

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2010

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, 2010

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

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INTRODUCTORY SECTION





Bozeman Public Schools

404 West Main
P.O. Box 520
Bozeman, MT 59771-0520
Voice: (406) 522-6001
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Dr. Kirk J. Miller
Superintendent

Dr. Marilyn King
Assistant Superintendent
Instruction

Steven D. Johnson, CPA
Assistant Superintendent
Business and Operations

December 23, 2010

Letter of Transmittal

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

Dear Board Members:

Montana Law requires that Bozeman School District No. 7 annually publish audited financial statements within twelve months of the close of each fiscal year. This Comprehensive Annual Financial Report meets that requirement for the fiscal year ended June 30, 2010.

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, 2010, 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 48,993. The high school district covers approximately 850 square miles, and encompasses eight elementary districts (kindergarten through 8th grade (K-8) - Bozeman, Anderson,

Cottonwood, Gallatin Gateway, LaMotte, Malmborg, Monforton, and Sedan-Wilsaw. The estimated population of the high school district is 59,097. The school system is a public entity under the authority of the State of Montana.

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

The two separate legal entities make up one independent reporting entity clearly within the criteria established in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The District serves approximately 5,509 students and provides a full range of educational services appropriate to grade levels Pre-K through 12, as well as Adult Education. These include regular and enriched academic education, special education for students with disabilities and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics. The Bozeman Schools Foundation, Bozeman Hawk Booster Club, Bozeman Schools Friends of Music and the various parent organizations are separate legal entities. The 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.

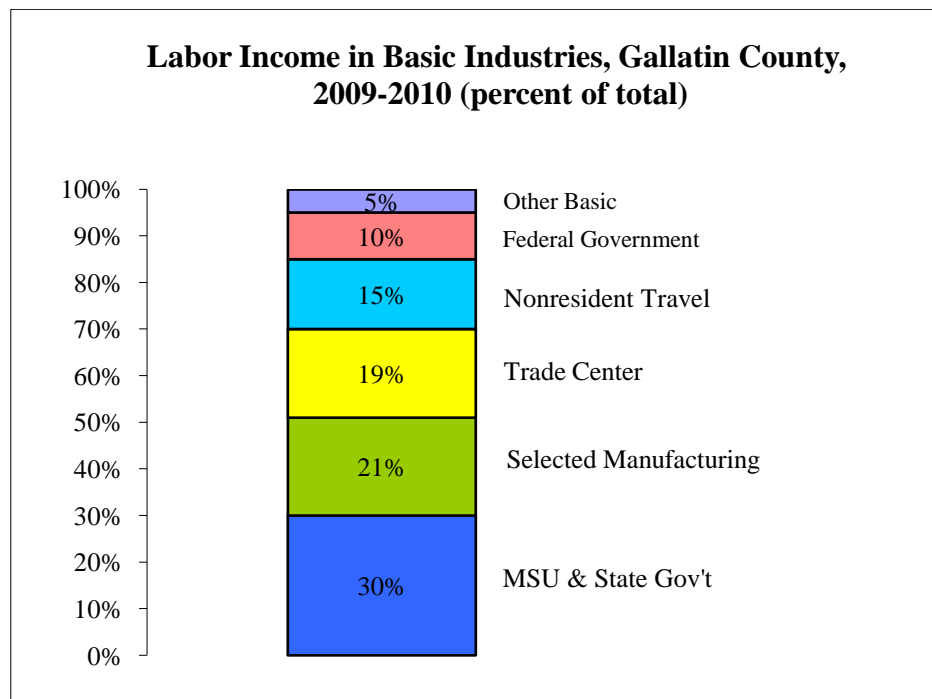
Montana State University - Bozeman (M.S.U.) represents a major economic activity in the District. M.S.U., with a fiscal year 2009-2010 annual budget of approximately \$354,540,000, employs approximately 3,544 employees (2,373 full time, 631 part time, and 540 graduate teaching and research assistants). With a student enrollment of 12,764 (Fall 2009), 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 2010 issue of the Montana Business Quarterly related to Bozeman and Gallatin County, are restated in the following paragraphs.

The housing/real estate bubble was largest in Bozeman, Big Sky, and elsewhere in Gallatin County. The corresponding bust in construction and real estate was particularly stark. In addition, the recession impacted nonresident travel, which accounts for about 15 percent of Gallatin County's economic base. On the bright side, manufacturing employment has been only modestly impacted, suggesting that there will not be a repeat of the significant high-tech layoffs of the 2001 recession.

Montana State University, other state agencies, and the federal government account for about 40 percent of the economic base and contribute stability to the local economy. But the two-year pay freeze for state workers will soften the positive stimulus of this sector. Growth is projected to return in 2010 and later, but the growth rates will be far below those posted from 2003 to 2007.



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 developed a long-range strategic plan (LRSP) in 2007-2008. The LRSP is helping to form the culture of the District and is becoming a valuable tool for moving the District forward. One of many intended outcomes of the LRSP is to provide a tool to assure available resources are appropriately allocated to accomplish attainable strategic outcomes. This Comprehensive Annual Financial Report (CAFR) helps demonstrate how valuable resources are received and spent.

Relevant Financial Policies

The Hyalite Elementary School was opened on time and under budget in the Fall of 2009. Montana law requires that remaining bond proceeds, following the completion of the project, be transferred to the Debt Service Fund and be used to pay the corresponding debt. In anticipation of a significant remaining balance from this building project, \$1,700,000 was transferred from the Building Fund to the Debt Service Fund in 2008-09 (\$500,000) and 2009-10 (\$1,200,000). The remaining balance, currently estimated to be around \$650,000, will be transferred in 2010-11 when the project is totally complete.

Long-Term Financial Planning

One-time only funds were appropriated to the District as part of the increased funds received during the 2009 Legislative Session. One-time funds have been a significant part of the State's funding for schools since 2005-06. The use of these funds was previously restricted by the legislature for facility maintenance and Indian Education for All. However, for the first time in the history of Montana, the 2009 legislature used one-time federal funds to finance a portion of their obligation to fund school district General Funds. In the past, care was taken not to build these one-time only sources of revenue into the ongoing expenditure obligations of the District. That is becoming increasingly difficult with one-time federal funds now paying a portion of the General Fund, which for the most part is comprised of ongoing obligations.

The Bozeman School District is almost finished with major renovations at the existing high school. In addition, a new 600-student elementary school was opened in the Fall of 2009. The administration and board of trustees feel that these projects are 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 of the new and upgraded facilities by passing significant bond issues over the past three years (\$41,400,000 High School and \$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, 2009. 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 twenty-first 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, 2009

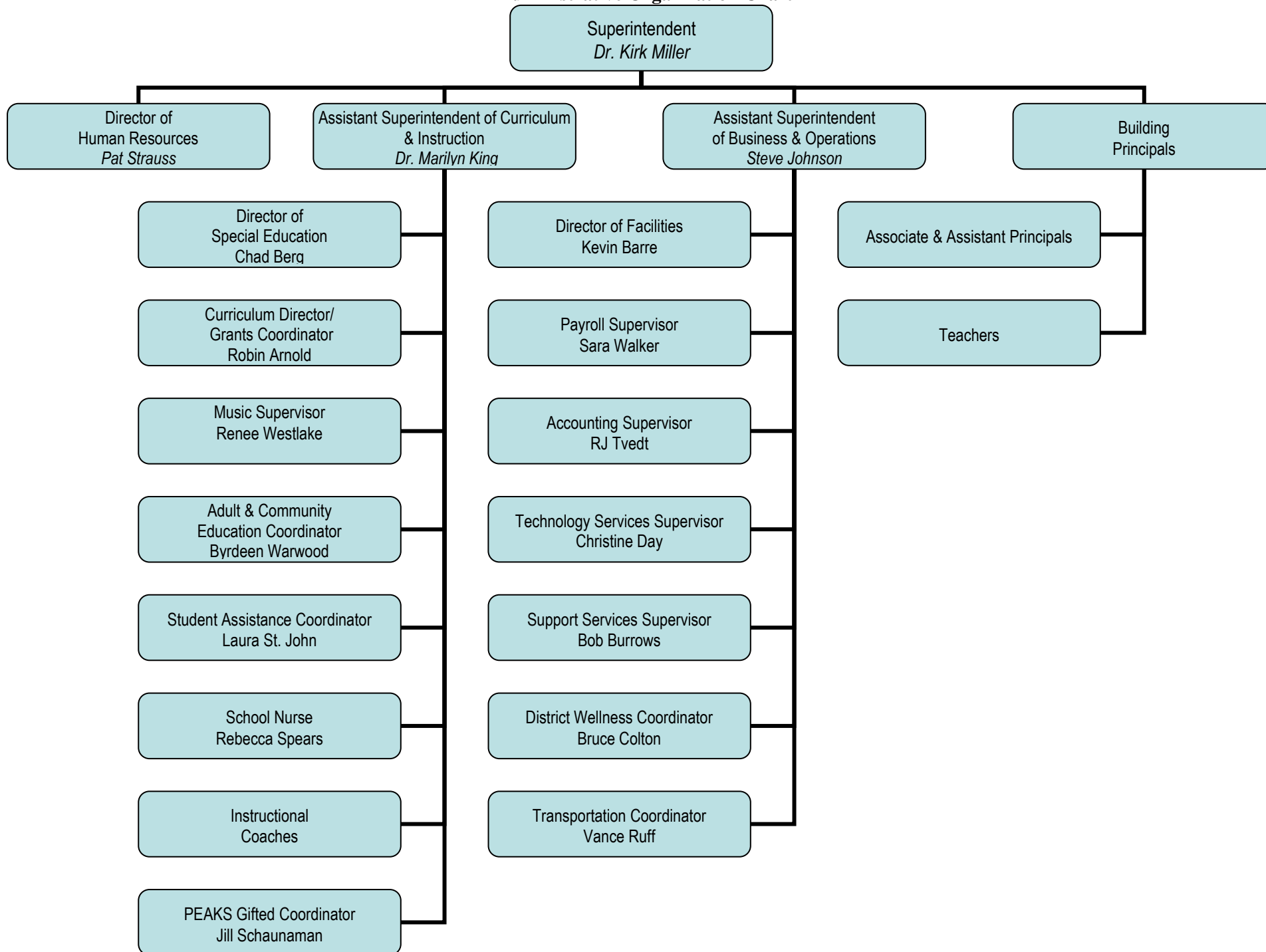
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**Bozeman Public School
Administrative Organization Chart**



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials
Board of Trustees

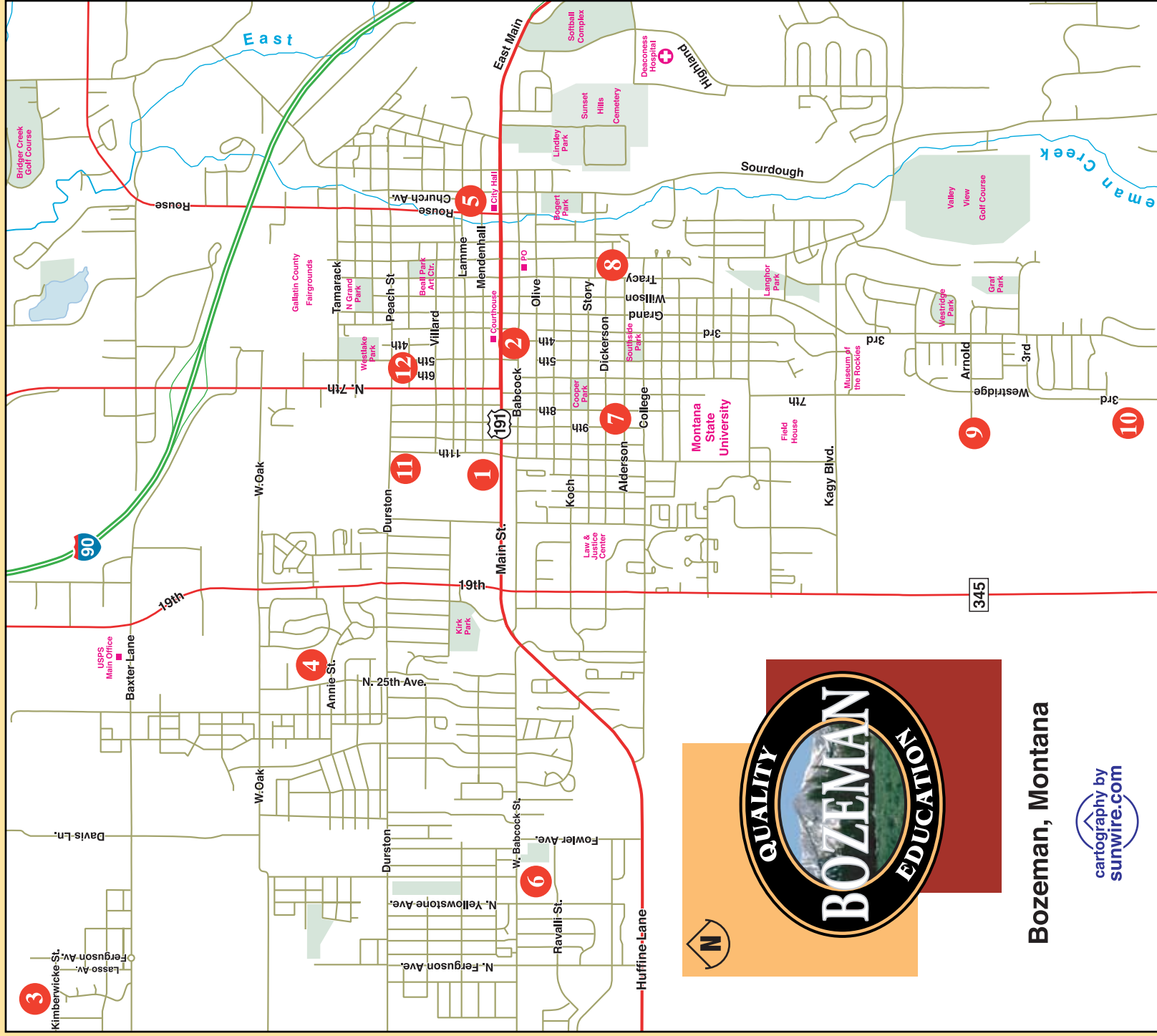
	<u>Term Expires April</u>
Denise HaymanChair	2012
Bruce GrubbsVice Chair	2013
Heide ArnesonTrustee	2011
Ed ChurchillTrustee	2012
Martha Collins.Trustee	2011
Gary LusinTrustee	2011
Sue MacGrath.Trustee	2013
Wendy Tage.Trustee	2012

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 2009-10

Regular	12
Special	33



Bozeman, Montana

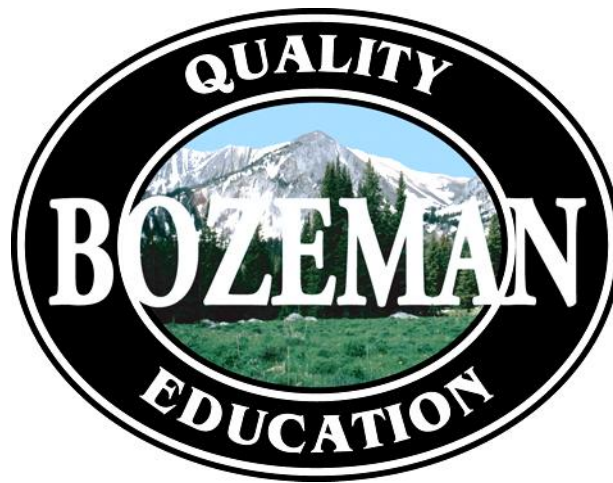


- 1 **Bozeman High School**
205 North 11th
522-6200
- 2 **Bridger Alternative High School**
404 W. Main Street
522-6100
- 2 **Central Administration Offices**
404 W. Main Street
522-6000
- 3 **Chief Joseph Middle School**
4255 Kimberwicke
522-6300

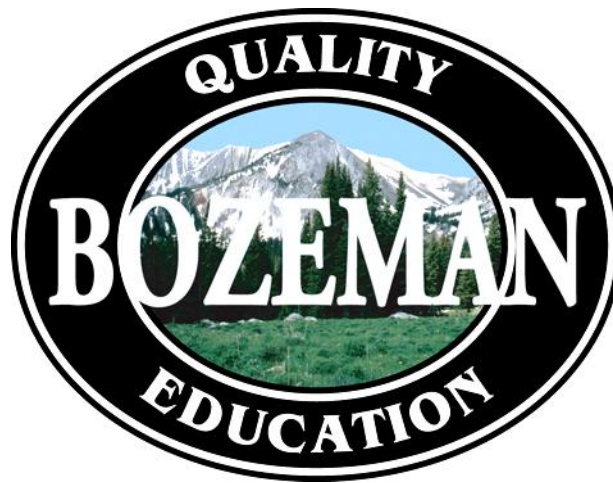
- 4 **Emily Dickinson Elementary**
2435 Annie Street
522-6650
- 5 **Hawthorne Elementary**
114 North Rouse
522-6700
- 6 **Hyalite Elementary School**
3600 West Babcock
582-6800
- 7 **Irving Elementary**
611 South 8th
522-6600

- 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, 2010, 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, 2010, and the respective changes in financial position, and cash flows where applicable, 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 23, 2010 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 should be considered in assessing the results of our audit.

The management's discussion and analysis and the Schedule of Funding Progress-Other Postemployment Healthcare Benefits are not a required part of the basic financial statements but are 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, supplemental information, supplemental information mandated by Montana Office of Public Instruction, and statistical sections (as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 supplemental information, supplemental information mandated by Montana Office Of Public Instruction, 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.

Andersen Zuercher & Co, P.C.

Bozeman, Montana
December 23, 2010

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. 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, High School Debt Service, Elementary Building Reserve, 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 2010". 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, High School Debt Service, Elementary Building Reserve, and High School Building Funds, which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and *schedules* elsewhere in this report.

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

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

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 103-106 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 107-109. 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 \$46,125,521 as of June 30, 2010. *Table 1* presents a comparative summary of the District's net assets for the fiscal years ended June 30, 2010 and 2009.

By far the largest portion of the District's net assets (72.1 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 21.1% 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 \$3,126,362 at the end of this year.

Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Assets

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 25,643,198	\$ 39,625,780
Capital assets	<u>100,937,598</u>	<u>89,031,605</u>
Total assets	<u>126,580,796</u>	<u>128,657,385</u>
Current liabilities	7,780,158	9,601,976
Long-term debt outstanding	<u>72,675,117</u>	<u>76,778,967</u>
Total liabilities	<u>80,455,275</u>	<u>86,380,943</u>
Net assets:		
Invested in capital assets, net of related debt	33,258,003	32,116,906
Restricted	9,741,156	6,904,765
Unrestricted	<u>3,126,362</u>	<u>3,254,771</u>
Total net assets	<u><u>\$ 46,125,521</u></u>	<u><u>\$ 42,276,442</u></u>

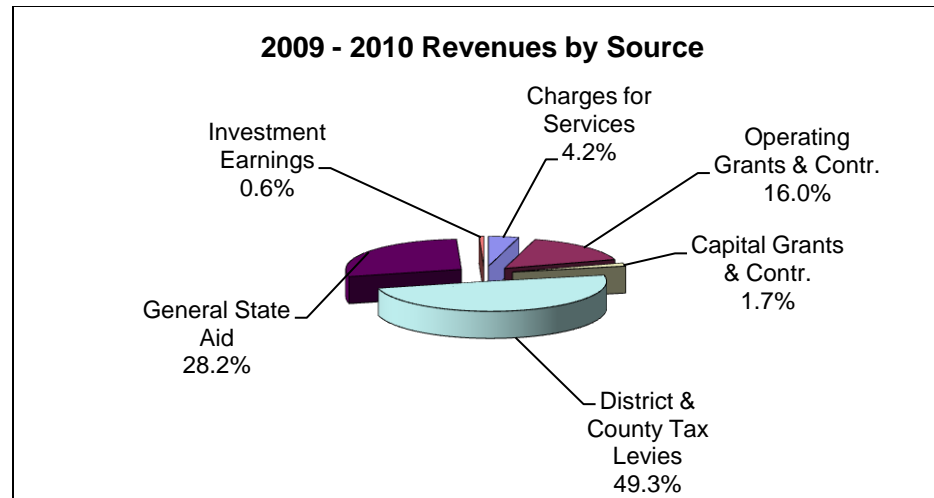
The District's net assets increased by \$3,849,079 during the current fiscal year. This increase resulted largely from the retirement of debt and modest investment earnings due to bond issuances.

Changes in net assets - As can be seen on *Table 2*, the Bozeman School District's governmental activities increased net assets by \$3,849,079, thereby accounting for 100 percent of the total growth in the net assets.

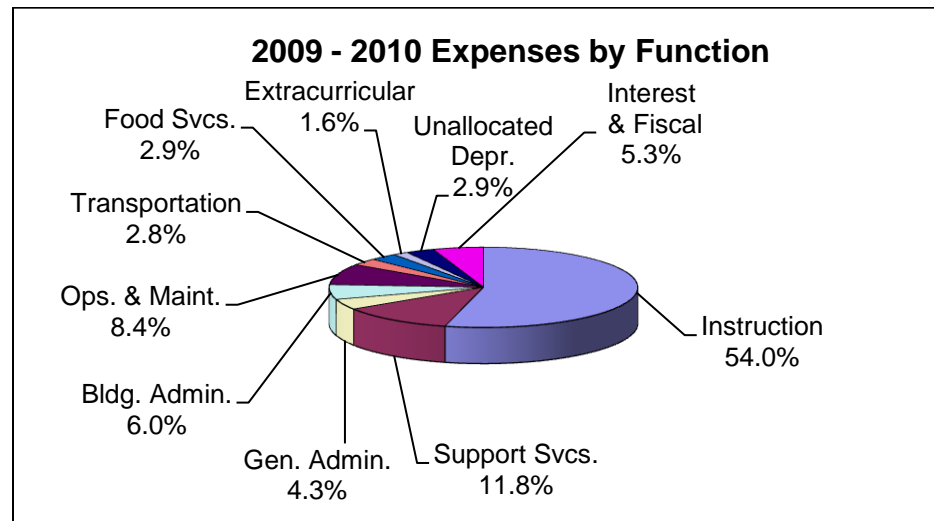
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Assets

	Governmental Activities	
	2010	2009
Revenues		
Program revenues:		
Charges for Services	\$ 2,572,000	\$ 2,340,243
Operating grants and contributions	9,639,736	8,463,278
Capital grants and contributions	1,001,944	307,076
General revenues:		
District property taxes	25,517,907	24,919,224
Investment earnings	404,319	1,437,886
Unrestricted county distribution - retirement	4,319,087	4,685,689
Unrestricted state equalization	12,631,646	13,069,595
Unrestricted state guaranteed tax base subsidy	1,489,387	1,334,192
Unrestricted state motor vehicle fee reimbursement	1,616,183	1,603,991
Unrestricted quality educator	1,247,959	1,231,076
Unrestricted other state revenue	85,836	184,689
Gain(loss) on disposal of capital assets	-	(1,042,207)
Total revenues	<u>60,526,004</u>	<u>58,534,732</u>
Program Expenses		
Instruction	30,604,653	28,152,194
Support services	6,705,443	5,592,822
General administration	2,408,966	2,334,476
Building administration	3,379,725	3,508,649
Operations and maintenance	4,785,116	4,624,960
Student transportation	1,578,194	1,663,428
Food services	1,627,069	1,705,634
Extracurricular activities	911,863	915,870
Unallocated depreciation	1,670,495	1,217,973
Interest and fiscal charges	3,005,401	3,510,039
Total expenses	<u>56,676,925</u>	<u>53,226,045</u>
Increase (decrease) in net assets	3,849,079	5,308,687
Net assets, beginning of year	<u>42,276,442</u>	<u>36,967,755</u>
Net assets, end of year	<u><u>\$ 46,125,521</u></u>	<u><u>\$ 42,276,442</u></u>

Approximately 22.2% 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 17.5% of the increase was due to increases in state operating and capital grants and contributions. The majority of the increase in total revenue resulted from a 56.6% increase in federal funding (almost exclusively attributable to stimulus funding received this fiscal year). The following chart illustrates the breakout of revenues by source.



Total expenses on *Table 2* increased by \$3,450,880 (6.5%) 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 depreciation 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 \$18,673,971, a decrease of \$12,383,759 due primarily to the large construction projects taking place in the elementary and high school districts.

The major high school building fund and nonmajor elementary building fund combined to make up almost 100% of the fund balance decrease. The major fund elementary building reserve had a fund balance increase of \$1,430,680 as the District is saving money for the major mechanical and electrical retrofit at Hawthorne Elementary School. The general fund (the fourth major fund) is the main operating fund of the Bozeman School District. Its fund balance decreased by 17.3%. This decrease was largely the result of the District's delinquent collection of taxes, protested taxes and delayed billing of personal property taxes.

The major high school building fund is still funding the construction the high school renovation project. At year end, unspent bond proceeds in this fund comprised nearly sixty percent of the governmental funds combined fund balance.

General fund budgetary highlights

The general fund's original and final budget were identical for the year ended June 30, 2010 (see statement on page 36). Actual revenues fell short of expected budgeted general fund revenues by \$465,595 (1.34%), which is a direct result of tax collections in the current year falling short of expectations.

General fund expenditures utilized 99.8% of the general fund budget. There was only one significant functional variance in the expenditure section which is found in the operations and maintenance line item. This was a positive 11.3% variance of which the largest single component was not expending the utilities emergency reserve due to a mild Winter.

Budgeted general fund balance reserves fell to 5.1% of the expenditure budget. This percentage is 51% of the state allowed 10% maximum and is still adequate to meet cash flow needs.

Student enrollment is critical in the calculation of general fund budget limits. The overall District K-12 enrollment has increased every year since 2004 (see Table 24). The October 2010 increase of 170 students was the largest increase since 1994 when K-12 enrollment grew by 175 students. This enrollment gain will increase the demand for resources but will also have a positive impact on the maximum budget allowed to service the educational needs of the students.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, the District had invested \$120.0 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an increase prior to depreciation of \$13,831,539 over 2009. Total depreciation expense for the year was \$1,920,847. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2010.

	Amount
Land	\$ 7,443,747
Land improvements	3,897,430
Buildings and improvements	56,706,352
Machinery and equipment	1,497,057
Construction in progress	31,417,181
Total	<u>\$100,961,767</u>

The total assets (net of depreciation) noted above includes \$24,169 of fiduciary net capital assets. Additional information on the District's capital assets can be found in Note III C on pages 55-57 of this report.

Debt Administration

At year-end, the District had \$77,221,172 in general and limited obligation bonds and other long-term debt outstanding, of which \$4,678,642 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2010, is presented below:

	Amount
General obligation bonds	\$ 71,643,946
Limited obligation bonds	1,584,178
Compensated absences	3,540,241
Voluntary termination benefits	358,453
Other postemployment benefits	94,354
Total	<u>\$ 77,221,172</u>

On May 1, 2010, the Elementary District was upgraded to an **Aa3** Moody's rating and the High School was upgraded to an **Aa2** Moody's rating for general obligation debt. State statutes currently limit the amount of the general obligation debt a District may issue. As of June 30, 2010, the current elementary legal debt margin is \$21,872,495 and the high school is \$34,112,223 (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 and board of trustees during the process of developing the fiscal year 2010-2011 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 3.2% to \$35,862,001 in fiscal year 2010-2011. Increased payroll and employee benefit costs are the primary reason for the increase.

Inflation rates continue to remain at relatively low levels. Inflation for fiscal year 2009 (June to June) was (1.4%) with it increasing to 1.10% in fiscal year 2010. The Consumer Price Index increased minimally by 0.36% from July 2010 through November 2010. The local cost of living within the Bozeman School District has kept

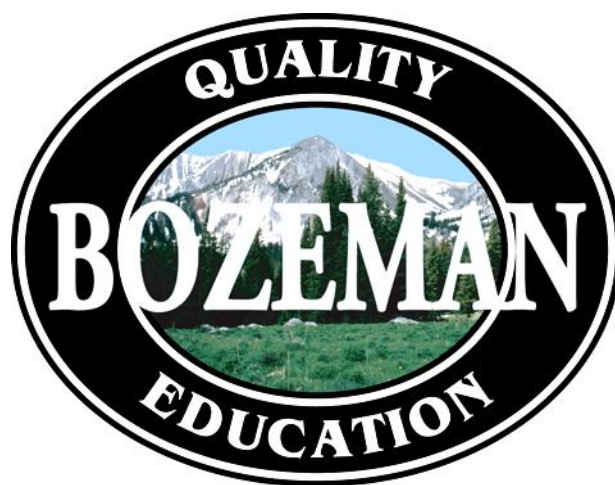
pace with that of the national economy. This fact was considered when evaluating the cost of living during collective bargaining negotiations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact 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, 2010

	Governmental Activities		Governmental Activities
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 17,715,493	Accounts payable	\$ 1,761,165
Investments	3,344,847	Accrued interest payable	231,721
Property taxes receivable(net of allowances for uncollectibles)	3,247,185	Retainages payable	25,000
Due from other governments	542,056	Unearned revenue	726,697
Accounts receivable	73,501	Due to other governments	356,933
Interest receivable	62,415	Bonds payable - due within one year	4,150,972
Inventory, at cost	156,530	Compensated absences - due within one year	312,193
Prepaid items	200,778	Voluntary termination benefits - due within one year	215,477
Total current assets	<u>25,342,805</u>	Total current liabilities	<u>7,780,158</u>
Noncurrent assets:		Noncurrent liabilities:	
Deferred bond issuance costs	300,393	Deferred bond premiums	132,587
Land	7,443,747	Bonds payable	69,077,152
Land improvements	5,189,378	Compensated absences	3,228,048
Buildings and improvements	71,227,427	Voluntary termination benefits	142,976
Machinery and equipment	4,725,969	Other postemployment benefits	94,354
Construction in progress	31,417,181	Total noncurrent liabilities	<u>72,675,117</u>
Less accumulated depreciation	(19,066,104)	Total liabilities	<u>80,455,275</u>
Total noncurrent assets	<u>101,237,991</u>		
Total assets	<u>\$ 126,580,796</u>	<u>NET ASSETS</u>	
		Invested in capital assets, net of related debt	33,258,003
		Restricted for:	
		Building reserve	3,198,346
		Bus depreciation	427,275
		Debt service	1,912,573
		Retirement	2,358,401
		Technology acquisition	861,560
		Transportation	831,559
		Other purposes	151,442
		Unrestricted	3,126,362
		Total net assets	<u>\$ 46,125,521</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, 2010

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	\$ 30,604,653	\$ 753,021	\$ 6,082,930	\$ -	\$ (23,768,702)
Support services	6,705,443	174,041	2,089,885	-	(4,441,517)
General administration	2,408,966	85,241	71,021	-	(2,252,704)
Building administration	3,379,725	168,610	163,827	-	(3,047,288)
Operations and maintenance	4,785,116	232,017	112,204	945,839	(3,495,056)
Student transportation	1,578,194	42,270	581,362	-	(954,562)
Food services	1,627,069	1,114,078	523,626	-	10,635
Extracurricular activities	911,863	2,722	14,881	56,105	(838,155)
Unallocated depreciation *	1,670,495	-	-	-	(1,670,495)
Interest and fiscal charges	3,005,401	-	-	-	(3,005,401)
Total governmental activities	\$ 56,676,925	\$ 2,572,000	\$ 9,639,736	\$ 1,001,944	\$ (43,463,245)
General revenues:					
					25,517,907
District property taxes					404,319
Investment earnings					
Intergovernmental revenue					
Unrestricted:					
County distribution - retirement					4,319,087
State equalization					12,631,646
State guaranteed tax base subsidy					1,489,387
State motor vehicle fee reimbursement					1,616,183
State quality educator					1,247,959
Other state revenue					85,836
Total general revenues					47,312,324
Changes in net assets					3,849,079
Net assets, beginning of year					42,276,442
Net assets, end of year					\$ 46,125,521

* 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, 2010

	General	High School Debt Service	Elementary Building Reserve	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,137,965	\$ -	\$ 2,635,098	\$ 4,227,348	\$ 8,576,223	\$ 16,576,634
Investments	698,580	-	-	1,435,847	888,305	3,022,732
Property taxes receivable	1,868,646	492,757	213,319	-	681,437	3,256,159
Due from other governments	300	-	-	-	541,756	542,056
Accounts receivable	6,122	-	-	-	66,070	72,192
Interest receivable	11,054	-	-	32,208	14,056	57,318
Inventory, at cost	-	-	-	-	21,388	21,388
Prepaid items	191,278	-	-	-	9,500	200,778
Total assets	\$ 3,913,945	\$ 492,757	\$ 2,848,417	\$ 5,695,403	\$ 10,798,735	\$ 23,749,257
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 84,169	\$ -	\$ 39,852	\$ 701,562	\$ 346,693	\$ 1,172,276
Bank overdraft	-	218,920	-	-	436	219,356
Deferred revenue	1,868,646	492,757	213,319	-	681,437	3,256,159
Unearned revenue	-	-	-	-	45,562	45,562
Due to other governments	-	-	-	-	356,933	356,933
Retainages payable	-	-	-	-	25,000	25,000
Total liabilities	1,952,815	711,677	253,171	701,562	1,456,061	5,075,286
Fund balances:						
Reserved:						
Encumbrances	148,567	-	-	-	-	148,567
Prepaid items	191,278	-	-	-	9,500	200,778
Debt service	-	(218,920)	-	-	1,216,988	998,068
Unreserved:						
Undesignated:						
General fund	1,621,285	-	-	-	-	1,621,285
Special revenue funds	-	-	-	-	6,884,962	6,884,962
Designated:						
Capital projects funds	-	-	2,595,246	4,993,841	1,231,224	8,820,311
Total fund balances	1,961,130	(218,920)	2,595,246	4,993,841	9,342,674	18,673,971
Total liabilities and fund balances	\$ 3,913,945	\$ 492,757	\$ 2,848,417	\$ 5,695,403	\$ 10,798,735	\$ 23,749,257

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, 2010

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

Total fund balances - governmental funds (page 32)	\$ 18,673,971
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$120,003,702 and the accumulated depreciation is \$19,066,104.	100,937,598
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.	3,256,159
Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net assets.	(8,974)
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	\$ 73,292,039
Compensated absences	3,540,241
Voluntary termination benefits	358,453
	(77,190,733)
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.	457,500
Total net assets - governmental activities (page 28)	<u><u>\$ 46,125,521</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General	High School Debt Service	Elementary Building Reserve	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
District property taxes	\$ 14,520,782	\$ 3,293,896	\$ 1,863,873	\$ -	\$ 5,204,502	\$ 24,883,053
Tuition and fees	42,773	-	-	-	1,266,565	1,309,338
Interest	85,100	-	16,737	100,890	137,449	340,176
Other district revenue	5,276	-	814	-	1,007,217	1,013,307
Gallatin County	-	-	-	-	4,643,079	4,643,079
State of Montana	18,735,240	-	-	-	2,254,182	20,989,422
Federal	890,503	-	-	-	4,213,711	5,104,214
Total revenues	<u>34,279,674</u>	<u>3,293,896</u>	<u>1,881,424</u>	<u>100,890</u>	<u>18,726,705</u>	<u>58,282,589</u>
Expenditures:						
Current -						
Instruction	22,119,293	-	-	277,191	6,786,599	29,183,083
Support services	3,920,855	-	253	-	2,653,790	6,574,898
General administration	1,707,065	-	-	2,628	556,747	2,266,440
Building administration	2,571,038	-	-	-	592,039	3,163,077
Operations and maintenance	3,469,799	-	5,072	195,787	1,029,782	4,700,440
Student transportation	5,763	-	-	-	1,569,409	1,575,172
Food services	-	-	-	11,040	1,592,385	1,603,425
Extracurricular activities	835,084	-	-	-	66,490	901,574
Capital outlay	-	-	152,860	11,430,476	2,185,578	13,768,914
Debt service -						
Principal retirement	-	1,530,000	292,059	-	2,160,000	3,982,059
Interest and fiscal charges	-	1,477,522	500	-	1,476,414	2,954,436
Bond issuance costs	-	-	-	-	56,742	56,742
Total expenditures	<u>34,628,897</u>	<u>3,007,522</u>	<u>450,744</u>	<u>11,917,122</u>	<u>20,725,975</u>	<u>70,730,260</u>
Excess (deficiency) of revenues over expenditures	<u>(349,223)</u>	<u>286,374</u>	<u>1,430,680</u>	<u>(11,816,232)</u>	<u>(1,999,270)</u>	<u>(12,447,671)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	1,281,921	1,281,921
Current refunding bonds issued	-	-	-	-	3,275,000	3,275,000
Premium on general obligation debt	-	-	-	-	110,840	110,840
Payments to refunded bond escrow agent	-	-	-	-	(3,321,928)	(3,321,928)
Transfers out	(60,000)	-	-	-	(1,221,921)	(1,281,921)
Total other financing sources (uses)	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,912</u>	<u>63,912</u>
Net changes in fund balances	<u>(409,223)</u>	<u>286,374</u>	<u>1,430,680</u>	<u>(11,816,232)</u>	<u>(1,875,358)</u>	<u>(12,383,759)</u>
Fund balances, beginning of year	<u>2,370,353</u>	<u>(505,294)</u>	<u>1,164,566</u>	<u>16,810,073</u>	<u>11,218,032</u>	<u>31,057,730</u>
Fund balances, end of year	<u>\$ 1,961,130</u>	<u>\$ (218,920)</u>	<u>\$ 2,595,246</u>	<u>\$ 4,993,841</u>	<u>\$ 9,342,674</u>	<u>\$ 18,673,971</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, 2010**

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) **\$ (12,383,759)**

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 (\$13,768,914) exceeded depreciation (\$1,881,090) in the current period in addition to the value of contributed capital assets of \$56,105 for this fiscal year. Governmental funds do not report capital contributions as revenue. 11,943,929

Deferred revenue in the governmental funds are reported on the full accrual method in the government-wide financial statements. 634,854

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. 3,970,506

The current period net increase in compensated absences and voluntary termination benefits payable did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds. (166,982)

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 income of the internal service funds is reported with governmental activities. (149,469)

Change in net assets of governmental activities (page 29) **\$ 3,849,079**

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, 2010

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
District property taxes	\$ 15,028,303	\$ 14,520,782	\$ (507,521)
Tuition and fees	60,000	42,773	(17,227)
Interest	105,512	85,100	(20,412)
Other district revenue	4,733	5,276	543
State of Montana	18,656,218	18,735,240	79,022
Federal	890,503	890,503	-
Total revenues	<u>34,745,269</u>	<u>34,279,674</u>	<u>(465,595)</u>
Expenditures:			
Current -			
Instruction	21,761,844	22,171,589	(409,745)
Support services	3,779,995	3,922,743	(142,748)
General administration	1,843,416	1,707,113	136,303
Building administration	2,566,410	2,573,178	(6,768)
Operations and maintenance	3,913,219	3,469,799	443,420
Student transportation	6,492	5,763	729
Extracurricular activities	873,893	835,084	38,809
Total expenditures	<u>34,745,269</u>	<u>34,685,269</u>	<u>60,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(405,595)</u>	<u>(405,595)</u>
Other financing sources (uses):			
Transfers out	-	(60,000)	(60,000)
Total other financing sources (uses)	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>
Net change in fund balances	-	(465,595)	(465,595)
Fund balances, beginning of year	<u>2,278,158</u>	<u>2,278,158</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,278,158</u>	<u>\$ 1,812,563</u>	<u>\$ (465,595)</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, 2010

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,358,215
Investments	322,115
Accounts receivable	1,309
Interest receivable	5,097
Inventory, at cost	135,142
Total current assets	<u>1,821,878</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	385,641
Less accumulated depreciation	<u>(290,735)</u>
Net capital assets	<u>94,906</u>
Total assets	<u>1,916,784</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	588,889
Unearned revenue	<u>681,135</u>
Total current liabilities	<u>1,270,024</u>
Noncurrent liabilities:	
Other postemployment benefits	<u>94,354</u>
Total noncurrent liabilities	<u>94,354</u>
Total liabilities	<u>1,364,378</u>
<u>NET ASSETS</u>	
Invested in capital assets	94,906
Unrestricted	<u>457,500</u>
Total net assets	<u>\$ 552,406</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, 2010

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	\$ 6,422,841
Charges for Wellness services	112,519
Total operating revenues	<u>6,535,360</u>
Operating expenses:	
Administrative expenses	252,180
Communications	39,001
Contracted bus services	148,153
Depreciation	37,936
Excess risk insurance	403,767
Health, dental and vision claims	4,966,836
Materials and supplies	310,238
Other postemployment benefits	48,143
Repairs and maintenance	24,899
Salaries and benefits	243,335
Wellness	227,902
Total operating expenses	<u>6,702,390</u>
Operating income (loss)	<u>(167,030)</u>
Nonoperating revenues (expenses):	
Interest	17,561
Total nonoperating revenues (expenses)	<u>17,561</u>
Change in net assets	(149,469)
Total net assets, beginning of year	<u>701,875</u>
Total net assets, end of year	<u><u>\$ 552,406</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 6,617,050
Payments for insurance claims	(5,038,948)
Payments to employees	(243,335)
Payments to suppliers	(1,395,376)
	<u>(60,609)</u>
Net cash provided(used) by operating activities	<u>(60,609)</u>
Cash flows from investing activities:	
Interest received	19,904
	<u>19,904</u>
Net cash provided(used) by investing activities	<u>19,904</u>
Net increase(decrease) in cash and cash equivalents	(40,705)
Cash and cash equivalents - 7/01/09	1,398,920
Cash and cash equivalents - 6/30/10	<u><u>\$ 1,358,215</u></u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:	
Operating income(loss)	\$ (167,030)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation	37,936
(Increase) decrease in accounts receivable	4,953
(Increase) decrease in inventories	10,644
Increase (decrease) in accounts payable	(71,991)
Increase (decrease) in other postemployment benefits	48,143
Increase (decrease) in unearned insurance premiums	76,736
	<u>106,421</u>
Net cash provided(used) by operating activities	<u><u>\$ (60,609)</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, 2010

	Private-Purpose Trust
<u>ASSETS</u>	
Cash and cash equivalents	\$ 671,514
Investments	276,757
Accounts receivable	551
Land improvements	25,390
Machinery and equipment	5,000
Less accumulated depreciation	(6,221)
Total assets	<u>972,991</u>
<u>LIABILITIES</u>	
Accounts payable	<u>4,394</u>
Total liabilities	<u>4,394</u>
<u>NET ASSETS</u>	
Held in trust	<u><u>\$ 968,597</u></u>

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, 2010

	Private-Purpose Trust Funds
Additions:	
Auctions	\$ 39,785
Contributions	12,775
Extracurricular receipts and fees	1,212,742
Medicaid direct billing receipts	669,633
Total noninvestment trust additions	<u>1,934,935</u>
Investment earnings:	
Interest	<u>4,542</u>
Total additions	<u>1,939,477</u>
Deductions:	
Administrative expenses	80,985
Depreciation	1,821
Extracurricular activities	1,244,561
Payments to consortium members	590,917
Professional services	1,252
Scholarships	16,863
Total deductions	<u>1,936,399</u>
Changes in net assets	3,078
Net assets, beginning of year	<u>965,519</u>
Net assets, end of year	<u><u>\$ 968,597</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, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

School District No. 7 was established under Montana law to provide educational services below the College and University level to residents of the District. Generally accepted accounting principles require that these financial statements present School District No. 7 (the primary government) and all component units, if any. 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, high school debt service, elementary building reserve 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 *high school debt service fund* accounts for the annual payment of principal, interest and expenditures on long-term obligation debt.

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

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 for the Worthy Student Scholarship on behalf of the Bozeman Schools Foundation, 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 although not all extracurricular funds are held in a "purely" custodial nature, the school board does have limited power to deny expenditures (and also deny the creation of the fund as a school district account in the first place).

It is the District's practice to eliminate the net income (loss) generated by interfund activity. This was implemented to comply with the GAAP requirement to consolidate internal activities in the government-wide statement of activities. Direct expenses of departments paying for the interfund activity (i.e. health insurance, 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. \$81,475 of the Middle and High School Student Extracurricular Funds (which are Private-Purpose Trust Funds) and \$19,507 of the Self-Insurance Fund are in various interest bearing checking accounts. \$189,325 of the nonexpendable high school endowment fund (private-purpose trust) is in interest bearing bank insured deposit accounts.

The County Treasurer, at the direction of the District, invests the pooled cash in nonfiduciary funds pursuant to State Law (MCA 20-9-213 [4]). Allowable investments include direct obligations of the United States Government and some United States Agencies (not to exceed five years), savings or time deposits in a state or national bank, building and loan association, savings and loan association, or credit union insured by the FDIC or NCUA located in the State, or in a repurchase agreement. It is also allowable to invest monies under the State Unified Investment Program (STIP) established in Title 17, Chapter 6, MCA. STIP has invested in derivatives, but the nature of those transactions, the reason for entering into them and the School District's exposure to credit is not available to the School District for disclosure. As of June 30, 2010, the District had zero funds invested in STIP through the Gallatin County external investment pool.

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

The School District considers all highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents. With this in mind, the entire amount of the Gallatin County investment pool is considered cash equivalents. The investments listed in the nonfiduciary financial statements are entirely comprised of Federal Home Loan Mortgage Corporation bonds with remaining maturities varying from less than a month to nine months. 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 \$8,974 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 \$211,377 for the fiscal year ended June 30, 2010 (the VCOP Plan is entirely employer funded). The District had 11 past employees participating in these plans on June 30, 2010.

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 is reflected in the financials as a long term liability following the guidance of GASB Statement No. 45. See Note IV C for more details of this liability.

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 (when issued) are reported as other financing sources. Premiums (if present) received on the debt issuances would be reported as other financing sources while discounts (if present) on debt issuances would be reported as other financing uses. 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 2009.

While the Bozeman School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law allows accounting for certain year end appropriations as encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presented for the District's major governmental fund(General) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. 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	\$ (409,223)
Adjustment for Encumbrances	<u>(56,372)</u>
Budget Basis	<u><u>\$ (465,595)</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. However, the elementary debt service fund conducted a current refunding of a general obligation debt in September, 2009. This "other financing source/use" activity exceeded the \$0 budget that was allocated for this area and is allowed under the statute listed above.

D. Deficit fund equity

The High School Debt Service fund had a deficit fund balance of \$218,920 as of June 30, 2010. This deficit was largely the result of taxes not being levied against a part of the tax base (in error) by the Gallatin County Treasurer. These taxpayers were assessed this shortfall late in the current fiscal year. Collections in the next fiscal year should reduce this deficit dramatically. The High School Tuition fund had a \$436 deficit fund balance as of June 30, 2010. This deficit resulted from revenue collections trailing levied amounts. Additional mills are allowed to be levied in the future to make up for this deficit.

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	\$ 4,734
County Treasurer's Investment Pool	18,087,787
Cash in Government Obligations money market	4,179
Cash in checking	100,982

Cash in D.A. Davidson bank insured deposits	189,325
Total	<u>\$ 18,387,007</u>

Investments consist of:

	Investment Mkt Value	Credit Risk Standard & Poor's Corporate Bond Rating	Interest Rate Risk Weighted Average Maturity (Years)
Federal Home Loan Mortgage Corporation	3,344,847	AAA	0.39
Mutual Funds	276,757	AAA	0.00
Total investment cost	<u>\$ 3,621,604</u>		
Portfolio weighted average maturity			0.39

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 \$81,475 which is fully insured by the FDIC. \$19,507 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 in the vast majority of the District's funds. The fiduciary Nonexpendable High School Endowment fund had cash spread amongst four nonlocal banks through its D.A. Davidson investment account. The mutual funds listed above were also purchased with this same Endowment fund and is an allowable investment option for fiduciary funds.

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

institution in which the deposit is made has a net worth to total assets ratio of 6% or more; and 100% if the ratio is less than 6%.

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

B. Receivables

Receivables as of June 30, 2010, for the District's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	High School Debt Service	Elementary Building Reserve	High School Building	Nonmajor and Other Funds	Total
Receivables:						
Accounts	\$ 6,122	\$ -	\$ -	\$ -	\$ 67,930	\$ 74,052
Interest	11,054	-	-	32,208	19,153	62,415
Property taxes receivable	1,868,646	492,757	213,319	-	681,437	3,256,159
Gross receivables	1,885,822	492,757	213,319	32,208	768,520	3,392,626
Less: allowance for Uncollectibles	(5,258)	(1,164)	(575)	-	(1,977)	(8,974)
Net total receivables	<u>\$ 1,880,564</u>	<u>\$ 491,593</u>	<u>\$ 212,744</u>	<u>\$ 32,208</u>	<u>\$ 766,543</u>	<u>\$3,383,652</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 \$3,256,159 deferred revenue and \$45,562 unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$1,505,950	\$ -
Delinquent property taxes receivable (High School Debt Service)	492,757	-
Delinquent property taxes receivable (Elem. Building Reserve)	213,319	-
Delinquent property taxes receivable (Nonmajor governmental funds)	681,437	-
Food Service and elementary grants (Nonmajor governmental funds)	-	45,562
Total deferred revenue for governmental funds	<u>\$3,256,159</u>	<u>\$ 45,562</u>

The Self-Insurance internal service fund had unearned revenue of \$681,135 as of June 30, 2010, 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, 2010 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	33,199,471	11,624,543	(13,406,833)	31,417,181
Total capital assets, not being depreciated	40,643,218	11,624,543	(13,406,833)	38,860,928
Capital assets, being depreciated:				
Land improvements	4,210,567	978,811	-	5,189,378
Buildings and improvements	57,099,744	14,127,683	-	71,227,427
Machinery and equipment	4,225,154	500,815	-	4,725,969
Total capital assets being depreciated	65,535,465	15,607,309	-	81,142,774
Less accumulated depreciation for:				
Land improvements	(1,056,959)	(234,999)	-	(1,291,948)
Buildings and improvements	(13,085,579)	(1,435,496)	-	(14,521,075)
Machinery and equipment	(3,004,550)	(248,531)	-	(3,253,081)
Total accumulated depreciation	(17,147,078)	(1,919,026)	-	(19,066,104)
Total capital assets, being depreciated, net	48,388,387	13,688,283	-	62,076,670
Governmental activities capital assets, net	<u>\$ 89,031,605</u>	<u>\$ 25,312,826</u>	<u>\$ (13,406,833)</u>	<u>\$100,937,598</u>

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

Governmental activities:	
Instruction	\$ 123,869
Support services	5,759
General administration	23,375
Operations and maintenance	37,340
Student transportation	2,549
Food services	14,930
Extracurricular activities	2,773
Unallocated depreciation (buildings and land improvements)	1,670,495
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>37,936</u>
Total depreciation expense - governmental activities	<u>\$1,919,026</u>

Fiduciary Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, being depreciated:				
Land improvements	\$ 18,870	\$ 6,520	\$ -	\$ 25,390
Machinery and equipment	5,000	-	-	5,000
Less accumulated depreciation	(4,400)	(1,821)	-	(6,221)
Fiduciary activities capital assets, net	<u>\$ 19,470</u>	<u>\$ 4,699</u>	<u>\$ -</u>	<u>\$ 24,169</u>

Depreciation expense in the fiduciary funds amounted to \$1,821 in the 2009-2010 fiscal year.

Construction commitments - The District has active construction projects as of June 30, 2010. 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 High School renovation	\$ 3,829,524	\$ 227,325
Construction contract for High School renovation	27,195,534	1,709,089
Engineering contract for Willson parking lot impr.	9,140	7,249
Construction contract for Willson parking lot impr.	12,403	87,887

Architecture contract for Whittier 4,5,6 reroof	12,319	4,031
Construction contract for Whittier 4,5,6 reroof	593	154,595
Architecture contract for Hawthorne Phase 1 and 2	224,618	73,702
Construction contract for Hawthorne Phase 1	58,937	476,053
Total	<u>\$ 31,343,068</u>	<u>\$ 2,739,931</u>

The high school building fund is responsible for the High School renovation. The Willson parking lot improvement is being funded by the elementary and high school building reserve funds. State capital grants and the elementary building reserve fund are funding the Whittier reroof project and the Hawthorne electrical/mechanical phase one (and phase two planning).

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>
<u>Transfer Out:</u>	Nonmajor Governmental Funds
General Fund	\$ 60,000
Nonmajor governmental funds	<u>1,221,921</u>
Total	<u>\$ 1,281,921</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 \$1,221,921 transfer above is comprised of 2 transfers. The first being a \$1,200,000 transfer from the Elementary Building Fund to the corresponding Debt Service Fund as the Hyalite Elementary School project is coming in well under budget. This is the second transfer to date and a final transfer of approximately \$650,000 is anticipated in the 2010-11 school year when the project is complete. The remaining transfer portion of \$21,921 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 \$83,740,000. During the current fiscal year, general obligation bonds totaling \$3,275,000 were issued to refund the outstanding Elementary 2002 series general obligation bonds.

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

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2010	Due Within One Year
2006 Elementary	\$14,100,000	20	4.00 - 5.25%	\$ 12,280,000	\$ 555,000
2007 Elementary	5,750,000	19	3.75 - 4.20%	5,095,000	230,000
2008 Elementary	17,500,000	20	3.00 - 4.25%	16,580,000	625,000
2009 Elementary	3,275,000	4	3.00 - 3.00%	2,470,000	800,000
Subtotal				<u>36,425,000</u>	<u>2,210,000</u>
2006 High School	14,500,000	20	4.00 - 5.25%	12,625,000	570,000
2007 High School	14,975,000	19	4.10 - 4.50%	13,295,000	600,000
2008 High School	10,000,000	18	3.00 - 4.00%	9,340,000	420,000
Subtotal				<u>35,260,000</u>	<u>1,590,000</u>
Total				<u>\$ 71,685,000</u>	<u>\$ 3,800,000</u>

Annual debt service requirements to maturity on general obligation bonds at June 30, 2010, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2011	\$ 3,800,000	\$ 2,827,000	\$ 6,627,000
2012	3,955,000	2,683,512	6,638,512
2013	4,110,000	2,541,339	6,651,339
2014	3,400,000	2,392,652	5,792,652
2015	3,545,000	2,264,177	5,809,177
2016-2020	20,080,000	9,137,901	29,217,901
2021-2025	24,685,000	4,789,594	29,474,594
2026-2028	8,110,000	489,862	8,599,862
Total	<u>\$ 71,685,000</u>	<u>\$ 27,126,037</u>	<u>\$ 98,811,037</u>

Current Refunding

In the current fiscal year, the District issued \$3,275,000 of general obligation bonds for a current refunding of a \$3,270,000 general obligation bond. The reacquisition price exceeded the net carrying amount of the old debt by \$51,928. This amount is being netted against the new debt and being amortized over the life of the new debt (which was one year shorter than the remaining life of the old debt). This current refunding resulted in a total economic gain of \$149,862 and a reduction of \$176,314 in future debt service payments.

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, 2010	Due Within One Year
2003 Elementary	\$ 1,586,000	9	0%	\$ 569,290	\$ 192,275
2006 Elementary	1,459,250	9	0%	1,014,888	158,697
				<u>\$ 1,584,178</u>	<u>\$ 350,972</u>

Annual debt service requirements to maturity of limited obligation bonds at June 30, 2010, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Investment Earnings	Total
2011	\$ 292,059	\$ 58,913	\$ 350,972
2012	292,059	71,696	363,755
2013	292,059	55,601	347,660
2014	140,553	35,551	176,104
2015	140,553	41,767	182,320
2016	140,553	22,814	163,367
Total	<u>\$ 1,297,836</u>	<u>\$ 286,342</u>	<u>\$ 1,584,178</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligations bonds	\$75,370,000	\$3,275,000	\$ (6,960,000)	\$71,685,000	\$3,800,000
Limited obligations bonds	1,922,819	-	(338,641)	1,584,178	350,972
Less deferred amounts:					
Excess reacquisition costs	-	(51,928)	10,874	(41,054)	-
Total bonds payable	<u>77,292,819</u>	<u>3,223,072</u>	<u>(7,287,767)</u>	<u>73,228,124</u>	<u>4,150,972</u>
Compensated absences	3,388,670	415,733	(264,162)	3,540,241	312,193
Voluntary termination benefits	343,042	226,788	(211,377)	358,453	215,477
Other postemployment benefits	<u>46,211</u>	<u>48,143</u>	<u>-</u>	<u>94,354</u>	<u>-</u>
Total governmental activity					
Long-term liabilities	<u>\$81,070,742</u>	<u>\$3,913,736</u>	<u>\$ (7,763,306)</u>	<u>\$77,221,172</u>	<u>\$4,678,642</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, 2010, legal debt limitations were as follows:

TAXING DISTRICT

	<u>Elementary</u>	<u>High School</u>
Legal Debt Service Limitation	\$58,664,685	\$69,372,223

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. The 2008 Elementary General Obligation Bonds were used for the construction of the District's seventh elementary school named Hyalite Elementary School. The 2009 Elementary General Obligation Bonds current refunded a previous 2002 issue which in turn had advanced refunded bonds originally issued and used to build the Sacajawea Middle 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, 2010 are as follows:

<u>Fund Name</u>	<u>Fund Type</u>	<u>Amount</u>
Elementary building reserve	Capital projects	\$ 2,808,565
High school building reserve	Capital projects	389,781
Elementary bus depreciation	Special revenue	212,523
High school bus depreciation	Special revenue	214,752
Elementary debt service	Debt service	1,638,736
High school debt service	Debt service	273,837
Elementary retirement	Special revenue	1,368,675
High school retirement	Special revenue	989,726
Elementary technology acquisition	Special revenue	337,249
High school technology acquisition	Special revenue	524,311
Elementary transportation	Special revenue	496,093
High school transportation	Special revenue	335,466
Other purposes:		
Elementary tuition	Special revenue	590
High school tuition	Special revenue	963
Adult education	Special revenue	149,889
Total restricted net assets		<u>\$ 9,741,156</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, 2010, was \$105,860. The District had guaranteed 7,000,000 copies per year for the four year lease just ended. The future minimum lease payments for the one year lease extension are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2011	<u>73,650</u>
Total	<u><u>\$ 73,650</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 also buys commercial 'stop-loss' policies through Blue Cross Blue Shield for claims in excess of the 125% amount and for claims in excess of \$175,000 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>
2008	\$ 553,549	\$ 4,105,006	\$ 4,068,147	\$ 590,408
2009	590,408	3,894,279	3,927,300	557,387
2010	557,387	4,887,654	4,966,836	478,205

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 Montana Public Employees Retirement Administration. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the state legislature.

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
P.O. Box 200139
Helena, MT 59620-0139
(406) 444-3134

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

Contribution rates for both plans are required and established by the state legislature. The contribution rates for 2010, 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%	2.49%	17.11%
PERS	6.80%	6.90%	0.37%	14.07%
Total	<u>14.27%</u>	<u>14.05%</u>	<u>2.86%</u>	<u>31.18%</u>

The amounts contributed to the plans during the year ended June 30, 2008, 2009 and 2010 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>2008</u>	<u>2009</u>	<u>2010</u>
TRS	\$ 3,673,054	\$ 3,838,549	\$ 4,087,265
PERS	<u>698,264</u>	<u>686,589</u>	<u>704,929</u>
Total	<u>\$ 4,371,318</u>	<u>\$ 4,525,138</u>	<u>\$ 4,792,194</u>

The State's contribution to the plans in 2010 was approximately \$637,213 for TRS and \$18,875 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. Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 45 Other Postemployment Benefits, the District has calculated and included a post employment benefit liability for the fiscal year ended June 30, 2010.

Plan Description

Bozeman School District maintains a single-employer self-insured medical plan. The plan currently provides defined healthcare insurance benefits for eligible employees, retirees, spouses and dependents, included are medical, dental, and vision benefits. Participation is elected by the retiree at the time of retirement. The plan has options for pre Medicare insurance benefits and for Medicare supplemental insurance benefits. There is no separate, audited GAAP-basis postemployment benefit plan report available for the self-insured medical defined benefit plan.

Funding Policy

The required contribution for the District is based on a pay-as-you-go financing requirement using a level percentage of pay amortization method over 30 years.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 199,907
Interest on net OPEB obligation	3,697
Adjustment to annual required contribution	<u>(1,765)</u>
Annual OPEB cost (expense)	201,839
Contributions made	<u>(153,696)</u>
Increase in net OPEB obligation	48,143
Net OPEB obligation - beginning of year	<u>46,211</u>
Net OPEB obligation - end of year	<u>\$ 94,354</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ended June 30, 2010 and 2009 (1 more year will be added to this table when available -this is the second year GASB 45 required an actuary for the District) are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$199,907	76.9%	\$ 46,211
June 30, 2010	\$201,839	76.1%	\$ 94,354

Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. As of June 30, 2010, the Plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$2,114,553, and the actual value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,114,553. The District is currently (and for the foreseeable future) not planning on funding the AAL. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

As of June 30, 2010, the District's actuarially accrued liability (AAL) for benefits was \$2,114,554. The AAL by status breakdown is shown below:

Actives (participating)	\$ 1,203,803
Actives (not currently participating)	62,473
Retirees	<u>848,277</u>
Total AAL	<u>\$ 2,114,553</u>
 Normal Cost	 <u>\$ 112,364</u>
 Participant information	
Actives (participating)	512
Actives (not currently participating)	147
Retirees	<u>117</u>
Total	<u>\$ 776</u>

The following key assumptions were chosen by the District:

1. Funding method used was Entry Age Normal Cost, level percent of pay
2. Discount Rate: 4.25%
3. Salary increase of 4.25% for PERS employees; 4.5% per year for TRS employees

4. Healthcare Trend Rate(2009 - 8%, 2010 - 8%, 2011 - 7%, then reduced linearly to 5% by 2015, and remaining at that level thereafter
5. Participation Rate: 40% of current Active medical plan participants; 10% of actives not participating
6. Marital Assumption: 80% of currently active participants are assumed to be married; of these 70% are assumed to elect coverage for their spouse in retirement, with husbands assumed to be 3 years older than their wives

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

D. Subsequent events

There have been no significant subsequent events of the District to report.

E. Contingencies

As of June 30, 2010, the District was not involved in any lawsuits.

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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2010

The year ended June 30, 2009, was the year of transition for GASB Statement No. 45, therefore, requirements of GASB Statement No. 45 have been implemented prospectively. Hence, the below illustration does not reflect similar information respective of years preceding June 30, 2009. The annual OPEB costs, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2009 and 2010 for the Retiree Health Plan are as follows:

ANNUAL OPEB COST				
Retiree Health Plan	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
	6/30/2009	\$ 199,907	76.9%	\$ 46,211
	6/30/2010	\$ 201,839	76.1%	\$ 94,354

The funded status of the plan was as follows:

FUNDED STATUS	
(a) Actuarial accrued liability (AAL)	\$ 2,114,554
(b) Actuarial value of plan assets (UAAL)	-
Unfunded actuarial accrued liability (funding excess) [(a) - (b)]	<u>\$ 2,114,554</u>
Funded ratio (b) / (a)	0.0%
(c) Covered payroll	Not available
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (({a) - (b)} / (c))	Not available

SCHEDULE OF FUNDING PROGRESS							
Retiree Medical Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
	6/30/09	\$ -	\$ 2,114,554	\$ 2,114,554	0%	Not Available	Not Available
	6/30/10	\$ -	\$ 2,114,554	\$ 2,114,554	0%	Not Available	Not Available

Supplemental Information



Combining Financial Statements



General Fund

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL GENERAL SUBFUNDS
JUNE 30, 2010

	Elementary General Subfund	High School General Subfund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 411,945	\$ 726,020	\$ 1,137,965
Investments	698,580	-	698,580
Property taxes receivable	1,099,022	769,624	1,868,646
Due from other governments	300	-	300
Accounts receivable	3,475	2,647	6,122
Interest receivable	11,054	-	11,054
Prepaid items	95,439	95,839	191,278
Total assets	\$ 2,319,815	\$ 1,594,130	\$ 3,913,945
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 54,286	\$ 29,883	\$ 84,169
Deferred revenue	1,099,022	769,624	1,868,646
Total liabilities	1,153,308	799,507	1,952,815
Fund balances:			
Reserved:			
Encumbrances	101,879	46,688	148,567
Prepaid items	95,439	95,839	191,278
Unreserved:			
Undesignated	969,189	652,096	1,621,285
Total fund balances	1,166,507	794,623	1,961,130
Total liabilities and fund balances	\$ 2,319,815	\$ 1,594,130	\$ 3,913,945

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	\$ 8,838,095	\$ 5,682,687	\$ 14,520,782
Tuition and fees	14,856	27,917	42,773
Interest	66,414	18,686	85,100
Other district revenue	4,211	1,065	5,276
State of Montana	11,926,214	6,809,026	18,735,240
Federal	544,757	345,746	890,503
Total revenues	<u>21,394,547</u>	<u>12,885,127</u>	<u>34,279,674</u>
Expenditures:			
Current -			
Instruction	14,213,963	7,905,330	22,119,293
Support services	2,504,984	1,415,871	3,920,855
General administration	866,137	840,928	1,707,065
Building administration	1,880,136	690,902	2,571,038
Operations and maintenance	1,881,430	1,588,369	3,469,799
Student transportation	5,232	531	5,763
Extracurricular activities	175,217	659,867	835,084
Total expenditures	<u>21,527,099</u>	<u>13,101,798</u>	<u>34,628,897</u>
Excess (deficiency) of revenues over expenditures	<u>(132,552)</u>	<u>(216,671)</u>	<u>(349,223)</u>
Other financing sources (uses):			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(60,000)</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(60,000)</u>
Net change in fund balances	(162,552)	(246,671)	(409,223)
Fund balances, beginning of year	<u>1,329,059</u>	<u>1,041,294</u>	<u>2,370,353</u>
Fund balances, end of year	<u><u>\$ 1,166,507</u></u>	<u><u>\$ 794,623</u></u>	<u><u>\$ 1,961,130</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ 9,113,599	\$ 8,838,095	\$ (275,504)	\$ 5,914,704	\$ 5,682,687	\$ (232,017)
Tuition and fees	15,000	14,856	(144)	45,000	27,917	(17,083)
Interest	80,678	66,414	(14,264)	24,834	18,686	(6,148)
Other district revenue	3,474	4,211	737	1,259	1,065	(194)
State of Montana	11,860,874	11,926,214	65,340	6,795,344	6,809,026	13,682
Federal	544,757	544,757	-	345,746	345,746	-
Total revenues	<u>21,618,382</u>	<u>21,394,547</u>	<u>(223,835)</u>	<u>13,126,887</u>	<u>12,885,127</u>	<u>(241,760)</u>
Expenditures:						
Current -						
Instruction	14,163,876	14,273,375	(109,499)	7,597,968	7,898,214	(300,246)
Support services	2,407,432	2,505,991	(98,559)	1,372,563	1,416,752	(44,189)
General administration	948,666	866,161	82,505	894,750	840,952	53,798
Building administration	1,836,401	1,880,976	(44,575)	730,009	692,202	37,807
Operations and maintenance	2,093,153	1,881,430	211,723	1,820,066	1,588,369	231,697
Student transportation	4,940	5,232	(292)	1,552	531	1,021
Extracurricular activities	163,914	175,217	(11,303)	709,979	659,867	50,112
Total expenditures	<u>21,618,382</u>	<u>21,588,382</u>	<u>30,000</u>	<u>13,126,887</u>	<u>13,096,887</u>	<u>30,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(193,835)</u>	<u>(193,835)</u>	<u>-</u>	<u>(211,760)</u>	<u>(211,760)</u>
Other financing sources (uses):						
Transfers out	-	(30,000)	(30,000)	-	(30,000)	(30,000)
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Net change in fund balances	<u>-</u>	<u>(223,835)</u>	<u>(223,835)</u>	<u>-</u>	<u>(241,760)</u>	<u>(241,760)</u>
Fund balances, beginning of year	<u>1,288,463</u>	<u>1,288,463</u>	<u>-</u>	<u>989,695</u>	<u>989,695</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,288,463</u>	<u>\$ 1,064,628</u>	<u>\$ (223,835)</u>	<u>\$ 989,695</u>	<u>\$ 747,935</u>	<u>\$ (241,760)</u>

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2010

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,080,003	\$ 1,216,988	\$ 1,279,232	\$ 8,576,223
Investments	888,305	-	-	888,305
Property taxes receivable	235,754	421,748	23,935	681,437
Due from other governments	541,756	-	-	541,756
Accounts receivable	47,631	-	18,439	66,070
Interest receivable	14,056	-	-	14,056
Inventory, at cost	21,388	-	-	21,388
Prepaid items	9,500	-	-	9,500
Total assets	\$ 7,838,393	\$ 1,638,736	\$ 1,321,606	\$ 10,798,735
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 305,246	\$ -	\$ 41,447	\$ 346,693
Bank overdraft	436	-	-	436
Deferred revenue	235,754	421,748	23,935	681,437
Unearned revenue	45,562	-	-	45,562
Due to other governments	356,933	-	-	356,933
Retainages payable	-	-	25,000	25,000
Total liabilities	943,931	421,748	90,382	1,456,061
Fund balances:				
Reserved:				
Prepaid items	9,500	-	-	9,500
Debt service	-	1,216,988	-	1,216,988
Unreserved:				
Undesignated	6,884,962	-	-	6,884,962
Designated for capital outlay	-	-	1,231,224	1,231,224
Total fund balances	6,894,462	1,216,988	1,231,224	9,342,674
Total liabilities and fund balances	\$ 7,838,393	\$ 1,638,736	\$ 1,321,606	\$ 10,798,735

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, 2010

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
District property taxes	\$ 1,811,399	\$ 3,218,483	\$ 174,620	\$ 5,204,502
Tuition and fees	1,266,565	-	-	1,266,565
Interest	86,006	15,265	36,178	137,449
Other district revenue	736,888	296	270,033	1,007,217
Gallatin County	4,643,079	-	-	4,643,079
State of Montana	2,254,182	-	-	2,254,182
Federal	4,213,711	-	-	4,213,711
Total revenues	<u>15,011,830</u>	<u>3,234,044</u>	<u>480,831</u>	<u>18,726,705</u>
Expenditures:				
Current -				
Instruction	6,520,219	-	266,380	6,786,599
Support services	2,108,653	-	545,137	2,653,790
General administration	556,747	-	-	556,747
Building administration	588,503	-	3,536	592,039
Operations and maintenance	621,908	-	407,874	1,029,782
Student transportation	1,569,409	-	-	1,569,409
Food services	1,592,385	-	-	1,592,385
Extracurricular activities	66,490	-	-	66,490
Capital outlay	1,113,716	-	1,071,862	2,185,578
Debt service -				
Principal retirement	-	2,160,000	-	2,160,000
Interest and fiscal charges	-	1,476,414	-	1,476,414
Bond issuance costs	-	56,742	-	56,742
Total expenditures	<u>14,738,030</u>	<u>3,693,156</u>	<u>2,294,789</u>	<u>20,725,975</u>
Excess (deficiency) of revenues over expenditures	<u>273,800</u>	<u>(459,112)</u>	<u>(1,813,958)</u>	<u>(1,999,270)</u>
Other financing sources (uses):				
Transfers in	81,921	1,200,000	-	1,281,921
Current refunding bonds issued	-	3,275,000	-	3,275,000
Premium on general obligation debt	-	110,840	-	110,840
Payments to refunded bond escrow agent	-	(3,321,928)	-	(3,321,928)
Transfers out	(21,921)	-	(1,200,000)	(1,221,921)
Total other financing sources (uses)	<u>60,000</u>	<u>1,263,912</u>	<u>(1,200,000)</u>	<u>123,912</u>
Net change in fund balances	333,800	804,800	(3,013,958)	(1,875,358)
Fund balances, beginning of year	<u>6,560,662</u>	<u>412,188</u>	<u>4,245,182</u>	<u>11,218,032</u>
Fund balances, end of year	<u><u>\$ 6,894,462</u></u>	<u><u>\$ 1,216,988</u></u>	<u><u>\$ 1,231,224</u></u>	<u><u>\$ 9,342,674</u></u>



Nonmajor Special Revenue Funds

Budgeted:

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

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

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

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

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

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, 2010

	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	\$ 399,481	\$ 210,077	\$ 499	\$ 693,534	\$ 1,214,858	\$ 184,005	\$ 312,759
Investments	-	-	-	574,957	-	-	-
Property taxes receivable	96,281	2,446	91	-	-	-	24,490
Due from other governments	-	-	-	91,086	168,866	-	-
Accounts receivable	338	-	-	-	43,948	-	-
Interest receivable	-	-	-	9,098	-	-	-
Inventory, at cost	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	6,000	-	-
Total assets	\$ 496,100	\$ 212,523	\$ 590	\$ 1,368,675	\$ 1,433,672	\$ 184,005	\$ 337,249
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 7	\$ -	\$ -	\$ -	\$ 4,364	\$ -	\$ -
Bank overdraft	-	-	-	-	-	-	-
Deferred revenue	96,281	2,446	91	-	-	-	24,490
Unearned revenue	-	-	-	-	4,994	-	-
Due to other governments	-	-	-	-	356,933	-	-
Total liabilities	96,288	2,446	91	-	366,291	-	24,490
Fund balances:							
Reserved:							
Prepaid items	-	-	-	-	6,000	-	-
Unreserved:							
Undesignated	399,812	210,077	499	1,368,675	1,061,381	184,005	312,759
Total fund balances	399,812	210,077	499	1,368,675	1,067,381	184,005	312,759
Total liabilities and fund balances	\$ 496,100	\$ 212,523	\$ 590	\$ 1,368,675	\$ 1,433,672	\$ 184,005	\$ 337,249

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	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	\$ 131,745	\$ 277,007	\$ 212,004	\$ 224,426	\$	\$ 606,094	\$ 599,963
Investments	-	-	-	-	-	313,348	-
Property taxes receivable	-	58,465	2,748	-	1,399	-	-
Due from other governments	-	-	-	3,249	-	65,326	183,279
Accounts receivable	-	-	-	3,335	-	-	10
Interest receivable	-	-	-	-	-	4,958	-
Inventory, at cost	-	-	-	21,388	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 131,745</u>	<u>\$ 335,472</u>	<u>\$ 214,752</u>	<u>\$ 252,398</u>	<u>\$ 1,399</u>	<u>\$ 989,726</u>	<u>\$ 783,252</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 131,745	\$ 6	\$ -	\$ 4,674	\$ -	\$ -	\$ 20,925
Bank overdraft	-	-	-	-	436	-	-
Deferred revenue	-	58,465	2,748	-	1,399	-	-
Unearned revenue	-	-	-	40,568	-	-	-
Due to other governments	-	-	-	-	-	-	-
Total liabilities	<u>131,745</u>	<u>58,471</u>	<u>2,748</u>	<u>45,242</u>	<u>1,835</u>	<u>-</u>	<u>20,925</u>
Fund balances:							
Reserved:							
Prepaid items	-	-	-	-	-	-	-
Unreserved:							
Undesignated	-	277,001	212,004	207,156	(436)	989,726	762,327
Total fund balances	<u>-</u>	<u>277,001</u>	<u>212,004</u>	<u>207,156</u>	<u>(436)</u>	<u>989,726</u>	<u>762,327</u>
Total liabilities and fund balances	<u>\$ 131,745</u>	<u>\$ 335,472</u>	<u>\$ 214,752</u>	<u>\$ 252,398</u>	<u>\$ 1,399</u>	<u>\$ 989,726</u>	<u>\$ 783,252</u>

(Continued)

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	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	\$ 127,054	\$ 125,597	\$ 120,253	\$ 497,845	\$ 142,802	\$ 6,080,003
Investments	-	-	-	-	-	888,305
Property taxes receivable	23,368	-	-	26,466	-	235,754
Due from other governments	190	29,760	-	-	-	541,756
Accounts receivable	-	-	-	-	-	47,631
Interest receivable	-	-	-	-	-	14,056
Inventory, at cost	-	-	-	-	-	21,388
Prepaid items	-	3,500	-	-	-	9,500
Total assets	\$ 150,612	\$ 158,857	\$ 120,253	\$ 524,311	\$ 142,802	\$ 7,838,393
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 723	\$ -	\$ -	\$ -	\$ 142,802	\$ 305,246
Bank overdraft	-	-	-	-	-	436
Deferred revenue	23,368	-	-	26,466	-	235,754
Unearned revenue	-	-	-	-	-	45,562
Due to other governments	-	-	-	-	-	356,933
Total liabilities	24,091	-	-	26,466	142,802	943,931
Fund balances:						
Reserved:						
Prepaid items	-	3,500	-	-	-	9,500
Unreserved:						
Undesignated	126,521	155,357	120,253	497,845	-	6,884,962
Total fund balances	126,521	158,857	120,253	497,845	-	6,894,462
Total liabilities and fund balances	\$ 150,612	\$ 158,857	\$ 120,253	\$ 524,311	\$ 142,802	\$ 7,838,393

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Compensated Absence Liability	Elementary Technology Acquisition
Revenues:							
District property taxes	\$ 774,332	\$ 19,415	\$ 228	\$ -	\$ -	\$ -	\$ 194,219
Tuition and fees	3,093	-	-	-	-	-	-
Interest	1,409	1,461	6	34,521	3,980	1,943	2,438
Other district revenue	-	-	-	-	327,496	-	-
Gallatin County	195,711	-	-	2,641,147	-	-	-
State of Montana	219,355	-	-	-	1,089,111	-	21,981
Federal	-	-	-	-	3,146,858	-	-
Total revenues	<u>1,193,900</u>	<u>20,876</u>	<u>234</u>	<u>2,675,668</u>	<u>4,567,445</u>	<u>1,943</u>	<u>218,638</u>
Expenditures:							
Current -							
Instruction	-	-	-	1,828,670	2,941,666	5,420	13,849
Support services	72,372	-	-	369,192	795,183	10,210	2,764
General administration	81,424	-	-	145,717	102,195	4,531	58,559
Building administration	-	-	-	281,168	18,882	133	-
Operations and maintenance	-	-	-	154,251	147,912	18,606	7,756
Student transportation	927,347	-	-	3,658	4,278	-	-
Food services	-	-	-	2,978	-	-	-
Extracurricular activities	-	-	-	18,211	4,512	-	-
Capital outlay	-	-	-	-	471,972	-	99,056
Total expenditures	<u>1,081,143</u>	<u>-</u>	<u>-</u>	<u>2,803,845</u>	<u>4,486,600</u>	<u>38,900</u>	<u>181,984</u>
Excess (deficiency) of revenues over expenditures	<u>112,757</u>	<u>20,876</u>	<u>234</u>	<u>(128,177)</u>	<u>80,845</u>	<u>(36,957)</u>	<u>36,654</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	21,921	30,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,921</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	112,757	20,876	234	(128,177)	102,766	(6,957)	36,654
Fund balances, beginning of year	<u>287,055</u>	<u>189,201</u>	<u>265</u>	<u>1,496,852</u>	<u>964,615</u>	<u>190,962</u>	<u>276,105</u>
Fund balances, end of year	<u>\$ 399,812</u>	<u>\$ 210,077</u>	<u>\$ 499</u>	<u>\$ 1,368,675</u>	<u>\$ 1,067,381</u>	<u>\$ 184,005</u>	<u>\$ 312,759</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, 2010

	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	\$ -	\$ 425,679	\$ 20,138	\$ -	\$ 9,584	\$ -	\$ -
Tuition and fees	-	42,190	-	1,107,420	-	-	-
Interest	999	1,454	1,485	2,352	-	20,891	3,868
Other district revenue	-	-	-	4,820	-	-	402,384
Gallatin County	-	128,281	-	-	-	1,677,940	-
State of Montana	38,700	141,696	-	3,248	-	-	650,811
Federal	-	-	-	513,258	-	-	553,595
Total revenues	<u>39,699</u>	<u>739,300</u>	<u>21,623</u>	<u>1,631,098</u>	<u>9,584</u>	<u>1,698,831</u>	<u>1,610,658</u>
Expenditures:							
Current -							
Instruction	167,748	-	-	-	8,452	993,804	292,636
Support services	-	215	-	-	-	190,468	652,303
General administration	7,198	41,172	-	-	-	90,158	-
Building administration	-	-	-	-	-	112,622	2,925
Operations and maintenance	-	-	-	-	-	109,596	51,557
Student transportation	-	630,564	-	-	-	3,562	-
Food services	-	-	-	1,499,347	-	83,737	-
Extracurricular activities	-	-	-	-	-	43,767	-
Capital outlay	-	-	-	1,341	-	-	503,029
Total expenditures	<u>174,946</u>	<u>671,951</u>	<u>-</u>	<u>1,500,688</u>	<u>8,452</u>	<u>1,627,714</u>	<u>1,502,450</u>
Excess (deficiency) of revenues over expenditures	<u>(135,247)</u>	<u>67,349</u>	<u>21,623</u>	<u>130,410</u>	<u>1,132</u>	<u>71,117</u>	<u>108,208</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(21,921)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,921)</u>
Net change in fund balances	(135,247)	67,349	21,623	130,410	1,132	71,117	86,287
Fund balances, beginning of year	<u>135,247</u>	<u>209,652</u>	<u>190,381</u>	<u>76,746</u>	<u>(1,568)</u>	<u>918,609</u>	<u>676,040</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 277,001</u>	<u>\$ 212,004</u>	<u>\$ 207,156</u>	<u>\$ (436)</u>	<u>\$ 989,726</u>	<u>\$ 762,327</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, 2010

	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	\$ 174,366	\$ -	\$ -	\$ 193,438	\$ -	\$ 1,811,399
Tuition and fees	28,233	85,629	-	-	-	1,266,565
Interest	1,385	903	1,202	3,126	2,583	86,006
Other district revenue	2,188	-	-	-	-	736,888
Gallatin County	-	-	-	-	-	4,643,079
State of Montana	-	28,733	-	13,411	47,136	2,254,182
Federal	-	-	-	-	-	4,213,711
Total revenues	<u>206,172</u>	<u>115,265</u>	<u>1,202</u>	<u>209,975</u>	<u>49,719</u>	<u>15,011,830</u>
Expenditures:						
Current -						
Instruction	14,799	86,413	1,667	-	165,095	6,520,219
Support services	12,343	-	2,492	-	1,111	2,108,653
General administration	-	-	4,531	-	21,262	556,747
Building administration	151,673	20,967	133	-	-	588,503
Operations and maintenance	-	-	25,682	-	106,548	621,908
Student transportation	-	-	-	-	-	1,569,409
Food services	-	-	6,323	-	-	1,592,385
Extracurricular activities	-	-	-	-	-	66,490
Capital outlay	-	-	-	-	38,318	1,113,716
Total expenditures	<u>178,815</u>	<u>107,380</u>	<u>40,828</u>	<u>-</u>	<u>332,334</u>	<u>14,738,030</u>
Excess (deficiency) of revenues over expenditures	<u>27,357</u>	<u>7,885</u>	<u>(39,626)</u>	<u>209,975</u>	<u>(282,615)</u>	<u>273,800</u>
Other financing sources (uses):						
Transfers in	-	-	30,000	-	-	81,921
Transfers out	-	-	-	-	-	(21,921)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Net change in fund balances	27,357	7,885	(9,626)	209,975	(282,615)	333,800
Fund balances, beginning of year	<u>99,164</u>	<u>150,972</u>	<u>129,879</u>	<u>287,870</u>	<u>282,615</u>	<u>6,560,662</u>
Fund balances, end of year	<u>\$ 126,521</u>	<u>\$ 158,857</u>	<u>\$ 120,253</u>	<u>\$ 497,845</u>	<u>\$ -</u>	<u>\$ 6,894,462</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, 2010

	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	\$ 794,041	\$ 774,332	\$ (19,709)	\$ 20,350	\$ 19,415	\$ (935)
Tuition and fees	8,000	3,093	(4,907)	-	-	-
Interest	1,500	1,409	(91)	2,000	1,461	(539)
Gallatin County	241,528	195,711	(45,817)	-	-	-
State of Montana	265,172	219,355	(45,817)	-	-	-
Total revenues	<u>1,310,241</u>	<u>1,193,900</u>	<u>(116,341)</u>	<u>22,350</u>	<u>20,876</u>	<u>(1,474)</u>
Expenditures:						
Current -						
Support services	64,518	72,372	(7,854)	-	-	-
General administration	81,917	81,424	493	-	-	-
Student transportation	1,184,645	927,347	257,298	-	-	-
Capital outlay	-	-	-	211,550	-	211,550
Total expenditures	<u>1,331,080</u>	<u>1,081,143</u>	<u>249,937</u>	<u>211,550</u>	<u>-</u>	<u>211,550</u>
Net change in fund balances	(20,839)	112,757	133,596	(189,200)	20,876	210,076
Fund balances, beginning of year	<u>287,055</u>	<u>287,055</u>	<u>-</u>	<u>189,201</u>	<u>189,201</u>	<u>-</u>
Fund balances, end of year	<u>\$ 266,216</u>	<u>\$ 399,812</u>	<u>\$ 133,596</u>	<u>\$ 1</u>	<u>\$ 210,077</u>	<u>\$ 210,076</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, 2010

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ -	\$ 228	\$ 228	\$ -	\$ -	\$ -
Interest	-	6	6	20,000	34,521	14,521
Gallatin County	-	-	-	2,641,147	2,641,147	-
Total revenues	<u>-</u>	<u>234</u>	<u>234</u>	<u>2,661,147</u>	<u>2,675,668</u>	<u>14,521</u>
Expenditures:						
Current -						
Instruction	264	-	264	2,098,654	1,828,670	269,984
Support services	-	-	-	325,573	369,192	(43,619)
General administration	-	-	-	168,779	145,717	23,062
Building administration	-	-	-	288,706	281,168	7,538
Operations and maintenance	-	-	-	175,551	154,251	21,300
Student transportation	-	-	-	5,301	3,658	1,643
Food services	-	-	-	-	2,978	(2,978)
Extracurricular activities	-	-	-	17,436	18,211	(775)
Total expenditures	<u>264</u>	<u>-</u>	<u>264</u>	<u>3,080,000</u>	<u>2,803,845</u>	<u>276,155</u>
Net change in fund balances	(264)	234	498	(418,853)	(128,177)	290,676
Fund balances, beginning of year	<u>265</u>	<u>265</u>	<u>-</u>	<u>1,496,852</u>	<u>1,496,852</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 499</u>	<u>\$ 498</u>	<u>\$ 1,077,999</u>	<u>\$ 1,368,675</u>	<u>\$ 290,676</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
ELEMENTARY TECHNOLOGY ACQUISITION AND ELEMENTARY FLEXIBILITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ 194,219	\$ (5,781)	\$ -	\$ -	\$ -
Interest	-	2,438	2,438	999	999	-
State of Montana	21,981	21,981	-	38,700	38,700	-
Total revenues	<u>221,981</u>	<u>218,638</u>	<u>(3,343)</u>	<u>39,699</u>	<u>39,699</u>	<u>-</u>
Expenditures:						
Current -						
Instruction	498,085	13,849	484,236	174,946	167,748	7,198
Support services	-	2,764	(2,764)	-	-	-
General administration	-	58,559	(58,559)	-	7,198	(7,198)
Operations and maintenance	-	7,756	(7,756)	-	-	-
Capital outlay	-	99,056	(99,056)	-	-	-
Total expenditures	<u>498,085</u>	<u>181,984</u>	<u>316,101</u>	<u>174,946</u>	<u>174,946</u>	<u>-</u>
Net change in fund balances	(276,104)	36,654	312,758	(135,247)	(135,247)	-
Fund balances, beginning of year	<u>276,105</u>	<u>276,105</u>	<u>-</u>	<u>135,247</u>	<u>135,247</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 312,759</u>	<u>\$ 312,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL TRANSPORTATION AND HIGH SCHOOL BUS DEPRECIATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ 435,883	\$ 425,679	\$ (10,204)	\$ 20,350	\$ 20,138	\$ (212)
Tuition and fees	1,500	42,190	40,690	-	-	-
Interest	800	1,454	654	2,000	1,485	(515)
Gallatin County	151,762	128,281	(23,481)	-	-	-
State of Montana	165,177	141,696	(23,481)	-	-	-
Total revenues	<u>755,122</u>	<u>739,300</u>	<u>(15,822)</u>	<u>22,350</u>	<u>21,623</u>	<u>(727)</u>
Expenditures:						
Current -						
Support services	-	215	(215)	-	-	-
General administration	40,348	41,172	(824)	-	-	-
Student transportation	763,631	630,564	133,067	-	-	-
Capital outlay	-	-	-	212,731	-	212,731
Total expenditures	<u>803,979</u>	<u>671,951</u>	<u>132,028</u>	<u>212,731</u>	<u>-</u>	<u>212,731</u>
Net change in fund balances	(48,857)	67,349	116,206	(190,381)	21,623	212,004
Fund balances, beginning of year	<u>209,652</u>	<u>209,652</u>	<u>-</u>	<u>190,381</u>	<u>190,381</u>	<u>-</u>
Fund balances, end of year	<u>\$ 160,795</u>	<u>\$ 277,001</u>	<u>\$ 116,206</u>	<u>\$ -</u>	<u>\$ 212,004</u>	<u>\$ 212,004</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, 2010

	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	\$ 10,068	\$ 9,584	\$ (484)	\$ -	\$ -	\$ -
Interest	-	-	-	13,000	20,891	7,891
Gallatin County	-	-	-	1,677,940	1,677,940	-
Total revenues	<u>10,068</u>	<u>9,584</u>	<u>(484)</u>	<u>1,690,940</u>	<u>1,698,831</u>	<u>7,891</u>
Expenditures:						
Current -						
Instruction	8,500	8,452	48	1,110,326	993,804	116,522
Support services	-	-	-	184,412	190,468	(6,056)
General administration	-	-	-	100,790	90,158	10,632
Building administration	-	-	-	261,785	112,622	149,163
Operations and maintenance	-	-	-	114,881	109,596	5,285
Student transportation	-	-	-	4,586	3,562	1,024
Food services	-	-	-	101,556	83,737	17,819
Extracurricular activities	-	-	-	54,664	43,767	10,897
Total expenditures	<u>8,500</u>	<u>8,452</u>	<u>48</u>	<u>1,933,000</u>	<u>1,627,714</u>	<u>305,286</u>
Net change in fund balances	1,568	1,132	(436)	(242,060)	71,117	313,177
Fund balances, beginning of year	<u>(1,568)</u>	<u>(1,568)</u>	<u>-</u>	<u>918,609</u>	<u>918,609</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (436)</u>	<u>\$ (436)</u>	<u>\$ 676,549</u>	<u>\$ 989,726</u>	<u>\$ 313,177</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, 2010

	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	\$ 180,893	\$ 174,366	\$ (6,527)	\$ 200,000	\$ 193,438	\$ (6,562)
Tuition and fees	25,500	28,233	2,733	-	-	-
Interest	1,500	1,385	(115)	-	3,126	3,126
Other district revenue	-	2,188	2,188	-	-	-
State of Montana	-	-	-	13,411	13,411	-
Total revenues	<u>207,893</u>	<u>206,172</u>	<u>(1,721)</u>	<u>213,411</u>	<u>209,975</u>	<u>(3,436)</u>
Expenditures:						
Current -						
Instruction	35,100	14,799	20,301	501,281	-	501,281
Support services	18,350	12,343	6,007	-	-	-
Building administration	174,000	151,673	22,327	-	-	-
Total expenditures	<u>227,450</u>	<u>178,815</u>	<u>48,635</u>	<u>501,281</u>	<u>-</u>	<u>501,281</u>
Net change in fund balances	(19,557)	27,357	46,914	(287,870)	209,975	497,845
Fund balances, beginning of year	<u>99,164</u>	<u>99,164</u>	<u>-</u>	<u>287,870</u>	<u>287,870</u>	<u>-</u>
Fund balances, end of year	<u>\$ 79,607</u>	<u>\$ 126,521</u>	<u>\$ 46,914</u>	<u>\$ -</u>	<u>\$ 497,845</u>	<u>\$ 497,845</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, 2010

	High School Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ 3,000	\$ 2,583	\$ (417)
State of Montana	47,136	47,136	-
Total revenues	<u>50,136</u>	<u>49,719</u>	<u>(417)</u>
Expenditures:			
Current -			
Instruction	332,751	165,095	167,656
Support services	-	1,111	(1,111)
General administration	-	21,262	(21,262)
Operations and maintenance	-	106,548	(106,548)
Capital outlay	-	38,318	(38,318)
Total expenditures	<u>332,751</u>	<u>332,334</u>	<u>417</u>
Net change in fund balances	(282,615)	(282,615)	-
Fund balances, beginning of year	<u>282,615</u>	<u>282,615</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Nonmajor and Major Debt Service Funds

Budgeted:

Nonmajor -

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

Major -

High School Debt Service Fund - Debt Service funds are used to account for the annual payment of principal, interest, and expenditures on long-term obligation debt. Under State of Montana statutes, this fund is also used to pay special improvement district assessment charges against District-owned property. (**note:** Only Budget to Actual schedule presented in this section)

BOZEMAN SCHOOL DISTRICT NO. 7
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2010

	Elementary Debt Service
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,216,988
Property taxes receivable	421,748
Total assets	\$ 1,638,736
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Deferred revenue	\$ 421,748
Total liabilities	421,748
Fund balance:	
Reserved:	
Debt service	1,216,988
Total fund balance	1,216,988
Total liabilities and fund balance	\$ 1,638,736

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Elementary Debt Service
Revenues:	
District property taxes	\$ 3,218,483
Interest	15,265
Other district revenue	296
Total revenues	<u>3,234,044</u>
Expenditures:	
Debt service -	
Principal retirement	2,160,000
Interest and fiscal charges	1,476,414
Bond issuance costs	56,742
Total expenditures	<u>3,693,156</u>
Excess (deficiency) of revenues over expenditures	<u>(459,112)</u>
Other financing sources (uses):	
Transfers in	1,200,000
Current refunding bonds issued	3,275,000
Premium on general obligation debt	110,840
Payments to refunded bond escrow agent	(3,321,928)
Total other financing sources (uses)	<u>1,263,912</u>
Net change in fund balance	804,800
Fund balance, beginning of year	<u>412,188</u>
Fund balance, end of year	<u><u>\$ 1,216,988</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR AND NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	NONMAJOR Elementary Debt Service			MAJOR High School Debt Service		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 3,223,155	\$ 3,218,483	\$ (4,672)	\$ 3,061,804	\$ 3,293,896	\$ 232,092
Interest	5,000	15,265	10,265	2,000	-	(2,000)
Other district revenue	64,000	296	(63,704)	-	-	-
Total revenues	<u>3,292,155</u>	<u>3,234,044</u>	<u>(58,111)</u>	<u>3,063,804</u>	<u>3,293,896</u>	<u>230,092</u>
Expenditures:						
Debt service -						
Principal retirement	2,160,000	2,160,000	-	1,530,000	1,530,000	-
Interest and fiscal charges	1,480,343	1,476,414	3,929	1,480,422	1,477,522	2,900
Bond issuance costs	64,000	56,742	7,258	-	-	-
Total expenditures	<u>3,704,343</u>	<u>3,693,156</u>	<u>11,187</u>	<u>3,010,422</u>	<u>3,007,522</u>	<u>2,900</u>
Excess (deficiency) of revenues over expenditures	<u>(412,188)</u>	<u>(459,112)</u>	<u>(46,924)</u>	<u>53,382</u>	<u>286,374</u>	<u>232,992</u>
Other financing sources (uses):						
Transfers in	-	1,200,000	1,200,000	-	-	-
Current refunding bonds issued	-	3,275,000	3,275,000	-	-	-
Premium on general obligation debt	-	110,840	110,840	-	-	-
Payments to refunded bond escrow agent	-	(3,321,928)	(3,321,928)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,263,912</u>	<u>1,263,912</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(412,188)</u>	<u>804,800</u>	<u>1,216,988</u>	<u>53,382</u>	<u>286,374</u>	<u>232,992</u>
Fund balances, beginning of year	<u>412,188</u>	<u>412,188</u>	<u>-</u>	<u>(505,294)</u>	<u>(505,294)</u>	<u>-</u>
Fund balances, end of year	<u>-</u>	<u>\$ 1,216,988</u>	<u>\$ 1,216,988</u>	<u>(451,912)</u>	<u>\$ (218,920)</u>	<u>\$ 232,992</u>

Nonmajor and Major Capital Projects Funds

Budgeted:

Major -

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

Nonmajor -

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

Nonbudgeted:

Nonmajor -

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	Elementary Building	High School Building Reserve	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 904,116	\$ 375,116	\$ 1,279,232
Property taxes receivable	-	23,935	23,935
Accounts receivable	18,439	-	18,439
Total assets	\$ 922,555	\$ 399,051	\$ 1,321,606
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 32,177	\$ 9,270	\$ 41,447
Deferred revenue	-	23,935	23,935
Retainages payable	25,000	-	25,000
Total liabilities	57,177	33,205	90,382
Fund balances:			
Unreserved:			
Designated for capital outlay	865,378	365,846	1,231,224
Total fund balances	865,378	365,846	1,231,224
Total liabilities and fund balances	\$ 922,555	\$ 399,051	\$ 1,321,606

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, 2010

	Elementary Building	High School Building Reserve	Totals
Revenues:			
District property taxes	\$ -	\$ 174,620	\$ 174,620
Interest	31,276	4,902	36,178
Other district revenue	270,033	-	270,033
Total revenues	<u>301,309</u>	<u>179,522</u>	<u>480,831</u>
Expenditures:			
Current -			
Instruction	266,380	-	266,380
Support services	545,137	-	545,137
Building administration	3,536	-	3,536
Operations and maintenance	361,382	46,492	407,874
Capital outlay	958,155	113,707	1,071,862
Total expenditures	<u>2,134,590</u>	<u>160,199</u>	<u>2,294,789</u>
Excess (deficiency) of revenues over expenditures	<u>(1,833,281)</u>	<u>19,323</u>	<u>(1,813,958)</u>
Other financing sources (uses):			
Transfers out	(1,200,000)	-	(1,200,000)
Total other financing sources (uses)	<u>(1,200,000)</u>	<u>-</u>	<u>(1,200,000)</u>
Net change in fund balances	(3,033,281)	19,323	(3,013,958)
Fund balances, beginning of year	<u>3,898,659</u>	<u>346,523</u>	<u>4,245,182</u>
Fund balances, end of year	<u>\$ 865,378</u>	<u>\$ 365,846</u>	<u>\$ 1,231,224</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR AND NONMAJOR CAPITAL PROJECTS FUNDS
ELEMENTARY AND HIGH SCHOOL BUILDING RESERVE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	MAJOR Elementary Building Reserve			NONMAJOR High School Building Reserve		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 1,960,000	\$ 1,863,873	\$ (96,127)	\$ 180,000	\$ 174,620	\$ (5,380)
Interest	4,500	16,737	12,237	-	4,902	4,902
Other district revenue	-	814	814	-	-	-
Total revenues	<u>1,964,500</u>	<u>1,881,424</u>	<u>(83,076)</u>	<u>180,000</u>	<u>179,522</u>	<u>(478)</u>
Expenditures:						
Current -						
Instruction	500,000	-	500,000	-	-	-
Support services	-	253	(253)	-	-	-
Operations and maintenance	2,336,506	5,072	2,331,434	526,522	46,492	480,030
Capital outlay	-	152,860	(152,860)	-	113,707	(113,707)
Debt service -						
Principal retirement	292,059	292,059	-	-	-	-
Interest and fiscal charges	500	500	-	-	-	-
Total expenditures	<u>3,129,065</u>	<u>450,744</u>	<u>2,678,321</u>	<u>526,522</u>	<u>160,199</u>	<u>366,323</u>
Net change in fund balances	(1,164,565)	1,430,680	2,595,245	(346,522)	19,323	365,845
Fund balances, beginning of year	<u>1,164,566</u>	<u>1,164,566</u>	<u>-</u>	<u>346,523</u>	<u>346,523</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 2,595,246</u>	<u>\$ 2,595,245</u>	<u>\$ 1</u>	<u>\$ 365,846</u>	<u>\$ 365,845</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, 2010

	<u>Purchasing</u>	<u>Self-Insurance</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 39,678	\$ 1,318,537	\$ 1,358,215
Investments	-	322,115	322,115
Accounts receivable	1,309	-	1,309
Interest receivable	-	5,097	5,097
Inventory, at cost	135,142	-	135,142
Total current assets	<u>176,129</u>	<u>1,645,749</u>	<u>1,821,878</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	385,641	-	385,641
Less accumulated depreciation	<u>(290,735)</u>	<u>-</u>	<u>(290,735)</u>
Net capital assets	<u>94,906</u>	<u>-</u>	<u>94,906</u>
Total assets	<u>\$ 271,035</u>	<u>\$ 1,645,749</u>	<u>\$ 1,916,784</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 121	\$ 588,768	\$ 588,889
Unearned revenue	<u>-</u>	<u>681,135</u>	<u>681,135</u>
Total current liabilities	<u>121</u>	<u>1,269,903</u>	<u>1,270,024</u>
Noncurrent liabilities:			
Other postemployment benefits	<u>-</u>	<u>94,354</u>	<u>94,354</u>
Total noncurrent liabilities	<u>-</u>	<u>94,354</u>	<u>94,354</u>
Total liabilities	<u>121</u>	<u>1,364,257</u>	<u>1,364,378</u>
<u>NET ASSETS</u>			
Invested in capital assets	94,906	-	94,906
Unrestricted	<u>176,008</u>	<u>281,492</u>	<u>457,500</u>
Total net assets	<u>\$ 270,914</u>	<u>\$ 281,492</u>	<u>\$ 552,406</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, 2010

	Purchasing	Self-Insurance	Totals
Operating revenues:			
Charges for services	\$ 701,213	\$ 5,721,628	\$ 6,422,841
Charges for Wellness services	-	112,519	112,519
Total operating revenues	<u>701,213</u>	<u>5,834,147</u>	<u>6,535,360</u>
Operating expenses:			
Administrative expenses	-	252,180	252,180
Communications	36,733	2,268	39,001
Contracted bus services	148,153	-	148,153
Depreciation	37,936	-	37,936
Excess risk insurance	-	403,767	403,767
Health, dental and vision claims	-	4,966,836	4,966,836
Materials and supplies	310,238	-	310,238
Other postemployment benefits	-	48,143	48,143
Repairs and maintenance	24,899	-	24,899
Salaries and benefits	200,997	42,338	243,335
Wellness	-	227,902	227,902
Total operating expenses	<u>758,956</u>	<u>5,943,434</u>	<u>6,702,390</u>
Operating income (loss)	<u>(57,743)</u>	<u>(109,287)</u>	<u>(167,030)</u>
Nonoperating revenues (expenses):			
Interest	663	16,898	17,561
Total nonoperating revenues (expenses)	<u>663</u>	<u>16,898</u>	<u>17,561</u>
Change in net assets	(57,080)	(92,389)	(149,469)
Total net assets, beginning of year	<u>327,994</u>	<u>373,881</u>	<u>701,875</u>
Total net assets, end of year	<u>\$ 270,914</u>	<u>\$ 281,492</u>	<u>\$ 552,406</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Purchasing	Self-Insurance	Totals
Cash flows from operating activities:			
Receipts from users	\$ 706,167	\$ 5,910,883	\$ 6,617,050
Payments for insurance claims	-	(5,038,948)	(5,038,948)
Payments to employees	(200,997)	(42,338)	(243,335)
Payments to suppliers	(509,259)	(886,117)	(1,395,376)
Net cash provided(used) by operating activities	(4,089)	(56,520)	(60,609)
Cash flows from investing activities:			
Interest received	663	19,241	19,904
Net cash provided(used) by investing activities	663	19,241	19,904
Net increase(decrease) in cash and cash equivalents	(3,426)	(37,279)	(40,705)
Cash and cash equivalents - 7/01/09	43,104	1,355,816	1,398,920
Cash and cash equivalents - 6/30/10	\$ 39,678	\$ 1,318,537	\$ 1,358,215
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:			
Operating income(loss)	\$ (57,743)	\$ (109,287)	\$ (167,030)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:			
Depreciation	37,936	-	37,936
(Increase) decrease in accounts receivable	4,953	-	4,953
(Increase) decrease in inventories	10,644	-	10,644
Increase (decrease) in accounts payable	121	(72,112)	(71,991)
Increase (decrease) in other postemployment benefits	-	48,143	48,143
Increase (decrease) in unearned insurance premiums	-	76,736	76,736
Total adjustments	53,654	52,767	106,421
Net cash provided(used) by operating activities	\$ (4,089)	\$ (56,520)	\$ (60,609)

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 student scholarships.

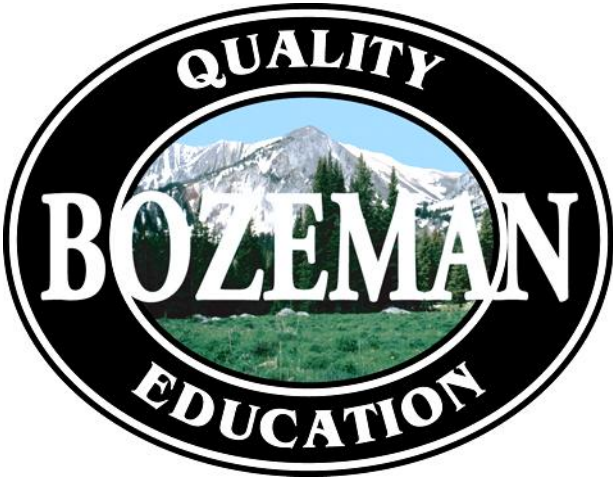
Nonexpendable High School Endowment – To account for interest earned on invested cash. This is reinvested until a corpus level is attained where scholarships will be given from the interest on the corpus.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
ALL PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2010

	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	\$ 96,166	\$ 8,506	\$ 114,265	\$ 42,776	\$ 162,314	\$ 58,162	\$ 189,325	\$ 671,514
Investments	-	-	-	-	-	-	276,757	276,757
Accounts receivable	-	-	-	-	551	-	-	551
Prepaid items	-	-	-	-	-	-	-	-
Land improvements	-	-	3,520	-	21,870	-	-	25,390
Machinery and equipment	-	-	-	-	5,000	-	-	5,000
Less accumulated depreciation	-	-	(88)	-	(6,133)	-	-	(6,221)
Total assets	<u>96,166</u>	<u>8,506</u>	<u>117,697</u>	<u>42,776</u>	<u>183,602</u>	<u>58,162</u>	<u>466,082</u>	<u>972,991</u>
<u>LIABILITIES</u>								
Accounts payable	-	-	153	-	4,241	-	-	4,394
Total liabilities	<u>-</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>4,241</u>	<u>-</u>	<u>-</u>	<u>4,394</u>
<u>NET ASSETS</u>								
Held in trust	<u>\$ 96,166</u>	<u>\$ 8,506</u>	<u>\$ 117,544</u>	<u>\$ 42,776</u>	<u>\$ 179,361</u>	<u>\$ 58,162</u>	<u>\$ 466,082</u>	<u>\$ 968,597</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, 2010

	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	\$ -	\$ -	\$ 39,785	\$ -	\$ -	\$ -	\$ -	\$ 39,785
Contributions	-	-	-	-	9,800	2,975	-	12,775
Extracurricular receipts and fees	-	-	117,350	178,093	917,299	-	-	1,212,742
Medicaid direct billing receipts	669,633	-	-	-	-	-	-	669,633
Total noninvestment trust additions	669,633	-	157,135	178,093	927,099	2,975	-	1,934,935
Investment earnings:								
Interest	2,600	61	786	21	1,229	521	(676)	4,542
Total additions	672,233	61	157,921	178,114	928,328	3,496	(676)	1,939,477
Deductions:								
Administrative expenses	80,985	-	-	-	-	-	-	80,985
Depreciation	-	-	88	-	1,733	-	-	1,821
Extracurricular activities	-	-	143,130	178,463	922,968	-	-	1,244,561
Payments to consortium members	590,917	-	-	-	-	-	-	590,917
Professional services	-	-	-	-	-	1,252	-	1,252
Scholarships	-	-	-	-	-	16,863	-	16,863
Total deductions	671,902	-	143,218	178,463	924,701	18,115	-	1,936,399
Changes in net assets	331	61	14,703	(349)	3,627	(14,619)	(676)	3,078
Net assets, beginning of year	95,835	8,445	102,841	43,125	175,734	72,781	466,758	965,519
Net assets, end of year	\$ 96,166	\$ 8,506	\$ 117,544	\$ 42,776	\$ 179,361	\$ 58,162	\$ 466,082	\$ 968,597



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, 2010

	<u>2010</u>	<u>2009</u>
<u>Governmental funds capital assets:</u>		
Land and improvements	\$ 12,633,125	\$ 11,654,314
Buildings and improvements	71,227,427	57,099,744
Machinery and equipment	4,340,328	3,839,513
Construction in progress	31,417,181	33,199,471
	<hr/>	<hr/>
Total governmental funds capital assets	\$ 119,618,061	\$ 105,793,042
	<hr/>	<hr/>
<u>Investments in governmental funds assets by source:</u>		
General fund	\$ 14,864,950	\$ 14,864,950
Special revenue funds	5,520,404	4,780,678
Capital projects funds	98,733,769	85,704,581
Donations	498,938	442,833
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 119,618,061</u>	<u>\$ 105,793,042</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, 2010

Function and Activity	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Construction In Progress	Total
Instruction	\$ -	\$ -	\$ 1,805,415	\$ -	\$ 1,805,415
Support services	-	-	118,730	-	118,730
General administration	-	-	396,095	-	396,095
Operations and maintenance	-	-	1,134,992	-	1,134,992
Student transportation	-	-	12,745	-	12,745
Extracurricular activities	-	-	117,811	-	117,811
Food service	-	-	754,540	-	754,540
Facilities – capital outlay	<u>12,633,125</u>	<u>71,227,427</u>	<u>-</u>	<u>31,417,181</u>	<u>115,277,733</u>
Total governmental funds capital assets	<u>\$ 12,633,125</u>	<u>\$ 71,227,427</u>	<u>\$ 4,340,328</u>	<u>\$ 31,417,181</u>	<u>\$ 119,618,061</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, 2010

Function and Activity	Governmental Funds Capital Assets July 1, 2009	Additions	Deletions	Governmental Funds Capital Assets June 30, 2010
Instruction	\$ 1,663,585	\$ 141,830	\$ -	\$ 1,805,415
Support services	103,307	15,423	-	118,730
General administration	396,095	-	-	396,095
Operations and maintenance	792,771	342,221	-	1,134,992
Student transportation	12,745	-	-	12,745
Extracurricular activities	117,811	-	-	117,811
Food service	753,199	1,341	-	754,540
Facilities – capital outlay	<u>101,953,529</u>	<u>26,731,037</u>	<u>(13,406,833)</u>	<u>115,277,733</u>
Total governmental funds capital assets	<u>\$ 105,793,042</u>	<u>\$ 27,231,852</u>	<u>\$ (13,406,833)</u>	<u>\$ 119,618,061</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, 2010

Activity	Net Assets at 7/01/09	Additions	Deductions	Net Assets at 6/30/10
Longfellow Fundraiser	\$ 1,149.65	2,649.00	3,427.55	\$ 371.10
Longfellow Library	4,389.94	-	1,750.90	2,639.04
Longfellow Arts	27,197.37	38,501.00	31,357.43	34,340.94
Irving School Theatre Arts	(66.53)	-	(66.53)	-
Irving School Store	27.10	-	-	27.10
Irving Photography Club	1,134.70	3,160.00	2,193.40	2,101.30
Irving Fly Fishing Club	519.02	-	519.02	-
Irving 5th Grade Fundraiser	0.40	-	0.40	-
Irving Library Fundraiser	68.05	3,878.99	2,507.54	1,439.50
Irving Climbing Club	138.10	-	-	138.10
Irving Scholarships	2,861.19	-	424.80	2,436.39
Whittier Field Trips	40.27	-	-	40.27
Morning Star School Store	344.51	-	87.98	256.53
Emily Library Fundraiser	2,909.31	5,213.79	3,864.03	4,259.07
Music	16,028.70	22,000.87	25,457.47	12,572.10
Enrichment	6,873.63	-	-	6,873.63
School Sponsored Extracurricular	570.43	636.90	567.22	640.11
Elementary Athletic Participation	3,601.39	10,305.00	10,108.41	3,797.98
CJMS and SMS Athletics	35,053.45	71,575.24	61,017.52	45,611.17
Total	<u>\$ 102,840.68</u>	<u>157,920.79</u>	<u>143,217.14</u>	<u>\$ 117,544.33</u>

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2010

Activity	Net Assets at 7/01/09	Additions	Deductions	Net Assets at 6/30/10
Computer Club	\$ 33.00	-	-	\$ 33.00
Pennies for Past	860.00	1,150.50	2,010.50	-
Lego Robotics	-	300.11	300.11	-
Art Club	135.37	3,648.60	3,483.60	300.37
Foreign Language Club	2,982.92	3,991.05	5,765.35	1,208.62
Foreign Language Scholarships	261.96	-	261.96	-
Yearbook	2,002.66	3,906.50	4,633.46	1,275.70
Drama Club	85.40	3,847.00	3,900.00	32.40
One Million Ways	-	1,213.60	506.99	706.61
Music	730.18	1,699.73	1,857.91	572.00
CJ Rocks	23.71	-	-	23.71
Breakfast Club	115.63	201.91	140.00	177.54
Horizons	171.68	63.25	-	234.93
MBI	285.70	-	148.00	137.70
Leo	-	1,381.00	246.72	1,134.28
Library	1,814.65	916.10	519.74	2,211.01
Peer Helpers	240.03	200.00	309.04	130.99
Student Aid	6,154.96	3,000.00	4,303.60	4,851.36
Student Council - 6th Grade	1,905.65	3,188.44	3,232.02	1,862.07
Student Council - 7th Grade	2,095.26	3,206.90	4,133.89	1,168.27
Student Council - 8th Grade	1,256.04	2,840.38	3,009.81	1,086.61
Student Projects	-	1,222.53	1,222.53	-
Team 6A	-	9,262.41	9,262.41	-
Team 6B	-	9,274.13	9,274.13	-
Team 7A	-	4,373.62	4,373.62	-
Team 7B	-	4,423.87	4,423.87	-
Team 8A	-	6,070.96	6,070.96	-
Team 8B	-	4,176.44	4,176.44	-
Science Club - Pierce	838.89	249.00	729.93	357.96
Science Club - Bradshaw	247.33	629.13	200.00	676.46
Science Club - Boujoukos	73.05	776.69	70.79	778.95
Science Club - Albers	954.31	6,034.00	6,324.10	664.21
Science Club - VanDyk	307.88	1,081.90	549.00	840.78
Tech. Ed Club - Mathews	607.81	349.00	733.76	223.05
Bird/Science	2,071.02	6,705.69	5,850.67	2,926.04
Total	<u>\$ 26,255.09</u>	<u>89,384.44</u>	<u>92,024.91</u>	<u>\$ 23,614.62</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2010

Activity	Net Assets at 7/01/09	Additions	Deductions	Net Assets at 6/30/10
Music	\$ 607.50	3,039.55	1,523.00	\$ 2,124.05
Drama Club	522.61	-	-	522.61
Newspaper	-	421.06	421.06	-
Computer Club	80.75	-	-	80.75
Photo Lab Club	469.32	-	-	469.32
Foreign Language	-	4,396.54	3,896.54	500.00
Peer Mediation	592.30	1,115.50	289.53	1,418.27
Art Club	745.25	100.00	16.05	829.20
Student Aid	2,877.33	4,290.20	648.49	6,519.04
Yearbook	287.02	7,567.71	7,745.48	109.25
Student Council	2,961.15	4,309.45	2,658.73	4,611.87
6A Team	1,455.00	8,811.26	10,266.26	-
6B Team	1,281.52	11,373.76	12,655.28	-
7A Team	493.77	6,892.67	7,386.44	-
7B Team	1,501.92	9,111.73	10,613.65	-
8A Team	1,656.08	7,177.74	8,833.82	-
8B Team	187.35	15,967.13	16,154.48	-
Outdoor Club	-	1,440.50	607.95	832.55
Science Olympiad Club	-	2,653.88	1,907.01	746.87
Science Club	1,052.33	40.00	744.55	347.78
Team Nutrition	50.00	-	-	50.00
Interest Account	48.44	21.23	69.67	-
Total	<u>\$ 16,869.64</u>	<u>88,729.91</u>	<u>86,437.99</u>	<u>\$ 19,161.56</u>

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2010

Activity	Net Assets at 7/01/09	Additions	Deductions	Net Assets at 6/30/10
Athletics	\$ 13,041.08	176,989.12	191,866.79	\$ (1,836.59)
Backboard BB-Ball	2,352.27	37,778.27	33,628.35	6,502.19
Cheerleading	3,293.20	14,907.60	11,972.25	6,228.55
Concessions	1,056.89	18,011.84	15,206.47	3,862.26
Fastpitch	1,794.17	6,100.40	5,118.56	2,776.01
Football Club	10,063.63	39,359.50	45,189.78	4,233.35
Golf Club	2,844.61	4,985.00	4,582.75	3,246.86
Hawk Stat Crew	1,910.49	660.00	973.09	1,597.40
Lady Hawk B-Ball	7,107.16	24,434.13	18,133.44	13,407.85
Soccer - Boys	89.90	1,090.00	1,175.76	4.14
Soccer - Girls	1,676.90	4,735.00	5,513.91	897.99
Speech Club	288.70	13,229.49	12,438.57	1,079.62
Spikers VB	1,690.92	5,334.75	6,489.67	536.00
Swimming	277.19	2,891.20	2,713.10	455.29
Tennis	4,321.86	6,644.12	10,022.67	943.31
Track Club	6,422.58	14,123.00	15,197.96	5,347.62
Wendy's Activity Fund	1,493.82	5,545.00	7,030.00	8.82
Wrestling Club	1,797.01	13,433.43	15,230.44	-
X-Country Club	1,469.10	12,184.86	9,776.99	3,876.97
Business Professionals	1,688.99	7,217.94	7,700.19	1,206.74
Cad Club	16.22	196.00	80.24	131.98
Construction Club	443.19	1,333.38	1,209.02	567.55
Deca	18,106.68	48,115.42	57,482.82	8,739.28
Metals - Labor	1,330.07	750.00	900.00	1,180.07
Metals - Materials	304.13	358.48	372.29	290.32
Skills USA	2,613.06	3,615.00	3,564.12	2,663.94
Art Club	849.18	6,379.73	6,092.60	1,136.31
Drama Club	11,282.91	11,932.92	14,151.66	9,064.17
Ecuador/Montana	79.95	-	-	79.95
French Club	573.98	149.65	495.01	228.62
Total	\$ 100,279.84	482,485.23	504,308.50	\$ 78,456.57

(Continued)

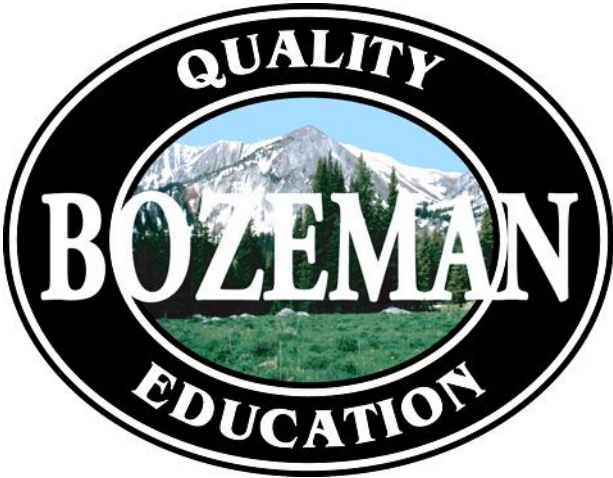
BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2010

Activity	Net Assets at 7/01/09	Additions	Deductions	Net Assets at 6/30/10
German Club	\$ 3,372.43	25,231.22	21,426.56	\$ 7,177.09
Galapagos Club	-	63,828.00	63,828.00	-
MUN Club	-	2,318.13	2,105.71	212.42
Destination Imagination	2,882.58	3,236.80	4,140.00	1,979.38
Project Excel	1,508.24	750.00	1,804.00	454.24
Science Olympiad	743.22	874.98	976.00	642.20
Ski P.E.	-	4,456.00	4,456.00	-
Spanish Club	471.42	-	70.00	401.42
Youth Leg. Club	470.29	4,571.01	4,014.90	1,026.40
Wildlife Biology Club	378.45	3,190.00	2,774.05	794.40
Cap & Gowns	328.27	-	-	328.27
Class of 2011	-	5,009.11	(65.00)	5,074.11
Class of 2010	2,578.20	13,225.00	14,898.49	904.71
Girls & Boys State	449.75	-	225.00	224.75
Prom	1,000.00	11,422.71	11,422.71	1,000.00
Student Council	19,751.02	27,224.42	22,866.34	24,109.10
Bridger Alternative	443.61	7,012.17	6,685.50	770.28
MTI	1,396.43	-	-	1,396.43
Amnesty International	0.68	1,670.76	957.50	713.94
Key Club	2,230.68	772.94	1,072.06	1,931.56
Leo Club	891.80	6,607.30	6,927.25	571.85
National Honor Society	640.00	757.00	668.55	728.45
Recycle	265.73	883.25	1,076.17	72.81
Special Ed Concessions	3,354.20	-	-	3,354.20
Gay-Straight Alliance	87.38	-	14.98	72.40
Interact Club	1,215.16	4,179.65	1,658.40	3,736.41
Band	3,651.17	64,391.96	61,866.93	6,176.20
Choir	7,437.82	67,557.48	72,359.36	2,635.94
Flute Choir	741.56	-	741.56	-
Orchestra	-	9,258.28	7,652.53	1,605.75
Aerie	2,098.65	87,846.50	84,550.69	5,394.46
Hawk Tawk	1,695.20	6,328.95	6,338.54	1,685.61
Hawk TV Club	-	904.50	150.00	754.50
Scribblings	923.87	336.93	1,260.80	-
General	164.02	340.80	240.80	264.02
SSS	14,282.98	21,656.71	11,227.79	24,711.90
Total	\$ 175,734.65	928,327.79	924,700.67	\$ 179,361.77

(Concluded)

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2010**

Enrollment	As Reported	Audit Per District Records	Difference
Fall Enrollment - October 5, 2009			
Elementary School District			
Pre K-6:			
(a.) Pre-Kindergarten	28	28	0
(b.) Kindergarten	451	451	0
(c.) Grades 1 - 6	2422	2422	0
(d.) Part-Time (number of part-time students included on line b and c above)	10	10	0
7-8:			
(e.) Grade 7-8	787	787	0
(f.) Part-Time (number of part-time students included on line e above)	7	7	0
(g.) Total (add lines a, b, c and e)	3688	3688	0
High School District			
9-12:			
(h.) Grades 9-12	1821	1821	0
(i.) Part-Time (number of part-time students included on line h above)	21	21	0
(j.) 19 year-olds included on line h	4	4	0
Spring Enrollment - February 1, 2010			
Elementary School District			
Pre K-6:			
(k.) Pre-Kindergarten	36	36	0
(l.) Kindergarten	454	454	0
(m.) Grades 1 - 6	2429	2429	0
(n.) Part-Time (number of part-time students included on line l and m above)	5	5	0
7-8:			
(o.) Grade 7-8	786	786	0
(p.) Part-Time (number of part-time students included on line o above)	6	6	0
(q.) Total (add lines k, l, m and o)	3705	3705	0
High School District			
9-12:			
(r.) Grades 9-12	1769	1769	0
(s.) Part-Time (number of part-time students included on line r above)	33	33	0
(t.) 19 year-olds included on line r	2	2	0
(u.) Early Graduates	21	21	0



STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends	124
These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.	
Revenue Capacity	129
These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.	
Debt Capacity	136
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	140
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	142
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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 32,116,906	\$ 33,258,003
Restricted	2,771,750	3,698,751	4,480,655	4,266,241	3,418,622	3,987,403	4,279,556	6,904,765	9,741,156
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>	<u>3,254,771</u>	<u>3,126,362</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>	<u>\$ 42,276,442</u>	<u>\$ 46,125,521</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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
Expenses	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
Instruction	\$ 18,247,225	\$ 18,888,292	\$ 20,437,715	\$ 21,931,633	\$ 23,407,889	\$ 25,568,496	\$ 27,118,400	\$ 28,152,194	\$ 30,604,653
Support services	3,562,598	3,630,049	3,951,836	4,418,767	4,642,961	4,975,685	5,457,545	5,592,822	6,705,443
General administration	1,518,732	1,752,069	1,793,788	1,788,838	1,873,647	2,116,552	2,331,788	2,334,476	2,408,966
Building administration	2,241,411	2,470,692	2,485,343	2,718,624	2,876,614	3,163,125	3,267,924	3,508,649	3,379,725
Operations and maintenance	3,151,222	3,309,869	3,386,525	3,609,292	3,766,666	3,663,019	4,038,663	4,624,960	4,785,116
Student transportation	1,070,139	1,045,895	1,218,576	1,312,826	1,400,420	1,433,032	1,531,760	1,663,428	1,578,194
Food services	1,062,232	1,133,804	1,379,981	1,580,563	1,743,790	1,835,040	1,843,131	1,705,634	1,627,069
Extracurricular activities	750,381	777,879	844,071	788,795	836,613	885,231	941,072	915,870	911,863
Unallocated depreciation	723,997	777,729	826,070	863,206	912,711	960,431	985,952	1,217,973	1,670,495
Interest and fiscal charges	693,821	604,690	481,425	347,186	682,825	1,574,466	2,428,542	3,510,039	3,005,401
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>	<u>\$ 53,226,045</u>	<u>\$ 56,676,925</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction	\$ 473,036	\$ 516,022	\$ 428,886	\$ 474,171	\$ 505,592	\$ 586,576	\$ 618,855	\$ 620,755	\$ 753,021
Food services	769,152	805,124	915,084	1,089,157	1,230,667	1,379,861	1,250,448	1,176,105	1,114,078
Other functional activities	431,793	461,811	433,179	472,220	510,592	516,807	531,477	543,383	704,901
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	8,463,278	9,639,736
Capital grants and contributions	-	39,920	-	200,907	54,400	810,146	1,112,116	307,076	1,001,944
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>	<u>\$ 11,110,597</u>	<u>\$ 13,213,680</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>	<u>\$ (42,115,448)</u>	<u>\$ (43,463,245)</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	\$ 24,919,224	\$ 25,517,907
Investment earnings	242,352	134,527	132,702	260,950	755,196	1,839,432	2,023,195	1,437,886	404,319
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	4,685,689	4,319,087
Unrestricted state equalization	9,999,354	10,126,609	10,234,849	10,452,630	11,283,156	11,695,502	12,329,569	13,069,595	12,631,646
Unrestricted state guaranteed tax base subsidy	1,197,663	1,183,932	924,866	630,845	612,409	443,964	965,909	1,334,192	1,489,387
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	1,603,991	1,616,183
Unrestricted state quality educator	-	-	-	-	-	778,808	1,216,152	1,231,076	1,247,959
Unrestricted other state revenue	153,771	252,068	188,350	169,026	147,070	222,322	202,718	184,689	85,836
Gain(loss) on sale of capital assets	-	-	-	64,505	14,429	545	1,282	(1,042,207)	-
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>	<u>\$ 47,424,135</u>	<u>\$ 47,312,324</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>	<u>\$ 5,308,687</u>	<u>\$ 3,849,079</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.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund										
Reserved	\$ 951,958	\$ 341,882	\$ 239,001	\$ 130,615	\$ 128,085	\$ 348,877	\$ 156,283	\$ 68,169	\$ 101,278	\$ 339,845
Unreserved	<u>2,063,165</u>	<u>1,938,158</u>	<u>1,728,770</u>	<u>2,103,208</u>	<u>2,268,037</u>	<u>2,129,161</u>	<u>2,210,022</u>	<u>1,617,590</u>	<u>2,269,075</u>	<u>1,621,285</u>
Total general fund	<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>	<u>\$ 2,370,353</u>	<u>\$ 1,961,130</u>
 All other governmental funds										
Reserved	\$ 856,875	\$ 100,751	\$ 91,796	\$ 165,748	\$ 102,504	\$ 62,589	\$ (96,886)	\$ (236,463)	\$ (80,945)	\$ 1,007,568
Unreserved, reported in:										
Special revenue funds	2,556,506	2,581,735	3,205,073	3,331,539	3,675,171	3,950,436	5,285,646	6,409,696	6,549,846	6,884,962
Capital projects funds	<u>307,735</u>	<u>928,031</u>	<u>1,311,305</u>	<u>2,083,890</u>	<u>1,723,245</u>	<u>26,399,086</u>	<u>42,644,504</u>	<u>50,993,882</u>	<u>22,218,476</u>	<u>8,820,311</u>
Total all other governmental funds	<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>	<u>\$ 28,687,377</u>	<u>\$ 16,712,841</u>

Table 4

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
District property taxes	\$ 10,558,907	\$ 11,508,960	\$ 12,683,554	\$ 14,323,095	\$ 15,414,842	\$ 16,713,548	\$ 19,391,531	\$ 20,428,699	\$ 25,038,979	\$ 24,883,053
Motor vehicle fees and taxes	1,317,755	- ¹	-	-	-	-	-	-	-	-
Tuition and fees	884,715	938,639	992,390	1,116,119	1,255,980	1,420,239	1,568,319	1,433,802	1,312,340	1,309,338
Interest	448,073	200,956	110,296	109,973	221,062	699,210	1,795,207	1,958,196	1,388,484	340,176
Other district revenue	238,121	310,080	301,959	305,221	581,288	377,377	482,394	820,270	1,337,136	1,013,307
Gallatin County	2,960,615	3,175,638	3,471,862	3,588,446	4,084,517	4,127,197	4,213,172	4,442,764	5,033,862	4,643,079
State of Montana	14,163,737	14,791,635	15,028,713	14,709,131	14,961,033	16,012,832	18,419,447	19,835,311	20,515,634	20,989,422
Federal	1,994,930	2,175,820	2,646,346	2,937,235	3,709,766	3,280,384	3,116,050	3,429,823	3,575,590	5,104,214
Total revenues	<u>32,566,853</u>	<u>33,101,728</u>	<u>35,235,120</u>	<u>37,089,220</u>	<u>40,228,488</u>	<u>42,630,787</u>	<u>48,986,120</u>	<u>52,348,865</u>	<u>58,202,025</u>	<u>58,282,589</u>
Expenditures										
Instruction	16,720,669	17,599,439	18,331,641	19,932,684	20,960,778	22,585,585	24,569,060	25,840,900	27,198,581	29,183,083
Support services	3,322,920	3,499,355	3,613,293	3,916,194	4,375,683	4,574,701	4,909,200	5,331,933	5,535,648	6,574,898
General administration	1,411,981	1,461,883	1,694,716	1,731,414	1,683,859	1,759,136	1,996,421	2,200,858	2,228,618	2,266,440
Building administration	2,061,383	2,118,760	2,367,575	2,377,911	2,555,223	2,755,991	3,014,613	3,078,574	3,335,098	3,163,077
Operations and maintenance	2,896,142	3,044,763	3,225,126	3,300,903	3,502,159	3,656,580	3,567,525	3,929,421	4,570,270	4,700,440
Student transportation	981,642	1,069,558	1,046,280	1,218,967	1,312,970	1,399,786	1,432,484	1,531,216	1,661,872	1,575,172
Food services	976,933	1,012,866	1,084,861	1,334,261	1,525,827	1,679,095	1,769,280	1,777,468	1,672,348	1,603,425
Extracurricular activities	698,935	742,821	766,478	832,620	776,863	817,127	871,909	925,698	908,091	901,574
Capital outlay	1,577,608	1,573,505	726,644	981,146	1,822,412	5,122,160	7,623,511	20,737,577	31,158,167	13,768,914
Debt service										
Principal	1,080,000	1,130,639	750,000	1,415,000	1,586,506	1,606,506	2,216,506	3,577,059	3,634,728	3,982,059
Interest and fiscal charges	743,530	693,821	444,149	315,765	296,801	249,532	1,748,732	2,212,528	4,094,281	2,954,436
Bond issuance costs	-	-	179,330	79,300	-	79,578	142,254	79,175	-	56,742
Bond defeasance costs	-	-	520,491	-	-	-	-	-	-	-
Total expenditures	<u>32,471,743</u>	<u>33,947,410</u>	<u>34,750,584</u>	<u>37,436,165</u>	<u>40,399,081</u>	<u>46,285,777</u>	<u>53,861,495</u>	<u>71,222,407</u>	<u>85,997,702</u>	<u>70,730,260</u>
Excess of revenues over (under) expenditures	<u>95,110</u>	<u>(845,682)</u>	<u>484,536</u>	<u>(346,945)</u>	<u>(170,593)</u>	<u>(3,654,990)</u>	<u>(4,875,375)</u>	<u>(18,873,542)</u>	<u>(27,795,677)</u>	<u>(12,447,671)</u>
Other financing sources (uses)										
Sale of capital assets	7,850	-	-	-	252,635	19,376	545	1,282	533	-
Transfers in	54,682	51,998	102,796	121,176	33,673	32,698	23,344	145,429	3,366,639	1,281,921
Transfers out	(54,682)	(51,998)	(102,796)	(121,176)	(33,673)	(32,698)	(23,344)	(145,429)	(3,366,639)	(1,281,921)
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	-	-	-	-	-	-	3,275,000
Premium on bonds issued	-	-	-	-	-	28,721	-	25,565	-	110,840
Payments to refunded bond escrow agent	-	-	(12,689,148)	-	-	-	-	-	-	(3,321,928)
Total other financing sources (uses)	<u>7,850</u>	<u>-</u>	<u>200,852</u>	<u>1,586,000</u>	<u>252,635</u>	<u>28,648,097</u>	<u>22,184,795</u>	<u>27,526,847</u>	<u>533</u>	<u>63,912</u>
Net change in fund balances	<u>\$ 102,960</u>	<u>\$ (845,682)</u>	<u>\$ 685,388</u>	<u>\$ 1,239,055</u>	<u>\$ 82,042</u>	<u>\$ 24,993,107</u>	<u>\$ 17,309,420</u>	<u>\$ 8,653,305</u>	<u>\$ (27,795,144)</u>	<u>\$ (12,383,759)</u>
Debt service as a percentage of noncapital expenditures	5.9%	5.6%	3.5%	4.7%	4.9%	4.5%	8.6%	11.5%	14.1%	12.3%

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
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
2009	21,033,525	3,417,621	1,720,166	2,552,984	3,429,669	1,780	844,247	-	-	32,999,992
2010	\$ 22,171,589	\$ 3,922,743	\$ 1,707,113	\$ 2,573,178	\$ 3,469,799	\$ 5,763	\$ 835,084	\$ -	\$ -	\$ 34,685,269

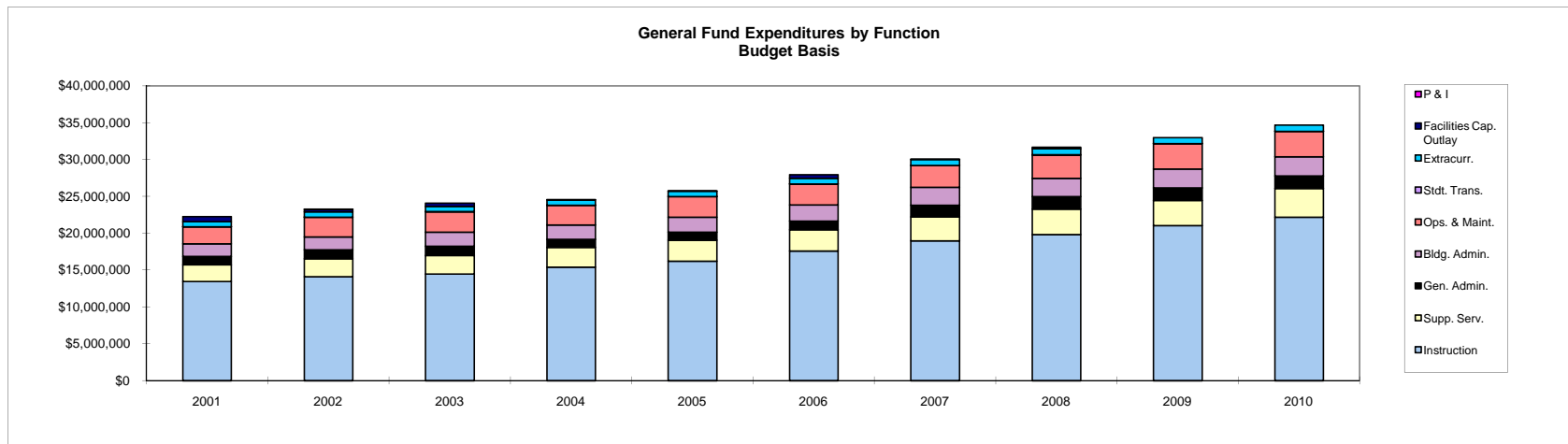


Table 6

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

Fiscal Year	Assessed Valuation ¹	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Direct Rate to be Applied against Assessed Value (Mill Levy / 1,000)	Taxes Levied ⁴	Tax Levy Collections in Levy Year	Tax Levy Collections after Levy Year	Percent of Total Tax Collections To Taxes Levied
Elementary District:									
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 ²	326,026	99.72%
2008	104,361,792	3,223,076,430	3.2%	118.51	0.11851	12,553,495	11,695,683	788,826	99.45%
2009	111,162,065	3,542,469,947	3.1%	141.13	0.14113	15,794,516	14,558,640	995,197	98.48% ³
2010	\$ 117,329,369	\$ 3,888,212,136	3.0%	130.49	0.13049	\$ 15,432,743	\$ 14,194,814	\$ -	91.98% ³
High School District:									
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 ²	263,273	99.78%
2008	140,147,897	4,381,850,279	3.2%	65.34	0.06534	9,346,202	8,673,645	616,300	99.40%
2009	130,543,804	4,170,386,822	3.1%	71.40	0.07140	9,384,507	8,573,226	644,003	98.22% ³
2010	\$ 138,744,445	\$ 4,593,821,578	3.0%	69.05	0.06905	\$ 10,460,314	\$ 9,463,193	\$ -	90.47% ³

¹ Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 2000-01 fiscal year is calculated as of January 2000)

² 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.

³ Fiscal year 2009 and 2010 first year collections were substantially lower due to the bills for personal property taxes (a portion of total taxes levied) being sent out late.

⁴ Taxes actually levied will differ from the mathematical calculation of assessed value multiplied times the direct rate (presented above) due to personal property taxes(a component of total taxes) being calculated using an assessed value one year later than the real property taxes.

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
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
2009	141.13	71.40	171.16	210.14	46.00	639.83
2010	130.49	69.05	170.19	210.25	46.00	625.98

Tax Levies						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
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
2009	15,794,516	9,384,507	12,891,848	44,279,401	9,692,835	92,043,107
2010	\$ 15,432,743	\$ 10,460,314	\$ 13,749,595	\$ 47,389,128	\$ 10,368,133	\$ 97,399,913

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2009-10

Table 8

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

Taxpayer	2010			2002		
	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	\$ 6,670,251	1	5.69%	\$ 3,771,440	1	5.72%
Qwest Corporation	1,466,164	2	1.25%	1,564,699	2	2.37%
Harry Daum (Gallatin Mall)	533,461	3	0.45%	612,166	3	0.93%
Bozeman Deaconess Foundation	504,584	4	0.43%	264,806	5	0.40%
BVI/HJSI Bozeman LLC	402,806	5	0.34%	-		-
Wal-Mart Stores Inc # 2084	377,391	6	0.32%	-		-
Stone Ridge Partners LLC	357,325	7	0.30%	-		-
Celloco Partnership	344,823	8	0.29%	-		-
Lowe's HIW Inc.	340,678	9	0.29%	-		-
Mitchell Development & Investment LLC	326,043	10	0.28%	-		-
Costco Wholesale Corporation	-		-	259,305	6	0.39%
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	\$ 11,323,526		9.65%	\$ 7,619,753		11.54%

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 Eight Years Ago

Taxpayer	2010			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	\$ 7,835,389	1	5.65%	\$ 5,514,097	1	6.38%
Qwest Corporation	1,627,951	2	1.17%	1,741,514	2	2.01%
Zoot Properties LLC	595,393	3	0.43%	-		-
Harry Daum (Gallatin Mall)	533,461	4	0.38%	612,166	3	0.71%
Bozeman Deaconess Foundation	504,584	5	0.36%	264,806	5	0.31%
BVI/HJSI Bozeman LLC	402,806	6	0.29%	-		-
Black Bull Run Development LLC	490,690	7	0.35%	-		-
Wal-Mart Stores Inc. # 2084	377,391	8	0.27%	-		-
Stone Ridge Partners LLC	357,325	9	0.26%	-		-
Celloco Partnership	347,565	10	0.25%	-		-
Costco Wholesale Corporation	-		-	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	\$ 13,072,555		9.42%	\$ 9,643,492		11.16%

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, 2010
(modified accrual basis of accounting)

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	\$24,883,053	42.69%
Tuition and fees	1,309,338	2.25%
Interest	340,176	0.58%
Other district revenue	1,013,307	1.74%
County retirement	4,319,087	7.41%
County transportation	323,992	0.56%
Total revenue from local and intermediate sources	32,188,953	55.23%
Revenue from State sources:		
State equalization	12,631,646	21.67%
State special education allowable costs	1,523,337	2.61%
State guarantee tax base subsidy	1,489,387	2.56%
State transportation	323,992	0.56%
State motor vehicle fee reimbursement	1,616,183	2.77%
State quality educator	1,247,959	2.14%
State medicaid, medicaid admin, CSCT	619,646	1.06%
Other State revenue	1,537,272	2.64%
Total revenue from State sources	20,989,422	36.01%
Revenue from Federal sources:		
Federal grants	3,700,453	6.35%
Federal GFSF ARRA	890,503	1.53%
Federal food service	513,258	0.88%
Total revenue from Federal sources	5,104,214	8.76%
Total revenue	\$58,282,589	100.00%

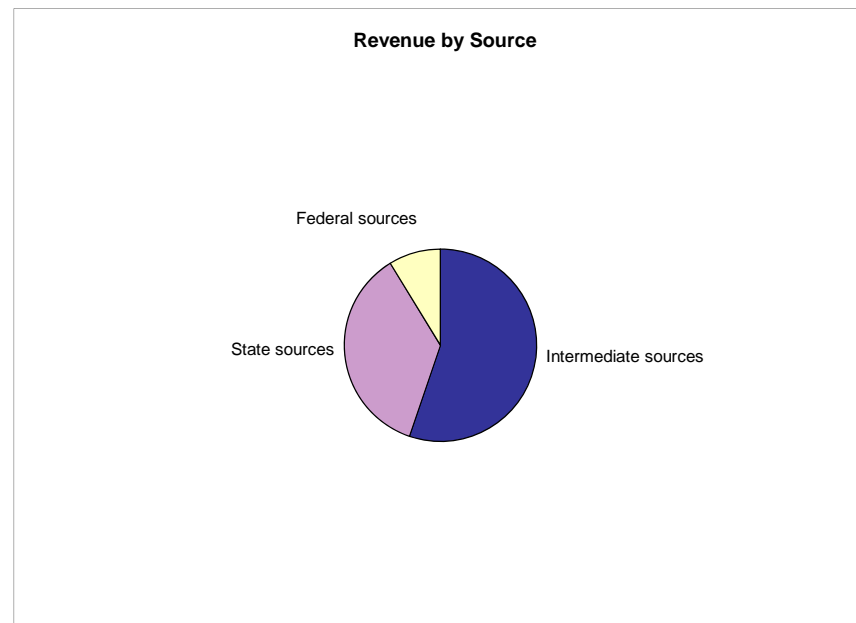


Table 11

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
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
2009	14,325,294	-	28,934	95,804	504,029	19,022,682	-	33,976,743
2010	\$ 14,520,782	\$ -	\$ 42,773	\$ 85,100	\$ 5,276	\$ 18,735,240	\$ 890,503	\$ 34,279,674

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

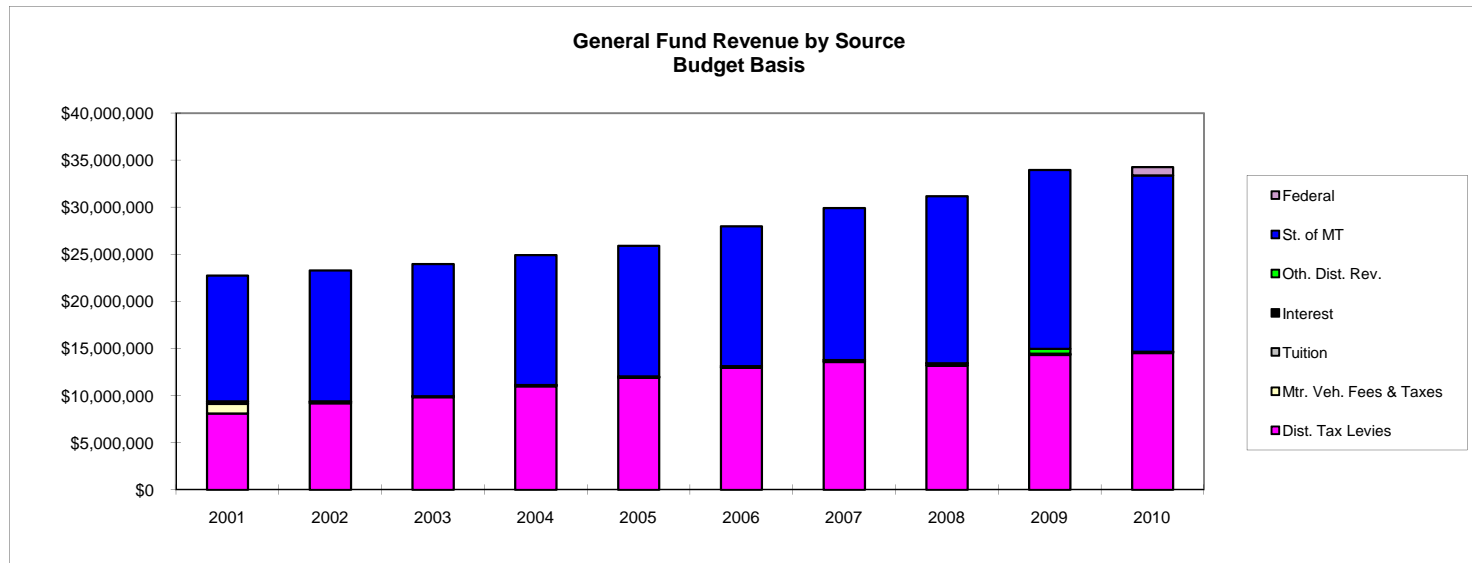


Table 12

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

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student			
						District	State	Federal	Total
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	5,413	2,484	3,279	-	5,763
2009	14,954,061	19,022,682	-	33,976,743	5,463	2,737	3,482	-	6,219
2010	\$ 14,653,931	\$ 18,735,240	\$ 890,503	\$ 34,279,674	5,509	\$ 2,660	\$ 3,401	\$ 162	\$ 6,222

Source: District Records

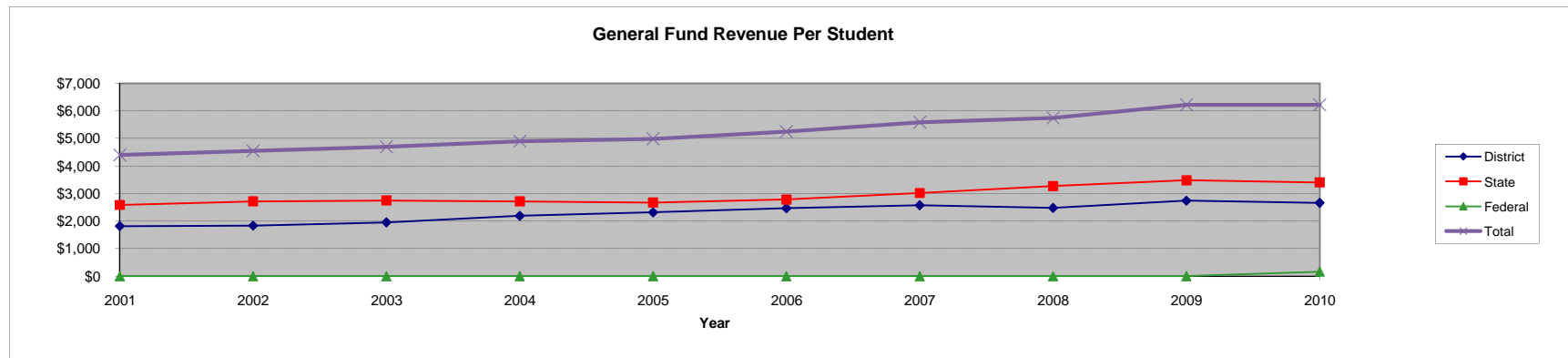


Table 13

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:					
2001	39,230	\$ 63,029,015	\$ 12,474,911	19.79%	\$ 317.99
2002	40,211	65,933,754	11,632,520	17.64%	289.29
2003	41,216	71,248,110	10,998,345	15.44%	266.85
2004	42,246	76,622,721	9,713,055	12.68%	229.91
2005	43,303	81,999,997	8,532,420	10.41%	197.04
2006	44,385	89,208,819	21,381,452	23.97%	481.73
2007	45,495	97,593,808	25,550,000	26.18%	561.60
2008	46,632	104,361,792	41,005,000	39.29%	879.33
2009	47,798	111,162,065	38,580,000	34.71%	807.15
2010	48,993	\$ 117,329,369	\$ 36,425,000	31.05%	\$ 743.48
High School District:					
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	141,147,897	38,305,000	27.14%	673.04
2009	57,198	130,543,804	36,790,000	28.18%	643
2010	59,097	\$ 138,744,445	\$ 35,260,000	25.41%	\$ 596.65

* 2001-2010 The 2001 and future year population data were calculated using a relationship between the Bozeman School District as compared to the City of Bozeman and Gallatin County using United States Bureau of Census information. The 2010 census was not yet completed at the time of this financial statement printing.

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

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, 2010

Elementary District:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 29,670,189	\$ 29,670,189	\$ 32,061,650	\$ 34,480,224	\$ 36,899,999	\$ 40,143,969	\$ 43,442,825	\$ 52,180,896	\$ 55,581,033	\$ 58,664,685
Total net debt applicable to limit	14,634,911	13,552,520	12,678,345	11,153,055	11,712,420	25,381,638	30,172,341	50,054,561	45,432,874	36,792,190
Legal debt margin	<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>\$ 2,126,335</u>	<u>\$ 10,148,159</u>	<u>\$ 21,872,495</u>
Total net debt applicable to the limit as a percentage of debt limit	49.33%	45.68%	39.54%	32.35%	31.74%	63.23%	69.45%	95.93%	81.74%	62.72%

High School District:

Debt limit	\$ 38,897,033	\$ 38,897,033	\$ 42,145,839	\$ 45,783,311	\$ 49,160,385	\$ 53,564,856	\$ 58,279,834	\$ 70,573,949	\$ 65,271,902	\$ 69,372,223
Total net debt applicable to limit	2,914,215	2,604,862	2,318,523	1,961,823	1,612,504	42,662,895	42,010,000	38,665,000	36,970,000	35,260,000
Legal debt margin	<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>\$ 31,908,949</u>	<u>\$ 28,301,902</u>	<u>\$ 34,112,223</u>
Total net debt applicable to the limit as a percentage of debt limit	7.49%	6.70%	5.50%	4.29%	3.28%	79.65%	72.08%	54.79%	56.64%	50.83%

Legal Debt Margin Calculation for Fiscal Year 2010

	<u>Elementary District</u>	<u>High School District</u>
District taxable valuation	\$ 117,329,369	\$ 138,744,445
Times: 50%	0.50	0.50
Legal Debt Service Limit *	<u>58,664,685</u>	<u>69,372,223</u>
General Obligation Bonds Payable	36,425,000	35,260,000
Limited Obligation Bonds Payable	1,584,178	-
Less: Cash Available for Retirement of Bonds	1,216,988	-
Net Amount of Bonds Payable Applicable to Limit	<u>36,792,190</u>	<u>35,260,000</u>
Margin Above Bonds Payable and Building Reserve Levy	21,872,495	34,112,223
Less: General Obligation Bonds Authorized but Unused	-	-
Legal Debt Margin	<u>\$ 21,872,495</u>	<u>\$ 34,112,223</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 2009 are used above and exceed the statewide average valuation method. Effective as of October 1, 2009 (for fiscal years 2010 and beyond), outstanding building reserve levies will no longer be included in the Legal Debt Margin calculation.

Table 15

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Direct and Overlapping General Obligation Bonded Debt
For the Fiscal Year Ended June 30, 2010

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 2006 (originally \$14,100,000)	\$ 12,280,000	100.0%	\$ 12,280,000	0.0%	\$ -
Issue 2007 (originally \$5,750,000)	5,095,000	100.0%	5,095,000	0.0%	-
Issue 2008 (originally \$17,500,000)	16,580,000	100.0%	16,580,000	0.0%	-
Issue 2009 (originally \$3,275,000)	2,470,000	100.0%	2,470,000	0.0%	-
Bozeman High School District:					
Issue 2006 (originally \$14,500,000)	12,625,000	84.6%	10,680,750	15.4%	1,944,250
Issue 2007 (originally \$14,975,000)	13,295,000	84.6%	11,247,570	15.4%	2,047,430
Issue 2008 (originally \$10,000,000)	<u>9,340,000</u>	84.6%	<u>7,901,640</u>	15.4%	<u>1,438,360</u>
Totals	<u>\$ 71,685,000</u>		<u>\$ 66,254,960</u>		<u>\$ 5,430,040</u>
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	\$ 46,485,000	52.1%	\$ 24,218,685	9.5%	\$ 4,416,075
City of Bozeman:					
Various Issues	<u>4,275,000</u>	100%	<u>4,275,000</u>	0.0%	<u>-</u>
Totals	<u>\$ 50,760,000</u>		<u>\$ 28,493,685</u>		<u>\$ 4,416,075</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:					
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%
2009	2,425,000	1,829,219	4,254,219	20,376,276	20.88%
2010	\$ 2,160,000	\$ 1,476,414	\$ 3,636,414	\$ 21,588,382	16.84%
High School:					
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	160,635	34,250	194,885	9,517,351	2.05%
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%
2009	1,515,000	1,660,615	3,175,615	12,623,716	25.16%
2010	\$ 1,530,000	\$ 1,477,522	\$ 3,007,522	\$ 13,096,887	22.96%

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)
2001	39,230	47,580	\$ 26,121	3.4%
2002	40,211	48,698	26,890	3.4%
2003	41,216	50,466	28,929	3.3%
2004	42,246	52,298	30,907	3.2%
2005	43,303	53,898	32,434	2.8%
2006	44,385	55,191	34,437	2.2%
2007	45,495	56,350	36,578	2.3%
2008	46,632	56,913	35,926	3.2%
2009	47,798	57,198	N/A	6.3%
2010	48,993	59,097	N/A	7.5%

Sources and other information:

- (1) 2001 - 2010 : The 2001-2010 population numbers were calculated using a relationship between the Bozeman School District as compared to the City of Bozeman and Gallatin County using United States Bureau of Census information. The 2010 official Census was not yet completed at the time of this financial statement printing.
- (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**

2010		2001	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	8
RightNow Technologies	7	Capital Opportunities (Home Care Services)	7
Wal-Mart	7	Murdoch's Ranch & Home Supply	7
Albertsons	6	Wal-Mart	7
Bozeman Daily Chronicle	6	Albertsons	6
Community Food Co-Op	6	Big Sky Publishing	6
Costco	6	Costco	6
First Security Bank	6	First Security Bank	6
First Student Management	6	Gibson Guitar	6
Grantree Inn	6	Holnam Inc.	6
JTL Group	6	ILX Lightwave Corp	6
Kenyon Noble Lumber & Hardware	6	Kenyon Noble Lumber & Hardware	6
Korman Marketing Group	6	Louisiana Pacific	6
Lowe's	6	Martel Construction	6
McDonald's	6	Montana Conservation Corps	6
Murdoch's Ranch & Home Supply	6	Revelation Engineering	6
Ressler Chevrolet Cadillac & Toyota	6	RightNow Technologies	6
Town and Country Foods	6	Simkins-Hallin Lumber	6
Town Pump	6	Video Lottery Consultants	6
Zoot Enterprises	6	Zoot Enterprises	6
Public Employers By Class, Alphabetically	Employer Class Size	Public Employers By Class, Alphabetically	Employer Class Size
Montana State University	9	Montana State University	9
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 Nine 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	5,413	9,227	7.03%	365.8	14.8
2009	53,226,045	5,463	9,743	5.59%	385.0	14.2
2010	\$ 56,676,925	5,509	\$ 10,288	5.59%	393.6	14.0

⁽¹⁾ Expenses are from Statement of Activities.

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

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 Nine Fiscal Years

	Fiscal Year													
	2002	2003	2004	2005	2006	2007	2008	2009	2010					
Instruction														
Certified Staff	315.0	309.2	319.2	317.5	327.9	333.0	330.4	345.8	347.5					
Classified Employees	40.6	44.0	46.5	55.9	57.9	61.4	64.3	84.7	90.3					
Support Services														
Certified Staff	25.6	27.2	26.6	30.8	36.3	36.4	37.8	39.2	46.1					
Classified Employees	29.0	31.1	34.7	36.6	35.2	41.1	36.9	34.1	37.5					
General Administration														
Administrators	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0					
Certified Staff	1.0	1.0	1.0	-	-	-	-	-	-					
Classified Employees	21.5	22.2	23.0	24.8	26.5	24.1	29.3	31.4	31.2					
Building Administration														
Administrators	16.3	17.3	16.5	17.3	18.0	18.0	18.0	18.0	17.0					
Classified Employees	23.8	24.6	22.0	22.4	24.5	26.5	25.9	24.3	29.9					
Operations and Maintenance														
Administrators	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0					
Classified Employees	37.4	39.4	40.5	40.4	41.2	41.5	44.1	43.6	53.1					
Student Transportation														
Classified Employees	2.1	2.0	1.9	2.6	2.5	3.1	3.6	3.6	4.2					
Food Services														
Classified Employees	24.4	26.5	28.7	33.6	31.0	32.0	30.7	32.0	30.5					
Extracurricular Activities														
Administrators	1.0	1.0	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	4.0	4.0					
Total	544.7	552.5	569.6	591.9	612.0	629.1	633.0	667.7	698.3					

Fiscal 2010 Summary	Admin.	Certified Staff	Classified Employees	Total FTE
Instruction	-	347.5	90.3	437.8
Support Services	-	46.1	37.5	83.6
General Administration	5.0	-	31.2	36.2
Building Administration	17.0	-	29.9	46.9
Operations and Maintenance	1.0	-	53.1	54.1
Student Transportation	-	-	4.2	4.2
Food Services	-	-	30.5	30.5
Extracurricular Activities	1.0	-	4.0	5.0
Total	24.0	393.6	280.7	698.3

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, 2009

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	51.2	13.0%	32.4%
Bachelor's Degree + 15 Credits	18.7	4.8%	
Bachelor's Degree + 30 Credits	11.2	2.8%	
Bachelor's Degree + 45 Credits	28.3	7.2%	
Bachelor's Degree + 60 Credits	8.0	2.0%	
Bachelor's Degree + 75 Credits	2.0	0.5%	
Bachelor's Degree + 90 Credits	6.0	1.5%	
5th Year Degree + 45 Credits	2.0	0.5%	67.6%
Master's Degree	68.5	17.4%	
Master's Degree + 15 Credits	26.7	6.8%	
Master's Degree + 30 Credits	33.8	8.6%	
Master's Degree + 45 Credits	137.2	34.9%	
Total	<u>393.6</u>	<u>100.0%</u>	

Years of Experience	Full Time Equivalent	Percent of Total	
0 - 5	89.6	22.8%	
6 - 10	98.8	25.1%	
11 - 15	71.0	18.0%	
16 and Over	134.2	34.1%	
Total	<u>393.6</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, 2010

	<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	326	95.9%
Irving	1939	33,860	360	291	80.8%
Whittier	1958	32,955	292	244	83.6%
Hawthorne	1939	35,569	360	324	90.0%
Morning Star	1992	56,010	598	538	90.0%
Emily Dickinson	1992	56,012	518	502	96.9%
Hyalite	2009	66,186	614	296	48.2%
<u>6-8 Schools</u>					
Chief Joseph	2008	129,500	750	556	74.1%
Sacajawea	1996	97,456	750	611	81.5%
High School: ⁽¹⁾					
Bozeman High School	1957	275,069	1,864	1,755	94.2%
Bridger Alternative Program	1936	26,200	100	66	66.0%

⁽¹⁾ As of the 2010-11 school year, the high school functional capacity is 2,400 students and the Bridger Alternative Program was moved to the Bozeman High School.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Elementary Schools:										
<u>K-5 Schools</u>										
Longfellow	20%	16%	17%	18%	20%	16%	14%	14%	16%	15%
Irving	44%	34%	37%	40%	43%	43%	35%	37%	36%	42%
Whittier	41%	39%	43%	53%	53%	53%	46%	47%	45%	56%
Hawthorne	15%	11%	9%	11%	14%	17%	16%	15%	16%	24%
Morning Star	14%	8%	7%	8%	6%	7%	9%	8%	9%	11%
Emily Dickinson	25%	22%	19%	22%	18%	20%	22%	24%	24%	27%
Hyalite	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	39%
<u>6-8 Schools</u>										
Chief Jospheh	17%	16%	22%	25%	20%	22%	21%	31%	23%	28%
Sacajawea	13%	12%	13%	14%	11%	13%	11%	13%	13%	19%
High School	N/A	8%	9%	9%	9%	12%	15%	12%	18%	24%

Source: Title I portion of ESEA consolidated applications

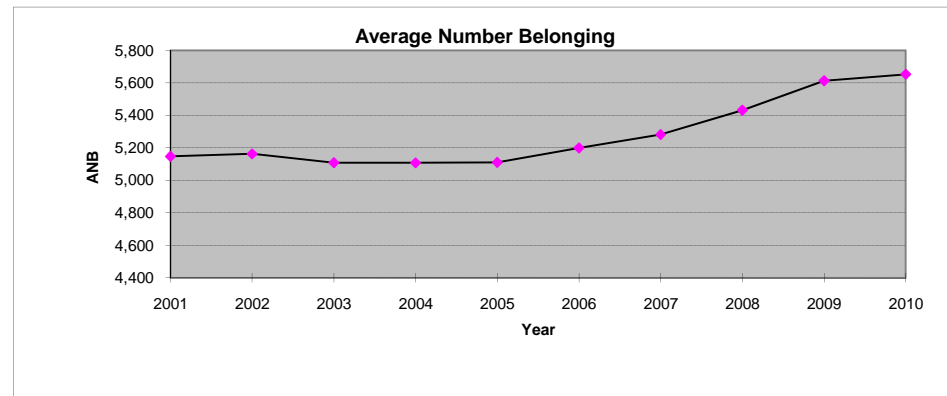
Table 24

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
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
2009	5,463	0.9	5,613	3.3	103.7
2010	5,509	0.8	5,653	0.7	103.5

Source: District Records

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



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

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

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/09 - 7/1/10
- D. Coverages: Building and Contents, Property Floaters, General Liability and Crime
- E. Limits: \$1,000,000 per occurrence; \$2,000,000 aggregate

II. Workers' Compensation Policy

- A. Policy #: 01-0005255
- B. Carrier: Workers' Compensation Risk Retention Program
- C. Policy Period: 12/1/09 - 11/30/10

III. Boiler and Machinery Policy

- A. Policy #: BAJ-BME 18156L884TIL10
- B. Carrier: Travelers Boiler
- C. Policy Period: 7/1/09 - 7/1/10
- D. Limits: \$100,000,000 per occurrence

IV. Excess Liability

- A. Policy #: ALA-64-A3-EX-0000008-03
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/09 - 7/1/10
- D. Limits: \$9,000,000

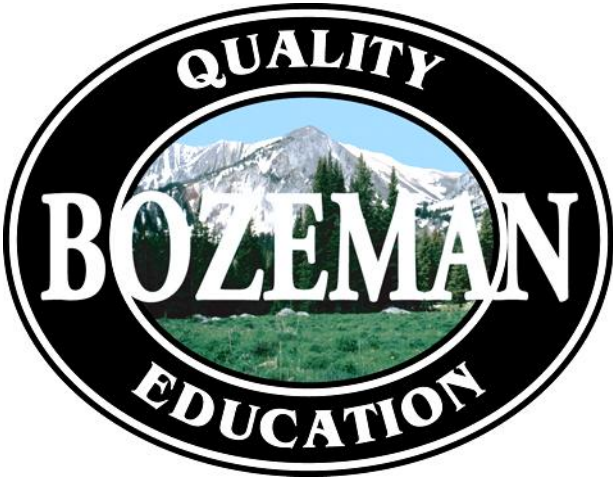
V. Commercial Employee Blanket Bond

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/09 - 7/1/10
- D. Limits: \$500,000 All Employees

VI. Excess Property

- A. Policy #: KTK-CMB-545D4969-09
- B. Carrier: Travelers Insurance
- C. Policy Period: 7/1/09 - 7/1/10
- D. Limits: \$100,000,000 per occurrence

SINGLE AUDIT SECTION



SCHOOL DISTRICT NO. 7
SCHEDULE OF FEDERAL AWARD EXPENDITURES
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantors Number	Program or Award Amount	Fund Balance at July 1, 2009	Revenues	Expenditures	Fund Balance at June 30, 2010
U.S. Department of Education							
Pass-through Montana Office of Public Instruction:							
Title I, Part A	84.010A	16-0350-31-10	\$ 703,329	\$ -	\$ 340,073	\$ 340,073	\$ -
Title I, Part A ARRA	84.389	16-0350-91-10	633,368	-	633,368	633,368	-
Title I, Part A - Schoolwide	84.010A	16-0350-32-10	111,651	-	111,651	111,651	-
Title I, Part A - Schoolwide ARRA	84.389A	16-0350-97-10	84,036	-	84,036	84,036	-
Title II, Part A	84.367	16-0350-14-10	373,695	-	361,584	361,584	-
Title II, Part B	84.366B	62-6627-1510-SILC	46,859	-	46,859	46,859	-
Title II, Part D	84.318	16-0350-60-10	14,559	-	12,926	12,926	-
Title IV, Part A	84.186A	16-0350-16-10	33,996	-	33,996	33,996	-
IDEA-B	84.027A	16-0350-77-10	1,491,272	-	740,078	740,078	-
IDEA-B ARRA	84.391	16-0350-92-10	1,391,825	-	695,913	695,913	-
IDEA-B Preschool	84.173A	16-0350-79-10	27,847	-	27,847	27,847	-
IDEA-B Preschool ARRA	84.392	16-0350-95-10	44,161	-	44,161	44,161	-
Carl Perkins - Basic	84.048A	16-0351-81-10	92,563	-	92,563	92,563	-
Adult Basic Education and Literacy	84.002	16-0351-56-10	30,184	-	30,184	30,184	-
EL/Civics	84.002	16-0351-56-10-EL	15,477	-	15,477	15,477	-
Title III, Part A	84.365A	16-0351-41-10I	19,558	-	15,602	15,602	-
Title X	84.196	16-0350-57-10	1,374	-	1,374	1,374	-
Title X ARRA	84.387A	16-0350-96-10-ARRA	40,926	-	17,609	17,609	-
Pass-through State of Montana as Direct State Aid:							
State Fiscal Stabilization Fund - ARRA	84.394	N/A	890,503	-	890,503	890,503	-
Pass-through Montana Commissioner of Higher Ed:							
Carl Perkins - Competitive - Project Lead the Way	84.048A	N/A	25,000	-	25,000	25,000	-
Total U.S. Department of Education Pass-Through			\$ 6,072,183	\$ -	\$ 4,220,804	\$ 4,220,804	\$ -
U.S. Department of Education Direct Programs:							
Teaching American History # 3	84.215X	U215X070020	\$ 1,000,000	\$ -	\$ 305,310	\$ 305,310	\$ -
Title VII Indian Education	84.060A	S060A090430	18,360	-	18,360	18,360	-
Total U.S. Department of Education Direct			\$ 1,018,360	\$ -	\$ 323,670	\$ 323,670	\$ -
U.S. Department of Agriculture:							
Pass-through Montana Office of Public Instruction:							
National School Lunch Program	10.555	N/A	\$ 513,258	\$ -	\$ 513,258	\$ 513,258	\$ -
Fair Value USDA Commodities	10.55	N/A	-	-	85,100	85,100	-
Total Department of Agriculture			\$ 513,258	\$ -	\$ 598,358	\$ 598,358	\$ -
U.S Department of Labor:							
Pass-through Montana Office of Public Instruction:							
WIA Incentive Grant (Pep Talk and GED On-Line)	17.267	16-0351-55-10-WIA	\$ 22,600	\$ -	\$ 22,600	\$ 22,600	\$ -
			\$ 22,600	\$ -	\$ 22,600	\$ 22,600	\$ -
U.S Department of Health & Human Services:							
Pass-through Dept. of Health & Human Services - MT:							
Public Health Emergency Preparedness	93.069	N/A	\$ 28,750	\$ -	\$ 23,882	\$ 23,882	\$ -
Total Department of Health & Human Services			\$ 28,750	\$ -	\$ 23,882	\$ 23,882	\$ -
TOTAL FEDERAL ASSISTANCE			\$ 7,655,151	\$ -	\$ 5,189,314	\$ 5,189,314	\$ -

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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2010. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Andersen Ziemmuel + Co, P.C.

Bozeman, Montana
December 23, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Bozeman School District No. 7 (the District)'s compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management of Bozeman School District No.7 and the Board of Trustees, the Montana Department of Administration, the Montana office of Public Instruction, 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.

Andersen Ziemmueler + Co, P.C.

Bozeman, Montana
December 23, 2010

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor’s 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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness identified	No
Significant Deficiency identified not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified

Any audit findings disclosed that are required to be reported in accordance With Circular A-133, Section .510(a)?	No
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Identification of major programs

84.010A	Title I, Part A	84.027A	IDEA-B
84.010A	Title I, Part A School wide	84.391	IDEA- B ARRA
84.389	Title I, Part A ARRA	84.173A	IDEA- B Preschool
84.359A	Title I, Part A School wide AARA	94.392	IDEA- B Preschool ARRA
84.367	Title II, Part A	84.394	State Fiscal Stabilization Fund AARA

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
YEAR ENDED JUNE 30, 2010

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Prior Year Audit Findings

None Reported