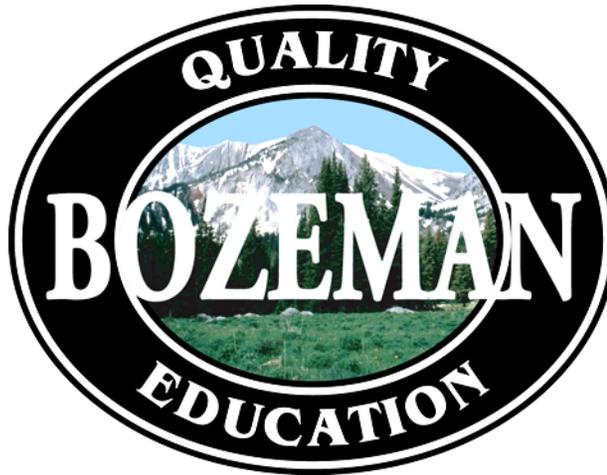


ANNUAL COMPREHENSIVE FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the fiscal year ended June 30, 2022

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

Annual Comprehensive Financial Report

of

BOZEMAN SCHOOL DISTRICT NO. 7

For the fiscal year ended June 30, 2022

Prepared by the Business Office

Mike Waterman, Executive Director Business and Operations

Lacy Clark, Director Business Services

Julia Wayman, CPA, Accounting Supervisor

404 West Main, P.O. Box 520

Bozeman, Montana 59771-0520

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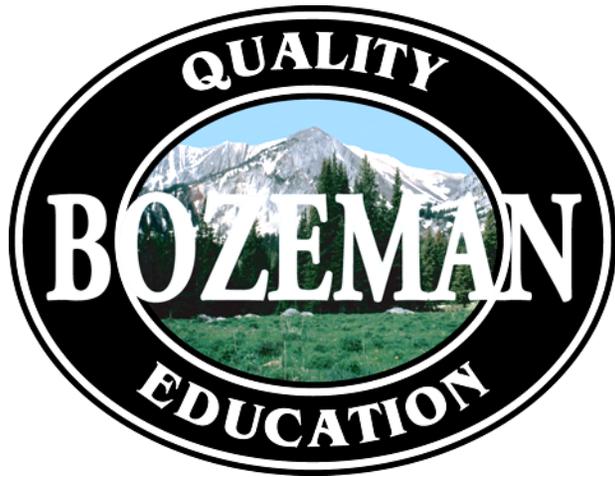


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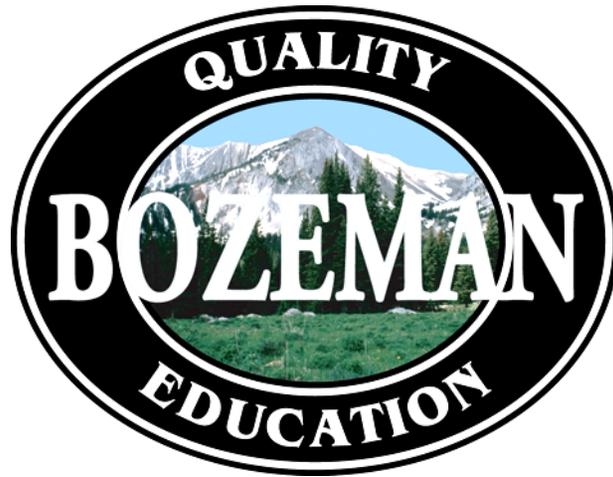
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INTRODUCTORY SECTION





Bozeman Public Schools

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

Casey Bertram
Superintendent

December 22, 2022

Letter of Transmittal

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

Dear Board Members and Citizens:

Montana Law requires that Bozeman School District No. 7 annually publish audited financial statements within twelve months of the close of each fiscal year. This Annual Comprehensive Financial Report meets that requirement for the fiscal year ended June 30, 2022.

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

For the year ended June 30, 2022, Anderson ZurMuehlen & Co., P.C. has issued an unmodified (referred to as "clean") opinion on the Bozeman School District No. 7's financial statements. Their independent audit report is located at the beginning of the financial section of this report.

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

PROFILE OF THE DISTRICT

Geographically, the Bozeman Public School system covers an area greater than the City of Bozeman. The school system includes two legal districts - Elementary District No. 7 and High School District No. 7. The elementary district covers approximately 275 square miles and has an estimated population of 65,646. The high school district covers approximately 700 square miles, and encompasses eight elementary districts (kindergarten through 8th grade (K-8) - Bozeman, Anderson, Cottonwood, Gallatin Gateway,

LaMotte, Malmborg, Monforton, and Sedan-Wilsall). The estimated population of the high school district is 73,792. The school system is a public entity under the authority of the State of Montana.

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

The two separate legal entities make up one independent reporting entity clearly within the criteria established in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The District serves approximately 7,217 students and provides a full range of educational services appropriate to grade levels Pre-K through 12, as well as Adult Education. These include regular and enriched academic education, special education for students with disabilities and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics. The Bozeman Schools Foundation, Bozeman Hawk and Gallatin Raptor Booster Clubs, Bozeman Schools Friends of Music and the various parent organizations are separate legal entities that also support the District. While the support is very welcome, the impacts of these individual entities is considered immaterial to the overall financial status of the District and, as such, are not included in these financial statements.

The District is required by state law to annually adopt budgets for certain funds, generally those supported by property taxes. The elementary and high school board of trustees must meet to legally adopt final budgets on or before August 15th immediately preceding the school year. The following governmental funds are state-mandated to have an annual budget appropriated: General, Transportation, Bus Depreciation, Tuition, Retirement, Technology Acquisition, Adult Education, Debt Service, Building Reserve, and Flexibility. These budgeted funds are the primary building blocks of the District's overall financial planning. No other District governmental funds have budgets appropriated by the board of trustees.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

Montana State University - Bozeman (M.S.U.) represents a major economic activity in the District. M.S.U., with a fiscal year 2020-2021 annual budget of approximately \$567,417,444, employs approximately 4,205 employees (2,569 full time, 741 part-time, and 895 graduate teaching and research assistants). With a student enrollment of 16,841 (Fall 2021), M.S.U. is not only one of the largest factors in the area economy but also one of the more stable factors.

The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide variety of activities, including economic analysis and forecasting. Excerpts from the Bureau's analysis contained in the *Montana*

Business Quarterly January 4, 2022, article titled 'How Montana's Regional Economies are Faring' is restated in the following paragraphs.

There was no escape from the ravages of the COVID-19 recession across the landscape of Montana's regions in 2020. High-flying areas of the state and more slowly growing areas alike suffered astounding job losses during the spring of that year. Yet the surprise of that sudden and severe downturn has been closely followed by a vigorous economic recovery that contained its own surprises. Among these were superheated housing markets, significant price inflation and a surge in consumer spending.

Some disruptions were positive for regions of Montana. While international travel got off its deadbed in 2021, the real or perceived difficulties of flying overseas redirected visitors to domestic venues. Huge visitor volumes at Montana's two large national parks poured spending into the adjacent counties of Flathead and Gallatin. And the increased national appetite for housing in less densely populated areas has brought plenty of out-of-state buyers into local housing markets.

Much was made of the U.S. Census announcement that the population in Gallatin County had overtaken Missoula County to become the state's second largest. In terms of its economy, that event occurred at least three years ago. The state's fastest growing county continued to pile up eye-watering growth statistics in 2021.

In just one sign of the pace of growth, third quarter 2021 enplanements at Bozeman Yellowstone International Airport were up by 90% from pre-COVID 2019 levels, the second fastest of all airports in the country. The facility recently completed a terminal expansion thought to be adequate for the next 10 years, but is now already planning more expansion.

Growth has created problems as well, especially in housing and labor availability. Zillow reported median home values in Bozeman of \$671,530, and realtors report listing prices of homes for sale well in excess of that.

Within Gallatin County where the District resides, outdoor recreational opportunities, the natural beauty of the area, proximity to two major ski resorts (Bridger Bowl and Big Sky) and to Yellowstone National Park, promote nonresident travel to the area, even in the times of a pandemic. By the end of the current fiscal year in June 30, 2022, nonresident and resident travel in the County had exceeded pre-pandemic levels. While this was welcome news for the local economy, it placed even more pressures on the labor shortage facing the county and state in general.

Major Initiatives

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

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

The Board of Trustees identified two *Mega Issues* that the district will utilize the consensus process to work through in 2022-2023. The first *Mega Issue* is balancing the district budget that is currently experiencing a large structural imbalance primarily due to the opening of a second high school and student enrollment losses. The District experienced declines in enrollment during the COVID-19 pandemic that have only partially been recovered for grades K-5. Additional information on student enrollment projections can be found within the Financial Analysis of the District's Funds section of Management's Discussion and Analysis. Once budget recommendations are made to the Board of Trustees, the recommendations will lead discussions on the second *Mega Issue* related to the High School MTSS/PLC. The goal of conducting the consensus process for the two *Mega Issues* is to guide the district towards other goals and processes that will benefit the district and lead to future LRSP discussions.

Relevant Financial Policies

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

Long-Term Financial Planning

In addition to the main purpose of the district, which is Academic Performance, the LRSP includes sections for Operations and Capacity Building, Community Engagement and Partnerships, and Student and Staff Safety/Health/Welfare. Detailed information on the District's educational buildings including age and functional capacity can be found within Table 22 of the Statistical Section.

In the fall of 2020, the District opened its second high school (Gallatin). Gallatin High School has already had a significant impact on operating budgets, and as a result, it figures predominately in the Operations and Capacity Building Goal. The former one-high school model allowed for significant efficiencies of scale that have been lost with the opening of the Gallatin High School. Administration had estimated that opening a second high school would require around \$2.3 million per year in additional operating costs in today's dollars—roughly 12% of our annual High School operating budget. The State of Montana's funding formula sets maximum spending levels in an attempt to equalize per-student spending across the state. The Bozeman School District is at the cap, so no additional General Fund resources became available when the second high school opened its doors. As a result, the District is considering several alternate plans to address this ongoing issue until increased student population brings back some of the former economic efficiencies.

The District continues to benefit from Building Reserve and Technology levies that voters generously approved. Each are long-term in nature: the Building Reserve and Technology levies have 6-year and permanent durations, respectively. The Building Reserve levies are helping the District tackle current and expected facilities

maintenance costs, while the Technology levy has helped the District keep up with the ever changing technology needs, replacing and modernizing as needed.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bozeman School District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgements

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

Sincerely,



Mike Waterman
Executive Director Business Operations



Casey Bertram
Superintendent



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bozeman School District No. 7
Montana**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

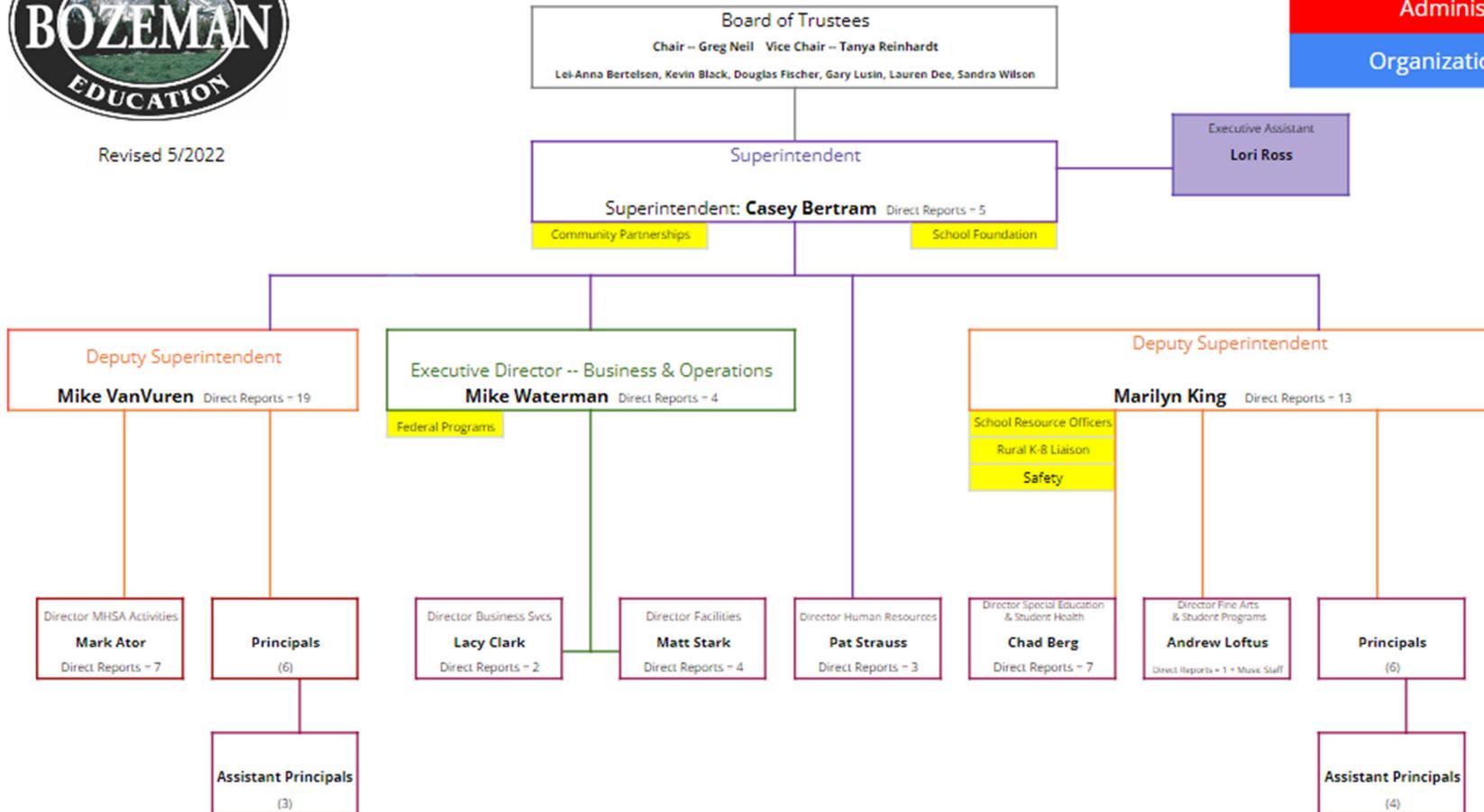
Christopher P. Morrill

Executive Director/CEO



Revised 5/2022

Administration
Organizational Chart



Elected Officials as of June 30, 2022
Board of Trustees

| | <u>Term Expires April</u> |
|------------------------------|-----------------------------------|
| Greg Neil | Board Chair 2023 |
| Tanya Reinhardt | Vice Chair 2025 |
| Lei-Anna Bertelsen | .Trustee 2024 |
| Kevin Black | .Trustee 2023 |
| Lauren Dee | .Trustee 2025 |
| Douglas Fischer | .Trustee 2024 |
| Gary Lusin | .Trustee 2024 |
| Sandra Wilson | .Trustee 2024 |

Appointed Positions as of June 30, 2022

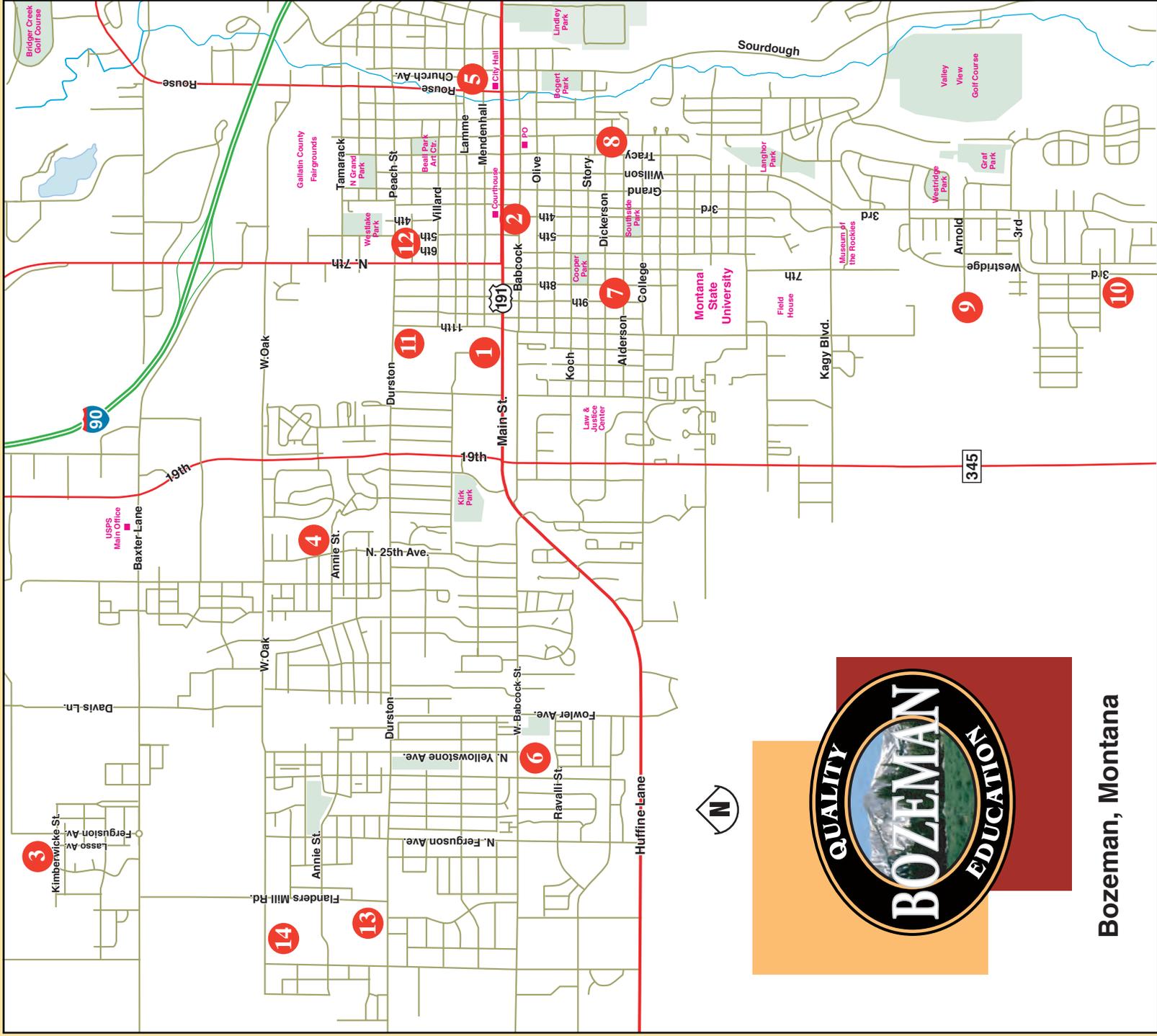
| | |
|------------------------------|-----------------------------------------------|
| Casey Bertram | Superintendent of Schools |
| Marilyn King, Ed. D. | Deputy Superintendent of Instruction |
| Mike VanVuren | Deputy Superintendent Curriculum & Technology |
| Mike Waterman | Executive Director Business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

Appointed Positions as of report issuance

| | |
|------------------------------|------------------------------------------|
| Casey Bertram | Superintendent of Schools |
| Marilyn King, Ed. D. | Deputy Superintendent |
| Mike VanVuren | Deputy Superintendent |
| Mike Waterman | Executive Director Business & Operations |

Board Meetings Held During Fiscal Year 2021-22

Regular 12
 Special 42



Bozeman, Montana

| | | | | | |
|----------|---------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------|-----------|---------------------------------------------------------------|
| 1 | Bozeman High School 205 North 11th 522-6200 | 8 | Longfellow Elementary 516 South Tracy 522-6150 | 12 | Whittier Elementary 511 North 5th 522-6750 |
| 1 | Bridger Charter Academy 205 North 11th 522-6100 | 9 | Morning Star Elementary 830 Arnold Street 522-6500 | 13 | Meadowlark Elementary 4415 Durston Road 582-6860 |
| 2 | Central Administration Offices 404 West Main Street 522-6000 | 10 | Sacajawea Middle School 3525 South 3rd 522-6400 | 14 | Gallatin High School 4455 Annie Street |
| 3 | Chief Joseph Middle School 4255 Kimberwicke 522-6300 | 11 | Support Services 501 North 11th 522-6380 | | |
| | | 4 | Emily Dickinson Elementary 2435 Annie Street 522-6650 | | |
| | | 5 | Hawthorne Elementary 405 East Mendenhall Street 522-6700 | | |
| | | 6 | Hyalite Elementary School 3600 West Babcock 582-6800 | | |
| | | 7 | Irving Elementary 811 West Alderson Street 522-6600 | | |

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bozeman School District No. 7

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental combining and individual nonmajor fund financial statements, the schedule of capital assets used in the operation of governmental funds, supplemental information mandated by Montana Office of Public Instruction, and schedule of expenditures of federal awards, as required by U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplemental combining and individual nonmajor fund financial statements, the schedule of capital assets used in the operation of governmental funds, the supplemental information mandated by Montana Office of Public Instruction, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Anderon ZurMuehlen & Co., P.C.

Bozeman, Montana
December 22, 2022

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 27.

USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds (General, Elementary Grants, Elementary Debt Service, High School Debt Service, High School Building Reserve and K-12 Interlocal Agreement Funds) with all other nonmajor funds presented in total in one column.

Overview of the financial statements

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

The Statement of Net Position and the Statement of Activities help answer the question "How did we do financially during 2022?". These government-wide statements include *all assets, deferred inflows of resources, deferred outflows of resources, and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Fund Financial Statements

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

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

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

The District maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Elementary Grants, Elementary Debt Service, High School Debt Service, High School Building Reserve and K-12 Interlocal Agreements Funds, which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and *schedules* elsewhere in this report.

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

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

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining*

statements on pages 138-140 of this report. The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Notes to the financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 41.

THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial condition. The District's net position increased by approximately \$6.9 million this year as compared to an almost \$1.4 million increase experienced last year. This current year \$6.9 million increase was largely attributed to planned conservation of building reserve and K-12 Interlocal Agreement proceeds for future projects and district needs. On subsequent pages, *Table 1* presents a comparative summary of the District's net position for the fiscal years ended June 30, 2022 and 2021. *Table 2* illustrates a comparative summary of the change in net position between the fiscal years.

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

Approximately \$22.6 million of the District's net position was subject to external restrictions on how it may be used. *Unrestricted* net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - had an ending deficit balance of (\$44,268,534) which was a 2.6% decline over the prior year. The origin of this large negative component of the net position resides in the past implementation of GASB Statement 68 "Accounting and Financial Reporting for Pensions", GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date" and of GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

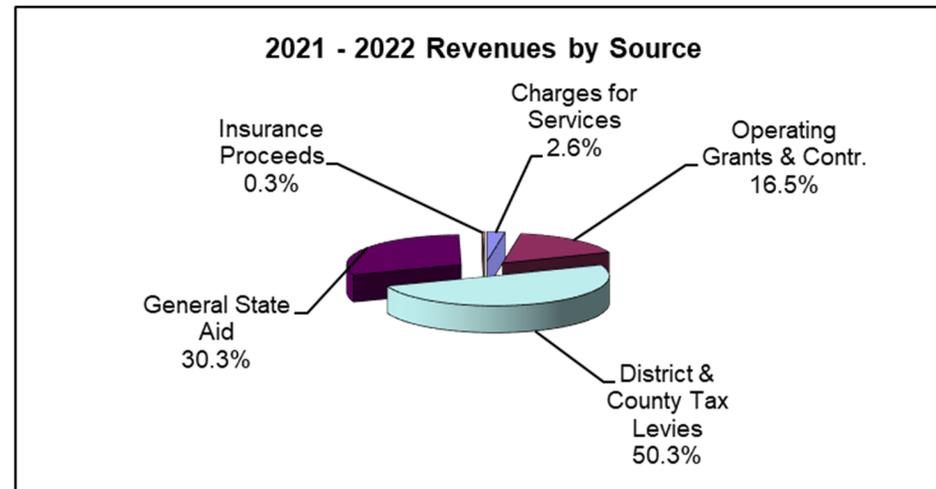
Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Position

| | Governmental Activities | | |
|-----------------------------------------------------|--------------------------------|----------------------|---------------------|
| | <u>2022</u> | <u>2021</u> | <u>Change</u> |
| Current assets | \$ 48,733,906 | \$ 57,022,067 | \$ (8,288,161) |
| Capital assets | 255,335,061 | 253,071,949 | 2,263,112 |
| Total assets | <u>304,068,967</u> | <u>310,094,016</u> | <u>(6,025,049)</u> |
| Deferred outflows of resources | <u>16,282,208</u> | <u>16,893,457</u> | <u>(611,249)</u> |
| Total assets and deferred outflows of resources | <u>320,351,175</u> | <u>326,987,473</u> | <u>(6,636,298)</u> |
| Current liabilities | 15,287,967 | 16,495,294 | (1,207,327) |
| Noncurrent bonds payable | 166,002,316 | 179,226,681 | (13,224,365) |
| Other noncurrent liabilities | 8,521,148 | 8,325,058 | 196,090 |
| Net pension liability | <u>54,496,888</u> | <u>70,608,616</u> | <u>(16,111,728)</u> |
| Total liabilities | <u>244,308,319</u> | <u>274,655,649</u> | <u>(30,347,330)</u> |
| Deferred inflows of resources | <u>18,987,688</u> | <u>2,172,568</u> | <u>16,815,120</u> |
| Total liabilities and deferred inflows of resources | <u>263,296,007</u> | <u>276,828,217</u> | <u>(13,532,210)</u> |
| Net position: | | | |
| Net investment in capital assets | 78,746,717 | 72,067,216 | 6,679,501 |
| Restricted | 22,576,985 | 21,224,673 | 1,352,312 |
| Unrestricted | <u>(44,268,534)</u> | <u>(43,132,633)</u> | <u>(1,135,901)</u> |
| Total net position | <u>\$ 57,055,168</u> | <u>\$ 50,159,256</u> | <u>\$ 6,895,912</u> |

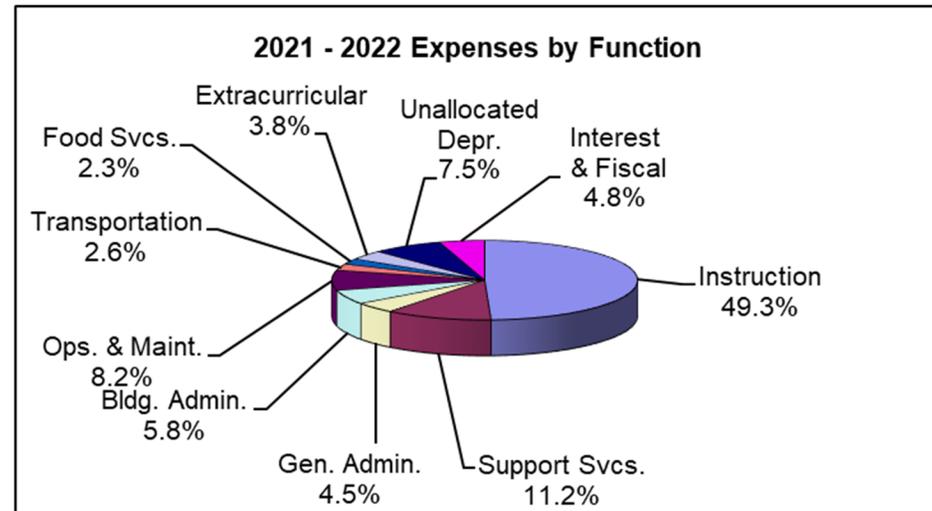
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Position

| | Governmental Activities | | |
|------------------------------------------------|--------------------------------|----------------------|---------------------|
| | <u>2022</u> | <u>2021</u> | <u>Change</u> |
| Revenues | | | |
| Program revenues: | | | |
| Charges for services | \$ 2,799,815 | \$ 1,929,018 | \$ 870,797 |
| Operating grants and contributions | 18,219,262 | 16,959,107 | 1,260,155 |
| Capital grants and contributions | 14,800 | - | 14,800 |
| General revenues | | | |
| District property taxes | 46,071,208 | 46,271,080 | (199,872) |
| Investment earnings | 41,470 | 443,336 | (401,866) |
| Tax increment financing proceeds | 1,794,637 | - | 1,794,637 |
| Gain on sale of asset | - | 500 | (500) |
| Unrestricted county distribution - retirement | 7,636,829 | 7,627,797 | 9,032 |
| Unrestricted state equalization | 21,478,702 | 21,481,437 | (2,735) |
| Unrestricted state guaranteed tax base subsidy | 6,794,248 | 6,182,728 | 611,520 |
| Unrestricted quality educator | 1,814,431 | 1,744,832 | 69,599 |
| Unrestricted on-behalf pension | 3,229,674 | 4,997,664 | (1,767,990) |
| Unrestricted other state revenue | 90,735 | 93,925 | (3,190) |
| Unrestricted insurance proceeds | 355,350 | - | 355,350 |
| Total revenues | <u>110,341,161</u> | <u>107,731,424</u> | <u>2,609,737</u> |
| Program Expenses | | | |
| Instruction | 51,031,172 | 54,365,339 | (3,334,167) |
| Support services | 11,618,857 | 12,362,208 | (743,351) |
| General administration | 4,560,069 | 4,761,408 | (201,339) |
| Building administration | 6,027,883 | 6,158,378 | (130,495) |
| Operations and maintenance | 8,452,853 | 8,094,242 | 358,611 |
| Student transportation | 2,701,997 | 3,187,980 | (485,983) |
| Food services | 2,406,349 | 1,836,680 | 569,669 |
| Extracurricular activities | 3,929,375 | 2,946,856 | 982,519 |
| Unallocated depreciation | 7,734,291 | 6,747,039 | 987,252 |
| Interest and fiscal charges | 4,982,403 | 5,881,078 | (898,675) |
| Total expenses | <u>103,445,249</u> | <u>106,341,208</u> | <u>(2,895,959)</u> |
| Change in net position | <u>6,895,912</u> | <u>1,390,216</u> | <u>5,505,696</u> |
| Net position, beginning of year | 50,159,256 | 50,472,311 | (313,055) |
| Restatement, correction of an error (2020) | - | (1,703,271) | 1,703,271 |
| Net position, beginning of year, as restated | <u>50,159,256</u> | <u>48,769,040</u> | <u>1,390,216</u> |
| Net position, end of year | <u>\$ 57,055,168</u> | <u>\$ 50,159,256</u> | <u>\$ 6,895,912</u> |

The 2022 fiscal year District revenues on *Table 2* experienced a net increase of \$2,609,737 (2.4%). This increase was largely attributable to increased federal funding for food services combined with a post-pandemic increase in extracurricular activities. The following chart details revenue by source.



Total expenses on *Table 2* decreased by \$2,895,959 (2.7%) and were largely attributable to a decline in instructional expenditures. In fiscal year ended 2021 \$2,693,456 of instructional minor equipment was purchased for Gallatin High School related to the school opening. We would not expect to have such large purchases of minor equipment subsequent to the school opening, and in fiscal year 2022 the instructional minor equipment purchased was minimal. 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 \$42,049,298, a 11.5% decrease of approximately \$5.5 million due to spending down bond proceeds related to the ongoing renovation of Bozeman High School.

The major elementary grants fund enjoyed a modest \$128,642 (7.5%) increase primarily due to unspent administrative indirect cost revenue generated by the increased pandemic funding. These funds are in part committed to assist in the increasingly complex administrative requirements placed upon the district.

Another major fund that had an increase in fund balance was the elementary debt service fund. Its fund balance climbed \$456,804 in the current fiscal year, primarily due to an increase in nonbudgeted tax increment proceeds received from the City of Bozeman. A larger proportion of tax increment proceeds were used for debt service in the current year instead of for general fund reserve.

The major high school debt service fund experienced an \$1,024,561 increase in fund balance caused by the final transfer in of bond proceeds from the high school building fund. This transfer offset the current year transition levy as promised to the taxpayers.

The high school building reserve major fund reported a minimal increase of \$213,371 (2.4%) which was mostly attributable to the planned accumulation in this fund to largely bear the final finishing costs of the Bozeman High School renovation in the near future.

The K-12 Interlocal Agreements major fund experienced a slight \$168,032 (1.9%) increase in fund balance primarily due to the aggregation of funds to position the District to financially handle the needs of a historically growing student enrollment. Total district enrollment increased 4.7% in the year ended 2022.

General fund budgetary highlights

The sixth major fund, the General Fund, is the main operating fund of the Bozeman School District. The ending budgeted general fund balance reserves maintained a level equal to 10.0% of the 2022-2023 expenditure budget. The 10.0% is 100% of the state allowed 10% maximum, and is adequate to meet cash flow needs, and exceeds the District self-imposed minimum reserve of 5%. Actual general fund revenues in the current year exceeded budgeted general fund revenues by a modest \$276,001 (0.5%). This was primarily due to higher than anticipated local district property taxes generated by rising student enrollment.

General Fund expenditures and transfers out utilized 98.2% of the general fund budget. The instruction functional line encountered an unfavorable 5.2% budget variance due to the district's structural imbalance. The district assigns the structural imbalance to instructional salaries - the largest single line item in our budget. This is completed to identify and track the imbalance from year to year. Due to this budgeting method, the difference in this area is expected. The support services functional line encountered a positive 16.8% budget variance in part due to federal pandemic funding a portion of the support services functions (within the elementary and high school grant funds) and some large curriculum purchases actually coded more appropriately into the instruction function rather than the budgeted support services function. The operations and maintenance functional line item experienced a favorable 24.6% budget variance due to unspent utility contingency budget and salary and benefits coming in under budget due to staff turnover and challenges with filling custodial positions. There were no other significant functional variances in the budgeted general fund in the current fiscal year.

Student enrollment is critical in the calculation of general fund budget limits. Historically the overall District PreK-12 enrollment has increased every year since 2005, until the COVID-19 pandemic occurred. Last year the District experienced a contraction of its PreK-12 enrollment (see Table 24) directly affected by parents concerns of the unknowns spawned by the COVID-19 pandemic. Although the District provided in person, hybrid and remote only instruction options, many parents opted to withdraw their students from public schools during the school year ended June 30, 2021, to test the viability of homeschooling or alternate remote learning for their children. The District had predicted this reduction in enrollment would be a short-term trend as more of the unknowns of the pandemic became more known quantities that parents could relate and respond to. Our enrollment student counts in fiscal year 2022 has confirmed the District's prediction, as elementary enrollment has partially recovered and, in the high school grades, climbed above the pre-pandemic enrollment levels.

The student population growth for grades 6-8 and 9-12 are once again tracking the historical trend of enrollment projections. This enrollment gain will continue to increase the demand for resources but will also have a positive impact on the maximum budget allowed to service the educational needs of the students. However, the enrollment for grades K-5 has not increased back to pre-pandemic levels. District projections anticipate that it is likely that the K-5 population will stay steady for the years to come.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District had invested roughly \$328.6 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an approximate increase prior to depreciation of \$10.3 million over 2021. Total depreciation expense for the year was \$8,080,987. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2022. Additional information on the District's capital assets can be found in Note III C within this report.

| | <u>Amount</u> |
|----------------------------|-----------------------------|
| Land | \$ 13,136,828 |
| Land improvements | 22,789,878 |
| Buildings and improvements | 183,569,368 |
| Machinery and equipment | 1,936,767 |
| Construction in progress | <u>33,902,220</u> |
| Total | <u><u>\$255,335,061</u></u> |

Debt Administration

At year-end, the District had \$240,876,377 in general obligation bonds and other long-term liabilities outstanding, of which \$11,856,025 is due within one year. A summary of the District's outstanding long-term liabilities for the year ended June 30, 2022, is presented below:

| | <u>Amount</u> |
|--------------------------------|------------------------------|
| General obligation bonds | \$ 177,227,316 |
| Compensated absences | 4,592,406 |
| Voluntary termination benefits | 20,250 |
| Net pension liability | 54,496,888 |
| Other postemployment benefits | <u>4,539,517</u> |
| Total | <u><u>\$ 240,876,377</u></u> |

The Elementary and High School Districts have each maintained their respective **Aa2** Moody's rating for general obligation debt. State statutes currently limit the amount of the general obligation debt a District may issue. As of June 30, 2022, the current elementary legal debt margin is \$181,900,702 and the high school legal debt margin is \$149,966,207 (as shown on Table 14).

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration and board of trustees during the process of developing the fiscal year 2022-2023 budget. The primary factors were the District's student population, collective bargaining agreements, inflation rates, monitoring the operations at a newly opened second high school and gauging the lingering effect of the coronavirus. Budgeted expenditures in the General Fund increased by 4.3% to \$56,909,434 in fiscal year 2022-2023. Increased payroll and employee benefit costs for an expanding workforce educating a growing student body are the primary reason for the increase. This modest increase in the General Fund budget is not enough to keep up with the demands on the District. Further, the General Funds are projected to be in a structural imbalance where the planned General Fund costs exceed the available spending authority. In light of this, the structural imbalance has become a *Mega Issue* set forth by the Superintendent and identified by the Board as a top priority moving into the 2022-2023 fiscal year.

Inflation for fiscal year 2022 (June to June) was 9.1%, which marked the fastest pace for inflation going back to November 1981. Hopes that inflation might start to decline may be materializing as the October 2022 annual inflation rate fell to 7.7%. The local cost of living within the Bozeman School District has outpaced that of the national economy. These factors are two of many considered when evaluating the cost of living during collective bargaining negotiations and the recent reevaluation of pay scales.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact Mike Waterman (Executive Director Business and Operations), at the Bozeman School District, 404 West Main Street, Bozeman, Montana 59715 (or by phone at 406-522-6097).

Basic Financial Statements

Government-Wide Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Governmental Activities | | Governmental Activities |
|------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------|----------------------------|
| <u>ASSETS</u> | | <u>LIABILITIES</u> | |
| Current assets: | | Current liabilities: | |
| Cash and cash equivalents | \$ 37,855,539 | Accounts payable | \$ 1,119,629 |
| Investments | 889,298 | Accrued interest payable | 539,406 |
| Property taxes receivable (net of allowances for uncollectibles) | 915,380 | Retainages payable | 188,713 |
| Due from other governments | 8,492,772 | Unearned revenue | 1,563,094 |
| Accounts receivable | 207,241 | Bonds payable - due within one year | 11,225,000 |
| Inventory, at cost | 41,165 | Compensated absences - due within one year | 623,775 |
| Prepaid items | 296,455 | Voluntary termination benefits - due within one year | 7,250 |
| Flexible accounts deposit | 36,056 | Due to other government | 21,100 |
| Total current assets | 48,733,906 | Total current liabilities | 15,287,967 |
| Noncurrent assets: | | Noncurrent liabilities: | |
| Land | 13,136,828 | Bonds payable | 166,002,316 |
| Land improvements | 32,326,680 | Compensated absences | 3,968,631 |
| Buildings and improvements | 241,536,830 | Voluntary termination benefits | 13,000 |
| Machinery and equipment | 7,671,862 | Net pension liability | 54,496,888 |
| Construction in progress | 33,902,220 | Other postemployment health benefits | 4,539,517 |
| Less accumulated depreciation | (73,239,359) | Total noncurrent liabilities | 229,020,352 |
| Total noncurrent assets | 255,335,061 | Total liabilities | 244,308,319 |
| Total assets | 304,068,967 | | |
| | | <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Other postemployment health benefits deferred contributions | 727,973 | Other postemployment health benefits assumption changes | 608,209 |
| Contribution to pension plans in current fiscal year | 14,580,088 | Pension deferrals | 18,379,479 |
| Excess reacquisition costs due to bond refunding | 974,147 | Total deferred inflows of resources | 18,987,688 |
| Total deferred outflows of resources | 16,282,208 | | |
| | | <u>NET POSITION</u> | |
| Total assets and deferred outflows of resources | \$ 320,351,175 | Net investment in capital assets | 78,746,717 |
| | | Restricted for: | |
| | | Building | 1,813,414 |
| | | Building reserve | 11,882,047 |
| | | Debt service | 1,483,295 |
| | | Bus depreciation | 611,376 |
| | | Retirement | 2,244,640 |
| | | Restricted endowment: | |
| | | Nonexpendable portion | 287,147 |
| | | Expendable portion | 614,980 |
| | | Technology acquisition | 1,262,240 |
| | | Transportation | 1,048,975 |
| | | Tuition | 711,906 |
| | | Grant purposes | 463,733 |
| | | Adult education | 153,232 |
| | | Unrestricted | (44,268,534) |
| | | Total net position | 57,055,168 |
| | | | |
| | | Total liabilities, deferred inflows of resources and net position | \$ 320,351,175 |

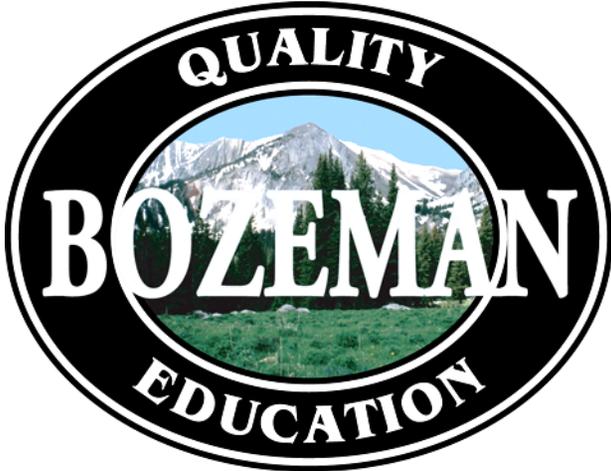
The notes to the financial statements are an integral part of this statement.

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--------------------------------------|-----------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| Instruction | \$ 51,031,172 | \$ 932,191 | \$ 8,953,736 | \$ - | \$ (41,145,245) |
| Support services | 11,618,857 | 514,484 | 2,775,490 | - | (8,328,883) |
| General administration | 4,560,069 | 112,859 | 503,515 | - | (3,943,695) |
| Building administration | 6,027,883 | 143,548 | 618,333 | - | (5,266,002) |
| Operations and maintenance | 8,452,853 | 218,893 | 804,380 | 14,800 | (7,414,780) |
| Student transportation | 2,701,997 | - | 578,011 | - | (2,123,986) |
| Food services | 2,406,349 | 478,220 | 2,287,544 | - | 359,415 |
| Extracurricular activities | 3,929,375 | 399,620 | 1,698,253 | - | (1,831,502) |
| Unallocated depreciation * | 7,734,291 | - | - | - | (7,734,291) |
| Interest and fiscal charges | 4,982,403 | - | - | - | (4,982,403) |
| Total governmental activities | \$ 103,445,249 | \$ 2,799,815 | \$ 18,219,262 | \$ 14,800 | \$ (82,411,372) |
| | | General revenues: | | | |
| | | | | | 46,071,208 |
| | | | | | 41,470 |
| | | | | | 1,794,637 |
| | | | | Unrestricted: | |
| | | | | | 7,636,829 |
| | | | | | 21,478,702 |
| | | | | | 6,794,248 |
| | | | | | 1,814,431 |
| | | | | | 3,229,674 |
| | | | | | 90,735 |
| | | | | | 355,350 |
| | | | | | <u>89,307,284</u> |
| | | | | | Change in net position |
| | | | | | 6,895,912 |
| | | | | | <u>\$ 50,159,256</u> |
| | | | | | Net position, beginning of year |
| | | | | | <u>\$ 57,055,168</u> |
| | | | | | Net position, end of year |

* 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, 2022

| | General | Elementary Grants | Elementary Debt Service | High School Debt Service | High School Building Reserve | K-12 Interlocal Agreements | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------------------------------------------------|---------------------|----------------------|----------------------------|-----------------------------|---------------------------------|-------------------------------|-----------------------------------|-----------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 6,042,488 | \$ 28,054 | \$ 62,082 | \$ - | \$ 9,291,150 | \$ 4,369,407 | \$ 13,256,039 | \$ 33,049,220 |
| Investments | - | - | - | - | - | - | 889,298 | 889,298 |
| Property taxes receivable | 442,904 | - | 95,472 | 226,893 | 53,516 | - | 111,418 | 930,203 |
| Due from other funds | - | - | - | - | - | 4,410,000 | 180 | 4,410,180 |
| Due from other governments | 50,668 | 6,252,745 | 841,410 | 908,198 | 5,649 | 26,241 | 405,513 | 8,490,424 |
| Accounts receivable | 5,920 | 105,080 | - | - | - | 26,573 | 69,668 | 207,241 |
| Inventory, at cost | - | - | - | - | - | - | 40,247 | 40,247 |
| Prepaid items | 143,394 | 7,216 | - | - | 163 | 4,465 | 97,728 | 252,966 |
| Total assets | \$ 6,685,374 | \$ 6,393,095 | \$ 998,964 | \$ 1,135,091 | \$ 9,350,478 | \$ 8,836,686 | \$ 14,870,091 | \$ 48,269,779 |
| LIABILITIES | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ - | \$ 101,741 | \$ - | \$ - | \$ 342 | \$ 102,083 |
| Accounts payable | 108,318 | 63,959 | - | - | 120,336 | 1,026 | 55,774 | 349,413 |
| Retainages payable | - | - | - | - | 188,713 | - | - | 188,713 |
| Unearned revenue | - | 68,694 | - | - | - | - | 150,095 | 218,789 |
| Due to other funds | - | 4,410,000 | - | - | - | 180 | - | 4,410,180 |
| Due to other governments | 21,100 | - | - | - | - | - | - | 21,100 |
| Total liabilities | 129,418 | 4,542,653 | - | 101,741 | 309,049 | 1,206 | 206,211 | 5,290,278 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable revenue - property taxes | 442,904 | - | 95,472 | 226,893 | 53,516 | - | 111,418 | 930,203 |
| Total deferred inflows of resources | 442,904 | - | 95,472 | 226,893 | 53,516 | - | 111,418 | 930,203 |
| FUND BALANCES | | | | | | | | |
| Nonspendable | 143,394 | 7,216 | - | - | 163 | 4,465 | 425,122 | 580,360 |
| Restricted | - | 227,725 | 903,492 | 806,457 | 8,987,750 | - | 11,590,589 | 22,516,013 |
| Committed | - | 1,615,501 | - | - | - | 8,831,015 | 2,536,751 | 12,983,267 |
| Assigned | 422,520 | - | - | - | - | - | - | 422,520 |
| Unassigned | 5,547,138 | - | - | - | - | - | - | 5,547,138 |
| Total fund balances | 6,113,052 | 1,850,442 | 903,492 | 806,457 | 8,987,913 | 8,835,480 | 14,552,462 | 42,049,298 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 6,685,374 | \$ 6,393,095 | \$ 998,964 | \$ 1,135,091 | \$ 9,350,478 | \$ 8,836,686 | \$ 14,870,091 | \$ 48,269,779 |

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

BOZEMAN SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

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

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------|
| Fund balances - total governmental funds | | \$ 42,049,298 |
| Capital assets (excluding internal service funds) used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$328,313,308 | | 255,330,798 |
| Deferred inflows of resources (unavailable property taxes) are not available to pay for current period expenditures, and therefore are deferred in the governmental funds. | | 930,203 |
| Pension and OPEB related deferred inflows and outflows (excluding internal service funds) are not accounted for in the governmental funds. Excess reacquisition costs related to bond refunding are accounted for as deferred inflows of resources on the government-wide statements. The following number reports the net result of the current and long-term effect of these resources. | | (2,814,646) |
| Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net position. | | (14,822) |
| Accrued interest payable on bonds is reported on the statement of net position. | | (539,406) |
| Long-term liabilities (excluding internal service funds), including bonds payable, compensated absences, voluntary termination benefits, and net pension liability are not due and payable in the current period and therefore are not reported in the funds. | | |
| Bonds payable | \$177,227,316 | |
| Compensated absences | 4,592,406 | |
| Voluntary termination benefits | 20,250 | |
| Net pension liability | 54,420,226 | |
| | | (236,260,198) |
| Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | <u>(1,626,059)</u> |
| Net position - governmental activities | | <u><u>\$ 57,055,168</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, 2022

| | General | Elementary Grants | Elementary Debt Service | High School Debt Service | High School Building Reserve | K-12 Interlocal Agreements | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------------------------------|---------------------|----------------------|----------------------------|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | | | | |
| District property taxes | \$ 22,229,174 | \$ - | \$ 4,788,655 | \$ 11,298,716 | \$ 2,669,621 | \$ - | \$ 5,632,784 | \$ 46,618,950 |
| Tuition and fees | 61,221 | 120 | - | - | - | - | 576,914 | 638,255 |
| Investment earnings (loss) | 26,794 | 1,291 | 4,282 | 5,445 | 32,899 | 29,189 | (70,684) | 29,216 |
| Other district revenue | 45,000 | 874,611 | 841,500 | 908,137 | 53,625 | 26,573 | 2,733,759 | 5,483,205 |
| Gallatin County | - | - | - | - | - | - | 7,918,146 | 7,918,146 |
| State of Montana | 32,475,244 | 1,128,277 | 26,697 | 16,346 | 39,417 | - | 3,810,375 | 37,496,356 |
| Federal | - | 8,498,832 | - | - | - | - | 2,538,140 | 11,036,972 |
| Total revenues | 54,837,433 | 10,503,131 | 5,661,134 | 12,228,644 | 2,795,562 | 55,762 | 23,139,434 | 109,221,100 |
| Expenditures: | | | | | | | | |
| Current - | | | | | | | | |
| Instruction | 33,185,127 | 7,239,009 | - | - | 31,412 | 306,291 | 8,076,485 | 48,838,324 |
| Support services | 6,542,919 | 2,487,948 | - | - | 39,417 | 53,641 | 1,851,423 | 10,975,348 |
| General administration | 3,040,217 | 88,665 | - | - | - | 24,823 | 1,186,491 | 4,340,196 |
| Building administration | 4,200,188 | 367,415 | - | - | - | 22,051 | 1,506,534 | 6,096,188 |
| Operations and maintenance | 5,445,453 | 83,051 | 76,507 | 85,352 | 382,180 | 1,457 | 2,275,757 | 8,349,757 |
| Student transportation | 2,282 | 20,642 | - | - | - | - | 2,665,329 | 2,688,253 |
| Food services | 5,776 | 3,521 | - | - | - | - | 2,265,985 | 2,275,282 |
| Extracurricular activities | 1,662,040 | 76,177 | - | - | - | 1,188 | 2,149,925 | 3,889,330 |
| Capital outlay | - | 8,071 | - | - | 2,129,182 | 14,145 | 8,184,673 | 10,336,071 |
| Debt service - | | | | | | | | |
| Principal retirement | - | - | 3,430,000 | 7,050,000 | - | - | - | 10,480,000 |
| Interest and fiscal charges | - | - | 1,701,115 | 5,064,200 | - | - | - | 6,765,315 |
| Bond issuance costs | - | - | 78,588 | - | - | - | - | 78,588 |
| Total expenditures | 54,084,002 | 10,374,499 | 5,286,210 | 12,199,552 | 2,582,191 | 423,596 | 30,162,602 | 115,112,652 |
| Excess (deficiency) of revenues over expenditures | 753,431 | 128,632 | 374,924 | 29,092 | 213,371 | (367,834) | (7,023,168) | (5,891,552) |
| Other financing sources (uses): | | | | | | | | |
| Transfer in | - | 10 | - | 995,469 | - | 535,866 | - | 1,531,345 |
| Transfer out | (535,866) | - | - | - | - | - | (995,479) | (1,531,345) |
| Insurance proceeds from damaged building | - | - | - | - | - | - | 355,350 | 355,350 |
| Refunding bonds issued | - | - | 9,075,000 | - | - | - | - | 9,075,000 |
| Premium on refunding bonds issued | - | - | 592,115 | - | - | - | - | 592,115 |
| Payments to bond escrow agent | - | - | (9,585,235) | - | - | - | - | (9,585,235) |
| Total other financing sources (uses) | (535,866) | 10 | 81,880 | 995,469 | - | 535,866 | (640,129) | 437,230 |
| Net changes in fund balances | 217,565 | 128,642 | 456,804 | 1,024,561 | 213,371 | 168,032 | (7,663,297) | (5,454,322) |
| Fund balances, beginning of year | 5,895,487 | 1,721,800 | 446,688 | (218,104) | 8,774,542 | 8,667,448 | 22,215,759 | 47,503,620 |
| Fund balances, end of year | \$ 6,113,052 | \$ 1,850,442 | \$ 903,492 | \$ 806,457 | \$ 8,987,913 | \$ 8,835,480 | \$ 14,552,462 | \$ 42,049,298 |

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, 2022**

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

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------|
| Net change in fund balances - total governmental funds | \$ | (5,454,322) |
| | | |
| Governmental funds accrue property tax revenue which is deemed collectible within 60 days; however, for the statement of activities the total amount estimated to ultimately be collected is accrued. | | 178 |
| | | |
| 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 (\$10,336,071) exceeded depreciation (\$8,078,194) in the current period. Additionally, the receipt of donated capital assets (\$14,800) is not reported in the governmental funds, but is reported in the statement of activities. | | 2,265,906 |
| | | |
| Deferred inflows of resources in the governmental funds are reported on the full accrual method in the government-wide financial statements. | | (547,921) |
| | | |
| The net pension liability and related pension deferred inflows and outflows of the district are reported on the full accrual method and solely in the government-wide financial statements. | | (1,150,220) |
| | | |
| The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized as a component of interest and fiscal charges in the statement of activities. If debt is refunded at a cost more than the carrying amount of the old debt, this excess acquisition cost is also amortized as a component of interest and fiscal charges in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt. | | 12,259,621 |
| | | |
| The current period net decrease in compensated absences, voluntary termination benefits payable, and the allowance for doubtful accounts did not require the use of current financial resources. | | 25,497 |
| | | |
| Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The net loss of the internal service funds is reported with governmental activities. | | (502,827) |
| | | |
| Change in net position of governmental activities | \$ | 6,895,912 |

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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| Revenues: | | | | |
| District property taxes | \$ 22,044,065 | \$ 22,044,065 | \$ 22,229,173 | \$ 185,108 |
| Tuition and fees | - | - | 61,221 | 61,221 |
| Investment earnings | 40,832 | 40,832 | 25,504 | (15,328) |
| Other district revenue | - | - | 45,000 | 45,000 |
| State of Montana | 32,475,244 | 32,475,244 | 32,475,244 | - |
| Total revenues | <u>54,560,141</u> | <u>54,560,141</u> | <u>54,836,142</u> | <u>276,001</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 30,436,037 | 31,473,268 | 33,124,209 | (1,650,941) |
| Support services | 7,837,272 | 7,837,272 | 6,523,597 | 1,313,675 |
| General administration | 2,999,336 | 2,999,336 | 3,020,912 | (21,576) |
| Building administration | 4,470,481 | 4,470,481 | 4,180,118 | 290,363 |
| Operations and maintenance | 7,138,239 | 7,138,239 | 5,379,788 | 1,758,451 |
| Student transportation | - | - | 2,282 | (2,282) |
| Food services | - | - | 79 | (79) |
| Extracurricular activities | 1,699,926 | 1,699,926 | 1,662,040 | 37,886 |
| Total expenditures | <u>54,581,291</u> | <u>55,618,522</u> | <u>53,893,025</u> | <u>1,725,497</u> |
| Other financing sources (uses): | | | | |
| Transfers out | - | - | (731,866) | (731,866) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(731,866)</u> | <u>(731,866)</u> |
| Net change in fund balances | (21,150) | (1,058,381) | 211,251 | 1,269,632 |
| Fund balances, beginning of year | <u>5,479,280</u> | <u>5,479,280</u> | <u>5,479,280</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 5,458,130</u> | <u>\$ 4,420,899</u> | <u>\$ 5,690,531</u> | <u>\$ 1,269,632</u> |

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

| | Governmental Activities: Internal Service Funds |
|---------------------------------------------------------------------------|----------------------------------------------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and cash equivalents | \$ 4,908,401 |
| Inventory, at cost | 918 |
| Prepaid expenses | 43,489 |
| Flexible accounts deposit | 36,056 |
| Due from other governments | 2,348 |
| Total current assets | 4,991,212 |
| Noncurrent assets: | |
| Capital assets: | |
| Machinery and equipment | 261,112 |
| Less accumulated depreciation | (256,848) |
| Net capital assets | 4,264 |
| Total assets | 4,995,476 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Other postemployment health benefits deferred contributions | 727,973 |
| Contribution to pension plans in current fiscal year | 21,013 |
| Total deferred outflows of resources | 748,986 |
| Total assets and deferred outflows of resources | \$ 5,744,462 |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable | \$ 770,216 |
| Unearned revenue | 1,344,306 |
| Total current liabilities | 2,114,522 |
| Noncurrent liabilities: | |
| Net pension liability | 76,662 |
| Other postemployment health benefits | 4,539,517 |
| Total noncurrent liabilities | 4,616,179 |
| Total liabilities | 6,730,701 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Other postemployment health benefits assumption changes | 608,209 |
| Pension deferrals | 31,611 |
| Total deferred inflows of resources | 639,820 |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 4,264 |
| Unrestricted | (1,630,323) |
| Total net position | (1,626,059) |
| Total liabilities, deferred inflows of resources, and net position | \$ 5,744,462 |

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

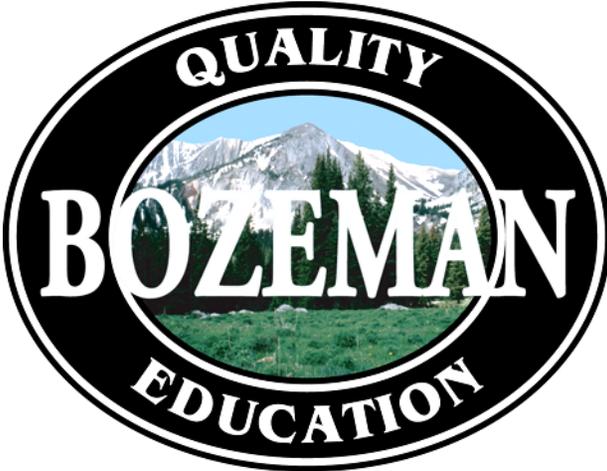
| | Governmental Activities: Internal Service Funds |
|----------------------------------------|----------------------------------------------------------|
| Operating revenues: | |
| Charges for services | \$ 9,133,068 |
| Charges for wellness services | 51,187 |
| Stop-loss insurance revenue | 134,122 |
| Other district revenue | 7,127 |
| Total operating revenues | <u>9,325,504</u> |
| Operating expenses: | |
| Administrative expenses | 445,158 |
| Communications | 20,931 |
| Contracted Medicare supplement | 489,721 |
| Depreciation | 2,792 |
| Facilities and equipment rental | 101,179 |
| Health, dental and vision claims | 8,051,129 |
| Materials and supplies | - |
| Minor equipment | 15,656 |
| Minor technology equipment | 9,260 |
| Other expenses | 3,774 |
| Other postemployment health benefits | 411,792 |
| Repairs and maintenance | 38,472 |
| Salaries and benefits | 10,355 |
| Software maintenance | 42,119 |
| Wellness | 198,249 |
| Total operating expenses | <u>9,840,587</u> |
| Operating loss | <u>(515,083)</u> |
| Nonoperating revenues: | |
| Investment earnings | 12,256 |
| Total nonoperating revenues | <u>12,256</u> |
| Change in net position | (502,827) |
| Net position, beginning of year | <u>(1,123,232)</u> |
| Net position, end of year | <u>\$ (1,626,059)</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, 2022

| | Governmental Activities: Internal Service Funds |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Cash flows from operating activities: | |
| Receipts from users | \$ 9,233,865 |
| Receipts from stop-loss insurance claims | 134,122 |
| Receipts from donors | 7,127 |
| Payments for insurance claims | (8,051,129) |
| Payments to employees | (10,355) |
| Payments to suppliers | (1,557,124) |
| | Net cash flows from operating activities |
| | (243,494) |
| Cash flows from investing activities: | |
| Interest received | 12,256 |
| | Net cash flows from investing activities |
| | 12,256 |
| Net change in cash and cash equivalents | (231,238) |
| Cash and cash equivalents - beginning of the year | 5,139,639 |
| Cash and cash equivalents - end of the year | \$ 4,908,401 |
| Reconciliation of operating loss to net cash flows from operating activities: | |
| Operating loss | \$ (515,083) |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | |
| Depreciation | 2,792 |
| (Increase) decrease in inventories | 218 |
| (Increase) decrease in prepaid items | 7,083 |
| (Increase) decrease in accounts receivable | (2,348) |
| Increase (decrease) in accounts payable | 14,483 |
| Increase (decrease) in unearned insurance premiums | 51,958 |
| Increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability | (9,067) |
| Increase (decrease) in other postemployment benefits | 206,470 |
| | Total adjustments |
| | 271,589 |
| Net cash flows from operating activities | \$ (243,494) |

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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bozeman School District No. 7 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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

Bozeman 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 Bozeman School District No. 7 (the primary government) and all component units, if any. In the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 61 *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. One significant modification was the provision that a financial benefit or burden must exist between the District and potential component unit organization for it to be included in the reporting entity as a component unit. In applying this statement, it has been determined that Bozeman 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 Bozeman 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 District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and statement of activities report information on all of the activities of the primary government utilizing a full accrual basis of accounting. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Fund financial statements are designed to present financial information of the District at a more detailed level (and to demonstrate legal compliance). The focus of governmental fund financial statements is on major funds. In the District's case, the general, elementary grants, elementary debt service, high school debt service, high school building reserve, and K-12 interlocal agreements funds are considered major and are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

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

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

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

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

The District reports the following major governmental funds:

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

The *elementary grants fund* accounts for Federal, State and Local grants and indirect cost monies received by the District.

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

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

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

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

Additionally, the government also reports the following fund types:

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

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

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

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

D. Cash and investments

The District's cash consists primarily of amounts held by the County Treasurer and pooled in the Gallatin County external investment pool. In addition, a portion of the District's investments are held in interest-bearing bank insured deposit accounts.

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

The County Treasurer, at the direction of the District, invests the vast majority of pooled cash pursuant to State Law (MCA 20-9-213 [4]). Allowable investments include direct obligations of the United States Government and some United States Agencies (not to exceed five years), savings or time deposits in a state or national bank, building and loan association, savings and loan association, or credit union insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (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, 2022, the District had a significant portion of its funds invested in STIP through the Gallatin County external investment pool.

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

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

E. Receivables and payables

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

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

Property taxes are due in two payments, generally November 30th and May 31st. Unpaid taxes become delinquent on December 1st and June 1st. After three years of delinquency, the County may proceed to take title to the property. Delinquent taxes may be collected up to ten years. The County Treasurer may issue a writ of execution to the County Sheriff to seize the property and sell it to pay the taxes. Unpaid taxes at the end of ten years may be written off by the County Commissioners. Using the County's 10-year delinquency rate of 0.03% on real estate property taxes levied and 0.2% on personal property taxes levied, a \$14,822 allowance for uncollectibles has been calculated and the property taxes receivable are presented net of this amount.

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

F. Inventories

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

G. Prepaid items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items in both the government-wide and fund financial statements. This current asset is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed (consumption method).

H. Capital assets

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

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

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

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

I. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Within the District's governmental fund balance sheet, there was one item that qualified as a deferred inflow of resources. This item was entirely comprised of outstanding property taxes as of June 30, 2022. These amounts are (and were) reported as revenue in the government-wide financial statements in the period in which they were levied and thus no deferred inflows of resources were reported for this unavailable property tax activity. The government-wide and proprietary statements of net position did report some deferred inflows of resources for pension and OPEB related activities. Please refer to the Other Information section of the notes for a more in-depth discussion of the pension and OPEB activity that the District participates in.

J. Compensated absences

Accumulated Vacation and Sick Leave - Nonteaching District employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Vacation leave may be accumulated to a total not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of 11 to 15 days per year. Upon retirement or termination, all employees are paid for 100% of unused vacation leave and 25% of unused sick leave (certified staff are limited to a maximum 187 days of sick leave payout at the employee's current salary).

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

K. Voluntary termination benefits

Administrator Severance Medical Insurance Payments - If an Administrator has at least thirteen years of administrative service with the District or at least twenty years of total service with the District, and the Administrator's employment with the District ends in a no fault termination, the Administrator shall be entitled to payments of \$250 per month from the District for medical insurance. These payments shall cease on the first of the following to occur: a. The Administrator becoming eligible to participate in another employer sponsored medical insurance plan with benefits which are of comparable value to the District's group medical insurance plan, or Medicare. b. Ten years expiring from the date of the first such payment to the Administrator. For the fiscal year ended June 30, 2022, this voluntary termination benefit cost the District \$8,750 and had 3 past employees participating as of that year end date.

L. Net pension liability

The District must report its proportionate share of the collective net pension liability, pension expense, deferred inflows, and deferred outflows of resources associated with pension plans that its employees are eligible to participate in. On-behalf payments for fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments for the District include pension plan contributions. The State's pension contribution is recorded as intergovernmental revenue with an offsetting expenditure in the related funds. These contributions have been recorded at the fund level using fiscal year 2022 contribution amounts and an adjustment has been made for amounts as of the measurement date for government-wide statements, as the difference is considered to be material. See Note IV B for a more in-depth discussion of this liability and related elements.

M. Other postemployment benefits

The District allows retirees that have just finished employment with the District to remain on the District health insurance plan (with several Medicare and non-Medicare eligible options available). Another postemployment benefit arises from the difference in the District health insurance cost the retirees are incurring and what they would otherwise be paying on the open market for a similar plan. This benefit is reflected in the financials as a long term liability following the guidance of GASB Statement No. 75. See Note IV C for more details of this liability.

N. Long-term obligations

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

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

O. Fund balance

In the fiscal year ended June 30, 2011, the District implemented the provisions of GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of Statement 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is found to observe constraints imposed upon the use of resources reported in governmental funds. The clarifications of the governmental fund type definitions should reduce uncertainty about which resources can or should be reported in the respective fund types. As a result, the classifications of fund balance now used for governmental funds are reported in two general classifications, nonspendable and spendable.

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

The *restricted* fund balance category contains balances that can only be spent for the specific purposes stipulated by external parties or through enabling legislation. External parties include grantors, debt covenants, votes, and laws and regulations of other governments.

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

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

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification may only be used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of June 30, 2022, fund balances are comprised of the following:

| | General | Elementary Grants | Elementary Debt Service | High School Debt Service | High School Building Reserve | K-12 Interlocal Agreements | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------------------|--------------------|----------------------|----------------------------|-----------------------------|------------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | | | | |
| Inventories | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,247 | \$ 40,247 |
| Prepaid Items | 143,394 | 7,216 | - | - | 163 | 4,465 | 97,728 | 252,966 |
| Endowment | - | - | - | - | - | - | 287,147 | 287,147 |
| Restricted: | | | | | | | | |
| Federal, State, & Local Grants | - | 227,725 | - | - | - | - | 153,952 | 381,677 |
| Building construction, repair & renovation | - | - | - | - | 8,987,750 | - | 4,760,355 | 13,748,105 |
| Debt Service | - | - | 903,492 | 806,457 | - | - | - | 1,709,949 |
| Student Transport. | - | - | - | - | - | - | 1,066,113 | 1,066,113 |
| Replacing Buses | - | - | - | - | - | - | 611,380 | 611,380 |
| Student Tuition | - | - | - | - | - | - | 715,332 | 715,332 |
| Retirement taxes | - | - | - | - | - | - | 2,244,640 | 2,244,640 |
| Tech acquisition | - | - | - | - | - | - | 1,269,447 | 1,269,447 |
| Adult Education | - | - | - | - | - | - | 154,390 | 154,390 |
| Endowment | - | - | - | - | - | - | 614,980 | 614,980 |
| Committed: | | | | | | | | |
| Food services | - | - | - | - | - | - | 1,355,737 | 1,355,737 |
| Special services | - | 755,602 | - | - | - | - | - | 755,602 |
| Business services | - | 631,927 | - | - | - | - | 134,031 | 765,958 |
| Extracurricular activities | - | - | - | - | - | - | 671,438 | 671,438 |
| Drivers education | - | - | - | - | - | - | 178,402 | 178,402 |
| Interlocal agreements | - | - | - | - | - | 8,831,015 | - | 8,831,015 |
| Misc. district ops | - | 227,972 | - | - | - | - | 197,143 | 425,115 |
| Assigned: | | | | | | | | |
| Comp. absences | 416,206 | - | - | - | - | - | - | 416,206 |
| Other | 6,314 | - | - | - | - | - | - | 6,314 |
| Unassigned | | | | | | | | |
| | 5,547,138 | - | - | - | - | - | - | 5,547,138 |
| Total fund balances | \$6,113,052 | \$1,850,442 | \$ 903,492 | \$ 806,457 | \$ 8,987,913 | \$ 8,835,480 | \$14,552,462 | \$ 42,049,298 |

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

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

P. Minimum General Fund - Fund Balance

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

Q. Net Position

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

| | Governmental Activities |
|-------------------------------------------------------|----------------------------|
| Net capital assets | \$ 255,355,061 |
| Less: capital related debt | (177,227,317) |
| Less: capital related retainage and accounts payables | (355,174) |
| Plus: capital related deferred outflows of resources | 974,147 |
| Net investment in capital assets | <u>\$ 78,746,717</u> |

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

General

Special Revenue:

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

Debt Service:

Elementary and High School Debt Service Funds

Capital Projects:

Elementary and High School Building Reserve Funds

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

Budgetary policy follows:

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

- 4) Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through 20-9-166.)

While the Bozeman School District is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law allows accounting for certain year end appropriations as encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual presented for the District's major governmental fund (General) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. There is one major difference between the budget basis and GAAP basis in presenting the general fund. This difference is that on a budget basis, compensated absence liability funds are tracked separately but for GAAP purposes, their activity is consolidated back into the general fund which originally supplied it with its full source of revenue.

B. Budgetary/GAAP reconciliation

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

| Net Change in Fund Balance | |
|--------------------------------------------------------------|-------------------|
| Major General Fund | |
| GAAP Basis | \$ 217,565 |
| Consolidating compensated absence liability fund activity | <u>(6,314)</u> |
| Budget Basis | <u>\$ 211,251</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.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and investments

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

Cash and cash equivalents consist of:

| | |
|---------------------------------------------|----------------------|
| Petty cash | \$ 8,083 |
| County Treasurer's Investment Pool | 37,834,627 |
| Cash in D.A. Davidson bank insured deposits | 3,402 |
| Cash in D.A. Davidson | 9,427 |
| Total | <u>\$ 37,855,539</u> |

Investments consist of:

| | Investment Mkt Value | Maturities | <u>Credit Risk</u> Standard & Poor's Corporate Bond Rating | Fair Value Measure ment |
|--------------|-------------------------|------------|---------------------------------------------------------------------|----------------------------------|
| Mutual Funds | \$ 844,170 | N/A | N/A | Level 1 |
| Equities | 45,128 | N/A | N/A | Level 1 |
| Total | <u>\$ 889,298</u> | | | |

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

The special revenue Nonexpendable High School Endowment fund had cash held at JPMorgan Case Bank N.A. within its D.A. Davidson investment account. The mutual funds and equities listed above were also purchased with this same Endowment fund and are an allowable investment option for endowment funds.

The Gallatin County Investment Pool cash and cash equivalents are valued at cost. The pool is not SEC registered. Montana law designates allowable investment options. Montana law also allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. Since the District invests in a cooperative pool, pledged securities for the various individual deposits and repurchase agreements are managed by the County Treasurer. Montana code allows the County Treasurer to take collateral up to 50% of deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more; and 100% if the ratio is less than 6%.

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

B. Receivables

Receivables as of June 30, 2022, for the District's individual major funds, nonmajor, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General | Elementary Grants | Elementary Debt Service | High School Debt Service | High School Building Reserve | K-12 Interlocal Agreements | Nonmajor and Other Funds | Total |
|-----------------------------------------------------------------|------------|----------------------|----------------------------|-----------------------------|------------------------------------|----------------------------------|-----------------------------|--------------|
| Receivables: | | | | | | | | |
| Accounts | \$ 5,920 | \$ 105,080 | \$ - | \$ - | \$ - | \$ 26,573 | \$ 69,668 | \$ 207,241 |
| Property taxes | 442,904 | - | 95,472 | 226,893 | 53,516 | - | 111,418 | 930,203 |
| Gross receivables | 448,824 | 105,080 | 95,472 | 226,893 | 53,516 | 26,573 | 181,086 | 1,137,444 |
| Less: allowance for uncollectibles (government-wide only) | (7,057) | - | (1,521) | (3,615) | (853) | - | (1,776) | (14,822) |
| Net total receivables | \$ 441,767 | \$ 105,080 | \$ 93,951 | \$ 223,278 | \$ 52,663 | \$ 26,573 | \$ 179,310 | \$ 1,122,622 |

Governmental funds report deferred inflows of resources (unavailable) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned (unearned). At the end of the current fiscal year, the various components of deferred inflows and unearned revenue reported in governmental funds were as follows:

| | Unavailable | Unearned |
|--------------------------------------------------------------------------|-------------------|-------------------|
| Delinquent property taxes receivable (General fund) | \$ 442,904 | \$ - |
| Delinquent property taxes receivable (Elementary debt service fund) | 95,472 | - |
| Delinquent property taxes receivable (High school debt service fund) | 226,893 | - |
| Delinquent property taxes receivable (High school building reserve fund) | 53,516 | - |
| Delinquent property taxes receivable (Nonmajor governmental funds) | 111,418 | - |
| Elementary grants funds | - | 68,694 |
| Food Services and high school grants funds (nonmajor gov'tl funds) | - | 150,095 |
| | <u>\$ 930,203</u> | <u>\$ 218,789</u> |

The Self-Insurance internal service fund had unearned revenue of \$1,344,306 as of June 30, 2022, 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, 2022 is as follows:

| Governmental Activities | Beginning Balance | Increase | Decrease | Ending Balance |
|----------------------------------------------|-------------------|--------------|----------------|----------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 13,136,828 | \$ - | \$ - | \$ 13,136,828 |
| Construction in progress | 24,948,235 | 10,143,759 | (1,189,774) | 33,902,220 |
| Total capital assets, not being depreciated | 38,085,063 | 10,143,759 | (1,189,774) | 47,039,048 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 32,295,840 | 30,840 | - | 32,326,680 |
| Buildings and improvements | 240,353,828 | 1,183,002 | - | 241,536,830 |
| Machinery and equipment | 7,495,590 | 176,272 | - | 7,671,862 |
| Total capital assets being depreciated | 280,145,258 | 1,390,114 | - | 281,535,372 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (7,981,295) | (1,555,507) | - | (9,536,802) |
| Buildings and improvements | (51,788,677) | (6,178,785) | - | (57,967,462) |
| Machinery and equipment | (5,388,400) | (346,695) | - | (5,735,095) |
| Total accumulated depreciation | (65,158,372) | (8,080,987) | - | (73,239,359) |
| Total capital assets, being depreciated, net | 214,986,886 | (6,690,873) | - | 208,296,013 |
| Governmental activities capital assets, net | \$ 253,071,949 | \$ 3,452,886 | \$ (1,189,774) | \$ 255,335,061 |

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

| | |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Governmental Activities: | |
| Instruction | \$ 91,622 |
| Support services | 12,476 |
| General administration | 45,319 |
| Operations and maintenance | 52,517 |
| Student transportation | 8,577 |
| Food services | 116,106 |
| Extracurricular activities | 17,287 |
| Unallocated depreciation (buildings and land improvements) | 7,734,291 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets | 2,792 |
| Total depreciation expense - governmental activities | <u>\$ 8,080,987</u> |

Construction commitments - The District has active construction projects as of June 30, 2022. At year-end the District's commitments with contractors were as follows:

| | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|-------------------------------------------------------------------------------------|----------------------|---------------------------------|
| Construction & architect contracts for Hawthorne exterior improvements | \$ 49,971 | \$ 106,424 |
| Architect contract for Willson site improvements | 8,383 | 2,772 |
| Construction & architect contracts for Bozeman High School expansion and renovation | 32,768,657 | 538,239 |
| Total | <u>\$32,827,011</u> | <u>\$ 647,435</u> |

The elementary building reserve fund is paying for the Hawthorne exterior improvements. The elementary and high school building reserve funds are paying for the Willson site improvements. The high school building fund and high school building reserve fund has paid for all costs associated with the Bozeman High School (BHS) expansion and renovation project-to-date, and will continue to fund the project until its conclusion.

D. Interfund activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities whereas in the fund financial statements, they are reported as transfers within other financing sources/uses category. In the current fiscal year, there were transfers totaling \$535,866 out of the General fund into the K-12 Interlocal Agreements fund to assist with future operational needs of the District. There were also transfers totaling \$995,469 out of the High School Building fund into the High School Debt Service fund to help with debt retirement. Additionally, there were transfers totaling \$10 out of the High School Grants fund to the Elementary Grants fund.

| Transfers out | Transfers in | | | |
|-----------------------------------|---------------------|------------------------------|----------------------------|--------------|
| | Elementary Grants | High School Building Reserve | K-12 Interlocal Agreements | Total |
| General Fund | \$ - | \$ - | \$ 535,866 | \$ 535,866 |
| Other Nonmajor Governmental Funds | 10 | 995,469 | - | 995,479 |
| Total | \$ 10 | \$ 995,469 | \$ 535,866 | \$ 1,531,345 |

Flows of cash from one fund to another with a requirement for repayment are reported as due from and due to other funds. Amounts between governmental funds are eliminated in the statement of net position whereas in the fund financial statements, they are reported as receivables and payables. At June 30, 2022, the District reported \$180 due from the K-12 Interlocal Agreement fund to the High School Grants fund. Additionally, in the current fiscal year, the District reported \$4,410,000 due from the Elementary Grants fund to the K-12 Interlocal Agreements fund. These amounts were to assist with year-end operations and are very temporary in nature. They are eliminated immediately in the next fiscal year.

E. Long-term debt

General obligation bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds have only been issued for governmental activities. The original amount of outstanding general obligation bonds issued in prior years was \$198,735,000. During the current fiscal year, general obligations totaling \$9,075,000 were issued to refund the 2013 elementary 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.

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

| | <u>Issue Amount</u> | <u>Term</u> | <u>Interest Rate</u> | <u>Outstanding Principal June 30, 2022</u> | <u>Due Within One Year</u> |
|--------------------------------|---------------------|-------------|----------------------|----------------------------------------------------|--------------------------------|
| 2012 Elementary | 10,000,000 | 20 | 1.00 - 3.00% | \$ 5,555,000 | \$ 485,000 |
| 2014 Elementary | 9,500,000 | 11 | 1.00 - 4.00% | 5,335,000 | 1,260,000 |
| 2015 Elementary | 8,935,000 | 13 | 2.00 - 5.00% | 5,920,000 | 135,000 |
| 2016 Elementary | 21,500,000 | 20 | 2.00 - 5.00% | 16,300,000 | 975,000 |
| 2022 Elementary | 9,075,000 | 8 | 4.00% | 9,075,000 | 1,055,000 |
| Subtotal | | | | <u>42,185,000</u> | <u>3,910,000</u> |
| 2014 High School | 9,150,000 | 11 | 1.00 - 4.00% | 8,005,000 | 1,885,000 |
| 2015 High School | 8,750,000 | 7 | 2.00 - 5.00% | - | - |
| 2017 High School | 5,900,000 | 9 | 2.00 - 3.00% | 2,615,000 | 630,000 |
| 2017 High School | 100,000,000 | 20 | 3.00 - 5.00% | 85,240,000 | 4,075,000 |
| 2019 High School | 25,000,000 | 16 | 2.00 - 5.00% | 23,615,000 | 725,000 |
| Subtotal | | | | <u>119,475,000</u> | <u>7,315,000</u> |
| Total general obligation bonds | | | | <u>161,660,000</u> | <u>\$11,225,000</u> |
| Bond premiums | | | | 15,567,316 | |
| Total bonds payable | | | | <u>\$177,227,316</u> | |

Annual debt service requirements to maturity on general obligation bonds at June 30, 2022, are summarized as follows:

| Year ending June 30: | Governmental Activities | | |
|----------------------|-------------------------|---------------|----------------|
| | Principal | Interest | Total |
| 2023 | \$ 11,225,000 | 6,405,630 | \$ 17,630,630 |
| 2024 | 11,700,000 | 5,933,213 | 17,633,213 |
| 2025 | 12,205,000 | 5,428,300 | 17,633,300 |
| 2026 | 12,730,000 | 4,902,325 | 17,632,325 |
| 2027 | 11,465,000 | 4,367,925 | 15,832,925 |
| 2028-2032 | 56,060,000 | 14,571,525 | 70,631,525 |
| 2033-2037 | 46,275,000 | 4,674,925 | 50,949,925 |
| 2038-2042 | - | - | - |
| Total | \$ 161,660,000 | \$ 46,283,843 | \$ 207,943,843 |

Bond refundings

On August 20, 2014, the District issued \$18,650,000 of general obligation bonds (\$9,500,000 elementary, \$9,150,000 high school) with the proceeds being placed in an irrevocable escrow account that were to service all future debt service payments of \$18,290,000 of 2006 and 2007 general obligation bonds (\$9,170,000 elementary, \$9,120,000 high school). As a result, these advance refunded bonds were considered to be defeased and the liability was removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,518,296. This amount is included in deferred outflows of resources and is being amortized over the remaining life of the newly issued debt (which mirrored the original debt amortization timeline). This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,543,433 and resulted in an economic gain of \$1,346,223.

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

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

On May 26, 2022, the District issued \$9,075,000 of general obligation elementary bonds with the proceeds placed in an irrevocable escrow account that paid all remaining principal on the series 2013 general obligation bonds in the amount of \$9,555,000 and interest due to the call date. The 2013 general obligation elementary bonds were originally issued in the principal amount of \$16,375,000. These refunded bonds were considered to be defeased and the related liability was removed from the statement of net position. The reacquisition price of these issued bonds exceeded the net carrying amount of the 2013 bonds by \$30,235. This amount is included in deferred outflows of resources and is being amortized over the remaining life of the newly issued debt of 8 years. This refunding was undertaken to level the debt service payment schedule, reduce total debt service payments over the next 8 years by \$464,925 and resulted in an economic gain of \$358,032 on a present value basis.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2022, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|---------------|-----------------|-------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligations bonds | \$172,620,000 | \$ 9,075,000 | \$(20,035,000) | \$ 161,660,000 | \$11,225,000 |
| Amortized amounts: | | | | | |
| Bond premiums | 17,086,681 | 592,115 | (2,111,480) | 15,567,316 | - |
| Total bonds payable | 189,706,681 | 9,667,115 | (22,146,480) | 177,227,316 | 11,225,000 |
| Compensated absences | 4,621,403 | 728,796 | (757,793) | 4,592,406 | 623,775 |
| Voluntary termination benefits | 16,750 | 12,250 | (8,750) | 20,250 | 7,250 |
| Net pension liability | 70,608,616 | - | (16,111,728) | 54,496,888 | - |
| Other postemployment benefits | 4,258,555 | 280,962 | - | 4,539,517 | - |
| Total governmental activity | | | | | |
| Long-term liabilities | \$ 269,212,005 | \$ 10,689,123 | \$ (39,024,751) | \$ 240,876,377 | \$ 11,856,025 |

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

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

For the year ended June 30, 2022, legal debt limitations were as follows:

| | Taxing District | |
|-------------------------------|-----------------|----------------|
| | Elementary | High School |
| Legal Debt Service Limitation | \$ 224,085,702 | \$ 269,441,207 |

The 2006 and 2007 Elementary G.O. Bond proceeds were used to purchase the new Chief Joseph Middle School site and for the construction of the middle school at this site. The 2006, 2007, and 2008 High School G.O. Bonds were used to purchase additional high school land and to renovate the existing Bozeman High School. The 2008 Elementary General Obligation Bonds were used for the construction of the District's Hyalite Elementary School. Elementary General Obligation bonds issued in 2012 and 2013 were used to acquire an Elementary School site, construct Meadowlark Elementary School, renovate and expand the District Support Services site and building and perform renovations at Longfellow Elementary School. The 2014 and 2015 Elementary G.O. Bond proceeds were used to partially refund the 2006, 2007, and 2008 Elementary G.O. Bonds to take advantage of favorable interest rates. The 2014 and 2015 High School G.O. Bonds were issued to partially refund the 2006 and 2007 High School General Obligation Bonds and also take advantage of favorable interest rates. Sacajawea Middle School and Hawthorne Elementary were expanded and renovated with the issued 2016 Elementary G.O. Bonds. The 2017 High School G.O. Bonds were issued to partially refund the 2008 High School General Obligation Bonds and also take advantage of favorable interest rates. Additional 2017 High School G.O. Bond were issued to construct a second high school for the District and to renovate the existing high school. The 2019 High School G.O. Bonds was the final issue previously authorized to also construct the new Gallatin High School and renovate the existing Bozeman High School. The 2022 Elementary G.O. Bond proceeds were used to fully refund the 2013 Elementary G.O. Bonds to take advantage of favorable interest rates.

F. Restricted fund balance

The State of Montana has enabling legislation which mandates the creation of certain funds and establishes the criteria for property taxes levied to meet the specific purposes of these funds. The District classifies the fund balances of these funds as well and some federal, state and local grants as restricted fund balances.

These individual funds and their restricted fund balances at June 30, 2022, are as follows:

| Fund Name | Fund Type | Amount |
|-------------------------------------|------------------|----------------------|
| Elementary building reserve | Capital Projects | \$ 2,946,941 |
| High School building reserve | Capital Projects | 8,987,750 |
| Elementary building | Capital Projects | 1,813,226 |
| High School building | Capital Projects | 188 |
| Elementary debt service | Debt Service | 903,492 |
| High School debt service | Debt Service | 806,457 |
| Elementary bus depreciation | Special Revenue | 305,556 |
| High School bus depreciation | Special Revenue | 305,824 |
| Elementary retirement | Special Revenue | 1,460,580 |
| High School retirement | Special Revenue | 784,060 |
| Elementary technology acquisition | Special Revenue | 850,792 |
| High School technology acquisition | Special Revenue | 418,655 |
| Elementary transportation | Special Revenue | 646,909 |
| High School transportation | Special Revenue | 419,204 |
| Elementary tuition | Special Revenue | 405,777 |
| High School tuition | Special Revenue | 309,555 |
| Elementary grants | Special Revenue | 227,725 |
| High School grants | Special Revenue | 153,952 |
| Adult education | Special Revenue | 154,390 |
| Nonexpendable high school endowment | Special Revenue | 614,980 |
| | | <hr/> |
| Total restricted fund balances | | <u>\$ 22,516,013</u> |

G. Endowment

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

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

Accordingly, the District classifies as restricted - nonexpendable (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted - nonexpendable is classified as restricted - expendable on the statement of net position until those amounts are appropriated for expenditure by the District in a manner consistent with the standard of prudence prescribed by MUPMIFA.

IV. OTHER INFORMATION

A. Risk management

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

Coverage limits on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement costs of the assets. The maximum deductible amount on the various commercial policies is \$500 to \$5,000 depending on the part of the policy.

Presently, the workers compensation coverage program that the District participates in is managed by the Montana Schools Group Insurance Authority. It is a public entity risk pool currently operating as a common risk management and insurance program for the member school districts. The District pays a quarterly premium for its employee injury insurance coverage which is allocated to the funds based on total paid salaries and wages. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan.

Since July 1, 1990, the District has provided medical insurance coverage for its employees via a contributory self-funded plan. This plan is currently administered by Blue Cross Blue Shield of Montana. It provides medical, dental, and vision benefits and is operated as an Internal Service Fund. Rates for the employees and employer's funds are determined in consultation with a third party consultant and are set at 125% of estimated claims for the coming year. The District purchased commercial 'stop-loss' policies through Blue Cross Blue Shield of Montana which insures the District for annual claims in excess of 125% of the prior year total amount and for individual aggregated claimant claims in excess of \$250,000 during the plan year. An estimated medical, dental, and vision claims liability at year end was determined by averaging the last five years' final claims paid in the following year.

An analysis of claims activities is presented below:

| Fiscal Year | Beginning Liability | Claims and Changes in Estimates | Claim Payments | Ending Liability |
|-------------|---------------------|---------------------------------|----------------|------------------|
| 2020 | 643,591 | 6,726,380 | 6,801,697 | 568,274 |
| 2021 | 568,274 | 7,089,377 | 7,059,236 | 598,415 |
| 2022 | 598,415 | 8,095,956 | 8,051,128 | 643,243 |

As of June 30, 2022, the District contracted with Blue Cross Blue Shield of Montana (via the BCBS Advantage Plan) to provide medical insurance for retirees (and eligible spouses) who are of Medicare eligible ages. The retiree pays the entire insurance premium.

B. Retirement plans

The District participates in two state-wide, cost-sharing multiple-employer defined benefit retirement plans, which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers certified teaching employees, including principals and other administrators. The Public Employee Retirement System (PERS) covers non-teaching employees and some administrators. The plans are established under state law with the TRS plan being administered by the Teachers' Retirement System and the PERS administered by the Montana Public Employees Retirement Administration. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the state legislature. The next two subsections will individually discuss in more detail the accounting of the TRS and PERS retirement plans and their reporting is affected by GASB Statements 68 and 71 and use a measurement date of June 30, 2021, and a reporting date of June 30, 2022. The following table presents the District's (Employer) proportion of TRS and PERS pension amounts.

| | The employer's proportionate share associated with TRS | The employer's proportionate share associated with PERS | The employer's Total Pension Amounts |
|--------------------------------|--------------------------------------------------------|---------------------------------------------------------|--------------------------------------|
| Net Pension Liability | \$48,152,920 | \$ 6,343,968 | \$54,496,888 |
| Deferred Outflows of Resources | 12,841,219 | 1,738,869 | 14,580,088 |
| Deferred Inflows of Resources | 15,763,548 | 2,615,931 | 18,379,479 |
| Pension Expense | 8,359,753 | 883,066 | 9,242,819 |

Teachers' Retirement System (TRS)**Net Pension Liability**

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2022 and June 30, 2021 (reporting dates).

| | Net Pension Liability as of 6/30/2022 | Net Pension Liability as of 6/30/2021 | Percent of Collective NPL as of 6/30/2022 | Percent of Collective NPL as of 6/30/2022 | Change in Percent of Collective NPL |
|-------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------|
| BOZEMAN SCHOOL DISTRICT NO. 7 | | | | | |
| Proportionate Share | \$48,152,920 | \$61,526,605 | 2.9068% | 2.7352% | 0.1716% |
| State of Montana | | | | | |
| Proportionate Share | | | | | |
| associated with employer | <u>27,476,575</u> | <u>36,385,843</u> | <u>1.6587%</u> | <u>1.6175%</u> | <u>0.0412%</u> |
| Total | <u>\$75,629,495</u> | <u>\$97,912,448</u> | <u>4.5655%</u> | <u>4.3527%</u> | <u>0.2128%</u> |

At June 30, 2022, the employer recorded a liability of \$48,152,920 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The employer's proportion of the net pension liability was based on the employer's contributions received by TRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2022, the employer's proportion was 2.9068 percent.

Changes in actuarial assumptions and other inputs: Since the previous measurement date, the following changes to actuarial assumptions were made:

- The discount rate was lowered from 7.34% to 7.06%
- The investment rate of return assumption was lowered from 7.34% to 7.06%

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense

| | Pension Expense as of 6/30/2022 |
|----------------------------------------------------------------------|--------------------------------------------|
| Bozeman School District No. 7 Proportionate Share | \$ 5,682,909 |
| State of Montana Proportionate Share associated with the Employer | 2,676,844 |
| Total | <u>\$ 8,359,753</u> |

At June 30, 2022, the employer recognized a Pension Expense of \$8,359,753 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$2,676,844 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

Deferred Inflows and Outflows

At June 30, 2022, the employer reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual economic experience | \$ 756,262 | \$ - |
| Changes in actuarial assumptions | 5,482,956 | 24,730 |
| Differences between projected and actual investment earnings | - | 15,215,640 |
| Changes in proportion & Differences between actual and expected contributions | 2,335,589 | 523,178 |
| *Contributions paid to TRS subsequent to the measurement date - FY 2022 Contributions | 4,266,412 | - |
| Total | <u>\$ 12,841,219</u> | <u>\$ 15,763,548</u> |

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Deferred Outflows of Resources (a) | Deferred Inflows of Resources (b) | Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense (a) - (b) |
|-------------------------------|-------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| 2023 | \$ 104,251 | \$ - | \$ 104,251 |
| 2024 | - | 129,567 | (129,567) |
| 2025 | - | 2,335,145 | (2,335,145) |
| 2026 | - | 4,828,280 | (4,828,280) |
| 2027 | - | - | - |
| Thereafter | - | - | - |

Plan Description

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

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

Summary of Benefits

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

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

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members the GABA each year may vary from 0.5% to 1.5% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

Overview of Contributions

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

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

School District and Other Employers

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

State and University Employers

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

TRS Stand-Alone Statements

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

Actuarial Assumptions

The Total Pension Liability as of June 30, 2021, measurement date, is based on the results of an actuarial valuation date of July 1, 2021. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total Wage Increases* 3.25%-7.76% for Non-University Members
and 4.25% for University Members
- Investment Return 7.06%
- Price Inflation 2.40%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
- Mortality among disabled members
 - For Males: RP 2000 Disabled Mortality Table for Males, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table for Females, set forward two years, with mortality improvements projected by Scale BB to 2022.

*Total Wage Increases include 3.25% general wage increase assumption

Discount Rate

The discount rate used to measure the total pension liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected

future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the Discount rate.

Target Allocations

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|-----------------------|------------------------------------|-----------------------------------------------------------------|
| Domestic Equity | 30.00% | 5.90% |
| International Equity | 17.00% | 7.14% |
| Privat Investments | 15.00% | 9.13% |
| Real Assets | 5.00% | 4.06% |
| Real Estate | 9.00% | 5.41% |
| Core Fixed Income | 15.00% | 1.14% |
| Non-Core Fixed Income | 6.00% | 3.02% |
| Cash | <u>3.00%</u> | -0.33% |
| | 100.00% | |

The long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

Sensitivity Analysis

| | 1.0% Decrease | Current | 1.0% Increase |
|------------------------------------------------------------------------|----------------------|----------------------|----------------------|
| | (6.06%) | Discount Rate | (8.06%) |
| | <hr/> | <hr/> | <hr/> |
| Bozeman School District No. 7's portion of Net Pension Liability | \$71,545,861 | \$ 48,152,920 | \$ 28,631,889 |

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.06%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate.

Summary of Significant Accounting Policies

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

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

Public Employees' Retirement System (PERS)

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans.

This report provides information for employers who are using a June 30, 2021 measurement date for the 2022 reporting. If an employer's fiscal year end is after June 30th, the employer will not use the measurements shown in this report but will need to wait for the measurement date as of June 30, 2022.

Net Pension Liability

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As GASB Statement 68 allows, a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The rollforward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

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

Not Special Funding

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2021, the measurement date, was determined by taking the results of the June 30, 2020, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2022, and 2021, the reporting dates, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$6,343,968 and the employer's proportionate share was 0.3499 percent.

| | <u>Net Pension Liability as of 6/30/2022</u> | <u>Net Pension Liability as of 6/30/2021</u> | <u>Percent of Collective NPL as of 6/30/2022</u> | <u>Percent of Collective NPL as of 6/30/2021</u> | <u>Change in Percent of Collective NPL</u> |
|---------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------|
| Bozeman School District No. 7 Proportionate Share | \$ 6,343,968 | \$ 9,082,011 | 0.3499% | 0.3442% | 0.0057% |
| State of Montana Proportionate Share associated with employer | 2,084,792 | 3,176,134 | 0.1150% | 0.1204% | -0.0054% |
| Total | <u>\$ 8,428,760</u> | <u>\$12,258,145</u> | <u>0.4649%</u> | <u>0.4646%</u> | <u>0.0002%</u> |

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

- The discount rate was lowered from 7.34% to 7.06%
- The investment rate of return was lowered from 7.34% to 7.06%

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense

At June 30, 2022, the employer recognized a pension expense of \$330,236 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$522,830 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

| <u>As of measurement date</u> | <u>Pension Expense as of 6/30/2022</u> |
|----------------------------------------------------------------------|--------------------------------------------|
| Bozeman School District No. 7 Proportionate Share | \$ 330,236 |
| State of Montana Proportionate Share associated with the Employer | 552,830 |
| Total | <u>\$ 883,066</u> |

Recognition of Deferred Inflows and Outflows

At June 30, 2022, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Expected vs. Actual Experience | \$ 67,702 | \$ 45,924 |
| Projected Investment Earnings vs. Actual Investment Earnings | - | 2,570,007 |
| Changes in Assumptions | 939,660 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 133,531 | - |
| Employer contributions subsequent to the measurement date. | 597,976 | - |
| Total | <u>\$ 1,738,869</u> | <u>\$ 2,615,931</u> |

\$597,796 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the employer's pension expense as follows:

| For the Measurement Year ended June 30: | Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| 2022 | \$ 120,967 |
| 2023 | \$ (154,872) |
| 2024 | \$ (620,723) |
| 2025 | \$ (820,410) |
| Thereafter | \$ - |

Plan Description

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

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

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

Summary of Benefits

Eligibility for benefit

Service retirement:

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

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

Early retirement, actuarially reduced:

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

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

- 1) Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - a. A refund of member's contributions plus return interest (currently 2.02%, effective July 1, 2018).
 - b. No service credit for second employment;
 - c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- 2) Retired before January 1, 2016 and accumulate at least 2 years of additional service credit;
 - a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - b. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- 3) Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - a. The same retirement as prior to the return to service;
 - b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - c. GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

- 1) Members hired prior to July 1, 2011:
 - a) Less than 25 years of membership service - 1.785% of HAC per year of service credit
 - b) 25 years of membership service or more - 2% of HAC per year of service credit

- 2) Members hired on or after July 1, 2011:
- a) Less than 10 years of membership service - 1.5% of HAC per year of service credit
 - b) 10 years or more, but less than 30 years of membership service - 1.785% of HAC per year of service credit
 - c) 30 years or more of membership service - 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - a) 1.5% for each year PERS is funded at or above 90%;
 - b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - c) 0% whenever the amortization period for PERS is 40 years or more

Overview of Contributions

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

| <u>Fiscal</u> <u>Year</u> | <u>Member</u> | | <u>State &</u> <u>Universities</u> | <u>Local Government</u> | | <u>School Districts</u> | |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------|-------------------------|--------------|-------------------------|--------------|
| | <u>Employer</u> | | <u>Employer</u> | <u>Employer</u> | <u>State</u> | <u>Employer</u> | <u>State</u> |
| | <u>Hired</u> <u><07/01/11</u> | <u>Hired</u> <u>>07/01/11</u> | | | | | |
| 2022 | 7.9000% | 7.9000% | 8.970% | 8.870% | 0.100% | 8.600% | 0.370% |
| 2021 | 7.9000% | 7.9000% | 8.870% | 8.770% | 0.100% | 8.500% | 0.370% |
| 2020 | 7.9000% | 7.9000% | 8.770% | 8.670% | 0.100% | 8.400% | 0.370% |
| 2019 | 7.9000% | 7.9000% | 8.670% | 8.570% | 0.100% | 8.300% | 0.370% |
| 2018 | 7.9000% | 7.9000% | 8.570% | 8.470% | 0.100% | 8.200% | 0.370% |
| 2017 | 7.9000% | 7.9000% | 8.470% | 8.370% | 0.100% | 8.100% | 0.370% |
| 2016 | 7.9000% | 7.9000% | 8.370% | 8.270% | 0.100% | 8.000% | 0.370% |
| 2015 | 7.9000% | 7.9000% | 8.270% | 8.170% | 0.100% | 7.900% | 0.370% |
| 2014 | 7.9000% | 7.9000% | 8.170% | 8.070% | 0.100% | 7.800% | 0.370% |
| 2012-2013 | 6.9000% | 7.9000% | 7.170% | 7.070% | 0.100% | 6.800% | 0.370% |
| 2010-2011 | 6.9000% | | 7.170% | 7.070% | 0.100% | 6.800% | 0.370% |
| 2008-2009 | 6.9000% | | 7.035% | 6.935% | 0.100% | 6.800% | 0.235% |
| 2000-2007 | 6.9000% | | 6.900% | 6.800% | 0.100% | 6.800% | 0.100% |

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non Employer Contributions:
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund of \$34,290,660.

Stand-Alone Statements

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

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2020, actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- | | |
|--------------------------------------------|-------|
| • Investment Return (net of admin expense) | 7.06% |
| • Admin Expense as % of Payroll | 0.28% |
| • General Wage Growth* | 3.50% |
| *includes Inflation at | 2.40% |

- Merit Increases 0% to 4.80%
- Postretirement Benefit Increases:
 - Guaranteed Annual Benefit Adjustment (GABA)**
 - Each January after the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage(provided below), inclusive of other adjustments to the member's benefit.
 - o 3% for members hired prior to July 1, 2007
 - o 1.5% for members hired between July 1, 2007 and June 30, 2013
 - o Members hired on or after July 1, 2013:
 - (a) 1.5% for each year PERS is funded at or above 90%
 - (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%
 - (c) 0% whenever the amortization period for PERS is 40 years or more
- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back one year.
- Mortality assumptions among disabled members were based on RP 2000 Combined Mortality Tables with no projections.

Discount Rate

The discount rate used to measure the TPL was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The State contributed 0.10% of salaries for local governments and 0.37% for school districts. In addition, the State contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, the measurement date, are summarized in the table below:

| Asset Class | Target Asset Allocation | Long-Term Expected Real Rate of Return Arithmetic Basis |
|-----------------------|--------------------------------|----------------------------------------------------------------|
| Cash | 3.00% | -0.33% |
| Domestic Equity | 30.00% | 5.90% |
| International Equity | 17.00% | 7.14% |
| Private Investments | 15.00% | 9.13% |
| Real Assets | 5.00% | 4.03% |
| Real Estate | 9.00% | 5.41% |
| Core Fixed Income | 15.00% | 1.14% |
| Non-Core Fixed Income | 6.00% | 3.02% |
| | 100.00% | |

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.06%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

| As of measurement date | 1.0% Decrease (6.06%) | Current Discount Rate (7.06%) | 1.0% Increase (8.06%) |
|-------------------------------------------------------------------------|----------------------------------|----------------------------------------------|----------------------------------|
| Bozeman School District No. 7 proportion of Net Pension Liability | \$ 10,070,060 | \$ 6,343,968 | \$ 3,218,642 |

Summary of Significant Accounting Policies

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

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

PERS Disclosure for the defined contribution plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$1,103,889.

Section 457 deferred compensation plan

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Service Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is administered by OMNI, an independent third party. The District makes no employer contributions to the plan and the plan is not included in the accompanying financial statements, as these amounts represent neither assets nor liabilities to the District.

C. Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 75 Other Postemployment Benefits, the District has calculated and included a postemployment benefit liability for the fiscal year ended June 30, 2022.

Plan Description and Benefits Provided

Bozeman School District maintains a single-employer self-insured medical plan. The plan currently provides defined healthcare insurance benefits for eligible employees, retirees, spouses and dependents, and includes medical, dental, and vision benefits. The plan is reported as an internal service fund on the District's financial statements and is administered by Blue Cross and Blue Shield of Montana. Benefit provisions are set annually by the Board of Trustees. Terminated employees may remain on the District's health insurance plan for up to 18 months if they pay the monthly premiums, as required under the federal COBRA law. A retiree is considered eligible for coverage under this plan only if the retiree was covered under this plan as a participant on his or her last day of active service for the employer prior to retirement. Retirees may remain on the District's health plan, provided they pay the monthly premiums. A retiree's dependent(s), upon the death of the retiree, is also eligible if the retiree was eligible for coverage and covered under this plan. Normal retirement eligibility is age 65 or age 60 and 5 years of service, or 30 years of service. Early retirement eligibility is age 50 and 5 years of service or 25 years of service. The plan also has options for pre Medicare insurance benefits. Medicare eligible retirees may purchase health insurance through New West Medicare (via the District) and they are solely responsible for paying 100% of these premiums. There is no separate, audited GAAP-basis postemployment benefit plan report available for the self-insured medical defined benefit plan.

Funding Policy

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

Employees Covered by Benefit Terms

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

| Category | Count |
|--------------------------------------------------------------------------|------------|
| Active employees | 849 |
| Inactive employees entitled to but not yet receiving benefit payment | - |
| Inactive employees or beneficiaries currently receiving benefit payments | 44 |
| Total | <u>893</u> |

Contributions

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

Total OPEB Liability (TOL)

The District's total OPEB liability of \$4,539,517 was measured as of June 30, 2021, and was determined by an actuarial valuation as of September 1, 2020.

Changes in the TOL for the year ended June 30, 2022, are as follows:

| | |
|-----------------------------------------|---------------------|
| Service cost | \$ 336,651 |
| Interest | 99,616 |
| Changes in assumptions | 20,093 |
| Benefit payments | <u>(175,398)</u> |
| Net change in total OPEB liability | 280,962 |
| Total OPEB liability, beginning of year | <u>4,258,555</u> |
| Total OPEB liability, end of year | <u>\$ 4,539,517</u> |

There is sensitivity of the total OPEB liability to changes in the discount rate. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) follows:

| | 1% Decrease 1.16% | Discount Rate 2.16% | 1% Increase 3.16% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 4,985,953 | \$ 4,539,517 | \$ 4,152,753 |

There is also sensitivity of the TOL to changes in the healthcare cost trend rates. The total OPEB liability of the District as well as what the District's total OPEB liability would be if it were recalculated using healthcare cost trend rates that are one percentage point lower (4.80%) or one percentage point higher (6.80%) than the current healthcare cost trend rate follows:

| | 1% Decrease 4.80% | Trend Rate 5.80% | 1% Increase 6.80% |
|----------------------|------------------------|------------------------|------------------------|
| | decreasing to 3.00% | decreasing to 4.00% | decreasing to 5.00% |
| Total OPEB liability | \$ 3,988,827 | \$ 4,539,517 | \$ 5,197,337 |

For the year ended June 30, 2022, the District recognized OPEB expense of \$411,792. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------|--------------------------------------|-------------------------------------|
| Change of assumptions | \$ 522,651 | \$ 81,790 |
| Differences between expected and actual experience | - | 526,419 |
| Deferred contributions | 205,322 | - |
| Total | <u>\$ 727,973</u> | <u>\$ 608,209</u> |

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of \$205,322 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Fiscal Year ending June 30: | Recognized Net Deferred Outflows (Inflows) of Resources |
|----------------------------------------------|------------------------------------------------------------------|
| 2023 | \$ (24,475) |
| 2024 | (24,475) |
| 2025 | (24,475) |
| 2026 | (11,433) |
| 2027 | (767) |
| Thereafter | 67 |

Actuarial Methods and Assumptions

The District's actuarial valuation is completed on a biennial frequency, provided no significant events have occurred warranting new measurement. The District completed the valuation with a measurement date of June 30, 2021 for fiscal year end June 30, 2022 financial reporting. This valuation was derived based on the 2020 actual costs and participants. As of September 1, 2020, the most recent valuation date, the District's total OPEB liability was determined using the following significant actuarial methods and assumptions:

Valuation Methods:

- o Funding Method: Entry Age Normal Cost, level percent of pay
- o Asset Valuation Method: Not applicable (\$0; no PEB trust has been established)
- o Participants Value: Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
- o Development of Age-related Medical Premiums: Actual premium rates for retirees and their spouses were adjusted to an age related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs - From Birth to Death", sponsored by the Society of Actuaries. Representative claims costs derived for retirees not currently covered or not expected to be eligible for Medicare appear below:

| Expected Monthly Claims by Medical Plan for Selected Ages | | | | | | | | |
|-----------------------------------------------------------|--------|--------|--------|----------|--------|--------|--------|----------|
| Medical Plan | Male | | | | Female | | | |
| | 48 | 53 | 58 | 63 | 48 | 53 | 58 | 63 |
| Basic Plan | \$ 529 | \$ 699 | \$ 891 | \$ 1,104 | \$ 685 | \$ 807 | \$ 912 | \$ 1,072 |
| Castastropihic HDHP | 390 | 515 | 656 | 814 | 505 | 595 | 673 | 790 |
| High HDHP | 396 | 524 | 667 | 827 | 513 | 605 | 684 | 803 |
| Medium HDHP | 523 | 691 | 880 | 1,091 | 677 | 798 | 902 | 1,059 |

In developing these factors, we assumed there were 1.7 children per participant covering children with an average age of 13.6. Actual spouse ages were used if available. Otherwise husbands were assumed to be 3 years older than their wives.

Medicare eligible retirees are covered by plans rated solely on the experience of Medicare retirees with no subsidy by active employee premiums and these premiums are expected to cover retiree claims in the aggregate

Economic Assumptions:

- Municipal Bond Index: Bond Buyer 20 Year High Grade Index
- Discount Rates: 2.16% as of June 30, 2021, and 2.21% as of June 30, 2020
- General Inflation Rate: 2.5% per year
- Salary Increase: 3.0% per year. Since benefits do not depend on salary, this is used to allocate the cost of benefits between service years and to determine the amortization payment component of the Actuarially Determined Contributions.
- Healthcare Trend: Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

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

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

Participant Election Assumptions:

o Participation Rate:

- a) *Participating actives*: 60% are assumed to continue their current plan election in retirement.
- b) *Non-participating actives*: 5% are assumed to elect coverage in the High HDHP plan at a later date, thus gaining access to coverage in retirement.
- a) *Retired participants*: Existing medical plan elections are assumed to be maintained until the earlier of age 65 or the retiree's death.

o Spouse Coverage:

- a) *Active Employees*: 50% are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until the earlier of age 65 or their death. Husbands are assumed to be 3 years older than their wives.
- b) *Retired participants*: Existing elections for spouse coverage are assumed to be maintained until the earlier of age 65 or the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.
- c) *Medicare Eligibility*: Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Demographic Assumptions:

The rates below reflect assumptions used in the most recent pension valuation(s) covering District employees and released as of the date the 2020 valuation was prepared, specifically, Montana Public Employees Retirement System (PERS) or Montana Teachers Retirement System (TRS).

- o Mortality Improvement: MacLeod Watts Scale 2020 applied generationally from 2015
- o Service Retirement Rates: MT PERS & TRS 2020 Retirement Rates

Software and Models Used in the Valuation:

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age based premiums model - developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age Related Medical Premiums and Addendum 3.

Getzen model - published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in Assumptions of Methods as of the Measurement Date:

- o Discount Rates: Changed from a rate of 2.21% on June 30, 2020 to a rate of 2.16% on June 30, 2021.

D. Tax abatements

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

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

For the fiscal year ended June 30, 2022, the District's portion of the property taxes abated by Gallatin County is immaterial to the financial statements.

E. Contingencies

As of June 30, 2022, the District was not involved in any lawsuits.

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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

| Total OPEB Liability | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$ 336,651 | \$ 309,832 | \$ 283,632 | \$ 259,481 | \$ 277,808 |
| Interest | 99,616 | 151,336 | 153,908 | 136,187 | 110,781 |
| Differences between expected and actual experience | - | (504,848) | - | (230,765) | - |
| Change of assumptions | 20,093 | 421,574 | 121,038 | 164,113 | (200,330) |
| Benefit payments | <u>(175,398)</u> | <u>(242,166)</u> | <u>(258,165)</u> | <u>(210,219)</u> | <u>(187,798)</u> |
| Net changes in total OPEB liability | 280,962 | 135,728 | 300,413 | 118,797 | 461 |
| Total OPEB liability, beginning of year | <u>4,258,555</u> | <u>4,122,827</u> | <u>3,822,414</u> | <u>3,703,617</u> | <u>3,703,156</u> |
| Total OPEB liability, end of year | <u>\$ 4,539,517</u> | <u>\$ 4,258,555</u> | <u>\$ 4,122,827</u> | <u>\$ 3,822,414</u> | <u>\$ 3,703,617</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | \$ 175,398 | \$ 242,166 | \$ 258,165 | \$ 210,219 | \$ 187,798 |
| Benefit payments | <u>(175,398)</u> | <u>(242,166)</u> | <u>(258,165)</u> | <u>(210,219)</u> | <u>(187,798)</u> |
| Net change in plan fiduciary net position | - | - | - | - | - |
| Plan fiduciary net position, beginning of year | - | - | - | - | - |
| Plan fiduciary net position, end of year | <u>\$ -</u> |
| Net OPEB liability, end of year | <u>\$ 4,539,517</u> | <u>\$ 4,258,555</u> | <u>\$ 4,122,827</u> | <u>\$ 3,822,414</u> | <u>\$ 3,703,617</u> |
| Covered employee payroll | <u>\$ 50,902,086</u> | <u>\$ 46,106,420</u> | <u>\$ 44,043,978</u> | <u>\$ 40,152,427</u> | <u>\$ 38,468,195</u> |
| District's total OPEB liability as a percentage of covered-employee payroll | <u>8.92%</u> | <u>9.24%</u> | <u>9.36%</u> | <u>9.52%</u> | <u>9.63%</u> |

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

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

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF MONTANA (TRS)
FOR THE YEAR ENDED JUNE 30, 2022**

Schedule of Proportionate Share of the Net Pension Liability:

| As of Measurement Date: | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
|----------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Employer's proportion of the net pension liability | 2.90680% | 2.73520% | 2.77980% | 2.71430% | 2.62950% | 2.53350% | 2.46410% |
| Employer's proportionate share of the net pension liability associated with the Employer | \$ 48,152,920 | \$ 61,526,605 | \$ 53,602,615 | \$ 50,379,699 | \$ 44,335,923 | \$ 46,283,916 | \$ 40,485,638 |
| State of Montana's proportionate share of the net pension liability associated with the Employer | \$ 27,476,575 | \$ 36,385,843 | \$ 32,451,087 | \$ 31,290,489 | \$ 28,142,575 | \$ 30,154,266 | \$ 27,107,547 |
| Total | \$ 75,629,495 | \$ 97,912,448 | \$ 86,053,702 | \$ 81,670,188 | \$ 72,478,498 | \$ 76,438,182 | \$ 67,593,185 |
| Employer's covered payroll | \$ 41,401,511 | \$ 37,664,500 | \$ 37,712,943 | \$ 36,125,172 | \$ 34,682,649 | \$ 32,886,005 | \$ 31,446,361 |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 116.31% | 163.35% | 142.13% | 139.46% | 127.83% | 140.74% | 128.75% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.54% | 64.95% | 68.64% | 69.09% | 70.09% | 66.69% | 69.30% |

Schedule of Contributions:

| As of Reporting Date: | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions | \$ 4,266,412 | \$ 4,124,604 | \$ 3,630,181 | \$ 3,625,199 | \$ 3,446,699 | \$ 3,267,549 | \$ 3,008,409 |
| Contributions in relation to the contractually required contributions | \$ 4,266,412 | \$ 4,124,604 | \$ 3,630,181 | \$ 3,625,199 | \$ 3,446,699 | \$ 3,267,549 | \$ 3,008,409 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer's covered payroll | \$ 43,850,613 | \$ 41,401,511 | \$ 37,664,500 | \$ 37,712,943 | \$ 36,125,172 | \$ 34,682,649 | \$ 32,886,005 |
| Contributions of covered payroll (as a percentage) | 9.73% | 9.96% | 9.64% | 9.61% | 9.54% | 9.42% | 9.15% |

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

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
FOR THE YEAR ENDED JUNE 30, 2022**

Schedule of Proportionate Share of the Net Pension Liability:

| As of Measurement Date: | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
|----------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Employer's proportionate share of the net pension liability (percentage) | 0.3499% | 0.3442% | 0.3368% | 0.3300% | 0.4258% | 0.4178% | 0.4064% |
| Employer's proportion of the net pension liability (amount) | \$ 6,343,968 | \$ 9,082,011 | \$ 7,041,036 | \$ 6,887,802 | \$ 8,292,427 | \$ 7,115,877 | \$ 5,681,072 |
| State of Montana's proportionate share of the net pension liability (amount) | \$ 2,084,792 | \$ 3,176,134 | \$ 2,539,413 | \$ 2,569,818 | \$ 435,070 | \$ 332,565 | \$ 266,953 |
| Total | \$ 8,428,760 | \$ 12,258,145 | \$ 9,580,449 | \$ 9,457,620 | \$ 8,727,497 | \$ 7,448,442 | \$ 5,948,025 |
| Employer's covered payroll | \$ 6,353,767 | \$ 5,961,583 | \$ 5,738,642 | \$ 5,605,920 | \$ 5,457,905 | \$ 5,172,904 | \$ 4,903,746 |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 99.85% | 152.34% | 122.70% | 122.87% | 151.93% | 137.56% | 115.85% |
| Plan fiduciary net position as a percentage of the total pension liability | 79.91% | 68.90% | 73.85% | 73.47% | 73.75% | 74.71% | 78.40% |

Schedule of Contributions:

| As of Reporting Date: | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required defined benefit contributions | \$ 597,976 | \$ 547,674 | \$ 506,048 | \$ 478,012 | \$ 459,685 | \$ 442,087 | \$ 418,263 |
| Plan Choice Rate Required Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,924 |
| Contributions in relation to the contractually required contributions | \$ 597,976 | \$ 547,674 | \$ 506,048 | \$ 478,012 | \$ 459,685 | \$ 442,087 | \$ 437,187 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer's covered payroll | \$ 6,943,533 | \$ 6,353,767 | \$ 5,961,583 | \$ 5,738,642 | \$ 5,605,920 | \$ 5,457,905 | \$ 5,172,904 |
| Contributions of covered payroll (as a percentage) | 8.61% | 8.62% | 8.49% | 8.33% | 8.20% | 8.10% | 8.45% |

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

**BOZEMAN SCHOOL DISTRICT NO. 7
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

Teacher's Retirement System (TRS)

Changes of Benefit Terms:

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

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

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

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

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

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

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

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

The following changes to the actuarial assumptions were adopted in 2020:

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

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

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

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

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

- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

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

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%

- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

- Mortality among disabled members was updated to the following:

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

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

Method and assumptions used in calculations of actuarially determined contributions:

| | |
|-------------------------------|--------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of pay, open |
| Remaining amortization period | 29 years |
| Asset valuation method | 4-year smoothed market |
| Inflation | 2.50 percent |
| Salary increase | 3.25 to 7.76 percent, including inflation for Non-University Members and 4.25% for University Members; |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, and including inflation |

Public Employees' Retirement System (PERS)**Changes of Benefit Terms**

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

2017:**Working Retiree Limitations -for PERS**

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

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

Interest Credited to Member Accounts

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

Lump-Sum Payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Changes in Actuarial Assumptions and Methods

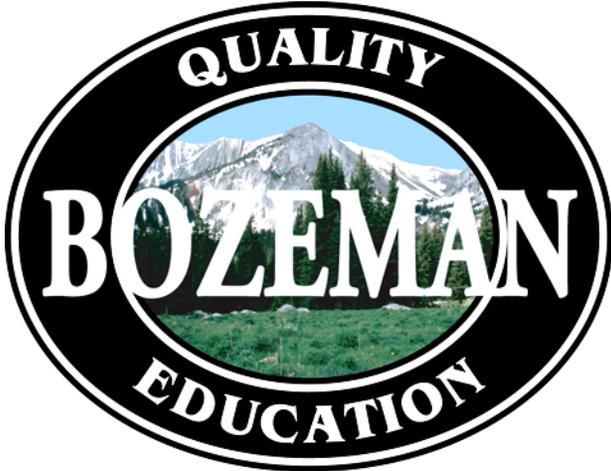
Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2020 actuarial valuation:

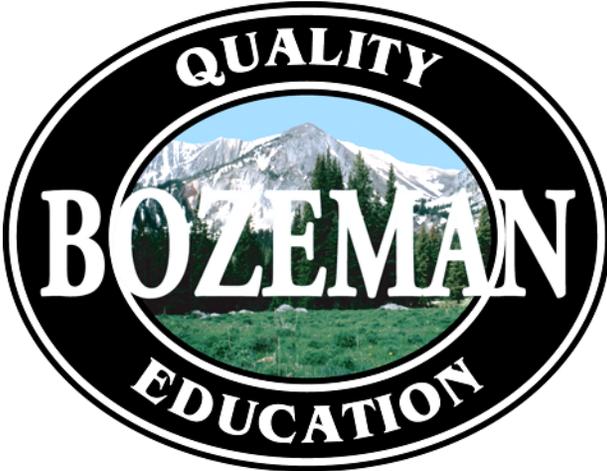
| | |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| General wage growth | 3.50% |
| Investment rate of return* | 7.65% |
| *includes inflation at | 2.75% |
| Merit salary increases | 0% to 8.47% |
| Asset valuation method | 4-year smoothed market |
| Actuarial cost method | Entry age Normal |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 30 years |
| Mortality (healthy members) | For males and females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year. |
| Mortality (disabled members) | For Males and Females: RP 2000 Combined Mortality Table |
| Admin Expense as % of Payroll | 0.28% |

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

The actuarial assumptions and methods utilized in the June 30, 2020 valuation, were developed in the six year experience study for the period ending 2016.



Combining Financial Statements



General Fund

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL GENERAL SUBFUNDS
JUNE 30, 2022

| | Elementary General Subfund | High School General Subfund | Totals |
|--------------------------------------------------------------------------------|-------------------------------|--------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 3,820,051 | \$ 2,222,437 | \$ 6,042,488 |
| Property taxes receivable | 273,144 | 169,760 | 442,904 |
| Due from other governments | 3,563 | 47,105 | 50,668 |
| Accounts receivable | 3,049 | 2,871 | 5,920 |
| Prepaid items | 72,458 | 70,936 | 143,394 |
| Total assets | \$ 4,172,265 | \$ 2,513,109 | \$ 6,685,374 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 92,048 | \$ 16,270 | \$ 108,318 |
| Due to other governments | 21,100 | - | 21,100 |
| Total liabilities | 113,148 | 16,270 | 129,418 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable revenue - property taxes | 273,144 | 169,760 | 442,904 |
| Total deferred inflows of resources | 273,144 | 169,760 | 442,904 |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | 72,458 | 70,936 | 143,394 |
| Assigned | 236,786 | 185,734 | 422,520 |
| Unassigned | 3,476,729 | 2,070,409 | 5,547,138 |
| Total fund balances | 3,785,973 | 2,327,079 | 6,113,052 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 4,172,265 | \$ 2,513,109 | \$ 6,685,374 |

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Elementary General Subfund | High School General Subfund | Totals |
|---------------------------------------------|-------------------------------|--------------------------------|---------------------|
| Revenues: | | | |
| District property taxes | \$ 13,913,195 | \$ 8,315,979 | \$ 22,229,174 |
| Tuition and fees | 28,730 | 32,491 | 61,221 |
| Investment earnings | 17,606 | 9,188 | 26,794 |
| Other district revenue | - | 45,000 | 45,000 |
| State of Montana | 20,817,481 | 11,657,763 | 32,475,244 |
| Total revenues | 34,777,012 | 20,060,421 | 54,837,433 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 22,253,690 | 10,931,437 | 33,185,127 |
| Support services | 4,571,716 | 1,971,203 | 6,542,919 |
| General administration | 1,611,337 | 1,428,880 | 3,040,217 |
| Building administration | 2,736,440 | 1,463,748 | 4,200,188 |
| Operations and maintenance | 2,919,107 | 2,526,346 | 5,445,453 |
| Student transportation | 2,282 | - | 2,282 |
| Food services | 28 | 5,748 | 5,776 |
| Extracurricular activities | 218,219 | 1,443,821 | 1,662,040 |
| Total expenditures | 34,312,819 | 19,771,183 | 54,084,002 |
| Other financing sources (uses): | | | |
| Transfers out | (399,334) | (136,532) | (535,866) |
| Total other financing sources (uses) | (399,334) | (136,532) | (535,866) |
| Net change in fund balances | 64,859 | 152,706 | 217,565 |
| Fund balances, beginning of year | 3,721,114 | 2,174,373 | 5,895,487 |
| Fund balances, end of year | \$ 3,785,973 | \$ 2,327,079 | \$ 6,113,052 |

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, 2022

| | Elementary General Subfund | | | | High School General Subfund | | | |
|---------------------------------------------|----------------------------|---------------------|---------------------|--------------------------------------|-----------------------------|---------------------|---------------------|--------------------------------------|
| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) | Original Budget | Final Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | | | | | | |
| District property taxes | \$ 13,803,284 | \$ 13,803,284 | \$ 13,913,195 | \$ 109,911 | \$ 8,240,781 | \$ 8,240,781 | \$ 8,315,979 | \$ 75,198 |
| Tuition and fees | - | - | 28,730 | 28,730 | - | - | 32,491 | 32,491 |
| Investment earnings | 29,990 | 29,990 | 16,945 | (13,045) | 10,842 | 10,842 | 8,558 | (2,284) |
| Other district revenue | - | - | - | - | - | - | 45,000 | 45,000 |
| State of Montana | 20,817,481 | 20,817,481 | 20,817,481 | - | 11,657,763 | 11,657,763 | 11,657,763 | - |
| Total revenues | <u>34,650,755</u> | <u>34,650,755</u> | <u>34,776,351</u> | <u>125,596</u> | <u>19,909,386</u> | <u>19,909,386</u> | <u>20,059,791</u> | <u>150,405</u> |
| Expenditures: | | | | | | | | |
| Current - | | | | | | | | |
| Instruction | 21,035,577 | 21,100,805 | 22,195,662 | (1,094,857) | 9,400,460 | 10,372,463 | 10,928,547 | (556,084) |
| Support services | 5,401,626 | 5,401,626 | 4,556,894 | 844,732 | 2,435,646 | 2,435,646 | 1,966,703 | 468,943 |
| General administration | 1,572,614 | 1,572,614 | 1,601,689 | (29,075) | 1,426,722 | 1,426,722 | 1,419,223 | 7,499 |
| Building administration | 2,862,785 | 2,862,785 | 2,733,705 | 129,080 | 1,607,696 | 1,607,696 | 1,446,413 | 161,283 |
| Operations and maintenance | 3,530,498 | 3,530,498 | 2,884,720 | 645,778 | 3,607,741 | 3,607,741 | 2,495,068 | 1,112,673 |
| Student transportation | - | - | 2,282 | (2,282) | - | - | - | - |
| Food services | - | - | - | - | - | - | 79 | (79) |
| Extracurricular activities | 268,805 | 268,805 | 218,219 | 50,586 | 1,431,121 | 1,431,121 | 1,443,821 | (12,700) |
| Total expenditures | <u>34,671,905</u> | <u>34,737,133</u> | <u>34,193,171</u> | <u>543,962</u> | <u>19,909,386</u> | <u>20,881,389</u> | <u>19,699,854</u> | <u>1,181,535</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers out | - | - | (522,334) | (522,334) | - | - | (209,532) | (209,532) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(522,334)</u> | <u>(522,334)</u> | <u>-</u> | <u>-</u> | <u>(209,532)</u> | <u>(209,532)</u> |
| Net change in fund balances | (21,150) | (86,378) | 60,846 | 147,224 | - | (972,003) | 150,405 | 1,122,408 |
| Fund balances, beginning of year | <u>3,488,341</u> | <u>3,488,341</u> | <u>3,488,341</u> | <u>-</u> | <u>1,990,939</u> | <u>1,990,939</u> | <u>1,990,939</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 3,467,191</u> | <u>\$ 3,401,963</u> | <u>\$ 3,549,187</u> | <u>\$ 147,224</u> | <u>\$ 1,990,939</u> | <u>\$ 1,018,936</u> | <u>\$ 2,141,344</u> | <u>\$ 1,122,408</u> |

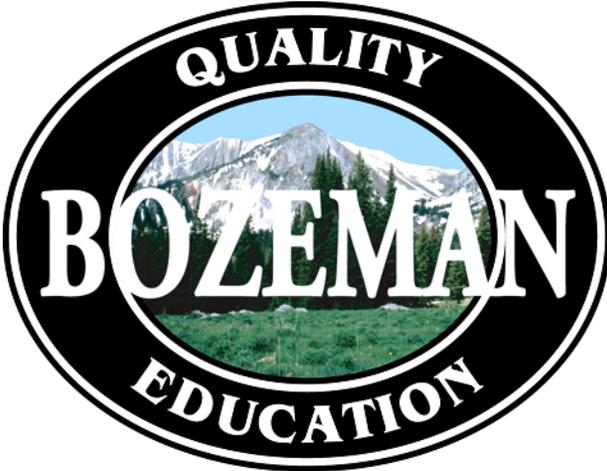
Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2022

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|--------------------------------------------------------------------------------|----------------------|---------------------|--------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 8,526,705 | \$ 4,729,334 | \$ 13,256,039 |
| Investments | 889,298 | - | 889,298 |
| Property taxes receivable | 72,050 | 39,368 | 111,418 |
| Due from other funds | 180 | - | 180 |
| Due from other governments | 402,017 | 3,496 | 405,513 |
| Accounts receivable | 15,011 | 54,657 | 69,668 |
| Inventory, at cost | 40,247 | - | 40,247 |
| Prepaid items | 97,565 | 163 | 97,728 |
| Total assets | \$ 10,043,073 | \$ 4,827,018 | \$ 14,870,091 |
| <u>LIABILITIES</u> | | | |
| Cash overdraft | \$ - | \$ 342 | \$ 342 |
| Accounts payable | 28,984 | 26,790 | 55,774 |
| Unearned revenue | 150,095 | - | 150,095 |
| Total liabilities | 179,079 | 27,132 | 206,211 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable revenue - property taxes | 72,050 | 39,368 | 111,418 |
| Total deferred inflows of resources | 72,050 | 39,368 | 111,418 |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | 424,959 | 163 | 425,122 |
| Restricted | 6,830,234 | 4,760,355 | 11,590,589 |
| Committed | 2,536,751 | - | 2,536,751 |
| Total fund balances | 9,791,944 | 4,760,518 | 14,552,462 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 10,043,073 | \$ 4,827,018 | \$ 14,870,091 |

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, 2022

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|----------------------------------------------------------|---------------------|---------------------|--------------------------------------------|
| Revenues: | | | |
| District property taxes | \$ 3,614,958 | \$ 2,017,826 | \$ 5,632,784 |
| Tuition and fees | 576,914 | - | 576,914 |
| Investment earnings (loss) | (95,481) | 24,797 | (70,684) |
| Other district revenue | 2,515,129 | 218,630 | 2,733,759 |
| Gallatin County | 7,918,146 | - | 7,918,146 |
| State of Montana | 3,731,068 | 79,307 | 3,810,375 |
| Federal | 2,538,140 | - | 2,538,140 |
| Total revenues | <u>20,798,874</u> | <u>2,340,560</u> | <u>23,139,434</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 8,061,970 | 14,515 | 8,076,485 |
| Support services | 1,851,423 | - | 1,851,423 |
| General administration | 1,186,491 | - | 1,186,491 |
| Building administration | 1,173,768 | 332,766 | 1,506,534 |
| Operations and maintenance | 1,111,179 | 1,164,578 | 2,275,757 |
| Student transportation | 2,665,329 | - | 2,665,329 |
| Food services | 2,238,046 | 27,939 | 2,265,985 |
| Extracurricular activities | 2,149,925 | - | 2,149,925 |
| Capital outlay | 21,390 | 8,163,283 | 8,184,673 |
| Total expenditures | <u>20,459,521</u> | <u>9,703,081</u> | <u>30,162,602</u> |
| Excess (deficiency) of revenues over expenditures | <u>339,353</u> | <u>(7,362,521)</u> | <u>(7,023,168)</u> |
| Other financing sources (uses): | | | |
| Proceeds from sale of asset | - | 355,350 | 355,350 |
| Transfers out | (10) | (995,469) | (995,479) |
| Total other financing sources (uses) | <u>(10)</u> | <u>(640,119)</u> | <u>(640,129)</u> |
| Net changes in fund balances | 339,343 | (8,002,640) | (7,663,297) |
| Fund balances, beginning of year | <u>9,452,601</u> | <u>12,763,158</u> | <u>22,215,759</u> |
| Fund balances, end of year | <u>\$ 9,791,944</u> | <u>\$ 4,760,518</u> | <u>\$ 14,552,462</u> |



Nonmajor Special Revenue Funds

Budgeted:

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

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

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

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

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

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

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

Non-Budgeted:

Food Services Fund - (High School) To account for the District’s food services program.

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

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

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

Nonexpendable High School Endowment – To account for investment earnings on existing corpus and previous earnings. This is reinvested until a desired overall level is attained in which scholarships will be awarded from the spendable portion of this fund.

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022**

| | Elementary Transportation | Elementary Bus Depreciation | Elementary Tuition | Elementary Retirement | Elementary Technology Acquisition | Middle School Student Club Extracurricular |
|--------------------------------------------------------------------------------|------------------------------|--------------------------------|-----------------------|--------------------------|-----------------------------------------|--------------------------------------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and cash equivalents | \$ 646,548 | \$ 305,372 | \$ 408,653 | \$ 1,244,229 | \$ 852,410 | \$ 84,556 |
| Investments | - | - | - | - | - | - |
| Property taxes receivable | 27,273 | - | 5,550 | - | 13,069 | - |
| Due from other governments | 387 | 184 | 249 | 216,351 | 497 | 45 |
| Accounts receivable | - | - | - | - | - | - |
| Inventory, at cost | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | 44,688 | - |
| Total assets | \$ 674,208 | \$ 305,556 | \$ 414,452 | \$ 1,460,580 | \$ 910,664 | \$ 84,601 |
| <u>LIABILITIES</u> | | | | | | |
| Accounts payable | \$ 26 | \$ - | \$ 3,125 | \$ - | \$ 2,115 | \$ 675 |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | 26 | - | 3,125 | - | 2,115 | 675 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Unavailable revenue - property taxes | 27,273 | - | 5,550 | - | 13,069 | - |
| Total deferred inflows of resources | 27,273 | - | 5,550 | - | 13,069 | - |
| <u>FUND BALANCES</u> | | | | | | |
| Nonspendable | - | - | - | - | 44,688 | - |
| Restricted | 646,909 | 305,556 | 405,777 | 1,460,580 | 850,792 | - |
| Committed | - | - | - | - | - | 83,926 |
| Total fund balances | 646,909 | 305,556 | 405,777 | 1,460,580 | 895,480 | 83,926 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 674,208 | \$ 305,556 | \$ 414,452 | \$ 1,460,580 | \$ 910,664 | \$ 84,601 |

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

| | High School Transportation | High School Bus Depreciation | High School Food Services | High School Tuition | High School Retirement | High School Grants | High School Adult Education | High School Drivers Education | High School Technology Acquisition |
|----------------------------------------------------------------------------|-------------------------------|------------------------------------|------------------------------|------------------------|---------------------------|-----------------------|-----------------------------------|-------------------------------------|------------------------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 418,999 | \$ 305,640 | \$ 1,471,133 | \$ 311,301 | \$ 655,722 | \$ 498,689 | \$ 157,305 | \$ 144,545 | \$ 418,551 |
| Investments | - | - | - | - | - | - | - | - | - |
| Property taxes receivable | 12,401 | - | - | 420 | - | - | 9,205 | - | 4,132 |
| Due from other funds | - | - | - | - | - | 180 | - | - | - |
| Due from other governments | 231 | 184 | 834 | 211 | 128,338 | 19,538 | 131 | 34,217 | 254 |
| Accounts receivable | - | - | 2,196 | - | - | 10,815 | - | - | - |
| Inventory, at cost | - | - | 40,247 | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | - | - | - | 52,877 |
| Total assets | \$ 431,631 | \$ 305,824 | \$ 1,514,410 | \$ 311,932 | \$ 784,060 | \$ 529,222 | \$ 166,641 | \$ 178,762 | \$ 475,814 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 26 | \$ - | \$ 3,294 | \$ 1,957 | \$ - | \$ 9,133 | \$ 3,046 | \$ 360 | \$ 150 |
| Unearned revenue | - | - | 115,133 | - | - | 34,962 | - | - | - |
| Total liabilities | 26 | - | 118,427 | 1,957 | - | 44,095 | 3,046 | 360 | 150 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenue - property taxes | 12,401 | - | - | 420 | - | - | 9,205 | - | 4,132 |
| Total deferred inflows of resources | 12,401 | - | - | 420 | - | - | 9,205 | - | 4,132 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable | - | - | 40,247 | - | - | - | - | - | 52,877 |
| Restricted | 419,204 | 305,824 | - | 309,555 | 784,060 | 153,952 | 154,390 | - | 418,655 |
| Committed | - | - | 1,355,736 | - | - | 331,175 | - | 178,402 | - |
| Total fund balances | 419,204 | 305,824 | 1,395,983 | 309,555 | 784,060 | 485,127 | 154,390 | 178,402 | 471,532 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 431,631 | \$ 305,824 | \$ 1,514,410 | \$ 311,932 | \$ 784,060 | \$ 529,222 | \$ 166,641 | \$ 178,762 | \$ 475,814 |

(Continued)

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022**

| | High School Student Club Extracurricular | Nonexpendable High School Endowment | Totals |
|--------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 590,223 | \$ 12,829 | \$ 8,526,705 |
| Investments | - | 889,298 | 889,298 |
| Property taxes receivable | - | - | 72,050 |
| Due from other funds | - | - | 180 |
| Due from other governments | 366 | - | 402,017 |
| Accounts receivable | 2,000 | - | 15,011 |
| Inventory, at cost | - | - | 40,247 |
| Prepaid items | - | - | 97,565 |
| Total assets | \$ 592,589 | \$ 902,127 | \$ 10,043,073 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 5,077 | \$ - | \$ 28,984 |
| Unearned revenue | - | - | 150,095 |
| Total liabilities | 5,077 | - | 179,079 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable revenue - property taxes | - | - | 72,050 |
| Total deferred inflows of resources | - | - | - 72,050 |
| <u>FUND BALANCES</u> | | | |
| Nonspendable | - | 287,147 | 424,959 |
| Restricted | - | 614,980 | 6,830,234 |
| Committed | 587,512 | - | 2,536,751 |
| Total fund balances | 587,512 | 902,127 | 9,791,944 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 592,589 | \$ 902,127 | \$ 10,043,073 |

(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, 2022

| | Elementary Transportation | Elementary Bus Depreciation | Elementary Tuition | Elementary Retirement | Elementary Technology Acquisition | Elementary Flexibility | Middle School Student Club Extracurricular |
|---------------------------------------------|------------------------------|-----------------------------------|-----------------------|--------------------------|-----------------------------------------|---------------------------|--------------------------------------------------|
| Revenues: | | | | | | | |
| District property taxes | \$ 1,390,198 | \$ 1 | \$ 282,510 | \$ - | \$ 674,894 | \$ - | \$ - |
| Tuition and fees | - | - | - | - | - | - | - |
| Investment earnings | 2,546 | 948 | 1,346 | 5,045 | 2,171 | - | - |
| Other district revenue | - | - | - | - | 153,540 | - | 96,173 |
| Gallatin County | 181,630 | - | - | 4,822,776 | - | - | - |
| State of Montana | 181,630 | - | - | 1,694,383 | 20,886 | 3,669 | - |
| Federal | - | - | - | - | - | - | - |
| Total revenues | <u>1,756,004</u> | <u>949</u> | <u>283,856</u> | <u>6,522,204</u> | <u>851,491</u> | <u>3,669</u> | <u>96,173</u> |
| Expenditures: | | | | | | | |
| Current - | | | | | | | |
| Instruction | - | - | 103,653 | 4,418,905 | 307,987 | 3,669 | - |
| Support services | - | - | - | 1,063,818 | 33,539 | - | - |
| General administration | 73,424 | - | - | 249,495 | 217,259 | - | - |
| Building administration | 480 | - | - | 548,755 | 1,079 | - | - |
| Operations and maintenance | 2,568 | - | - | 298,029 | - | - | - |
| Student transportation | 1,895,537 | - | - | 29,024 | - | - | - |
| Food services | - | - | - | 10,052 | - | - | - |
| Extracurricular activities | - | - | - | 39,270 | - | - | 90,085 |
| Capital outlay | - | - | - | - | - | - | - |
| Total expenditures | <u>1,972,009</u> | <u>-</u> | <u>103,653</u> | <u>6,657,348</u> | <u>559,864</u> | <u>3,669</u> | <u>90,085</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (216,005) | 949 | 180,203 | (135,144) | 291,627 | - | 6,088 |
| Fund balances, beginning of year | <u>862,914</u> | <u>304,607</u> | <u>225,574</u> | <u>1,595,724</u> | <u>603,853</u> | <u>-</u> | <u>77,838</u> |
| Fund balances, end of year | <u>\$ 646,909</u> | <u>\$ 305,556</u> | <u>\$ 405,777</u> | <u>\$ 1,460,580</u> | <u>\$ 895,480</u> | <u>\$ -</u> | <u>\$ 83,926</u> |

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | High School Transportation | High School Bus Depreciation | High School Food Services | High School Tuition | High School Retirement | High School Grants | High School Adult Education | High School Drivers Education | High School Technology Acquisition |
|---------------------------------------------|-------------------------------|------------------------------------|------------------------------|------------------------|---------------------------|-----------------------|-----------------------------------|-------------------------------------|------------------------------------------|
| Revenues: | | | | | | | | | |
| District property taxes | \$ 607,323 | \$ 1 | \$ - | \$ 600 | \$ - | \$ - | \$ 457,986 | \$ - | \$ 201,445 |
| Tuition and fees | - | - | 478,220 | - | - | - | 3,869 | 94,825 | - |
| Investment earnings | 1,476 | 949 | 3,964 | 1,333 | 2,189 | 977 | 538 | 514 | 1,378 |
| Other district revenue | - | - | 2,748 | - | - | 615,052 | - | - | 144,690 |
| Gallatin County | 99,687 | - | - | - | 2,814,053 | - | - | - | - |
| State of Montana | 99,687 | - | - | - | 924,334 | 738,049 | - | 34,120 | 12,132 |
| Federal | - | - | 2,284,796 | - | - | 253,344 | - | - | - |
| Total revenues | <u>808,173</u> | <u>950</u> | <u>2,769,728</u> | <u>1,933</u> | <u>3,740,576</u> | <u>1,607,422</u> | <u>462,393</u> | <u>129,459</u> | <u>359,645</u> |
| Expenditures: | | | | | | | | | |
| Current - | | | | | | | | | |
| Instruction | - | - | - | 95,549 | 2,270,780 | 252,888 | 246,638 | 77,911 | 261,812 |
| Support services | - | - | - | - | 398,621 | 336,434 | 5,484 | - | 13,527 |
| General administration | 73,421 | - | 4,810 | - | 233,607 | 138,470 | 79 | 2,466 | 193,460 |
| Building administration | - | - | - | - | 335,299 | 47,582 | 203,454 | 37,119 | - |
| Operations and maintenance | 2,568 | - | - | - | 266,881 | 541,133 | - | - | - |
| Student transportation | 734,165 | - | - | - | 6,603 | - | - | - | - |
| Food services | - | - | 2,080,080 | - | 146,526 | 1,388 | - | - | - |
| Extracurricular activities | - | - | - | - | 202,146 | 430,527 | - | - | - |
| Capital outlay | - | - | - | - | - | 21,390 | - | - | - |
| Total expenditures | <u>810,154</u> | <u>-</u> | <u>2,084,890</u> | <u>95,549</u> | <u>3,860,463</u> | <u>1,769,812</u> | <u>455,655</u> | <u>117,496</u> | <u>468,799</u> |
| Other financing sources (uses): | | | | | | | | | |
| Transfers out | - | - | - | - | - | (10) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (1,981) | 950 | 684,838 | (93,616) | (119,887) | (162,400) | 6,738 | 11,963 | (109,154) |
| Fund balances, beginning of year | <u>421,185</u> | <u>304,874</u> | <u>711,145</u> | <u>403,171</u> | <u>903,947</u> | <u>647,527</u> | <u>147,652</u> | <u>166,439</u> | <u>580,686</u> |
| Fund balances, end of year | <u>\$ 419,204</u> | <u>\$ 305,824</u> | <u>\$ 1,395,983</u> | <u>\$ 309,555</u> | <u>\$ 784,060</u> | <u>\$ 485,127</u> | <u>\$ 154,390</u> | <u>\$ 178,402</u> | <u>\$ 471,532</u> |

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | High School Flexibility | High School Student Club Extracurricular | Nonexpendable High School Endowment | Totals |
|---------------------------------------------|----------------------------|------------------------------------------------|-------------------------------------------|---------------------|
| Revenues: | | | | |
| District property taxes | \$ - | \$ - | \$ - | \$ 3,614,958 |
| Tuition and fees | - | - | - | 576,914 |
| Investment earnings (loss) | - | - | (120,855) | (95,481) |
| Other district revenue | - | 1,502,926 | - | 2,515,129 |
| Gallatin County | - | - | - | 7,918,146 |
| State of Montana | 22,178 | - | - | 3,731,068 |
| Federal | - | - | - | 2,538,140 |
| Total revenues | <u>22,178</u> | <u>1,502,926</u> | <u>(120,855)</u> | <u>20,798,874</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 22,178 | - | - | 8,061,970 |
| Support services | - | - | - | 1,851,423 |
| General administration | - | - | - | 1,186,491 |
| Building administration | - | - | - | 1,173,768 |
| Operations and maintenance | - | - | - | 1,111,179 |
| Student transportation | - | - | - | 2,665,329 |
| Food services | - | - | - | 2,238,046 |
| Extracurricular activities | - | 1,387,897 | - | 2,149,925 |
| Capital outlay | - | - | - | 21,390 |
| Total expenditures | <u>22,178</u> | <u>1,387,897</u> | <u>-</u> | <u>20,459,521</u> |
| Other financing sources (uses): | | | | |
| Transfers out | - | - | - | (10) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10)</u> |
| Net change in fund balances | - | 115,029 | (120,855) | 339,343 |
| Fund balances, beginning of year | <u>-</u> | <u>472,483</u> | <u>1,022,982</u> | <u>9,452,601</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 587,512</u> | <u>\$ 902,127</u> | <u>\$ 9,791,944</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, 2022

| | Elementary Transportation | | | Elementary Bus Depreciation | | |
|-----------------------------------------|---------------------------------|-------------------|--------------------------------------|---------------------------------|-------------------|--------------------------------------|
| | Original and Final Budget | Actual | Variance - Positive (Negative) | Original and Final Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | | | | |
| District property taxes | \$ 1,385,098 | \$ 1,390,198 | \$ 5,100 | \$ - | \$ 1 | \$ 1 |
| Investment earnings | 1,500 | 2,546 | 1,046 | 500 | 948 | 448 |
| Gallatin County | 267,872 | 181,630 | (86,242) | - | - | - |
| State of Montana | 267,872 | 181,630 | (86,242) | - | - | - |
| Total revenues | <u>1,922,342</u> | <u>1,756,004</u> | <u>(166,338)</u> | <u>500</u> | <u>949</u> | <u>449</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| General administration | 72,483 | 73,424 | (941) | - | - | - |
| Building administration | - | 480 | (480) | - | - | - |
| Operations and maintenance | 1,288 | 2,568 | (1,280) | - | - | - |
| Student transportation | 2,227,277 | 1,895,537 | 331,740 | 305,107 | - | 305,107 |
| Capital outlay | 20,000 | - | 20,000 | - | - | - |
| Total expenditures | <u>2,321,048</u> | <u>1,972,009</u> | <u>349,039</u> | <u>305,107</u> | <u>-</u> | <u>305,107</u> |
| Net change in fund balances | (398,706) | (216,005) | 182,701 | (304,607) | 949 | 305,556 |
| Fund balances, beginning of year | <u>862,914</u> | <u>862,914</u> | <u>-</u> | <u>304,607</u> | <u>304,607</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 464,208</u> | <u>\$ 646,909</u> | <u>\$ 182,701</u> | <u>\$ -</u> | <u>\$ 305,556</u> | <u>\$ 305,556</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, 2022

| | Elementary Tuition | | | Elementary Retirement | | |
|-----------------------------------------|---------------------------------|-------------------|--------------------------------------|---------------------------------|---------------------|--------------------------------------|
| | Original and Final Budget | Actual | Variance - Positive (Negative) | Original and Final Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | | | | |
| District property taxes | \$ 279,426 | \$ 282,510 | \$ 3,084 | \$ - | \$ - | \$ - |
| Investment earnings | - | 1,346 | 1,346 | 1,500 | 5,045 | 3,545 |
| Gallatin County | - | - | - | 4,822,776 | 4,822,776 | - |
| Total revenues | <u>279,426</u> | <u>283,856</u> | <u>4,430</u> | <u>4,824,276</u> | <u>4,827,821</u> | <u>3,545</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Instruction | 250,000 | 103,653 | 146,347 | 3,600,009 | 3,220,585 | 379,424 |
| Support services | 255,000 | - | 255,000 | 609,901 | 798,849 | (188,948) |
| General administration | - | - | - | 312,442 | 206,485 | 105,957 |
| Building administration | - | - | - | 426,931 | 425,423 | 1,508 |
| Operations and maintenance | - | - | - | 292,645 | 256,804 | 35,841 |
| Student transportation | - | - | - | 19,260 | 22,201 | (2,941) |
| Food Services | - | - | - | - | 2 | (2) |
| Extracurricular activities | - | - | - | 88,812 | 32,616 | 56,196 |
| Total expenditures | <u>505,000</u> | <u>103,653</u> | <u>401,347</u> | <u>5,350,000</u> | <u>4,962,965</u> | <u>387,035</u> |
| Net change in fund balances | (225,574) | 180,203 | 405,777 | (525,724) | (135,144) | 390,580 |
| Fund balances, beginning of year | 225,574 | 225,574 | - | 1,595,724 | 1,595,724 | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 405,777</u> | <u>\$ 405,777</u> | <u>\$ 1,070,000</u> | <u>\$ 1,460,580</u> | <u>\$ 390,580</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, 2022

| | 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 | \$ 672,258 | \$ 674,894 | \$ 2,636 | \$ - | \$ - | \$ - |
| Investment earnings | 1,500 | 2,171 | 671 | - | - | - |
| Other district revenue | - | 153,540 | 153,540 | 4,000 | - | (4,000) |
| State of Montana | 20,886 | 20,886 | - | 3,669 | 3,669 | - |
| Total revenues | <u>694,644</u> | <u>851,491</u> | <u>156,847</u> | <u>7,669</u> | <u>3,669</u> | <u>(4,000)</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Instruction | 1,284,801 | 307,987 | 976,814 | 7,669 | 3,669 | 4,000 |
| Support services | 13,696 | 33,539 | (19,843) | - | - | - |
| General administration | - | 217,259 | (217,259) | - | - | - |
| Building administration | - | 1,079 | (1,079) | - | - | - |
| Total expenditures | <u>1,298,497</u> | <u>559,864</u> | <u>738,633</u> | <u>7,669</u> | <u>3,669</u> | <u>4,000</u> |
| Net change in fund balances | (603,853) | 291,627 | 895,480 | - | - | - |
| Fund balances, beginning of year | <u>603,853</u> | <u>603,853</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 895,480</u> | <u>\$ 895,480</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, 2022

| | 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 | \$ 600,652 | \$ 607,323 | \$ 6,671 | \$ - | \$ 1 | \$ 1 |
| Investment earnings | 500 | 1,476 | 976 | 500 | 949 | 449 |
| Gallatin County | 149,027 | 99,687 | (49,340) | - | - | - |
| State of Montana | 149,027 | 99,687 | (49,340) | - | - | - |
| Total revenues | <u>899,206</u> | <u>808,173</u> | <u>(91,033)</u> | <u>500</u> | <u>950</u> | <u>450</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| General administration | 72,482 | 73,421 | (939) | - | - | - |
| Operations and maintenance | 1,288 | 2,568 | (1,280) | - | - | - |
| Student transportation | 1,006,555 | 734,165 | 272,390 | 305,374 | - | 305,374 |
| Capital outlay | 20,000 | - | 20,000 | - | - | - |
| Total expenditures | <u>1,100,325</u> | <u>810,154</u> | <u>290,171</u> | <u>305,374</u> | <u>-</u> | <u>305,374</u> |
| Net change in fund balances | (201,119) | (1,981) | 199,138 | (304,874) | 950 | 305,824 |
| Fund balances, beginning of year | <u>421,185</u> | <u>421,185</u> | <u>-</u> | <u>304,874</u> | <u>304,874</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 220,066</u> | <u>\$ 419,204</u> | <u>\$ 199,138</u> | <u>\$ -</u> | <u>\$ 305,824</u> | <u>\$ 305,824</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, 2022

| | 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 | \$ - | \$ 600 | \$ 600 | \$ - | \$ - | \$ - |
| Investment earnings | - | 1,333 | 1,333 | 2,000 | 2,189 | 189 |
| Gallatin County | - | - | - | 2,814,053 | 2,814,053 | - |
| Total revenues | <u>-</u> | <u>1,933</u> | <u>1,933</u> | <u>2,816,053</u> | <u>2,816,242</u> | <u>189</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Instruction | 210,741 | 95,549 | 115,192 | 2,024,605 | 1,663,985 | 360,620 |
| Support services | 192,430 | - | 192,430 | 353,402 | 280,219 | 73,183 |
| General administration | - | - | - | 181,040 | 194,890 | (13,850) |
| Building administration | - | - | - | 247,380 | 257,851 | (10,471) |
| Operations and maintenance | - | - | - | 169,571 | 230,908 | (61,337) |
| Student transportation | - | - | - | 11,160 | 5,682 | 5,478 |
| Food services | - | - | - | 61,380 | 140,998 | (79,618) |
| Extracurricular activities | - | - | - | 51,462 | 161,596 | (110,134) |
| Total expenditures | <u>403,171</u> | <u>95,549</u> | <u>307,622</u> | <u>3,100,000</u> | <u>2,936,129</u> | <u>163,871</u> |
| Net change in fund balances | (403,171) | (93,616) | 309,555 | (283,947) | (119,887) | 164,060 |
| Fund balances, beginning of year | <u>403,171</u> | <u>403,171</u> | <u>-</u> | <u>903,947</u> | <u>903,947</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 309,555</u> | <u>\$ 309,555</u> | <u>\$ 620,000</u> | <u>\$ 784,060</u> | <u>\$ 164,060</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, 2022

| | 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 | \$ 459,181 | \$ 457,986 | \$ (1,195) | \$ 200,000 | \$ 201,445 | \$ 1,445 |
| Tuition and fees | 10,500 | 3,869 | (6,631) | - | - | - |
| Investment earnings | 500 | 538 | 38 | 500 | 1,378 | 878 |
| Other district revenue | - | - | - | - | 144,690 | 144,690 |
| State of Montana | - | - | - | 12,132 | 12,132 | - |
| Total revenues | <u>470,181</u> | <u>462,393</u> | <u>(7,788)</u> | <u>212,632</u> | <u>359,645</u> | <u>147,013</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Instruction | 250,013 | 246,638 | 3,375 | 787,840 | 261,812 | 526,028 |
| Support services | 6,230 | 5,484 | 746 | 5,478 | 13,527 | (8,049) |
| General administration | 23,358 | 79 | 23,279 | - | 193,460 | (193,460) |
| Building administration | 190,580 | 203,454 | (12,874) | - | - | - |
| Total expenditures | <u>470,181</u> | <u>455,655</u> | <u>14,526</u> | <u>793,318</u> | <u>468,799</u> | <u>324,519</u> |
| Net change in fund balances | - | 6,738 | 6,738 | (580,686) | (109,154) | 471,532 |
| Fund balances, beginning of year | <u>147,652</u> | <u>147,652</u> | - | <u>580,686</u> | <u>580,686</u> | - |
| Fund balances, end of year | <u>\$ 147,652</u> | <u>\$ 154,390</u> | <u>\$ 6,738</u> | <u>\$ -</u> | <u>\$ 471,532</u> | <u>\$ 471,532</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, 2022

| | High School Flexibility | | |
|-----------------------------------------|---------------------------------|---------------|--------------------------------------|
| | Original and Final Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other district revenue | \$ 4,000 | \$ - | \$ (4,000) |
| State of Montana | 22,178 | 22,178 | - |
| Total revenues | <u>26,178</u> | <u>22,178</u> | <u>(4,000)</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 26,178 | 22,178 | 4,000 |
| Total expenditures | <u>26,178</u> | <u>22,178</u> | <u>4,000</u> |
| Net change in fund balances | - | - | - |
| Fund balances, beginning of year | - | - | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Major Debt Service Funds

Budgeted:

Major -

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Major 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 | \$ 4,715,507 | \$ 4,788,655 | \$ 73,148 | \$ 11,177,332 | \$ 11,298,716 | \$ 121,384 |
| Investment earnings | 4,000 | 4,282 | 282 | 3,000 | 5,445 | 2,445 |
| Other district revenue | - | 841,500 | 841,500 | - | 908,137 | 908,137 |
| State of Montana | - | 26,697 | 26,697 | - | 16,346 | 16,346 |
| Total revenues | <u>4,719,507</u> | <u>5,661,134</u> | <u>941,627</u> | <u>11,180,332</u> | <u>12,228,644</u> | <u>1,048,312</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Operations and maintenance | - | 76,507 | (76,507) | - | 85,352 | (85,352) |
| Debt service - | | | | | | |
| Principal retirement | 3,430,000 | 3,430,000 | - | 7,050,000 | 7,050,000 | - |
| Interest and fiscal charges | 1,761,507 | 1,701,115 | 60,392 | 5,184,552 | 5,064,200 | 120,352 |
| Bond issuance costs | - | 78,588 | (78,588) | - | - | - |
| Total expenditures | <u>5,191,507</u> | <u>5,286,210</u> | <u>(94,703)</u> | <u>12,234,552</u> | <u>12,199,552</u> | <u>35,000</u> |
| Excess (deficiency) of revenues over expenditures | <u>(472,000)</u> | <u>374,924</u> | <u>846,924</u> | <u>(1,054,220)</u> | <u>29,092</u> | <u>1,083,312</u> |
| Other financing sources (uses): | | | | | | |
| Transfer in | - | - | - | - | 995,469 | 995,469 |
| Refunding bonds issued | - | 9,075,000 | 9,075,000 | - | - | - |
| Premium on refunding bonds issued | - | 592,115 | 592,115 | - | - | - |
| Payments to bond escrow agent | - | (9,585,235) | (9,585,235) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>81,880</u> | <u>81,880</u> | <u>-</u> | <u>995,469</u> | <u>995,469</u> |
| Net changes in fund balances | <u>(472,000)</u> | <u>456,804</u> | <u>928,804</u> | <u>(1,054,220)</u> | <u>1,024,561</u> | <u>2,078,781</u> |
| Fund balances, beginning of year | <u>446,688</u> | <u>446,688</u> | <u>-</u> | <u>(218,104)</u> | <u>(218,104)</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ (25,312)</u> | <u>\$ 903,492</u> | <u>\$ 928,804</u> | <u>\$ (1,272,324)</u> | <u>\$ 806,457</u> | <u>\$ 2,078,781</u> |

Nonmajor and Major Capital Projects Funds

Budgeted:

Nonmajor -

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

Major –

High School Building Reserve Fund - To account for financial resources segregated for the acquisition, construction or repair of major capital facilities, the operational cost of school safety, and the transition costs associated with opening a new school (**note:** Only Budget to Actual schedule presented in this section)

Non-budgeted:

Nonmajor -

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

High School Building - To account for construction of new high schools and for the remodeling of existing facilities.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

| | Elementary Building | Elementary Building Reserve | High School Building | Totals |
|----------------------------------------------------------------------------|------------------------|-----------------------------------|-------------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 1,757,813 | \$ 2,971,521 | \$ - | \$ 4,729,334 |
| Property taxes receivable | - | 39,368 | - | 39,368 |
| Accounts receivable | 54,657 | - | - | 54,657 |
| Prepaid items | - | 163 | - | 163 |
| Due from other governments | 1,058 | 1,908 | 530 | 3,496 |
| Total assets | \$ 1,813,528 | \$ 3,012,960 | \$ 530 | \$ 4,827,018 |
| <u>LIABILITIES</u> | | | | |
| Cash overdraft | \$ - | \$ - | \$ 342 | 342 |
| Accounts payable | 302 | 26,488 | - | 26,790 |
| Retainages payable | - | - | - | - |
| Due to other governments | - | - | - | - |
| Total liabilities | 302 | 26,488 | 342 | 27,132 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable revenue - property taxes: | - | 39,368 | - | 39,368 |
| Total deferred inflows of resources | - | 39,368 | - | 39,368 |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | - | 163 | - | 163 |
| Restricted | 1,813,226 | 2,946,941 | 188 | 4,760,355 |
| Total fund balances | 1,813,226 | 2,947,104 | 188 | 4,760,518 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,813,528 | \$ 3,012,960 | \$ 530 | \$ 4,827,018 |

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, 2022

| | Elementary Building | Elementary Building Reserve | High School Building | Totals |
|----------------------------------------------------------|------------------------|-----------------------------------|-------------------------|---------------------|
| Revenues: | | | | |
| District property taxes | \$ - | \$ 2,017,826 | \$ - | \$ 2,017,826 |
| Investment earnings | 5,632 | 9,818 | 9,347 | 24,797 |
| Other district revenue | 218,630 | - | - | 218,630 |
| State of Montana | - | 79,307 | - | 79,307 |
| Total revenues | <u>224,262</u> | <u>2,106,951</u> | <u>9,347</u> | <u>2,340,560</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | - | 937 | 13,578 | 14,515 |
| Support services | - | 332,766 | - | 332,766 |
| Food services | - | - | 27,939 | 27,939 |
| Operations and maintenance | 167,651 | 563,622 | 433,305 | 1,164,578 |
| Capital outlay | - | 722,991 | 7,440,292 | 8,163,283 |
| Total expenditures | <u>167,651</u> | <u>1,620,316</u> | <u>7,915,114</u> | <u>9,703,081</u> |
| Excess (deficiency) of revenues over expenditures | <u>56,611</u> | <u>486,635</u> | <u>(7,905,767)</u> | <u>(7,362,521)</u> |
| Other financing sources (uses): | | | | |
| Insurance proceeds from damaged building | - | - | 355,350 | 355,350 |
| Transfer out | - | - | (995,469) | (995,469) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(640,119)</u> | <u>(640,119)</u> |
| Net changes in fund balances | 56,611 | 486,635 | (8,545,886) | (8,002,640) |
| Fund balances, beginning of year | <u>1,756,615</u> | <u>2,460,469</u> | <u>8,546,074</u> | <u>12,763,158</u> |
| Fund balances, end of year | <u>\$ 1,813,226</u> | <u>\$ 2,947,104</u> | <u>\$ 188</u> | <u>\$ 4,760,518</u> |

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR AND NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Nonmajor Elementary Building Reserve | | | Major High School Building Reserve | | |
|-----------------------------------------|-----------------------------------------|---------------------|--------------------------------------|---------------------------------------|---------------------|--------------------------------------|
| | Original and Final Budget | Actual | Variance - Positive (Negative) | Original and Final Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | | | | |
| District property taxes | \$ 2,000,000 | \$ 2,017,826 | \$ 17,826 | \$ 2,645,469 | \$ 2,669,621 | \$ 24,152 |
| Investment earnings | 7,500 | 9,818 | 2,318 | 12,500 | 32,899 | 20,399 |
| Other district revenue | - | - | - | - | 53,625 | 53,625 |
| State of Montana | 79,307 | 79,307 | - | 39,417 | 39,417 | - |
| Total revenues | <u>2,086,807</u> | <u>2,106,951</u> | <u>20,144</u> | <u>2,697,386</u> | <u>2,795,562</u> | <u>98,176</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Instruction | - | 937 | (937) | 1,920,504 | 31,412 | 1,889,092 |
| Support services | 79,307 | 332,766 | (253,459) | - | 39,417 | (39,417) |
| Operations and maintenance | 4,027,376 | 563,622 | 3,463,754 | 9,332,441 | 382,180 | 8,950,261 |
| Capital outlay | 440,593 | 722,991 | (282,398) | 218,983 | 2,129,182 | (1,910,199) |
| Total expenditures | <u>4,547,276</u> | <u>1,620,316</u> | <u>2,926,960</u> | <u>11,471,928</u> | <u>2,582,191</u> | <u>8,889,737</u> |
| Net change in fund balances | (2,460,469) | 486,635 | 2,947,104 | (8,774,542) | 213,371 | 8,987,913 |
| Fund balances, beginning of year | <u>2,460,469</u> | <u>2,460,469</u> | <u>-</u> | <u>8,774,542</u> | <u>8,774,542</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 2,947,104</u> | <u>\$ 2,947,104</u> | <u>\$ -</u> | <u>\$ 8,987,913</u> | <u>\$ 8,987,913</u> |

PROPRIETARY FUNDS

Internal Service Funds:

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2022

| | Purchasing | Self-Insurance | Totals |
|--------------------------------------------------------------------|-------------------|---------------------|---------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 559,244 | \$ 4,349,157 | \$ 4,908,401 |
| Inventory, at cost | 918 | - | 918 |
| Prepaid expenses | - | 43,489 | 43,489 |
| Flexible accounts deposit | - | 36,056 | 36,056 |
| Due from other governments | 332 | 2,016 | 2,348 |
| Total current assets | <u>560,494</u> | <u>4,430,718</u> | <u>4,991,212</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Machinery and equipment | 236,182 | 24,930 | 261,112 |
| Less accumulated depreciation | (231,918) | (24,930) | (256,848) |
| Net capital assets | <u>4,264</u> | <u>-</u> | <u>4,264</u> |
| Total assets | <u>564,758</u> | <u>4,430,718</u> | <u>4,995,476</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Other postemployment health benefits deferred contributions | - | 727,973 | 727,973 |
| Contribution to pension plans in current fiscal year | - | 21,013 | 21,013 |
| Total deferred outflows of resources | <u>-</u> | <u>748,986</u> | <u>748,986</u> |
| Total asset and deferred outflows of resources | <u>\$ 564,758</u> | <u>\$ 5,179,704</u> | <u>\$ 5,744,462</u> |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,021 | \$ 769,195 | \$ 770,216 |
| Unearned revenue | - | 1,344,306 | 1,344,306 |
| Total current liabilities | <u>1,021</u> | <u>2,113,501</u> | <u>2,114,522</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | - | 76,662 | 76,662 |
| Other postemployment health benefits | - | 4,539,517 | 4,539,517 |
| Total noncurrent liabilities | <u>-</u> | <u>4,616,179</u> | <u>4,616,179</u> |
| Total liabilities | <u>1,021</u> | <u>6,729,680</u> | <u>6,730,701</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Other postemployment health benefits assumption changes | - | 608,209 | 608,209 |
| Pension deferrals | - | 31,611 | 31,611 |
| Total deferred inflows of resources | <u>-</u> | <u>639,820</u> | <u>639,820</u> |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 4,264 | - | 4,264 |
| Unrestricted | 559,473 | (2,189,796) | (1,630,323) |
| Total net position | <u>563,737</u> | <u>(2,189,796)</u> | <u>(1,626,059)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 564,758</u> | <u>\$ 5,179,704</u> | <u>\$ 5,744,462</u> |

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Purchasing | Self-Insurance | Totals |
|-----------------------------------------------|-------------------|-----------------------|-----------------------|
| Operating revenues: | | | |
| Charges for services | \$ 217,112 | \$ 8,915,956 | \$ 9,133,068 |
| Charges for wellness services | - | 51,187 | 51,187 |
| Stop-loss insurance revenue | - | 134,122 | 134,122 |
| Other district revenue | 6,320 | 807 | 7,127 |
| Total operating revenues | 223,432 | 9,102,072 | 9,325,504 |
| Operating expenses: | | | |
| Administrative expenses | - | 445,158 | 445,158 |
| Communications | 16,698 | 4,233 | 20,931 |
| Contracted Medicare supplement | - | 489,721 | 489,721 |
| Depreciation | 2,792 | - | 2,792 |
| Facilities and equipment rental | 101,179 | - | 101,179 |
| Health, dental and vision claims | - | 8,051,129 | 8,051,129 |
| Materials and supplies | - | - | - |
| Minor equipment | 15,314 | 342 | 15,656 |
| Minor technology equipment | 9,260 | - | 9,260 |
| Other expenses | 3,774 | - | 3,774 |
| Other postemployment health benefits | - | 411,792 | 411,792 |
| Repairs and maintenance | 38,472 | - | 38,472 |
| Salaries and benefits | - | 10,355 | 10,355 |
| Software maintenance | - | 42,119 | 42,119 |
| Wellness | - | 198,249 | 198,249 |
| Total operating expenses | 187,489 | 9,653,098 | 9,840,587 |
| Operating income (loss) | 35,943 | (551,026) | (515,083) |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | 1,840 | 10,416 | 12,256 |
| Total nonoperating revenues (expenses) | 1,840 | 10,416 | 12,256 |
| Change in net position | 37,783 | (540,610) | (502,827) |
| Net position, beginning of year | 525,954 | (1,649,186) | (1,123,232) |
| Net position, end of year | \$ 563,737 | \$ (2,189,796) | \$ (1,626,059) |

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Purchasing | Self-Insurance | Totals |
|----------------------------------------------------------------------------------------------------------|-------------------|---------------------|---------------------|
| Cash flows from operating activities: | | | |
| Receipts from users | \$ 216,780 | \$ 9,017,085 | \$ 9,233,865 |
| Receipts from stop-loss insurance claims | - | 134,122 | 134,122 |
| Receipts from donors | 6,320 | 807 | 7,127 |
| Payments for insurance claims | - | (8,051,129) | (8,051,129) |
| Payments to employees | - | (10,355) | (10,355) |
| Payments to suppliers | (188,315) | (1,368,809) | (1,557,124) |
| Net cash flows from operating activities | 34,785 | (278,279) | (243,494) |
| Cash flows from investing activities: | | | |
| Interest received | 1,840 | 10,416 | 12,256 |
| Net cash flows from investing activities | 1,840 | 10,416 | 12,256 |
| Net change in cash and cash equivalents | 36,625 | (267,863) | (231,238) |
| Cash and cash equivalents - 7/01/21 | 522,619 | 4,617,020 | 5,139,639 |
| Cash and cash equivalents - 6/30/22 | \$ 559,244 | \$ 4,349,157 | \$ 4,908,401 |
| Reconciliation of operating income to net cash flows from operating activities: | | | |
| Operating income (loss) | \$ 35,943 | \$ (551,026) | \$ (515,083) |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | |
| Depreciation | 2,792 | - | 2,792 |
| (Increase) decrease in due from other governments | (332) | (2,016) | (2,348) |
| (Increase) decrease in inventories | 218 | - | 218 |
| (Increase) decrease in prepaid items | 12,233 | (5,150) | 7,083 |
| Increase (decrease) in accounts payable | (16,069) | 30,552 | 14,483 |
| Increase (decrease) in other postemployment benefits | - | 206,470 | 206,470 |
| Net increase (decrease) in pension related deferred inflows, deferred outflows and net pension liability | - | (9,067) | (9,067) |
| Increase (decrease) in unearned insurance premiums | - | 51,958 | 51,958 |
| Total adjustments | (1,158) | 272,747 | 271,589 |
| Net cash from operating activities | \$ 34,785 | \$ (278,279) | \$ (243,494) |

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>2022</u> | <u>2021</u> |
|------------------------------------------------------------|-----------------------|-----------------------|
| <u>Governmental funds capital assets:</u> | | |
| Land and improvements | \$ 45,463,508 | \$ 45,432,668 |
| Buildings and improvements | 241,536,830 | 240,353,828 |
| Machinery and equipment | 7,410,750 | 7,234,478 |
| Construction in progress | <u>33,902,220</u> | <u>24,948,235</u> |
| Total governmental funds capital assets | <u>\$ 328,313,308</u> | <u>\$ 317,969,209</u> |
| | | - |
| <u>Investments in governmental funds assets by source:</u> | | |
| General fund | \$ 14,267,714 | 14,267,714 |
| Special revenue fund | 9,014,960 | 8,971,355 |
| Capital projects funds | 303,864,255 | 293,578,561 |
| Donations | <u>1,166,379</u> | <u>1,151,579</u> |
| Total governmental funds capital assets | <u>\$ 328,313,308</u> | <u>\$ 317,969,209</u> |

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

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGE BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <u>Function and Activity</u> | <u>Land and Improvements</u> | <u>Buildings and Improvements</u> | <u>Machinery and Equipment</u> | <u>Construction In Progress</u> | <u>Total</u> |
|-----------------------------------------|----------------------------------|---------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| Instruction | \$ - | \$ - | \$ 2,095,315 | | \$ 2,095,315 |
| Support Services | - | - | 373,622 | | 373,622 |
| General administration | - | - | 976,359 | | 976,359 |
| Operations and maintenance | - | - | 1,540,574 | | 1,540,574 |
| Student transportation | - | - | 72,781 | | 72,781 |
| Food services | - | - | 2,041,764 | | 2,041,764 |
| Extracurricular activities | - | - | 310,335 | | 310,335 |
| Facilities - capital outlay | <u>45,463,508</u> | <u>241,536,830</u> | <u>-</u> | <u>33,902,220</u> | <u>320,902,558</u> |
| Total governmental funds capital assets | <u>\$ 45,463,508</u> | <u>\$ 241,536,830</u> | <u>\$ 7,410,750</u> | <u>\$ 33,902,220</u> | <u>\$ 328,313,308</u> |

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

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGE BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <u>Function and Activity</u> | <u>Governmental Funds Capital Assets July 1, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Governmental Funds Capital Assets June 30, 2022</u> |
|-----------------------------------------|-------------------------------------------------------------------|----------------------|-----------------------|--------------------------------------------------------------------|
| Instruction | \$ 2,034,110 | \$ 61,205 | \$ - | \$ 2,095,315 |
| Support Services | 373,621 | - | - | 373,621 |
| General administration | 976,359 | - | - | 976,359 |
| Operations and maintenance | 1,463,669 | 76,905 | - | 1,540,574 |
| Student transportation | 72,781 | - | - | 72,781 |
| Food services | 2,010,803 | 30,961 | - | 2,041,764 |
| Extracurricular activities | 303,135 | 7,200 | - | 310,335 |
| Facilities - capital outlay | <u>310,734,731</u> | <u>11,357,602</u> | <u>(1,189,774)</u> | <u>320,902,559</u> |
| Total governmental funds capital assets | <u>\$ 317,969,209</u> | <u>\$ 11,533,873</u> | <u>\$ (1,189,774)</u> | <u>\$ 328,313,308</u> |

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

Supplemental Information Mandated by Montana Office of Public Instruction

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

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2022

| Activity | Fund Balance at 7/01/21 | Additions | Deductions | Fund Balance at 6/30/22 |
|----------------------------------|----------------------------|------------------|------------------|----------------------------|
| Art Club | \$ 950 | \$ - | \$ 39 | \$ 911 |
| Foreign Language Club | 2,020 | - | - | 2,020 |
| Drama Club | 1 | - | - | 1 |
| MBI Club | 1,203 | 500 | - | 1,703 |
| Knitting Corner Club | 156 | - | - | 156 |
| Peer Mediation Club | 1,566 | 750 | - | 2,316 |
| Forensics Club | 541 | - | 396 | 145 |
| Yearbook Club | 1,998 | 2,505 | - | 4,503 |
| Student Council - 6th Grade Club | 1,840 | 1,836 | 2,416 | 1,260 |
| Student Council - 7th Grade Club | 8,700 | 2,238 | 1,901 | 9,037 |
| Student Council - 8th Grade Club | 1,510 | 1,700 | 1,116 | 2,094 |
| Miscellaneous Fundraising Club | 1,585 | 5,813 | 4,300 | 3,098 |
| Tech. Ed Club | 280 | - | - | 280 |
| Bird/Science Club | 3,178 | 5,329 | 4,696 | 3,811 |
| Science Club | 857 | - | - | 857 |
| Student Projects Club | 298 | 1,296 | 688 | 906 |
| Music Club | 12,934 | 57,539 | 58,946 | 11,527 |
| Breakfast Club | 88 | - | - | 88 |
| Horizons Club | 2,435 | 1,163 | 254 | 3,344 |
| Leo Club | 2,239 | - | 200 | 2,039 |
| Friends of Reading Club | 2,022 | 548 | 779 | 1,791 |
| Total | \$ 46,401 | \$ 81,217 | \$ 75,731 | \$ 51,887 |

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2022

| Activity | Fund Balance at 7/01/21 | Additions | Deductions | Fund Balance at 6/30/22 |
|--------------------------------|----------------------------|------------------|------------------|----------------------------|
| Art Club | \$ 713 | \$ 637 | \$ 53 | \$ 1,297 |
| Foreign Language Club | 1,007 | - | - | 1,007 |
| Drama Club | 212 | - | - | 212 |
| MBI Club | 573 | - | - | 573 |
| Knitting Club | 374 | - | - | 374 |
| Peer Mediation Club | 1,192 | - | - | 1,192 |
| Speech and Debate Club | 186 | 1,414 | 516 | 1,084 |
| Yearbook Club | 5,015 | 3,204 | 2,167 | 6,052 |
| Lego Robotics Club | 5,636 | - | 3,170 | 2,466 |
| Student Council Club | 6,332 | 7,621 | 5,868 | 8,085 |
| Select Choir Club | 3,554 | 2,080 | 2,509 | 3,125 |
| Eclectic String Orchestra Club | 960 | - | - | 960 |
| Outdoor Club | 1,989 | - | 71 | 1,918 |
| Computer Club | 172 | - | - | 172 |
| Book Buddy Club | 2,661 | - | - | 2,661 |
| Bike Club | 861 | - | - | 861 |
| | <u>861</u> | <u>-</u> | <u>-</u> | <u>861</u> |
| Total | <u>\$ 31,437</u> | <u>\$ 14,956</u> | <u>\$ 14,354</u> | <u>\$ 32,039</u> |

BOZEMAN SCHOOL DISTRICT NO. 7
BOZEMAN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2022

| Activity | Fund Balance at 7/01/21 | Additions | Deductions | Fund Balance at 6/30/22 |
|---------------------------------------|----------------------------|------------|------------|----------------------------|
| BHS Backboard BB-Ball Club | \$ 8,928 | \$ 16,965 | \$ 19,767 | \$ 6,126 |
| BHS Cheerleading Club | 2,016 | - | 904 | 1,112 |
| BHS Dance Club | 5,555 | 20,550 | 8,456 | 17,649 |
| BHS Fastpitch Club | 3,075 | 7,829 | 9,409 | 1,495 |
| BHS Football Club | 10,642 | 53,562 | 44,400 | 19,804 |
| BHS Golf Club | 9,621 | 5,266 | 10,083 | 4,804 |
| BHS Lady Hawk B-Ball Club | 6,878 | 19,415 | 17,381 | 8,912 |
| BHS Boys Soccer Club | 4,516 | 15,177 | 12,336 | 7,357 |
| BHS Girls Soccer Club | 9,038 | 8,973 | 9,010 | 9,001 |
| BHS Speech Club | 23,670 | 97,223 | 50,587 | 70,306 |
| BHS Spikers VB Club | 12,553 | 22,336 | 20,946 | 13,943 |
| BHS Swimming Club | 301 | 5,844 | 2,510 | 3,635 |
| BHS Tennis Club | 3,216 | 8,156 | 9,697 | 1,675 |
| BHS Track Club | 23,808 | 11,413 | 9,503 | 25,718 |
| BHS Wrestling Club | 3,084 | 8,895 | 9,437 | 2,542 |
| BHS Cross Country Club | 6,421 | 4,540 | 2,538 | 8,423 |
| BHS Business Professionals Club | 217 | - | 217 | - |
| BHS Engineering Club | 420 | 150 | 344 | 226 |
| BHS Woodworking Club | 358 | 3,097 | 3,204 | 251 |
| BHS Deca Club | 10,391 | 49,974 | 49,467 | 10,898 |
| BHS Photo Club | 683 | - | - | 683 |
| BHS Robotics Club | 2,142 | 1,660 | 1,714 | 2,088 |
| BHS Auto Shop Fund Club | 550 | - | 550 | - |
| BHS Skills USA Club | 859 | - | (180) | 1,039 |
| BHS Art Club | 2,221 | - | 500 | 1,721 |
| BHS Drama Club | 131 | 13,599 | 6,409 | 7,321 |
| BHS Costa Rica Science Trip Fund Club | 5,205 | 63,800 | 68,858 | 147 |
| BHS Solar Panel Club | 23,205 | 14,241 | 4,457 | 32,989 |
| BHS FCCLA Club | 65 | 7,248 | 3,965 | 3,348 |
| BHS Spanish Honor Society Club | 280 | 260 | 314 | 226 |
| BHS French Club | 638 | - | - | 638 |
| BHS German Club | 1,737 | 1,344 | 1,326 | 1,755 |
| BHS HOSA Club | 2,174 | 1,280 | 618 | 2,836 |
| BHS Jewelry Guild Club | 526 | - | - | 526 |
| BHS Latin Club | 36 | - | - | 36 |
| Subtotal | \$ 185,160 | \$ 462,797 | \$ 378,727 | \$ 269,230 |

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
BOZEMAN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2022

| Activity | Fund Balance at 7/01/21 | Additions | Deductions | Fund Balance at 6/30/22 |
|----------------------------------|----------------------------|-------------------|-------------------|----------------------------|
| BHS MUN Club | \$ 1,262 | \$ 1,100 | \$ - | \$ 2,362 |
| BHS Native American Club | 360 | - | 180 | 180 |
| BHS Advanced Culinary Club | 3,563 | 180 | - | 3,743 |
| BHS Project Excel Club Club | 3,759 | - | 54 | 3,705 |
| BHS Science Olympiad Club | 104 | - | - | 104 |
| BHS Spanish Club | 147 | - | - | 147 |
| BHS Youth Legislature Club | 1,784 | - | - | 1,784 |
| BHS Wildlife Biology Club | 495 | - | - | 495 |
| BHS Ski Club | 189 | - | - | 189 |
| BHS Class of 2021 Club | 1,766 | - | 1,766 | - |
| BHS Class of 2022 Club | - | 2,377 | 2,377 | - |
| BHS Prom Club | 4,128 | 13,844 | 6,697 | 11,275 |
| BHS Student Council Club | 10,494 | 15,431 | 18,735 | 7,190 |
| BHS Bridger Charter Academy Club | 1,264 | - | - | 1,264 |
| BHS Key Club | 1,317 | 1,218 | 1,872 | 663 |
| BHS Leo Club | 1,648 | - | 482 | 1,166 |
| BHS Human Rights Club | 49 | - | - | 49 |
| BHS National Honor Society Club | 511 | 450 | 588 | 373 |
| BHS Project X2 Club | 3,762 | 2,054 | 244 | 5,572 |
| BHS Partners Club | 5,845 | 1,246 | 294 | 6,797 |
| BHS SAGA Club | 1,151 | 1,244 | 1,439 | 956 |
| BHS Interact Club | 1,032 | 150 | - | 1,182 |
| BHS Band Club | 23,573 | 78,037 | 63,616 | 37,994 |
| BHS Choir Club | 14,253 | 56,157 | 60,429 | 9,981 |
| BHS Orchestra Club | 26,235 | 150,909 | 171,916 | 5,228 |
| BHS Aerie Club | 15,686 | 4,866 | 9,235 | 11,317 |
| BHS Hawk Tawk Club | 446 | 475 | 853 | 68 |
| BHS Hawk TV Club | 506 | 100 | - | 606 |
| BHS Scribblings Club | 351 | - | - | 351 |
| BHS Academic Olympics Club | 500 | 400 | 499 | 401 |
| Total | <u>\$ 311,340</u> | <u>\$ 793,035</u> | <u>\$ 720,003</u> | <u>\$ 384,372</u> |

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
GALLATIN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2022

| Activity | Fund Balance at 7/01/21 | Additions | Deductions | Fund Balance at 6/30/22 |
|---------------------------------|----------------------------|------------|------------|----------------------------|
| GHS Boys Basketball Club | \$ 14,475 | \$ 7,840 | \$ 14,154 | \$ 8,161 |
| GHS Cheerleading Club | - | 24,216 | 17,762 | 6,454 |
| GHS Dance Club | - | 259 | - | 259 |
| GHS Fastpitch Club | 3,135 | 17,306 | 17,699 | 2,742 |
| GHS Football Club | 5,249 | 63,660 | 60,460 | 8,449 |
| GHS Golf Club | 7,500 | 27,753 | 14,680 | 20,573 |
| GHS Girls Basketball Club | 990 | 11,845 | 9,970 | 2,865 |
| GHS Boys Soccer Club | 6,702 | 19,801 | 21,232 | 5,271 |
| GHS Girls Soccer Club | 6,669 | 16,465 | 12,778 | 10,356 |
| GHS Speech Club | 5,358 | 4,560 | 2,285 | 7,633 |
| GHS Volleyball Club | 16,474 | 41,446 | 27,968 | 29,952 |
| GHS Swimming Club | 915 | 7,169 | 3,291 | 4,793 |
| GHS Tennis Club | 8,844 | 14,819 | 22,639 | 1,024 |
| GHS Track Club | 8,267 | 1,800 | 2,928 | 7,139 |
| GHS Wrestling Club | 9,721 | 13,822 | 20,088 | 3,455 |
| GHS Cross Country Club | 2,639 | 560 | 1,270 | 1,929 |
| GHS Engineering Club | - | 450 | - | 450 |
| GHS DECA Club | 11,619 | 79,045 | 81,434 | 9,230 |
| GHS Art Club | - | 2,033 | 1,730 | 303 |
| GHS Drama Club | 169 | 19,137 | 13,621 | 5,685 |
| GHS FCCLA Club | 237 | 56 | 56 | 237 |
| GHS Spanish Honor Society Club | 130 | 678 | - | 808 |
| GHS German Club | 460 | 85 | - | 545 |
| GHS HOSA Club | 1,345 | 4,878 | 2,745 | 3,478 |
| GHS Native American Club | - | 180 | - | 180 |
| GHS Project Excel Club | 155 | - | - | 155 |
| GHS Science Olympiad Club | - | 656 | 405 | 251 |
| GHS Class of 2023 Club | - | 6,091 | - | 6,091 |
| GHS Prom Club | - | 12,258 | 9,258 | 3,000 |
| GHS Student Council Club | 15,604 | 18,834 | 7,430 | 27,008 |
| GHS Key Club | 1,100 | 4,553 | 2,462 | 3,191 |
| GHS National Honor Society Club | - | 2,690 | 227 | 2,463 |
| GHS Project X2 Club | - | 654 | - | 654 |
| Total | \$ 127,757 | \$ 425,599 | \$ 368,572 | \$ 184,784 |

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
GALLATIN HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2022

| Activity | Fund Balance at 7/01/21 | Additions | Deductions | Fund Balance at 6/30/22 |
|--------------------|----------------------------|-------------------|-------------------|----------------------------|
| GHS Partners Club | \$ 3,788 | \$ 1,576 | \$ 1,026 | \$ 4,338 |
| GHS SAGA Club | 1,346 | 411 | 738 | 1,019 |
| GHS Band Club | 2,677 | 45,121 | 45,140 | 2,658 |
| GHS Choir Club | 3,577 | 34,603 | 30,276 | 7,904 |
| GHS Orchestra Club | 18,575 | 209,666 | 228,263 | (22) |
| GHS Yearbook Club | 3,423 | 8,760 | 9,776 | 2,407 |
| GHS Plant Club | - | 747 | 695 | 52 |
| Total | <u>\$ 161,143</u> | <u>\$ 726,483</u> | <u>\$ 684,486</u> | <u>\$ 203,140</u> |

(Concluded)



Other Supplemental Information
 School Year 2021-2022
 Enrollment/ANB Schedule

Appendix A

Students Grade K – 8

Fiscal Year **FY 2022**

Full-Time Students:

| Fall Enrollment-EI District | MAEFAIRS Reports | District Reports | Difference |
|-------------------------------|------------------|------------------|------------|
| Kindergarten Half Day | 0 | 0 | 0 |
| Kindergarten Full Day | 552 | 552 | 0 |
| Grades 1-6 | 3,038 | 3,038 | 0 |
| Grades 7-8 | 1,118 | 1,118 | 0 |
| Spring Enrollment-EI District | MAEFAIRS Reports | District Reports | Difference |
| Kindergarten Half Day | 0 | 0 | 0 |
| Kindergarten Full Day | 564 | 564 | 0 |
| Grades 1-6 | 3,058 | 3,058 | 0 |
| Grades 7-8 | 1,127 | 1,127 | 0 |

Part Time Students:

| Fall Enrollment-EI District | Per MAEFAIRS Enrollment Reports | | | | Per District Reports | | | | Difference |
|-------------------------------|---------------------------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|------------|
| Grade | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | |
| K-Half | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| K-Full | 0 | 0 | 4 | 5 | 0 | 0 | 4 | 5 | 0 |
| Grades 1-6 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| Grades 7-8 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| Spring Enrollment-EI District | Per MAEFAIRS Reports Reports | | | | Per District Reports | | | | Difference |
| Grade | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | |
| K-Half | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| K-Full | 0 | 0 | 1 | 5 | 0 | 0 | 1 | 5 | 0 |
| Grades 1-6 | 2 | 0 | 1 | 0 | 2 | 0 | 1 | 0 | 0 |
| Grades 7-8 | 0 | 2 | 0 | 1 | 0 | 2 | 0 | 1 | 0 |

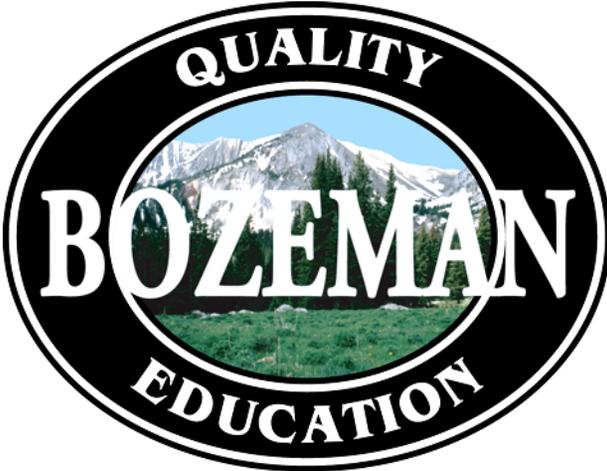
Students Grade 9 – 12:

Full-Time Students:

| Fall Enrollment-EI District | MAEFAIRS Reports | District Reports | Difference |
|-------------------------------|------------------|------------------|------------|
| Grade 9 - 12 | 2,509 | 2,509 | 0 |
| 19-year olds included | 1 | 1 | 0 |
| Job Corps | 0 | 0 | 0 |
| Youth challenge | 1 | 1 | 0 |
| Spring Enrollment-EI District | MAEFAIRS Reports | District Reports | Difference |
| Grade 9 - 12 | 2,475 | 2,475 | 0 |
| 19-year olds included | 1 | 1 | 0 |
| Job Corps | 0 | 0 | 0 |
| Youth challenge | 3 | 3 | 0 |
| Early Graduates | 16 | 16 | 0 |

Part Time Students:

| Fall Enrollment-EI District | Per MAEFAIRS Enrollment Reports | | | | Per District Reports | | | | Difference |
|-------------------------------|---------------------------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|------------|
| Grade | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | |
| Grade 9 - 12 | 2 | 6 | 1 | 1 | 2 | 6 | 1 | 1 | 0 |
| Spring Enrollment-EI District | Per MAEFAIRS Enrollment Reports | | | | Per District Reports | | | | Difference |
| Grade | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | <180 hrs/yr | 180-359 hrs/yr | 360-539 hrs/yr | 540-719 hrs/yr | |
| Grade 9 - 12 | 3 | 4 | 3 | 7 | 3 | 4 | 3 | 7 | 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 | 155 |
| <p>These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.</p> | |
| Revenue Capacity | 160 |
| <p>These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.</p> | |
| Debt Capacity | 167 |
| <p>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.</p> | |
| Demographic and Economic Information | 171 |
| <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activity takes place.</p> | |
| Operating Information | 173 |
| <p>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.</p> | |

Table 1

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020 ⁽¹⁾</u> | <u>2021</u> | <u>2022</u> |
|--------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 41,859,235 | \$ 44,554,505 | \$ 50,406,598 | \$ 53,028,385 | \$ 52,358,871 | \$ 51,973,114 | \$ 60,340,748 | \$ 67,692,220 | \$ 72,067,216 | \$ 78,746,717 |
| Restricted | 12,475,447 | 10,415,989 | 9,898,371 | 10,916,375 | 14,626,706 | 17,974,372 | 18,672,551 | 20,297,869 | 21,224,673 | 22,576,985 |
| Unrestricted | <u>4,607,300</u> | <u>4,360,299</u> | <u>(39,754,030)</u> | <u>(38,114,429)</u> | <u>(37,468,356)</u> | <u>(41,542,617)</u> | <u>(35,496,544)</u> | <u>(39,221,049)</u> | <u>(43,132,633)</u> | <u>(44,268,534)</u> |
| Total governmental activities net position | <u>\$ 58,941,982</u> | <u>\$ 59,330,793</u> | <u>\$ 20,550,939</u> | <u>\$ 25,830,331</u> | <u>\$ 29,517,221</u> | <u>\$ 28,404,869</u> | <u>\$ 43,516,755</u> | <u>\$ 48,769,040</u> | <u>\$ 50,159,256</u> | <u>\$ 57,055,168</u> |

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

Note: The Bozeman School District implemented the new standards for reporting pension activity required by GASB Statement 68 and 71 in fiscal year 2015, the new standard for other postemployment benefits activity required by GASB Statement 75 in fiscal year 2018, and finally, early implemented GASB Statement 84 regarding fiduciary activities in fiscal year 2019.

Table 2

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

| Expenses | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 ⁽¹⁾ | 2021 | 2022 |
|---------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------|------------------------|------------------------|
| Governmental activities: | | | | | | | | | | |
| Instruction | \$ 31,716,354 | \$ 35,618,686 | \$ 35,354,198 | \$ 37,265,828 | \$ 42,124,323 | \$ 43,026,874 | \$ 43,667,751 | \$ 49,142,340 | \$ 54,365,339 | \$ 51,031,172 |
| Support services | 7,412,715 | 8,887,042 | 9,941,072 | 10,288,823 | 10,761,333 | 11,168,070 | 11,343,464 | 11,751,109 | 12,362,208 | 11,618,857 |
| General administration | 2,563,815 | 2,815,439 | 3,413,430 | 3,329,484 | 3,672,373 | 3,955,888 | 3,892,055 | 4,578,917 | 4,761,408 | 4,560,069 |
| Building administration | 3,310,381 | 3,614,781 | 4,085,993 | 4,001,440 | 4,286,364 | 4,427,837 | 4,642,232 | 5,315,904 | 6,158,378 | 6,027,883 |
| Operations and maintenance | 5,055,062 | 6,443,041 | 6,311,684 | 5,673,633 | 6,246,085 | 6,745,515 | 9,982,952 | 9,034,506 | 8,094,242 | 8,452,853 |
| Student transportation | 1,801,699 | 2,193,615 | 2,339,489 | 2,434,259 | 2,319,235 | 2,486,481 | 2,511,789 | 2,187,375 | 3,187,980 | 2,701,997 |
| Food services | 1,868,641 | 2,148,983 | 1,906,087 | 2,005,265 | 2,179,268 | 2,022,080 | 1,994,843 | 2,461,310 | 1,836,680 | 2,406,349 |
| Extracurricular activities | 932,725 | 1,170,210 | 1,507,974 | 1,465,920 | 1,560,728 | 1,652,681 | 3,037,684 | 2,596,539 | 2,946,856 | 3,929,375 |
| Unallocated depreciation | 2,851,136 | 3,387,281 | 3,643,476 | 3,919,169 | 4,056,661 | 4,530,430 | 5,046,184 | 5,443,235 | 6,747,039 | 7,734,291 |
| Interest and fiscal charges | 3,003,231 | 3,517,576 | 2,683,339 | 2,934,288 | 2,898,000 | 6,531,974 | 5,975,573 | 6,455,819 | 5,881,078 | 4,982,403 |
| Total governmental activities expenses | \$ 60,515,759 | \$ 69,796,654 | \$ 71,186,742 | \$ 73,318,109 | \$ 80,104,370 | \$ 86,547,830 | \$ 92,094,527 | \$ 98,967,054 | \$ 106,341,208 | \$ 103,445,249 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction | \$ 835,292 | \$ 859,372 | \$ 700,800 | \$ 710,250 | \$ 688,342 | \$ 703,800 | \$ 787,185 | \$ 773,257 | \$ 843,154 | \$ 932,191 |
| Food services | 1,174,689 | 1,180,670 | 1,042,607 | 1,253,628 | 1,402,986 | 1,346,085 | 1,410,177 | 1,094,725 | 398,011 | 478,220 |
| Other functional activities | 684,405 | 711,686 | 1,025,050 | 798,034 | 1,242,787 | 1,253,858 | 1,360,210 | 1,251,209 | 687,853 | 1,389,404 |
| Operating grants and contributions | 9,657,240 | 11,039,331 | 10,441,288 | 10,884,477 | 10,572,999 | 10,669,076 | 12,409,589 | 15,227,118 | 16,959,107 | 18,219,262 |
| Capital grants and contributions | 2,216,427 | 27,358 | 2,326,971 | 133,064 | 231,315 | 156,003 | 207,756 | 322,874 | - | 14,800 |
| Total governmental activities program revenues | \$ 14,568,053 | \$ 13,818,417 | \$ 15,536,716 | \$ 13,779,453 | \$ 14,138,429 | \$ 14,128,822 | \$ 16,174,917 | \$ 18,669,183 | \$ 18,888,125 | \$ 21,033,877 |
| Total governmental activities net expense | \$ (45,947,706) | \$ (55,978,237) | \$ (55,650,026) | \$ (59,538,656) | \$ (65,965,941) | \$ (72,419,008) | \$ (75,919,610) | \$ (80,297,871) | \$ (87,453,083) | \$ (82,411,372) |
| General Revenues and Transfers | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Revenues: | | | | | | | | | | |
| District property taxes | \$ 27,624,361 | \$ 30,291,040 | \$ 30,381,590 | \$ 31,161,445 | \$ 33,008,907 | \$ 35,963,449 | \$ 43,173,454 | \$ 44,487,925 | \$ 46,271,080 | \$ 46,071,208 |
| Investment earnings | 173,809 | 164,158 | 171,422 | 228,192 | 378,296 | 665,974 | 2,820,120 | 1,675,145 | 443,336 | 41,470 |
| Tax increment funding proceeds | - | - | - | - | - | - | - | - | - | 1,794,637 |
| Unrestricted county distribution - retirement | 5,107,947 | 5,770,760 | 5,759,010 | 6,625,912 | 6,814,815 | 7,018,292 | 7,302,635 | 7,054,632 | 7,627,797 | 7,636,829 |
| Unrestricted state equalization | 14,847,712 | 16,080,262 | 16,757,156 | 17,734,527 | 18,795,297 | 19,163,278 | 19,867,754 | 20,529,193 | 21,481,437 | 21,478,702 |
| Unrestricted state guaranteed tax base subsidy | 2,296,582 | 2,734,398 | 3,138,561 | 3,469,015 | 4,201,145 | 4,947,869 | 6,095,249 | 5,933,621 | 6,182,728 | 6,794,248 |
| Unrestricted state motor vehicle fee reimbursement | 1,773,347 | 1,773,347 | 1,969,511 | 1,969,511 | 1,969,511 | 65,255 | - | - | - | - |
| Unrestricted state quality educator | 1,266,515 | 1,302,442 | 1,399,168 | 1,453,177 | 1,489,151 | 1,591,226 | 1,655,169 | 1,678,297 | 1,744,832 | 1,814,431 |
| Unrestricted state on-behalf pension | - | - | 1,571,377 | 1,622,924 | 2,277,460 | 2,083,447 | 2,708,996 | 4,095,752 | 4,997,664 | 3,229,674 |
| Unrestricted other state revenue | 438,003 | 256,841 | 754,681 | 582,126 | 718,249 | 242,837 | 95,770 | 94,091 | 93,925 | 90,735 |
| Gain(loss) on sale of capital assets | - | - | - | (28,781) | - | 2,273,272 | - | 1,500 | 500 | 355,350 |
| Transfers | - | (2,006,200) | - | - | - | - | - | - | - | - |
| Total governmental activities general revenues and transfers | \$ 53,528,276 | \$ 56,367,048 | \$ 61,902,476 | \$ 64,818,048 | \$ 69,652,831 | \$ 74,014,899 | \$ 83,719,147 | \$ 85,550,156 | \$ 88,843,299 | \$ 89,307,284 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 7,580,570 | \$ 388,811 | \$ 6,252,450 | \$ 5,279,392 | \$ 3,686,890 | \$ 1,595,891 | \$ 7,799,537 | \$ 5,252,285 | \$ 1,390,216 | \$ 6,895,912 |

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

Table 3

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Nonspendable | \$ 5,421 | \$ 36,085 | \$ 8,986 | \$ 7,729 | \$ 54,643 | \$ 46,382 | \$ 50,758 | \$ 113,556 | \$ 77,968 | \$ 143,394 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | 465,196 | 353,134 | 443,846 | 291,534 | 347,273 | 485,825 | 583,467 | 500,928 | 437,357 | 422,520 |
| Unassigned | 2,926,355 | 3,109,044 | 4,244,719 | 4,569,984 | 4,651,098 | 4,827,286 | 4,896,460 | 5,264,673 | 5,380,162 | 5,547,138 |
| Total general fund | <u>\$ 3,396,972</u> | <u>\$ 3,498,263</u> | <u>\$ 4,697,551</u> | <u>\$ 4,869,247</u> | <u>\$ 5,053,014</u> | <u>\$ 5,359,493</u> | <u>\$ 5,530,685</u> | <u>\$ 5,879,157</u> | <u>\$ 5,895,487</u> | <u>\$ 6,113,052</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ 50,525 | \$ 291,698 | \$ 57,346 | \$ 99,959 | \$ 122,183 | \$ 106,636 | \$ 128,609 | \$ 501,141 | \$ 599,928 | \$ 436,966 |
| Restricted | 23,560,751 | 13,443,730 | 10,378,732 | 33,785,649 | 20,232,153 | 114,409,498 | 62,385,982 | 53,425,975 | 29,231,284 | 22,516,013 |
| Committed | 1,743,226 | 1,613,722 | 1,966,790 | 2,116,211 | 2,311,975 | 2,306,699 | 8,702,384 | 10,790,869 | 11,995,025 | 12,983,267 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | (7,901) | (3,883) | - | (183,186) | (508,704) | - | (157,274) | (211,981) | (218,104) | - |
| Total all other governmental funds | <u>\$ 25,346,601</u> | <u>\$ 15,345,267</u> | <u>\$ 12,402,868</u> | <u>\$ 35,818,633</u> | <u>\$ 22,157,607</u> | <u>\$ 116,822,833</u> | <u>\$ 71,059,701</u> | <u>\$ 64,506,004</u> | <u>\$ 41,608,133</u> | <u>\$ 35,936,246</u> |

Table 4

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 ⁽¹⁾ | 2021 | 2022 |
|------------------------------------------------------------|----------------------|-----------------------|-----------------------|----------------------|------------------------|----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Revenues | | | | | | | | | | |
| District property taxes | \$ 27,590,997 | \$ 29,992,132 | \$ 31,562,546 | \$ 31,443,349 | \$ 32,950,899 | \$ 36,059,072 | \$ 42,870,991 | \$ 44,284,891 | \$ 46,002,691 | \$ 46,618,950 |
| Tuition and fees | 1,353,370 | 1,349,404 | 1,223,051 | 1,423,480 | 1,588,411 | 1,551,887 | 1,615,926 | 1,245,936 | 559,701 | 638,255 |
| Investment earnings | 133,505 | 120,319 | 118,700 | 187,590 | 350,335 | 620,149 | 2,751,824 | 1,608,500 | 431,256 | 29,216 |
| Other district revenue | 1,374,732 | 2,054,037 | 4,045,874 | 2,699,956 | 2,840,115 | 2,990,357 | 4,674,485 | 7,159,669 | 3,062,051 | 5,483,205 |
| Gallatin County | 5,442,341 | 6,147,312 | 6,136,520 | 7,018,606 | 7,182,241 | 7,384,452 | 7,664,382 | 7,381,533 | 7,935,953 | 7,918,146 |
| State of Montana | 24,899,502 | 26,625,282 | 28,718,705 | 29,537,088 | 31,496,426 | 32,294,723 | 34,746,336 | 36,887,475 | 38,325,794 | 37,496,356 |
| Federal | 3,505,205 | 3,862,088 | 3,902,080 | 4,162,866 | 4,239,056 | 4,264,635 | 4,193,927 | 4,247,206 | 10,175,388 | 11,036,972 |
| Total revenues | <u>64,299,652</u> | <u>70,150,574</u> | <u>75,707,476</u> | <u>76,472,935</u> | <u>80,647,483</u> | <u>85,165,275</u> | <u>98,517,871</u> | <u>102,815,210</u> | <u>106,492,834</u> | <u>109,221,100</u> |
| Expenditures | | | | | | | | | | |
| Instruction | 30,815,248 | 34,059,897 | 33,944,215 | 36,098,615 | 38,847,417 | 41,581,051 | 42,119,810 | 45,359,759 | 49,923,128 | 48,838,324 |
| Support services | 7,407,391 | 8,726,400 | 9,703,778 | 10,166,405 | 10,158,534 | 10,930,478 | 11,117,573 | 10,814,904 | 11,179,984 | 10,975,348 |
| General administration | 2,490,089 | 2,615,520 | 3,119,659 | 3,268,472 | 3,391,852 | 3,695,292 | 3,786,571 | 4,269,798 | 4,323,783 | 4,340,196 |
| Building administration | 3,247,724 | 3,471,766 | 3,863,551 | 3,906,172 | 3,958,140 | 4,222,891 | 4,465,895 | 5,090,454 | 5,996,853 | 6,096,188 |
| Operations and maintenance | 4,971,441 | 6,308,007 | 6,050,416 | 5,827,721 | 6,084,807 | 6,485,815 | 9,835,437 | 8,794,088 | 7,795,593 | 8,349,757 |
| Student transportation | 1,799,240 | 2,191,740 | 2,334,829 | 2,438,768 | 2,309,299 | 2,479,667 | 2,508,321 | 2,168,211 | 3,164,315 | 2,688,253 |
| Food services | 1,838,621 | 2,093,596 | 1,744,875 | 1,980,927 | 2,042,167 | 1,855,584 | 1,887,131 | 2,309,383 | 1,634,966 | 2,275,282 |
| Extracurricular activities | 928,333 | 1,150,819 | 1,476,615 | 1,460,130 | 1,500,949 | 1,619,349 | 3,005,627 | 2,477,242 | 2,848,925 | 3,889,330 |
| Capital outlay | 17,606,813 | 9,666,273 | 7,804,643 | 4,220,217 | 16,959,674 | 17,569,890 | 54,216,538 | 38,273,873 | 24,203,889 | 10,336,071 |
| Debt service | | | | | | | | | | |
| Principal | 5,488,708 | 4,565,554 | 5,110,554 | 4,970,554 | 5,775,000 | 7,125,000 | 10,420,000 | 10,165,000 | 11,145,000 | 10,480,000 |
| Interest and fiscal charges | 2,970,582 | 3,194,845 | 2,511,325 | 2,893,377 | 3,107,109 | 6,509,382 | 6,947,712 | 7,264,959 | 7,158,439 | 6,765,315 |
| Bond issuance costs | 260,334 | - | 357,643 | 191,730 | 101,814 | 589,540 | - | 146,326 | - | 78,588 |
| Total expenditures | <u>79,824,524</u> | <u>78,044,417</u> | <u>78,022,103</u> | <u>77,423,088</u> | <u>94,236,762</u> | <u>104,663,939</u> | <u>150,310,615</u> | <u>137,133,997</u> | <u>129,374,875</u> | <u>115,112,652</u> |
| Excess of revenues over (under) expenditures | <u>(15,524,872)</u> | <u>(7,893,843)</u> | <u>(2,314,627)</u> | <u>(950,153)</u> | <u>(13,589,279)</u> | <u>(19,498,664)</u> | <u>(51,792,744)</u> | <u>(34,318,787)</u> | <u>(22,882,041)</u> | <u>(5,891,552)</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | 2,274,779 | 500 | 1,500 | 500 | - |
| Transfers in | - | - | - | - | 1,082,176 | 677,521 | 1,204,016 | 1,682,413 | 2,937,575 | 1,531,345 |
| Transfers out | - | (2,006,200) | - | - | (1,082,176) | (677,521) | (1,204,016) | (1,682,413) | (2,937,575) | (1,531,345) |
| Property damage insurance proceeds | 2,093,038 | - | 201,127 | - | - | - | - | - | - | 355,350 |
| General obligation bonds issued | 26,375,000 | - | - | 21,500,000 | - | 100,000,000 | - | 25,000,000 | - | - |
| Refunding bonds issued | - | - | 36,335,000 | - | 10,510,000 | - | - | - | - | 9,075,000 |
| Premium on bonds issued | 1,723,595 | - | 3,331,744 | 3,037,614 | 576,318 | 12,195,590 | - | 3,112,062 | - | 592,115 |
| Payments to refunded bond escrow agent | - | - | (39,296,355) | - | (10,974,298) | - | - | - | - | (9,585,235) |
| Total other financing sources (uses) | <u>30,191,633</u> | <u>(2,006,200)</u> | <u>571,516</u> | <u>24,537,614</u> | <u>112,020</u> | <u>114,470,369</u> | <u>500</u> | <u>28,113,562</u> | <u>500</u> | <u>437,230</u> |
| Net change in fund balances | <u>\$ 14,666,761</u> | <u>\$ (9,900,043)</u> | <u>\$ (1,743,111)</u> | <u>\$ 23,587,461</u> | <u>\$ (13,477,259)</u> | <u>\$ 94,971,705</u> | <u>\$ (51,792,244)</u> | <u>\$ (6,205,225)</u> | <u>\$ (22,881,541)</u> | <u>\$ (5,454,322)</u> |
| Debt service as a percentage of noncapital expenditures | 13.6% | 11.3% | 10.9% | 10.7% | 11.5% | 15.7% | 18.1% | 17.6% | 17.4% | 16.5% |

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

Table 5

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

| Year | Instruction | Support Services | General Administration | Building Administration | Operations & Maintenance | Student Transportation | Food Services | Extracurricular Activities | Capital Outlay | Principal Retirement & Interest | Total |
|------|--------------|------------------|------------------------|-------------------------|--------------------------|------------------------|---------------|----------------------------|----------------|---------------------------------|--------------|
| 2013 | 24,580,312 | 4,068,345 | 1,790,203 | 2,649,077 | 3,668,270 | 382 | - | 851,514 | 7 | - | 37,608,110 |
| 2014 | 25,877,250 | 4,605,511 | 1,887,071 | 2,822,409 | 4,085,732 | - | - | 996,363 | 12,420 | 1,249 | 40,288,005 |
| 2015 | 26,902,203 | 5,481,348 | 2,213,111 | 3,085,660 | 4,326,685 | 6,706 | 401 | 961,267 | - | - | 42,977,381 |
| 2016 | 28,757,525 | 5,667,972 | 2,383,801 | 3,180,616 | 4,130,151 | - | 2,556 | 1,027,165 | 10,329 | - | 45,160,115 |
| 2017 | 30,717,087 | 5,874,044 | 2,452,863 | 3,226,003 | 4,557,683 | 5,477 | 2,123 | 1,027,406 | - | - | 47,862,686 |
| 2018 | 31,280,215 | 6,057,086 | 2,717,236 | 3,310,466 | 4,447,031 | 3,954 | 1,168 | 1,099,573 | - | - | 48,916,729 |
| 2019 | 30,955,857 | 6,139,961 | 2,691,767 | 3,459,782 | 4,690,390 | 14,118 | 410 | 1,130,482 | - | - | 49,082,767 |
| 2020 | 31,907,906 | 6,481,754 | 2,926,128 | 3,675,780 | 4,342,539 | 6,823 | 208 | 1,151,787 | - | - | 50,492,925 |
| 2021 | 31,829,359 | 6,277,014 | 3,032,035 | 3,906,554 | 5,263,186 | 7,595 | 484 | 1,548,066 | 4,115 | - | 51,868,408 |
| 2022 | \$33,124,209 | \$6,523,597 | \$ 3,020,912 | \$ 4,180,118 | \$ 5,379,788 | \$ 2,282 | \$ 79 | \$ 1,662,040 | \$ - | \$ - | \$53,893,025 |

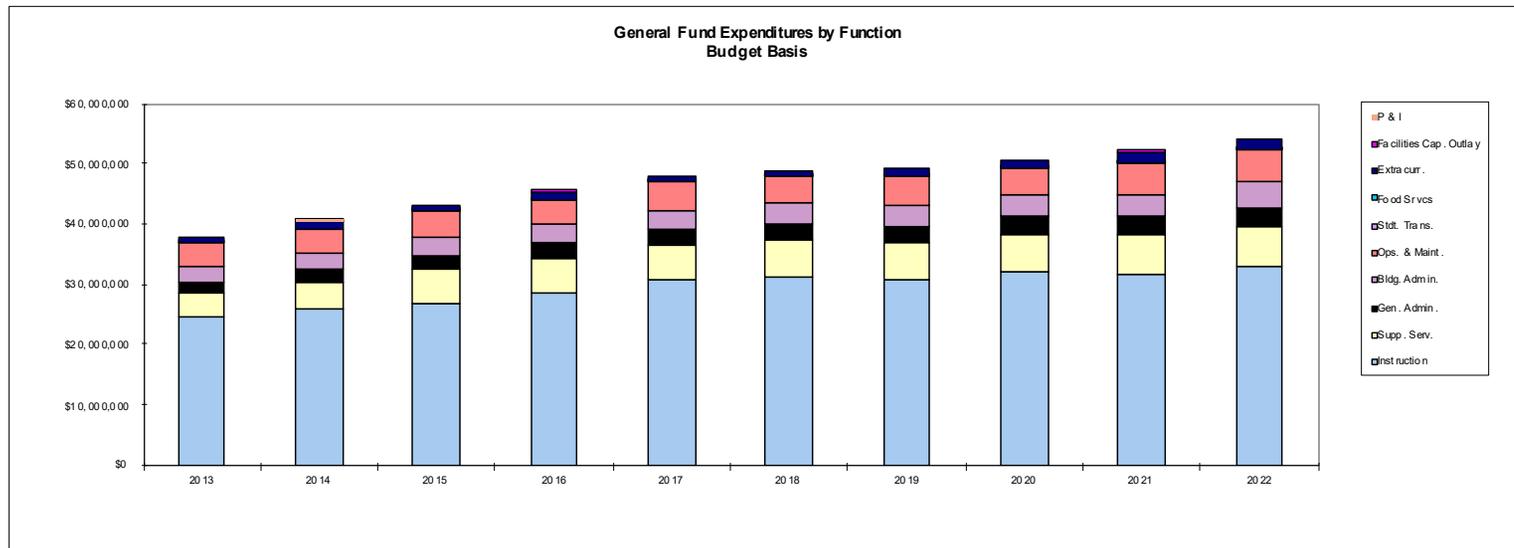


Table 6

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

| Fiscal Year | Assessed Valuation ¹ | Estimated Actual Value | Percent of Assessed Value to Estimated Actual Value | Direct Rate to be Applied against Assessed Value | | Taxes Levied ² | Tax Levy Collections in Levy Year | Percent of Tax Levies Collected in Levy Year | Tax Levy Collections after Levy Year | Total Tax Collections Since Levy | Percent of Total Tax Collections To Taxes Levied |
|------------------------------|---------------------------------|------------------------|-----------------------------------------------------|--------------------------------------------------|---------------------|---------------------------|-----------------------------------|----------------------------------------------|--------------------------------------|----------------------------------|--------------------------------------------------|
| | | | | Mill Levy | (Mill Levy / 1,000) | | | | | | |
| Elementary District: | | | | | | | | | | | |
| 2013 | 124,859,611 | 4,633,513,028 | 2.7% | 131.45 | 0.13145 | 16,419,994 | 15,743,823 | 95.88% | 676,171 | 16,419,994 | 100.00% |
| 2014 | 128,394,150 | 4,931,149,202 | 2.6% | 145.25 | 0.14525 | 18,477,949 | 17,897,333 | 96.86% | 580,616 | 18,477,949 | 100.00% |
| 2015 | 131,762,887 | 5,231,028,932 | 2.5% | 143.70 | 0.14370 | 18,910,738 | 18,374,140 | 97.16% | 536,598 | 18,910,738 | 100.00% |
| 2016 | 127,702,815 | 8,302,361,471 | 1.5% | 151.15 | 0.15115 | 19,139,054 | 18,753,331 | 97.98% | 385,723 | 19,139,054 | 100.00% |
| 2017 | 133,379,457 | 8,558,370,042 | 1.6% | 154.81 | 0.15481 | 20,431,673 | 20,016,059 | 97.97% | 414,677 | 20,430,736 | 100.00% |
| 2018 | 151,994,908 | 9,949,720,141 | 1.5% | 146.92 | 0.14692 | 22,244,388 | 21,898,102 | 98.44% | 344,528 | 22,242,630 | 99.99% |
| 2019 | 156,191,478 | 10,241,820,489 | 1.5% | 142.63 | 0.14263 | 22,302,303 | 21,849,924 | 97.97% | 447,422 | 22,297,346 | 99.98% |
| 2020 | 186,201,043 | 12,458,677,049 | 1.5% | 125.90 | 0.12590 | 23,347,844 | 22,778,868 | 97.56% | 562,564 | 23,341,432 | 99.97% |
| 2021 | 191,687,364 | 12,789,728,194 | 1.5% | 121.74 | 0.12174 | 23,312,870 | 22,658,949 | 97.20% | 641,754 | 23,300,703 | 99.95% |
| 2022 | \$24,085,702 | \$15,196,810,073 | 1.5% | 101.99 | 0.10199 | \$ 22,915,123 | \$ 22,509,396 | 98.23% | \$ - | \$ 22,509,396 | 98.23% |
| High School District: | | | | | | | | | | | |
| 2013 | 148,311,838 | 5,501,565,981 | 2.7% | 71.81 | 0.07181 | 11,088,494 | 10,601,483 | 95.61% | 487,011 | 11,088,494 | 100.00% |
| 2014 | 152,997,133 | 5,873,324,071 | 2.6% | 73.16 | 0.07316 | 11,512,340 | 11,135,267 | 96.72% | 377,000 | 11,512,267 | 100.00% |
| 2015 | 157,393,739 | 6,240,141,982 | 2.5% | 72.97 | 0.07297 | 11,900,498 | 11,541,757 | 96.99% | 358,666 | 11,900,423 | 100.00% |
| 2016 | 152,115,661 | 9,866,466,343 | 1.5% | 76.76 | 0.07676 | 11,912,121 | 11,648,459 | 97.79% | 263,475 | 11,911,934 | 100.00% |
| 2017 | 159,327,210 | 10,195,548,038 | 1.6% | 77.25 | 0.07725 | 12,519,614 | 12,258,917 | 97.92% | 260,000 | 12,518,917 | 99.99% |
| 2018 | 182,556,412 | 11,883,420,029 | 1.5% | 73.10 | 0.07310 | 13,668,444 | 13,432,253 | 98.27% | 235,183 | 13,667,436 | 99.99% |
| 2019 | 187,815,184 | 12,249,935,144 | 1.5% | 108.95 | 0.10895 | 20,849,282 | 20,391,142 | 97.80% | 453,088 | 20,844,230 | 99.98% |
| 2020 | 223,747,892 | 14,859,975,953 | 1.5% | 92.77 | 0.09277 | 21,069,148 | 20,539,429 | 97.49% | 523,081 | 21,062,510 | 99.97% |
| 2021 | 230,172,095 | 15,249,296,508 | 1.5% | 97.61 | 0.09761 | 22,867,788 | 22,182,821 | 97.00% | 672,277 | 22,855,098 | 99.94% |
| 2022 | \$269,441,207 | \$18,141,112,579 | 1.5% | 84.86 | 0.08486 | \$ 23,375,432 | \$ 22,940,504 | 98.14% | \$ - | \$ 22,940,504 | 98.14% |
| Total District: | | | | | | | | | | | |
| 2013 | 148,311,838 | 5,501,565,981 | 2.7% | 203.26 | 0.20326 | 27,508,488 | 26,345,306 | 95.77% | 1,163,182 | 27,508,488 | 100.00% |
| 2014 | 152,997,133 | 5,873,324,071 | 2.6% | 218.41 | 0.21841 | 29,990,289 | 29,032,600 | 96.81% | 957,616 | 29,990,216 | 100.00% |
| 2015 | 157,393,739 | 6,240,141,982 | 2.5% | 216.67 | 0.21667 | 30,811,236 | 29,915,897 | 97.09% | 895,264 | 30,811,161 | 100.00% |
| 2016 | 152,115,661 | 9,866,466,343 | 1.5% | 227.91 | 0.22791 | 31,051,175 | 30,401,790 | 97.91% | 649,198 | 31,050,988 | 100.00% |
| 2017 | 159,327,210 | 10,195,548,038 | 1.6% | 232.06 | 0.23206 | 32,951,287 | 32,274,976 | 97.95% | 674,677 | 32,949,653 | 100.00% |
| 2018 | 182,556,412 | 11,883,420,029 | 1.5% | 220.02 | 0.22002 | 35,912,832 | 35,330,355 | 98.38% | 579,711 | 35,910,066 | 99.99% |
| 2019 | 187,815,184 | 12,249,935,144 | 1.5% | 251.58 | 0.25158 | 43,151,585 | 42,241,066 | 97.89% | 900,510 | 43,141,576 | 99.98% |
| 2020 | 223,747,892 | 14,859,975,953 | 1.5% | 218.67 | 0.21867 | 44,416,992 | 43,318,297 | 97.53% | 1,085,646 | 44,403,943 | 99.97% |
| 2021 | 230,172,095 | 15,249,296,508 | 1.5% | 219.35 | 0.21935 | 46,180,658 | 44,841,770 | 97.10% | 1,314,031 | 46,155,801 | 99.95% |
| 2022 | \$269,441,207 | \$18,141,112,579 | 1.5% | 186.85 | 0.18685 | \$ 46,290,555 | \$ 45,449,899 | 98.18% | \$ - | \$ 45,449,899 | 98.18% |

¹ Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 2021-22 fiscal year is calculated as of January 2021).

² Taxes actually levied will differ from the mathematical calculation of assessed value multiplied times the direct rate (presented above) due to personal property taxes(a component of total taxes) being calculated using an assessed value one year later than the real property taxes.

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

Table 7

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

| Tax Rates (per \$1,000 of taxable value) | | | | | | |
|------------------------------------------|------------------------------------------------------|------------------------------|-----------------|-----------------|------------------|--------|
| Fiscal Year | These columns denote the Direct Rate of the District | | City of Bozeman | Gallatin County | State of Montana | Total |
| | Bozeman Elementary District | Bozeman High School District | | | | |
| 2013 | 131.45 | 71.81 | 166.75 | 188.76 | 46.00 | 604.77 |
| 2014 | 145.25 | 73.16 | 173.08 | 194.56 | 46.00 | 632.05 |
| 2015 | 143.70 | 72.97 | 188.76 | 195.94 | 46.00 | 647.37 |
| 2016 | 151.15 | 76.76 | 210.16 | 208.12 | 46.00 | 692.19 |
| 2017 | 154.81 | 77.25 | 205.30 | 207.30 | 46.00 | 690.66 |
| 2018 | 146.92 | 73.10 | 187.33 | 192.40 | 46.00 | 645.75 |
| 2019 | 142.63 | 108.95 | 191.24 | 202.81 | 46.00 | 691.63 |
| 2020 | 125.90 | 92.77 | 188.45 | 189.12 | 46.00 | 642.24 |
| 2021 | 121.74 | 97.61 | 169.48 | 195.83 | 46.00 | 630.66 |
| 2022 | 101.99 | 84.86 | 154.12 | 181.03 | 46.00 | 568.00 |

| Tax Levies | | | | | | |
|-------------|-----------------------------|------------------------------|-----------------|-----------------|------------------|----------------|
| Fiscal Year | Bozeman Elementary District | Bozeman High School District | City of Bozeman | Gallatin County | State of Montana | Total |
| 2013 | 16,419,994 | 11,088,494 | 13,878,293 | 45,202,025 | 11,015,539 | 97,604,345 |
| 2014 | 18,477,949 | 11,512,340 | 14,821,724 | 47,972,840 | 11,342,263 | 104,127,115 |
| 2015 | 18,910,738 | 11,900,498 | 16,590,871 | 49,536,096 | 11,629,378 | 108,567,581 |
| 2016 | 19,139,054 | 11,912,121 | 18,191,892 | 49,498,419 | 10,940,454 | 109,681,940 |
| 2017 | 20,431,673 | 12,519,614 | 18,338,501 | 51,419,026 | 11,409,914 | 114,118,728 |
| 2018 | 22,244,388 | 13,668,444 | 18,956,357 | 55,211,713 | 13,200,306 | 123,281,208 |
| 2019 | 22,302,303 | 20,849,282 | 19,950,675 | 59,878,651 | 13,581,273 | 136,562,184 |
| 2020 | 23,347,844 | 21,069,148 | 23,636,229 | 66,728,584 | 16,230,514 | 151,012,319 |
| 2021 | 23,312,870 | 22,867,788 | 21,934,610 | 71,747,609 | 16,853,342 | 156,716,219 |
| 2022 | \$ 22,915,123 | \$ 23,375,432 | \$ 23,128,172 | \$79,119,283 | \$ 20,104,331 | \$ 168,642,341 |

Source:

City of Bozeman
Gallatin County Treasurer
Montana Dept of Revenue

Table 8

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

| Taxpayer | 2022 | | | 2013 | | |
|-------------------------------------------------|------------------------|------|----------------------------------------------------------------|------------------------|------|----------------------------------------------------------------|
| | 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 | \$ 14,022,058 | 1 | 6.26% | \$ 7,426,373 | 1 | 5.95% |
| Plato MT I PropCo LLC | 1,155,293 | 2 | 0.52% | - | | - |
| Verizon Wireless (Cellco Partnership) | 1,045,678 | 3 | 0.47% | 746,375 | 4 | 0.60% |
| GKT Bozeman Gateway LLC | 623,384 | 4 | 0.28% | - | | - |
| Charter Communications Inc | 577,326 | 5 | 0.26% | - | | - |
| Hary Daum (Gallatin Mall) | 566,231 | 6 | 0.25% | 508,230 | 5 | 0.41% |
| Bozeman Apartment Group LLC | 560,417 | 7 | 0.25% | - | | - |
| Spring VII at Bozeman LLC | 546,620 | 8 | 0.24% | - | | - |
| Cannery District Partners LLC | 543,525 | 9 | 0.24% | - | | - |
| Revesco (USA) Properties of Bozeman LP | 507,025 | 10 | 0.23% | - | | - |
| Stone Ridge Partners LLC | - | | - | 440,095 | 6 | 0.35% |
| Bresnan | - | | - | 1,332,506 | 2 | 1.07% |
| Qwest Corporation | - | | - | 1,264,150 | 3 | 1.01% |
| Bridger Bowl Inc. | - | | - | 361,075 | 7 | 0.29% |
| First Security Bank of Bozeman | - | | - | 342,184 | 8 | - |
| Bridger Peaks Holdings LLC | - | | - | 339,009 | 9 | 0.27% |
| Highgate Bozeman LLC | - | | - | 321,938 | 10 | 0.26% |
| Total | \$ 20,147,557 | | 9.00% | \$ 13,081,935 | | 10.21% |

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

Table 9

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

| Taxpayer | 2022 | | | 2013 | | |
|-------------------------------------------------|------------------------|------|-----------------------------------------------------------------|------------------------|------|-----------------------------------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total High School District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total High School District Taxable Assessed Value |
| Northwestern Corp Transmission and Distribution | \$ 16,796,628 | 1 | 6.23% | \$ 8,631,639 | 1 | 5.82% |
| Plato MT I PropCo LLC | 1,155,293 | 2 | 0.43% | - | | - |
| Verizon Wireless | 1,045,678 | 3 | 0.39% | 787,070 | 4 | 0.53% |
| GKT Bozeman Gateway LLC | 623,384 | 4 | 0.23% | - | | - |
| Charter Communications Inc | 577,326 | 5 | 0.21% | - | | - |
| Hary Daum (Gallatin Mall) | 566,231 | 6 | 0.21% | 508,230 | 7 | 0.34% |
| Bozeman Apartment Group LLC | 560,417 | 7 | 0.21% | - | | - |
| Spring VII at Bozeman LLC | 546,620 | 8 | 0.20% | - | | - |
| Cannery District Partners LLC | 543,525 | 9 | 0.20% | - | | - |
| Revesco (USA) Properties of Bozeman LP | 507,025 | 10 | 0.19% | - | | - |
| Stone Ridge Partners LLC | - | | - | 440,095 | 8 | 0.30% |
| Bresnan | - | | - | 1,332,506 | 2 | 0.90% |
| Qwest Corporation | - | | - | 1,321,448 | 3 | 0.89% |
| Black Bull Run Development LLC | - | | - | 770,958 | 5 | 0.52% |
| Zoot Properties LLC | - | | - | 581,340 | 6 | 0.39% |
| Bridger Bowl Inc. | - | | - | 361,075 | 9 | 0.24% |
| First Security Bank of Bozeman | - | | - | 342,184 | 10 | 0.23% |
| Total | \$ 22,922,127 | | 8.50% | \$ 15,076,545 | | 10.16% |

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

Table 10

BOZEMAN SCHOOL DISTRICT NO. 7
Revenue by Source - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2022
(modified accrual basis of accounting)

| Source | Actual Revenue | Percent of Total Revenue |
|----------------------------------------------------------|-----------------------|-----------------------------|
| Revenue from local and intermediate source: | | |
| District taxes | \$ 46,618,950 | 42.69% |
| Tuition and fees | 638,255 | 0.58% |
| Investment earnings | 29,216 | 0.03% |
| Other district revenue | 5,483,205 | 5.02% |
| County retirement | 7,636,829 | 6.99% |
| County transportation | 281,317 | 0.26% |
| Total revenue from local and intermediate sources | 60,687,772 | 55.57% |
| Revenue from State sources: | | |
| State equalization | 21,478,702 | 19.67% |
| State special education allowable costs | 1,969,456 | 1.80% |
| State guarantee tax base subsidy | 6,794,248 | 6.22% |
| State transportation | 281,317 | 0.26% |
| State on-behalf pension revenue | 2,936,693 | 2.69% |
| State quality educator | 1,814,431 | 1.66% |
| State medicaid, medicaid admin, CSC T | 766,104 | 0.70% |
| State other grant revenue | 1,455,405 | 1.33% |
| Total revenue from State sources | 37,496,356 | 34.33% |
| Revenue from Federal sources: | | |
| Federal ESSER Coronavirus Relief Funds | 5,573,066 | 5.10% |
| Federal Title I Part A, Schoolwide and Targeted Support | 915,249 | 0.84% |
| Federal IDEA Part B and Preschool | 1,574,264 | 1.44% |
| Federal food service | 2,284,796 | 2.09% |
| Federal other grant revenue | 689,597 | 0.63% |
| Total revenue from Federal sources | 11,036,972 | 10.10% |
| Total governmental funds revenue | \$ 109,221,100 | 100.00% |

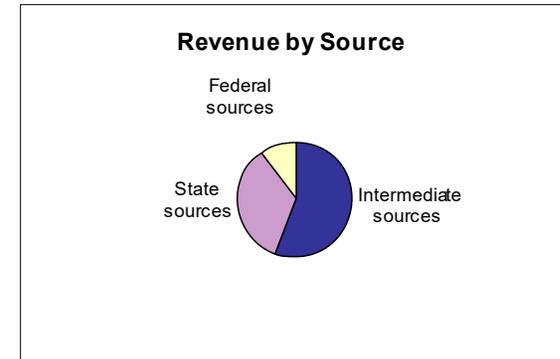
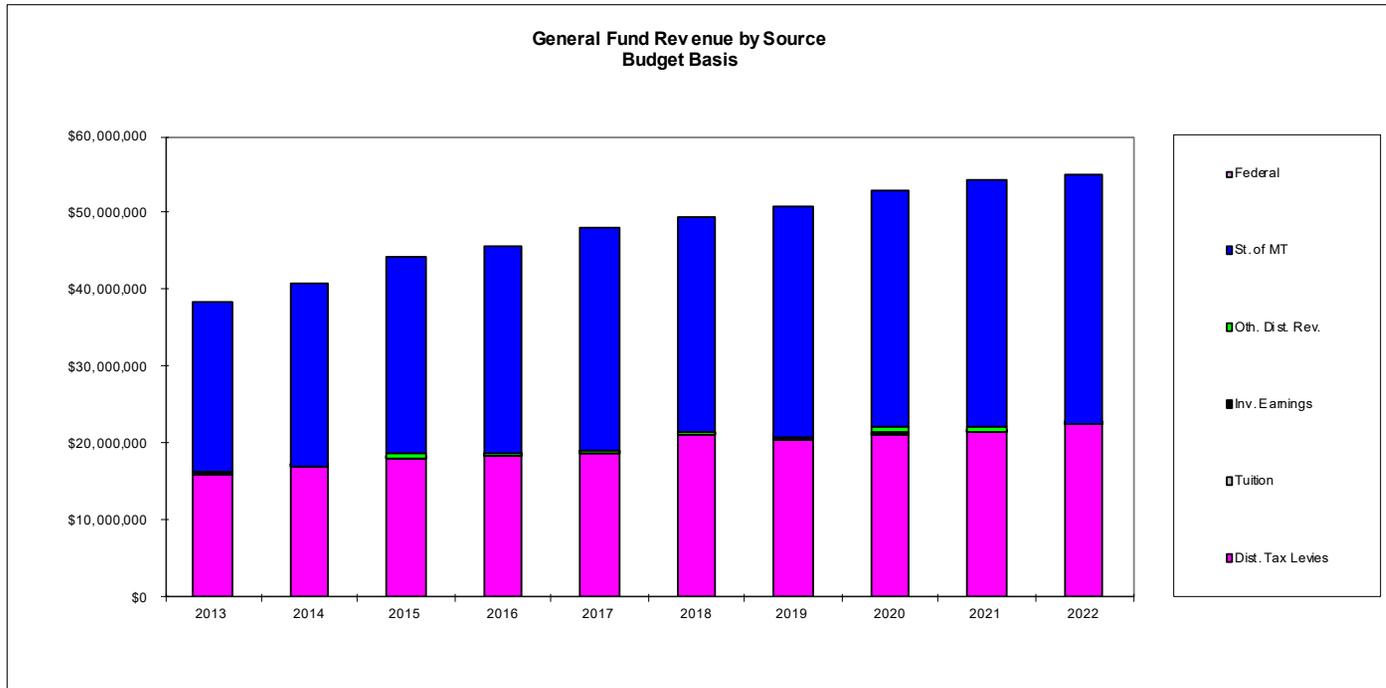


Table 11

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

| Year | District Tax Levies | Tuition & Fees | Investment Earnings | Other District Revenue | State of Montana | Federal | Total |
|------|---------------------|----------------|---------------------|------------------------|------------------|---------|---------------|
| 2013 | \$ 15,955,470 | \$ 28,748 | \$ 32,128 | \$ 946 | \$ 22,200,452 | \$ - | \$ 38,217,744 |
| 2014 | 16,750,875 | 28,495 | 38,395 | 2,801 | 24,025,992 | - | 40,846,558 |
| 2015 | 17,884,890 | 30,838 | 41,870 | 524,057 | 25,684,302 | - | 44,165,957 |
| 2016 | 18,170,793 | 32,546 | 55,443 | 222,660 | 27,002,682 | - | 45,484,124 |
| 2017 | 18,464,582 | 46,339 | 94,664 | 222,048 | 29,163,080 | - | 47,990,713 |
| 2018 | 20,901,867 | 54,241 | 149,892 | 212,500 | 28,005,171 | - | 49,323,671 |
| 2019 | 20,257,762 | 71,754 | 203,371 | 143,988 | 29,930,177 | - | 50,607,052 |
| 2020 | 20,893,827 | 62,909 | 243,876 | 882,497 | 30,631,467 | - | 52,714,576 |
| 2021 | 21,386,692 | 51,785 | 40,832 | 679,647 | 31,905,256 | - | 54,064,212 |
| 2022 | \$ 22,229,174 | \$ 61,222 | \$ 25,504 | \$ 45,000 | \$ 32,475,243 | \$ - | \$ 54,836,143 |



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

| Year | District | State | Federal | Total | October | Revenue Per Student | | | |
|------|---------------|---------------|---------|---------------|------------|---------------------|----------|---------|----------|
| | Revenue | Revenue | Revenue | Revenue | Enrollment | District | State | Federal | Total |
| 2013 | \$ 16,017,292 | \$ 22,200,452 | \$ - | \$ 38,217,744 | 5,993 | \$ 2,673 | \$ 3,704 | \$ - | \$ 6,377 |
| 2014 | 16,820,566 | 24,025,992 | - | 40,846,558 | 6,213 | 2,707 | 3,867 | - | 6,574 |
| 2015 | 18,481,655 | 25,684,302 | - | 44,165,957 | 6,326 | 2,922 | 4,060 | - | 6,982 |
| 2016 | 18,481,442 | 27,002,682 | - | 45,484,124 | 6,533 | 2,829 | 4,133 | - | 6,962 |
| 2017 | 18,827,633 | 29,163,080 | - | 47,990,713 | 6,770 | 2,781 | 4,308 | - | 7,089 |
| 2018 | 21,318,500 | 28,005,171 | - | 49,323,671 | 6,908 | 3,086 | 4,054 | - | 7,140 |
| 2019 | 20,676,875 | 29,930,177 | - | 50,607,052 | 7,015 | 2,948 | 4,267 | - | 7,215 |
| 2020 | 22,083,109 | 30,631,467 | - | 52,714,576 | 7,152 | 3,088 | 4,283 | - | 7,371 |
| 2021 | 22,158,956 | 31,905,256 | - | 54,064,212 | 6,893 | 3,215 | 4,629 | - | 7,844 |
| 2022 | \$ 22,360,900 | \$ 32,475,243 | \$ - | \$ 54,836,143 | 7,217 | \$ 3,098 | \$ 4,500 | \$ - | \$ 7,598 |

Source: District Records

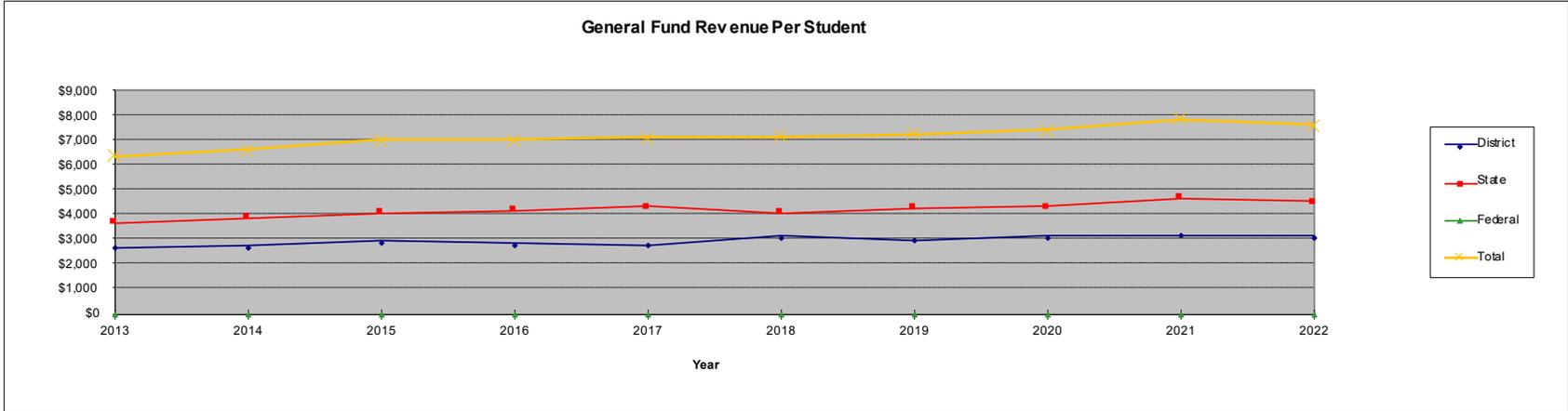


Table 13

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

| Fiscal Year | Population | Assessed Value | General Obligation Bonded Debt | Limited Obligation Bonded Debt | Total Bonded Debt | Percentage of Total Bonded Debt to Assessed Value | Total Bonded Debt Per Capita | Total Bonded Debt as a % of Per Capita Income |
|------------------------------|------------|----------------|--------------------------------|--------------------------------|-------------------|---------------------------------------------------|------------------------------|-----------------------------------------------|
| Elementary District: | | | | | | | | |
| 2013 | 51,729 | \$ 124,859,611 | \$ 56,546,615 | \$ 521,791 | \$ 57,068,406 | 45.71% | \$ 1,103 | 2.53% |
| 2014 | 52,246 | 128,394,150 | 53,831,523 | 345,687 | 54,177,210 | 42.20% | 1,037 | 2.31% |
| 2015 | 52,507 | 131,762,887 | 52,486,972 | 163,367 | 52,650,339 | 39.96% | 1,003 | 2.09% |
| 2016 | 53,032 | 127,702,815 | 73,878,829 | - | 73,878,829 | 57.85% | 1,393 | 2.77% |
| 2017 | 53,430 | 133,379,457 | 70,006,667 | - | 70,006,667 | 52.49% | 1,310 | 2.56% |
| 2018 | 53,756 | 151,994,908 | 64,615,548 | - | 64,615,548 | 42.51% | 1,202 | 2.22% |
| 2019 | 54,294 | 156,191,478 | 59,489,429 | - | 59,489,429 | 38.09% | 1,096 | 1.92% |
| 2020 | 56,781 | 186,201,043 | 54,823,310 | - | 54,823,310 | 29.44% | 966 | 1.60% |
| 2021 | 58,484 | 191,687,364 | 50,033,699 | - | 50,033,699 | 26.10% | 856 | 1.35% |
| 2022 | 65,646 | \$ 224,085,702 | \$ 45,634,063 | \$ - | \$ 45,634,063 | 20.36% | \$ 695 | Not Available |
| High School District: | | | | | | | | |
| 2013 | 62,398 | \$ 148,311,838 | \$ 30,295,449 | \$ - | \$ 30,295,449 | 20.43% | \$ 486 | 1.11% |
| 2014 | 63,022 | 152,997,133 | 28,494,230 | - | 28,494,230 | 18.62% | 452 | 1.01% |
| 2015 | 63,337 | 157,393,739 | 27,891,801 | - | 27,891,801 | 17.72% | 440 | 0.92% |
| 2016 | 63,970 | 152,115,661 | 25,727,015 | - | 25,727,015 | 16.91% | 402 | 0.80% |
| 2017 | 64,450 | 159,327,210 | 23,687,179 | - | 23,687,179 | 14.87% | 368 | 0.72% |
| 2018 | 64,933 | 182,556,412 | 132,916,301 | - | 132,916,301 | 72.81% | 2,047 | 3.77% |
| 2019 | 65,582 | 187,815,184 | 126,338,591 | - | 126,338,591 | 67.27% | 1,926 | 3.37% |
| 2020 | 68,496 | 223,747,892 | 147,503,284 | - | 147,503,284 | 65.92% | 2,153 | 3.58% |
| 2021 | 70,122 | 230,172,095 | 139,672,982 | - | 139,672,982 | 60.68% | 1,992 | 3.14% |
| 2022 | 73,792 | \$ 269,441,207 | \$ 131,593,253 | \$ - | \$ 131,593,253 | 48.84% | \$ 1,783 | Not Available |

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

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

Table 14

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Legal Debt Margin
For the Year Ended June 30, 2022

| Elementary District: | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------------------------------------------|----------------------|-----------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 65,771,565 | \$ 69,895,920 | \$ 74,647,850 | \$151,568,800 | \$159,292,770 | \$166,941,000 | \$181,003,120 | \$186,201,043 | \$198,660,720 | \$224,085,702 |
| Total net debt applicable to limit | 55,371,791 | 52,554,788 | 49,445,071 | 68,070,655 | 63,203,682 | 58,643,412 | 54,675,000 | 50,450,000 | 46,095,000 | 42,185,000 |
| Legal debt margin | <u>\$ 10,399,774</u> | <u>\$ 17,341,132</u> | <u>\$ 25,202,779</u> | <u>\$ 83,498,145</u> | <u>\$ 96,089,088</u> | <u>\$108,297,588</u> | <u>\$126,328,120</u> | <u>\$135,751,043</u> | <u>\$152,565,720</u> | <u>\$181,900,702</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 84.19% | 75.19% | 66.24% | 44.91% | 39.68% | 35.13% | 30.21% | 27.09% | 23.20% | 18.83% |
| High School District: | | | | | | | | | | |
| Debt limit | \$ 74,155,919 | \$ 76,498,567 | \$ 78,876,700 | \$159,526,080 | \$177,962,400 | \$189,157,540 | \$205,231,320 | \$223,747,892 | \$235,684,220 | \$269,441,207 |
| Total net debt applicable to limit | 30,245,931 | 28,465,004 | 26,116,526 | 24,230,021 | 147,074,275 | 144,951,126 | 139,255,000 | 133,315,000 | 126,525,000 | 119,475,000 |
| Legal debt margin | <u>\$ 43,909,988</u> | <u>\$ 48,033,563</u> | <u>\$ 52,760,174</u> | <u>\$135,296,059</u> | <u>\$ 30,888,125</u> | <u>\$ 44,206,414</u> | <u>\$ 65,976,320</u> | <u>\$ 90,432,892</u> | <u>\$109,159,220</u> | <u>\$149,966,207</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 40.79% | 37.21% | 33.11% | 15.19% | 82.64% | 76.63% | 67.85% | 59.58% | 53.68% | 44.34% |
| Legal Debt Margin Calculation for Fiscal Year 2022 | | | | | | | | | | |
| | | Elementary District | High School District | | | | | | | |
| District taxable valuation | | \$224,085,702 | \$269,441,207 | | | | | | | |
| Times: 100% | | <u>1.00</u> | <u>1.00</u> | | | | | | | |
| District taxable valuation legal debt service limit | | <u>224,085,702</u> | <u>269,441,207</u> | | | | | | | |
| District guaranteed mill value per ANB X 1,000 | \$ | 37,970 | \$ 94,570 | | | | | | | |
| Times: Student ANB | | 4,895 | 2,460 | | | | | | | |
| Times: 100% | | <u>1.00</u> | <u>1.00</u> | | | | | | | |
| District guaranteed mill taxable valuation debt service limit | | <u>185,863,150</u> | <u>232,642,200</u> | | | | | | | |
| Legal Debt Service Limit * | | <u>\$224,085,702</u> | <u>\$269,441,207</u> | | | | | | | |
| General Obligation Bonds Payable | | 42,185,000 | 119,475,000 | | | | | | | |
| Less: Cash Available for Retirement of Bonds | | - | - | | | | | | | |
| Net Amount of Bonds Payable Applicable to Limit | | <u>42,185,000</u> | <u>119,475,000</u> | | | | | | | |
| Margin Above Bonds Payable | | 181,900,702 | 149,966,207 | | | | | | | |
| Less: General Obligation Bonds Authorized but Unused | | - | - | | | | | | | |
| Legal Debt Margin | | <u>\$181,900,702</u> | <u>\$149,966,207</u> | | | | | | | |

* Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds in an amount not to exceed the greater of 1) 100% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the district guaranteed mill valuation per ANB multiplied by the average number of students belonging multiplied by 100%. The state legislature changed the percentage used in item 1 and 2 above to 100% from 50% effective for fiscal years 2016 and beyond. It was previously changed from 45% to 50% effective for fiscal years 2009 through 2015. In the 2022 fiscal year, the Elementary and High School District both utilized the taxable valuation method (#1) to calculate their respective legal debt service limits.

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

Table 15

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Direct and Overlapping Governmental Activities Total Bonded Debt
For the Fiscal Year Ended June 30, 202

| Governmental Unit | Debt | Applicable to Elementary District | | Applicable to Portion of High School District Lying Outside Elementary District | |
|--------------------------------------------|-----------------------|-----------------------------------|-----------------------|---------------------------------------------------------------------------------|----------------------|
| | | Percent | Amount | Percent | Amount |
| Bozeman Elementary District: | | | | | |
| G.O. Issue 2012 (originally \$10,000,000) | \$ 5,720,703 | 100.0% | \$ 5,720,703 | 0.0% | \$ - |
| G.O. Issue 2014 (originally \$ 9,500,000) | 5,500,773 | 100.0% | 5,500,773 | 0.0% | - |
| G.O. Issue 2015 (originally \$8,935,000) | 6,394,924 | 100.0% | 6,394,924 | 0.0% | - |
| G.O. Issue 2016 (originally \$21,500,000) | 18,356,716 | 100.0% | 18,356,716 | 0.0% | - |
| G.O. Issue 2022 (originally \$9,075,000) | 9,660,947 | 100.0% | 9,660,947 | 0.0% | - |
| Bozeman High School District: | | | | | |
| G.O. Issue 2014 (originally \$ 9,150,000) | 8,287,717 | 83.2% | 6,892,631 | 16.8% | 1,395,086 |
| G.O. Issue 2017 (originally \$5,900,000) | 2,726,004 | 83.2% | 2,267,131 | 16.8% | 458,873 |
| G.O. Issue 2017 (originally \$100,000,000) | 94,412,312 | 83.2% | 78,519,724 | 16.8% | 15,892,588 |
| G.O. Issue 2019 (originally \$25,000,000) | 26,167,220 | 83.2% | 21,762,447 | 16.8% | 4,404,773 |
| Total Direct Debt | \$ 177,227,316 | | \$ 155,075,996 | | \$ 22,151,320 |
| OVERLAPPING BONDED INDEBTEDNESS | | | | | |
| Gallatin County: | | | | | |
| Various Issues | \$ 21,190,000 | 49.9% | \$ 10,569,992 | 10.1% | \$ 2,139,393 |
| City of Bozeman: | | | | | |
| Various Issues | 69,481,248 | 100% | 69,481,248 | 0.0% | - |
| Total Overlapping Debt | \$ 90,671,248 | | \$ 80,051,240 | | \$ 2,139,393 |
| Total Direct and Overlapping debt | | | \$ 235,127,236 | | \$ 24,290,713 |

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

Source: City, County and District Records

Table 16

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

| Fiscal Year | Principal | Interest and Fiscal Charges | Total Debt Service* | Total General Subfund Expenditures | Percentage of Debt Service to General Subfund Expenditures |
|--------------|--------------|-----------------------------|---------------------|------------------------------------|------------------------------------------------------------|
| Elementary: | | | | | |
| 2013 | \$ 3,445,000 | \$ 1,671,538 | \$ 5,116,538 | \$ 24,394,799 | 20.97% |
| 2014 | 2,625,000 | 1,977,999 | 4,602,999 | 26,253,876 | 17.53% |
| 2015 | 2,930,000 | 1,609,552 | 4,539,552 | 28,177,334 | 16.11% |
| 2016 | 2,865,000 | 1,633,550 | 4,498,550 | 29,910,514 | 15.04% |
| 2017 | 3,775,000 | 2,278,319 | 6,053,319 | 31,322,896 | 19.33% |
| 2018 | 4,950,000 | 2,292,707 | 7,242,707 | 31,996,831 | 22.64% |
| 2019 | 4,685,000 | 2,096,407 | 6,781,407 | 32,506,081 | 20.86% |
| 2020 | 4,225,000 | 1,955,681 | 6,180,681 | 33,134,782 | 18.65% |
| 2021 | 4,355,000 | 1,829,106 | 6,184,106 | 32,660,064 | 18.93% |
| 2022 | \$ 3,430,000 | \$ 1,696,256 | 5,126,256 | \$ 34,193,171 | 14.99% |
| High School: | | | | | |
| 2013 | \$ 1,730,000 | \$ 1,282,084 | \$ 3,012,084 | \$ 13,213,311 | 22.80% |
| 2014 | 1,800,000 | 1,216,296 | 3,016,296 | 14,034,129 | 21.49% |
| 2015 | 2,040,000 | 901,223 | 2,941,223 | 14,800,047 | 19.87% |
| 2016 | 1,965,000 | 955,781 | 2,920,781 | 15,249,601 | 19.15% |
| 2017 | 2,000,000 | 770,770 | 2,770,770 | 16,539,790 | 16.75% |
| 2018 | 2,175,000 | 4,212,507 | 6,387,507 | 16,919,898 | 37.75% |
| 2019 | 5,735,000 | 4,840,515 | 10,575,515 | 16,576,686 | 63.80% |
| 2020 | 5,940,000 | 5,299,938 | 11,239,938 | 17,358,143 | 64.75% |
| 2021 | 6,790,000 | 5,324,313 | 12,114,313 | 19,208,344 | 63.07% |
| 2022 | \$ 7,050,000 | \$ 5,064,200 | 12,114,200 | \$ 19,699,854 | 61.49% |

Source: District Records

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

Table 17

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

| Year | Elementary District Population (1) | High School District Population (1) | Per Capita Personal Income (2) | Total Elementary District Personal Income (3) | Total High School District Personal Income (3) | Unemployment Rate (4) |
|------|------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------------------------|---------------------------------------------------------|--------------------------|
| 2013 | 51,729 | 62,398 | 43,611 | 2,255,953,419 | 2,721,239,178 | 4.5% |
| 2014 | 52,246 | 63,022 | 44,813 | 2,341,299,998 | 2,824,204,886 | 3.6% |
| 2015 | 52,507 | 63,337 | 48,018 | 2,521,281,126 | 3,041,316,066 | 2.8% |
| 2016 | 53,032 | 63,970 | 50,329 | 2,669,047,528 | 3,219,546,130 | 2.7% |
| 2017 | 53,430 | 64,450 | 51,130 | 2,731,875,900 | 3,295,328,500 | 2.5% |
| 2018 | 53,756 | 64,933 | 54,260 | 2,916,800,560 | 3,523,264,580 | 2.3% |
| 2019 | 54,294 | 65,582 | 57,091 | 3,099,698,754 | 3,744,141,962 | 2.0% |
| 2020 | 56,781 | 68,496 | 60,195 | 3,417,932,295 | 4,123,116,720 | 6.7% |
| 2021 | 58,484 | 70,122 | 63,432 | 3,709,757,088 | 4,447,978,704 | 2.9% |
| 2022 | 65,646 | 73,792 | Not available | Not available | Not available | 2.0% |

Sources and other information:

- (1) United States Bureau of Census information
- (2) Gallatin County Per Capita information. Bureau of Economic Ana
- (3) Calculated using the Gallatin County Per Capita Personal Income applied to the estin District population
- (4) Department of Labor (Bureau of Labor Statistics) - Information only available for Gallatin County (presenting the "not seasonally adjusted" unemployment

Table 18

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

| June 2022 | | | June 2013 | | |
|------------------------------------------------------|----------------------|-----------------------------------------|------------------------------------------------------|----------------------|-----------------------------------------|
| Private Employers By Size, Alphabetically | Employer Size | Employer's % of Total Employment | Private Employers By Size, Alphabetically | Employer Size | Employer's % of Total Employment |
| Bozeman Deaconess Hospital | 9 | >1.5% | Bozeman Deaconess Hospital | 9 | >1.9% |
| Kenyon Noble Lumber & Hardware | 7 | 0.60% | Oracle American Inc. | 7 | 0.70% |
| Oracle America | 7 | 0.60% | Wal-Mart | 7 | 0.70% |
| Town Pump Convenience Stores | 7 | 0.60% | Albertson's | 6 | 0.33% |
| Wal-Mart | 7 | 0.60% | Bridger Bowl | 6 | 0.33% |
| Albertson's | 6 | 0.28% | Community Food Co-Op | 6 | 0.33% |
| Bridger Bowl | 6 | 0.28% | Costco | 6 | 0.33% |
| Community Food Co-Op | 6 | 0.28% | First Security Bank | 6 | 0.33% |
| Costco | 6 | 0.28% | First Student | 6 | 0.33% |
| First Student | 6 | 0.28% | Gibson Guitar | 6 | 0.33% |
| Glacier Bancorp | 6 | 0.28% | Kenyon Noble Lumber & Hardware | 6 | 0.33% |
| McDonalds | 6 | 0.28% | Martel Construction | 6 | 0.33% |
| Murdoch's Ranch & Home Supply | 6 | 0.28% | McDonald's | 6 | 0.33% |
| Ressler Motors | 6 | 0.28% | Murdoch's Ranch & Home Supply | 6 | 0.33% |
| Rosauers Food & Drug | 6 | 0.28% | Ressler Motors | 6 | 0.33% |
| Target | 6 | 0.28% | Rosauers Supermarket | 6 | 0.33% |
| Town & Country Foods | 6 | 0.28% | Target | 6 | 0.33% |
| UPS | 6 | 0.28% | Town & Country Foods | 6 | 0.33% |
| Williams Plumbing & Heating | 6 | 0.28% | Town Pump | 6 | 0.33% |
| Zoot Enterprises | 6 | 0.28% | Zoot Enterprises | 6 | 0.33% |

| Public Employers By Class, Alphabetically | Employer Class Size | Employer's % of Total Employment | Public Employers By Class, Alphabetically | Employer Class Size | Employer's % of Total Employment |
|------------------------------------------------------|----------------------------|-----------------------------------------|------------------------------------------------------|----------------------------|-----------------------------------------|
| Montana State University | 9 | >1.5% | Montana State University | 9 | >1.5% |
| Belgrade School District # 44 | 8 | 1.20% | Bozeman School District #7 | 9 | >1.5% |
| Bozeman School District #7 | 8 | 1.20% | City of Bozeman | 7 | 0.60% |
| Gallatin County | 8 | 1.20% | Gallatin County | 7 | 0.60% |
| City of Bozeman | 7 | 0.60% | U.S. Department of Agriculture | 7 | 0.60% |

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)

Note: For confidentiality reasons the Employer's % of Total Employment is calculated based on the mid point of the size class range

Table 19

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

| Fiscal Year | Expenses ⁽¹⁾ | Enrollment | Cost per Pupil | Percentage Change | Certified Staff (FTE) ⁽²⁾ | Pupil/Certified Staff Ratio |
|--------------------|--------------------------------|-------------------|-----------------------|--------------------------|---------------------------------------------|------------------------------------|
| 2013 | 60,515,759 | 5,993 | 10,098 | -2.56% | 399.9 | 15.0 |
| 2014 | 69,796,654 | 6,213 | 11,234 | 11.25% | 428.6 | 14.5 |
| 2015 | 71,186,742 | 6,326 | 11,253 | 0.17% | 429.8 | 14.7 |
| 2016 | 73,318,109 | 6,533 | 11,223 | -0.27% | 444.2 | 14.7 |
| 2017 | 80,104,370 | 6,770 | 11,832 | 5.43% | 464.8 | 14.6 |
| 2018 | 86,547,830 | 6,908 | 12,529 | 5.89% | 473.5 | 14.6 |
| 2019 | 92,094,527 | 7,015 | 13,128 | 4.79% | 475.4 | 14.8 |
| 2020 | 97,263,783 | 7,152 | 13,600 | 3.59% | 484.6 | 14.8 |
| 2021 | 106,341,208 | 6,893 | 15,427 | 13.44% | 501.5 | 13.7 |
| 2022 | \$ 103,445,249 | 7,217 | 14,334 | -7.09% | 530.3 | 13.6 |

⁽¹⁾ Expenses are from Statement of Activities.

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

Source: District records

Table 20

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|--|--|
| Instruction | | | | | | | | | | | | | | |
| Certified Teaching Staff | 355.4 | 383.4 | 385.1 | 395.3 | 413.0 | 421.7 | 424.1 | 431.9 | 448.4 | 476.3 | | | | |
| Classified & Prof. Employees | 88.7 | 102.9 | 72.5 | 82.9 | 84.7 | 85.5 | 82.0 | 76.1 | 66.4 | 71.8 | | | | |
| Support Services | | | | | | | | | | | | | | |
| Administrators | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | | | | |
| Certified Teaching Staff | 44.5 | 45.2 | 44.7 | 48.0 | 51.4 | 51.4 | 50.9 | 52.3 | 52.3 | 53.2 | | | | |
| Classified & Prof. Employees | 54.8 | 63.3 | 85.7 | 90.6 | 89.7 | 86.4 | 87.5 | 81.4 | 69.8 | 68.4 | | | | |
| General Administration | | | | | | | | | | | | | | |
| Administrators | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 4.9 | | | | |
| Certified Teaching Staff | - | - | - | - | - | - | - | - | - | - | | | | |
| Classified & Prof. Employees | 24.5 | 23.5 | 26.3 | 25.5 | 26.5 | 27.9 | 26.9 | 28.1 | 27.4 | 27.6 | | | | |
| Building Administration | | | | | | | | | | | | | | |
| Administrators | 15.0 | 17.0 | 17.0 | 18.0 | 18.0 | 18.0 | 20.0 | 19.0 | 21.0 | 21.2 | | | | |
| Certified Teaching Staff | - | - | 0.5 | 0.5 | - | - | - | - | - | - | | | | |
| Classified & Prof. Employees | 26.3 | 29.0 | 29.4 | 29.1 | 28.3 | 28.3 | 28.5 | 29.8 | 34.9 | 34.6 | | | | |
| Operations and Maintenance | | | | | | | | | | | | | | |
| Administrators | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | | |
| Classified & Prof. Employees | 55.4 | 57.1 | 55.6 | 53.9 | 54.4 | 58.4 | 54.1 | 59.1 | 65.4 | 61.3 | | | | |
| Student Transportation | | | | | | | | | | | | | | |
| Classified & Prof. Employees | 4.5 | 4.8 | 4.8 | 4.5 | 5.1 | 5.1 | 5.4 | 5.1 | 5.0 | 5.4 | | | | |
| Food Services | | | | | | | | | | | | | | |
| Classified & Prof. Employees | 32.1 | 33.3 | 29.9 | 33.9 | 34.5 | 31.9 | 30.5 | 29.5 | 26.3 | 26.6 | | | | |
| Extracurricular Activities | | | | | | | | | | | | | | |
| Administrators | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | | |
| Certified Teaching Staff | 0.4 | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.8 | 0.8 | | | | |
| Classified & Prof. Employees | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | | | | |
| Total | <u>712.6</u> | <u>770.9</u> | <u>763.0</u> | <u>793.6</u> | <u>817.0</u> | <u>826.0</u> | <u>821.3</u> | <u>823.7</u> | <u>828.7</u> | <u>857.1</u> | | | | |

| Fiscal 2022 Summary | Admin. | Certified Staff | Classified & Professional Employees | Total FTE |
|----------------------------|---------------|------------------------|------------------------------------------------|------------------|
| Instruction | - | 476.3 | 71.8 | 548.1 |
| Support Services | - | 53.2 | 68.4 | 121.6 |
| General Administration | 4.9 | - | 27.6 | 32.5 |
| Building Administration | 21.2 | - | 34.6 | 55.8 |
| Operations and Maintenance | 1.0 | - | 61.3 | 62.3 |
| Student Transportation | - | - | 5.4 | 5.4 |
| Food Services | - | - | 26.6 | 26.6 |
| Extracurricular Activities | 1.0 | 0.8 | 3.0 | 4.8 |
| Total | <u>28.1</u> | <u>530.3</u> | <u>298.7</u> | <u>857.1</u> |

Source: District Records

Table 21

**BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
June 2022**

| Educational Attainment | Full Time Equivalent | Percent of Total |
|------------------------------------|----------------------|------------------|
| Bachelor's Degree | 67.4 | 12.7% |
| Bachelor's Degree + 15 Credits | 21.4 | 4.0% |
| Bachelor's Degree + 30 Credits | 10.8 | 2.0% |
| Bachelor's Degree + 45 Credits | 20.0 | 3.8% |
| Bachelor's Degree + 60 Credits | 9.0 | 1.7% |
| Bachelor's Degree + 75 Credits | 9.0 | 1.7% |
| Bachelor's Degree + 90 Credits | 21.6 | 4.1% |
| Subtotal: Bachelor's Degree | 159.2 | 30.0% |
| Master's Degree BA + 45 Credits | 47.0 | 8.9% |
| Master's Degree BA + 60 Credits | 47.5 | 9.0% |
| Master's Degree BA + 75 Credits | 48.3 | 9.1% |
| Master's Degree BA + 90 Credits | 38.7 | 7.3% |
| Master's Degree BA + 105 Credits | 189.6 | 35.8% |
| Subtotal: Master's Degree | 371.1 | 70.1% |
| TOTAL | 530.3 | 100.0% |

| Years of Experience | Full Time Equivalent | Percent of Total |
|---------------------|----------------------|------------------|
| 0 - 5 | 104.4 | 19.7% |
| 6 - 10 | 141.7 | 26.6% |
| 11 - 15 | 99.1 | 18.7% |
| 16 - 20 | 71.0 | 13.4% |
| 21 - 25 | 61.2 | 11.5% |
| 26 and Over | 52.9 | 10.0% |
| TOTAL | 530.3 | 100.0% |

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2022

| | <u>Year Built</u> | <u>Square Footage</u> | <u>Functional Capacity</u> | <u>Enrollment</u> | <u>Percentage of Capacity Used</u> |
|-------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|--------------------------------------------|
| Elementary Schools: | | | | | |
| <u>K-5 Schools</u> | | | | | |
| Longfellow | 1939 | 39,086 | 332 | 275 | 82.8% |
| Irving | 1939 | 33,893 | 293 | 198 | 67.6% |
| Whittier | 1958 | 34,700 | 327 | 263 | 80.4% |
| Hawthorne | 1939 | 46,622 | 390 | 344 | 88.2% |
| Morning Star | 1992 | 56,010 | 528 | 440 | 83.3% |
| Emily Dickinson | 1992 | 56,012 | 528 | 518 | 98.1% |
| Hyalite | 2009 | 66,000 | 549 | 477 | 86.9% |
| Meadowlark | 2013 | 71,719 | 549 | 486 | 88.5% |
| Bozeman Online Charter School | N/A | N/A | N/A | 69 | - |
| <u>6-8 Schools</u> | | | | | |
| Chief Joseph | 2008 | 129,500 | 780 | 748 | 95.9% |
| Sacajawea | 1996 | 134,857 | 1,023 | 851 | 83.2% |
| Bozeman Online Charter School | N/A | N/A | N/A | 39 | - |
| High Schools: | | | | | |
| Bozeman High School | 1957 | 346,178 | 1,500 | 1,233 | 82.2% |
| Gallatin High School | 2020 | 300,239 | 1,500 | 1,276 | 85.1% |

Table 23

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Elementary Schools: | | | | | | | | | | |
| <u>K-5 Schools</u> | | | | | | | | | | |
| Longfellow | 19% | 18% | 15% | 14% | 11% | 8% | 7% | 9% | 9% | 8% |
| Irving | 55% | 46% | 41% | 44% | 41% | 44% | 39% | 42% | 38% | 42% |
| Whittier | 48% | 47% | 50% | 43% | 51% | 46% | 37% | 46% | 40% | 39% |
| Hawthorne | 26% | 23% | 15% | 15% | 10% | 9% | 6% | 7% | 5% | 5% |
| Morning Star | 10% | 8% | 6% | 6% | 6% | 6% | 4% | 7% | 5% | 5% |
| Emily Dickinson | 24% | 23% | 16% | 16% | 16% | 16% | 15% | 14% | 10% | 10% |
| Hyalite | 45% | 46% | 39% | 42% | 36% | 36% | 23% | 28% | 25% | 24% |
| Meadowlark | N/A | 14% | 15% | 13% | 16% | 15% | 10% | 11% | 10% | 11% |
| <u>6-8 Schools</u> | | | | | | | | | | |
| Chief Josphe | 37% | 31% | 27% | 24% | 22% | 20% | 13% | 16% | 16% | 16% |
| Sacajawea | 23% | 23% | 21% | 20% | 19% | 20% | 14% | 16% | 15% | 14% |
| High Schools: | | | | | | | | | | |
| Bozeman High School | 23% | 21% | 20% | 20% | 16% | 13% | 5% | 11% | 9% | 11% |
| Gallatin High School | N/A | 10% | 7% |

Source: Title I portion of ESEA consolidated applications

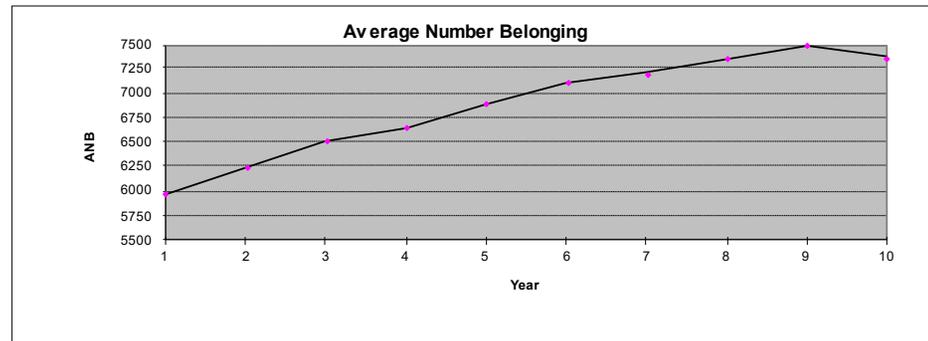
Table 24

**BOZEMAN SCHOOL DISTRICT NO. 7
Enrollment Data
Last Ten Fiscal Years**

| Year Ended June 30 | October Enrollment | Percent Increase (Decrease) | Average Number Belonging (ANB) | | |
|-----------------------|-----------------------|-----------------------------------|--------------------------------|-----------------------------------|------------------------------------------|
| | | | Amount | Percent Increase (Decrease) | Percent of Prior Year's Enrollment |
| 2013 | 5,993 | 3.1 | 5,973 | 2.3 | 102.8 |
| 2014 | 6,213 | 3.7 | 6,232 | 4.3 | 104.0 |
| 2015 | 6,326 | 1.8 | 6,510 | 4.5 | 104.8 |
| 2016 | 6,533 | 3.3 | 6,637 | 2.0 | 104.9 |
| 2017 | 6,770 | 3.6 | 6,891 | 3.8 | 105.5 |
| 2018 | 6,908 | 2.0 | 7,102 | 3.1 | 104.9 |
| 2019 | 7,015 | 1.5 | 7,204 | 1.4 | 104.3 |
| 2020 | 7,152 | 2.0 | 7,348 | 2.0 | 104.7 |
| 2021 | 6,893 | (3.6) | 7,498 | 2.1 | 104.8 |
| 2022 | 7,217 | 4.7 | 7,355 | (1.9) | 106.7 |

Source: District Records

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



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

I. Workers' Compensation Policy

A. Policy #: WC-22-11042
 B. Carrier: Montana Schools Group Interlocal Authority (MSGIA)
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: Part A - WC and OD Statutory
 Part B - Employer's Liability \$1,000,000 Bodily Injury by Accident, each accident
 \$1,000,000 Bodily Injury by Disease, each employee
 \$1,000,000 Bodily Injury by Disease, policy limit

II. Excess Property - Real & Personal Property - Blanket

Replacement, Inland Marine and Auto Physical Damage
 A. Policy #: YAC-L9L-474623-012
 B. Carrier: Liberty Mutual Insurance
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: Blanket replacement buildings and contents, Contractor equipment & vehicles
 are on an actual cash value basis.

III. Comprehensive General Liability, Auto Liability, School Board

Legal Liability, and Crime and Employee Dishonesty
 A. Policy #: PK1036822
 B. Carrier: BRIT Global Specialty USA/Ambridge
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: Compr General Liability \$5,000,000 each occurrence, \$7,000,000 Annual Aggregate,
 \$10,000 each person medical payments
 Auto Liability \$5,000,000 each occurrence
 School Board Legal Liability \$5,000,000 each claim, \$7,000,000 Annual Aggregate,
 \$250,000 non-monetary claim defense limit per member/year
 Crime and Employee Dishonesty \$500,000 employee dishonesty
 \$500,000 loss inside and outside
 \$500,000 forgery & alteration

IV. Boiler and Machinery Policy

A. Policy #: BAJ-BME 1-8156L884-TIL-22
 B. Carrier: Travelers Boiler
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: \$200,000,000

V. Cyber Liability

A. Policy #: EONG27879937006
 B. Carrier: Chubb Cyber
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: \$1,000,000 Security & Privacy/Regulatory Action Liability
 \$1,000,000 Event Management Insurance

VI. Disaster Management

A. Policy #: SR0082822
 B. Carrier: KILN Disaster Management
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: \$1,000,000 per occurrence
 \$1,000,000 annual aggregate limit per occurrence

VII. Employee Business Travel

A. Policy #: BTAI000691
 B. Carrier: STARR Employee Business Travel
 C. Policy Period: 7/1/22 - 7/1/23
 D. Limits: \$100,000 maximum principal sum per person
 \$1,000,000 aggregate limit benefit per occurrence

SINGLE AUDIT SECTION



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Federal Award Expenditures
For the Fiscal Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program Title | Federal Assistance Listing Number | Pass-through Grantors Number | Program or Award Amount | Revenues | Expenditures |
|-------------------------------------------------------------|--------------------------------------------|------------------------------------|-------------------------------|------------------|------------------|
| U.S. Department of Education | | | | | |
| Pass-through Montana Office of Public Instruction: | | | | | |
| Title I, Part A | 84.010A | 16-0350-31-2022 | \$ 434,935 | \$ 408,781 | \$ 408,781 |
| Title I, Part A - Schoolwide | 84.010A | 16-0350-32-2022 | 510,033 | 506,468 | 506,468 |
| Subtotal Title I | | | <u>944,968</u> | <u>915,249</u> | <u>915,249</u> |
| IDEA-B | 84.027A | 16-0350-77-2022 | 1,865,093 | 1,111,057 | 1,111,057 |
| COVID-19 IDEA-B ARP | 84.027X | 16-0350-70-2022 | 402,964 | 402,964 | 402,964 |
| IDEA-B Preschool | 84.173A | 16-0350-79-2022 | 33,509 | 33,509 | 33,509 |
| COVID-19 IDEA-B Preschool ARP | 84.173X | 16-0350-71-2022 | 26,734 | 26,734 | 26,734 |
| Subtotal Special Education (IDEA) - Cluster | | | <u>2,328,300</u> | <u>1,574,264</u> | <u>1,574,264</u> |
| Title III, Part A (Non ESEA consolidated) | 84.365A | 16-0350-41-2022 | 23,272 | 23,272 | 23,272 |
| Title III, Part A | 84.365A | 16-0350-41-2022 | 34,742 | 20,825 | 20,825 |
| Subtotal Title III | | | <u>58,014</u> | <u>44,097</u> | <u>44,097</u> |
| COVID-19 ESSER # 3 - Base | 84.425U | 16-0350-93-2021 | 4,358,067 | 4,317,829 | 4,317,829 |
| COVID-19 ESSER # 3 - Supplemental | 84.425U | 16-0350-93-2021 | 194,776 | 194,776 | 194,776 |
| COVID-19 ESSER # 3 - Lost Instructional Time | 84.425U | 16-0350-93-2021 | 1,089,517 | 1,060,461 | 1,060,461 |
| Subtotal ESSER | 84.425D | | <u>5,642,360</u> | <u>5,573,066</u> | <u>5,573,066</u> |
| COVID-19 ARP - Homeless Children and Youth | 84.425W | 16-0350-97-2021 | 12,974 | - | - |
| COVID-19 ARP II - Homeless Children and Youth | 84.425W | 16-0350-97-2021 | 43,812 | - | - |
| Subtotal ARP Homeless Children and Youth | | | <u>56,786</u> | <u>-</u> | <u>-</u> |
| Title II, Part A | 84.367A | 16-0350-14-2022 | 295,553 | 238,159 | 238,159 |
| Carl Perkins - Basic | 84.048A | 16-0351-81-2022 | 115,893 | 107,906 | 107,906 |
| Title IX McKinney-Vento for Homeless Children and Youth | 84.196A | 16-0350-57-2022 | 8,964 | 8,964 | 8,964 |
| Pass-through Montana Dept. of Health & Human Services: | | | | | |
| Pre-Employment Transition Services | 84.126A | HHS-DETD-00000288 | 13,800 | 13,800 | 13,800 |
| COVID-19 Elem ELC ARP 1st Round DPHHS Reopen Schools | 93.323 | N/A | 45,000 | 45,000 | 45,000 |
| COVID-19 Elem ELC ARP 2nd Round DPHHS Reopen Schools | 93.323 | N/A | 100,000 | 80,056 | 80,056 |
| COVID-19 High School ELC ARP 1st Round DPHHS Reopen Schools | 93.323 | N/A | 45,000 | 45,000 | 45,000 |
| COVID-19 High School ELC ARP 2nd Round DPHHS Reopen Schools | 93.323 | N/A | 100,000 | 86,638 | 86,638 |
| COVID-19 ARP – Workforce Development Grant | 93.323 | N/A | 195,000 | - | - |
| Subtotal ARP DPHHS | | | <u>485,000</u> | <u>256,694</u> | <u>256,694</u> |
| Total U.S. Department of Education Pass-Through | | | <u>9,949,638</u> | <u>8,732,199</u> | <u>8,732,199</u> |

(continued)

BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Federal Award Expenditures
For the Fiscal Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program Title | Federal Assistance Listing Number | Pass-through Grantors Number | Program or Award Amount | Revenues | Expenditures |
|---------------------------------------------------------------------------|--------------------------------------------|------------------------------------|-------------------------------|----------------------|----------------------|
| U.S. Department of Education Direct Programs: | | | | | |
| Title VI Indian Education | 84.060A | S060A200430 | 19,977 | 19,977 | 19,977 |
| Total U.S. Department of Education Direct | | | <u>19,977</u> | <u>19,977</u> | <u>19,977</u> |
| U.S. Department of Agriculture: | | | | | |
| <i>Pass-through Montana Office of Public Instruction:</i> | | | | | |
| National School Lunch Program - Commodities | 10.555 | N/A | 127,110 | 127,110 | 127,110 |
| National School Lunch Program | 10.555 | N/A | 2,084,845 | 2,084,845 | 2,084,845 |
| National School Lunch Program - Supply Chain Assistance Funds | 10.555 | N/A | 108,534 | 108,534 | 108,534 |
| COVID-19 National School Lunch Program - COVID Emergency Operational Rein | 10.555 | N/A | 68,029 | 68,029 | 68,029 |
| Fresh Fruit and Vegetables | 10.582 | N/A | 23,388 | 23,388 | 23,388 |
| Total U.S. Department of Agriculture | | | <u>2,411,906</u> | <u>2,411,906</u> | <u>2,411,906</u> |
| TOTAL FEDERAL ASSISTANCE | | | <u>\$ 12,381,521</u> | <u>\$ 11,164,082</u> | <u>\$ 11,164,082</u> |
| | | | | | (concluded) |

Notes to Schedule of Federal Awards:

I. Summary of Significant Accounting Policies:

Basis of Presentation and Significant Accounting Policies

This Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because this schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

The District did not incur any cash (or noncash) matching contributions for the year ended June 30, 2022, nor were any required.

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

To the Board of Trustees
Bozeman School District No. 7

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderom ZurMuehlen & Co., P.C.

Bozeman, Montana
December 22, 2022

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

To the Board of Trustees
Bozeman School District No. 7

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bozeman School District No. 7 (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2022. 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.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Anderson ZuerMuehlen & Co., P.C.

Bozeman, Montana
December 22, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Internal Control over major programs: | |
| Material weakness identified | No |
| Significant Deficiency identified not considered to be material weaknesses? | None reported |
| Type of auditor’s report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance With Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? | No |

Identification of major programs

| | |
|-----------------|-----------------------------------------------------------------------|
| 84.010 | Title I |
| 84.027 & 84.173 | Special Education (IDEA) Cluster |
| 84.425 | COVID-19 ESSER |
| 93.323 | COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Financial Statement Findings

None Reported.

Federal Award Findings and Questioned Costs

None Reported.

Prior Year Financial Statement Findings

None Reported.

Prior Year Federal Award Findings and Questioned Costs

None Reported.