622,721	2,193,338,586	3.5%	111.70	0.11170	8,558,758	8,779,204	-	102.58%
2005	81,999,997	2,409,812,203	3.4%	112.16	0.11216	9,197,120	9,308,664	-	101.21%
2006	89,208,819	2,649,536,773	3.4%	111.60	0.11160	9,955,704	9,922,609	-	99.67%
2007	97,593,808	2,922,699,201	3.3%	120.32	0.12032	11,742,487	11,383,815 **	304,179	99.54%
2008	\$ 105,927,728	\$ 3,223,076,430	3.3%	118.51	0.11851	12,553,495	\$ 11,695,683	\$ -	93.17% ***
High School District:									
1999	\$ 80,543,387	1,926,105,237	4.2%	43.90	0.04390	\$ 3,535,855	\$ 3,713,160	\$ -	105.01%
2000	81,093,432	1,984,328,793	4.1%	44.95	0.04495	3,644,499	3,477,952	-	95.43%
2001	82,371,906	2,168,526,307	3.8%	44.36	0.04436	3,647,537	3,713,606	-	101.81%
2002	86,437,851	2,372,218,869	3.6%	48.40	0.04840	4,183,834	4,222,125	-	100.92%
2003	93,657,419	2,651,823,923	3.5%	51.43	0.05143	4,816,801	4,660,364	-	96.75%
2004	101,740,692	2,927,915,465	3.5%	53.35	0.05335	5,427,866	5,543,891	-	102.14%
2005	109,245,300	3,224,918,891	3.4%	55.16	0.05516	6,025,971	6,106,178	-	101.33%
2006	119,033,013	3,554,146,064	3.3%	57.46	0.05746	6,839,637	6,790,939	-	99.29%
2007	130,732,377	3,946,654,848	3.3%	62.42	0.06242	8,160,315	7,879,151 **	247,205	99.58%
2008	\$ 143,039,516	\$ 4,381,850,279	3.3%	65.34	0.06534	\$ 9,346,202	\$ 8,673,645	\$ -	92.80% ***

* Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 1998-99 fiscal year is calculated as of January 1998)

** Beginning in fiscal year 2007, the District is now presenting taxes collected for a given levy year and collections specifically for that year in future years on the same line. In prior fiscal years, delinquent taxes were reported in the year collected.

*** Fiscal year 2008 first year collections were substantially lower due to the bills for personal property taxes (a portion of total taxes levied) being sent out late.

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	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
1999	111.42	43.90	138.79	158.37	46.00	498.48
2000	107.76	44.95	141.31	162.92	46.00	502.94
2001	106.29	44.36	146.84	174.98	46.00	518.47
2002	109.50	48.40	148.50	177.65	46.00	530.05
2003	115.64	51.43	154.21	189.94	46.00	557.22
2004	111.70	53.35	163.31	200.59	46.00	574.95
2005	112.16	55.16	171.99	194.15	46.00	579.46
2006	111.60	57.46	168.26	196.74	46.00	580.06
2007	120.32	62.42	163.42	197.36	46.00	589.52
2008	118.51	65.34	154.18	205.40	46.00	589.43

Tax Levies						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
1999	\$ 6,942,504	\$ 3,535,855	\$ 5,456,341	\$ 18,665,024	\$ 5,421,425	\$ 40,021,149
2000	6,704,255	3,644,499	5,572,632	19,321,244	5,455,298	40,697,928
2001	6,700,561	3,647,537	5,927,815	20,744,776	5,453,536	42,474,225
2002	7,220,720	4,183,834	6,303,912	22,067,620	5,714,104	45,490,190
2003	8,239,131	4,816,801	7,166,685	25,447,891	6,163,014	51,833,522
2004	8,558,758	5,427,866	8,158,125	29,057,410	6,663,547	57,865,706
2005	9,197,120	6,025,971	9,226,199	30,160,991	7,146,050	61,756,331
2006	9,955,704	6,839,637	9,911,843	32,959,146	7,706,215	67,372,545
2007	11,742,487	8,160,315	10,475,697	35,948,481	8,378,750	74,705,730
2008	\$ 12,553,495	\$ 9,346,202	\$ 10,804,728	\$ 40,697,643	\$ 9,114,370	\$ 82,516,438

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2007-08

Table 8

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

Taxpayer	2008			2002		
	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total High School District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	\$ 6,947,324	1	6.66%	\$ 3,771,440	1	5.72%
Qwest Corporation	1,626,073	2	1.56%	1,564,699	2	2.37%
Harry Daum (Gallatin Mall)	520,427	3	0.50%	612,166	3	0.93%
Bozeman Deaconess Foundation	504,873	4	0.48%	264,806	5	0.40%
Wal-Mart Stores Inc # 2084	387,238	5	0.37%	-		-
Lowe's HIW Inc.	348,229	6	0.33%	-		-
Stone Ridge Partners LLC	322,570	7	0.31%			
Machinery Power & Equipment Company	340,124	8	0.33%	-		-
Costco Wholesale Corporation	308,461	9	0.30%	259,305	6	0.39%
Highgate Bozeman LLC	297,102	10	0.28%	-		-
Bridger Peaks LLC	-		-	291,473	4	0.44%
Dayton Hudson Corporation (Target)	-		-	226,283	7	0.34%
First Security Bank of Bozeman	-		-	217,980	8	0.33%
Bozeman Investors of Deluth, LP	-		-	212,855	9	0.32%
Arcadia Gardens Apartments, LLC	-		-	198,746	10	0.30%
Total	<u>\$ 11,602,421</u>		<u>11.12%</u>	<u>\$ 7,619,753</u>		<u>11.54%</u>

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

Note: GASB Statement # 44 recommends presenting the principal property tax payers for the current year and nine years ago. This will be achieved when ten years of data is accessible by the District.

Table 9

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

Taxpayer	2008			2002		
	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	\$ 8,202,730	1	5.81%	\$ 5,514,097	1	6.38%
Qwest Corporation	1,803,890	2	1.28%	1,741,514	2	2.01%
Zoot Properties LLC	561,961	3	0.40%	-		-
Harry Daum (Gallatin Mall)	520,427	4	0.37%	612,166	3	0.71%
Bozeman Deaconess Foundation	504,873	5	0.36%	264,806	5	0.31%
Wal-Mart Stores Inc. # 2084	387,238	6	0.27%	-		-
Lowe's HIW Inc.	348,229	7	0.25%	-		-
Stone Ridge Partners LLC	322,570	8	0.23%	-		-
Machinery Power & Equipment Company	340,124	9	0.24%	-		-
Costco Wholesale Corporation	308,461	10	0.22%	259,305	6	0.30%
Bridger Peaks LLC	-		-	291,473	4	0.34%
Montana Rail Link	-		-	302,910	7	0.35%
Dayton Hudson Corporation (Target)	-		-	226,283	8	0.26%
First Security Bank of Bozeman	-		-	218,083	9	0.25%
Bozeman Investors of Deluth, LP	-		-	212,855	10	0.25%
Total	<u>\$ 13,300,503</u>		<u>9.42%</u>	<u>\$ 9,643,492</u>		<u>11.16%</u>

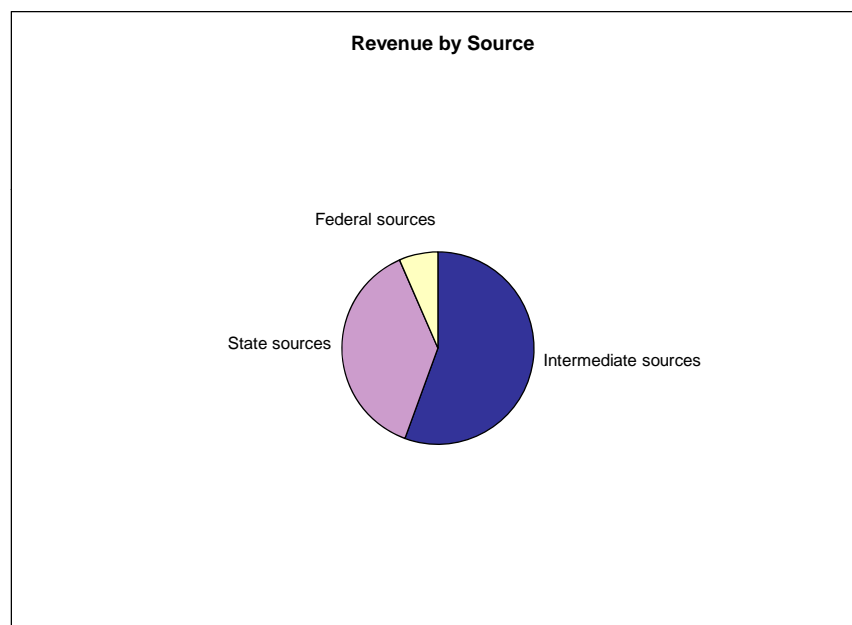
Source: State of Montana Department of Revenue - Gallatin County(Appraisal/Assessment Division)

Note: GASB Statement # 44 recommends presenting the principal property tax payers for the current year and nine years ago. This will be achieved when ten years of data is accessible by the District.

Table 10

BOZEMAN SCHOOL DISTRICT NO. 7
Revenue by Source - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2008
(modified accrual basis of accounting)

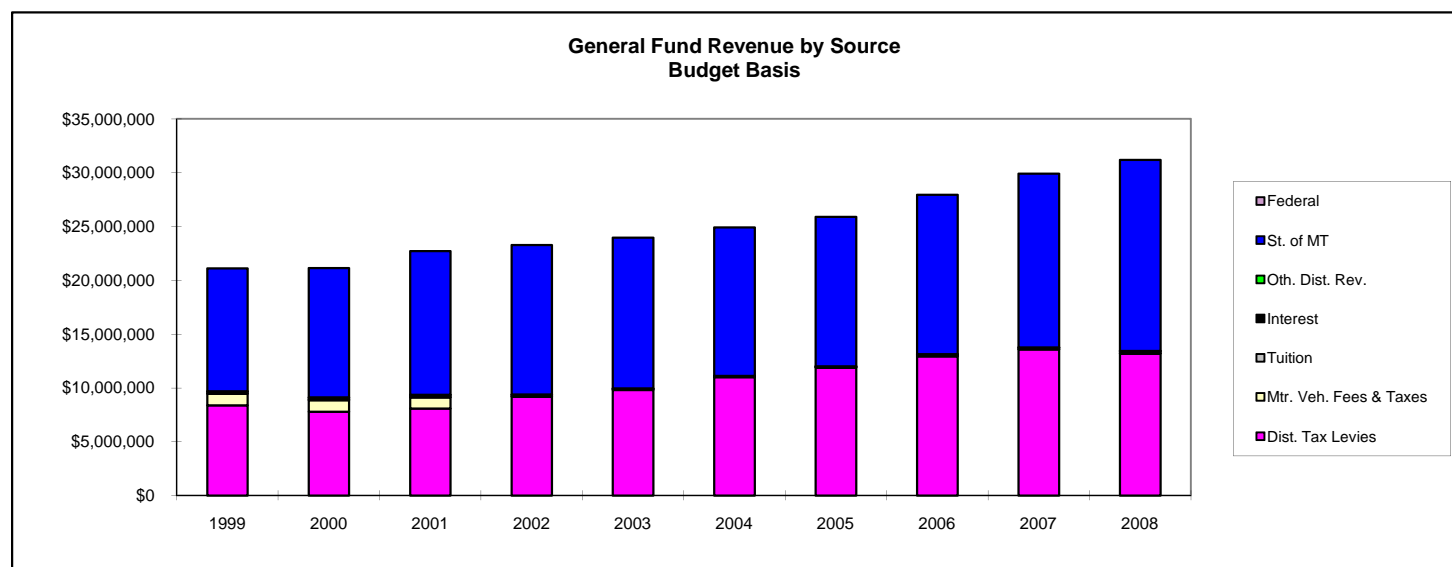
Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	\$20,428,699	39.02%
Tuition and fees	1,433,802	2.74%
Interest	1,958,196	3.74%
Other district revenue	820,270	1.57%
County retirement	4,115,000	7.86%
County transportation	327,764	0.63%
Total revenue from local and intermediate sources	29,083,731	55.56%
Revenue from State sources:		
State equalization	12,329,569	23.55%
State special education allowable costs	1,428,590	2.73%
State guarantee tax base subsidy	965,909	1.85%
State transportation	327,764	0.63%
State motor vehicle fee reimbursement	1,591,893	3.04%
State quality educator	1,216,152	2.32%
State capital investment and weatherization	502,360	0.96%
State one-time kindergarten	378,519	0.72%
Other State revenue	1,094,555	2.09%
Total revenue from State sources	19,835,311	37.89%
Revenue from Federal sources:		
Federal grants	3,056,508	5.84%
Federal food service	373,315	0.71%
Total revenue from Federal sources	3,429,823	6.55%
Total revenue	\$52,348,865	100.00%



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

Year	District Tax Levies	Motor Vehicle Fees & Taxes	Tuition & Fees	Interest	Other District Revenue	State of Montana	Federal	Total
1999	\$ 8,387,741	\$ 1,062,518	\$ 75,884	\$ 144,911	\$ 19,884	\$ 11,421,871	\$ -	\$ 21,112,809
2000	7,783,884	1,095,556	40,223	154,473	51,239	12,032,386	-	21,157,761
2001	8,097,527	1,029,919	48,290	199,449	7,979	13,353,798	-	22,736,962
2002	9,205,964	- *	52,469	118,684	9,324	13,903,333	-	23,289,774
2003	9,821,034	-	68,258	60,806	1,845	14,013,175	-	23,965,118
2004	10,997,343	-	71,168	45,038	8,314	13,802,002	-	24,923,865
2005	11,905,743	-	20,313	94,061	10,451	13,889,045	-	25,919,613
2006	12,954,456	-	41,541	141,486	2,658	14,833,593	-	27,973,734
2007	13,581,764	-	34,941	158,402	1,388	16,158,742	-	29,935,237
2008	\$ 13,195,792	\$ -	\$ 39,209	\$ 208,293	\$ 4,766	\$ 17,749,057	\$ -	\$ 31,197,117

* Beginning in Fiscal Year 2002, Motor Vehicle Fees & Taxes Revenues are distributed by the State of Montana as part of a School Block Grant.



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

Year	District Revenue	State Revenue	Total Revenue	October Enrollment	Revenue Per Student		
					District	State	Total
1999	\$ 9,690,938	\$ 11,421,871	\$ 21,112,809	5,091	\$ 1,904	\$ 2,244	\$ 4,148
2000	9,125,375	12,032,386	21,157,761	5,124	1,781	2,348	4,129
2001	9,383,164	13,353,798	22,736,962	5,167	1,816	2,584	4,400
2002	9,386,441	13,903,333	23,289,774	5,124	1,832	2,713	4,545
2003	9,951,943	14,013,175	23,965,118	5,101	1,951	2,747	4,698
2004	11,121,863	13,802,002	24,923,865	5,086	2,187	2,714	4,900
2005	12,030,568	13,889,045	25,919,613	5,198	2,314	2,672	4,986
2006	13,140,141	14,833,593	27,973,734	5,332	2,464	2,782	5,246
2007	13,776,495	16,158,742	29,935,237	5,356	2,572	3,017	5,589
2008	\$ 13,448,060	\$ 17,749,057	\$ 31,197,117	5,432	\$ 2,476	\$ 3,267	\$ 5,743

Source: District Records

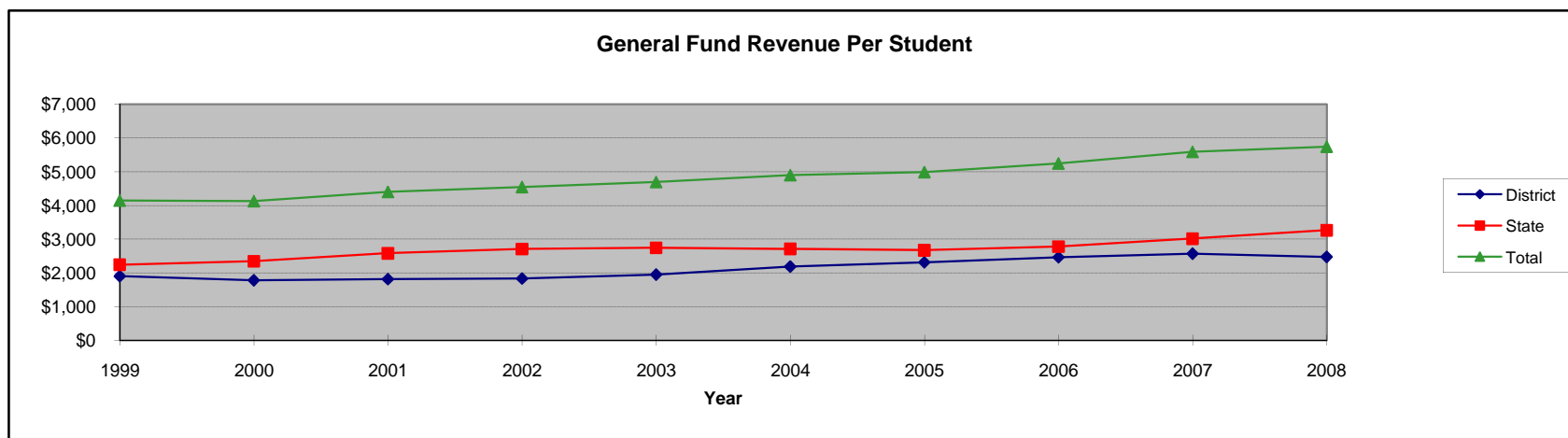


Table 13

BOZEMAN SCHOOL DISTRICT NO. 7
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population*	Assessed Value	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita
Elementary District:					
1999	37,769	\$ 62,309,317	\$ 14,384,487	23.09%	\$ 380.85
2000	40,025	62,205,986	13,493,145	21.69%	337.12
2001	41,198	63,029,015	12,474,911	19.79%	302.80
2002	42,364	65,933,754	11,632,520	17.64%	274.59
2003	44,202	71,248,110	10,998,345	15.44%	248.82
2004	46,121	76,622,721	9,713,055	12.68%	210.60
2005	47,786	81,999,997	8,532,420	10.41%	178.55
2006	48,933	89,208,819	21,381,452	23.97%	436.95
2007	49,961	97,593,808	25,550,000	26.18%	511.40
2008	50,460	\$ 105,927,728	\$ 41,005,000	38.71%	\$ 812.62
High School District:					
1999	44,582	\$ 80,543,387	\$ 1,564,919	1.94%	\$ 35.10
2000	46,365	81,093,432	1,443,175	1.78%	31.13
2001	47,580	82,371,906	1,294,215	1.57%	27.20
2002	48,698	86,437,851	1,164,862	1.35%	23.92
2003	50,466	93,657,419	1,058,523	1.13%	20.97
2004	52,298	101,740,692	881,823	0.87%	16.86
2005	53,898	109,245,300	712,504	0.65%	13.22
2006	55,191	119,033,013	15,042,895	12.64%	272.56
2007	56,350	130,732,377	29,545,000	22.60%	524.31
2008	56,913	\$ 143,039,516	\$ 38,305,000	26.78%	\$ 673.04

* 1999 Population estimated using relationship of Bozeman School District to the City of Bozeman and Gallatin County using United States Bureau of Census Information.

2000-2008 The 2000 population data were calculated by the School District Demographics Systems using actual 2000 census data. Future years have been increased by a relationship of the Bozeman School District to the City of Bozeman and Gallatin County using United States Bureau of Census Information.

Source: District Records
School District Demographics Systems
Gallatin County Assessor's Office

Table 14

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Legal Debt Margin
For the Year Ended June 30, 2008

Elementary District:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 31,139,955	\$ 30,585,060	\$ 29,670,189	\$ 29,670,189	\$ 32,061,650	\$ 34,480,224	\$ 36,899,999	\$ 40,143,969	\$ 43,442,825	\$ 52,963,864
Total net debt applicable to limit	14,384,487	15,893,145	14,634,911	13,552,520	12,678,345	11,153,055	11,712,420	25,381,638	30,172,341	50,054,561
Legal debt margin	<u>\$ 16,755,468</u>	<u>\$ 14,691,915</u>	<u>\$ 15,035,278</u>	<u>\$ 16,117,669</u>	<u>\$ 19,383,305</u>	<u>\$ 23,327,169</u>	<u>\$ 25,187,579</u>	<u>\$ 14,762,331</u>	<u>\$ 13,270,484</u>	<u>\$ 2,909,303</u>
Total net debt applicable to the limit as a percentage of debt limit	46.19%	51.96%	49.33%	45.68%	39.54%	32.35%	31.74%	63.23%	69.45%	94.51%

High School District:

Debt limit	\$ 36,244,524	\$ 36,698,738	\$ 38,897,033	\$ 38,897,033	\$ 42,145,839	\$ 45,783,311	\$ 49,160,385	\$ 53,564,856	\$ 58,279,834	\$ 71,519,758
Total net debt applicable to limit	1,564,919	3,243,175	2,914,215	2,604,862	2,318,523	1,961,823	1,612,504	42,662,895	42,010,000	38,665,000
Legal debt margin	<u>\$ 34,679,605</u>	<u>\$ 33,455,563</u>	<u>\$ 35,982,818</u>	<u>\$ 36,292,171</u>	<u>\$ 39,827,316</u>	<u>\$ 43,821,488</u>	<u>\$ 47,547,881</u>	<u>\$ 10,901,961</u>	<u>\$ 16,269,834</u>	<u>\$ 32,854,758</u>
Total net debt applicable to the limit as a percentage of debt limit	4.32%	8.84%	7.49%	6.70%	5.50%	4.29%	3.28%	79.65%	72.08%	54.06%

Legal Debt Margin Calculation for Fiscal Year 2008

District taxable valuation	\$ 105,927,728	\$ 143,039,516
Times: 50%	0.50	0.50
Legal Debt Service Limit *	<u>52,963,864</u>	<u>71,519,758</u>
General Obligation Bonds Payable	41,005,000	38,305,000
Limited Obligation Bonds Payable	2,249,561	-
Less: Cash Available for Retirement of Bonds	-	-
Net Amount of Bonds Payable Applicable to Limit	<u>43,254,561</u>	<u>38,305,000</u>
Outstanding Building Reserve Levy Authorized	<u>6,800,000</u>	<u>360,000</u>
Total Net Amount of Bonds Payable and Building Reserve Levy Applicable to Limit	50,054,561	38,665,000
Margin Above Bonds Payable and Building Reserve Levy	2,909,303	32,854,758
Less: General Obligation Bonds Authorized but Unused	-	-
Legal Debt Margin	<u>\$ 2,909,303</u>	<u>\$ 32,854,758</u>

* Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 50% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 50%. The state legislature changed the percentage used in item 1 and 2 above to 50% from 45% effective for fiscal years 2008 and beyond. The District taxable valuations for 2008 are used above and exceed the statewide average valuation method.

Table 15

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Direct and Overlapping General Obligation Bonded Debt
For the Fiscal Year Ended June 30, 2008

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:					
Issue 2002 (originally \$6,915,000)	\$ 3,860,000	100.0%	\$ 3,860,000	0.0%	\$ -
Issue 2003 (originally \$4,840,000)	785,000	100.0%	785,000	0.0%	-
Issue 2006 (originally \$14,100,000)	13,325,000	100.0%	13,325,000	0.0%	-
Issue 2007 (originally \$5,750,000)	5,535,000	100.0%	5,535,000	0.0%	-
Issue 2008 (originally \$17,500,000)	17,500,000	100.0%	17,500,000	0.0%	-
Bozeman High School District:					
Issue 2003 (originally \$1,135,000)	185,000	73.9%	136,715	26.1%	48,285
Issue 2006 (originally \$14,500,000)	13,700,000	73.9%	10,124,300	26.1%	3,575,700
Issue 2007 (originally \$14,975,000)	14,420,000	73.9%	10,656,380	26.1%	3,763,620
Issue 2008 (originally \$10,000,000)	<u>10,000,000</u>	73.9%	<u>7,390,000</u>	26.1%	<u>2,610,000</u>
Totals	<u>\$ 79,310,000</u>		<u>\$ 69,312,395</u>		<u>\$ 9,997,605</u>
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	\$ 11,026,800	52.7%	\$ 5,811,124	18.6%	\$ 2,050,985
City of Bozeman:					
Various Issues	<u>5,340,000</u>	100%	<u>5,340,000</u>	0.0%	<u>-</u>
Totals	<u>\$ 16,366,800</u>		<u>\$ 11,151,124</u>		<u>\$ 2,050,985</u>

Source: City, County and District Records

Table 16

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

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service*	Total General Subfund Expenditures	Percentage of Debt Service to General Subfund Expenditures
Elementary:					
1999	\$ 860,000	\$ 745,338	\$ 1,605,338	\$ 12,890,610	12.45%
2000	900,000	706,546	1,606,546	13,050,597	12.31%
2001	950,000	671,924	1,621,924	13,591,963	11.93%
2002	985,000	628,698	1,613,698	14,043,879	11.49%
2003	680,000	409,899	1,089,899	14,577,810	7.48%
2004	1,245,000	295,833	1,540,833	14,687,040	10.49%
2005	1,260,000	278,738	1,538,738	15,331,727	10.04%
2006	1,280,000	259,663	1,539,663	16,272,850	9.46%
2007	1,590,000	968,686	2,558,686	17,665,666	14.48%
2008	\$ 2,045,000	\$ 998,465	\$ 3,043,465	\$ 19,171,295	15.88%
High School:					
1999	\$ 120,000	\$ 80,768	\$ 200,768	\$ 7,838,212	2.56%
2000	125,000	75,788	200,788	8,127,224	2.47%
2001	130,000	71,606	201,606	8,654,065	2.33%
2002	140,000	64,755	204,755	9,185,596	2.23%
2003	70,000	34,250	104,250	9,517,351	1.10%
2004	170,000	19,932	189,932	9,874,696	1.92%
2005	175,000	18,063	193,063	10,396,647	1.86%
2006	175,000	16,525	191,525	11,682,387	1.64%
2007	475,000	779,433	1,254,433	12,364,274	10.15%
2008	\$ 1,240,000	\$ 1,206,761	\$ 2,446,761	\$ 12,499,272	19.58%

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 Income (2)	Unemployment Rate (3)
1999	37,769	44,582	\$ 23,236	2.9%
2000	40,025	46,365	25,139	3.7%
2001	41,198	47,580	26,121	3.4%
2002	42,364	48,698	26,890	3.4%
2003	44,202	50,466	28,929	3.3%
2004	46,121	52,298	30,907	3.2%
2005	47,786	53,898	32,434	2.8%
2006	48,933	55,191	N/A	2.2%
2007	49,961	56,350	N/A	2.3%
2008	50,460	56,913	N/A	3.2%

Sources and other information:

- (1) 1999 : Estimated based on relationship of Bozeman School District to the City of Bozeman and Gallatin County using United States Bureau of Census Information.
- 2000 - 2008 : The 2000 numbers were calculated by the School District Demographics Systems using actual 2000 census data. Future years have been increased by a relationship of the Bozeman School District 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) Department of Labor (Bureau of Labor Statistics) - Information only available for entire Gallatin County.

Table 18

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

2008		1999	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	8
Albertsons	7	Home Care Services	7
RightNow Technologies	7	Powerhouse Technologies	7
Wal-Mart	7	Wal-Mart	7
Zoot Enterprises	7	Albertsons	6
Bay Bar and Grill	6	Big Sky Publishing	6
Bozeman Daily Chronicle	6	Costco	6
Community Food Co-Op	6	Gran Tree Inn	6
Costco	6	Hamilton Stores	6
JTL Group Inc. - Belgrade	6	Holnam Inc.	6
Kenyon Noble Lumber & Hardware	6	Kenyon Noble Lumber & Hardware	6
Laidlaw Transit	6	Kmart	6
Martel Construction	6	Life Link International	6
McDonald's	6	Louisiana Pacific	6
Murdoch's Ranch & Home Supply	6	Martel Construction	6
On Site Management	6	Montana Conservation Corps	6
Ressler Chevrolet Cadillac & Toyota	6	Murdoch's Ranch & Home Supply	6
Riverside Country Club	6	Simkins-Hallin Lumber	6
Simkins-Hallin Lumber	6	Video Lottery Consultants	6
Williams Plumbing & Heating	6	Williams Plumbing and Heating	6
Public Employers By Class, Alphabetically	Employer Class Size	Public Employers By Class, Alphabetically	Employer Class Size
Montana State University	9	Montana State University	9
Bozeman School District #7	8	Bozeman School District #7	8
City of Bozeman	7	City of Bozeman	7
Gallatin County	7	Gallatin County	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)
Above numbers are for the Gallatin County

Table 19

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

Fiscal Year	Expenses ⁽¹⁾	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) ⁽²⁾	Pupil/ Certified Staff Ratio
2002	\$ 33,021,758	5,124	\$ 6,445	N/A	341.6	15.0
2003	34,390,968	5,101	6,742	4.61%	337.4	15.1
2004	36,805,330	5,086	7,237	7.34%	346.8	14.7
2005	39,359,730	5,198	7,572	4.63%	348.3	14.9
2006	42,144,136	5,332	7,904	4.38%	364.2	14.6
2007	46,175,077	5,356	8,621	9.07%	369.4	14.5
2008	\$ 49,944,777	5,432	\$ 9,195	6.70%	365.8	14.8

⁽¹⁾ Expenses are from Statement of Activities.

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

Note: The District implemented the full accrual GASB Statement # 34 reporting model in 2002. The Statement of Activities' expenses reported in column 2 are derived using this model. Ten years of data will be presented as they become available.

Source: District records

Table 20

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

	Fiscal Year											
	2002	2003	2004	2005	2006	2007	2008					
Instruction												
Certified Staff	315.0	309.2	319.2	317.5	327.9	333.0	330.4					
Classified Employees	40.6	44.0	46.5	55.9	57.9	61.4	64.3					
Support Services												
Certified Staff	25.6	27.2	26.6	30.8	36.3	36.4	37.8					
Classified Employees	29.0	31.1	34.7	36.6	35.2	41.1	36.9					
General Administration												
Administrators	4.0	4.0	4.0	5.0	5.0	5.0	5.0					
Certified Staff	1.0	1.0	1.0	-	-	0.0	0.0					
Classified Employees	21.5	22.2	23.0	24.8	26.5	24.1	29.3					
Building Administration												
Administrators	16.3	17.3	16.5	17.3	18.0	18.0	18.0					
Classified Employees	23.8	24.6	22.0	22.4	24.5	26.5	25.9					
Operations and Maintenance												
Administrators	1.0	1.0	1.0	1.0	1.0	2.0	2.0					
Classified Employees	37.4	39.4	40.5	40.4	41.2	41.5	44.1					
Student Transportation												
Classified Employees	2.1	2.0	1.9	2.6	2.5	3.1	3.6					
Food Services												
Classified Employees	24.4	26.5	28.7	33.6	31.0	32.0	30.7					
Extracurricular Activities												
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0					
Classified Employees	2.0	2.0	3.0	3.0	4.0	4.0	4.0					
Total	<u>544.7</u>	<u>552.5</u>	<u>569.6</u>	<u>591.9</u>	<u>612.0</u>	<u>629.1</u>	<u>633.0</u>					

Fiscal 2008 Summary	Admin.	Certified Staff	Classified Employees	Total FTE
Instruction	-	330.4	64.3	394.7
Support Services	-	37.8	36.9	74.7
General Administration	5.0	-	29.3	34.3
Building Administration	18.0	-	25.9	43.9
Operations and Maintenance	2.0	-	44.1	46.1
Student Transportation	-	-	3.6	3.6
Food Services	-	-	30.7	30.7
Extracurricular Activities	1.0	-	4.0	5.0
Total	<u>26.0</u>	<u>368.2</u>	<u>238.8</u>	<u>633.0</u>

Source: District Records
Ten years of data will be presented in this table as they become available.

Table 21

BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
November 15, 2007

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	48.7	13.2%	33.6%
Bachelor's Degree + 15 Credits	14.0	3.8%	
Bachelor's Degree + 30 Credits	10.5	2.9%	
Bachelor's Degree + 45 Credits	47.6	12.9%	
5th Year Degree + 45 Credits	3.0	0.8%	
Master's Degree	63.5	17.2%	66.4%
Master's Degree + 15 Credits	32.3	8.8%	
Master's Degree + 30 Credits	27.1	7.4%	
Master's Degree + 45 Credits	121.5	33.0%	
Total	<u>368.2</u>	<u>100.0%</u>	

Years of Experience	Full Time Equivalent	Percent of Total	
0 - 5	78.3	21.3%	
6 - 10	102.9	27.9%	
11 - 15	58.3	15.8%	
16 and Over	128.7	35.0%	
Total	<u>368.2</u>	<u>100.0%</u>	

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2008

	<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	37,547	340	316	92.9%
Irving	1939	33,860	360	346	96.1%
Whittier	1958	32,955	292	332	113.7% ⁽¹⁾
Hawthorne	1939	35,569	360	296	82.2%
Morning Star	1992	56,010	598	550	92.0%
Emily Dickinson	1992	56,012	518	516	99.6%
<u>6-8 Schools</u>					
Chief Josphe	2008	129,500	546	553	101.3%
Sacajawea	1996	97,456	750	591	78.8%
High School:					
Bozeman High School	1957	275,069	1,864	1832	98.3% ⁽²⁾
Bridger Alternative High School	1936	26,200	100	81	81.0%

⁽¹⁾ The District has received voter approval to build a 7th Elementary School (named Hyalite with an estimated 500 to 600 student capacity). The construction of this school is on schedule and will open in the Fall of 2009. Also, 40 students listed under Whittier and 40 students listed under Irving actually in attendance at the Sacajawea Middle School. When the new Hyalite Elementary School is open, enrollment will be more functionally distributed.

⁽²⁾ After the high school renovation, it is projected the high school will handle approximately 2,000 students.

Table 23

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Elementary Schools:										
<u>K-5 Schools</u>										
Longfellow	18%	19%	20%	16%	17%	18%	20%	16%	14%	14%
Irving	35%	40%	44%	34%	37%	40%	43%	43%	35%	37%
Whittier	34%	35%	41%	39%	43%	53%	53%	53%	46%	47%
Hawthorne	14%	13%	15%	11%	9%	11%	14%	17%	16%	15%
Morning Star	16%	15%	14%	8%	7%	8%	6%	7%	9%	8%
Emily Dickinson	21%	23%	25%	22%	19%	22%	18%	20%	22%	24%
<u>6-8 Schools</u>										
Chief Josph	17%	17%	17%	16%	22%	25%	20%	22%	21%	31%
Sacajawea	12%	14%	13%	12%	13%	14%	11%	13%	11%	13%
High School										
	N/A	N/A	N/A	8%	9%	9%	9%	12%	15%	12%

Source: Title I portion of ESEA consolidated applications

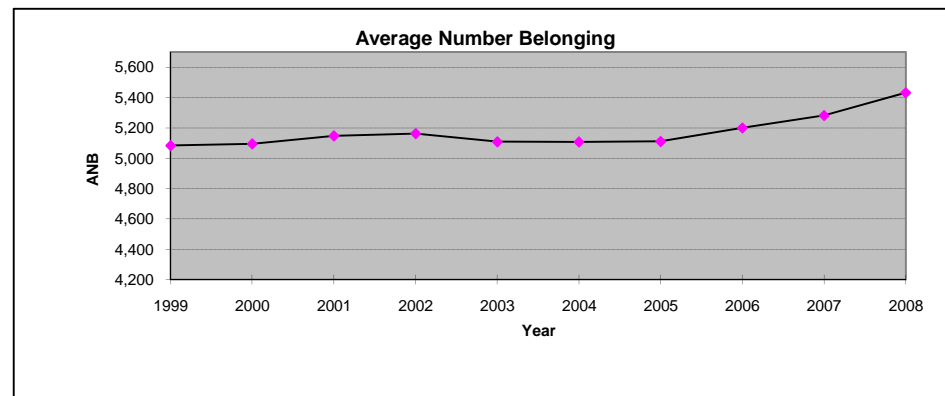
Table 24

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

Year Ended June 30	October Enrollment	Percent Increase (Decrease)	Average Number Belonging (ANB)		
			Amount	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
1999	5,091	(0.03)	5,084	1.2	99.8
2000	5,124	0.6	5,095	0.2	100.1
2001	5,167	0.8	5,148	1.0	100.5
2002	5,124	(0.8)	5,163	0.2	99.9
2003	5,101	(0.4)	5,109	(1.0)	99.7
2004	5,086	(0.2)	5,108	(0.02)	100.1
2005	5,198	2.2	5,111	0.06	100.5
2006	5,332	2.6	5,200	1.7	100.0
2007	5,356	0.5	5,282	1.6	99.1
2008	5,413	1.1	5,432	2.8	101.4

Source: District Records

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



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

I. Commercial Property & General Liability

- A. Policy #: ALA-64-A3-EX-0000007-03
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/07 - 7/1/08
- D. Coverages: Building and Contents, Property Floaters, General Liability and Crime
- E. Limits: \$1,000,000 per occurrence; \$2,000,000 aggregate

II. Automobile Liability & Physical Damage

- A. Policy #: ALA-64-A3-EX-0000007-03
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/07 - 7/1/08
- D. Coverages: Automobile Liability and Physical Damage
- E. Limits: \$1,000,000 per occurrence

III. Workers' Compensation Policy

- A. Policy #: 11042
- B. Carrier: Workers' Compensation Risk Retention Program
- C. Policy Period: 7/1/07 - 6/30/08

IV. Boiler and Machinery Policy

- A. Policy #: BMG 892 K7675
- B. Carrier: St. Paul Travelers Boiler
- C. Policy Period: 7/1/07 - 7/1/08
- D. Limits: 50,000,000 per occurrence

V. Educator's Legal Liability

- A. Policy #: ALA-64-A3-EX-0000007-03
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/07 - 7/1/08
- D. Limits: \$1,000,000 per occurrence

VI. Umbrella Liability

- A. Policy #: ALA-64-A3-EX-0000007-03
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/07 - 7/1/08
- D. Limits: \$9,000,000

VII. Commercial Employee Blanket Bond

- A. Policy #: ALA-64-A3-EX-0000007-03
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/07 - 7/1/08
- D. Limits: \$500,000 All Employees

SINGLE AUDIT SECTION



SCHOOL DISTRICT NO. 7
SCHEDULE OF FEDERAL AWARD EXPENDITURES
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantors Number	Program or Award Amount	Fund Balance at July 1, 2007	Revenues	Expenditures	Fund Balance at June 30, 2008
U.S. Department of Education							
Pass-through Montana Office of Public Instruction:							
Title I, Part A 06-07	84.010A	16-0350-31-07	\$ 862,673	\$ -	\$ 53,261	\$ 53,261	\$ -
Title I, Part A 07-08	84.010A	16-0350-31-08	805,850	-	789,394	789,394	-
Title II, Part A	84.367	16-0350-14-08	217,465	-	204,944	204,944	-
Title II, Part D	84.318	16-0350-60-08	13,467	-	12,864	12,864	-
Title IV, Part A	84.186A	16-0350-16-08	35,525	-	33,935	33,935	-
Title V, Part A	84.298	16-0350-39-08	191,794	-	183,212	183,212	-
IDEA-B Elementary	84.027A	16-0350-77-08-ALL0	1,118,165	-	1,083,826	1,083,826	-
IDEA-B Preschool	84.173A	16-0350-79-08-ALL0	30,089	-	30,089	30,089	-
Carl Perkins - Basic	84.048A	16-0351-81-08-BG	89,305	-	89,305	89,305	-
Adult Basic Education and Literacy	84.002	16-0351-56-08-BG	29,583	-	29,583	29,583	-
EL/Civics	84.002	16-0351-56-08-EL	16,680	-	16,680	16,680	-
Summer School Prevention	84.186B	06-B04-90119	5,769	-	5,769	5,769	-
Title III, Part A	84.365A	16-0351-41-08I	7,049	-	1,177	1,177	-
Total U.S. Department of Education Pass-Through			<u>\$ 3,423,414</u>	<u>\$ -</u>	<u>\$ 2,534,039</u>	<u>\$ 2,534,039</u>	<u>\$ -</u>
U.S. Department of Education Direct Programs:							
Impact Aid	84.041	N/A	\$ -	\$ 50	\$ 1	\$ 51	\$ -
Teaching American History # 2	84.215X	U215X040077	1,000,000	-	117,783	117,783	-
Teaching American History # 3	84.215X	U215X070020	1,000,000	-	312,156	312,156	-
Title VII Indian Education - 2007/2008	84.060A	S060A070430	13,280	-	13,280	13,280	-
Total U.S. Department of Education Direct			<u>\$ 2,013,280</u>	<u>\$ 50</u>	<u>\$ 443,220</u>	<u>\$ 443,270</u>	<u>\$ -</u>
U.S. Department of Agriculture:							
Pass-through Montana Office of Public Instruction:							
National School Lunch Program	10.555	N/A	\$ 372,815	\$ -	\$ 372,815	\$ 372,815	\$ -
School Wellness	10.555	N/A	500	-	500	500	-
Fair Value USDA Commodities	10.55	N/A	-	-	79,237	79,237	-
Total Department of Agriculture			<u>\$ 373,315</u>	<u>\$ -</u>	<u>\$ 452,552</u>	<u>\$ 452,552</u>	<u>\$ -</u>
U.S. Department of Justice:							
Pass-through City of Bozeman							
Secure Our Schools	16.710	2005CKWX0567	\$ 89,000	\$ -	\$ 79,250	\$ 79,250	\$ -
			<u>\$ 89,000</u>	<u>\$ -</u>	<u>\$ 79,250</u>	<u>\$ 79,250</u>	<u>\$ -</u>
U.S. Department of Health & Human Services:							
Pass-through Dept. of Health & Human Services - MT:							
Tobacco Agreement - FY 05	93.283	05-07-3-31-002-0	\$ 76,000	\$ 10,012	\$ -	\$ 4,909	\$ 5,103
Total Department of Health & Human Services			<u>\$ 76,000</u>	<u>\$ 10,012</u>	<u>\$ -</u>	<u>\$ 4,909</u>	<u>\$ 5,103</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 5,975,009</u>	<u>\$ 10,062</u>	<u>\$ 3,509,061</u>	<u>\$ 3,514,020</u>	<u>\$ 5,103</u>

Notes to Schedule of Federal Awards:

I. Summary of Significant Accounting Policies:

Basis of Accounting

This schedule was prepared on the modified accrual basis of accounting as described in Note I C. on page 45. Commodities are not reported as federal revenue in the fund financial statements or the government-wide statement of activities.

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

To the Board of Trustees
Bozeman School District No. 7

We have audited 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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of management of Bozeman School District No.7 and Board of Trustees, the Montana Department of Administration, the Montana Office of Public Instruction, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Ziemmueler + Co. P.C.

Bozeman, Montana
December 22, 2008



ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MSI GLOBAL ALLIANCE INDEPENDENT MEMBER FIRM

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
Bozeman School District No. 7

Compliance

We have audited the compliance of Bozeman School District No. 7 (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of Bozeman School District No.7 and Board of Trustees, the Montana Department of Administration, the Montana Office of Public Instruction, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zee Muehlen & Co. P.C.

Bozeman, Montana
December 22, 2008

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant Deficiency identified not considered to be material weaknesses?	No
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?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

84.298	Title V, Part A	\$183,212
84.215X	Teaching American History #2	\$117,783
84.215X	Teaching American History #3	\$312,156
10.555	National School Lunch Program	\$372,815

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED June 30, 2008

Financial Statement Findings:

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Other Matters:

None Reported

Prior Year Audit Finding:

2007-01 Extracurricular Activities
Implemented in fiscal year 2008