

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2009

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



Comprehensive Annual Financial Report

of

BOZEMAN SCHOOL DISTRICT NO. 7

For the fiscal year ended June 30, 2009

Prepared by the Business Office

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

Richard J. Tvedt, CPA, Accounting Supervisor

404 West Main, P.O. Box 520

Bozeman, Montana 59771-0520

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INTRODUCTORY SECTION





Bozeman Public Schools

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

Dr. Kirk J. Miller
Superintendent

Dr. Marilyn King
Assistant Superintendent
Instruction

Steven D. Johnson, CPA
Assistant Superintendent
Business and Operations

January 25, 2009

Letter of Transmittal

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

Dear Board Members:

Montana Law requires that Bozeman School District No. 7 annually publish audited financial statements within twelve months of the close of each fiscal year. This Comprehensive Annual Financial Report meets that requirement for the fiscal year ended June 30, 2009.

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

For the year ended June 30, 2009, Anderson ZurMuehlen & Co., P.C. has issued an unqualified (referred to as "clean") opinion on the Bozeman School District No. 7's financial statements. Their independent audit report is located at the beginning of the financial section of this report.

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

PROFILE OF THE DISTRICT

Geographically, the Bozeman Public School system covers an area greater than the City of Bozeman. The school system includes two legal districts - Elementary District No. 7 and High School District No. 7. The elementary district covers approximately 275 square miles and has an estimated population of 50,712. The high school district covers approximately 850 square miles, and encompasses eight elementary districts (kindergarten through 8th grade (K-8) - Bozeman, Anderson,

Cottonwood, Gallatin Gateway, LaMotte, Malmborg, Monforton, and Sedan-Wilsaw. The estimated population of the high school district is 57,198. The school system is a public entity under the authority of the State of Montana.

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

The two separate legal entities make up one independent reporting entity clearly within the criteria established in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The District serves approximately 5,463 students and provides a full range of educational services appropriate to grade levels Pre-K through 12, as well as Adult Education. These include regular and enriched academic education, special education for handicapped youngsters and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics. The activities of the Bozeman Schools Foundation, Bozeman Hawk Booster Club, Bozeman Schools Friends of Music and the various parent organizations are separate legal entities. The impact of these individual entities is considered immaterial to the overall financial status of the District and, as such, are not included in these financial statements.

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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

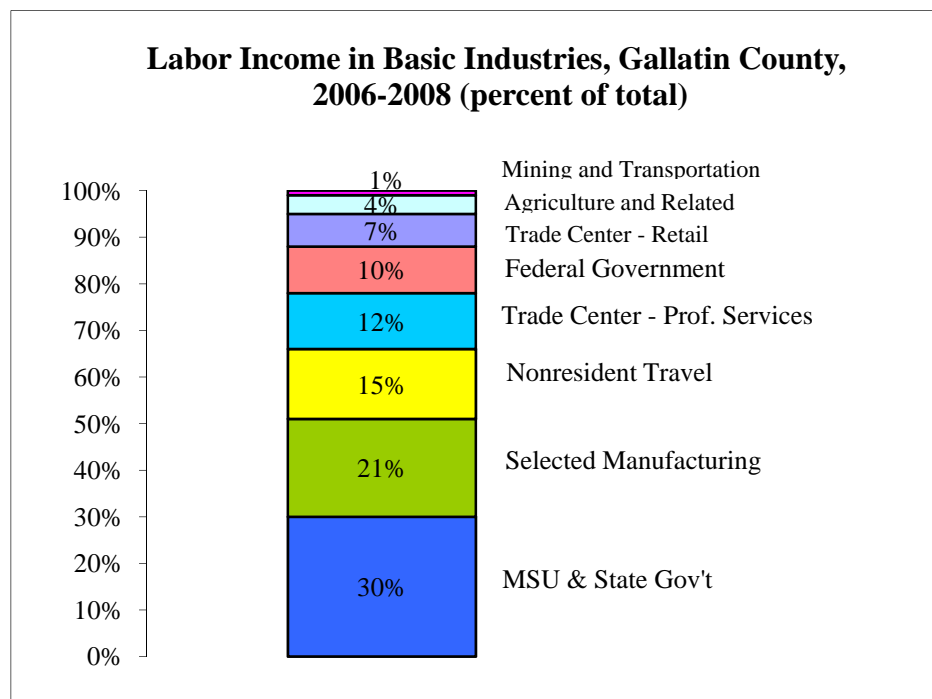
Montana State University - Bozeman (M.S.U.) represents a major economic activity in the District. M.S.U., with a fiscal year 2008-2009 annual budget of approximately \$351,982,296, employs approximately 3,561 employees (2,355 full time, 637 part time, and 569 graduate teaching and research assistants). With a student enrollment of 12,369 (Fall 2008), M.S.U. is not only one of the largest factors in the area economy but also one of the more stable factors.

The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide

variety of activities, including economic analysis and forecasting. Excerpts from the Bureau's forecasts contained in the Spring 2009 issue of the Montana Business Quarterly related to Bozeman and Gallatin County, are restated in the following paragraphs.

There is no question about the causes of the slowdown in the Gallatin County economy. The housing bubble was probably most pronounced in the Bozeman and Big Sky area, so the corresponding bust in construction and real estate is particularly stark. In addition, the slowing national economy also impacted nonresident travel, which accounts for about 15 percent of the Gallatin County economic base. A very big risk concerns the future trends in Bozeman area manufacturing. During the 2001 recession, there were significant employment declines among the high-tech firms in the area.

Montana State University, other state government agencies, and the federal government account for about 40 percent of the economic base and should contribute some stability to the local economy. Unlike the state's largest counties, all trade center components (especially professional services) continue to grow in the Gallatin County. The figure below shows the composition of labor income in basic industries for the Gallatin County during the 2006-2008 time period.



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

Major Initiatives

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

Relevant Financial Policies

The Hyalite Elementary School was opened on time and under budget in the Fall of 2009. Montana law requires that remaining bond proceeds, following the completion of the project, be transferred to the Debt Service Fund and be used to pay the corresponding debt. In anticipation of a significant remaining balance from this building project, \$500,000 was transferred from the Building Fund to the Debt Service Fund in 2008-09. The remaining balance, currently estimated to be around \$1.8 million, will be transferred in 2009-10 and 2010-11 when the project is totally complete.

Long-Term Financial Planning

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

The Bozeman School District is currently in the midst of conducting major renovations at the existing high school. In addition, the elementary district opened a new 750-student middle school in the Fall of 2008 and a new 600-student elementary school in the Fall of 2009. The administration and board of trustees feel that these projects are vital to position the District to handle future growth in student enrollment and provide better facilities for the existing student population. The public gave its approval of the new and upgraded facilities by passing significant bond issues over the past three years (\$19,850,000 Elementary Middle School, \$41,400,000 High School and \$17,500,000 Elementary K-5 School).

These building projects, along with anticipated student enrollment increases, will impact the operating budgets of both the Elementary and High School Districts. As these projects are completed, and anticipated

enrollment increases are confirmed, the operating budgets will be adjusted to accommodate these added costs.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bozeman School District for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgements

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

Sincerely,



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



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Bozeman School District No. 7
Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

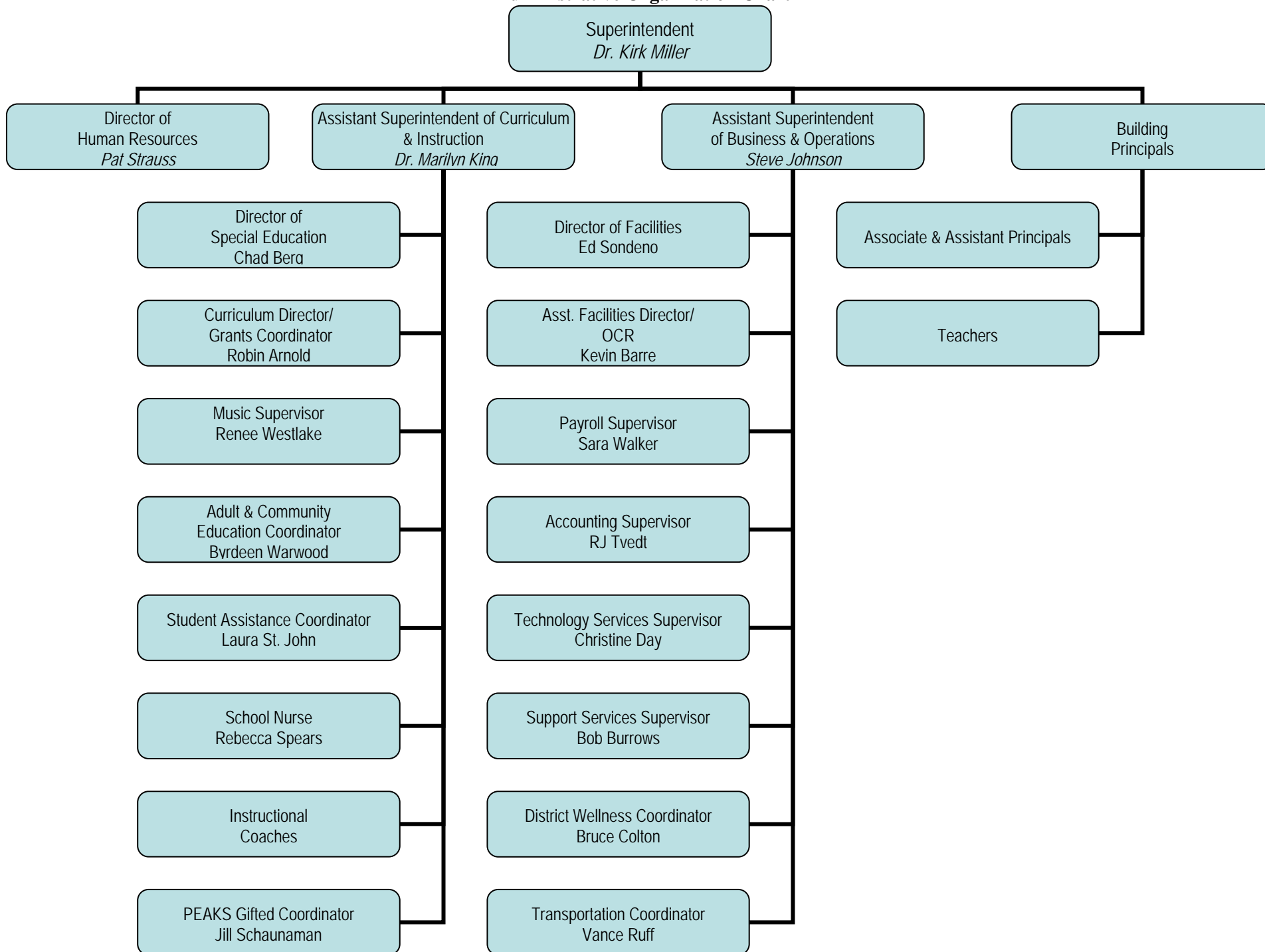
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**Bozeman Public School
Administrative Organization Chart**



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials
Board of Trustees

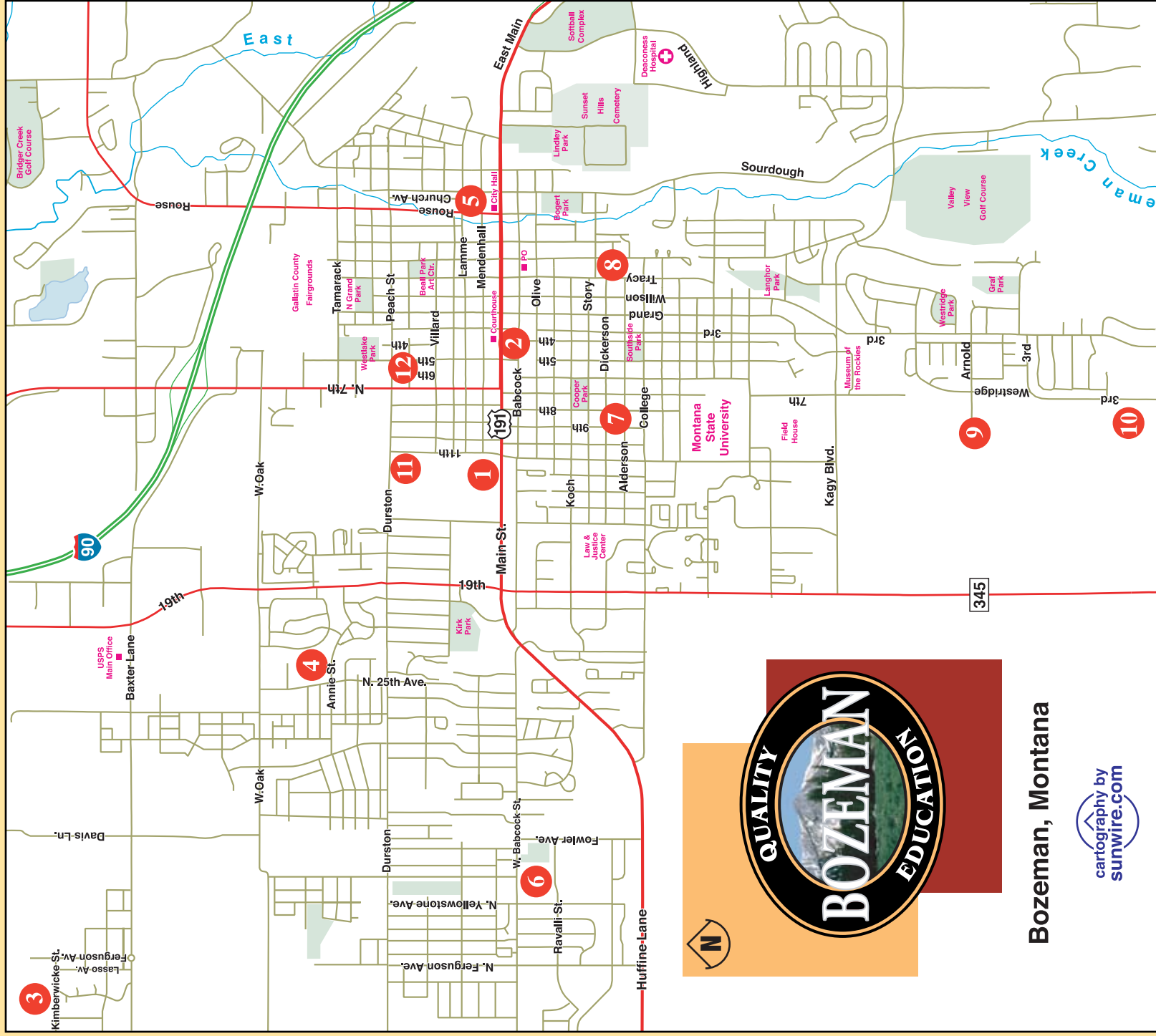
	<u>Term Expires April</u>
Gary Lusin.Chair	2011
Denise HaymanVice Chair	2012
Heide ArnesonTrustee	2011
Martha Collins.Trustee	2011
Ed Churchill.Trustee	2012
Bruce Grubbs.Trustee	2010
Wendy Tage.Trustee	2012
Carson TaylorTrustee	2010

Appointed

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

Board Meetings Held During Fiscal Year 2008-09

Regular 12
Special 23



Bozeman, Montana



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

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

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

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



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bozeman School District No. 7

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7 (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7, as of June 30, 2009, and the respective changes in financial position, and cash flows where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory, supplemental information, supplemental information mandated by Montana Office Of Public Instruction, and statistical sections (as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The supplemental information, supplemental information mandated by Montana Office Of Public Instruction, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Anderson Zuer Muehlen & Co, P.C.

Bozeman, Montana
January 26, 2010

Management's Discussion and Analysis

**BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

Overview of the financial statements

Statement of Net Assets (page 26) and the *Statement of Activities* (page 27)

The Statement of Net Assets and the Statement of Activities answer the question "How did we do financially during 2009". These government-wide statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Fund Financial Statements

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

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

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

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

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

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

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 101-104 of this report. The *basic* proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The *basic* fiduciary fund financial statements can be found on pages 37-39 of this report and the *combining* fiduciary fund statements can be found on pages 105-107. The District uses the fiduciary funds to account for extracurricular student activities, Worthy Student Scholarships and the Medicaid Billing Consortium.

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

THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$42,276,442 as of June 30, 2009. Table 1 presents a comparative summary of the District's net assets for the fiscal years ended June 30, 2009 and 2008.

By far the largest portion of the District's net assets (76.0 percent) reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 16.3% of the District's net assets were subject to external restrictions on how they may be used. *Unrestricted* net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements total \$3,254,771 at the end of this year.

Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Assets

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 39,625,780	\$ 68,161,961
Capital assets	<u>89,031,605</u>	<u>60,219,141</u>
Total assets	<u>128,657,385</u>	<u>128,381,102</u>
Current liabilities	9,601,976	10,946,893
Long-term debt outstanding	<u>76,778,967</u>	<u>80,466,454</u>
Total liabilities	<u>86,380,943</u>	<u>91,413,347</u>
Net assets:		
Invested in capital assets, net of related debt	32,116,906	29,295,503
Restricted	6,904,765	4,279,556
Unrestricted	<u>3,254,771</u>	<u>3,392,696</u>
Total net assets	<u><u>\$ 42,276,442</u></u>	<u><u>\$ 36,967,755</u></u>

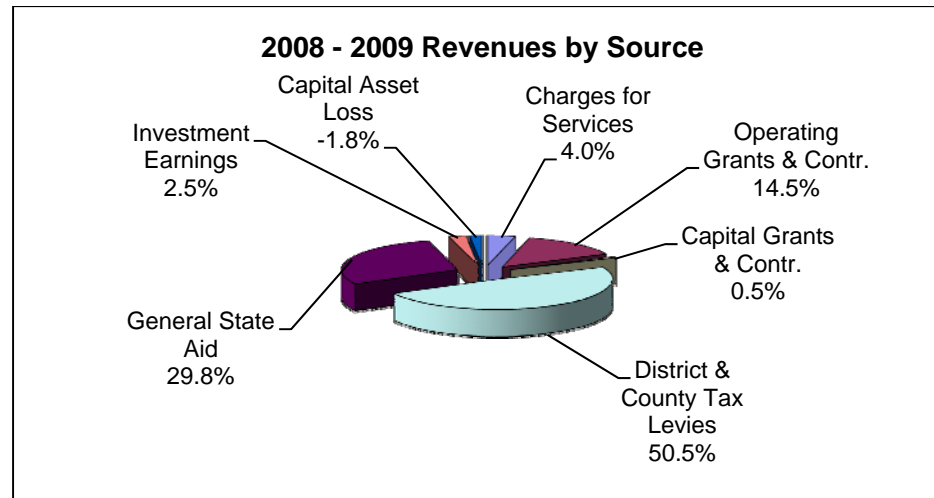
The District's net assets increased by \$5,308,687 during the current fiscal year. This increase resulted largely from the retirement of debt and substantial investment earnings due to bond issuances.

Changes in net assets - As can be seen on *Table 2*, the Bozeman School District's governmental activities increased net assets by \$5,308,687, thereby accounting for 100 percent of the total growth in the net assets.

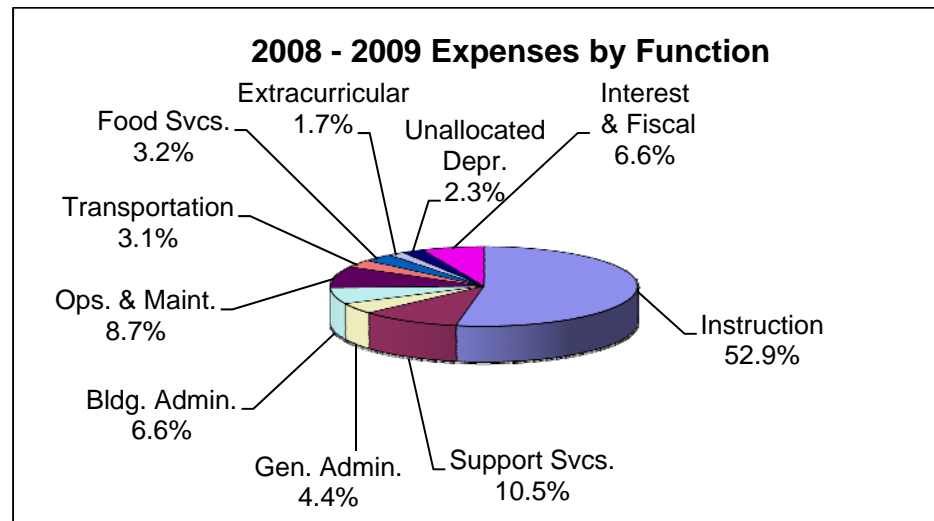
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues		
Program revenues:		
Charges for Services	\$ 2,340,243	\$ 2,400,780
Operating grants and contributions	8,463,278	7,365,898
Capital grants and contributions	307,076	1,112,116
General revenues:		
District property taxes	24,919,224	21,716,571
Investment earnings	1,437,886	2,023,195
Unrestricted county distribution - retirement	4,685,689	4,115,000
Unrestricted state equalization	13,069,595	12,329,569
Unrestricted state guaranteed tax base subsidy	1,334,192	965,909
Unrestricted state motor vehicle fee reimbursement	1,603,991	1,591,893
Unrestricted quality educator	1,231,076	1,216,152
Unrestricted other state revenue	184,689	202,718
Gain(loss) on disposal of capital assets	(1,042,207)	1,282
Total revenues	<u>58,534,732</u>	<u>55,041,083</u>
Program Expenses		
Instruction	28,152,194	27,118,400
Support services	5,592,822	5,457,545
General administration	2,334,476	2,331,788
Building administration	3,508,649	3,267,924
Operations and maintenance	4,624,960	4,038,663
Student transportation	1,663,428	1,531,760
Food services	1,705,634	1,843,131
Extracurricular activities	915,870	941,072
Unallocated depreciation	1,217,973	985,952
Interest and fiscal charges	3,510,039	2,428,542
Total expenses	<u>53,226,045</u>	<u>49,944,777</u>
Increase (decrease) in net assets	<u>5,308,687</u>	<u>5,096,306</u>
Net assets, beginning of year	<u>36,967,755</u>	<u>31,871,449</u>
Net assets, end of year	<u><u>\$ 42,276,442</u></u>	<u><u>\$ 36,967,755</u></u>

Approximately 53.4% of the increase in total revenues on *Table 2* was generated by local taxpayers through general district property taxes. This increase of local support enabled the District to maintain current services. Approximately 28.2% of the increase was due to increases in state general revenues (including a 13% increase in the unrestricted state equalization alone). Another 4.3% of the increase was the result of increased federal funding (largely attributable to IDEA stimulus funding in this fiscal year). The following chart illustrates the breakout of revenues by source.



Total expenses on *Table 2* increased by \$3,281,268 (6.6%) and was largely attributable to cost of living salary, benefit and staffing increases incurred to keep up with the demand for services combined with the expected increase in debt service interest expenses. The following chart illustrates the breakout of expenses by function.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 30) reported a *combined* fund balance of \$31,057,730, a decrease of \$27,795,144 due primarily to the large construction projects taking place in the elementary and high school districts.

The two major building funds combined to make up almost 100% of the fund balance decrease. The general fund (the third major fund) is the main operating fund of the Bozeman School District. Its fund balance increased by 40.6%. This planned increase was the result of the District not spending its full general fund budget.

The major elementary and high school building funds are still funding the construction of Hyalite Elementary and the high school renovation project. At year end, unspent bond proceeds in these two funds comprised nearly two-thirds of the governmental funds combined fund balance.

General fund budgetary highlights

The general fund's original and final budget were identical for the year ended June 30, 2009 (see statement on page 34). Actual revenues exceeded expected budgeted general fund revenues by \$126,061 (0.37%), which is a strong showing in today's economy.

General fund expenditures utilized 97.5% of the general fund budget. There was only one significant functional variance in the expenditure section which is found in the support services line item. This was a positive 7.8% variance of which the largest single component was an unfilled school psychologist position.

Budgeted general fund balance reserves rose to 6.6% of the expenditure budget. This percentage is 66% of the state mandated 10% maximum allowed and is adequate to meet cash flow needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the District had invested \$106.2 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an increase prior to depreciation of \$29,096,370. Total depreciation expense for the year was \$1,500,676. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2009.

	<u>Amount</u>
Land	\$ 7,443,747
Land improvements	3,172,016
Buildings and improvements	44,014,165
Machinery and equipment	1,221,676
Construction in progress	<u>33,199,471</u>
Total	<u>\$89,051,075</u>

The total assets (net of depreciation) noted above includes \$19,470 of fiduciary net capital assets. Additional information on the District's capital assets can be found in Note III C on pages 52-54 of this report.

Debt Administration

At year-end, the District had \$81,070,742 in general and limited obligation bonds and other long-term debt outstanding, of which \$4,339,478 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2009, is presented below:

	<u>Amount</u>
General obligation bonds	\$ 75,370,000
Limited obligation bonds	1,922,819
Compensated absences	3,388,670
Voluntary termination benefits	343,042
Other postemployment benefits	<u>46,211</u>
Total	<u>\$ 81,070,742</u>

The Elementary and High School District each maintain a Moody's **Aaa** rating for general obligation debt. State statutes currently limit the amount of the general obligation debt a District may issue. As of June 30, 2009, the current elementary legal debt margin is \$10,148,159 and the high school is \$28,301,902 (as shown on Table 14).

Additional information on the District's long-term debt can be found in Note III E on pages 55-58 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2009-2010 budget. The primary factors were the District's student population, collective bargaining agreements, inflation rates, and the local economy. Budgeted expenditures in the General Fund increased by 2.6% to \$34,745,269 in fiscal year 2009-2010. Increased payroll and employee benefit costs are the primary reason for the increase.

Inflation rates continue to remain at relatively low levels. Inflation for fiscal year 2008 (June to June) was 5.0% with it decreasing to 1.90% in fiscal year 2009. The Consumer Price Index increased minimally by 0.1% from June 2009 through December 2009. The local cost of living within the Bozeman School District exceeded that of the national economy. This fact was considered when evaluating the cost of living during collective bargaining negotiations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements



Government-Wide Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities		Governmental Activities
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 17,086,001	Accounts payable	\$ 3,755,087
Investments	17,977,857	Accrued interest payable	246,263
Property taxes receivable(net of allowances for uncollectibles)	2,612,331	Retainages payable	603,221
Due from other governments	1,100,408	Unearned revenue	650,912
Accounts receivable	111,983	Due to other governments	7,015
Interest receivable	233,759	Bonds payable - due within one year	3,828,641
Inventory, at cost	163,619	Compensated absences - due within one year	281,668
Prepaid items	15,582	Voluntary termination benefits - due within one year	229,169
Total current assets	<u>39,301,540</u>	Total current liabilities	<u>9,601,976</u>
Noncurrent assets:		Noncurrent liabilities:	
Deferred bond issuance costs	324,240	Deferred bond premiums	47,703
Land	7,443,747	Bonds payable	73,464,178
Land improvements	4,210,567	Compensated absences	3,107,002
Buildings and improvements	57,099,744	Voluntary termination benefits	113,873
Machinery and equipment	4,225,154	Other postemployment benefits	46,211
Construction in progress	33,199,471	Total noncurrent liabilities	<u>76,778,967</u>
Less accumulated depreciation	(17,147,078)	Total liabilities	<u>86,380,943</u>
Total noncurrent assets	<u>89,355,845</u>		
Total assets	<u>\$ 128,657,385</u>	<u>NET ASSETS</u>	
		Invested in capital assets, net of related debt	32,116,906
		Restricted for:	
		Building reserve	1,667,055
		Bus depreciation	383,964
		Debt service	661,684
		Flexibility	417,862
		Retirement	2,415,461
		Technology acquisition	607,167
		Transportation	632,689
		Other purposes	118,883
		Unrestricted	3,254,771
		Total net assets	<u>\$ 42,276,442</u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 28,152,194	\$ 620,755	\$ 4,535,278	\$ 123,590	\$ (22,872,571)
Support services	5,592,822	147,530	2,434,164	-	(3,011,128)
General administration	2,334,476	65,020	111,940	-	(2,157,516)
Building administration	3,508,649	138,729	231,172	-	(3,138,748)
Operations and maintenance	4,624,960	182,299	72,276	110,550	(4,259,835)
Student transportation	1,663,428	8,721	627,166	-	(1,027,541)
Food services	1,705,634	1,176,105	422,213	-	(107,316)
Extracurricular activities	915,870	1,084	29,069	72,936	(812,781)
Unallocated depreciation *	1,217,973	-	-	-	(1,217,973)
Interest and fiscal charges	3,510,039	-	-	-	(3,510,039)
Total governmental activities	\$ 53,226,045	\$ 2,340,243	\$ 8,463,278	\$ 307,076	\$ (42,115,448)
General revenues:					
District property taxes					24,919,224
Investment earnings					1,437,886
Intergovernmental revenue					
Unrestricted:					
County distribution - retirement					4,685,689
State equalization					13,069,595
State guaranteed tax base subsidy					1,334,192
State motor vehicle fee reimbursement					1,603,991
State quality educator					1,231,076
Other state revenue					184,689
Loss on disposal of capital assets					(1,042,207)
Total general revenues					47,424,135
Changes in net assets					5,308,687
Net assets, beginning of year					36,967,755
Net assets, end of year					\$ 42,276,442

* 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, 2009

	General	Elementary Building	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,723,940	\$ 5,677,543	\$ 2,319,158	\$ 6,473,302	\$ 16,193,943
Investments	705,948	-	16,048,727	897,665	17,652,340
Property taxes receivable	1,505,950	-	-	1,115,334	2,621,284
Due from other governments	2,695	-	-	1,097,713	1,100,408
Accounts receivable	3,352	28,092	-	74,277	105,721
Interest receivable	14,553	12,467	189,322	13,379	229,721
Inventory, at cost	-	-	-	17,833	17,833
Prepaid items	9,083	-	-	6,499	15,582
Total assets	\$ 3,965,521	\$ 5,718,102	\$ 18,557,207	\$ 9,696,002	\$ 37,936,832
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 89,218	\$ 1,216,222	\$ 1,747,134	\$ 41,633	\$ 3,094,207
Bank overdraft	-	-	-	506,862	506,862
Deferred revenue	1,505,950	-	-	1,115,334	2,621,284
Unearned revenue	-	-	-	46,513	46,513
Due to other governments	-	-	-	7,015	7,015
Retainages payable	-	603,221	-	-	603,221
Total liabilities	1,595,168	1,819,443	1,747,134	1,717,357	6,879,102
Fund balances:					
Reserved:					
Encumbrances	92,195	1,345	-	4,317	97,857
Prepaid items	9,083	-	-	6,499	15,582
Debt service	-	-	-	(93,106)	(93,106)
Unreserved:					
Undesignated:					
General fund	2,269,075	-	-	-	2,269,075
Special revenue funds	-	-	-	6,549,846	6,549,846
Designated:					
Capital projects funds	-	3,897,314	16,810,073	1,511,089	22,218,476
Total fund balances	2,370,353	3,898,659	16,810,073	7,978,645	31,057,730
Total liabilities and fund balances	\$ 3,965,521	\$ 5,718,102	\$ 18,557,207	\$ 9,696,002	\$ 37,936,832

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

BOZEMAN SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Amounts reported for governmental activities in the statement of net assets (page 26) are different because:

Total fund balances - governmental funds (page 30)	\$ 31,057,730
-----------------------------------------------------------	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$106,178,683 and the accumulated depreciation is \$17,147,078.	89,031,605
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Property tax revenue is recognized when earned (and the claim to resources is established) rather than when "available." All of the deferred property tax revenue reported in the governmental funds is not available.	2,621,284
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Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net assets.	(8,953)
------------------------------------------------------------------------------------------------------------------	---------

Long-term liabilities, including bonds payable and compensated absences, and voluntary termination benefits are not due and payable in the current period and therefore are not reported in the funds. The effects of these prior items are as follows:

Bonds payable	\$ 77,262,545	
Compensated absences	3,388,670	
Voluntary termination benefits	343,042	(80,994,257)

Internal service funds are used by the District to charge the costs of health insurance, printing, warehouse, postage and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">569,033</div>
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Total net assets - governmental activities (page 26)	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 42,276,442</div>
-------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------

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, 2009

	General	Elementary Building	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
District property taxes	\$ 14,325,294	\$ -	\$ -	\$ 10,713,685	\$ 25,038,979
Tuition and fees	28,934	-	-	1,283,406	1,312,340
Interest	95,804	248,457	920,090	124,133	1,388,484
Other district revenue	504,029	153,678	-	679,429	1,337,136
Gallatin County	-	-	-	5,033,862	5,033,862
State of Montana	19,022,682	-	-	1,492,952	20,515,634
Federal	-	-	-	3,575,590	3,575,590
Total revenues	33,976,743	402,135	920,090	22,903,057	58,202,025
Expenditures:					
Current -					
Instruction	21,000,406	355,050	497	5,842,628	27,198,581
Support services	3,416,541	56,516	-	2,062,591	5,535,648
General administration	1,718,554	15,572	-	494,492	2,228,618
Building administration	2,556,999	6,858	-	771,241	3,335,098
Operations and maintenance	3,432,622	350,545	154,892	632,210	4,570,269
Student transportation	1,780	-	-	1,660,092	1,661,872
Food services	-	25,674	7,900	1,638,774	1,672,348
Extracurricular activities	844,247	-	-	63,844	908,091
Capital outlay	-	13,802,313	16,125,983	1,229,872	31,158,168
Debt service -					
Principal retirement	-	-	-	4,232,059	4,232,059
Interest and fiscal charges	-	-	-	3,496,950	3,496,950
Total expenditures	32,971,149	14,612,528	16,289,272	22,124,753	85,997,702
Excess (deficiency) of revenues over expenditures	1,005,594	(14,210,393)	(15,369,182)	778,304	(27,795,677)
Other financing sources (uses):					
Sale of capital assets	-	533	-	-	533
Transfers in	-	2,520,250	-	846,389	3,366,639
Transfers out	(321,000)	(500,000)	(2,520,250)	(25,389)	(3,366,639)
Total other financing sources (uses)	(321,000)	2,020,783	(2,520,250)	821,000	533
Net changes in fund balances	684,594	(12,189,610)	(17,889,432)	1,599,304	(27,795,144)
Fund balances, beginning of year	1,685,759	16,088,269	34,699,505	6,379,341	58,852,874
Fund balances, end of year	\$ 2,370,353	\$ 3,898,659	\$ 16,810,073	\$ 7,978,645	\$ 31,057,730

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, 2009**

Amounts reported for governmental activities in the statement of activities (page 27) are different because:

Net change in fund balances - total governmental funds (page 32) \$ (27,795,144)

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 (\$31,158,168) exceeded depreciation (\$1,465,554) in the current period in addition to the value of contributed capital assets of \$196,526 for this fiscal year. Governmental funds do not report capital contributions as revenue. 29,889,140

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net assets. (1,042,740)

Deferred revenue in the governmental funds are reported on the full accrual method in the government-wide financial statements. (119,755)

The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs and bond premiums when debt is first issued, whereas these amounts are deferred and amortized as a component of interest and fiscal charges in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt. 4,253,653

The current period net increase in compensated absences and decrease in voluntary termination benefits payable did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds. (87,875)

Internal service funds are used by the District to charge the costs of health insurance, printing, warehouse, postage and other services to individual funds. The net income of the internal service funds is reported with governmental activities. 211,408

Change in net assets of governmental activities (page 27) \$ 5,308,687

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, 2009

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
District property taxes	\$ 14,065,822	\$ 14,325,294	\$ 259,472
Tuition and fees	60,000	28,934	(31,066)
Interest	208,293	95,804	(112,489)
Other district revenue	504,816	504,029	(787)
State of Montana	19,011,751	19,022,682	10,931
Total revenues	<u>33,850,682</u>	<u>33,976,743</u>	<u>126,061</u>
Expenditures:			
Current -			
Instruction	21,453,710	21,033,525	420,185
Support services	3,705,560	3,417,621	287,939
General administration	1,789,722	1,720,166	69,556
Building administration	2,631,882	2,552,984	78,898
Operations and maintenance	3,392,519	3,429,669	(37,150)
Student transportation	8,900	1,780	7,120
Extracurricular activities	868,389	844,247	24,142
Total expenditures	<u>33,850,682</u>	<u>32,999,992</u>	<u>850,690</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>976,751</u>	<u>976,751</u>
Other financing sources (uses):			
Transfers out	-	(321,000)	(321,000)
Total other financing sources (uses)	<u>-</u>	<u>(321,000)</u>	<u>(321,000)</u>
Net change in fund balances	-	655,751	655,751
Fund balances, beginning of year	<u>1,622,407</u>	<u>1,622,407</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,622,407</u>	<u>\$ 2,278,158</u>	<u>\$ 655,751</u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,398,920
Investments	325,517
Accounts receivable	6,262
Interest receivable	4,038
Inventory, at cost	145,786
Total current assets	<u>1,880,523</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	385,641
Less accumulated depreciation	<u>(252,799)</u>
Net capital assets	<u>132,842</u>
Total assets	<u>2,013,365</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	660,880
Unearned revenue	<u>604,399</u>
Total current liabilities	<u>1,265,279</u>
Noncurrent liabilities:	
Other postemployment benefits	<u>46,211</u>
Total noncurrent liabilities	<u>46,211</u>
Total liabilities	<u>1,311,490</u>
<u>NET ASSETS</u>	
Invested in capital assets	132,842
Unrestricted	<u>569,033</u>
Total net assets	<u>\$ 701,875</u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	\$ 5,690,885
Charges for Wellness services	89,484
Total operating revenues	<u>5,780,369</u>
Operating expenses:	
Administrative expenses	237,873
Communications	39,264
Contracted bus services	114,173
Depreciation	33,936
Excess risk insurance	397,368
Health, dental and vision claims	3,927,300
Materials and supplies	341,746
Other expenses	255
Other postemployment benefits	46,211
Repairs and maintenance	31,310
Salaries and benefits	214,450
Wellness	199,794
Total operating expenses	<u>5,583,680</u>
Operating income (loss)	<u>196,689</u>
Nonoperating revenues (expenses):	
Interest	14,719
Total nonoperating revenues (expenses)	<u>14,719</u>
Net income (loss) before contributions	211,408
Capital contributions - equipment	60,223
Change in net assets	271,631
Total net assets, beginning of year	<u>430,244</u>
Total net assets, end of year	<u>\$ 701,875</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, 2009

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	\$ 5,853,060
Payments for insurance claims	(3,910,539)
Payments to employees	(214,450)
Payments to suppliers	(1,337,258)
Net cash provided(used) by operating activities	390,813
Cash flows from investing activities:	
Purchase of investments	(12,956)
Interest received	16,175
Net cash provided(used) by investing activities	3,219
Net increase(decrease) in cash and cash equivalents	394,032
Cash and cash equivalents - 7/01/08	1,004,888
Cash and cash equivalents - 6/30/09	\$ 1,398,920
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:	
Operating income(loss)	\$ 196,689
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation	33,936
(Increase) decrease in accounts receivable	79,099
(Increase) decrease in inventories	24,538
Increase (decrease) in accounts payable	(62,606)
Increase (decrease) in other postemployment benefits	46,211
Increase (decrease) in unearned insurance premiums	72,946
Total adjustments	194,124
Net cash provided(used) by operating activities	\$ 390,813
Noncash investing, capital, and financing activities:	
Contributions of capital assets from government	\$ 60,223

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust
<u>ASSETS</u>	
Cash and cash equivalents	\$ 932,879
Due from other governments	20,803
Prepaid items	500
Land improvements	18,870
Machinery and equipment	5,000
Less accumulated depreciation	(4,400)
Total assets	973,652
<u>LIABILITIES</u>	
Accounts payable	8,133
Total liabilities	8,133
<u>NET ASSETS</u>	
Held in trust	\$ 965,519

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust Funds
Additions:	
Auctions	\$ 21,694
Contributions	21,048
Extracurricular receipts and fees	1,321,140
Medicaid direct billing receipts	629,430
Total noninvestment trust additions	<u>1,993,312</u>
Investment earnings:	
Interest	<u>15,848</u>
Total additions	<u>2,009,160</u>
Deductions:	
Administrative expenses	80,657
Depreciation	1,186
Extracurricular activities	1,414,591
Payments to consortium members	553,220
Professional services	2,219
Scholarships	38,774
Total deductions	<u>2,090,647</u>
Changes in net assets	(81,487)
Net assets, beginning of year	<u>1,047,006</u>
Net assets, end of year	<u><u>\$ 965,519</u></u>

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



Notes to Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

School District No. 7 was established under Montana law to provide educational services below the College and University level to residents of the District. Generally accepted accounting principles require that these financial statements present School District No. 7 (the primary government) and all component units, if any. Component units, as established by the GASB Statement 14, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations for which the District is financially accountable have been considered for inclusion in the basic financial statements. School District No. 7 has no component units.

The District actually consists of two separate legal entities - Elementary and High School districts. Accounting records of both districts must be maintained separately per State law because of differences in funding and tax base. However, both are managed by one central Board of Trustees, elected in a district-wide election, and by a central administration appointed by and responsible to the Board. Although School District No. 7 legally consists of two separate statutory entities, it is managed and operated as a single system. These financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercise responsibility.

B. Government-wide and fund financial statements

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets and statement of activities report information on all of the nonfiduciary activities of the primary government. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses.

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

Additionally, the government also reports the following fund types:

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by unrestricted resources as they are needed.

D. Deposits and investments

Except petty cash and a portion of the Private-Purpose Trust and Internal Service Funds, all District cash is held by the County Treasurer and pooled in the Gallatin County external investment pool or invested outside of that pool in direct obligations of United States Agencies. \$75,819 of the Middle and High School Student Extracurricular Funds (which are Private-Purpose Trust Funds) and \$26,875 of the Self-Insurance Fund are in various interest bearing checking accounts.

The County Treasurer, at the direction of the District, invests the pooled cash pursuant to State Law (MCA 20-9-213 [4]). Allowable investments include direct obligations of the United States Government and some United States Agencies (not to exceed five years), savings or time deposits in a state or national bank, building and loan association, savings and loan association, or credit union insured by the FDIC or NCUA located in the State, or in a repurchase agreement. It is also allowable to invest monies under the State Unified Investment Program (STIP) established in Title 17, Chapter 6, MCA. STIP has invested in derivatives, but the nature of those transactions, the reason for entering into them and the School District's exposure to credit is not available to the School District for disclosure. As of June 30, 2009, the District had zero funds invested in STIP through the Gallatin County external investment pool.

The School District considers all highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents. With this in mind, the entire amount of the Gallatin County investment pool is considered cash equivalents. The investments listed in the financial statements are entirely comprised of Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Banks, and Federal National Mortgage Association bonds with remaining maturities varying from less than a month to 1.7 years. All cash equivalents held in the Gallatin County investment pool are reported at fair value. The direct obligations of the United States Agencies are also held at fair value.

E. Receivables and payables

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

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

Property taxes are due in two payments, generally November 30th and May 31st. Unpaid taxes become delinquent on December 1st and June 1st. After three years of delinquency, the County may proceed to take title to the property. Delinquent taxes may be collected up to ten years. The County Treasurer may issue a writ of execution to the County Sheriff to seize the property and sell it to pay the taxes. Unpaid taxes at the

end of ten years may be written off by the County Commissioners. Using the County's 10-year delinquency rate of 0.03% on real estate property taxes levied and 0.2% on personal property taxes levied, a \$8,953 allowance for uncollectibles has been calculated and the property taxes receivable are presented net of this amount.

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

F. Inventories

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

G. Prepaid items

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

H. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by District policy as assets with an initial, individual cost of \$5,000 or more with a useful life of more than one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

I. Compensated absences

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

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

J. Voluntary termination benefits

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

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

The VCOP Plan cost the District \$245,628 for the fiscal year ended June 30, 2009 (the VCOP Plan is entirely employer funded). The District had 14 past employees participating in these plans on June 30, 2009.

K. Other postemployment benefits

The District allows retirees that have just finished employment with the District to remain on the District health insurance plan (with several Medicare and non-Medicare eligible options available). Another postemployment benefit arises from the difference in the District health insurance cost the retirees are incurring and what they would otherwise be paying on the open market for a similar plan. This benefit is

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

L. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond issuance costs, premiums and discounts are deferred over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized as a component of interest and fiscal charges over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period (when present). The face amount of the debts (when issued) are reported as other financing sources. Premiums (if present) received on the debt issuances would be reported as other financing sources while discounts (if present) on debt issuances would be reported as other financing uses. Issuance costs were reported as debt service expenditures.

M. Fund equity

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

General

Special Revenue:

Transportation

Bus Depreciation

Tuition

Retirement

Technology Acquisition

Adult Education

Flexibility

Debt Service

Capital Projects:

Building Reserve

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

Budgetary policy follows:

- 1) By the first Monday in August, the Department of Revenue transmits a statement of assessed valuation and taxable valuation of all property to the County Superintendent of Schools.
- 2) On or before August 15th, the Board of Trustees must meet to legally adopt the final budget.
- 3) Upon adoption of the final budget, expenditures and operating transfers are limited to the total fund budget. (There is one exception, see Note IIC.) Unexpended and unencumbered appropriations lapse at year end. Under State law and District Policy, management may amend the budget without seeking Board approval as long as the total individual fund budget is not exceeded.
- 4) Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through 20-9-166.) There were no supplemental appropriations approved during fiscal year 2009.

While the Bozeman School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law allows accounting for certain year end appropriations as encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presented for the District's sole major governmental fund (General) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and GAAP basis is that under GAAP encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Budgetary/GAAP reconciliation

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

Net Change in Fund Balance Major General Fund	
	<u>General</u>
GAAP Basis	\$ 684,594
Adjustment for Encumbrances	<u>(28,843)</u>
Budget Basis	<u>\$ 655,751</u>

C. Excess of expenditures over appropriations

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

D. Deficit fund equity

The High School Debt Service fund had a deficit fund balance of \$505,294 as of June 30, 2009. This deficit was the largely the result of taxes not being levied against a part of the tax base (in error) by the Gallatin County Treasurer. These taxpayers will be assessed this shortfall next fiscal year. The High School Tuition fund had a \$1,568 deficit fund balance as of June 30, 2009. This deficit resulted from revenue collections trailing levied amounts. Additional mills are allowed to be levied in the future to make up for this deficit.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

Cash and cash equivalents consist of:

Petty cash	\$ 4,665
County Treasurer's Investment Pool	17,828,999
Cash in Government Obligations money market	82,522
Cash in checking	<u>102,694</u>
Total	<u>\$ 18,018,880</u>

Investments consist of:

		<u>Credit Risk</u>	<u>Interest Rate Risk</u>
	<u>Investment Mkt Value</u>	<u>Standard & Poor's Corporate Bond Rating</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Bank	\$ 7,704,533	AAA	0.55
Federal Home Loan Mortgage Corporation	6,352,086	AAA	0.98

Federal Farm Credit Banks	2,936,639	AAA	0.47
Federal National Mortgage Association	984,599	AAA	0.56
Total investment cost	<u>\$17,977,857</u>		
Portfolio weighted average maturity			0.69

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

The Middle and High School Extracurricular Funds have cash in several checking accounts totaling \$75,819 which is fully insured by the FDIC. \$26,875 of the Self-Insurance Fund cash is in checking and is fully insured by the FDIC.

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

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

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

Risk in the event of loss is unclear in state law, but appears to be the liability of the County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, full risk classifications according to GASB 40 are available in the Gallatin County's annual report. The interest rate risk for the County Investment Pool is 1.00 year. The carrying amount and fair value of the cash and cash equivalents in the County Treasurer's Investment Pool were \$17,828,999. In regards to the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Services and Federal National Mortgage Association long-term investments, credit and interest rate risks are detailed earlier in this note. The District investment policy is written to follow Montana School Investment law (MCA 7-7-202). This law states that Districts may invest in direct obligations of the U.S. Government or accounts collateralized by the direct obligation of the U.S. Government. If savings or time deposits are used, they must be insured by FDIC or NCUA. The District is complying with this law and accepts the inherent credit and interest rate risks. The District investment policy does not explicitly refer to credit rate risks, however, all of its investments have a AAA rating.

B. Receivables

Receivables as of June 30, 2009, for the District's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Elementary Building</u>	<u>High School Building</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Accounts	\$ 3,352	\$ 28,092	\$ -	\$ 80,539	\$ 111,983
Interest	14,553	12,467	189,322	17,417	233,759
Property taxes receivable	<u>1,505,950</u>	<u>-</u>	<u>-</u>	<u>1,115,334</u>	<u>2,621,284</u>
Gross receivables	1,523,855	40,559	189,322	1,213,290	2,967,026
Less: allowance for Uncollectibles	<u>(5,144)</u>	<u>-</u>	<u>-</u>	<u>(3,809)</u>	<u>(8,953)</u>
Net total receivables	<u>\$ 1,518,711</u>	<u>\$ 40,559</u>	<u>\$ 189,322</u>	<u>\$ 1,209,481</u>	<u>\$ 2,958,073</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of \$2,621,284 deferred revenue and \$46,513 unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$1,505,950	\$ -
Delinquent property taxes receivable (Nonmajor governmental funds)	1,115,334	-
Food Service and elementary grants (Nonmajor governmental funds)	<u>-</u>	<u>46,513</u>
Total deferred revenue for governmental funds	<u>\$2,621,284</u>	<u>\$ 46,513</u>

The Self-Insurance internal service fund had unearned revenue of \$604,399 as of June 30, 2009, 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, 2009 follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,443,747	\$ -	\$ -	\$ 7,443,747
Construction in progress	24,738,501	26,484,503	(18,023,533)	33,199,471
Total capital assets, not being depreciated	32,182,248	26,484,503	(18,023,533)	40,643,218
Capital assets, being depreciated:				
Land improvements	2,538,493	1,672,074	-	4,210,567
Buildings and improvements	38,425,793	20,774,158	(2,100,207)	57,099,744
Machinery and equipment	3,954,649	447,492	(176,987)	4,225,154
Total capital assets being depreciated	44,918,935	22,893,724	(2,277,194)	65,535,465
Less accumulated depreciation for:				
Land improvements	(888,222)	(168,727)	-	(1,056,949)
Buildings and improvements	(13,096,249)	(1,049,247)	1,059,917	(13,085,579)
Machinery and equipment	(2,897,571)	(281,516)	174,537	(3,004,550)
Total accumulated depreciation	(16,882,042)	(1,499,490)	1,234,454	(17,147,078)
Total capital assets, being depreciated, net	28,036,893	21,394,234	(1,042,740)	48,388,387
Governmental activities capital assets, net	<u>\$ 60,219,141</u>	<u>\$ 47,878,737</u>	<u>\$ (19,066,273)</u>	<u>\$ 89,031,605</u>

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

Governmental activities:	
Instruction	\$ 155,378
Support services	4,217
General administration	25,698
Operations and maintenance	29,483
Student transportation	1,274
Food services	28,371
Extracurricular activities	3,160
Unallocated depreciation (buildings and land improvements)	1,217,973
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>33,936</u>

Total depreciation expense - governmental activities \$1,499,490

<u>Fiduciary Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ -	\$ 18,870	\$ -	\$ 18,870
Machinery and equipment	5,000	-	-	5,000
Less accumulated depreciation	(3,214)	(1,186)	-	(4,400)
Fiduciary activities capital assets, net	<u>\$ 1,786</u>	<u>\$ 17,684</u>	<u>\$ -</u>	<u>\$ 19,470</u>

Depreciation expense in the fiduciary funds amounted to \$1,186 in the 2008-2009 fiscal year.

Construction commitments - The District has active construction projects as of June 30, 2009. At year-end the District's commitments with contractors were as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Architecture contract for Hyalite Elementary School	\$ 762,003	\$ 32,426
Construction contract for Hyalite Elementary School	11,380,763	1,348,755
Architecture contract for High School renovation	3,402,469	453,011
Construction contract for High School renovation	15,813,074	9,812,099
Architecture contract for Sacajawea boiler project	15,831	169
Construction contract for Sacajawea boiler project	3,515	64,584
Architecture contract for Willson reroof 2009	32,470	5,380
Construction contract for Willson reroof 2009	-	436,015
Total	<u>\$ 31,410,125</u>	<u>\$ 12,152,439</u>

The elementary building fund is responsible for the Hyalite Elementary School. The high school building fund is responsible for the High School renovation project. The Sacajawea boiler project is being funded exclusively through State of Montana grants. The Willson reroof project is being funded primarily through State of Montana capital grants with partial assistance from the high school building reserve fund.

D. Interfund activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities. Interfund transfers in the fund financial statements are reported as transfers within other financing sources/uses category. Transfers in the governmental funds were as follows:

Transfer Out:	Transfer In:		Total
	Elementary Building Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 321,000	\$ 321,000
Elementary Building Fund	-	500,000	500,000
High School Building Fund	2,520,250	-	2,520,250
Nonmajor governmental funds	-	25,389	25,389
Total	<u>\$2,520,250</u>	<u>\$ 846,389</u>	<u>\$3,366,639</u>

The routine general fund transfer out listed above is for the purpose of providing funds for the Elementary and High School Compensated Absence Funds to pay any accumulated sick and vacation leave that a nonteaching or administrative employee is entitled to upon termination of employment. The Elementary Building Fund transferred \$500,000 to the corresponding Debt Service Fund as the Hyalite Elementary School project is coming in well under budget. This is an initial transfer and more will follow when the project is complete. The \$2,520,250 transfer from the High School to the Elementary Building Fund constituted an inter-entity purchase of elementary land and some building by the high school district. Finally, the \$25,389 transfer above is routine as well and is the result of transferring indirect costs between the Elementary and High School Miscellaneous Grant Funds.

E. Long-term debt

General obligation bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds have only been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$83,740,000. During the 2003 fiscal year, general obligation bonds totaling \$6,915,000 were issued to refund the outstanding general obligation bonds. In the fiscal year just ended, no general obligation bonds were issued.

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

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2009	Due Within One Year
2002 Elementary	\$ 6,915,000	12	1.40 - 4.10%	\$ 3,270,000	\$ 605,000
2006 Elementary	14,100,000	20	4.00 - 5.25%	12,815,000	535,000
2007 Elementary	5,750,000	19	3.75 - 4.20%	5,320,000	225,000
2008 Elementary	17,500,000	20	3.00 - 4.25%	17,175,000	595,000
Subtotal				38,580,000	1,960,000
2006 High School	14,500,000	20	4.00 - 5.25%	13,175,000	550,000
2007 High School	14,975,000	19	4.10 - 4.50%	13,870,000	575,000
2008 High School	10,000,000	18	3.00 - 4.00%	9,745,000	405,000
Subtotal				36,790,000	1,530,000
Total				\$ 75,370,000	\$ 3,490,000

Annual debt service requirements to maturity on general obligation bonds at June 30, 2009, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2010	\$ 3,490,000	\$ 3,004,408	\$ 6,494,408
2011	3,630,000	2,858,290	6,488,290
2012	3,785,000	2,714,862	6,499,862
2013	3,940,000	2,571,896	6,511,896
2014	4,105,000	2,421,557	6,526,557
2015-2019	19,265,000	9,890,023	29,155,023
2020-2024	23,695,000	5,747,120	29,442,120
2025-2028	13,460,000	1,044,391	14,504,391
Total	\$ 75,370,000	\$ 30,252,547	\$ 105,622,547

Limited obligation bonds

On November 25, 2003, the District issued limited obligation school building bonds in the amount of \$1,586,000. These specific bonds were used to renovate and remodel facilities at the District's Whittier and Irving Elementary Schools. \$1,459,250 of limited obligation bonds were issued by the District on December 19, 2006. These limited obligation bonds are being used for additional major renovations at Whittier Elementary School. Both of these bonds bear interest at 0% per annum will be paid back through sinking fund deposits made over the next nine years from date of issuance. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on November 12, 2012 (2003 issue) and December 19, 2015 (2006 issue). The District will recognize a reduction in bonds payable each year in the amount of principal payments and the scheduled investments earnings on the sinking fund. The elementary building reserve fund will be servicing 100% of the 2003 and 2006 limited obligation debt payments. The limited obligation bonds are comprised of the following issues:

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2009	Due Within One Year
2003 Elementary	\$ 1,586,000	9	0%	\$ 754,643	\$ 185,353
2006 Elementary	1,459,250	9	0%	1,168,176	153,288
				<u>\$ 1,922,819</u>	<u>\$ 338,641</u>

Annual debt service requirements to maturity of limited obligation bonds at June 30, 2009, are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Investment Earnings	Total
2010	\$ 292,059	\$ 46,582	\$ 338,641
2011	292,059	58,913	350,972
2012	292,059	71,696	363,755
2013	292,059	55,601	347,660
2014	140,553	35,551	176,104
2015-2016	281,106	64,581	345,687
Total	<u>\$ 1,589,895</u>	<u>\$ 332,924</u>	<u>\$ 1,922,819</u>

Long-term liability activity for the year ended June 30, 2009, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds	\$79,310,000	\$ -	\$ (3,940,000)	\$75,370,000	\$3,490,000
Limited obligations bonds	2,249,561	-	(326,742)	1,922,819	338,641
Less deferred amounts:					
Excess reacquisition costs	(21,674)	-	21,674	-	-
Total bonds payable	81,537,887	-	(4,245,068)	77,292,819	3,828,641
Compensated absences	3,243,797	450,821	(305,948)	3,388,670	281,668
Voluntary termination benefits	400,040	188,630	(245,628)	343,042	229,169
Other postemployment benefits	-	46,211	-	46,211	-
Total governmental activity					
Long-term liabilities	<u>\$85,181,724</u>	<u>\$ 685,662</u>	<u>\$ (4,796,644)</u>	<u>\$81,070,742</u>	<u>\$4,339,478</u>

The legal debt limits may not exceed the greater of 1) 50% of the latest available value of property which is subject to taxation within the district or 2) the statewide average taxable valuation per student multiplied by the number of students enrolled in a particular district multiplied by 50% (MCA 20-9-406). The Elementary and High School Districts' debt limitations were calculated using the first formula. For the year ending June 30, 2009, legal debt limitations were as follows:

	<u>TAXING DISTRICT</u>	
	<u>Elementary</u>	<u>High School</u>
Legal Debt Service Limitation	\$55,581,033	\$65,271,902

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

F. Restricted net assets

The State of Montana has enabling legislation which mandates the creation of certain funds and establishes the criteria for property taxes levied to meet the specific purposes of these funds. The District classifies the net assets of these funds as restricted net assets. These individual funds and their net assets at June 30, 2009 are as follows:

<u>Fund Name</u>	<u>Fund Type</u>	<u>Amount</u>
Elementary building reserve	Capital projects	\$ 1,300,407
High school building reserve	Capital projects	366,648
Elementary bus depreciation	Special revenue	191,281
High school bus depreciation	Special revenue	192,683
Elementary debt service	Debt service	661,684
Elementary flexibility	Special revenue	135,247
High school flexibility	Special revenue	282,615
Elementary retirement	Special revenue	1,496,852
High school retirement	Special revenue	918,609
Elementary technology acquisition	Special revenue	297,039
High school technology acquisition	Special revenue	310,128
Elementary transportation	Special revenue	370,060
High school transportation	Special revenue	262,629
Other purposes:		
Elementary tuition	Special revenue	387
Adult education	Special revenue	118,496
Total restricted net assets		<u>\$ 6,904,765</u>

G. Leases

The District leases 31 photocopiers under a noncancelable operating lease which began on July 1, 2006. The total cost for the fiscal year ended June 30, 2009, was \$106,042. The District has guaranteed 7,000,000 copies per year for the current four year lease. The future minimum lease payments for this lease are as follows:

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

IV. OTHER INFORMATION

A. Risk management

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

Coverage limits on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement costs of the assets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The maximum deductible amount on the various commercial policies is \$1,000 to \$20,000 depending on the part of the policy.

In 1989, the District joined together with other Montana school districts to form the *Montana Schools Group's Workers' Compensation Risk Retention Program*, a public entity risk pool currently operating as a common risk management and insurance program for the member school districts. The District pays a quarterly premium for its employee injury insurance coverage which is allocated to the funds based on total paid salaries and wages. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan.

Since July 1, 1990, the District has provided medical insurance coverage for its employees via a contributory self-funded plan. This plan is currently administered by Blue Cross Blue Shield of Montana. It provides both medical, dental, and vision benefits and is operated as an Internal Service Fund. Rates for the employees and employer's funds are determined in consultation with a third party consultant and are

set at 125% of estimated claims for the coming year. The District buys commercial 'stop-loss' policies through Reliastar Insurance Company for claims in excess of the 125% amount and for claims in excess of \$150,000 per claimant covered charges during a year. An estimated medical, dental, and vision claims liability at year end was determined by averaging the last three years' final claims paid in the following year. An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2007	\$ 457,965	\$ 4,016,028	\$ 3,920,444	\$ 553,549
2008	553,549	4,105,006	4,068,147	590,408
2009	590,408	3,894,279	3,927,300	557,387

B. Retirement plans

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

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

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

Contribution rates for both plans are required and established by the state legislature. The contribution rates for 2009, expressed as a percentage of covered payroll, were as follows:

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

The amounts contributed to the plans during the year ended June 30, 2007, 2008 and 2009 were equal to the required contribution for each year. The amounts contributed by both the District and its employees (including additional voluntary contributions by employees as permitted by state law) were as follows:

	2007	2008	2009
TRS	\$ 3,423,244	\$ 3,673,054	\$ 3,838,549
PERS	633,037	698,264	686,589
Total	<u>\$ 4,056,281</u>	<u>\$ 4,371,318</u>	<u>\$ 4,525,138</u>

The State's contribution to the plans in 2009 was approximately \$505,065 for TRS and \$11,544 for PERS. These on-behalf contributions have been included in the Statement of Activities as an operating grant program revenue and expensed functionally by participation percentage.

C. Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 45 Other Postemployment Benefits, the District has calculated and included a post employment benefit liability for the fiscal year ended June 30, 2009.

Plan Description

Bozeman School District maintains a single-employer self-insured medical plan. The plan currently provides defined healthcare insurance benefits for eligible employees, retirees, spouses and dependents, included are medical, dental, and vision benefits. Participation is elected by the retiree at the time of retirement. The plan has options for pre Medicare insurance benefits and for Medicare supplemental insurance benefits.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Normal Cost	\$ 112,364
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	80,776
Interest to 6/30/09	<u>6,767</u>
Annual OPEB cost (expense)	199,907
Contributions made	<u>(153,696)</u>
Increase in net OPEB obligation	46,211
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 46,211</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2009 (2 more years will be added to this table when available -this is the first year GASB 45 required an actuary for the District):

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

Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

As of June 30, 2009, the District's actuarially accrued liability (AAL) for benefits was \$2,114,554. The AAL by status breakdown is shown below:

Actives (participating)	\$ 1,203,803
Actives (not currently participating)	62,473
Retirees	<u>848,277</u>

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

The following key assumptions were chosen by the District:

1. Funding method used was Entry Age Normal Cost, level percent of pay
2. Discount Rate: 4.25%
3. Salary increase of 4.25% for PERS employees; 4.5% per year for TRS employees
4. Healthcare Trend Rate(2009 - 8%, 2010 - 8%, 2011 - 7%, then reduced linearly to 5% by 2015, and remaining at that level thereafter
5. Participation Rate: 40% of current Active medical plan participants; 10% of actives not participating
6. Marital Assumption: 80% of currently active participants are assumed to be married; of these 70% are assumed to elect coverage for their spouse in retirement, with husbands assumed to be 3 years older than their wives

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

D. Subsequent events

On September 22, 2009, the District concluded a **current** refunding of the outstanding 2002 Elementary general obligation bonds. These new 2009 General Obligation Refunding Bonds have a net interest cost of 1.42% with a total net present value savings to taxpayers of approximately \$146,524. They will also be paid back over four years as opposed to five years remaining on the original bonds.

E. Contingencies

As of June 30, 2009, the District was not involved in any lawsuits.



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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2009

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

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

The funded status of the plan was as follows:

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

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

Supplemental Information



Combining Financial Statements



General Fund

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL GENERAL SUBFUNDS
JUNE 30, 2009

	Elementary General Subfund	High School General Subfund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 679,860	\$ 1,044,080	\$ 1,723,940
Investments	705,948	-	705,948
Property taxes receivable	902,826	603,124	1,505,950
Due from other governments	2,695	-	2,695
Accounts receivable	3,006	346	3,352
Interest receivable	14,553	-	14,553
Prepaid items	5,579	3,504	9,083
Total assets	<u>\$ 2,314,467</u>	<u>\$ 1,651,054</u>	<u>\$ 3,965,521</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 82,582	\$ 6,636	\$ 89,218
Deferred revenue	902,826	603,124	1,505,950
Total liabilities	<u>985,408</u>	<u>609,760</u>	<u>1,595,168</u>
Fund balances:			
Reserved:			
Encumbrances	40,596	51,599	92,195
Prepaid items	5,579	3,504	9,083
Unreserved:			
Undesignated	1,282,884	986,191	2,269,075
Total fund balances	<u>1,329,059</u>	<u>1,041,294</u>	<u>2,370,353</u>
Total liabilities and fund balances	<u>\$ 2,314,467</u>	<u>\$ 1,651,054</u>	<u>\$ 3,965,521</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	\$ 8,828,438	\$ 5,496,856	\$ 14,325,294
Tuition and fees	20,264	8,670	28,934
Interest	70,970	24,834	95,804
Other district revenue	3,476	500,553	504,029
State of Montana	11,922,479	7,100,203	19,022,682
Total revenues	<u>20,845,627</u>	<u>13,131,116</u>	<u>33,976,743</u>
Expenditures:			
Current -			
Instruction	13,664,504	7,335,902	21,000,406
Support services	2,075,270	1,341,271	3,416,541
General administration	888,740	829,814	1,718,554
Building administration	1,695,844	861,155	2,556,999
Operations and maintenance	1,892,326	1,540,296	3,432,622
Student transportation	1,035	745	1,780
Extracurricular activities	155,472	688,775	844,247
Total expenditures	<u>20,373,191</u>	<u>12,597,958</u>	<u>32,971,149</u>
Excess (deficiency) of revenues over expenditures	<u>472,436</u>	<u>533,158</u>	<u>1,005,594</u>
Other financing sources (uses):			
Transfers out	(220,000)	(101,000)	(321,000)
Total other financing sources (uses)	<u>(220,000)</u>	<u>(101,000)</u>	<u>(321,000)</u>
Net change in fund balances	252,436	432,158	684,594
Fund balances, beginning of year	<u>1,076,623</u>	<u>609,136</u>	<u>1,685,759</u>
Fund balances, end of year	<u><u>\$ 1,329,059</u></u>	<u><u>\$ 1,041,294</u></u>	<u><u>\$ 2,370,353</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary General Subfund			High School General Subfund		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 8,740,589	\$ 8,828,438	\$ 87,849	\$ 5,325,233	\$ 5,496,856	\$ 171,623
Tuition and fees	15,000	20,264	5,264	45,000	8,670	(36,330)
Interest	149,708	70,970	(78,738)	58,585	24,834	(33,751)
Other district revenue	2,782	3,476	694	502,034	500,553	(1,481)
State of Montana	11,919,161	11,922,479	3,318	7,092,590	7,100,203	7,613
Total revenues	<u>20,827,240</u>	<u>20,845,627</u>	<u>18,387</u>	<u>13,023,442</u>	<u>13,131,116</u>	<u>107,674</u>
Expenditures:						
Current -						
Instruction	13,762,000	13,671,194	90,806	7,691,710	7,362,331	329,379
Support services	2,370,512	2,076,350	294,162	1,335,048	1,341,271	(6,223)
General administration	926,116	889,546	36,570	863,606	830,620	32,986
Building administration	1,686,768	1,691,829	(5,061)	945,114	861,155	83,959
Operations and maintenance	1,913,289	1,890,850	22,439	1,479,230	1,538,819	(59,589)
Student transportation	5,200	1,035	4,165	3,700	745	2,955
Extracurricular activities	163,355	155,472	7,883	705,034	688,775	16,259
Total expenditures	<u>20,827,240</u>	<u>20,376,276</u>	<u>450,964</u>	<u>13,023,442</u>	<u>12,623,716</u>	<u>399,726</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>469,351</u>	<u>469,351</u>	<u>-</u>	<u>507,400</u>	<u>507,400</u>
Other financing sources (uses):						
Transfers out	-	(220,000)	(220,000)	-	(101,000)	(101,000)
Total other financing sources (uses)	<u>-</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>	<u>(101,000)</u>	<u>(101,000)</u>
Net change in fund balances	<u>-</u>	<u>249,351</u>	<u>249,351</u>	<u>-</u>	<u>406,400</u>	<u>406,400</u>
Fund balances, beginning of year	<u>1,039,112</u>	<u>1,039,112</u>	<u>-</u>	<u>583,295</u>	<u>583,295</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,039,112</u>	<u>\$ 1,288,463</u>	<u>\$ 249,351</u>	<u>\$ 583,295</u>	<u>\$ 989,695</u>	<u>\$ 406,400</u>

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2009

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,552,268	\$ 409,945	\$ 1,511,089	\$ 6,473,302
Investments	897,665	-	-	897,665
Property taxes receivable	204,578	754,790	155,966	1,115,334
Due from other governments	1,097,713	-	-	1,097,713
Accounts receivable	74,277	-	-	74,277
Interest receivable	11,136	2,243	-	13,379
Inventory, at cost	17,833	-	-	17,833
Prepaid items	6,499	-	-	6,499
Total assets	\$ 6,861,969	\$ 1,166,978	\$ 1,667,055	\$ 9,696,002
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 41,633	\$ -	\$ -	\$ 41,633
Bank overdraft	1,568	505,294	-	506,862
Deferred revenue	204,578	754,790	155,966	1,115,334
Unearned revenue	46,513	-	-	46,513
Due to other governments	7,015	-	-	7,015
Total liabilities	301,307	1,260,084	155,966	1,717,357
Fund balances:				
Reserved:				
Encumbrances	4,317	-	-	4,317
Prepaid items	6,499	-	-	6,499
Debt service	-	(93,106)	-	(93,106)
Unreserved:				
Undesignated	6,549,846	-	-	6,549,846
Designated for capital outlay	-	-	1,511,089	1,511,089
Total fund balances	6,560,662	(93,106)	1,511,089	7,978,645
Total liabilities and fund balances	\$ 6,861,969	\$ 1,166,978	\$ 1,667,055	\$ 9,696,002

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, 2009

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
District property taxes	\$ 1,965,045	\$ 7,187,282	\$ 1,561,358	\$ 10,713,685
Tuition and fees	1,283,406	-	-	1,283,406
Interest	94,151	19,790	10,192	124,133
Other district revenue	679,429	-	-	679,429
Gallatin County	5,033,862	-	-	5,033,862
State of Montana	1,492,952	-	-	1,492,952
Federal	3,575,590	-	-	3,575,590
Total revenues	<u>14,124,435</u>	<u>7,207,072</u>	<u>1,571,550</u>	<u>22,903,057</u>
Expenditures:				
Current -				
Instruction	5,842,628	-	-	5,842,628
Support services	2,062,591	-	-	2,062,591
General administration	494,492	-	-	494,492
Building administration	771,241	-	-	771,241
Operations and maintenance	632,210	-	-	632,210
Student transportation	1,660,092	-	-	1,660,092
Food services	1,638,774	-	-	1,638,774
Extracurricular activities	63,844	-	-	63,844
Capital outlay	1,183,773	-	46,099	1,229,872
Debt service -				
Principal retirement	-	3,940,000	292,059	4,232,059
Interest and fiscal charges	-	3,496,450	500	3,496,950
Total expenditures	<u>14,349,645</u>	<u>7,436,450</u>	<u>338,658</u>	<u>22,124,753</u>
Excess (deficiency) of revenues over expenditures	<u>(225,210)</u>	<u>(229,378)</u>	<u>1,232,892</u>	<u>778,304</u>
Other financing sources (uses):				
Transfers in	346,389	500,000	-	846,389
Transfers out	(25,389)	-	-	(25,389)
Total other financing sources (uses)	<u>321,000</u>	<u>500,000</u>	<u>-</u>	<u>821,000</u>
Net change in fund balances	95,790	270,622	1,232,892	1,599,304
Fund balances, beginning of year	<u>6,464,872</u>	<u>(363,728)</u>	<u>278,197</u>	<u>6,379,341</u>
Fund balances, end of year	<u>\$ 6,560,662</u>	<u>\$ (93,106)</u>	<u>\$ 1,511,089</u>	<u>\$ 7,978,645</u>



Nonmajor Special Revenue Funds

Budgeted:

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

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

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

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

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

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

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

Non-Budgeted:

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

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Compensated Absence Liability	Elementary Technology Acquisition
<u>ASSETS</u>							
Cash and cash equivalents	\$ 260,749	\$ 189,201	\$ 265	\$ 847,133	\$ 175,565	\$ 190,962	\$ 276,105
Investments	-	-	-	581,016	-	-	-
Property taxes receivable	83,005	2,080	310	-	-	-	20,934
Due from other governments	-	-	-	61,494	786,037	-	-
Accounts receivable	26,306	-	-	-	22,624	-	-
Interest receivable	-	-	-	7,209	-	-	-
Inventory, at cost	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	6,499	-	-
Total assets	\$ 370,060	\$ 191,281	\$ 575	\$ 1,496,852	\$ 990,725	\$ 190,962	\$ 297,039
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,375	\$ -	\$ -
Bank overdraft	-	-	-	-	-	-	-
Deferred revenue	83,005	2,080	310	-	-	-	20,934
Unearned revenue	-	-	-	-	9,720	-	-
Due to other governments	-	-	-	-	7,015	-	-
Total liabilities	83,005	2,080	310	-	26,110	-	20,934
Fund balances:							
Reserved:							
Encumbrances	-	-	-	-	3,407	-	-
Prepaid items	-	-	-	-	6,499	-	-
Unreserved:							
Undesignated	287,055	189,201	265	1,496,852	954,709	190,962	276,105
Total fund balances	287,055	189,201	265	1,496,852	964,615	190,962	276,105
Total liabilities and fund balances	\$ 370,060	\$ 191,281	\$ 575	\$ 1,496,852	\$ 990,725	\$ 190,962	\$ 297,039

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Elementary Flexibility	High School Transportation	High School Bus Depreciation	High School Food	High School Tuition	High School Retirement	High School Grants
<u>ASSETS</u>							
Cash and cash equivalents	\$ 135,247	\$ 192,833	\$ 190,381	\$ 85,396	\$ -	\$ 565,130	\$ 523,141
Investments	-	-	-	-	-	316,649	-
Property taxes receivable	-	52,977	2,302	-	1,380	-	-
Due from other governments	-	-	-	2,428	-	32,903	184,371
Accounts receivable	-	16,819	-	8,528	-	-	-
Interest receivable	-	-	-	-	-	3,927	-
Inventory, at cost	-	-	-	17,833	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	\$ 135,247	\$ 262,629	\$ 192,683	\$ 114,185	\$ 1,380	\$ 918,609	\$ 707,512
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 646	\$ -	\$ -	\$ 31,472
Bank overdraft	-	-	-	-	1,568	-	-
Deferred revenue	-	52,977	2,302	-	1,380	-	-
Unearned revenue	-	-	-	36,793	-	-	-
Due to other governments	-	-	-	-	-	-	-
Total liabilities	-	52,977	2,302	37,439	2,948	-	31,472
Fund balances:							
Reserved:							
Encumbrances	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Unreserved:							
Undesignated	135,247	209,652	190,381	76,746	(1,568)	918,609	676,040
Total fund balances	135,247	209,652	190,381	76,746	(1,568)	918,609	676,040
Total liabilities and fund balances	\$ 135,247	\$ 262,629	\$ 192,683	\$ 114,185	\$ 1,380	\$ 918,609	\$ 707,512

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	High School Adult Education	High School Drivers Education	High School Compensated Absence Liability	High School Technology Acquisition	High School Flexibility	Totals
<u>ASSETS</u>						
Cash and cash equivalents	\$ 99,304	\$ 120,492	\$ 129,879	\$ 287,870	\$ 282,615	\$ 4,552,268
Investments	-	-	-	-	-	897,665
Property taxes receivable	19,332	-	-	22,258	-	204,578
Due from other governments	-	30,480	-	-	-	1,097,713
Accounts receivable	-	-	-	-	-	74,277
Interest receivable	-	-	-	-	-	11,136
Inventory, at cost	-	-	-	-	-	17,833
Prepaid items	-	-	-	-	-	6,499
Total assets	\$ 118,636	\$ 150,972	\$ 129,879	\$ 310,128	\$ 282,615	\$ 6,861,969
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ 41,633
Bank overdraft	-	-	-	-	-	1,568
Deferred revenue	19,332	-	-	22,258	-	204,578
Unearned revenue	-	-	-	-	-	46,513
Due to other governments	-	-	-	-	-	7,015
Total liabilities	19,472	-	-	22,258	-	301,307
Fund balances:						
Reserved:						
Encumbrances	-	910	-	-	-	4,317
Prepaid items	-	-	-	-	-	6,499
Unreserved:						
Undesignated	99,164	150,062	129,879	287,870	282,615	6,549,846
Total fund balances	99,164	150,972	129,879	287,870	282,615	6,560,662
Total liabilities and fund balances	\$ 118,636	\$ 150,972	\$ 129,879	\$ 310,128	\$ 282,615	\$ 6,861,969

(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, 2009

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Compensated Absence Liability	Elementary Technology Acquisition
Revenues:							
District property taxes	\$ 821,717	\$ 20,111	\$ 3,053	\$ -	\$ -	\$ -	\$ 204,370
Tuition and fees	7,858	-	-	-	-	-	-
Interest	2,002	2,595	-	23,029	14,775	94	3,902
Other district revenue	461	-	-	-	244,670	406	-
Gallatin County	203,813	-	-	2,878,866	-	-	-
State of Montana	227,278	-	-	-	572,206	-	41,855
Federal	-	-	-	-	2,614,013	-	-
Total revenues	<u>1,263,129</u>	<u>22,706</u>	<u>3,053</u>	<u>2,901,895</u>	<u>3,445,664</u>	<u>500</u>	<u>250,127</u>
Expenditures:							
Current -							
Instruction	-	-	3,080	1,754,767	2,484,219	8,890	169,119
Support services	67,241	-	-	272,454	727,108	1,941	2,125
General administration	80,824	-	-	141,242	125,399	-	3,890
Building administration	-	-	-	241,601	16,223	22,410	-
Operations and maintenance	-	-	-	148,382	199,792	27,134	-
Student transportation	997,155	-	-	4,437	450	1,490	-
Food services	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	14,593	2,646	-	-
Capital outlay	27,541	-	-	-	650,652	-	-
Total expenditures	<u>1,172,761</u>	<u>-</u>	<u>3,080</u>	<u>2,577,476</u>	<u>4,206,489</u>	<u>61,865</u>	<u>175,134</u>
Excess (deficiency) of revenues over expenditures	<u>90,368</u>	<u>22,706</u>	<u>(27)</u>	<u>324,419</u>	<u>(760,825)</u>	<u>(61,365)</u>	<u>74,993</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	25,389	220,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,389</u>	<u>220,000</u>	<u>-</u>
Net change in fund balances	<u>90,368</u>	<u>22,706</u>	<u>(27)</u>	<u>324,419</u>	<u>(735,436)</u>	<u>158,635</u>	<u>74,993</u>
Fund balances, beginning of year	<u>196,687</u>	<u>166,495</u>	<u>292</u>	<u>1,172,433</u>	<u>1,700,051</u>	<u>32,327</u>	<u>201,112</u>
Fund balances, end of year	<u>\$ 287,055</u>	<u>\$ 189,201</u>	<u>\$ 265</u>	<u>\$ 1,496,852</u>	<u>\$ 964,615</u>	<u>\$ 190,962</u>	<u>\$ 276,105</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary Flexibility	High School Transportation	High School Bus Depreciation	High School Food	High School Tuition	High School Retirement	High School Grants
Revenues:							
District property taxes	\$ -	\$ 489,557	\$ 20,881	\$ -	\$ 12,173	\$ -	\$ -
Tuition and fees	-	2,003	-	1,163,659	-	-	-
Interest	1,540	1,159	2,529	2,157	-	16,854	9,800
Other district revenue	98	-	-	12,827	-	-	416,025
Gallatin County	-	144,360	-	-	-	1,806,823	-
State of Montana	38,408	157,673	-	3,720	-	-	342,529
Federal	-	-	-	404,268	-	-	557,309
Total revenues	<u>40,046</u>	<u>794,752</u>	<u>23,410</u>	<u>1,586,631</u>	<u>12,173</u>	<u>1,823,677</u>	<u>1,325,663</u>
Expenditures:							
Current -							
Instruction	-	-	-	-	12,000	948,249	237,152
Support services	-	-	-	-	-	155,650	819,579
General administration	-	40,905	-	-	-	85,936	6,363
Building administration	-	-	-	-	-	223,199	7,351
Operations and maintenance	-	-	-	-	-	97,947	134,720
Student transportation	-	651,904	-	-	-	3,910	-
Food services	-	-	-	1,533,213	-	86,587	-
Extracurricular activities	-	-	-	-	-	46,605	-
Capital outlay	-	19,619	-	52,441	-	-	370,009
Total expenditures	<u>-</u>	<u>712,428</u>	<u>-</u>	<u>1,585,654</u>	<u>12,000</u>	<u>1,648,083</u>	<u>1,575,174</u>
Excess (deficiency) of revenues over expenditures	<u>40,046</u>	<u>82,324</u>	<u>23,410</u>	<u>977</u>	<u>173</u>	<u>175,594</u>	<u>(249,511)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(25,389)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,389)</u>
Net change in fund balances	<u>40,046</u>	<u>82,324</u>	<u>23,410</u>	<u>977</u>	<u>173</u>	<u>175,594</u>	<u>(274,900)</u>
Fund balances, beginning of year	<u>95,201</u>	<u>127,328</u>	<u>166,971</u>	<u>75,769</u>	<u>(1,741)</u>	<u>743,015</u>	<u>950,940</u>
Fund balances, end of year	<u>\$ 135,247</u>	<u>\$ 209,652</u>	<u>\$ 190,381</u>	<u>\$ 76,746</u>	<u>\$ (1,568)</u>	<u>\$ 918,609</u>	<u>\$ 676,040</u>

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	High School Adult Education	High School Drivers Education	High School Compensated Absence Liability	High School Technology Acquisition	High School Flexibility	Totals
Revenues:						
District property taxes	\$ 189,284	\$ -	\$ -	\$ 203,899	\$ -	\$ 1,965,045
Tuition and fees	19,008	90,878	-	-	-	1,283,406
Interest	1,897	1,679	1,775	3,845	4,519	94,151
Other district revenue	4,246	300	396	-	-	679,429
Gallatin County	-	-	-	-	-	5,033,862
State of Montana	-	36,272	-	26,231	46,780	1,492,952
Federal	-	-	-	-	-	3,575,590
Total revenues	<u>214,435</u>	<u>129,129</u>	<u>2,171</u>	<u>233,975</u>	<u>51,299</u>	<u>14,124,435</u>
Expenditures:						
Current -						
Instruction	17,202	81,142	1,399	125,409	-	5,842,628
Support services	14,835	-	595	1,063	-	2,062,591
General administration	-	-	-	9,933	-	494,492
Building administration	179,182	21,245	60,030	-	-	771,241
Operations and maintenance	-	-	24,235	-	-	632,210
Student transportation	-	-	746	-	-	1,660,092
Food services	-	-	18,974	-	-	1,638,774
Extracurricular activities	-	-	-	-	-	63,844
Capital outlay	-	-	-	63,511	-	1,183,773
Total expenditures	<u>211,219</u>	<u>102,387</u>	<u>105,979</u>	<u>199,916</u>	<u>-</u>	<u>14,349,645</u>
Excess (deficiency) of revenues over expenditures	<u>3,216</u>	<u>26,742</u>	<u>(103,808)</u>	<u>34,059</u>	<u>51,299</u>	<u>(225,210)</u>
Other financing sources (uses):						
Transfers in	-	-	101,000	-	-	346,389
Transfers out	-	-	-	-	-	(25,389)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>101,000</u>	<u>-</u>	<u>-</u>	<u>321,000</u>
Net change in fund balances	3,216	26,742	(2,808)	34,059	51,299	95,790
Fund balances, beginning of year	<u>95,948</u>	<u>124,230</u>	<u>132,687</u>	<u>253,811</u>	<u>231,316</u>	<u>6,464,872</u>
Fund balances, end of year	<u>\$ 99,164</u>	<u>\$ 150,972</u>	<u>\$ 129,879</u>	<u>\$ 287,870</u>	<u>\$ 282,615</u>	<u>\$ 6,560,662</u>

(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, 2009

	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	\$ 831,908	\$ 821,717	\$ (10,191)	\$ 20,350	\$ 20,111	\$ (239)
Tuition and fees	10,000	7,858	(2,142)	-	-	-
Interest	3,500	2,002	(1,498)	4,000	2,595	(1,405)
Other district revenue	-	461	461	-	-	-
Gallatin County	223,880	203,813	(20,067)	-	-	-
State of Montana	247,344	227,278	(20,066)	-	-	-
Total revenues	<u>1,316,632</u>	<u>1,263,129</u>	<u>(53,503)</u>	<u>24,350</u>	<u>22,706</u>	<u>(1,644)</u>
Expenditures:						
Current -						
Support services	59,315	67,241	(7,926)	-	-	-
General administration	81,796	80,824	972	-	-	-
Student transportation	1,175,521	1,003,528	171,993	-	-	-
Capital outlay	-	21,168	(21,168)	190,845	-	190,845
Total expenditures	<u>1,316,632</u>	<u>1,172,761</u>	<u>143,871</u>	<u>190,845</u>	<u>-</u>	<u>190,845</u>
Net change in fund balances	-	90,368	90,368	(166,495)	22,706	189,201
Fund balances, beginning of year	<u>196,687</u>	<u>196,687</u>	<u>-</u>	<u>166,495</u>	<u>166,495</u>	<u>-</u>
Fund balances, end of year	<u>\$ 196,687</u>	<u>\$ 287,055</u>	<u>\$ 90,368</u>	<u>\$ -</u>	<u>\$ 189,201</u>	<u>\$ 189,201</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, 2009

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 2,899	\$ 3,053	\$ 154	\$ -	\$ -	\$ -
Interest	-	-	-	25,000	23,029	(1,971)
Gallatin County	-	-	-	2,878,866	2,878,866	-
Total revenues	<u>2,899</u>	<u>3,053</u>	<u>154</u>	<u>2,903,866</u>	<u>2,901,895</u>	<u>(1,971)</u>
Expenditures:						
Current -						
Instruction	3,191	3,080	111	2,086,715	1,754,767	331,948
Support services	-	-	-	388,107	272,454	115,653
General administration	-	-	-	127,678	141,242	(13,564)
Building administration	-	-	-	232,069	241,601	(9,532)
Operations and maintenance	-	-	-	164,451	148,382	16,069
Student transportation	-	-	-	3,585	4,437	(852)
Extracurricular activities	-	-	-	17,261	14,593	2,668
Total expenditures	<u>3,191</u>	<u>3,080</u>	<u>111</u>	<u>3,019,866</u>	<u>2,577,476</u>	<u>442,390</u>
Net change in fund balances	(292)	(27)	265	(116,000)	324,419	440,419
Fund balances, beginning of year	<u>292</u>	<u>292</u>	<u>-</u>	<u>1,172,433</u>	<u>1,172,433</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 265</u>	<u>\$ 265</u>	<u>\$ 1,056,433</u>	<u>\$ 1,496,852</u>	<u>\$ 440,419</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
ELEMENTARY TECHNOLOGY ACQUISITION AND FLEXIBILITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary Technology Acquisition			Elementary Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 200,000	\$ 204,370	\$ 4,370	\$ -	\$ -	\$ -
Interest	-	3,902	3,902	-	1,540	1,540
Other district revenue	-	-	-	-	98	98
State of Montana	41,854	41,855	1	38,407	38,408	1
Total revenues	<u>241,854</u>	<u>250,127</u>	<u>8,273</u>	<u>38,407</u>	<u>40,046</u>	<u>1,639</u>
Expenditures:						
Current -						
Instruction	442,966	169,119	273,847	133,608	-	133,608
Support services	-	2,125	(2,125)	-	-	-
General administration	-	3,890	(3,890)	-	-	-
Total expenditures	<u>442,966</u>	<u>175,134</u>	<u>267,832</u>	<u>133,608</u>	<u>-</u>	<u>133,608</u>
Net change in fund balances	(201,112)	74,993	276,105	(95,201)	40,046	135,247
Fund balances, beginning of year	<u>201,112</u>	<u>201,112</u>	<u>-</u>	<u>95,201</u>	<u>95,201</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 276,105</u>	<u>\$ 276,105</u>	<u>\$ -</u>	<u>\$ 135,247</u>	<u>\$ 135,247</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, 2009

	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	\$ 495,897	\$ 489,557	\$ (6,340)	\$ 20,350	\$ 20,881	\$ 531
Tuition and fees	1,200	2,003	803	-	-	-
Interest	1,500	1,159	(341)	4,000	2,529	(1,471)
Gallatin County	144,360	144,360	-	-	-	-
State of Montana	157,673	157,673	-	-	-	-
Total revenues	<u>800,630</u>	<u>794,752</u>	<u>(5,878)</u>	<u>24,350</u>	<u>23,410</u>	<u>(940)</u>
Expenditures:						
Current -						
General administration	40,288	40,905	(617)	-	-	-
Student transportation	760,342	658,276	102,066	-	-	-
Capital outlay	-	13,247	(13,247)	191,320	-	191,320
Total expenditures	<u>800,630</u>	<u>712,428</u>	<u>88,202</u>	<u>191,320</u>	<u>-</u>	<u>191,320</u>
Net change in fund balances	-	82,324	82,324	(166,970)	23,410	190,380
Fund balances, beginning of year	<u>127,328</u>	<u>127,328</u>	<u>-</u>	<u>166,971</u>	<u>166,971</u>	<u>-</u>
Fund balances, end of year	<u>\$ 127,328</u>	<u>\$ 209,652</u>	<u>\$ 82,324</u>	<u>\$ 1</u>	<u>\$ 190,381</u>	<u>\$ 190,380</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, 2009

	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	\$ 12,000	\$ 12,173	\$ 173	\$ -	\$ -	\$ -
Interest	-	-	-	8,000	16,854	8,854
Gallatin County	-	-	-	1,806,823	1,806,823	-
State of Montana	-	-	-	-	-	-
Total revenues	<u>12,000</u>	<u>12,173</u>	<u>173</u>	<u>1,814,823</u>	<u>1,823,677</u>	<u>8,854</u>
Expenditures:						
Current -						
Instruction	12,000	12,000	-	1,176,027	948,249	227,778
Support services	-	-	-	256,792	155,650	101,142
General administration	-	-	-	88,433	85,936	2,497
Building administration	-	-	-	156,870	223,199	(66,329)
Operations and maintenance	-	-	-	93,775	97,947	(4,172)
Student transportation	-	-	-	2,237	3,910	(1,673)
Food services	-	-	-	77,355	86,587	(9,232)
Extracurricular activities	-	-	-	43,334	46,605	(3,271)
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>1,894,823</u>	<u>1,648,083</u>	<u>246,740</u>
Net change in fund balances	-	173	173	(80,000)	175,594	255,594
Fund balances, beginning of year	<u>(1,741)</u>	<u>(1,741)</u>	<u>-</u>	<u>743,015</u>	<u>743,015</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1,741)</u>	<u>\$ (1,568)</u>	<u>\$ 173</u>	<u>\$ 663,015</u>	<u>\$ 918,609</u>	<u>\$ 255,594</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, 2009

	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	\$ 182,450	\$ 189,284	\$ 6,834	\$ 200,000	\$ 203,899	\$ 3,899
Tuition and fees	53,000	19,008	(33,992)	-	-	-
Interest	3,000	1,897	(1,103)	-	3,845	3,845
Other district revenue	-	4,246	4,246	-	-	-
State of Montana	-	-	-	26,230	26,231	1
Total revenues	<u>238,450</u>	<u>214,435</u>	<u>(24,015)</u>	<u>226,230</u>	<u>233,975</u>	<u>7,745</u>
Expenditures:						
Current -						
Instruction	43,100	17,202	25,898	480,041	188,920	291,121
Support services	18,300	14,835	3,465	-	1,063	(1,063)
General administration	-	-	-	-	9,933	(9,933)
Building administration	186,050	178,593	7,457	-	-	-
Total expenditures	<u>247,450</u>	<u>210,630</u>	<u>36,820</u>	<u>480,041</u>	<u>199,916</u>	<u>280,125</u>
Net change in fund balances	(9,000)	3,805	12,805	(253,811)	34,059	287,870
Fund balances, beginning of year	<u>95,359</u>	<u>95,359</u>	<u>-</u>	<u>253,811</u>	<u>253,811</u>	<u>-</u>
Fund balances, end of year	<u>\$ 86,359</u>	<u>\$ 99,164</u>	<u>\$ 12,805</u>	<u>\$ -</u>	<u>\$ 287,870</u>	<u>\$ 287,870</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, 2009

	High School Flexibility		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Interest	\$ -	\$ 4,519	\$ 4,519
State of Montana	46,780	46,780	-
Total revenues	<u>46,780</u>	<u>51,299</u>	<u>4,519</u>
Expenditures:			
Current -			
Instruction	278,096	-	278,096
Total expenditures	<u>278,096</u>	<u>-</u>	<u>278,096</u>
Net change in fund balances	(231,316)	51,299	282,615
Fund balances, beginning of year	<u>231,316</u>	<u>231,316</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 282,615</u>	<u>\$ 282,615</u>

Nonmajor Debt Service Funds

Budgeted:

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2009

	Elementary Debt Service	High School Debt Service	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 409,945	\$ -	\$ 409,945
Property taxes receivable	440,134	314,656	754,790
Interest receivable	2,243	-	2,243
Total assets	\$ 852,322	\$ 314,656	\$ 1,166,978
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Bank overdraft	\$ -	\$ 505,294	\$ 505,294
Deferred revenue	440,134	314,656	754,790
Total liabilities	440,134	819,950	1,260,084
Fund balances:			
Reserved:			
Debt service	412,188	(505,294)	(93,106)
Total fund balances	412,188	(505,294)	(93,106)
Total liabilities and fund balances	\$ 852,322	\$ 314,656	\$ 1,166,978

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary Debt Service	High School Debt Service	Totals
Revenues:			
District property taxes	\$ 4,338,178	\$ 2,849,104	\$ 7,187,282
Interest	15,509	4,281	19,790
Total revenues	<u>4,353,687</u>	<u>2,853,385</u>	<u>7,207,072</u>
Expenditures:			
Debt service -			
Principal retirement	2,425,000	1,515,000	3,940,000
Interest and fiscal charges	1,835,835	1,660,615	3,496,450
Total expenditures	<u>4,260,835</u>	<u>3,175,615</u>	<u>7,436,450</u>
Excess (deficiency) of revenues over expenditures	<u>92,852</u>	<u>(322,230)</u>	<u>(229,378)</u>
Other financing sources (uses):			
Transfers in	500,000	-	500,000
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Net changes in fund balance	592,852	(322,230)	270,622
Fund balances, beginning of year	<u>(180,664)</u>	<u>(183,064)</u>	<u>(363,728)</u>
Fund balances, end of year	<u><u>\$ 412,188</u></u>	<u><u>\$ (505,294)</u></u>	<u><u>\$ (93,106)</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary Debt Service			High School Debt Service		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 4,441,613	\$ 4,338,178	\$ (103,435)	\$ 3,361,127	\$ 2,849,104	\$ (512,023)
Interest	5,000	15,509	10,509	2,000	4,281	2,281
Total revenues	<u>4,446,613</u>	<u>4,353,687</u>	<u>(92,926)</u>	<u>3,363,127</u>	<u>2,853,385</u>	<u>(509,742)</u>
Expenditures:						
Debt service -						
Principal retirement	2,425,000	2,425,000	-	1,515,000	1,515,000	-
Interest and fiscal charges	1,840,949	1,835,835	5,114	1,665,064	1,660,615	4,449
Total expenditures	<u>4,265,949</u>	<u>4,260,835</u>	<u>5,114</u>	<u>3,180,064</u>	<u>3,175,615</u>	<u>4,449</u>
Excess (deficiency) of revenues over expenditures	<u>180,664</u>	<u>92,852</u>	<u>(87,812)</u>	<u>183,063</u>	<u>(322,230)</u>	<u>(505,293)</u>
Other financing sources (uses):						
Transfers in	-	500,000	500,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	180,664	592,852	412,188	183,063	(322,230)	(505,293)
Fund balances, beginning of year	<u>(180,664)</u>	<u>(180,664)</u>	<u>-</u>	<u>(183,064)</u>	<u>(183,064)</u>	<u>-</u>
Fund balances, end of year	<u>-</u>	<u>\$ 412,188</u>	<u>\$ 412,188</u>	<u>(1)</u>	<u>\$ (505,294)</u>	<u>\$ (505,293)</u>

Nonmajor Capital Projects Funds

Budgeted:

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

**BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2009**

	Elementary Building Reserve	High School Building Reserve	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,164,566	\$ 346,523	\$ 1,511,089
Property taxes receivable	135,841	20,125	155,966
Total assets	\$ 1,300,407	\$ 366,648	\$ 1,667,055
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Deferred revenue	\$ 135,841	\$ 20,125	\$ 155,966
Total liabilities	135,841	20,125	155,966
Fund balances:			
Unreserved:			
Designated for capital outlay	1,164,566	346,523	1,511,089
Total fund balances	1,164,566	346,523	1,511,089
Total liabilities and fund balances	\$ 1,300,407	\$ 366,648	\$ 1,667,055

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, 2009

	Elementary Building Reserve	High School Building Reserve	Totals
Revenues:			
District property taxes	\$ 1,377,461	\$ 183,897	\$ 1,561,358
Interest	7,294	2,898	10,192
Total revenues	<u>1,384,755</u>	<u>186,795</u>	<u>1,571,550</u>
Expenditures:			
Capital outlay	23,050	23,049	46,099
Debt service -			
Principal retirement	292,059	-	292,059
Interest and fiscal charges	500	-	500
Total expenditures	<u>315,609</u>	<u>23,049</u>	<u>338,658</u>
Net change in fund balances	1,069,146	163,746	1,232,892
Fund balances, beginning of year	<u>95,420</u>	<u>182,777</u>	<u>278,197</u>
Fund balances, end of year	<u><u>\$ 1,164,566</u></u>	<u><u>\$ 346,523</u></u>	<u><u>\$ 1,511,089</u></u>

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS
ELEMENTARY AND HIGH SCHOOL BUILDING RESERVE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Elementary Building Reserve			High School Building Reserve		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	\$ 1,460,000	\$ 1,377,461	\$ (82,539)	\$ 180,000	\$ 183,897	\$ 3,897
Interest	4,500	7,294	2,794	-	2,898	2,898
State of Montana	-	-	-	-	-	-
Total revenues	<u>1,464,500</u>	<u>1,384,755</u>	<u>(79,745)</u>	<u>180,000</u>	<u>186,795</u>	<u>6,795</u>
Expenditures:						
Current -						
Operations and maintenance	1,206,997	23,050	1,183,947	362,776	23,049	339,727
Debt service -						
Principal retirement	352,923	292,059	60,864	-	-	-
Interest and fiscal charges	-	500	(500)	-	-	-
Total expenditures	<u>1,559,920</u>	<u>315,609</u>	<u>1,244,311</u>	<u>362,776</u>	<u>23,049</u>	<u>339,727</u>
Net change in fund balances	(95,420)	1,069,146	1,164,566	(182,776)	163,746	346,522
Fund balances, beginning of year	<u>95,420</u>	<u>95,420</u>	<u>-</u>	<u>182,777</u>	<u>182,777</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,164,566</u>	<u>\$ 1,164,566</u>	<u>\$ 1</u>	<u>\$ 346,523</u>	<u>\$ 346,522</u>

PROPRIETARY FUNDS

Internal Service Funds:

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET ASSETS - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2009

	<u>Purchasing</u>	<u>Self-Insurance</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 43,104	\$ 1,355,816	\$ 1,398,920
Investments	-	325,517	325,517
Accounts receivable	6,262	-	6,262
Interest receivable	-	4,038	4,038
Inventory, at cost	145,786	-	145,786
Total current assets	<u>195,152</u>	<u>1,685,371</u>	<u>1,880,523</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	385,641	-	385,641
Less accumulated depreciation	<u>(252,799)</u>	<u>-</u>	<u>(252,799)</u>
Net capital assets	<u>132,842</u>	<u>-</u>	<u>132,842</u>
Total assets	<u>\$ 327,994</u>	<u>\$ 1,685,371</u>	<u>\$ 2,013,365</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ -	\$ 660,880	\$ 660,880
Unearned revenue	<u>-</u>	<u>604,399</u>	<u>604,399</u>
Total current liabilities	<u>-</u>	<u>1,265,279</u>	<u>1,265,279</u>
Noncurrent liabilities:			
Other postemployment benefits	<u>-</u>	<u>46,211</u>	<u>46,211</u>
Total noncurrent liabilities	<u>-</u>	<u>46,211</u>	<u>46,211</u>
Total liabilities	<u>-</u>	<u>1,311,490</u>	<u>1,311,490</u>
<u>NET ASSETS</u>			
Invested in capital assets	132,842	-	132,842
Unrestricted	<u>195,152</u>	<u>373,881</u>	<u>569,033</u>
Total net assets	<u>\$ 327,994</u>	<u>\$ 373,881</u>	<u>\$ 701,875</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Purchasing	Self-Insurance	Totals
Operating revenues:			
Charges for services	\$ 673,672	\$ 5,017,213	\$ 5,690,885
Charges for Wellness services	-	89,484	89,484
Total operating revenues	<u>673,672</u>	<u>5,106,697</u>	<u>5,780,369</u>
Operating expenses:			
Administrative expenses	-	237,873	237,873
Communications	37,176	2,088	39,264
Contracted bus services	114,173	-	114,173
Depreciation	33,936	-	33,936
Excess risk insurance	-	397,368	397,368
Health, dental and vision claims	-	3,927,300	3,927,300
Materials and supplies	341,746	-	341,746
Other expenses	255	-	255
Other postemployment benefits	-	46,211	46,211
Repairs and maintenance	31,310	-	31,310
Salaries and benefits	173,292	41,158	214,450
Wellness	-	199,794	199,794
Total operating expenses	<u>731,888</u>	<u>4,851,792</u>	<u>5,583,680</u>
Operating income (loss)	<u>(58,216)</u>	<u>254,905</u>	<u>196,689</u>
Nonoperating revenues (expenses):			
Interest	957	13,762	14,719
Total nonoperating revenues (expenses)	<u>957</u>	<u>13,762</u>	<u>14,719</u>
Net income (loss) before contributions	<u>(57,259)</u>	<u>268,667</u>	<u>211,408</u>
Capital contributions - equipment	60,223	-	60,223
Change in net assets	<u>2,964</u>	<u>268,667</u>	<u>271,631</u>
Total net assets, beginning of year	<u>325,030</u>	<u>105,214</u>	<u>430,244</u>
Total net assets, end of year	<u>\$ 327,994</u>	<u>\$ 373,881</u>	<u>\$ 701,875</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Purchasing	Self-Insurance	Totals
Cash flows from operating activities:			
Receipts from users	\$ 673,418	\$ 5,179,642	\$ 5,853,060
Payments for insurance claims	-	(3,910,539)	(3,910,539)
Payments to employees	(173,292)	(41,158)	(214,450)
Payments to suppliers	(500,136)	(837,122)	(1,337,258)
Net cash provided(used) by operating activities	(10)	390,823	390,813
Cash flows from investing activities:			
Purchase of investments	-	(12,956)	(12,956)
Interest received	957	15,218	16,175
Net cash provided(used) by investing activities	957	2,262	3,219
Net increase(decrease) in cash and cash equivalents	947	393,085	394,032
Cash and cash equivalents - 7/01/08	42,157	962,731	1,004,888
Cash and cash equivalents - 6/30/09	\$ 43,104	\$ 1,355,816	\$ 1,398,920
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:			
Operating income(loss)	\$ (58,216)	\$ 254,905	\$ 196,689
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:			
Depreciation	33,936	-	33,936
(Increase) decrease in accounts receivable	(254)	79,353	79,099
(Increase) decrease in inventories	24,538	-	24,538
Increase (decrease) in accounts payable	(14)	(62,592)	(62,606)
Increase (decrease) in other postemployment benefits	-	46,211	46,211
Increase (decrease) in unearned insurance premiums	-	72,946	72,946
Total adjustments	58,206	135,918	194,124
Net cash provided(used) by operating activities	\$ (10)	\$ 390,823	\$ 390,813
Noncash investing, capital, and financing activities:			
Contributions of capital assets from government	\$ 60,223	\$ -	\$ 60,223

Fiduciary Funds

Private-Purpose Trust Funds:

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

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

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

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

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
ALL PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2009

	Medicaid Billing Consortium	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	Totals
<u>ASSETS</u>								
Cash and cash equivalents	\$ 76,532	\$ 8,445	\$ 108,421	\$ 43,125	\$ 158,317	\$ 71,281	\$ 466,758	\$ 932,879
Due from other governments	19,303	-	-	-	-	1,500	-	20,803
Prepaid items	-	-	500	-	-	-	-	500
Land improvements	-	-	-	-	18,870	-	-	18,870
Machinery and equipment	-	-	-	-	5,000	-	-	5,000
Less accumulated depreciation	-	-	-	-	(4,400)	-	-	(4,400)
Total assets	<u>95,835</u>	<u>8,445</u>	<u>108,921</u>	<u>43,125</u>	<u>177,787</u>	<u>72,781</u>	<u>466,758</u>	<u>973,652</u>
<u>LIABILITIES</u>								
Accounts payable	-	-	6,080	-	2,053	-	-	8,133
Total liabilities	<u>-</u>	<u>-</u>	<u>6,080</u>	<u>-</u>	<u>2,053</u>	<u>-</u>	<u>-</u>	<u>8,133</u>
<u>NET ASSETS</u>								
Held in trust	<u>\$ 95,835</u>	<u>\$ 8,445</u>	<u>\$ 102,841</u>	<u>\$ 43,125</u>	<u>\$ 175,734</u>	<u>\$ 72,781</u>	<u>\$ 466,758</u>	<u>\$ 965,519</u>

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS-
ALL PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Medicaid Billing Consortium	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	Totals
Additions:								
Auctions	\$ -	\$ -	\$ 21,694	\$ -	\$ -	\$ -	\$ -	\$ 21,694
Contributions	-	-	-	-	11,641	9,407	-	21,048
Extracurricular receipts and fees	-	-	102,351	177,154	1,041,635	-	-	1,321,140
Medicaid direct billing receipts	629,430	-	-	-	-	-	-	629,430
Total noninvestment trust additions	629,430	-	124,045	177,154	1,053,276	9,407	-	1,993,312
Investment earnings:								
Interest	3,419	111	617	51	267	1,172	10,211	15,848
Total additions	632,849	111	124,662	177,205	1,053,543	10,579	10,211	2,009,160
Deductions:								
Administrative expenses	80,657	-	-	-	-	-	-	80,657
Depreciation	-	-	-	-	1,186	-	-	1,186
Extracurricular activities	-	-	113,031	183,705	1,117,855	-	-	1,414,591
Payments to consortium members	553,220	-	-	-	-	-	-	553,220
Professional services	-	-	-	-	-	2,219	-	2,219
Scholarships	-	-	-	-	-	38,774	-	38,774
Total deductions	633,877	-	113,031	183,705	1,119,041	40,993	-	2,090,647
Changes in net assets	(1,028)	111	11,631	(6,500)	(65,498)	(30,414)	10,211	(81,487)
Net assets, beginning of year	96,863	8,334	91,210	49,625	241,232	103,195	456,547	1,047,006
Net assets, end of year	\$ 95,835	\$ 8,445	\$ 102,841	\$ 43,125	\$ 175,734	\$ 72,781	\$ 466,758	\$ 965,519



CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE¹
JUNE 30, 2009

	<u>2009</u>	<u>2008</u>
<u>Governmental funds capital assets:</u>		
Land and improvements	\$ 11,654,314	\$ 9,982,240
Buildings and improvements	57,099,744	38,425,793
Machinery and equipment	3,839,513	3,538,378
Construction in progress	<u>33,199,471</u>	<u>24,738,501</u>
 Total governmental funds capital assets	 <u>\$ 105,793,042</u>	 <u>\$ 76,684,912</u>
 <u>Investments in governmental funds assets by source:</u>		
General fund	\$ 14,864,950	\$ 15,687,739
Special revenue funds	4,780,678	2,154,212
Capital projects funds	85,704,581	58,596,654
Donations	<u>442,833</u>	<u>246,307</u>
 Total governmental funds capital assets	 <u><u>\$ 105,793,042</u></u>	 <u><u>\$ 76,684,912</u></u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
AS OF JUNE 30, 2009

<u>Function and Activity</u>	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Instruction	\$ -	\$ -	\$ 1,663,585	\$ -	\$ 1,663,585
Support services	-	-	103,307	-	103,307
General administration	-	-	396,095	-	396,095
Operations and maintenance	-	-	792,771	-	792,771
Student transportation	-	-	12,745	-	12,745
Extracurricular activities	-	-	117,811	-	117,811
Food service	-	-	753,199	-	753,199
Facilities – capital outlay	<u>11,654,314</u>	<u>57,099,744</u>	<u>-</u>	<u>33,199,471</u>	<u>101,953,529</u>
Total governmental funds capital assets	<u>\$ 11,654,314</u>	<u>\$ 57,099,744</u>	<u>\$ 3,839,513</u>	<u>\$ 33,199,471</u>	<u>\$ 105,793,042</u>

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

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGE BY FUNCTION AND ACTIVITY¹
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Function and Activity	Governmental Funds Capital Assets July 1, 2008	Additions	Deletions	Governmental Funds Capital Assets June 30, 2009
Instruction	\$ 1,387,472	\$ 287,003	\$ (10,890)	\$ 1,663,585
Support services	103,307	-	-	103,307
General administration	396,095	-	-	396,095
Operations and maintenance	763,687	29,084	-	792,771
Student transportation	-	12,745	-	12,745
Extracurricular activities	117,811	-	-	117,811
Food service	770,006	58,437	(75,244)	753,199
Facilities – capital outlay	<u>73,146,534</u>	<u>48,930,735</u>	<u>(20,123,740)</u>	<u>101,953,529</u>
Total governmental funds capital assets	<u>\$ 76,684,912</u>	<u>\$ 49,318,004</u>	<u>\$ (20,209,874)</u>	<u>\$ 105,793,042</u>

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

Supplemental Information Mandated by Montana Office of Public Instruction

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

BOZEMAN SCHOOL DISTRICT NO. 7
ELEMENTARY STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2009

Activity	Net Assets at 7/01/08	Additions	Deductions	Net Assets at 6/30/09
Longfellow Fundraiser	\$ 2,232.22	1,095.00	2,177.57	\$ 1,149.65
Longfellow Library	3,851.90	2,952.15	2,414.11	4,389.94
Longfellow Arts	26,750.97	21,694.47	21,248.07	27,197.37
Irving School Theatre Arts	437.25	-	503.78	(66.53)
Irving School Store	27.10	-	-	27.10
Irving Photography Club	150.00	2,757.09	1,772.39	1,134.70
Irving Fly Fishing Club	1,825.35	-	1,306.33	519.02
Irving 5th Grade Fundraiser	789.47	2,998.87	3,787.94	0.40
Irving Library Fundraiser	14.21	5,018.78	4,964.94	68.05
Irving Climbing Club	138.10	-	-	138.10
Irving Scholarships	4,526.11	300.00	1,964.92	2,861.19
Whittier Field Trips	872.27	688.00	1,520.00	40.27
Morning Star School Store	344.51	-	-	344.51
Emily Library Fundraiser	2,655.51	5,544.05	5,290.25	2,909.31
Music	16,095.08	10,072.94	10,139.32	16,028.70
Enrichment	6,873.63	817.00	817.00	6,873.63
School Sponsored Extracurricular	647.00	(76.57)	-	570.43
Elementary Athletic Participation	3,458.02	9,787.50	9,644.13	3,601.39
CJMS and SMS Athletics	19,521.56	61,012.79	45,480.90	35,053.45
Total	<u>\$ 91,210.26</u>	<u>124,662.07</u>	<u>113,031.65</u>	<u>\$ 102,840.68</u>

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2009

Activity	Net Assets at 7/01/08	Additions	Deductions	Net Assets at 6/30/09
Book Fines	\$ 69.99	10.00	79.99	\$ -
Computer Club	850.39	-	817.39	33.00
Pennies for Past	860.00	7,614.57	7,614.57	860.00
Art Club	135.37	-	-	135.37
Foreign Language Club	537.93	9,945.33	7,500.34	2,982.92
Foreign Language Scholarships	261.96	-	-	261.96
Yearbook	2,347.84	3,513.00	3,858.18	2,002.66
Drama Club	51.38	1,960.00	1,925.98	85.40
Madrigal Musical	485.62	1,795.20	1,550.64	730.18
Newspaper Fund	230.00	-	230.00	-
CJ Rocks	52.90	-	29.19	23.71
Breakfast Club	164.03	211.65	260.05	115.63
Horizons	-	171.68	-	171.68
MBI	223.58	309.00	246.88	285.70
Library	1,349.60	3,541.90	3,076.85	1,814.65
Outdoor School	-	58.94	58.94	-
Peer Helpers	-	423.58	183.55	240.03
Student Aid	6,213.52	3,500.00	3,558.56	6,154.96
Student Council - 6th Grade	1,687.95	2,912.48	2,694.78	1,905.65
Student Council - 7th Grade	2,247.51	2,464.71	2,616.96	2,095.26
Student Council - 8th Grade	1,713.25	1,456.71	1,913.92	1,256.04
Student Projects	-	2,345.35	2,345.35	-
Team 6A	-	9,179.88	9,179.88	-
Team 6B	-	10,696.04	10,696.04	-
Team 7A	-	11,112.33	11,112.33	-
Team 7B	-	5,340.20	5,340.20	-
Team 8A	-	6,629.05	6,629.05	-
Team 8B	-	1,542.74	1,542.74	-
Agendas	-	149.58	149.58	-
Science Club - Chiariello	671.54	283.37	116.02	838.89
Science Club - Bradshaw	1,575.91	-	1,328.58	247.33
Science Club - Boujoukos	707.21	-	634.16	73.05
Science Club - Albers	-	954.31	-	954.31
Science Club - Pierce	-	307.88	-	307.88
Tech. Ed Club	988.74	60.00	440.93	607.81
Bird/Science	1,114.21	5,104.00	4,147.19	2,071.02
Total	<u>\$ 24,540.43</u>	<u>93,593.48</u>	<u>91,878.82</u>	<u>\$ 26,255.09</u>

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2009

Activity	Net Assets at 7/01/08	Additions	Deductions	Net Assets at 6/30/09
Music	\$ 583.00	569.00	544.50	\$ 607.50
Drama Club	621.05	-	98.44	522.61
Computer Club	14.00	66.75	-	80.75
Photo Lab Club	529.60	-	60.28	469.32
Foreign Language	2.76	3,477.50	3,480.26	-
Peer Mediation	930.47	476.50	814.67	592.30
Art Club	808.91	400.00	463.66	745.25
Library	11,367.87	372.00	11,739.87	-
Student Aid	-	3,500.00	622.67	2,877.33
Yearbook	804.03	7,539.72	8,056.73	287.02
Student Council	2,572.81	6,199.91	5,811.57	2,961.15
6A Team	1,603.07	7,636.74	7,784.81	1,455.00
6B Team	1,975.01	10,810.17	11,503.66	1,281.52
7A Team	1,115.43	8,488.68	9,110.34	493.77
7B Team	-	6,012.75	4,510.83	1,501.92
8A Team	1,047.96	8,059.08	7,450.96	1,656.08
8B Team	-	19,951.50	19,764.15	187.35
Science Club	1,052.33	-	-	1,052.33
Team Nutrition	50.00	-	-	50.00
Interest Account	6.00	50.92	8.48	48.44
Total	\$ 25,084.30	83,611.22	91,825.88	\$ 16,869.64

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2009

Activity	Net Assets at 7/01/08	Additions	Deductions	Net Assets at 6/30/09
Athletics	\$ 21,212.12	163,097.45	171,268.49	\$ 13,041.08
Backboard BB-Ball	10,111.35	31,022.30	38,781.38	2,352.27
Cheerleading	8,043.88	3,202.13	7,952.81	3,293.20
Concessions	2,957.10	12,290.47	14,190.68	1,056.89
Fastpitch	4,762.12	6,997.97	9,965.92	1,794.17
Football Club	10,103.28	50,059.80	50,099.45	10,063.63
Golf Club	1,537.47	4,494.00	3,186.86	2,844.61
Hawk Stat Crew	2,257.54	1,260.00	1,607.05	1,910.49
Lady Hawk B-Ball	270.00	26,455.29	19,618.13	7,107.16
Soccer - Boys	-	1,299.90	1,210.00	89.90
Soccer - Girls	-	4,295.20	2,618.30	1,676.90
Speech Club	197.63	15,807.84	15,716.77	288.70
Spikers VB	2,654.07	5,925.00	6,888.15	1,690.92
Swimming	747.63	2,366.08	2,836.52	277.19
Tennis	4,648.60	12,200.72	12,527.46	4,321.86
Track Club	4,799.38	23,934.98	22,311.78	6,422.58
Wendy's Activity Fund	2,273.82	5,042.00	5,822.00	1,493.82
Wrestling Club	1,463.08	23,983.67	23,649.74	1,797.01
X-Country Club	1,003.47	9,821.17	9,355.54	1,469.10
Business Professionals	1,406.00	8,552.87	8,269.88	1,688.99
Cad Club	-	55.00	38.78	16.22
Construction Club	-	7,546.70	7,103.51	443.19
Deca	13,513.07	65,392.35	60,798.74	18,106.68
Metals - Labor	1,166.97	263.10	100.00	1,330.07
Metals - Materials	631.45	988.03	1,315.35	304.13
Photo Club	-	289.42	289.42	-
Shop Fund	-	168.50	168.50	-
Skills USA	412.40	6,709.00	4,508.34	2,613.06
Art Club	3,563.85	12,792.00	15,506.67	849.18
Drama Club	18,078.90	7,108.11	13,904.10	11,282.91
Ecuador/Montana	79.95	-	-	79.95
French Club	444.28	613.55	483.85	573.98
Total	\$ 118,339.41	514,034.60	532,094.17	\$ 100,279.84

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2009

Activity	Net Assets at 7/01/08	Additions	Deductions	Net Assets at 6/30/09
German Club	\$ 9,279.10	6,393.43	12,300.10	\$ 3,372.43
Galapagos Club	32.20	-	32.20	-
International Club	438.03	1,082.00	1,520.03	-
Latin Club	-	180.00	180.00	-
MUN Club	481.14	-	481.14	-
Odessey of the Mind	3,839.08	-	956.50	2,882.58
Project Excel	2,228.99	352.00	1,072.75	1,508.24
Rocketry Club	175.81	-	175.81	-
Science Olympiad	816.21	1,107.01	1,180.00	743.22
Ski P.E.	-	4,108.00	4,108.00	-
Spanish Club	529.08	125.78	183.44	471.42
Youth Leg. Club	492.12	5,473.24	5,495.07	470.29
Wildlife Biology Club	1,132.97	580.00	1,334.52	378.45
Cap & Gowns	396.52	-	68.25	328.27
Class of 2008	3,307.48	-	3,307.48	-
Class of 2009	7,143.90	12,650.00	19,793.90	-
Class of 2010	-	2,578.20	-	2,578.20
Girls & Boys State	884.75	225.00	660.00	449.75
Prom	1,000.00	9,591.50	9,591.50	1,000.00
Student Council	13,242.26	30,906.26	24,397.50	19,751.02
Bridger Alternative	2,925.92	3,875.14	6,357.45	443.61
MTI	1,396.43	-	-	1,396.43
Amnesty International	387.95	1,055.53	1,442.80	0.68
Key Club	1,890.59	814.98	474.89	2,230.68
Leo Club	744.17	6,564.50	6,416.87	891.80
National Honor Society	358.47	801.76	520.23	640.00
Recycle	812.83	784.28	1,331.38	265.73
Special Ed Concessions	3,086.03	430.00	161.83	3,354.20
Gay-Straight Alliance	90.60	-	3.22	87.38
Interact Club	602.97	13,635.24	13,023.05	1,215.16
Band	9,954.95	65,661.05	71,964.83	3,651.17
Choir	9,856.76	14,654.38	17,073.32	7,437.82
Flute Choir	550.56	2,227.99	2,036.99	741.56
Orchestra	1,888.57	233,632.29	235,520.86	-
Aerie	2,457.38	86,254.50	86,613.23	2,098.65
Hawk Tawk	403.39	5,132.00	3,840.19	1,695.20
Hawk TV Club	235.25	351.21	586.46	-
Scribblings	89.52	834.35	-	923.87
General	131.82	432.20	400.00	164.02
SSS	28,238.83	26,236.07	40,191.92	14,282.98
Lunch Bunch Club	55.99	-	55.99	-
Interest Investment	11,314.40	778.58	12,092.98	-
Total	\$ 241,232.43	1,053,543.07	1,119,040.85	\$ 175,734.65

(Concluded)

**BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2009**

Enrollment	As Reported	Audit Per District Records	Difference
Fall Enrollment - October 6, 2008			
Elementary School District			
Pre K-6:			
(a.) Pre-Kindergarten	27	27	0
(b.) Kindergarten	439	439	0
(c.) Grades 1 - 6	2392	2392	0
(d.) Part-Time (number of part-time students included on line b and c above)	15	15	0
7-8:			
(e.) Grade 7-8	752	752	0
(f.) Part-Time (number of part-time students included on line e above)	7	7	0
(g.) Total (add lines a, b, c and e)	3610	3610	0
High School District			
9-12:			
(h.) Grades 9-12	1853	1853	0
(i.) Part-Time (number of part-time students included on line h above)	20	20	0
(j.) 19 year-olds included on line h	3	3	0
Spring Enrollment - February 2, 2009			
Elementary School District			
Pre K-6:			
(k.) Pre-Kindergarten	34	34	0
(l.) Kindergarten	436	436	0
(m.) Grades 1 - 6	2383	2383	0
(n.) Part-Time (number of part-time students included on line l and m above)	19	19	0
7-8:			
(o.) Grade 7-8	757	757	0
(p.) Part-Time (number of part-time students included on line o above)	6	6	0
(q.) Total (add lines k, l, m and o)	3610	3610	0
High School District			
9-12:			
(r.) Grades 9-12	1821	1821	0
(s.) Part-Time (number of part-time students included on line r above)	34	34	0
(t.) 19 year-olds included on line r	2	2	0
(u.) Early Graduates	26	26	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	122
These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.	
Revenue Capacity	127
These schedules contain information to help the reader assess the District's most significant local revenue source – the property tax.	
Debt Capacity	134
These debt capacity schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	138
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activity takes place.	
Operating Information	140
These schedules contain service and infrastructure data to better help the reader interpret how the information in the District's financial report correspond to the services the District provides and the activities it performs.	

Table 1

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Invested in capital assets, net of related debt	\$ 17,153,416	\$ 17,896,966	\$ 17,769,993	\$ 19,845,904	\$ 22,676,015	\$ 25,142,399	\$ 29,295,503	\$ 32,116,906
Restricted	2,771,750	3,698,751	4,480,655	4,266,241	3,418,622	3,987,403	4,279,556	6,904,765
Unrestricted	<u>2,800,767</u>	<u>2,990,458</u>	<u>2,949,316</u>	<u>2,411,025</u>	<u>1,716,125</u>	<u>2,741,647</u>	<u>3,392,696</u>	<u>3,254,771</u>
Total governmental activities net assets	<u>\$ 22,725,933</u>	<u>\$ 24,586,175</u>	<u>\$ 25,199,964</u>	<u>\$ 26,523,170</u>	<u>\$ 27,810,762</u>	<u>\$ 31,871,449</u>	<u>\$ 36,967,755</u>	<u>\$ 42,276,442</u>

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

Table 2

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

	Fiscal Year							
Expenses	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Instruction	\$ 18,247,225	\$ 18,888,292	\$ 20,437,715	\$ 21,931,633	\$ 23,407,889	\$ 25,568,496	\$ 27,118,400	\$ 28,152,194
Support services	3,562,598	3,630,049	3,951,836	4,418,767	4,642,961	4,975,685	5,457,545	5,592,822
General administration	1,518,732	1,752,069	1,793,788	1,788,838	1,873,647	2,116,552	2,331,788	2,334,476
Building administration	2,241,411	2,470,692	2,485,343	2,718,624	2,876,614	3,163,125	3,267,924	3,508,649
Operations and maintenance	3,151,222	3,309,869	3,386,525	3,609,292	3,766,666	3,663,019	4,038,663	4,624,960
Student transportation	1,070,139	1,045,895	1,218,576	1,312,826	1,400,420	1,433,032	1,531,760	1,663,428
Food services	1,062,232	1,133,804	1,379,981	1,580,563	1,743,790	1,835,040	1,843,131	1,705,634
Extracurricular activities	750,381	777,879	844,071	788,795	836,613	885,231	941,072	915,870
Unallocated depreciation	723,997	777,729	826,070	863,206	912,711	960,431	985,952	1,217,973
Interest and fiscal charges	693,821	604,690	481,425	347,186	682,825	1,574,466	2,428,542	3,510,039
Total governmental activities expenses	<u>\$ 33,021,758</u>	<u>\$ 34,390,968</u>	<u>\$ 36,805,330</u>	<u>\$ 39,359,730</u>	<u>\$ 42,144,136</u>	<u>\$ 46,175,077</u>	<u>\$ 49,944,777</u>	<u>\$ 53,226,045</u>
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction	\$ 473,036	\$ 516,022	\$ 428,886	\$ 474,171	\$ 505,592	\$ 586,576	\$ 618,855	\$ 620,755
Food services	769,152	805,124	915,084	1,089,157	1,230,667	1,379,861	1,250,448	1,176,105
Other functional activities	431,793	461,811	433,179	472,220	510,592	516,807	531,477	543,383
Operating grants and contributions	4,091,397	4,651,015	5,214,598	6,382,579	6,192,636	6,580,610	7,365,898	8,463,278
Capital grants and contributions	-	39,920	-	200,907	54,400	810,146	1,112,116	307,076
Total governmental activities program revenues	<u>\$ 5,765,378</u>	<u>\$ 6,473,892</u>	<u>\$ 6,991,747</u>	<u>\$ 8,619,034</u>	<u>\$ 8,493,887</u>	<u>\$ 9,874,000</u>	<u>\$ 10,878,794</u>	<u>\$ 11,110,597</u>
Total governmental activities net expense	<u>\$ (27,256,380)</u>	<u>\$ (27,917,076)</u>	<u>\$ (29,813,583)</u>	<u>\$ (30,740,696)</u>	<u>\$ (33,650,249)</u>	<u>\$ (36,301,077)</u>	<u>\$ (39,065,983)</u>	<u>\$ (42,115,448)</u>
General Revenues								
Governmental activities:								
District property taxes	\$ 11,514,050	\$ 13,027,975	\$ 14,155,373	\$ 15,180,803	\$ 16,788,764	\$ 19,928,795	\$ 21,716,571	\$ 24,919,224
Investment earnings	242,352	134,527	132,702	260,950	755,196	1,839,432	2,023,195	1,437,886
Unrestricted county distribution - retirement	2,883,197	3,165,298	3,246,825	3,749,000	3,768,848	3,872,500	4,115,000	4,685,689
Unrestricted state equalization	9,999,354	10,126,609	10,234,849	10,452,630	11,283,156	11,695,502	12,329,569	13,069,595
Unrestricted state guaranteed tax base subsidy	1,197,663	1,183,932	924,866	630,845	612,409	443,964	965,909	1,334,192
Unrestricted state motor vehicle fee reimbursement	1,936,130	1,886,909	1,544,407	1,556,143	1,567,969	1,579,896	1,591,893	1,603,991
Unrestricted state quality educator	-	-	-	-	-	778,808	1,216,152	1,231,076
Unrestricted other state revenue	153,771	252,068	188,350	169,026	147,070	222,322	202,718	184,689
Gain(loss) on sale of capital assets	-	-	-	64,505	14,429	545	1,282	(1,042,207)
Total governmental activities general revenues	<u>\$ 27,926,517</u>	<u>\$ 29,777,318</u>	<u>\$ 30,427,372</u>	<u>\$ 32,063,902</u>	<u>\$ 34,937,841</u>	<u>\$ 40,361,764</u>	<u>\$ 44,162,289</u>	<u>\$ 47,424,135</u>
Change in Net Assets								
Governmental activities	<u>\$ 670,137</u>	<u>\$ 1,860,242</u>	<u>\$ 613,789</u>	<u>\$ 1,323,206</u>	<u>\$ 1,287,592</u>	<u>\$ 4,060,687</u>	<u>\$ 5,096,306</u>	<u>\$ 5,308,687</u>

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund										
Reserved	\$ 1,046,529	\$ 951,958	\$ 341,882	\$ 239,001	\$ 130,615	\$ 128,085	\$ 348,877	\$ 156,283	\$ 68,169	\$ 101,278
Unreserved	<u>1,626,913</u>	<u>2,063,165</u>	<u>1,938,158</u>	<u>1,728,770</u>	<u>2,103,208</u>	<u>2,268,037</u>	<u>2,129,161</u>	<u>2,210,022</u>	<u>1,617,590</u>	<u>2,269,075</u>
Total general fund	<u>\$ 2,673,442</u>	<u>\$ 3,015,123</u>	<u>\$ 2,280,040</u>	<u>\$ 1,967,771</u>	<u>\$ 2,233,823</u>	<u>\$ 2,396,122</u>	<u>\$ 2,478,038</u>	<u>\$ 2,366,305</u>	<u>\$ 1,685,759</u>	<u>\$ 2,370,353</u>
 All other governmental funds										
Reserved	\$ 247,495	\$ 856,875	\$ 100,751	\$ 91,796	\$ 165,748	\$ 102,504	\$ 62,589	\$ (96,886)	\$ (236,463)	\$ (80,945)
Unreserved, reported in:										
Special revenue funds	2,289,823	2,556,506	2,581,735	3,205,073	3,331,539	3,675,171	3,950,436	5,285,646	6,409,696	6,549,846
Capital projects funds	<u>1,422,518</u>	<u>307,735</u>	<u>928,031</u>	<u>1,311,305</u>	<u>2,083,890</u>	<u>1,723,245</u>	<u>26,399,086</u>	<u>42,644,504</u>	<u>50,993,882</u>	<u>22,218,476</u>
Total all other governmental funds	<u>\$ 3,959,836</u>	<u>\$ 3,721,116</u>	<u>\$ 3,610,517</u>	<u>\$ 4,608,174</u>	<u>\$ 5,581,177</u>	<u>\$ 5,500,920</u>	<u>\$ 30,412,111</u>	<u>\$ 47,833,264</u>	<u>\$ 57,167,115</u>	<u>\$ 28,687,377</u>

Table 4

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
District property taxes	\$ 9,862,262	\$ 10,558,907	\$ 11,508,960	\$ 12,683,554	\$ 14,323,095	\$ 15,414,842	\$ 16,713,548	\$ 19,391,531	\$ 20,428,699	\$ 25,038,979
Motor vehicle fees and taxes	1,395,670	1,317,755	- ¹	-	-	-	-	-	-	-
Tuition and fees	904,927	884,715	938,639	992,390	1,116,119	1,255,980	1,420,239	1,568,319	1,433,802	1,312,340
Interest	416,090	448,073	200,956	110,296	109,973	221,062	699,210	1,795,207	1,958,196	1,388,484
Other district revenue	216,568	238,121	310,080	301,959	305,221	581,288	377,377	482,394	820,270	1,337,136
Gallatin County	2,821,652	2,960,615	3,175,638	3,471,862	3,588,446	4,084,517	4,127,197	4,213,172	4,442,764	5,033,862
State of Montana	12,738,152	14,163,737	14,791,635	15,028,713	14,709,131	14,961,033	16,012,832	18,419,447	19,835,311	20,515,634
Federal	2,079,052	1,994,930	2,175,820	2,646,346	2,937,235	3,709,766	3,280,384	3,116,050	3,429,823	3,575,590
Total revenues	<u>30,434,373</u>	<u>32,566,853</u>	<u>33,101,728</u>	<u>35,235,120</u>	<u>37,089,220</u>	<u>40,228,488</u>	<u>42,630,787</u>	<u>48,986,120</u>	<u>52,348,865</u>	<u>58,202,025</u>
Expenditures										
Instruction	15,711,927	16,720,669	17,599,439	18,331,641	19,932,684	20,960,778	22,585,585	24,569,060	25,840,900	27,198,581
Support services	3,115,165	3,322,920	3,499,355	3,613,293	3,916,194	4,375,683	4,574,701	4,909,200	5,331,933	5,535,648
General administration	1,357,325	1,411,981	1,461,883	1,694,716	1,731,414	1,683,859	1,759,136	1,996,421	2,200,858	2,228,618
Building administration	1,987,621	2,061,383	2,118,760	2,367,575	2,377,911	2,555,223	2,755,991	3,014,613	3,078,574	3,335,098
Operations and maintenance	2,872,860	2,896,142	3,044,763	3,225,126	3,300,903	3,502,159	3,656,580	3,567,525	3,929,421	4,570,270
Student transportation	919,722	981,642	1,069,558	1,046,280	1,218,967	1,312,970	1,399,786	1,432,484	1,531,216	1,661,872
Food services	941,555	976,933	1,012,866	1,084,861	1,334,261	1,525,827	1,679,095	1,769,280	1,777,468	1,672,348
Extracurricular activities	669,266	698,935	742,821	766,478	832,620	776,863	817,127	871,909	925,698	908,091
Capital outlay	1,576,406	1,577,608	1,573,505	726,644	981,146	1,822,412	5,122,160	7,623,511	20,737,577	31,158,167
Debt service										
Principal	1,025,000	1,080,000	1,130,639	750,000	1,415,000	1,586,506	1,606,506	2,216,506	3,577,059	3,634,728
Interest and fiscal charges	785,676	743,530	693,821	444,149	315,765	296,801	249,532	1,748,732	2,212,528	4,094,281
Bond issuance costs	-	-	-	179,330	79,300	-	79,578	142,254	79,175	-
Bond defeasance costs	-	-	-	520,491	-	-	-	-	-	-
Total expenditures	<u>30,962,523</u>	<u>32,471,743</u>	<u>33,947,410</u>	<u>34,750,584</u>	<u>37,436,165</u>	<u>40,399,081</u>	<u>46,285,777</u>	<u>53,861,495</u>	<u>71,222,407</u>	<u>85,997,702</u>
Excess of revenues over (under) expenditures	<u>(528,150)</u>	<u>95,110</u>	<u>(845,682)</u>	<u>484,536</u>	<u>(346,945)</u>	<u>(170,593)</u>	<u>(3,654,990)</u>	<u>(4,875,375)</u>	<u>(18,873,542)</u>	<u>(27,795,677)</u>
Other financing sources (uses)										
Sale of capital assets	16,384	7,850	-	-	-	252,635	19,376	545	1,282	533
Transfers in	37,823	54,682	51,998	102,796	121,176	33,673	32,698	23,344	145,429	3,366,639
Transfers out	(37,823)	(54,682)	(51,998)	(102,796)	(121,176)	(33,673)	(32,698)	(23,344)	(145,429)	(3,366,639)
General obligation bonds issued	-	-	-	-	-	-	28,600,000	20,725,000	27,500,000	-
Limited obligation bonds issued	-	-	-	-	1,586,000	-	-	1,459,250	-	-
Refunding bonds issued	-	-	-	12,890,000	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	28,721	-	25,565	-
Payments to refunded bond escrow agent	-	-	-	(12,689,148)	-	-	-	-	-	-
Total other financing sources (uses)	<u>16,384</u>	<u>7,850</u>	<u>-</u>	<u>200,852</u>	<u>1,586,000</u>	<u>252,635</u>	<u>28,648,097</u>	<u>22,184,795</u>	<u>27,526,847</u>	<u>533</u>
Net change in fund balances	<u>\$ (511,766)</u>	<u>\$ 102,960</u>	<u>\$ (845,682)</u>	<u>\$ 685,388</u>	<u>\$ 1,239,055</u>	<u>\$ 82,042</u>	<u>\$ 24,993,107</u>	<u>\$ 17,309,420</u>	<u>\$ 8,653,305</u>	<u>\$ (27,795,144)</u>
Debt service as a percentage of noncapital expenditures	6.2%	5.9%	5.6%	3.5%	4.7%	4.9%	4.5%	8.6%	11.5%	14.1%

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

Table 5

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

Year	Instruction	Support Services	General Administration	Building Administration	Operations & Maintenance	Student Transportation	Extracurricular Activities	Capital Outlay	Principal Retirement & Interest	Total
2000	\$ 12,586,422	\$ 2,067,821	\$ 1,102,146	\$ 1,625,104	\$ 2,297,672	\$ 1,797	\$ 622,343	\$ 874,516	\$ -	\$ 21,177,821
2001	13,437,321	2,292,249	1,146,548	1,679,983	2,330,415	12,181	663,432	683,899	-	22,246,028
2002	14,108,150	2,442,605	1,213,259	1,734,395	2,684,150	14,421	700,756	326,805	4,934	23,229,475
2003	14,488,029	2,497,303	1,277,378	1,874,145	2,791,133	14,230	716,668	436,275	-	24,095,161
2004	15,408,192	2,691,148	1,075,528	1,951,030	2,696,795	2,627	729,352	7,064	-	24,561,736
2005	16,204,121	2,833,398	1,117,522	2,036,854	2,805,342	6,327	723,202	1,608	-	25,728,374
2006	17,592,880	2,902,930	1,168,491	2,201,235	2,832,853	3,092	760,510	493,246	-	27,955,237
2007	18,995,915	3,220,986	1,596,212	2,413,652	2,981,420	9,616	805,206	6,933	-	30,029,940
2008	19,834,850	3,448,882	1,712,186	2,471,987	3,172,844	7,598	839,706	182,514	-	31,670,567
2009	\$ 21,033,525	\$ 3,417,621	\$ 1,720,166	\$ 2,552,984	\$ 3,429,669	\$ 1,780	\$ 844,247	\$ -	\$ -	\$ 32,999,992

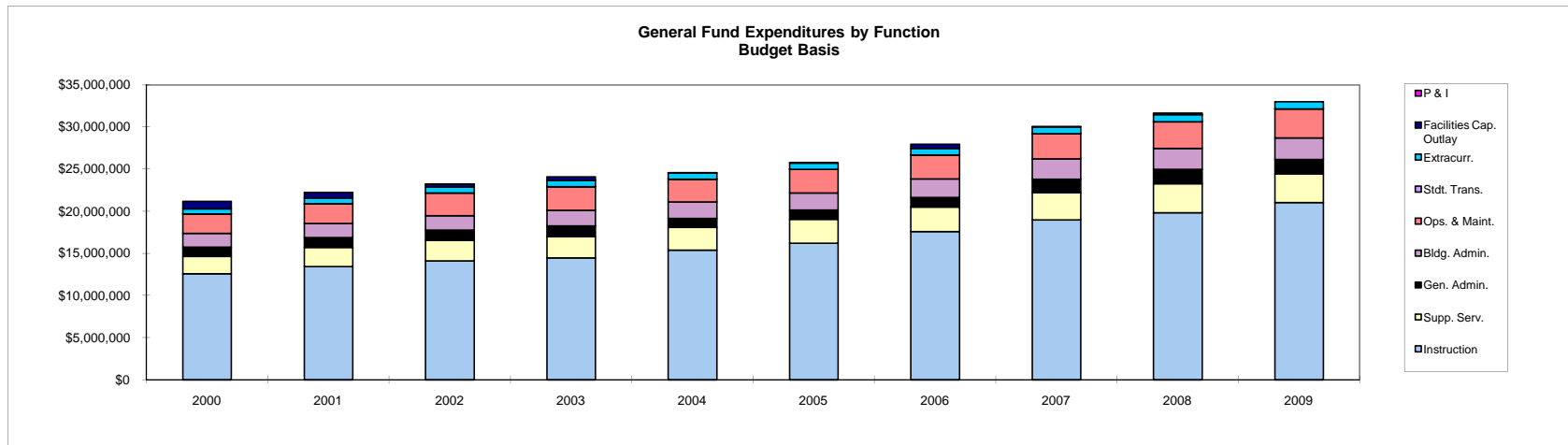


Table 6

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

Fiscal Year	Assessed Valuation ¹	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Direct Rate to be Applied against Assessed Value (Mill Levy / 1,000)	Taxes Levied ⁴	Tax Levy Collections in Levy Year	Tax Levy Collections after Levy Year	Percent of Total Tax Collections To Taxes Levied
Elementary District:									
2000	\$ 62,205,986	\$ 1,505,479,023	4.1%	107.76	0.10776	\$ 6,703,317	\$ 6,384,310	\$ -	95.24%
2001	63,029,015	1,649,476,862	3.8%	106.29	0.10629	6,699,354	6,845,301	-	102.18%
2002	65,933,754	1,798,479,256	3.7%	109.50	0.10950	7,219,746	7,286,835	-	100.93%
2003	71,248,110	2,004,352,468	3.6%	115.64	0.11564	8,239,131	8,023,190	-	97.38%
2004	76,622,721	2,193,338,586	3.5%	111.70	0.11170	8,558,758	8,779,204	-	102.58%
2005	81,999,997	2,409,812,203	3.4%	112.16	0.11216	9,197,120	9,308,664	-	101.21%
2006	89,208,819	2,649,536,773	3.4%	111.60	0.11160	9,955,704	9,922,609	-	99.67%
2007	97,593,808	2,922,699,201	3.3%	120.32	0.12032	11,742,487	11,383,815 ²	322,695	99.69%
2008	104,361,792	3,223,076,430	3.2%	118.51	0.11851	12,553,495	11,695,683	719,834	98.90%
2009	\$ 111,162,065	\$ 3,542,469,947	3.1%	141.13	0.14113	\$ 15,794,516	\$ 14,558,640	\$ -	92.18% ³
High School District:									
2000	\$ 81,093,432	\$ 1,984,328,793	4.1%	44.95	0.04495	\$ 3,644,499	\$ 3,477,952	\$ -	95.43%
2001	82,371,906	2,168,526,307	3.8%	44.36	0.04436	3,647,537	3,713,606	-	101.81%
2002	86,437,851	2,372,218,869	3.6%	48.40	0.04840	4,183,834	4,222,125	-	100.92%
2003	93,657,419	2,651,823,923	3.5%	51.43	0.05143	4,816,801	4,660,364	-	96.75%
2004	101,740,692	2,927,915,465	3.5%	53.35	0.05335	5,427,866	5,543,891	-	102.14%
2005	109,245,300	3,224,918,891	3.4%	55.16	0.05516	6,025,971	6,106,178	-	101.33%
2006	119,033,013	3,554,146,064	3.3%	57.46	0.05746	6,839,637	6,790,939	-	99.29%
2007	130,732,377	3,946,654,848	3.3%	62.42	0.06242	8,160,315	7,879,151 ²	261,076	99.75%
2008	140,147,897	4,381,850,279	3.2%	65.34	0.06534	9,346,202	8,673,645	564,407	98.84%
2009	\$ 130,543,804	\$ 4,170,386,822	3.1%	71.40	0.07140	\$ 9,384,507	\$ 8,573,226	\$ -	91.36% ³

¹ Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 1998-99 fiscal year is calculated as of January 1998)

² Beginning in fiscal year 2007, the District is now presenting taxes collected for a given levy year and collections specifically for that year in future years on the same line. In prior fiscal years, delinquent taxes were reported in the year collected.

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

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

Table 7

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

Tax Rates (per \$1,000 of taxable value)						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
2000	107.76	44.95	141.31	162.92	46.00	502.94
2001	106.29	44.36	146.84	174.98	46.00	518.47
2002	109.50	48.40	148.50	177.65	46.00	530.05
2003	115.64	51.43	154.21	189.94	46.00	557.22
2004	111.70	53.35	163.31	200.59	46.00	574.95
2005	112.16	55.16	171.99	194.15	46.00	579.46
2006	111.60	57.46	168.26	196.74	46.00	580.06
2007	120.32	62.42	163.42	197.36	46.00	589.52
2008	118.51	65.34	154.18	205.40	46.00	589.43
2009	141.13	71.40	171.16	210.14	46.00	639.83

Tax Levies						
Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
2000	\$ 6,704,255	\$ 3,644,499	\$ 5,572,632	\$ 19,321,244	\$ 5,455,298	\$ 40,697,928
2001	6,700,561	3,647,537	5,927,815	20,744,776	5,453,536	42,474,225
2002	7,220,720	4,183,834	6,303,912	22,067,620	5,714,104	45,490,190
2003	8,239,131	4,816,801	7,166,685	25,447,891	6,163,014	51,833,522
2004	8,558,758	5,427,866	8,158,125	29,057,410	6,663,547	57,865,706
2005	9,197,120	6,025,971	9,226,199	30,160,991	7,146,050	61,756,331
2006	9,955,704	6,839,637	9,911,843	32,959,146	7,706,215	67,372,545
2007	11,742,487	8,160,315	10,475,697	35,948,481	8,378,750	74,705,730
2008	12,553,495	9,346,202	10,804,728	40,697,643	9,114,370	82,516,438
2009	\$ 15,794,516	\$ 9,384,507	\$ 12,891,848	\$ 44,279,401	\$ 9,692,835	\$ 92,043,107

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2008-09

Table 8

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

Taxpayer	2009			2002		
	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total High School District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	\$ 6,670,251	1	6.00%	\$ 3,771,440	1	5.72%
Qwest Corporation	1,466,164	2	1.32%	1,564,699	2	2.37%
Harry Daum (Gallatin Mall)	533,461	3	0.48%	612,166	3	0.93%
Bozeman Deaconess Foundation	504,584	4	0.45%	264,806	5	0.40%
BVI/HJSI Bozeman LLC	402,806	5	0.36%	-		-
Wal-Mart Stores Inc # 2084	377,391	6	0.34%	-		-
Stone Ridge Partners LLC	357,325	7	0.32%	-		-
Celloco Partnership	344,823	8	0.31%	-		-
Lowe's HIW Inc.	340,678	9	0.31%	-		-
Mitchell Development & Investment LLC	326,043	10	0.29%	-		-
Costco Wholesale Corporation	-		-	259,305	6	0.39%
Bridger Peaks LLC	-		-	291,473	4	0.44%
Dayton Hudson Corporation (Target)	-		-	226,283	7	0.34%
First Security Bank of Bozeman	-		-	217,980	8	0.33%
Bozeman Investors of Deluth, LP	-		-	212,855	9	0.32%
Arcadia Gardens Apartments, LLC	-		-	198,746	10	0.30%
Total	\$ 11,323,526		10.19%	\$ 7,619,753		11.54%

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

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

Table 9

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

Taxpayer	2009			2002		
	Taxable Assessed Value	Rank	Percentage of Total High School District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total High School District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	\$ 7,835,389	1	6.00%	\$ 5,514,097	1	6.38%
Qwest Corporation	1,627,951	2	1.25%	1,741,514	2	2.01%
Zoot Properties LLC	595,393	3	0.46%	-		-
Harry Daum (Gallatin Mall)	533,461	4	0.41%	612,166	3	0.71%
Bozeman Deaconess Foundation	504,584	5	0.39%	264,806	5	0.31%
BVI/HJSI Bozeman LLC	402,806	6	0.31%	-		-
Black Bull Run Development LLC	490,690	7	0.38%	-		-
Wal-Mart Stores Inc. # 2084	377,391	8	0.29%	-		-
Stone Ridge Partners LLC	357,325	9	0.27%	-		-
Celloco Partnership	347,565	10	0.27%	-		-
Costco Wholesale Corporation	-		-	259,305	6	0.30%
Bridger Peaks LLC	-		-	291,473	4	0.34%
Montana Rail Link	-		-	302,910	7	0.35%
Dayton Hudson Corporation (Target)	-		-	226,283	8	0.26%
First Security Bank of Bozeman	-		-	218,083	9	0.25%
Bozeman Investors of Deluth, LP	-		-	212,855	10	0.25%
Total	\$ 13,072,555		10.01%	\$ 9,643,492		11.16%

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

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

Table 10

BOZEMAN SCHOOL DISTRICT NO. 7
Revenue by Source - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2009
(modified accrual basis of accounting)

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	\$25,038,979	43.02%
Tuition and fees	1,312,340	2.25%
Interest	1,388,484	2.39%
Other district revenue	1,337,136	2.30%
County retirement	4,685,689	8.05%
County transportation	348,173	0.60%
Total revenue from local and intermediate sources	<u>34,110,801</u>	<u>58.61%</u>
Revenue from State sources:		
State equalization	13,069,595	22.46%
State special education allowable costs	1,571,468	2.70%
State guarantee tax base subsidy	1,334,192	2.29%
State transportation	348,173	0.60%
State motor vehicle fee reimbursement	1,603,991	2.76%
State quality educator	1,231,076	2.12%
State quick start energy	100,800	0.17%
Other State revenue	1,256,339	2.16%
Total revenue from State sources	<u>20,515,634</u>	<u>35.25%</u>
Revenue from Federal sources:		
Federal grants	3,171,322	5.45%
Federal food service	404,268	0.69%
Total revenue from Federal sources	<u>3,575,590</u>	<u>6.14%</u>
Total revenue	<u>\$58,202,025</u>	<u>100.00%</u>

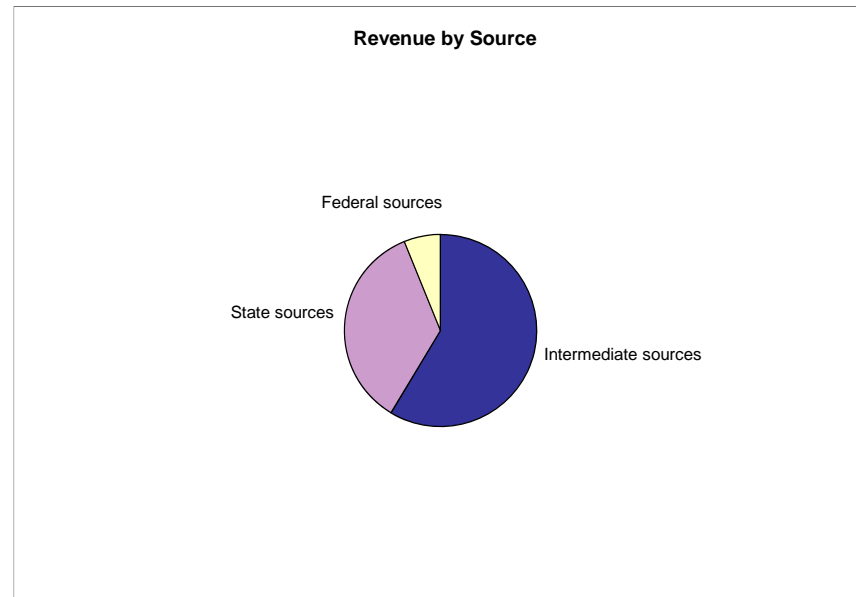


Table 11

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

Year	District Tax Levies	Motor Vehicle Fees & Taxes	Tuition & Fees	Interest	Other District Revenue	State of Montana	Federal	Total
2000	\$ 7,783,884	\$ 1,095,556	\$ 40,223	\$ 154,473	\$ 51,239	\$ 12,032,386	\$ -	\$ 21,157,761
2001	8,097,527	1,029,919	48,290	199,449	7,979	13,353,798	-	22,736,962
2002	9,205,964	- *	52,469	118,684	9,324	13,903,333	-	23,289,774
2003	9,821,034	-	68,258	60,806	1,845	14,013,175	-	23,965,118
2004	10,997,343	-	71,168	45,038	8,314	13,802,002	-	24,923,865
2005	11,905,743	-	20,313	94,061	10,451	13,889,045	-	25,919,613
2006	12,954,456	-	41,541	141,486	2,658	14,833,593	-	27,973,734
2007	13,581,764	-	34,941	158,402	1,388	16,158,742	-	29,935,237
2008	13,195,792	-	39,209	208,293	4,766	17,749,057	-	31,197,117
2009	\$ 14,325,294	\$ -	\$ 28,934	\$ 95,804	\$ 504,029	\$ 19,022,682	\$ -	\$ 33,976,743

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

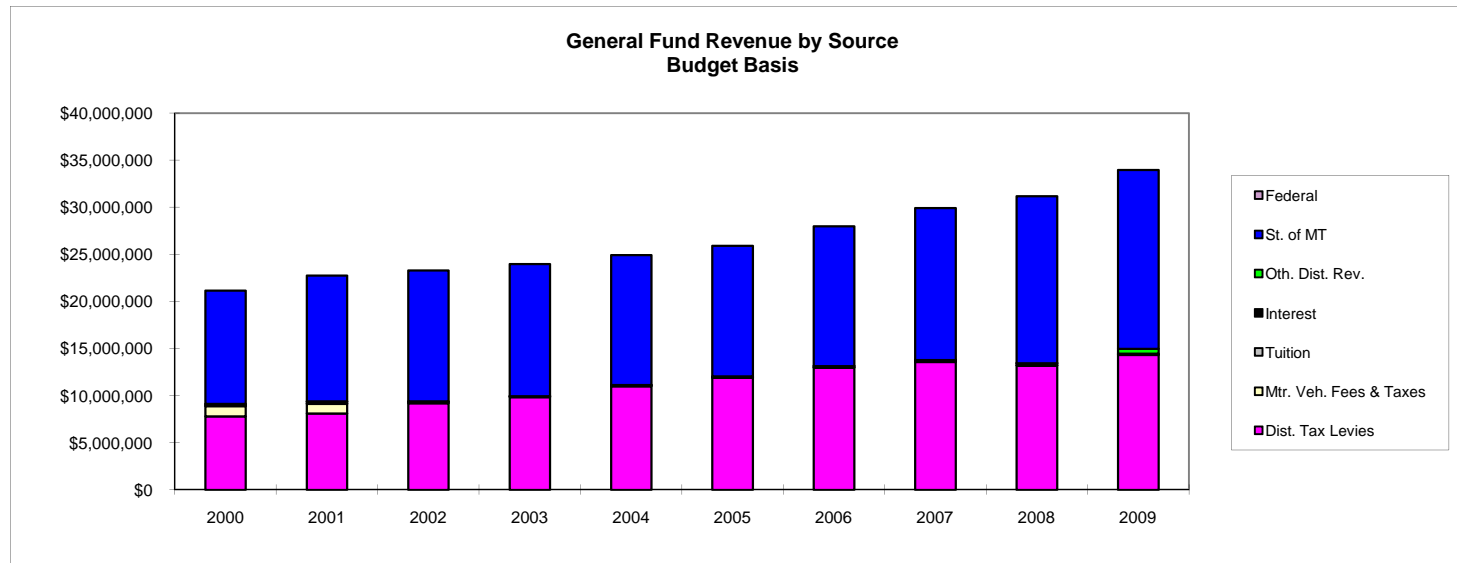


Table 12

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

Year	District Revenue	State Revenue	Total Revenue	October Enrollment	Revenue Per Student		
					District	State	Total
2000	\$ 9,125,375	\$ 12,032,386	\$ 21,157,761	5,124	\$ 1,781	\$ 2,348	\$ 4,129
2001	9,383,164	13,353,798	22,736,962	5,167	1,816	2,584	4,400
2002	9,386,441	13,903,333	23,289,774	5,124	1,832	2,713	4,545
2003	9,951,943	14,013,175	23,965,118	5,101	1,951	2,747	4,698
2004	11,121,863	13,802,002	24,923,865	5,086	2,187	2,714	4,900
2005	12,030,568	13,889,045	25,919,613	5,198	2,314	2,672	4,986
2006	13,140,141	14,833,593	27,973,734	5,332	2,464	2,782	5,246
2007	13,776,495	16,158,742	29,935,237	5,356	2,572	3,017	5,589
2008	13,448,060	17,749,057	31,197,117	5,413	2,484	3,279	5,763
2009	\$ 14,954,061	\$ 19,022,682	\$ 33,976,743	5,463	\$ 2,737	\$ 3,482	\$ 6,219

Source: District Records

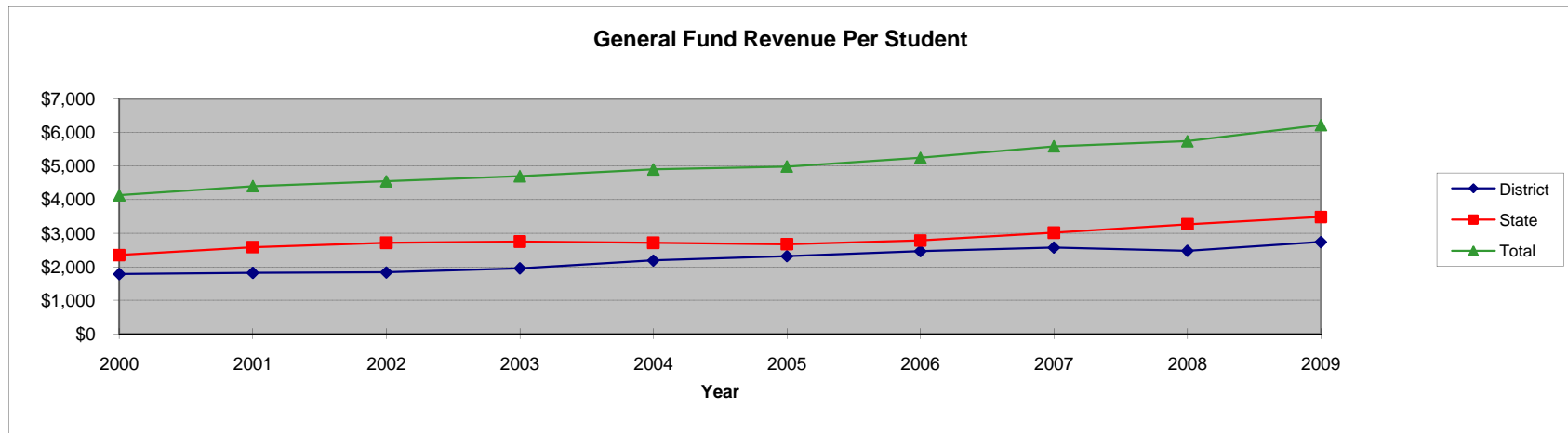


Table 13

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

Fiscal Year	Population*	Assessed Value**	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita
Elementary District:					
2000	40,025	\$ 62,205,986	\$ 13,493,145	21.69%	\$ 337.12
2001	41,198	63,029,015	12,474,911	19.79%	302.80
2002	42,364	65,933,754	11,632,520	17.64%	274.59
2003	44,202	71,248,110	10,998,345	15.44%	248.82
2004	46,121	76,622,721	9,713,055	12.68%	210.60
2005	47,786	81,999,997	8,532,420	10.41%	178.55
2006	48,933	89,208,819	21,381,452	23.97%	436.95
2007	49,961	97,593,808	25,550,000	26.18%	511.40
2008	50,460	104,361,792	41,005,000	39.29%	812.62
2009	50,712	\$ 111,162,065	\$ 38,580,000	34.71%	\$ 760.77
High School District:					
2000	46,365	\$ 81,093,432	\$ 1,443,175	1.78%	\$ 31.13
2001	47,580	82,371,906	1,294,215	1.57%	27.20
2002	48,698	86,437,851	1,164,862	1.35%	23.92
2003	50,466	93,657,419	1,058,523	1.13%	20.97
2004	52,298	101,740,692	881,823	0.87%	16.86
2005	53,898	109,245,300	712,504	0.65%	13.22
2006	55,191	119,033,013	15,042,895	12.64%	272.56
2007	56,350	130,732,377	29,545,000	22.60%	524.31
2008	56,913	141,147,897	38,305,000	27.14%	673.04
2009	57,198	\$ 130,543,804	\$ 36,790,000	28.18%	\$ 643.20

* 2000-2009 The 2000 population data were calculated by the School District Demographics Systems using actual 2000 census data. Future years have been increased by a relationship of the Bozeman School District to the City of Bozeman and Gallatin County using United States Bureau of Census Information.

** 2009 In 2009, the voters of Ophir Elementary, an outlying K-8 school district that feeds into Bozeman High School District, approved a referendum to form a K-12 district effective July 1, 2008. The tax base of Ophir Elementary represents approximately 13% of the Bozeman High School District. The large High School District assessed value drop in 2009 resulted from this event.

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

Table 14

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Legal Debt Margin
For the Year Ended June 30, 2009

Elementary District:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 30,585,060	\$ 29,670,189	\$ 29,670,189	\$ 32,061,650	\$ 34,480,224	\$ 36,899,999	\$ 40,143,969	\$ 43,442,825	\$ 52,180,896	\$ 55,581,033
Total net debt applicable to limit	15,893,145	14,634,911	13,552,520	12,678,345	11,153,055	11,712,420	25,381,638	30,172,341	50,054,561	45,432,874
Legal debt margin	<u>\$ 14,691,915</u>	<u>\$ 15,035,278</u>	<u>\$ 16,117,669</u>	<u>\$ 19,383,305</u>	<u>\$ 23,327,169</u>	<u>\$ 25,187,579</u>	<u>\$ 14,762,331</u>	<u>\$ 13,270,484</u>	<u>\$ 2,126,335</u>	<u>\$ 10,148,159</u>
Total net debt applicable to the limit as a percentage of debt limit	51.96%	49.33%	45.68%	39.54%	32.35%	31.74%	63.23%	69.45%	95.93%	81.74%

High School District:

Debt limit	\$ 36,698,738	\$ 38,897,033	\$ 38,897,033	\$ 42,145,839	\$ 45,783,311	\$ 49,160,385	\$ 53,564,856	\$ 58,279,834	\$ 70,573,949	\$ 65,271,902
Total net debt applicable to limit	3,243,175	2,914,215	2,604,862	2,318,523	1,961,823	1,612,504	42,662,895	42,010,000	38,665,000	36,970,000
Legal debt margin	<u>\$ 33,455,563</u>	<u>\$ 35,982,818</u>	<u>\$ 36,292,171</u>	<u>\$ 39,827,316</u>	<u>\$ 43,821,488</u>	<u>\$ 47,547,881</u>	<u>\$ 10,901,961</u>	<u>\$ 16,269,834</u>	<u>\$ 31,908,949</u>	<u>\$ 28,301,902</u>
Total net debt applicable to the limit as a percentage of debt limit	8.84%	7.49%	6.70%	5.50%	4.29%	3.28%	79.65%	72.08%	54.79%	56.64%

Legal Debt Margin Calculation for Fiscal Year 2009

	<u>Elementary District</u>	<u>High School District</u>
District taxable valuation	\$ 111,162,065	\$ 130,543,804
Times: 50%	0.50	0.50
Legal Debt Service Limit *	<u>55,581,033</u>	<u>65,271,902</u>
General Obligation Bonds Payable	38,580,000	36,790,000
Limited Obligation Bonds Payable	1,922,819	-
Less: Cash Available for Retirement of Bonds	409,945	-
Net Amount of Bonds Payable Applicable to Limit	<u>40,092,874</u>	<u>36,790,000</u>
Outstanding Building Reserve Levy Authorized	<u>5,340,000</u>	<u>180,000</u>
Total Net Amount of Bonds Payable and Building Reserve Levy Applicable to Limit	45,432,874	36,970,000
Margin Above Bonds Payable and Building Reserve Levy	10,148,159	28,301,902
Less: General Obligation Bonds Authorized but Unused	-	-
Legal Debt Margin	<u>\$ 10,148,159</u>	<u>\$ 28,301,902</u>

* Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 50% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 50%. The state legislature changed the percentage used in item 1 and 2 above to 50% from 45% effective for fiscal years 2008 and beyond. The District taxable valuations for 2009 are used above and exceed the statewide average valuation method. Effective as of October 1, 2009 (for fiscal years 2010 and beyond), outstanding building reserve levies will no longer be included in the Legal Debt Margin calculation.

Table 15

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Direct and Overlapping General Obligation Bonded Debt
For the Fiscal Year Ended June 30, 2009

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
		Percent	Amount	Percent	Amount
Bozeman Elementary District:					
Issue 2002 (originally \$6,915,000)	\$ 3,270,000	100.0%	\$ 3,270,000	0.0%	\$ -
Issue 2006 (originally \$14,100,000)	12,815,000	100.0%	12,815,000	0.0%	-
Issue 2007 (originally \$5,750,000)	5,320,000	100.0%	5,320,000	0.0%	-
Issue 2008 (originally \$17,500,000)	17,175,000	100.0%	17,175,000	0.0%	-
Bozeman High School District:					
Issue 2006 (originally \$14,500,000)	13,175,000	85.2%	11,225,100	14.8%	1,949,900
Issue 2007 (originally \$14,975,000)	13,870,000	85.2%	11,817,240	14.8%	2,052,760
Issue 2008 (originally \$10,000,000)	<u>9,745,000</u>	85.2%	<u>8,302,740</u>	14.8%	<u>1,442,260</u>
Totals	<u>\$ 75,370,000</u>		<u>\$ 69,925,080</u>		<u>\$ 5,444,920</u>
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	\$ 48,800,000	52.8%	\$ 25,766,400	9.2%	\$ 4,489,600
City of Bozeman:					
Various Issues	<u>5,815,000</u>	100%	<u>5,815,000</u>	0.0%	<u>-</u>
Totals	<u>\$ 54,615,000</u>		<u>\$ 31,581,400</u>		<u>\$ 4,489,600</u>

Source: City, County and District Records

Table 16

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

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service*	Total General Subfund Expenditures	Percentage of Debt Service to General Subfund Expenditures
Elementary:					
2000	\$ 900,000	\$ 706,546	\$ 1,606,546	\$ 13,050,597	12.31%
2001	950,000	671,924	1,621,924	13,591,963	11.93%
2002	985,000	628,698	1,613,698	14,043,879	11.49%
2003	680,000	409,899	1,089,899	14,577,810	7.48%
2004	1,245,000	295,833	1,540,833	14,687,040	10.49%
2005	1,260,000	278,738	1,538,738	15,331,727	10.04%
2006	1,280,000	259,663	1,539,663	16,272,850	9.46%
2007	1,590,000	968,686	2,558,686	17,665,666	14.48%
2008	2,045,000	998,465	3,043,465	19,171,295	15.88%
2009	\$ 2,425,000	\$ 1,829,219	\$ 4,254,219	\$ 20,376,276	20.88%
High School:					
2000	\$ 125,000	\$ 75,788	\$ 200,788	\$ 8,127,224	2.47%
2001	130,000	71,606	201,606	8,654,065	2.33%
2002	140,000	64,755	204,755	9,185,596	2.23%
2003	160,635	34,250	194,885	9,517,351	2.05%
2004	170,000	19,932	189,932	9,874,696	1.92%
2005	175,000	18,063	193,063	10,396,647	1.86%
2006	175,000	16,525	191,525	11,682,387	1.64%
2007	475,000	779,433	1,254,433	12,364,274	10.15%
2008	1,240,000	1,206,761	2,446,761	12,499,272	19.58%
2009	\$ 1,515,000	\$ 1,660,615	\$ 3,175,615	\$ 12,623,716	25.16%

Source: District Records

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

Table 17

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

Year	Elementary District Population (1)	High School District Population (1)	Per Capita Income (2)	Unemployment Rate (3)
2000	40,025	46,365	\$ 25,139	3.7%
2001	41,198	47,580	26,121	3.4%
2002	42,364	48,698	26,890	3.4%
2003	44,202	50,466	28,929	3.3%
2004	46,121	52,298	30,907	3.2%
2005	47,786	53,898	32,434	2.8%
2006	48,933	55,191	34,437	2.2%
2007	49,961	56,350	36,117	2.3%
2008	50,460	56,913	N/A	3.2%
2009	50,712	57,198	N/A	6.3%

Sources and other information:

- (1) 2000 - 2009 : The 2000 numbers were calculated by the School District Demographics Systems using actual 2000 census data. Future years have been increased by a relationship of the Bozeman School District to the City of Bozeman and Gallatin County using United States Bureau of Census Information.
- (2) Gallatin County Per Capita information. Montana Tax Foundation.
- (3) Department of Labor (Bureau of Labor Statistics) - Information only available for entire Gallatin County.

Table 18

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

2009		2000	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	9	Bozeman Deaconess Hospital	8
RightNow Technologies	7	Home Care Services	7
Wal-Mart	7	Wal-Mart	7
Albertsons	6	Ames Construction	6
Bozeman Daily Chronicle	6	Albertsons	6
Community Food Co-Op	6	Big Sky Publishing	6
Costco	6	Costco	6
First Security Bank	6	Holnam Inc.	6
Kenyon Noble Lumber & Hardware	6	ILX Lightwave Corp	6
Lowes	6	Kenyon Noble Lumber & Hardware	6
Martel Construction	6	Life Link International	6
McDonald's	6	Louisiana Pacific	6
Murdoch's Ranch & Home Supply	6	Martel Construction	6
Ressler Chevrolet Cadillac & Toyota	6	Montana Conservation Corps	6
Ridge Athletic Club	6	Murdoch's Ranch & Home Supply	6
Riverside Country Club	6	Powerhouse Technologies	6
Rosauers Supermarket	6	RightNow Technologies	6
Simkins-Hallin Lumber	6	Simkins-Hallin Lumber	6
Town Pump	6	Video Lottery Consultants	6
Zoot Enterprises	6	Williams Plumbing and Heating	6
Public Employers By Class, Alphabetically	Employer Class Size	Public Employers By Class, Alphabetically	Employer Class Size
Montana State University	9	Montana State University	9
Bozeman School District #7	8	Bozeman School District #7	8
City of Bozeman	7	City of Bozeman	7
Gallatin County	7	Gallatin County	7

Class 6 - 100 to 249 Employees
Class 7 - 250 to 499 Employees
Class 8 - 500 to 999 Employees
Class 9 - 1,000+ Employees

Source: Montana Department of Labor & Industry (Research and Analysis Bureau)
Above numbers are for the Gallatin County

Table 19

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

Fiscal Year	Expenses ⁽¹⁾	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) ⁽²⁾	Pupil/ Certified Staff Ratio
2002	\$ 33,021,758	5,124	\$ 6,445	N/A	341.6	15.0
2003	34,390,968	5,101	6,742	4.61%	337.4	15.1
2004	36,805,330	5,086	7,237	7.34%	346.8	14.7
2005	39,359,730	5,198	7,572	4.63%	348.3	14.9
2006	42,144,136	5,332	7,904	4.38%	364.2	14.6
2007	46,175,077	5,356	8,621	9.07%	369.4	14.5
2008	49,944,777	5,413	9,227	7.03%	365.8	14.8
2009	\$ 53,226,045	5,463	\$ 9,743	5.59%	385.0	14.2

⁽¹⁾ Expenses are from Statement of Activities.

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

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

Source: District records

Table 20

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Instruction								
Certified Staff	315.0	309.2	319.2	317.5	327.9	333.0	330.4	345.8
Classified Employees	40.6	44.0	46.5	55.9	57.9	61.4	64.3	84.7
Support Services								
Certified Staff	25.6	27.2	26.6	30.8	36.3	36.4	37.8	39.2
Classified Employees	29.0	31.1	34.7	36.6	35.2	41.1	36.9	34.1
General Administration								
Administrators	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Certified Staff	1.0	1.0	1.0	-	-	0.0	0.0	0.0
Classified Employees	21.5	22.2	23.0	24.8	26.5	24.1	29.3	31.4
Building Administration								
Administrators	16.3	17.3	16.5	17.3	18.0	18.0	18.0	18.0
Classified Employees	23.8	24.6	22.0	22.4	24.5	26.5	25.9	24.3
Operations and Maintenance								
Administrators	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0
Classified Employees	37.4	39.4	40.5	40.4	41.2	41.5	44.1	43.6
Student Transportation								
Classified Employees	2.1	2.0	1.9	2.6	2.5	3.1	3.6	3.6
Food Services								
Classified Employees	24.4	26.5	28.7	33.6	31.0	32.0	30.7	32.0
Extracurricular Activities								
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	2.0	2.0	3.0	3.0	4.0	4.0	4.0	4.0
Total	544.7	552.5	569.6	591.9	612.0	629.1	633.0	667.7

Fiscal 2009 Summary	Admin.	Certified Staff	Classified Employees	Total FTE
Instruction	-	345.8	84.7	430.5
Support Services	-	39.2	34.1	73.3
General Administration	5.0	-	31.4	36.4
Building Administration	18.0	-	24.3	42.3
Operations and Maintenance	1.0	-	43.6	44.6
Student Transportation	-	-	3.6	3.6
Food Services	-	-	32.0	32.0
Extracurricular Activities	1.0	-	4.0	5.0
Total	25.0	385.0	257.7	667.7

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

Table 21

BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
November 15, 2008

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	48.9	12.7%	35.8%
Bachelor's Degree + 15 Credits	20.6	5.4%	
Bachelor's Degree + 30 Credits	12.0	3.1%	
Bachelor's Degree + 45 Credits	37.8	9.8%	
Bachelor's Degree + 60 Credits	6.6	1.7%	
Bachelor's Degree + 75 Credits	2.0	0.5%	
Bachelor's Degree + 90 Credits	7.0	1.8%	
5th Year Degree + 45 Credits	3.0	0.8%	64.2%
Master's Degree	77.4	20.1%	
Master's Degree + 15 Credits	23.0	6.0%	
Master's Degree + 30 Credits	26.8	7.0%	
Master's Degree + 45 Credits	119.9	31.1%	
Total	<u>385.0</u>	<u>100.0%</u>	

Years of Experience	Full Time Equivalent	Percent of Total	
0 - 5	100.4	26.1%	
6 - 10	89.1	23.1%	
11 - 15	64.5	16.8%	
16 and Over	131.0	34.0%	
Total	<u>385.0</u>	<u>100.0%</u>	

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2009

	<u>Year Built</u>	<u>Square Footage</u>	<u>Functional Capacity</u>	<u>Enrollment</u>	<u>Percentage of Capacity Used</u>
Elementary Schools:					
<u>K-5 Schools</u>					
Longfellow	1939	37,547	340	324	95.3%
Irving	1939	33,860	360	368	102.2% ⁽¹⁾
Whittier	1958	32,955	292	403	138.0% ⁽¹⁾
Hawthorne	1939	35,569	360	314	87.2%
Morning Star	1992	56,010	598	532	89.0%
Emily Dickinson	1992	56,012	518	504	97.3%
<u>6-8 Schools</u>					
Chief Joseph	2008	129,500	750	561	74.8%
Sacajawea	1996	97,456	750	604	80.5%
High School:					
Bozeman High School	1957	275,069	1,864	1778	95.4% ⁽²⁾
Bridger Alternative High School	1936	26,200	100	75	75.0%

⁽¹⁾ The District received voter approval to build a 7th Elementary School (named Hyalite with an estimated 614 student capacity). The construction of this school has been completed and opened in August 2009. It has a square footage of 66,186. Also, 96 students listed under Whittier Elementary School and 69 students listed under Irving Elementary School above were actually in attendance at the Sacajawea and Chief Joseph Middle Schools in the 08/09 school year. Now that Hyalite is open, students are more functionally distributed.

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Elementary Schools:										
<u>K-5 Schools</u>										
Longfellow	19%	20%	16%	17%	18%	20%	16%	14%	14%	16%
Irving	40%	44%	34%	37%	40%	43%	43%	35%	37%	36%
Whittier	35%	41%	39%	43%	53%	53%	53%	46%	47%	45%
Hawthorne	13%	15%	11%	9%	11%	14%	17%	16%	15%	16%
Morning Star	15%	14%	8%	7%	8%	6%	7%	9%	8%	9%
Emily Dickinson	23%	25%	22%	19%	22%	18%	20%	22%	24%	24%
<u>6-8 Schools</u>										
Chief Josph	17%	17%	16%	22%	25%	20%	22%	21%	31%	23%
Sacajawea	14%	13%	12%	13%	14%	11%	13%	11%	13%	13%
High School										
	N/A	N/A	8%	9%	9%	9%	12%	15%	12%	18%

Source: Title I portion of ESEA consolidated applications

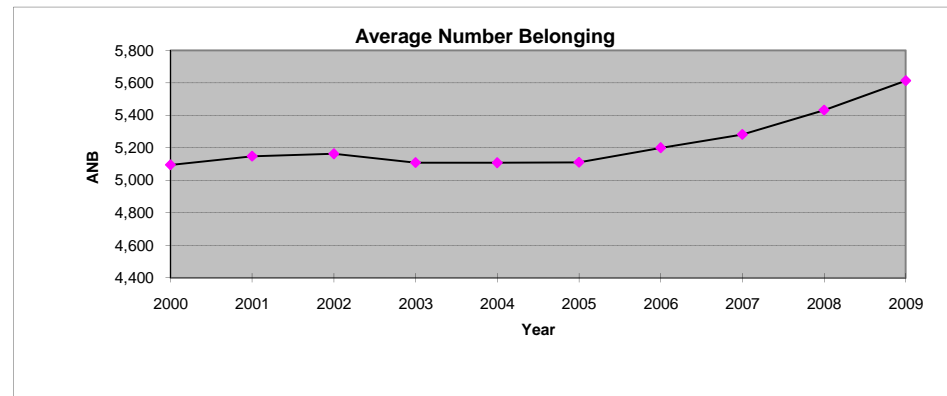
Table 24

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

Year Ended June 30	October Enrollment	Percent Increase (Decrease)	Average Number Belonging (ANB)		
			Amount	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
2000	5,124	0.6	5,095	0.2	100.1
2001	5,167	0.8	5,148	1.0	100.5
2002	5,124	(0.8)	5,163	0.2	99.9
2003	5,101	(0.4)	5,109	(1.0)	99.7
2004	5,086	(0.2)	5,108	(0.02)	100.1
2005	5,198	2.2	5,111	0.06	100.5
2006	5,332	2.6	5,200	1.7	100.0
2007	5,356	0.5	5,282	1.6	99.1
2008	5,413	1.1	5,432	2.8	101.4
2009	5,463	0.9	5,613	3.3	103.7

Source: District Records

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



BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

I. Commercial Property & General Liability

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/08 - 7/1/09
- D. Coverages: Building and Contents, Property Floaters, General Liability and Crime
- E. Limits: \$1,000,000 per occurrence; \$2,000,000 aggregate

II. Automobile Liability & Physical Damage

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/08 - 7/1/09
- D. Coverages: Automobile Liability and Physical Damage
- E. Limits: \$1,000,000 per occurrence

III. Workers' Compensation Policy

- A. Policy #: 01-0005255
- B. Carrier: Workers' Compensation Risk Retention Program
- C. Policy Period: 12/1/08 - 11/30/09

IV. Boiler and Machinery Policy

- A. Policy #: BME 18156L884TIL09
- B. Carrier: Travelers Boiler
- C. Policy Period: 7/1/08 - 7/1/09
- D. Limits: \$100,000,000 per occurrence

V. Educator's Legal Liability

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/08 - 7/1/09
- D. Limits: \$1,000,000 per occurrence

VI. Excess Liability

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/08 - 7/1/09
- D. Limits: \$9,000,000

VII. Commercial Employee Blanket Bond

- A. Policy #: ALA-64-A3-EX-0000007-04
- B. Carrier: Princeton Excess & Surplus Lines Insurance Company
- C. Policy Period: 7/1/08 - 7/1/09
- D. Limits: \$500,000 All Employees

SINGLE AUDIT SECTION



SCHOOL DISTRICT NO. 7
SCHEDULE OF FEDERAL AWARD EXPENDITURES
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantors Number	Program or Award Amount	Fund Balance at July 1, 2008	Revenues	Expenditures	Fund Balance at June 30, 2009
U.S. Department of Education							
Pass-through Montana Office of Public Instruction:							
Title I, Part A	84.010A	16-0350-31-09	\$ 792,487	\$ -	\$ 766,712	\$ 766,712	\$ -
Title II, Part A	84.367	16-0350-14-09	185,828	-	177,605	177,605	-
Title II, Part B	84.366B	62-6627-1509-SILC	44,199	-	44,199	44,199	-
Title II, Part D	84.318	16-0350-60-09	12,271	-	11,109	11,109	-
Title IV, Part A	84.186A	16-0350-16-09	30,791	-	27,632	27,632	-
Title V, Part A	84.298	16-0350-39-09	181,771	-	181,771	181,771	-
IDEA-B	84.027A	16-0350-77-09	1,088,894	-	706,892	706,892	-
IDEA-B ARRA	84.391	16-0350-92-10	1,391,825	-	695,912	695,912	-
IDEA-B Preschool	84.173A	16-0350-79-09	27,336	-	27,336	27,336	-
Carl Perkins - Basic	84.048A	16-0351-81-09-BG	85,392	-	85,392	85,392	-
Adult Basic Education and Literacy	84.002	16-0351-56-09-BG	29,110	-	29,110	29,110	-
EL/Civics	84.002	16-0351-56-09-EL	15,393	-	15,393	15,393	-
Title III, Part A	84.365A	16-0351-41-09I	14,721	-	5,999	5,999	-
Total U.S. Department of Education Pass-Through			<u>\$ 3,900,018</u>	<u>\$ -</u>	<u>\$ 2,775,062</u>	<u>\$ 2,775,062</u>	<u>\$ -</u>
U.S. Department of Education Direct Programs:							
Teaching American History # 3	84.215X	U215X070020	\$ 1,000,000	\$ -	\$ 367,466	\$ 367,466	\$ -
Title VII Indian Education - 2007/2008	84.060A	S060A080430	19,897	-	19,044	19,044	-
Total U.S. Department of Education Direct			<u>\$ 1,019,897</u>	<u>\$ -</u>	<u>\$ 386,510</u>	<u>\$ 386,510</u>	<u>\$ -</u>
U.S. Department of Agriculture:							
Pass-through Montana Office of Public Instruction:							
National School Lunch Program	10.555	N/A	\$ 403,768	\$ -	\$ 403,768	\$ 403,768	\$ -
School Wellness	10.555	N/A	500	-	500	500	-
Fair Value USDA Commodities	10.55	N/A	-	-	106,320	106,320	-
Total Department of Agriculture			<u>\$ 404,268</u>	<u>\$ -</u>	<u>\$ 510,588</u>	<u>\$ 510,588</u>	<u>\$ -</u>
U.S. Department of Justice:							
Pass-through City of Bozeman							
Secure Our Schools	16.710	2005CKWX0567	\$ 89,000	\$ -	\$ 9,750	\$ 9,750	\$ -
			<u>\$ 89,000</u>	<u>\$ -</u>	<u>\$ 9,750</u>	<u>\$ 9,750</u>	<u>\$ -</u>
U.S. Department of Health & Human Services:							
Pass-through Dept. of Health & Human Services - MT:							
Tobacco Agreement - FY 05	93.283	05-07-3-31-002-0	\$ 76,000	\$ 5,104	\$ -	\$ 5,104	\$ -
Total Department of Health & Human Services			<u>\$ 76,000</u>	<u>\$ 5,104</u>	<u>\$ -</u>	<u>\$ 5,104</u>	<u>\$ -</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 5,489,183</u>	<u>\$ 5,104</u>	<u>\$ 3,681,910</u>	<u>\$ 3,687,014</u>	<u>\$ -</u>

Notes to Schedule of Federal Awards:

I. Summary of Significant Accounting Policies:

Basis of Accounting

This schedule was prepared on the modified accrual basis of accounting as described in Note I C. on page 43. Commodities are not reported as federal revenue in the fund financial statements or the government-wide statement of activities.

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

To the Board of Trustees
Bozeman School District No. 7

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No.7 (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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

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

Anderson Zuercher & Co, P.C.

Bozeman, Montana
January 26, 2010

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

To the Board of Trustees
Bozeman School District No. 7

Compliance

We have audited the compliance of Bozeman School District No. 7 (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Anderson Zuer Muehlen & Co, P.C.

Bozeman, Montana
January 26, 2010

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

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

Identification of major programs:

84.010	Title I, Part A		\$ 766,712
84.207A	IDEA-B	\$ 706,892	
84.391	IDEA-B ARRA	695,912	
84.173A	IDEA-B Preschool	<u>27,336</u>	\$1,430,140

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
--------------------------------------------------------------------------	-----------

Auditee qualified as low-risk auditee?	Yes
----------------------------------------	-----

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED June 30, 2009

Financial Statement Findings:

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Other Matters:

None Reported

Prior Year Audit Finding:

None Reported