COMPREHENSIVE ANNUAL FINANCIAL REPORT

BOZEMAN SCHOOL DISTRICT NUMBER 7

For the year ended June 30, 2014

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

QUALITY

BOZEMAN

EDUCATION

Comprehensive Annual Financial Report

of

BOZEMAN SCHOOL DISTRICT NO. 7

For the fiscal year ended June 30, 2014

Prepared by the Business Office
Steven D. Johnson, CPA, Deputy Superintendent Operations
Mike Waterman, Director of Business Services/District Clerk
Richard J. Tvedt, CPA, Accounting Supervisor
404 West Main, P.O. Box 520
Bozeman, Montana 59771-0520
Phone: (406) 522-6042

QUALITY

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INTRODUCTORY SECTION

QUALITY

BOZEMAN

EDUCATION

Bozeman Public Schools

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

Dr. Robert J. Watson
Superintendent

Dr. Marilyn King
Deputy Superintendent
Instruction

Steven D. Johnson, CPA
Deputy Superintendent
Operations

February 26, 2015

Letter of Transmittal

Wendy Tage, 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, 2014.

Responsibility for the accuracy of the presentation, including all disclosures, rests with the Superintendent and the Deputy Superintendent 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, 2014, Anderson ZurMuehlen & Co., P.C. has issued an unmodified (referred to as "clean") opinion on the Bozeman School District No. 7's financial statements. Their independent audit report is located at the beginning of the financial section of this report.

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

PROFILE OF THE DISTRICT

Geographically, the Bozeman Public School system covers an area greater than the City of Bozeman. The school system includes two legal districts – Elementary District No. 7 and High School District No. 7. The elementary district covers approximately 275 square miles and has an estimated population of 52,246. The high school district covers approximately 700 square miles, and encompasses eight elementary districts (kindergarten through 8th grade (K-8) – Bozeman, Anderson,

Cottonwood, Gallatin Gateway, LaMotte, Malmborg, Monforton, and Sedan-Wilsall). The estimated population of the high school district is 63,022. The school system is a public entity under the authority of the State of Montana.

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

The two separate legal entities make up one independent reporting entity clearly within the criteria established in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The District serves approximately 6,213 students and provides a full range of educational services appropriate to grade levels Pre-K through 12, as well as Adult Education. These include regular and enriched academic education, special education for students with disabilities and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics. The Bozeman Schools Foundation, Bozeman Hawk Booster Club, Bozeman Schools Friends of Music and the various parent organizations are separate legal entities. The impacts of these individual entities is considered immaterial to the overall financial status of the District and, as such, are not included in these financial statements.

The District is required by state law to annually adopt budgets for certain funds, generally those supported by property taxes. The elementary and high school board of trustees must meet to legally adopt final budgets on or before August 15th immediately preceding the school year. The following governmental funds require an annual budget to be appropriated: General, Transportation, Bus Depreciation, Tuition, Retirement, Technology Acquisition, Adult Education, 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.

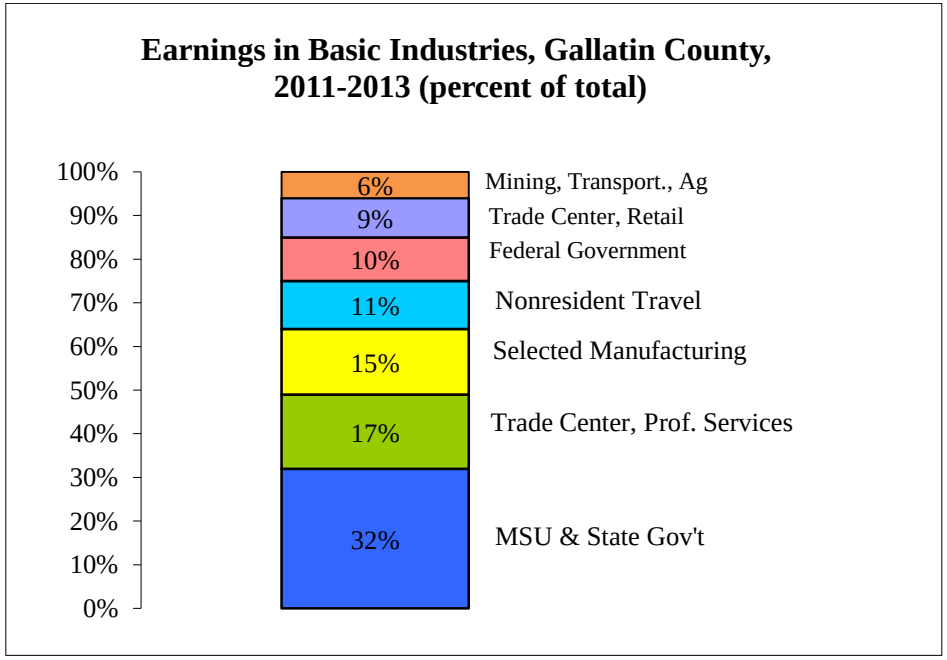
Montana State University – Bozeman (M.S.U.) represents a major economic activity in the District. M.S.U., with a fiscal year 2013-2014 annual budget of approximately $395,844,335, employs approximately 3,536 employees (2,251 full time, 742 part time, and 543 graduate teaching and research assistants). With a student enrollment of 15,294(Fall 2013), 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 2014 issue of the *Montana Business Quarterly* and their *Outlook 2014* issue related to Bozeman and Gallatin County, are restated in the following paragraphs.

After excluding a one-time boost to the Gallatin County economy (which arose from the sale of a local business RightNow Technologies to Oracle), it is still tied with Flathead County and trails only Bakken-fueled Yellowstone County in terms of overall economic growth in the state since the trough of the recession in 2009. Gallatin County's construction industry was particularly hit hard and has recently only shown a hint of recovery. The recent growth has been due to stability in the traditional basic industries such as Montana State University, nonresident travel, and high-tech manufacturing combined with robust expansion in Bozeman's role as a regional trade and service center.

Montana State University is the largest basic industry in Gallatin County, accounting for about 32 percent of total basic earnings. Growth in contract research, rather than state funding, has maintained the contribution of MSU despite wage freezes and other recession-related impacts on government. Bozeman's high-tech sector includes firms in manufacturing and professional services (software), and accounts for another 32 percent of basic earnings. The forecasts call for increases to be 4 percent or greater between 2014-2017. Gallatin County is projected to be the fastest growing urban area in the state. The end of the wage freeze at MSU, continued moderate recovery in construction, increases in nonresident travel as Americans once again take vacations, and strength in the high-tech industries will fuel the economic growth.



Outdoor recreational opportunities, the natural beauty of the area, proximity to two major ski resorts and to Yellowstone National Park promote the nonresident travel to the area. Due to these attractions, Montana State University, and a strong local economy, Bozeman Yellowstone International Airport is the busiest airport in Montana.

Major Initiatives

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

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

Relevant Financial Policies

The District has worked hard to maintain and currently has a structurally balanced General Fund. This means that the current annual obligations of the General Fund are paid with current available General Fund revenues.

Long-Term Financial Planning

In addition to the main purpose of the district, which is Academic Performance, the LRSP includes sections for Operations and Capacity Building, Community Engagement and Partnerships, and Student and Staff Safety/Health/Welfare.

As part of the Operations and Capacity Building Goal, the District is constantly evaluating its financial footprint in the community. With this in mind (and historically low interest rates), the District partially advance refunded 4 of its outstanding general obligation bonds in August 2014 that resulted in a net present value in savings of $1,346,224. The District is seeing its refinancing strategy come to fruition with yet five more partial/advanced refundings of general obligation debt scheduled to close on March 5, 2015, providing an additional $1,032,856 net present value in savings to its taxpayers.

Voters also approved additional Building Reserve and Technology levies in the fiscal year ended June 30, 2013. Each are long-term in nature: the Building Reserve and Technology levies have 5-year and permanent durations, respectively. The Building Reserve levies are helping the District tackle current and expected

facilities costs and have also helped generate an attractive funding match in procuring generous private community support for renovating the District's Willson Auditorium which is nearing completion.

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, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year. *The District is proud to announce that this is the twenty-fifth year that it 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
Deputy Superintendent Operations

Robert J. Watson, Ed.D.
Superintendent

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bozeman School District No. 7

Montana

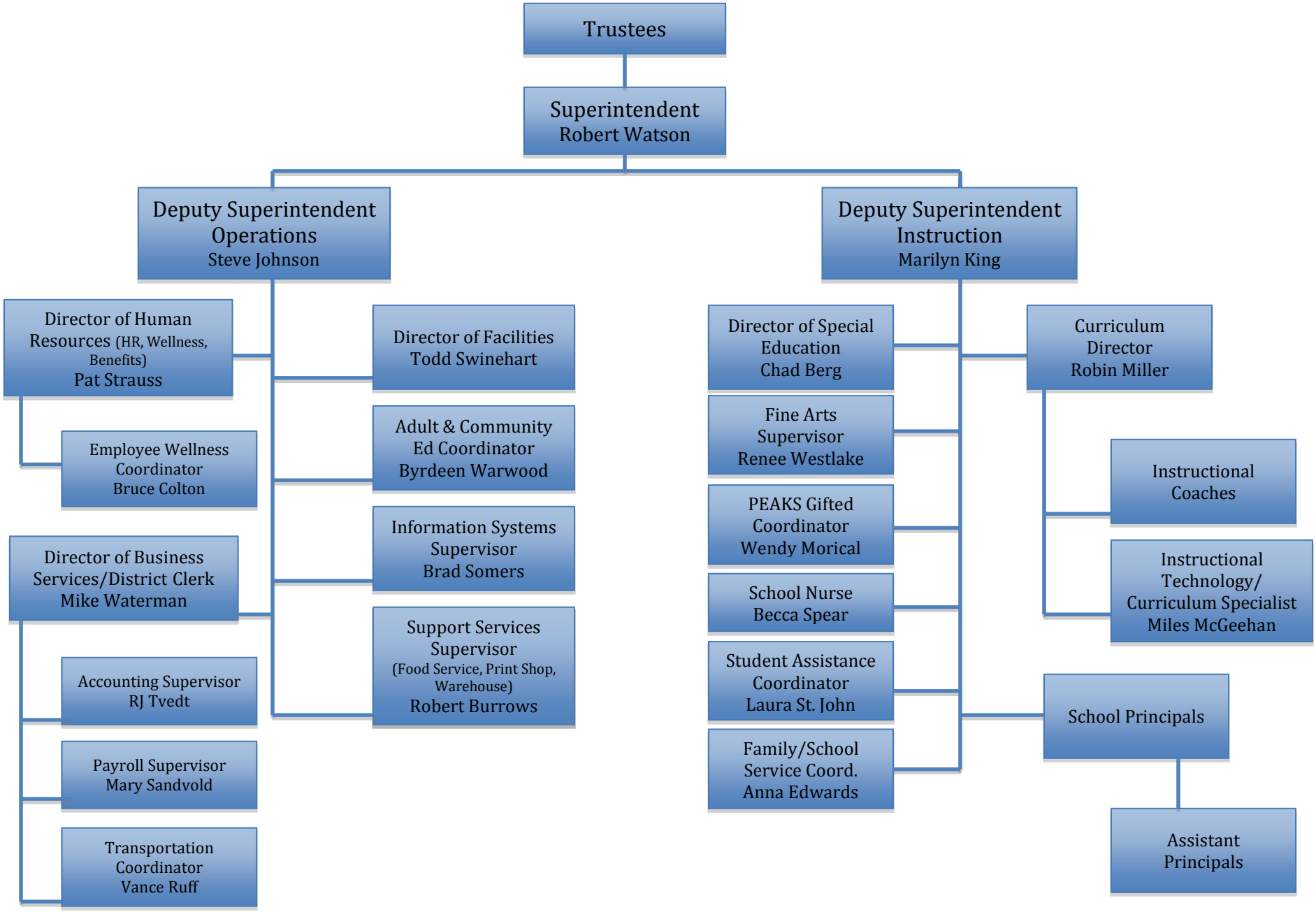
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Jeffrey R. Esser

Executive Director/CEO

Bozeman School District 7
Administrative Organization



BOZEMAN SCHOOL DISTRICT NO. 7

Elected Officials
Board of Trustees

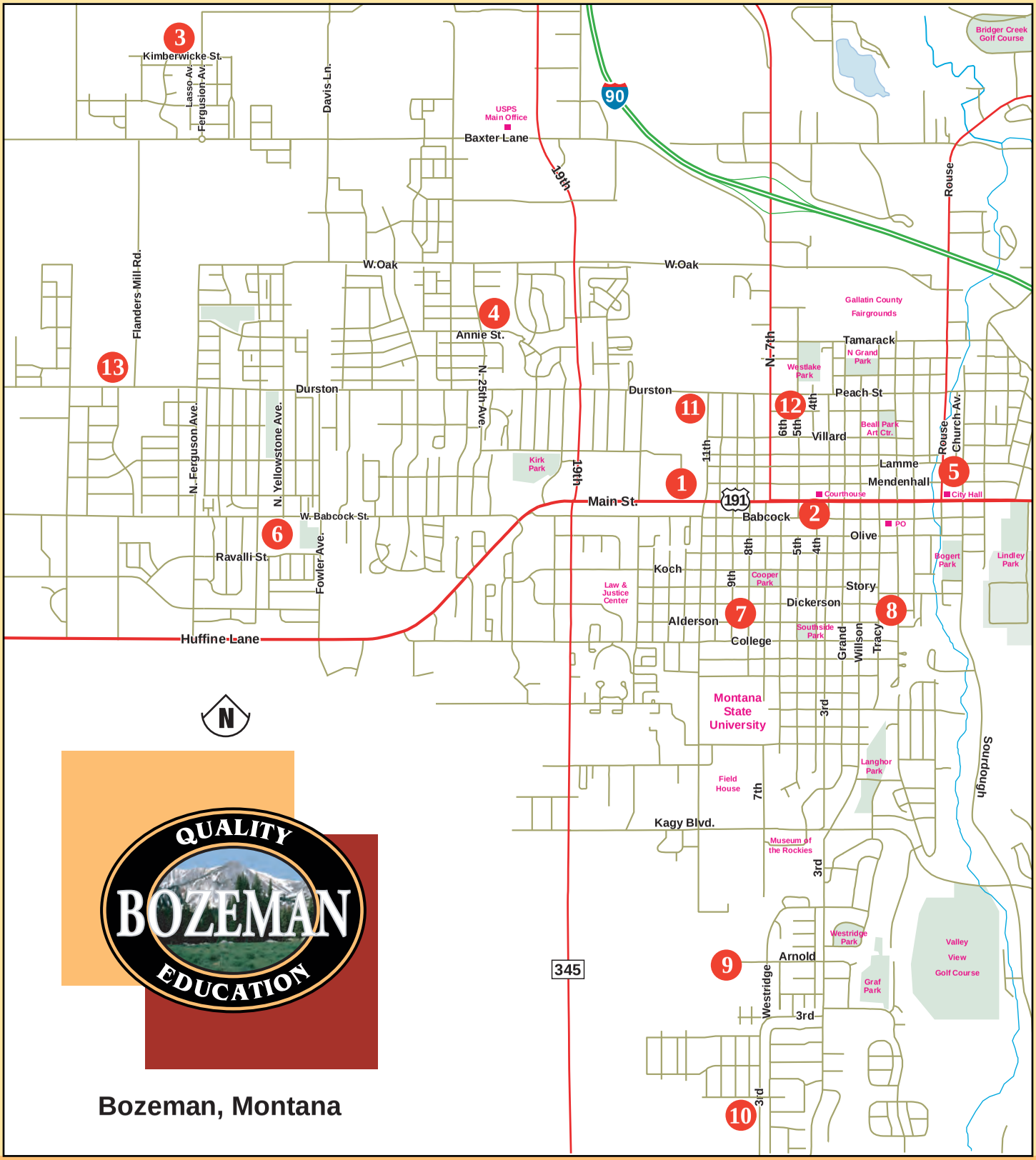
		Term Expires April
Wendy Tage	Chair	2015
Sue MacGrath	Vice Chair	2015
Heide Arneson	Trustee	2017
Denise Hayman	Trustee	2015
Cynthia Bradford Lencioni	Trustee	2017
Gary Lusin	Trustee	2017
Andy Willett	Trustee	2016
Elizabeth Williamson	Trustee	2016

Appointed

Robert J. Watson, Ed. D.	Superintendent of Schools
Marilyn King, Ed. D.	Deputy Superintendent Instruction
Steven Johnson, C.P.A.	Deputy Superintendent Operations
Pat Strauss.	Director of Human Resources

Board Meetings Held During Fiscal Year 2013-14

Regular	12
Special	19



QUALITY BOZEMAN EDUCATION

Bozeman, Montana

1 **Bozeman High School**
205 North 11th
522-6200

1 **Bridger Alternative High School**
205 North 11th
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

13 **Meadowlark Elementary**
4415 Durston Road

QUALITY

BOZEMAN

EDUCATION

FINANCIAL SECTION

anderson ZURMUEHLEN

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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TEL: 406.556.6160 • FAX: 406.586.8719 • WEB: www.azworld.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bozeman School District No. 7

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bozeman School District No. 7, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the supplemental combining and individual nonmajor fund financial statements, the schedule of capital assets used in the operation of governmental funds, supplemental information mandated by Montana Office of Public Instruction, and statistical sections (as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and 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.

The supplemental combining and individual nonmajor fund financial statements, the schedule of capital assets used in the operation of governmental funds, the supplemental information mandated by Montana Office of Public Instruction, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental combining and individual nonmajor fund financial statements, the schedule of capital assets used in the operation of governmental funds, the supplemental information mandated by Montana Office of Public Instruction, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Anderson Zurmuehlen + Co, P.C.

Bozeman, Montana
February 26, 2015

Management’s Discussion and Analysis

BOZEMAN SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 25.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

Overview of the financial statements

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

The Statement of Net Position and the Statement of Activities answer the question "How did we do financially during 2014". These government-wide statements include *all assets, deferred inflows of resources, deferred outflows of resources,* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District's *governmental activities* are presented. These *activities* include most of the District's programs and services including instruction, support services, 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-one 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 Debt Service, Elementary Building, Elementary Building Reserve, and High School Building Reserve Funds, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and *schedules* elsewhere in this report.

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

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

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 103-106 of this report. The *basic* proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The *basic* fiduciary fund financial statements can be found on pages 40-41 of this report and the *combining* fiduciary fund statements can be found on pages 107-109. The District uses the fiduciary funds to account for extracurricular student activities, Worthy Student Scholarships, Medicaid Billing Consortium, and High School Interlocal Agreement activities.

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

THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial condition. In the case of the District, assets exceeded liabilities by $59,330,793 as of June 30, 2014. *Table 1* presents a comparative summary of the District's net position for the fiscal years ended June 30, 2014 and 2013.

By far the largest portion of the District's net position (75.1 percent) reflects its net investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment and construction in progress), less any related debt outstanding used to acquire those assets (unspent bond proceeds are not accounted for in this line). The District uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 17.6% of the District's net position was subject to external restrictions on how it may be used. *Unrestricted* net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements total $4,360,299 at the end of this year.

Table 1
BOZEMAN SCHOOL DISTRICT NO. 7
Net Position

	Governmental Activities	
	2014	2013
Current and other assets	$ 24,837,269	$ 37,765,400
Capital assets	124,073,634	118,108,524
Total assets	148,910,903	155,873,924
Current liabilities	7,629,975	10,598,457
Long-term debt outstanding	81,950,135	86,333,485
Total liabilities	89,580,110	96,931,942
Net position:		
Net investment in capital assets	44,554,505	41,859,235
Restricted	10,415,989	12,475,447
Unrestricted	4,360,299	4,607,300
Total net position	$ 59,330,793	$ 58,941,982

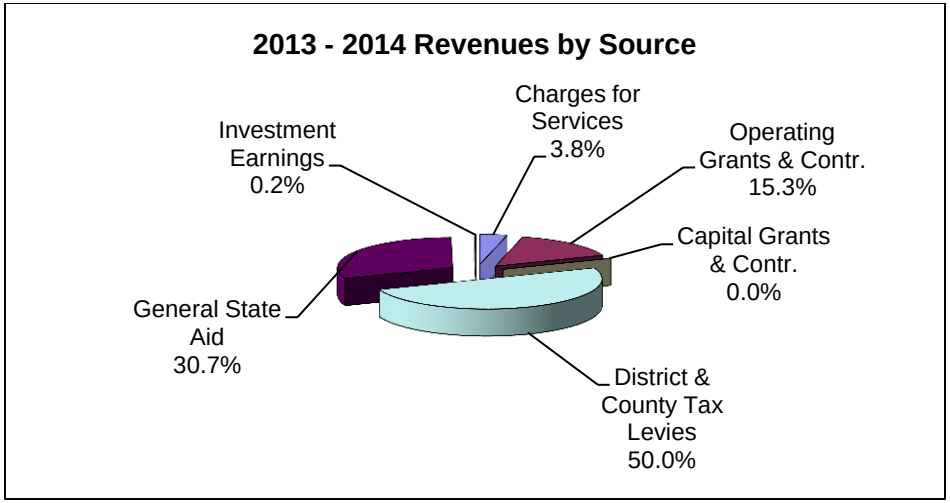
The District's net position increased by a modest $388,811 during the current fiscal year which was largely the net result of debt retirement and a transfer of governmental funds to the fiduciary High School Interlocal Agreement Fund.

Changes in net position – As can be seen on *Table 2*, the Bozeman School District's governmental activities increased net position by $388,811, thereby accounting for 100% of the total growth in the net position.

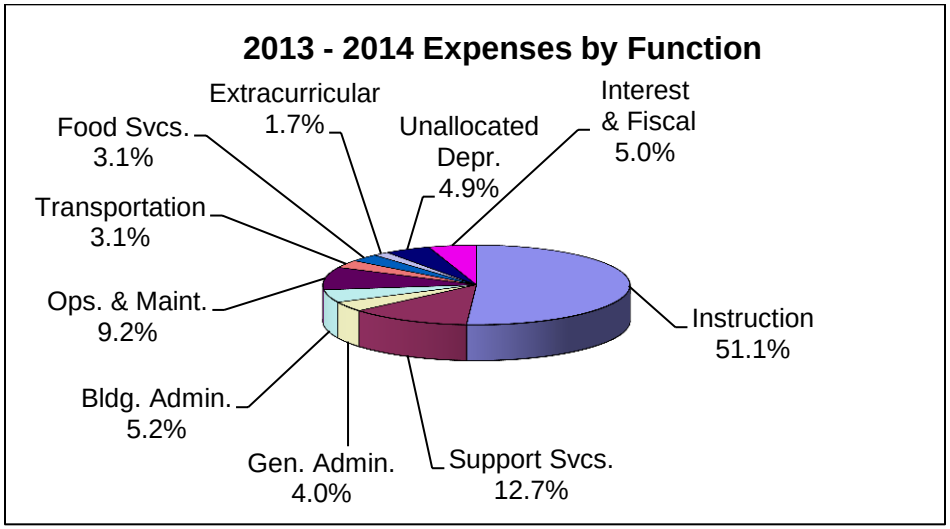
Table 2
BOZEMAN SCHOOL DISTRICT NO. 7
Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for Services	$ 2,751,728	$ 2,694,386
Operating grants and contributions	11,039,331	9,657,240
Capital grants and contributions	27,358	2,216,427
General revenues:		
District property taxes	30,291,040	27,624,361
Investment earnings	164,158	173,809
Unrestricted county distribution - retirement	5,770,760	5,107,947
Unrestricted state equalization	16,080,262	14,847,712
Unrestricted state guaranteed tax base subsidy	2,734,398	2,296,582
Unrestricted state motor vehicle fee reimbursement	1,773,347	1,773,347
Unrestricted quality educator	1,302,442	1,266,515
Unrestricted other state revenue	256,841	438,003
Transfers	(2,006,200)	-
Total revenues and transfers	70,185,465	68,096,329
Program Expenses		
Instruction	35,618,686	31,716,354
Support services	8,887,042	7,412,715
General administration	2,815,439	2,563,815
Building administration	3,614,781	3,310,381
Operations and maintenance	6,443,041	5,055,062
Student transportation	2,193,615	1,801,699
Food services	2,148,983	1,868,641
Extracurricular activities	1,170,210	932,725
Unallocated depreciation	3,387,281	2,851,136
Interest and fiscal charges	3,517,576	3,003,231
Total expenses	69,796,654	60,515,759
Increase (decrease) in net position	388,811	7,580,570
Net position, beginning of year	58,941,982	51,361,412
Net position, end of year	$ 59,330,793	$ 58,941,982

Excluding the transfers, revenues for fiscal year 2014 on Table 2 experienced an increase of $4,095,336. This increase is largely attributable to an overall increase in state funding and district property taxes. The following chart illustrates the breakout of revenues by source.



Total expenses on *Table 2* increased by $9,280,895 (15.3%) and was largely attributable to the costs of opening a new elementary school, expected increase in depreciation, and an increase in cost of salary, benefit and staffing to keep up with demand for services. The following chart illustrates the breakout of expenses by function.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 32) reported a *combined* fund balance of $18,843,530, a decrease of $9,900,043 due primarily to the expending bond proceeds on the new Meadowlark Elementary School, various ongoing construction projects and transfers to the fiduciary High School Interlocal Agreement fund.

The major elementary debt service fund experienced a modest $23,265 increase in fund balance. The major elementary building fund had a $7,760,818 decrease in fund balance due to the major expansion of the Support Services building, renovation of Longfellow Elementary School and final completion of the newly opened Meadowlark Elementary School. The elementary major building reserve fund enjoyed a 9.8% increase in fund balance largely due to tax collections exceeding current costs. The high school major building reserve fund experienced a large $1,443,674 (41.6%) decrease in fund balance primarily due largely to a $1,000,000 funds transfer made to the High School Interlocal Agreement fund. The general fund (the fifth major fund) is the main operating fund of the Bozeman School District. Its fund balance increased by a modest $101,291 which was attributable to tax collections exceeding current expenditures and transfers.

General fund budgetary highlights

The School Board adopted a $244,387 budgetary increase in the general fund for the year ended June 30, 2014. This increase was allowed by state law due to a significant enrollment increase in October 2013 as compared to the prior school year. Actual revenues slightly fell short of expected budgeted general fund revenues by $68,984 (0.16%), which is mostly the result of delinquent tax collections(including any penalties and interest).

General fund expenditures and transfers utilized 99.3% of the general fund budget. There were several significant functional variances in the expenditure section. The support services function experienced an unfavorable 10.9% ($453,023) budget variance largely due to costs exceeding anticipated expenditures in the Psychological, Speech Pathology, Occupational and Physical Therapy, Library Services, and support aides areas. The extracurricular functional area expenditures outpaced its budget by 11.2% ($100,066) primarily due to absorbing additional costs normally paid for out of the High School Student Extracurricular fiduciary fund.

Ending budgeted general fund balance reserves climbed slightly to 7.3% of the 2014-2015 expenditure budget. This percentage is 73% of the state allowed 10% maximum and is adequate to meet cash flow needs.

Student enrollment is critical in the calculation of general fund budget limits. The overall District PreK-12 enrollment has increased every year since 2004 (see Table 24). The October 2013 increase of 220 students was the largest during this time period and is following the current trend of enrollment projections. This enrollment gain will continue to increase the demand for resources but will also have a positive impact on the maximum budget allowed to service the educational needs of the students.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the District had invested roughly $155.5 million in capital assets, including school land, buildings, construction in progress, and machinery and equipment. This amount represents an increase prior to

depreciation of $9,971,868 over 2013. Total depreciation expense for the year was $3,705,582. The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2014.

	Amount
Land	$ 9,997,655
Land improvements	7,930,805
Buildings and improvements	100,430,099
Machinery and equipment	2,154,539
Construction in progress	4,754,210
Total	$125,267,308

The total assets(net of depreciation) noted above includes $1,193,674 of fiduciary net capital assets. Additional information on the District's capital assets can be found in Note III C on pages 58-60 of this report.

Debt Administration

At year-end, the District had $87,134,149 in general and limited obligation bonds and other long-term debt outstanding, of which $5,184,014 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2014, is presented below:

	Amount
General obligation bonds	$ 82,325,753
Limited obligation bonds	345,687
Compensated absences	4,023,482
Voluntary termination benefits	27,789
Other postemployment benefits	411,438
Total	$ 87,134,149

The Elementary District enjoyed an upgrade to an **Aa2** Moody's rating and the High School District has maintained its **Aa2** Moody's rating for general obligation debt. State statutes currently limit the amount of the general obligation debt a District may issue. As of June 30, 2014, the current elementary legal debt margin is $17,341,132 and the high school legal debt margin is $48,033,563 (as shown on Table 14).

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration and board of trustees during the process of developing the fiscal year 2014-2015 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 5.9% to $43,330,523 in fiscal year 2014-2015. Increased payroll and employee benefit costs are the primary reason for the increase.

Inflation for fiscal year 2014 (June to June) was 2.1% which was a slight increase over the 1.8% as of June 2013. The Consumer Price Index has decreased 0.4% from July 2014 through December 2014. The local cost of living within the Bozeman School District has kept pace with that of the national economy. This fact was considered when evaluating the cost of living during collective bargaining negotiations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

QUALITY

BOZEMAN

EDUCATION

Basic Financial Statements

QUALITY

BOZEMAN

EDUCATION

Government-Wide Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 20,587,801
Property taxes receivable(net of allowances for uncollectibles)	2,189,714
Internal balances	46,325
Due from other governments	1,206,836
Accounts receivable	419,995
Inventory, at cost	42,151
Prepaid items	308,391
Flexible accounts deposit	36,056
Total current assets	24,837,269
Noncurrent assets:	
Land	8,885,609
Land improvements	10,559,552
Buildings and improvements	124,164,298
Machinery and equipment	5,922,258
Construction in progress	4,754,210
Less accumulated depreciation	(30,212,293)
Total noncurrent assets	124,073,634
Total assets	$ 148,910,903

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	$ 976,173
Accrued interest payable	248,055
Retainages payable	224,398
Unearned revenue	997,335
Bonds payable - due within one year	4,777,320
Compensated absences - due within one year	399,905
Voluntary termination benefits - due within one year	6,789
Total current liabilities	7,629,975
Noncurrent liabilities:	
Bonds payable	77,894,120
Compensated absences	3,623,577
Voluntary termination benefits	21,000
Other postemployment health benefits	411,438
Total noncurrent liabilities	81,950,135
Total liabilities	89,580,110
NET POSITION	
Net investment in capital assets	44,554,505
Restricted for:	
Building	2,103,869
Building reserve	4,250,782
Debt service	87,702
Bus depreciation	426,770
Retirement	1,557,490
Technology acquisition	647,950
Transportation	742,285
Grant purposes	409,600
Adult education	189,541
Unrestricted	4,360,299
Total net position	$ 59,330,793

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, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 35,618,686	$ 859,372	$ 4,302,048	$ -	$ (30,457,266)
Support services	8,887,042	209,847	3,820,269	-	(4,856,926)
General administration	2,815,439	126,200	205,527	-	(2,483,712)
Building administration	3,614,781	120,701	167,553	-	(3,326,527)
Operations and maintenance	6,443,041	244,010	1,152,357	27,358	(5,019,316)
Student transportation	2,193,615	5,549	696,360	-	(1,491,706)
Food services	2,148,983	1,180,670	683,114	-	(285,199)
Extracurricular activities	1,170,210	5,379	12,103	-	(1,152,728)
Unallocated depreciation *	3,387,281	-	-	-	(3,387,281)
Interest and fiscal charges	3,517,576	-	-	-	(3,517,576)
Total governmental activities	$ 69,796,654	$ 2,751,728	$ 11,039,331	$ 27,358	$ (55,978,237)

General revenues:	
District property taxes	30,291,040
Investment earnings	164,158
Intergovernmental revenue	
Unrestricted:	
County distribution - retirement	5,770,760
State equalization	16,080,262
State guaranteed tax base subsidy	2,734,398
State motor vehicle fee reimbursement	1,773,347
State quality educator	1,302,442
Other state revenue	256,841
Transfers	(2,006,200)
Total general revenues and transfers	56,367,048
Change in net position	388,811
Net position, beginning of year	58,941,982
Net position, end of year	$ 59,330,793

* 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.

QUALITY

BOZEMAN

EDUCATION

Fund Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Elementary Debt Service	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 3,491,316	$ 15,899	$ 4,495,529	$ 2,227,805	$ 2,084,194	$ 5,238,817	$ 17,553,560
Property taxes receivable	1,277,817	310,465	-	120,259	98,794	392,099	2,199,434
Due from other funds	47,673	-	-	-	-	37,800	85,473
Due from other governments	17,490	-	546,192	-	-	643,154	1,206,836
Accounts receivable	1,523	-	362,683	-	-	55,591	419,797
Inventory, at cost	-	-	-	-	-	40,822	40,822
Prepaid items	36,085	-	-	-	-	250,876	286,961
Total assets	$ 4,871,904	$ 326,364	$ 5,404,404	$ 2,348,064	$ 2,182,988	$ 6,659,159	$ 21,792,883
LIABILITIES							
Accounts payable	$ 95,824	$ -	$ 14,535	$ -	$ -	$ 290,785	$ 401,144
Retainages payable	-	-	133,689	29,459	61,250	-	224,398
Bank overdraft	-	-	-	-	-	3,883	3,883
Unearned revenue	-	-	-	-	-	81,346	81,346
Due to other funds	-	-	-	-	-	39,148	39,148
Total liabilities	95,824	-	148,224	29,459	61,250	415,162	749,919
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	1,277,817	310,465	-	120,259	98,794	392,099	2,199,434
Total deferred inflows of resources	1,277,817	310,465	-	120,259	98,794	392,099	2,199,434
FUND BALANCES							
Nonspendable	36,085	-	-	-	-	291,698	327,783
Restricted	-	15,899	5,256,180	2,198,346	2,022,944	3,950,361	13,443,730
Committed	-	-	-	-	-	1,613,722	1,613,722
Assigned	353,134	-	-	-	-	-	353,134
Unassigned	3,109,044	-	-	-	-	(3,883)	3,105,161
Total fund balances	3,498,263	15,899	5,256,180	2,198,346	2,022,944	5,851,898	18,843,530
Total liabilities, deferred inflows of resources, and fund balances	$ 4,871,904	$ 326,364	$ 5,404,404	$ 2,348,064	$ 2,182,988	$ 6,659,159	$ 21,792,883

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

BOZEMAN SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

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

Total fund balances - governmental funds (page 32)		$ 18,843,530
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $154,285,927 and the accumulated depreciation is $30,212,293.		124,073,634
Deferred inflows of resources are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.		2,199,434
Property taxes receivable is reported "net of the allowances for uncollectibles" on the statement of net position.		(9,720)
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	$ 82,919,495	
Compensated absences	4,023,482	
Voluntary termination benefits	27,789	(86,970,766)
Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,194,681
Total net position - governmental activities (page 28)		$ 59,330,793

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, 2014

	General	Elementary Debt Service	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
District property taxes	$ 16,750,875	$ 4,540,507	$ -	$ 1,683,545	$ 1,491,279	$ 5,525,926	$ 29,992,132
Tuition and fees	28,495	-	-	-	-	1,320,909	1,349,404
Interest	39,677	6,214	31,528	10,995	7,280	24,625	120,319
Other district revenue	2,801	-	1,323,341	-	-	727,895	2,054,037
Gallatin County	-	-	-	-	-	6,147,312	6,147,312
State of Montana	24,025,992	79,543	-	-	-	2,519,747	26,625,282
Federal	-	-	-	-	-	3,862,088	3,862,088
Total revenues	40,847,840	4,626,264	1,354,869	1,694,540	1,498,559	20,128,502	70,150,574
Expenditures:							
Current -							
Instruction	25,978,178	-	219,212	1,699	-	7,860,808	34,059,897
Support services	4,615,434	-	150,059	-	2,720	3,958,187	8,726,400
General administration	1,907,142	-	-	-	-	708,378	2,615,520
Building administration	2,828,624	-	434	-	-	642,708	3,471,766
Operations and maintenance	4,189,063		1,134,467	330,530	169,014	484,933	6,308,007
Student transportation	-	-	-	-	-	2,191,740	2,191,740
Food services	11,876	-	49,128	-	133,095	1,899,497	2,093,596
Extracurricular activities	996,363	-	-	-	-	154,456	1,150,819
Capital outlay	12,420	-	7,562,387	224,869	1,637,404	229,193	9,666,273
Debt service -				-			
Principal retirement	-	2,625,000	-	140,554	-	1,800,000	4,565,554
Interest and fiscal charges	1,249	1,977,999	-	550	-	1,215,047	3,194,845
Total expenditures	40,540,349	4,602,999	9,115,687	698,202	1,942,233	21,144,947	78,044,417
Excess (deficiency) of revenues over expenditures	307,491	23,265	(7,760,818)	996,338	(443,674)	(1,016,445)	(7,893,843)
Other financing sources (uses):							
Transfers out to High School Interlocal Fiduciary Fund	(206,200)	-	-	(800,000)	(1,000,000)	-	(2,006,200)
Total other financing sources (uses)	(206,200)	-	-	(800,000)	(1,000,000)	-	(2,006,200)
Net changes in fund balances	101,291	23,265	(7,760,818)	196,338	(1,443,674)	(1,016,445)	(9,900,043)
Fund balances, beginning of year	3,396,972	(7,366)	13,016,998	2,002,008	3,466,618	6,868,343	28,743,573
Fund balances, end of year	$ 3,498,263	$ 15,899	$ 5,256,180	$ 2,198,346	$ 2,022,944	$ 5,851,898	$ 18,843,530

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, 2014

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

Net change in fund balances - total governmental funds (page 34)	$ (9,900,043)
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 ($9,665,017) exceeded depreciation ($3,641,886) in the current period.	6,023,131
Deferred inflows of resources in the governmental funds are reported on the full accrual method in the government-wide financial statements.	298,909
The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized as a component of interest and fiscal charges in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	4,278,373
The current period net increase in compensated absences and voluntary termination benefits payable did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds.	(400,765)
Internal service funds are used by the District to charge the costs of health insurance, printing, postage and other services to individual funds. The net income of the internal service funds is reported with governmental activities.	89,206
Change in net position of governmental activities (page 29)	$ 388,811

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
District property taxes	$ 16,901,640	$ 16,901,640	$ 16,750,875	$ (150,765)
Tuition and fees	37,986	37,986	28,495	(9,491)
Interest	32,129	32,129	38,395	6,266
Other district revenue	947	947	2,801	1,854
State of Montana	23,698,453	23,942,840	24,025,992	83,152
Total revenues	40,671,155	40,915,542	40,846,558	(68,984)
Expenditures:				
Current -				
Instruction	27,075,042	27,319,429	25,877,250	1,442,179
Support services	4,152,488	4,152,488	4,605,511	(453,023)
General administration	1,897,237	1,897,237	1,887,071	10,166
Building administration	2,702,025	2,702,025	2,822,409	(120,384)
Operations and maintenance	3,948,066	3,948,066	4,085,732	(137,666)
Extracurricular activities	896,297	896,297	996,363	(100,066)
Capital outlay	-	-	12,420	(12,420)
Debt service -				
Interest and fiscal charges	-	-	1,249	(1,249)
Total expenditures	40,671,155	40,915,542	40,288,005	627,537
Excess (deficiency) of revenues over expenditures	-	-	558,553	558,553
Other financing sources (uses):				
Transfers out	-	-	(345,200)	(345,200)
Total other financing sources (uses)	-	-	(345,200)	(345,200)
Net change in fund balances	-	-	213,353	213,353
Fund balances, beginning of year	2,931,776	2,931,776	2,931,776	-
Fund balances, end of year	$ 2,931,776	$ 2,931,776	$ 3,145,129	$ 213,353

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities: Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,038,124
Accounts receivable	198
Inventory, at cost	1,329
Prepaid items	21,430
Flexible accounts deposit	36,056
Total current assets	3,097,137
Noncurrent assets:	
Capital assets:	
Machinery and equipment	546,472
Less accumulated depreciation	(348,918)
Net capital assets	197,554
Total assets	3,294,691
LIABILITIES	
Current liabilities:	
Accounts payable	575,029
Unearned revenue	915,989
Total current liabilities	1,491,018
Noncurrent liabilities:	
Other postemployment health benefits	411,438
Total noncurrent liabilities	411,438
Total liabilities	1,902,456
NET POSITION	
Net investment in capital assets	197,554
Unrestricted	1,194,681
Total net position	$ 1,392,235

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities: Internal Service Funds
Operating revenues:	
Charges for services	$ 6,579,395
Charges for Wellness services	92,547
Total operating revenues	6,671,942
Operating expenses:	
Administrative expenses	225,517
Communications	34,946
Contracted Medicare supplement	231,000
Depreciation	58,021
Excess risk insurance	380,829
Facilities and equipment rental	1,766
Health, dental and vision claims	4,895,901
Materials and supplies	203,167
Other postemployment health benefits	84,704
Repairs and maintenance	19,163
Salaries and benefits	130,388
Wellness	324,064
Other	1,559
Total operating expenses	6,591,025
Operating income (loss)	80,917
Nonoperating revenues (expenses):	
Interest	8,289
Total nonoperating revenues (expenses)	8,289
Change in net position	89,206
Net position, beginning of year	1,303,029
Net position, end of year	$ 1,392,235

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, 2014

	Governmental Activities: Internal Service Funds
Cash flows from operating activities:	
Receipts from users	$ 6,688,484
Payments for insurance claims	(4,841,163)
Payments to employees	(130,388)
Payments to suppliers	(1,395,752)
Net cash provided (used) by operating activities	321,181
Cash flows from investing activities:	
Interest received	8,289
Net cash provided (used) by investing activities	8,289
Net increase (decrease) in cash and cash equivalents	329,470
Cash and cash equivalents - 7/01/13	2,708,654
Cash and cash equivalents - 6/30/14	$ 3,038,124
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 80,917
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:	
Depreciation	58,021
(Increase) decrease in accounts receivable	4,757
(Increase) decrease in inventories	18,098
(Increase) decrease in prepaid items	(3,861)
(Increase) decrease in deposits	(36,056)
Increase (decrease) in accounts payable	102,815
Increase (decrease) in other postemployment benefits	84,704
Increase (decrease) in unearned insurance premiums	11,786
Total adjustments	240,264
Net cash provided (used) by operating activities	$ 321,181

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Private-Purpose Trust
ASSETS	
Cash and cash equivalents	$ 1,663,225
Investments	641,008
Due from other governments	2,000
Accounts receivable	1,699
Land	1,112,046
Land improvements	83,852
Machinery and equipment	19,822
Less accumulated depreciation	(22,046)
Total assets	3,501,606
LIABILITIES	
Due to other funds	46,325
Accounts payable	3,674
Total liabilities	49,999
NET POSITION	
Net position held in trust	$ 3,451,607

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

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Private-Purpose Trust Funds
Additions:	
Auctions	$ 33,702
Contributions	17,126
Payments from member districts	2,006,200
Extracurricular receipts and fees	1,198,380
Medicaid direct billing receipts	180,269
Membership services	28,885
Other trust revenue	2,999
State of Montana	25,544
Total noninvestment trust additions	3,493,105
Investment earnings:	
Interest	79,530
Total additions	3,572,635
Deductions:	
Administrative expenses	45,156
Depreciation	5,675
Salaries and benefits	27,720
Instruction	343
Extracurricular activities	1,134,969
Payments to consortium members	232,549
Professional contracted services	137,936
Purchased property services	4,200
Scholarships	1,000
Total deductions	1,589,548
Change in net position	1,983,087
Net position, beginning of year	1,468,520
Net position, end of year	$ 3,451,607

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

QUALITY

BOZEMAN

EDUCATION

Notes to Financial Statements

BOZEMAN SCHOOL DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

The District has previously adopted the provisions of GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement codifies the requirements of all pre-November 30, 1989 FASB and AICPA pronouncements that apply to state and local governments.

For the fiscal year ended June 30, 2014, the District implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

A. ***Reporting Entity***

School District No. 7 was established under Montana law to provide educational services below the College and University level to residents of the District. Generally accepted accounting principles require that these financial statements present School District No. 7 (the primary government) and all component units, if any. In the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 61 *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. One significant modification was the provision that a financial benefit or burden must exist between the District and potential component unit organization for it to be included in the reporting entity as a component unit. In applying this statement, it has been determined that School District No. 7 has no component units.

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

B. *Government-wide and fund financial statements*

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental funds, 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 debt service, elementary building, elementary building reserve, and high school building reserve 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 debt service fund* accounts for annual payment of principal, interest, and expenditures on elementary district long-term obligation debt. Under State of Montana statutes, this fund may also be used to pay special improvement district assessment charges against District-owned property.

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

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

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

Additionally, the government also reports the following fund types:

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

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

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

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

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

D. 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. $159,913 of the Middle and High School Student Extracurricular Funds (which are Private-Purpose Trust Funds) are in various interest bearing checking accounts. $1,216 of the nonexpendable high school endowment fund (private-purpose trust) is in interest bearing bank insured deposit accounts.

The County Treasurer, at the direction of the District, invests the pooled cash in nonfiduciary funds pursuant to State Law (MCA 20-9-213 [4]). Allowable investments include direct obligations of the United States Government and some United States Agencies (not to exceed five years), savings or time deposits in a state or national bank, building and loan association, savings and loan association, or credit union insured by the FDIC or NCUA located in the State, or in a repurchase agreement. It is also allowable to invest monies under the State Unified Investment Program (STIP) established in Title 17, Chapter 6, MCA. STIP has invested in derivatives, but the nature of those transactions, the reason for entering into them and the School District's exposure to credit is not available to the School District for disclosure. As of June 30, 2014, the District had a significant portion of its funds invested in STIP through the Gallatin County external investment pool.

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

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

E. Receivables and payables

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

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

Property taxes are due in two payments, generally November 30th and May 31st. Unpaid taxes become delinquent on December 1st and June 1st. After three years of delinquency, the County may proceed to take title to the property. Delinquent taxes may be collected up to ten years. The County Treasurer may issue a writ of execution to the County Sheriff to seize the property and sell it to pay the taxes. Unpaid taxes at the end of ten years may be written off by the County Commissioners. Using the County's 10-year delinquency rate of 0.03% on real estate property taxes levied and 0.2% on personal property taxes levied, a $9,720 allowance for uncollectibles has been calculated and the property taxes receivable are presented net of this amount.

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

F. Inventories

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

G. Prepaid items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items in both the government-wide and fund financial statements. This current asset is recorded at the time of

purchase and an expenditure/expense is reported in the year in which services are consumed(consumption method).

H. Capital assets

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

In addition to assets, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position (or fund balance) that applies to a future period(s) so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District did not have any items that met the deferred outflows of resources definition in the current year.

In addition to liabilities, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District only had one item that qualified as a deferred inflow of resources and it was only at the modified accrual level of accounting and therefore reported solely on the governmental funds balance sheet. This item was entirely comprised of outstanding property taxes as of June 30, 2014. These amounts are (and were) reported as revenue in the government-wide financial statements in the period in which they were levied and thus no deferred inflows of resources were reported on the Statement of Net Position.

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. Generally Accepted Accounting Principles (GAAP) dictate that a fund solely funded from another fund cannot be a standalone special revenue fund. All of its activity must be reported in the fund that is truly paying for the expenditures. Therefore, on the modified accrual basis, the compensated absence liability fund activities have been consolidated into the general fund (its full funding source).

J. Voluntary termination benefits

Voluntary Career Option Plan - The Voluntary Career Option Plan was 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(CBA) between School District No. 7 and the Bozeman Education Association July 1, 2007 – June 30, 2010. This plan was eliminated from the CBA effective June 30, 2010. The remaining plan obligations and plan description follow:

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 $3,789 for the fiscal year ended June 30, 2014 (the VCOP Plan is entirely employer funded). The District had 2 remaining past employee participating in these plans on June 30, 2014.

Administrator Severance Medical Insurance Payments – If an Administrator has at least thirteen years of administrative service with the District or at least twenty years of total service with the District, and

the Administrator's employment with the District ends in a no fault termination, the Administrator shall be entitled to payments of $250 per month from the District for medical insurance. These payments shall cease on the first of the following to occur: a. The Administrator becoming eligible to participate in another employer sponsored medical insurance plan with benefits which are of comparable value to the District's group medical insurance plan, or Medicare. b. Ten years expiring from the date of the first such payment to the Administrator. For the fiscal year ended June 30, 2014, this voluntary termination benefit cost the District $3,000 and had only 1 past employee participating as of that year end date.

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 position. Premiums and discounts are deferred over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 balance

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

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

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

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

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

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

As of June 30, 2014, fund balances are comprised of the following:

	General	Elem. Debt Service	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventories	$ -	$ -	$ -	$ -	$ -	$ 40,822	$ 40,822
Prepaid items	36,085	-	-	-	-	250,876	286,961
Restricted:							
Federal,State, & Local Grants	-	-	-	-	-	409,600	409,600
Building constr. repair & renov.	-	-	5,256,180	2,198,346	2,022,944	-	9,477,470
Debt Service	-	15,899	-	-	-	14,996	30,895
Student Transport.	-	-	-	-	-	716,833	716,833
Replacing Buses	-	-	-	-	-	426,345	426,345

	General	Elem. Debt Service	Elementary Building	Elementary Building Reserve	High School Building Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Student Tuition	-	-	-	-	-	-	-
Retirement taxes	-	-	-	-	-	1,557,490	1,557,490
Tech acquisition	-	-	-	-	-	638,561	638,561
Adult Education	-	-	-	-	-	186,536	186,536
Committed:							
Food services	-	-	-	-	-	409,876	409,876
Special services	-	-	-	-	-	627,489	627,489
Business services	-	-	-	-	-	303,545	303,545
Drivers education	-	-	-	-	-	210,820	210,820
Misc. district ops	-	-	-	-	-	61,992	61,992
Assigned:							
Encumbrances	2,850	-	-	-	-	-	2,850
Comp. absences	350,284	-	-	-	-	-	350,284
Unassigned	3,109,044	-	-	-	-	(3,883)	3,105,161
Total fund balances	$3,498,263	$15,899	$5,256,180	$2,198,346	$2,022,944	$ 5,851,898	$ 18,843,530

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

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

N. ***Minimum General Fund - Fund Balance***

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

O. ***Net Position***

In funds other than governmental, net position represent the result of assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and also reduced by the outstanding balances of any borrowing used in the acquisition, construction, or improvement of those assets. This line item is not reduced by the portion of debt that is related to unspent bond proceeds. Net position is reported as

restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

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.) The Board approved a $244,387 budget increase in the general fund due to a sizeable increase in the October 2013 enrollment count of the District.

While the Bozeman School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as

provided by law allows accounting for certain year end appropriations as encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presented for the District's major governmental fund(General) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are two major difference between the budget basis and GAAP basis in presenting the general fund. One is that under GAAP, encumbrances outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The second major difference is that on a budget basis, compensated absence liability funds are tracked separately but for GAAP purposes, their activity is consolidated back into the general fund which originally supplied it with its full source of revenue.

B. Budgetary/GAAP reconciliation

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

Net Change in Fund Balance
Major General Fund

	General
GAAP Basis	$101,291
Consolidating compensated absence liability fund activity	23,856
Adjustment for Encumbrances	88,206
Budget Basis	$213,353

C. Excess of expenditures over appropriations

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

D. Deficit fund equity

The Elementary Tuition and High School Tuition funds had deficits of $3,131 and $752, respectively, as of June 30, 2014. These deficits largely resulted from revenue collections trailing levied amounts. Additional mills are allowed to be levied in the future to make up for these deficits.

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and investments*

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

Cash and cash equivalents consist of:

Petty cash	$ 5,217
County Treasurer's Investment Pool	22,084,680
Cash in checking	159,913
Cash in D.A. Davidson bank insured deposits	1,216
Total	$ 22,251,026

Investments consist of:

		Credit Risk	Interest Rate Risk
	Investment Mkt Value	Standard & Poor's Corporate Bond Rating	Weighted Average Maturity (Years)
Mutual Funds	$641,008	AAA	0.00
Portfolio weighted average maturity			0.00

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 $159,913 which is fully insured by the FDIC.

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

Short-term investments consisting of a daily repurchase agreement with a local bank, U.S. agencies and Certificates of Deposit account for the management of cash temporarily idle during the year in the vast majority of the District's funds. The fiduciary Nonexpendable High School Endowment fund had cash spread amongst one nonlocal bank through its D.A. Davidson investment account. The mutual funds listed above were also purchased with this same Endowment fund and are an allowable investment option for fiduciary funds.

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

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

B. ***Receivables***

Receivables as of June 30, 2014, for the District's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Elem. Debt Service	Elementary Building	Elem. Bldg Reserve	High School Building Reserve	Nonmajor and Other Funds	Total
Receivables:							
Accounts	$ 1,523	$ -	$ 362,683	$ -	$ -	$ 57,488	$ 421,694
Property taxes	1,277,817	310,465	-	120,259	98,794	392,099	2,199,434
Gross receivables	1,279,340	310,465	362,683	120,259	98,794	449,587	2,621,128
Less: allowance for Uncollectibles	(5,646)	(1,371)	-	(531)	(436)	(1,736)	(9,720)
Net total receivables	$1,273,694	$ 309,094	$ 362,683	$119,728	$ 98,358	$ 447,851	$2,611,408

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

Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned (unearned). At the end of the current fiscal year, the various components of $2,199,434 deferred inflows and $81,346 unearned revenue reported in governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	$1,277,817	$ -
Delinquent property taxes receivable (Elementary Debt Service)	310,465	-
Delinquent property taxes receivable (Elementary Building Reserve)	120,259	-
Delinquent property taxes receivable (High School Bldg.Reserve)	98,794	-
Delinquent property taxes receivable (Nonmajor governmental funds)	392,099	-
Food Service, Elementary & High School grants (Nonmajor gov'tl funds)	-	81,346
Total unavailable and unearned revenue for governmental funds	$2,199,434	$ 81,346

The Self-Insurance internal service fund had unearned revenue of $915,989 as of June 30, 2014, 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, 2014 follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 8,886,865	$ -	$ (1,256)	$ 8,885,609
Construction in progress	15,728,628	4,096,451	(15,070,869)	4,754,210
Total capital assets, not being depreciated	24,615,493	4,096,451	(15,072,125)	13,639,819
Capital assets, being depreciated:				
Land improvements	7,570,733	2,988,819	-	10,559,552
Buildings and improvements	107,816,118	16,805,120	(456,940)	124,164,298
Machinery and equipment	5,423,761	846,752	(348,255)	5,922,258
Total capital assets being depreciated	120,810,612	20,640,691	(805,195)	140,646,108
Less accumulated depreciation for:				
Land improvements	(2,246,030)	(453,257)	-	(2,699,287)
Buildings and improvements	(21,257,115)	(2,934,024)	456,940	(23,734,199)
Machinery and equipment	(3,814,436)	(312,626)	348,255	(3,778,807)
Total accumulated depreciation	(27,317,581)	(3,699,907)	805,195	(30,212,293)

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Total capital assets, being depreciated, net	93,493,031	16,940,784	-	110,433,815
Governmental activities capital assets, net	$118,108,524	$ 21,037,235	$(15,072,125)	$124,073,634

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

Governmental activities:	
Instruction	$ 69,560
Support services	15,658
General administration	36,466
Operations and maintenance	72,383
Student transportation	1,274
Food services	53,862
Extracurricular activities	5,402
Unallocated depreciation (buildings and land improvements)	3,387,281
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	58,021
Total depreciation expense - governmental activities	$3,699,907

Fiduciary Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ -	$1,112,046	$ -	$1,112,046
Total capital assets, not being depreciated	-	1,112,046	-	1,112,046
Capital assets, being depreciated:				
Land improvements	$ 83,852	$ -	$ -	$ 83,852
Machinery and equipment	19,822	-	-	19,822
Less accumulated depreciation	(16,371)	(5,675)	-	(22,046)
Total capital assets, being depreciated, net	87,303	(5,675)	-	81,628
Fiduciary activities capital assets, net	$ 87,303	$1,106,371	$ -	$1,193,674

Depreciation expense in the fiduciary funds amounted to $5,675 in the 2013-2014 fiscal year.

Construction commitments - The District has active construction projects as of June 30, 2014. At year-end the District's commitments with contractors were as follows:

Projects	Spent-to-Date	Remaining Commitment
Constr. & Arch. contracts for Support Services Building Phase # 2 (Kitchen Remodel)	$ 3,913,004	$ 65,055
Construction contract for Support Services Building Phase # 2 land improvements	278,860	21,220
Architect contract for Longfellow Elem. mechanical and expansion phase 1 and 2	292,085	56,172
Construction contract for Longfellow Elem. mechanical and expansion phase 1 and 2	672,625	2,743,500
Construction contract for Willson Auditorium, lobby, and miscellaneous remodel	222,773	2,731,166
Total	$ 5,379,347	$ 5,617,113

The elementary building fund is paying for a portion of the Support Services Building and land renovations as well as all of the Longfellow Elementary mechanical renovation and the majority of the Willson Auditorium, lobby, and miscellaneous remodel. The high school building reserve is responsible for a portion of the Support Services Building and land renovations.

D. *Interfund activity*

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities whereas in the fund financial statements, they are reported as transfers within other financing sources/uses category. There were no transfers between governmental funds in the current fiscal year. There were, however, $2,006,200 of major governmental funds ($206,200 General Fund, $800,000 Elementary Building Reserve, and $1,000,000 High School Building Reserve) transfers to the fiduciary funds in the current fiscal year. The purpose of these transfers was to give the District maximum flexibility in funding projects in the Elementary District, High School District, or some combination thereof. $1,800,000 of the above mentioned transfers were non-routine in nature and were initiated by the major Building Reserve Funds to help fund present and future capital projects of the entire District.

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 currently outstanding general obligation bonds issued in prior years was $103,200,000. During the current fiscal year, 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, 2014	Due Within One Year
2006 Elementary	$14,100,000	20	4.00 - 5.25%	$ 9,910,000	$ 655,000
2007 Elementary	5,750,000	19	3.75 - 4.20%	4,115,000	275,000
2008 Elementary	17,500,000	20	3.00 - 4.25%	13,915,000	740,000
2012 Elementary	10,000,000	20	1.00 - 3.00%	9,125,000	425,000
2013 Elementary	16,375,000	20	3.00 - 4.00%	15,160,000	625,000
Subtotal				52,225,000	2,720,000
2006 High School	14,500,000	20	4.00 - 5.25%	10,195,000	675,000
2007 High School	14,975,000	19	4.10 - 4.50%	10,740,000	705,000
2008 High School	10,000,000	18	3.00 - 4.00%	7,545,000	495,000
Subtotal				28,480,000	1,875,000
Total				$ 80,705,000	$ 4,595,000

Annual debt service requirements to maturity on general obligation bonds at June 30, 2014, are summarized as follows:

	Governmental Activities		
Year ending June 30:	Principal	Interest	Total
2015	$ 4,595,000	$ 3,026,271	$ 7,621,271
2016	4,770,000	2,860,175	7,630,175
2017	4,955,000	2,688,838	7,643,838
2018	5,135,000	2,516,757	7,651,757
2019	5,335,000	2,333,201	7,668,201
2020-2024	29,955,000	8,540,964	38,495,964
2025-2029	20,855,000	2,701,784	23,556,784
2030-2032	5,105,000	327,044	5,432,044
Total	$ 80,705,000	$ 24,995,034	$ 105,700,034

Limited obligation bonds

On December 19, 2006, the District issued limited obligation school building bonds in the amount of $1,459,250. These specific bonds were used for major renovations at Whittier Elementary School and bear interest at 0% per annum and 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 December 19, 2015. 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 limited obligation debt payments and the limited obligation bonds are comprised as follows:

	Issue Amount	Term	Interest Rate	Outstanding Principal June 30, 2014	Due Within One Year
2006 Elementary	1,459,250	9	0%	$ 345,687	$ 182,320

Annual debt service requirements to maturity of limited obligation bonds at June 30, 2014, are summarized as follows:

	Governmental Activities		
Year ending June 30:	Principal	Investment Earnings	Total
2015	$ 140,553	$ 41,767	$ 182,320
2016	140,553	22,814	163,367
Total	$ 281,106	$ 64,581	$ 345,687

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds	$85,130,000	$ -	$(4,425,000)	$80,705,000	$4,595,000
Limited obligations bonds	521,791	-	(176,104)	345,687	182,320
Amortized amounts:					
Bond premiums	1,712,064	-	(91,311)	1,620,753	-
Total bonds payable	87,363,855	-	(4,692,415)	82,671,440	4,777,320
Compensated absences	3,615,928	816,574	(409,020)	4,023,482	399,905
Voluntary termination benefits	34,578	-	(6,789)	27,789	6,789
Other postemployment benefits	326,734	84,704	-	411,438	-
Total governmental activity Long-term liabilities	$91,341,095	$ 901,278	$(5,108,224)	$87,134,149	$5,184,014

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

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). In the current fiscal year, the Elementary District used the second formula above for its legal debt service limitation and the High School District used the first formula for its legal debt service limit. For the year ending June 30, 2014, legal debt limitations were as follows:

	TAXING DISTRICT	
	Elementary	High School
Legal Debt Service Limitation	$69,895,920	$76,498,567

The 2006 Limited Obligation School Bonds were exclusively used in the renovations of Whittier Elementary School. The 2006 and 2007 Elementary G.O. Bond proceeds were used to purchase the new Chief Joseph Middle School site and for the construction of the middle school at this site. The 2006, 2007, and 2008 High School G.O. Bonds were used to purchase additional high school land and to renovate the existing Bozeman High School. The 2008 Elementary General Obligation Bonds were used for the construction of the District's Hyalite Elementary School. Elementary General Obligation bonds issued in 2012 and 2013 were used to acquire an Elementary School site, construct Meadowlark Elementary School, renovate and expand the District Support Services site and building and perform renovations at Longfellow Elementary School.

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 well and some federal, state and local grants as restricted net assets. These individual funds and their net assets at June 30, 2014 are as follows:

Fund Name	Fund Type	Amount
Elementary building reserve	Capital Projects	$ 2,198,346
High school building reserve	Capital Projects	2,022,944
Elementary building	Capital Projects	5,256,180
Elementary debt service	Debt Service	15,899
High School debt service	Debt Service	14,996
Elementary bus depreciation	Special Revenue	212,654
High school bus depreciation	Special Revenue	213,691
Elementary retirement	Special Revenue	931,611
High school retirement	Special Revenue	625,879
Elementary technology acquisition	Special Revenue	118,281
High school technology acquisition	Special Revenue	520,280
Elementary transportation	Special Revenue	518,531
High school transportation	Special Revenue	198,302
Elementary grants	Special Revenue	73,535
High school grants	Special Revenue	336,065
Adult education	Special Revenue	186,536
Total restricted net assets		$ 13,443,730

G. ***Leases***

In May, 2011, the District approved a four year noncancelable operating photocopier lease arrangement which began on July 1, 2012. The arrangement involves 33 photocopiers with guaranteed minimums of 8,500,000 copies per year. The total cost of this lease for the fiscal year ended June 30, 2014, was $88,149. The future minimum lease payment for the final year is as follows:

Year Ending June 30	Amount
2015	$ 85,173

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. The maximum deductible amount on the various commercial policies is $5,000 to $20,000 depending on the part of the policy.

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

Since July 1, 1990, the District has provided medical insurance coverage for its employees via a contributory self-funded plan. This plan is currently administered by Blue Cross Blue Shield of Montana. It provides both medical, dental, and vision benefits and is operated as an Internal Service Fund. Rates for the employees and employer's funds are determined in consultation with a third party consultant and are set at 125% of estimated claims for the coming year. The District also buys commercial 'stop-loss' policies through Berkley Life for claims in excess of the 125% amount and for claims in excess of $175,000 per claimant covered charges during a year. An estimated medical, dental, and vision claims liability at year end was determined by averaging the last five years' final claims paid in the following year. An analysis of claims activities is presented below:

Fiscal Year	Beginning Liability	Current Claims and Changes in Estimates	Claim Payments	Ending Liability
2012	$ 510,723	$ 4,980,180	$ 5,047,171	$ 443,732
2013	443,732	4,437,385	4,492,591	388,526
2014	388,526	4,978,529	4,895,901	471,154

Beginning in January 2013, the District contracted with New West Medicare to provide medical insurance for retirees (and eligible spouses) who are of Medicare eligible ages. The retiree pays the entire insurance premium.

B. Retirement plans

The District participates in two state-wide, cost-sharing multiple-employer defined benefit retirement plans, which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers certified teaching employees, including principals and other administrators. The Public Employee Retirement System (PERS) covers non-teaching employees. 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
(866) 600-4045	(877) 275-7372

Contribution rates for both plans are required and established by the state legislature. The contribution rates for 2014, expressed as a percentage of covered payroll, were as follows:

	Employer	Employee	State	Total
TRS	8.47%	8.15%	2.49%	19.11%
PERS	7.80%	7.90%	0.37%	16.07%

The amounts contributed to the plans during the year ended June 30, 2012, 2013 and 2014 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:

	2012	2013	2014
TRS	$ 4,419,144	$ 4,685,091	$ 5,270,571
PERS	796,702	760,022	911,362
Total	$ 5,215,846	$ 5,445,113	$ 6,181,933

The State's contribution to the plans in 2014 was approximately $739,947 for TRS and $21,415 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, 2014.

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. There is no separate, audited GAAP-basis postemployment benefit plan report available for the self-insured medical defined benefit plan. Medicare eligible retirees may purchase health insurance through New West Medicare (via the District) and they are solely responsible for paying 100% of these premiums.

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. Although the net OPEB obligation continues to increase, the General Fund is the governmental fund making payments that are actuarially construed as contributions toward the annual required contribution (hence, making the net OPEB obligation to climb more slowly).

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 271,996
Interest on net OPEB obligation	13,886
Adjustment to annual required contribution	(15,259)
Annual OPEB cost (expense)	270,623
Contributions made	(185,919)
Increase in net OPEB obligation	84,704
Net OPEB obligation - beginning of year	326,734
Net OPEB obligation - end of year	$ 411,438

The District's Annual Required Contribution (ARC), the percentage of ARC cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2014, and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Employer Contributions	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2012	$ 233,521	$ 165,295	70.8%	$ 229,790
June 30, 2013	$ 257,843	$ 160,299	62.2%	$ 326,734
June 30, 2014	$ 271,996	$ 185,919	68.4%	$ 411,438

Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. As of June 30, 2014, the Plan was 0% funded. The District is currently (and for the foreseeable future) not planning on funding the AAL. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. An abbreviated schedule of funding progress is presented below.

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)
9/1/2011	$ -	$ 2,135,480	$ 2,135,480	0.0%	$ 30,597,778	6.98%
9/1/2012	$ -	$ 2,291,449	$ 2,291,449	0.0%	$ 32,217,783	7.11%
9/1/2013	$ -	$ 2,384,867	$ 2,384,867	0.0%	$ 33,506,494	7.12%

Actuarial Methods and Assumptions

As of June 30, 2014, the District's actuarially accrued liability (AAL) for benefits was $2,384,867. This was calculated using a closed amortization period. The AAL by status breakdown is shown below:

Actives	$ 1,742,809
Retirees	642,058
Total AAL	$ 2,384,867
Normal Cost	$ 155,955
Participant information	
Actives	755
Retirees	54
Total	809

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 (which is also used for the investment rate of return): 4.25%
3. Salary increase of 4.00% for PERS employees; 4.5% per year for TRS employees
4. Inflation rate: 3.25%
5. Healthcare Trend Rate (2014 – 8.5%, 2015 – 8.0%, 2016 7.5%, then reduced to 7% by 2017, and remaining below that level thereafter)
6. Participation Rate: 45% of current Active medical plan participants; 15% of actives not participating
7. Marital Assumption: 70% of currently active participants are assumed to be married; of these 80% 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 August 20, 2014, the District advanced refunded a portion of outstanding 2006 and 2007 Elementary and High School District general obligation bonds ($9,170,000 Elementary and $9,120,000 High School). The net present value savings for these four advance refundings total $1,346,224. Due to continued favorable interest rates, the District is on target to partially advance refund some 2006 ($2,040,000), 2007 ($920,000), and 2008 ($6,110,000) Elementary District general obligation bonds with an anticipated closing date of March 5, 2015. Anticipated net present value savings for these 3 advanced refundings is $493,474. In addition, on the aforementioned March 5, 2015, closing date, the District is also advance refunding the remaining 2006 ($4,825,000) and 2007 ($4,175,000) High School District general obligation bonds with total anticipated net present value savings calculated at $539,382.

E. Contingencies

As of June 30, 2014, the District was not involved in any lawsuits.

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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, 2014

The annual ARC, the percentage of ARC contributed to the plan, and the net OPEB obligation for June 30, 2014, and the two prior fiscal years for the Retiree Health Plan are as follows:

ANNUAL REQUIRED CONTRIBITION (ARC) AND NET OPEB OBLIGATION				
	Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Retiree Health Plan	6/30/2012	$233,521	70.8%	$229,790
	6/30/2013	$257,843	62.2%	$326,734
	6/30/2014	$271,996	68.4%	$411,438

The funded status of the plan was as follows:

FUNDED STATUS	
(a) Actuarial accrued liability (AAL)	$ 2,384,867
(b) Actuarial value of plan assets (UAAL)	-
Unfunded actuarial accrued liability (funding excess) [(a) - (b)]	$ 2,384,867
Funded ratio (b) / (a)	0.0%
(c) Covered payroll	$ 33,506,494
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ({(a) - (b)} / (c))	7.12%

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)
	9/1/2011	$ -	$ 2,135,480	$ 2,135,480	0%	$ 30,597,778	6.97%
	9/1/2012	$ -	$ 2,291,449	$ 2,291,449	0%	$ 32,217,783	7.11%
	9/1/2013	$ -	$ 2,384,867	$ 2,384,867	0%	$ 33,506,494	7.12%

Supplemental Information

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Combining Financial Statements

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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 five 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, 2014

	Elementary General Subfund	High School General Subfund	Totals
ASSETS			
Cash and cash equivalents	$ 2,059,580	$ 1,431,736	$ 3,491,316
Property taxes receivable	810,611	467,206	1,277,817
Due from other funds	-	47,673	47,673
Due from other governments	3,277	14,213	17,490
Accounts receivable	1,341	182	1,523
Prepaid items	19,294	16,791	36,085
Total assets	$ 2,894,103	$ 1,977,801	$ 4,871,904
LIABILITIES			
Accounts payable	$ 63,455	$ 32,369	$ 95,824
Total liabilities	63,455	32,369	95,824
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	810,611	467,206	1,277,817
Total deferred inflows of resources	810,611	467,206	1,277,817
FUND BALANCES			
Nonspendable	19,294	16,791	36,085
Assigned	209,818	143,316	353,134
Unassigned	1,790,925	1,318,119	3,109,044
Total fund balances	2,020,037	1,478,226	3,498,263
Total liabilities, deferred inflows of resources, and fund balances	$ 2,894,103	$ 1,977,801	$ 4,871,904

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GENERAL SUBFUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Elementary General Subfund	High School General Subfund	Totals
Revenues:			
District property taxes	$ 10,556,150	$ 6,194,725	$ 16,750,875
Tuition and fees	18,271	10,224	28,495
Interest	27,055	12,622	39,677
Other district revenue	2,769	32	2,801
State of Montana	15,997,509	8,028,483	24,025,992
Total revenues	26,601,754	14,246,086	40,847,840
Expenditures:			
Current -			
Instruction	17,806,990	8,171,188	25,978,178
Support services	3,099,626	1,515,808	4,615,434
General administration	966,930	940,212	1,907,142
Building administration	2,081,354	747,270	2,828,624
Operations and maintenance	2,279,875	1,909,188	4,189,063
Food services	-	11,876	11,876
Extracurricular activities	186,034	810,329	996,363
Capital outlay	12,245	175	12,420
Debt service -			
Interest and fiscal charges	-	1,249	1,249
Total expenditures	26,433,054	14,107,295	40,540,349
Excess (deficiency) of revenues over expenditures	168,700	138,791	307,491
Other financing sources (uses):			
Transfers out to High School Interlocal Fiduciary Fund	(77,804)	(128,396)	(206,200)
Total other financing sources (uses)	(77,804)	(128,396)	(206,200)
Net change in fund balances	90,896	10,395	101,291
Fund balances, beginning of year	1,929,141	1,467,831	3,396,972
Fund balances, end of year	$ 2,020,037	$ 1,478,226	$ 3,498,263

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, 2014

	Elementary General Subfund				High School General Subfund			
	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:								
District property taxes	$ 10,668,098	$ 10,668,098	$ 10,556,150	$ (111,948)	$ 6,233,542	$ 6,233,542	$ 6,194,725	$ (38,817)
Tuition and fees	15,000	15,000	18,271	3,271	22,986	22,986	10,224	(12,762)
Interest	21,695	21,695	26,264	4,569	10,434	10,434	12,131	1,697
Other district revenue	439	439	2,769	2,330	508	508	32	(476)
State of Montana	15,891,724	15,995,785	15,997,509	1,724	7,806,729	7,947,055	8,028,483	81,428
Total revenues	26,596,956	26,701,017	26,600,963	(100,054)	14,074,199	14,214,525	14,245,595	31,070
Expenditures:								
Current -								
Instruction	18,562,397	18,666,458	17,715,925	950,533	8,512,645	8,652,971	8,161,325	491,646
Support services	2,702,607	2,702,607	3,093,962	(391,355)	1,449,881	1,449,881	1,511,549	(61,668)
General administration	965,936	965,936	958,986	6,950	931,301	931,301	928,085	3,216
Building administration	1,981,971	1,981,971	2,077,180	(95,209)	720,054	720,054	745,229	(25,175)
Operations and maintenance	2,130,797	2,130,797	2,209,544	(78,747)	1,817,269	1,817,269	1,876,188	(58,919)
Extracurricular activities	253,248	253,248	186,034	67,214	643,049	643,049	810,329	(167,280)
Capital outlay	-	-	12,245	(12,245)	-	-	175	(175)
Debt service -								
Interest and fiscal charges	-	-	-	-	-	-	1,249	(1,249)
Total expenditures	26,596,956	26,701,017	26,253,876	447,141	14,074,199	14,214,525	14,034,129	180,396
Excess (deficiency) of revenues over expenditures	-	-	347,087	347,087	-	-	211,466	211,466
Other financing sources (uses):								
Transfers out	-	-	(164,804)	(164,804)	-	-	(180,396)	(180,396)
Total other financing sources (uses)	-	-	(164,804)	(164,804)	-	-	(180,396)	(180,396)
Net change in fund balances	-	-	182,283	182,283	-	-	31,070	31,070
Fund balances, beginning of year	1,627,936	1,627,936	1,627,936	-	1,303,840	1,303,840	1,303,840	-
Fund balances, end of year	$ 1,627,936	$ 1,627,936	$ 1,810,219	$ 182,283	$ 1,303,840	$ 1,303,840	$ 1,334,910	$ 31,070

Nonmajor Governmental Funds – By Fund Type

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 5,223,821	$ 14,996	$ 5,238,817
Property taxes receivable	170,638	221,461	392,099
Due from other funds	37,800	-	37,800
Due from other governments	643,154	-	643,154
Accounts receivable	55,591	-	55,591
Inventory, at cost	40,822	-	40,822
Prepaid items	250,876	-	250,876
Total assets	$ 6,422,702	$ 236,457	$ 6,659,159
LIABILITIES			
Accounts payable	$ 290,785	$ -	$ 290,785
Bank overdraft	3,883	-	3,883
Unearned revenue	81,346	-	81,346
Due to other funds	39,148	-	39,148
Total liabilities	415,162	-	415,162
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	170,638	221,461	392,099
Total deferred inflows of resources	170,638	221,461	392,099
FUND BALANCES			
Nonspendable	291,698	-	291,698
Restricted	3,935,365	14,996	3,950,361
Committed	1,613,722	-	1,613,722
Unassigned	(3,883)	-	(3,883)
Total fund balances	5,836,902	14,996	5,851,898
Total liabilities, deferred inflows of resources, and fund balances	$ 6,422,702	$ 236,457	$ 6,659,159

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, 2014

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
Revenues:			
District property taxes	$ 2,534,656	$ 2,991,270	$ 5,525,926
Tuition and fees	1,320,909	-	1,320,909
Interest	19,921	4,704	24,625
Other district revenue	727,895	-	727,895
Gallatin County	6,147,312	-	6,147,312
State of Montana	2,519,747	-	2,519,747
Federal	3,862,088	-	3,862,088
Total revenues	17,132,528	2,995,974	20,128,502
Expenditures:			
Current -			
Instruction	7,860,808	-	7,860,808
Support services	3,958,187	-	3,958,187
General administration	708,378	-	708,378
Building administration	642,708	-	642,708
Operations and maintenance	484,933	-	484,933
Student transportation	2,191,740	-	2,191,740
Food services	1,899,497	-	1,899,497
Extracurricular activities	154,456	-	154,456
Capital outlay	229,193	-	229,193
Debt service -			
Principal retirement	-	1,800,000	1,800,000
Interest and fiscal charges	-	1,215,047	1,215,047
Total expenditures	18,129,900	3,015,047	21,144,947
Net change in fund balances	(997,372)	(19,073)	(1,016,445)
Fund balances, beginning of year	6,834,274	34,069	6,868,343
Fund balances, end of year	$ 5,836,902	$ 14,996	$ 5,851,898

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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.

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

Non-Budgeted:

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, 2014

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Technology Acquisition	High School Transportation	High School Bus Depreciation
ASSETS								
Cash and cash equivalents	$ 518,531	$ 212,654	$	$ 839,513	$ 477,833	$ 210,997	$ 198,302	$ 213,691
Property taxes receivable	83,139	2,884	257	-	-	22,056	28,300	2,724
Due from other funds	-	-	-	-	37,800	-	-	-
Due from other governments	-	-	-	124,623	326,129	-	-	-
Accounts receivable	-	-	-	5,275	44,857	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	167,977	78,473	-	-
Total assets	$ 601,670	$ 215,538	$ 257	$ 969,411	$ 1,054,596	$ 311,526	$ 226,602	$ 216,415
LIABILITIES								
Accounts payable	$ -	$ -	$ -	$ -	$ 23,993	$ 92,716	$ -	$ -
Bank overdraft	-	-	3,131	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	37,800	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Total liabilities	-	-	3,131	37,800	23,993	92,716	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	83,139	2,884	257	-	-	22,056	28,300	2,724
Total deferred inflows of resources	83,139	2,884	257	-	-	22,056	28,300	2,724
FUND BALANCES								
Nonspendable	-	-	-	-	167,977	78,473	-	-
Restricted	518,531	212,654	-	931,611	73,535	118,281	198,302	213,691
Committed	-	-	-	-	789,091	-	-	-
Unassigned	-	-	(3,131)	-	-	-	-	-
Total fund balances	518,531	212,654	(3,131)	931,611	1,030,603	196,754	198,302	213,691
Total liabilities, deferred inflows of resources, and fund balances	$ 601,670	$ 215,538	$ 257	$ 969,411	$ 1,054,596	$ 311,526	$ 226,602	$ 216,415

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	High School Food	High School Tuition	High School Retirement	High School Grants	High School Adult Education	High School Drivers Education	High School Technology Acquisition	Totals
ASSETS								
Cash and cash equivalents	$ 464,274	$ -	$ 557,322	$ 473,661	$ 186,049	$ 176,890	$ 694,104	$ 5,223,821
Property taxes receivable	-	758	-	-	15,020	-	15,500	170,638
Due from other funds	-	-	-	-	-	-	-	37,800
Due from other governments	5,008	-	63,362	89,750	352	33,930	-	643,154
Accounts receivable	48	-	5,276	-	135	-	-	55,591
Inventory, at cost	40,822	-	-	-	-	-	-	40,822
Prepaid items	-	-	-	4,426	-	-	-	250,876
Total assets	$ 510,152	$ 758	$ 625,960	$ 567,837	$ 201,556	$ 210,820	$ 709,604	$ 6,422,702
LIABILITIES								
Accounts payable	$ 101	$ -	$ 81	$ 70	$ -	$ -	$ 173,824	$ 290,785
Bank overdraft	-	752	-	-	-	-	-	3,883
Unearned revenue	59,353	-	-	21,993	-	-	-	81,346
Due to other funds	-	-	-	1,348	-	-	-	39,148
Due to other governments	-	-	-	-	-	-	-	-
Total liabilities	59,454	752	81	23,411	-	-	173,824	415,162
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	-	758	-	-	15,020	-	15,500	170,638
Total deferred inflows of resources	-	758	-	-	15,020	-	15,500	170,638
FUND BALANCES								
Nonspendable	40,822	-	-	4,426	-	-	-	291,698
Restricted	-	-	625,879	336,065	186,536	-	520,280	3,935,365
Committed	409,876	-	-	203,935	-	210,820	-	1,613,722
Unassigned	-	(752)	-	-	-	-	-	(3,883)
Total fund balances	450,698	(752)	625,879	544,426	186,536	210,820	520,280	5,836,902
Total liabilities, deferred inflows of resources, and fund balances	$ 510,152	$ 758	$ 625,960	$ 567,837	$ 201,556	$ 210,820	$ 709,604	$ 6,422,702

(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, 2014

	Elementary Transportation	Elementary Bus Depreciation	Elementary Tuition	Elementary Retirement	Elementary Grants	Elementary Technology Acquisition	High School Transportation	High School Bus Depreciation
Revenues:								
District property taxes	$ 1,209,280	$ 40,680	$ 7,388	$ -	$ -	$ 376,327	$ 417,840	$ 39,582
Tuition and fees	2,694	-	-	-	-	-	3,434	-
Interest	1,834	671	-	3,684	1,003	917	504	627
Other district revenue	-	-	-	-	537,014	-	-	-
Gallatin County	268,261	-	-	3,772,714	-	-	108,291	-
State of Montana	300,288	-	3,403	-	1,558,964	126,154	124,075	-
Federal	-	-	-	-	2,963,769	-	-	-
Total revenues	1,782,357	41,351	10,791	3,776,398	5,060,750	503,398	654,144	40,209
Expenditures:								
Current -								
Instruction	-	-	14,515	2,984,236	1,892,520	352,658	-	-
Support services	82,344	-	-	458,094	2,971,951	31,372	-	-
General administration	93,929	-	-	158,708	169,769	100,464	57,041	-
Building administration	-	-	-	291,793	8,297	4,689	-	-
Operations and maintenance	-	-	-	275,260	56,769	828	-	-
Student transportation	1,604,154	-	-	4,281	12,035	-	566,988	-
Food services	-	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	13,901	4,986	-	-	-
Capital outlay	-	-	-	-	41,885	38,844	-	-
Total expenditures	1,780,427	-	14,515	4,186,273	5,158,212	528,855	624,029	-
Net change in fund balances	1,930	41,351	(3,724)	(409,875)	(97,462)	(25,457)	30,115	40,209
Fund balances, beginning of year	516,601	171,303	593	1,341,486	1,128,065	222,211	168,187	173,482
Fund balances, end of year	$ 518,531	$ 212,654	$ (3,131)	$ 931,611	$ 1,030,603	$ 196,754	$ 198,302	$ 213,691

(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, 2014

	High School Food	High School Tuition	High School Retirement	High School Grants	High School Adult Education	High School Drivers Education	High School Technology Acquisition	Totals
Revenues:								
District property taxes	$ -	$ 13,361	$ -	$ -	$ 230,694	$ -	$ 199,504	$ 2,534,656
Tuition and fees	1,180,578	-	-	-	35,263	98,940	-	1,320,909
Interest	2,620	-	2,975	1,127	954	736	2,269	19,921
Other district revenue	713	-	-	183,844	6,324	-	-	727,895
Gallatin County	-	-	1,998,046	-	-	-	-	6,147,312
State of Montana	5,008	-	-	247,420	-	41,140	113,295	2,519,747
Federal	674,597	-	-	223,722	-	-	-	3,862,088
Total revenues	1,863,516	13,361	2,001,021	656,113	273,235	140,816	315,068	17,132,528
Expenditures:								
Current -								
Instruction	-	13,578	1,656,602	403,081	39,947	98,171	405,500	7,860,808
Support services	-	-	186,931	195,574	16,005	-	15,916	3,958,187
General administration	-	-	107,204	-	1,104	1,850	18,309	708,378
Building administration	-	-	132,967	3,177	174,881	26,904	-	642,708
Operations and maintenance	-	-	129,797	21,451	-	-	828	484,933
Student transportation	-	-	4,282	-	-	-	-	2,191,740
Food services	1,784,131	-	115,366	-	-	-	-	1,899,497
Extracurricular activities	-	-	59,947	75,622	-	-	-	154,456
Capital outlay	86,994	-	-	26,493	-	-	34,977	229,193
Total expenditures	1,871,125	13,578	2,393,096	725,398	231,937	126,925	475,530	18,129,900
Net change in fund balances	(7,609)	(217)	(392,075)	(69,285)	41,298	13,891	(160,462)	(997,372)
Fund balances, beginning of year	458,307	(535)	1,017,954	613,711	145,238	196,929	680,742	6,834,274
Fund balances, end of year	$ 450,698	$ (752)	$ 625,879	$ 544,426	$ 186,536	$ 210,820	$ 520,280	$ 5,836,902

(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, 2014

	Elementary Transportation			Elementary Bus Depreciation		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ 1,227,137	$ 1,209,280	$ (17,857)	$ 40,543	$ 40,680	$ 137
Tuition and fees	3,500	2,694	(806)	-	-	-
Interest	1,500	1,834	334	500	671	171
Gallatin County	297,996	268,261	(29,735)	-	-	-
State of Montana	330,023	300,288	(29,735)	-	-	-
Total revenues	1,860,156	1,782,357	(77,799)	41,043	41,351	308
Expenditures:						
Current -						
Support services	106,259	82,344	23,915	-	-	-
General administration	94,195	93,929	266	-	-	-
Student transportation	1,780,177	1,604,154	176,023	-	-	-
Capital outlay	-	-	-	212,345	-	212,345
Total expenditures	1,980,631	1,780,427	200,204	212,345	-	212,345
Net change in fund balances	(120,475)	1,930	122,405	(171,302)	41,351	212,653
Fund balances, beginning of year	516,601	516,601	-	171,303	171,303	-
Fund balances, end of year	$ 396,126	$ 518,531	$ 122,405	$ 1	$ 212,654	$ 212,653

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, 2014

	Elementary Tuition			Elementary Retirement		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ 7,666	$ 7,388	$ (278)	$ -	$ -	$ -
Interest	-	-	-	5,000	3,684	(1,316)
Gallatin County	-	-	-	3,772,714	3,772,714	-
State of Montana	6,256	3,403	(2,853)	-	-	-
Total revenues	13,922	10,791	(3,131)	3,777,714	3,776,398	(1,316)
Expenditures:						
Current -						
Instruction	14,515	14,515	-	3,122,741	2,984,236	138,505
Support services	-	-	-	413,801	458,094	(44,293)
General administration	-	-	-	211,070	158,708	52,362
Building administration	-	-	-	360,443	291,793	68,650
Operations and maintenance	-	-	-	213,547	275,260	(61,713)
Student transportation	-	-	-	6,631	4,281	2,350
Extracurricular activities	-	-	-	22,767	13,901	8,866
Total expenditures	14,515	14,515	-	4,351,000	4,186,273	164,727
Net change in fund balances	(593)	(3,724)	(3,131)	(573,286)	(409,875)	163,411
Fund balances, beginning of year	593	593	-	1,341,486	1,341,486	-
Fund balances, end of year	$ -	$ (3,131)	$ (3,131)	$ 768,200	$ 931,611	$ 163,411

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 HIGH SCHOOL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Elementary Technology Acquisition			High School Transportation		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ 385,182	$ 376,327	$ (8,855)	$ 430,774	$ 417,840	$ (12,934)
Tuition and fees	-	-	-	41,000	3,434	(37,566)
Interest	1,000	917	(83)	500	504	4
Gallatin County	-	-	-	108,291	108,291	-
State of Montana	126,154	126,154	-	124,075	124,075	-
Total revenues	512,336	503,398	(8,938)	704,640	654,144	(50,496)
Expenditures:						
Current -						
Instruction	734,546	352,658	381,888	-	-	-
Support services	-	31,372	(31,372)	-	-	-
General administration	-	100,464	(100,464)	57,329	57,041	288
Building administration	-	4,689	(4,689)	-	-	-
Operations and maintenance	-	828	(828)	-	-	-
Student transportation	-	-	-	671,693	566,988	104,705
Capital outlay	-	38,844	(38,844)	-	-	-
Total expenditures	734,546	528,855	205,691	729,022	624,029	104,993
Net change in fund balances	(222,210)	(25,457)	196,753	(24,382)	30,115	54,497
Fund balances, beginning of year	222,211	222,211	-	168,187	168,187	-
Fund balances, end of year	$ 1	$ 196,754	$ 196,753	$ 143,805	$ 198,302	$ 54,497

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL BUS DEPRECIATION AND HIGH SCHOOL TUITION FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	High School Bus Depreciation			High School Tuition		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ 40,543	$ 39,582	$ (961)	$ 13,578	$ 13,361	$ (217)
Interest	500	627	127	-	-	-
Total revenues	41,043	40,209	(834)	13,578	13,361	(217)
Expenditures:						
Current -						
Instruction	-	-	-	13,578	13,578	-
Capital outlay	214,525	-	214,525	-	-	-
Total expenditures	214,525	-	214,525	13,578	13,578	-
Net change in fund balances	(173,482)	40,209	213,691	-	(217)	(217)
Fund balances, beginning of year	173,482	173,482	-	-	(535)	(535)
Fund balances, end of year	$ -	$ 213,691	$ 213,691	$ -	$ (752)	$ (752)

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL RETIREMENT AND HIGH SCHOOL ADULT EDUCATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	High School Retirement			High School Adult Education		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ -	$ -	$ -	$ 234,262	$ 230,694	$ (3,568)
Tuition and fees	-	-	-	30,000	35,263	5,263
Interest	4,000	2,975	(1,025)	1,000	954	(46)
Other district revenue	-	-	-	-	6,324	6,324
Gallatin County	1,998,046	1,998,046	-	-	-	-
Total revenues	2,002,046	2,001,021	(1,025)	265,262	273,235	7,973
Expenditures:						
Current -						
Instruction	1,803,779	1,656,602	147,177	75,717	39,947	35,770
Support services	212,093	186,931	25,162	19,650	16,005	3,645
General administration	109,973	107,204	2,769	-	1,104	(1,104)
Building administration	172,869	132,967	39,902	208,707	174,881	33,826
Operations and maintenance	125,625	129,797	(4,172)	-	-	-
Student transportation	5,011	4,282	729	-	-	-
Food services	111,264	115,366	(4,102)	-	-	-
Extracurricular activities	59,386	59,947	(561)	-	-	-
Total expenditures	2,600,000	2,393,096	206,904	304,074	231,937	72,137
Net change in fund balances	(597,954)	(392,075)	205,879	(38,812)	41,298	80,110
Fund balances, beginning of year	1,017,954	1,017,954	-	145,238	145,238	-
Fund balances, end of year	$ 420,000	$ 625,879	$ 205,879	$ 106,426	$ 186,536	$ 80,110

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
HIGH SCHOOL TECHNOLOGY ACQUISITION FUND
FOR THE YEAR ENDED JUNE 30, 2014

	High School Technology Acquisition		
	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
District property taxes	$ 200,000	$ 199,504	$ (496)
Interest	2,000	2,269	269
State of Montana	113,295	113,295	-
Total revenues	315,295	315,068	(227)
Expenditures:			
Current -			
Instruction	996,036	405,500	590,536
Support services	-	15,916	(15,916)
General administration	-	18,309	(18,309)
Operations and maintenance	-	828	(828)
Capital outlay	-	34,977	(34,977)
Total expenditures	996,036	475,530	520,506
Net change in fund balances	(680,741)	(160,462)	520,279
Fund balances, beginning of year	680,742	680,742	-
Fund balances, end of year	$ 1	$ 520,280	$ 520,279

QUALITY

BOZEMAN

EDUCATION

Nonmajor and Major Debt Service Funds

Budgeted:

Nonmajor -

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

Major -

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

BOZEMAN SCHOOL DISTRICT NO. 7
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2014

	High School Debt Service
ASSETS	
Cash and cash equivalents	$ 14,996
Property taxes receivable	221,461
Total assets	$ 236,457
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	$ 221,461
Total deferred inflows of resources	221,461
FUND BALANCE	
Restricted	14,996
Total fund balance	14,996
Total liabilities, deferred inflows of resources, and fund balances	$ 236,457

BOZEMAN SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	High School Debt Service
Revenues:	
District property taxes	$ 2,991,270
Interest	4,704
Total revenues	2,995,974
Expenditures:	
Debt service -	
Principal retirement	1,800,000
Interest and fiscal charges	1,215,047
Total expenditures	3,015,047
Net change in fund balance	(19,073)
Fund balance, beginning of year	34,069
Fund balance, end of year	$ 14,996

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR AND NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	MAJOR Elementary Debt Service			NONMAJOR High School Debt Service		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ 4,598,648	$ 4,540,507	$ (58,141)	$ 2,977,978	$ 2,991,270	$ 13,292
Interest	5,000	6,214	1,214	3,000	4,704	1,704
State of Montana	-	79,543	79,543	-	-	-
Total revenues	4,603,648	4,626,264	22,616	2,980,978	2,995,974	14,996
Expenditures:						
Debt service -						
Principal retirement	2,625,000	2,625,000	-	1,800,000	1,800,000	-
Interest and fiscal charges	1,978,648	1,977,999	649	1,215,047	1,215,047	-
Total expenditures	4,603,648	4,602,999	649	3,015,047	3,015,047	-
Net change in fund balances	-	23,265	23,265	(34,069)	(19,073)	14,996
Fund balances, beginning of year	-	(7,366)	(7,366)	34,069	34,069	-
Fund balances, end of year	-	$ 15,899	$ 15,899	-	$ 14,996	$ 14,996

Major Capital Projects Funds

Budgeted:

Major -

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	MAJOR Elementary Building Reserve			MAJOR High School Building Reserve		
	Original and Final Budget	Actual	Variance - Positive (Negative)	Original and Final Budget	Actual	Variance - Positive (Negative)
Revenues:						
District property taxes	$ 1,720,000	$ 1,683,545	$ (36,455)	$ 1,500,000	$ 1,491,279	$ (8,721)
Interest	10,000	10,995	995	10,000	7,280	(2,720)
Total revenues	1,730,000	1,694,540	(35,460)	1,510,000	1,498,559	(11,441)
Expenditures:						
Current -						
Instruction	800,000	1,699	798,301	-	-	-
Support services	-	-	-	-	2,720	(2,720)
Operations and maintenance	2,590,904	330,530	2,260,374	3,476,617	169,014	3,307,603
Food services	-	-	-	-	133,095	(133,095)
Capital outlay	200,000	224,869	(24,869)	1,500,000	1,637,404	(137,404)
Debt service -						
Principal retirement	140,554	140,554	-	-	-	-
Interest and fiscal charges	550	550	-	-	-	-
Total expenditures	3,732,008	698,202	3,033,806	4,976,617	1,942,233	3,034,384
Excess (deficiency) of revenues over expenditures	(2,002,008)	996,338	2,998,346	(3,466,617)	(443,674)	3,022,943
Other financing sources (uses):						
Transfers out to High School Interlocal Fiduciary Fund	-	(800,000)	(800,000)	-	(1,000,000)	(1,000,000)
Total other financing sources (uses)	-	(800,000)	(800,000)	-	(1,000,000)	(1,000,000)
Net change in fund balances	(2,002,008)	196,338	2,198,346	(3,466,617)	(1,443,674)	2,022,943
Fund balances, beginning of year	2,002,008	2,002,008	-	3,466,618	3,466,618	-
Fund balances, end of year	$ -	$ 2,198,346	$ 2,198,346	$ 1	$ 2,022,944	$ 2,022,943

PROPRIETARY FUNDS

Internal Service Funds:

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

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

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

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Purchasing	Self-Insurance	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 141,843	$ 2,896,281	$ 3,038,124
Accounts receivable	198	-	198
Inventory, at cost	1,329	-	1,329
Prepaid items	-	21,430	21,430
Flexible accounts deposit	-	36,056	36,056
Total current assets	143,370	2,953,767	3,097,137
Noncurrent assets:			
Capital assets:			
Machinery and equipment	546,472	-	546,472
Less accumulated depreciation	(348,918)	-	(348,918)
Net capital assets	197,554	-	197,554
Total assets	$ 340,924	$ 2,953,767	$ 3,294,691
LIABILITIES			
Current liabilities:			
Accounts payable	$ -	$ 575,029	$ 575,029
Unearned revenue	-	915,989	915,989
Total current liabilities	-	1,491,018	1,491,018
Noncurrent liabilities:			
Other postemployment health benefits	-	411,438	411,438
Total noncurrent liabilities	-	411,438	411,438
Total liabilities	-	1,902,456	1,902,456
NET POSITION			
Net investment in capital assets	197,554	-	197,554
Unrestricted	143,370	1,051,311	1,194,681
Total net position	$ 340,924	$ 1,051,311	$ 1,392,235

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Purchasing	Self-Insurance	Totals
Operating revenues:			
Charges for services	$ 364,621	$ 6,214,774	$ 6,579,395
Charges for Wellness services	-	92,547	92,547
Total operating revenues	364,621	6,307,321	6,671,942
Operating expenses:			
Administrative expenses	-	225,517	225,517
Communications	32,839	2,107	34,946
Contracted Medicare supplement	-	231,000	231,000
Depreciation	58,021	-	58,021
Excess risk insurance	-	380,829	380,829
Facilities and equipment rental	1,766	-	1,766
Health, dental and vision claims	-	4,895,901	4,895,901
Materials and supplies	202,887	280	203,167
Other postemployment health benefits	-	84,704	84,704
Repairs and maintenance	19,163	-	19,163
Salaries and benefits	84,990	45,398	130,388
Wellness	-	324,064	324,064
Other	1,559	-	1,559
Total operating expenses	401,225	6,189,800	6,591,025
Operating income (loss)	(36,604)	117,521	80,917
Nonoperating revenues (expenses):			
Interest	734	7,555	8,289
Total nonoperating revenues (expenses)	734	7,555	8,289
Change in net position	(35,870)	125,076	89,206
Net position, beginning of year	376,794	926,235	1,303,029
Net position, end of year	$ 340,924	$ 1,051,311	$ 1,392,235

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Purchasing	Self-Insurance	Totals
Cash flows from operating activities:			
Receipts from users	$ 369,377	$ 6,319,107	$ 6,688,484
Payments for insurance claims	-	(4,841,163)	(4,841,163)
Payments to employees	(84,990)	(45,398)	(130,388)
Payments to suppliers	(251,120)	(1,144,632)	(1,395,752)
Net cash provided (used) by operating activities	33,267	287,914	321,181
Cash flows from investing activities:			
Interest received	734	7,555	8,289
Net cash provided (used) by investing activities	734	7,555	8,289
Net increase (decrease) in cash and cash equivalents	34,001	295,469	329,470
Cash and cash equivalents - 7/01/13	107,842	2,600,812	2,708,654
Cash and cash equivalents - 6/30/14	$ 141,843	$ 2,896,281	$ 3,038,124
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (36,604)	$ 117,521	$ 80,917
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	58,021	-	58,021
(Increase) decrease in accounts receivable	4,757	-	4,757
(Increase) decrease in inventories	18,098	-	18,098
(Increase) decrease in prepaid items	-	(3,861)	(3,861)
(Increase) decrease in deposits	-	(36,056)	(36,056)
Increase (decrease) in accounts payable	(11,005)	113,820	102,815
Increase (decrease) in other postemployment benefits	-	84,704	84,704
Increase (decrease) in unearned insurance premiums	-	11,786	11,786
Total adjustments	69,871	170,393	240,264
Net cash provided (used) by operating activities	$ 33,267	$ 287,914	$ 321,181

Fiduciary Funds

Private-Purpose Trust Funds:

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

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

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

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

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

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

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

High School Interlocal Agreements - To account for revenue and expenditures involved with entities that have an interlocal or multi-district agreement with the High School District. Currently, this fund accounts for the online educating of students enrolled in the Montana Digital Academy, a significant portion of the cooperative multi-district activity encompassed by the Southwest Montana School Services (a Regional Education Service Agency) and flexible spending for the District as a whole via the K-12 multi-district agreement.

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
ALL PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2014

	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	High School Interlocal Agreements	Totals
ASSETS								
Cash and cash equivalents	$ 8,594	$ 118,475	$ 86,264	$ 217,489	$ 35,071	$ 1,216	$ 1,196,116	$ 1,663,225
Investments	-	-	-	-	-	641,008	-	641,008
Due from other governments	-	-	-	-	-	-	2,000	2,000
Accounts receivable	-	530	-	-	-	-	1,169	1,699
Land	-	-	-	-	-	-	1,112,046	1,112,046
Land improvements	-	-	-	83,852	-	-	-	83,852
Machinery and equipment	-	7,552	-	12,270	-	-	-	19,822
Less accumulated depreciation	-	(2,643)	-	(19,403)	-	-	-	(22,046)
Total assets	8,594	123,914	86,264	294,208	35,071	642,224	2,311,331	3,501,606
LIABILITIES								
Due to other funds	-	-	-	-	-	-	46,325	46,325
Accounts payable	-	-	-	1,875	-	-	1,799	3,674
Total liabilities	-	-	-	1,875	-	-	48,124	49,999
NET POSITION								
Net position held in trust	$ 8,594	$ 123,914	$ 86,264	$ 292,333	$ 35,071	$ 642,224	$ 2,263,207	$ 3,451,607

BOZEMAN SCHOOL DISTRICT NO. 7
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
ALL PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Medicaid Billing Consortium	Reward	Elementary Student Extracurricular	Middle School Student Extracurricular	High School Student Extracurricular	High School Endowment	Nonexpendable High School Endowment	High School Interlocal Agreements	Totals
Additions:									
Auctions	$ -	$ -	$ 33,702	$ -	$ -	$ -	$ -	$ -	$ 33,702
Contributions	-	-	-	-	14,626	2,500	-	-	17,126
Payments from member districts	-	-	-	-	-	-	-	2,006,200	2,006,200
Extracurricular receipts and fees	-	-	75,636	272,541	850,203	-	-	-	1,198,380
Medicaid direct billing receipts	180,269	-	-	-	-	-	-	-	180,269
Membership services	-	-	-	-	-	-	-	28,885	28,885
Other trust revenue	-	-	-	-	-	-	-	2,999	2,999
State of Montana	-	-	-	-	-	-	-	25,544	25,544
Total noninvestment trust additions	180,269	-	109,338	272,541	864,829	2,500	-	2,063,628	3,493,105
Investment earnings:									
Interest	383	15	602	-	294	77	74,582	3,577	79,530
Total additions	180,652	15	109,940	272,541	865,123	2,577	74,582	2,067,205	3,572,635
Deductions:									
Administrative expenses	44,332	-	-	-	-	-	-	824	45,156
Depreciation	-	-	755	-	4,920	-	-	-	5,675
Salaries and benefits	-	-	-	-	-	-	-	27,720	27,720
Instruction	-	-	-	-	-	343	-	-	343
Extracurricular activities	-	-	113,387	258,522	763,060	-	-	-	1,134,969
Payments to consortium members	232,549	-	-	-	-	-	-	-	232,549
Professional contracted services	-	-	-	-	-	1,136	-	136,800	137,936
Purchased property services	-	-	-	-	-	-	-	4,200	4,200
Scholarships	-	-	-	-	-	1,000	-	-	1,000
Total deductions	276,881	-	114,142	258,522	767,980	2,479	-	169,544	1,589,548
Changes in net position	(96,229)	15	(4,202)	14,019	97,143	98	74,582	1,897,661	1,983,087
Net position, beginning of year	96,229	8,579	128,116	72,245	195,190	34,973	567,642	365,546	1,468,520
Net position, end of year	$ -	$ 8,594	$ 123,914	$ 86,264	$ 292,333	$ 35,071	$ 642,224	$ 2,263,207	$ 3,451,607

QUALITY

BOZEMAN

EDUCATION

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

BOZEMAN SCHOOL DISTRICT NO. 7
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE[1]
JUNE 30, 2014

	2014	2013
Governmental funds capital assets:		
Land and improvements	$ 19,445,161	$ 16,457,598
Buildings and improvements	124,164,298	107,816,118
Machinery and equipment	5,375,786	4,867,082
Construction in progress	4,754,210	15,728,628
Total governmental funds capital assets	$ 153,739,455	$ 144,869,426
Investments in governmental funds assets by source:		
General fund	$ 14,399,201	$ 14,532,975
Special revenue funds	6,990,679	6,929,266
Capital projects funds	131,862,960	122,920,570
Donations	486,615	486,615
Total governmental funds capital assets	$ 153,739,455	$ 144,869,426

[1]This 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 ACTIVITY[1]
AS OF JUNE 30, 2014

Function and Activity	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Construction In Progress	Total
Instruction	$ -	$ -	$ 1,925,342	$ -	$ 1,925,342
Support services	-	-	192,551	-	192,551
General administration	-	-	523,269	-	523,269
Operations and maintenance	-	-	1,190,745	-	1,190,745
Student transportation	-	-	12,745	-	12,745
Food service	-	-	1,387,033	-	1,387,033
Extracurricular activities	-	-	144,101	-	144,101
Facilities – capital outlay	19,445,161	124,164,298	-	4,754,210	148,363,669
Total governmental funds capital assets	$ 19,445,161	$ 124,164,298	$ 5,375,786	$ 4,754,210	$ 153,739,455

[1]This 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 ACTIVITY[1]
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Function and Activity	Governmental Funds Capital Assets July 1, 2013	Additions	Deletions	Governmental Funds Capital Assets June 30, 2014
Instruction	$ 1,913,096	$ 12,246	$ -	$ 1,925,342
Support services	118,730	73,821	-	192,551
General administration	481,383	41,886	-	523,269
Operations and maintenance	1,313,471	207,923	(330,649)	1,190,745
Student transportation	12,745	-	-	12,745
Food service	883,556	510,876	(7,399)	1,387,033
Extracurricular activities	144,101	-	-	144,101
Facilities – capital outlay	140,002,344	23,890,390	(15,529,065)	148,363,669
Total governmental funds capital assets	$ 144,869,426	$ 24,737,142	$ (15,867,113)	$ 153,739,455

[1]This 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, 2014

Activity	Net Position at 7/01/13	Additions	Deductions	Net Position at 6/30/14
Longfellow Fundraiser	$ 3,173.29	1,780.00	824.55	$ 4,128.74
Longfellow Library	4,496.56	1,100.00	1,598.25	3,998.31
Longfellow Arts	55,167.99	34,110.18	36,482.72	52,795.45
Irving School Store	-	-	-	-
Irving Photography Club	1,238.54	177.00	-	1,415.54
Irving Fly Fishing Club	-	-	-	-
Irving 5th Grade Fundraiser	(14.92)	-	(14.92)	-
Irving Library Fundraiser	168.56	4,396.17	-	4,564.73
Irving Climbing Club	138.10	-	-	138.10
Irving Scholarships	2,593.38	1,521.00	1,227.81	2,886.57
Whittier Field Trips	-	-	-	-
Morning Star School Store	256.53	-	-	256.53
Emily Library Fundraiser	2,209.68	349.60	-	2,559.28
Hyalite Library Fundraiser	2,079.93	-	-	2,079.93
Music	14,309.43	1,110.00	10,079.77	5,339.66
Enrichment	6,267.40	-	2,000.00	4,267.40
School Sponsored Extracurricular	1,575.10	-	-	1,575.10
Elementary Athletic Participation	7,314.24	9,546.00	9,773.05	7,087.19
CJMS and SMS Athletics	27,142.43	55,850.07	52,170.42	30,822.08
Total	$ 128,116.24	109,940.02	114,141.65	$ 123,914.61

BOZEMAN SCHOOL DISTRICT NO. 7
CHIEF JOSEPH MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2014

Activity	Net Position at 7/01/13	Additions	Deductions	Net Position at 6/30/14
Computer Club	$ 33.00	-	-	$ 33.00
Pennies for Past	182.81	1,932.15	2,100.00	14.96
Lego Robotics	328.41	-	89.70	238.71
Art Club	360.50	-	-	360.50
Foreign Language Club	(110.19)	3,189.50	3,079.31	-
Foreign Language Scholarships	101.00	4,360.00	4,191.69	269.31
Yearbook	2,670.49	4,485.00	4,042.37	3,113.12
Drama Club	948.89	1,311.00	808.49	1,451.40
One Million Ways	57.99	1,540.80	551.30	1,047.49
Music	6,773.66	17,048.00	15,375.30	8,446.36
CJ Rocks	23.71	105.00	16.54	112.17
Breakfast Club	110.40	59.60	-	170.00
Horizons	996.06	507.00	191.36	1,311.70
MBI	-	747.08	-	747.08
Leo	656.36	6,078.40	6,551.32	183.44
Library	2,728.58	1,559.65	2,566.48	1,721.75
Peer Mediation	585.78	507.60	359.80	733.58
Student Aid	5,375.59	31.00	1,767.91	3,638.68
Student Council - 6th Grade	1,964.96	4,663.52	3,542.31	3,086.17
Student Council - 7th Grade	1,609.29	2,105.66	1,876.52	1,838.43
Student Council - 8th Grade	818.44	2,439.66	2,749.73	508.37
Student Projects	400.89	1,639.00	1,669.00	370.89
Team 6A	1,432.73	6,146.00	5,882.20	1,696.53
Team 6B	1,873.97	9,708.00	8,901.38	2,680.59
Team 7A	292.67	12,033.27	10,426.60	1,899.34
Team 7B	500.52	250.00	750.52	-
Team 8A	2,148.18	6,488.00	6,383.49	2,252.69
Team 8B	1,242.84	7,625.00	8,378.21	489.63
Science Club - Pierce	212.31	250.00	332.54	129.77
Science Club - Johaneson	85.23	60.00	29.26	115.97
Science Club - Ham Radio	21.64	-	21.64	-
Science Club - Hannula	150.00	-	86.47	63.53
Science Club - VanDyk	68.70	-	28.87	39.83
Tech. Ed Club - Mathews	888.84	210.00	212.08	886.76
Bird/Science	1,842.32	4,865.00	4,266.04	2,441.28
Total	$ 37,376.57	101,944.89	97,228.43	$ 42,093.03

BOZEMAN SCHOOL DISTRICT NO. 7
SACAJAWEA MIDDLE SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2014

Activity	Net Position at 7/01/13	Additions	Deductions	Net Position at 6/30/14
Music	$ 11,480.13	25,601.31	18,540.81	$ 18,540.63
Drama Club	522.61	-	408.23	114.38
Newspaper	42.00	-	-	42.00
Computer Club	80.75	-	-	80.75
Knitting Club	134.72	300.00	224.32	210.40
Lego Robotics	572.00	-	421.00	151.00
Photo Lab Club	587.01	25.00	174.14	437.87
Foreign Language	519.50	13,643.85	10,126.43	4,036.92
Humanitarian Club	40.00	-	-	40.00
MBI	268.72	1,445.13	1,232.33	481.52
Peer Mediation	1,633.43	586.00	28.01	2,191.42
Art Club	984.56	500.00	119.00	1,365.56
Student Aid	12,659.90	5,333.40	12,504.27	5,489.03
Yearbook	2,453.23	8,044.00	9,022.04	1,475.19
Student Council	2,000.61	4,106.61	3,869.34	2,237.88
Select Choir	-	38,051.23	38,016.79	34.44
6A Team	-	15,392.87	14,448.84	944.03
6B Team	-	15,350.31	13,672.79	1,677.52
7A Team	-	3,931.82	2,598.43	1,333.39
7B Team	-	4,602.87	4,616.63	(13.76)
8A Team	-	14,545.70	11,582.72	2,962.98
8B Team	-	16,610.57	16,398.29	212.28
Outdoor Club	446.79	343.50	1,010.65	(220.36)
Science Olympiad Club	-	1,505.00	1,549.20	(44.20)
Science Club	442.31	650.00	730.00	362.31
Maintenance Account	-	27.30	-	27.30
Total	$ 34,868.27	170,596.47	161,294.26	$ 44,170.48

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2014

Activity	Net Position at 7/01/13	Additions	Deductions	Net Position at 6/30/14
Athletics	$ 30,031.80	245,127.23	161,474.86	$ 113,684.17
Backboard BB-Ball	697.48	48,085.58	45,770.92	3,012.14
Cheerleading	4,184.70	12,217.90	15,539.43	863.17
Fastpitch	1,493.29	8,566.75	2,797.08	7,262.96
Football Club	8,177.88	33,698.00	41,462.64	413.24
Golf Club	1,668.98	12,066.00	6,921.85	6,813.13
Hawk Stat Crew	488.72	797.00	875.00	410.72
Lady Hawk B-Ball	5,178.34	21,762.37	25,171.72	1,768.99
Soccer - Boys	2,310.56	14,768.41	10,287.20	6,791.77
Soccer - Girls	1,619.84	11,200.56	6,989.04	5,831.36
Speech Club	5,546.48	25,645.60	20,365.35	10,826.73
Spikers VB	1,988.88	16,901.25	15,246.30	3,643.83
Swimming	1,406.01	6,108.82	6,940.65	574.18
Tennis	3,602.32	1,456.90	4,567.82	491.40
Track Club	6,414.56	24,598.25	21,430.35	9,582.46
Wrestling Club	1,905.01	8,236.80	9,472.57	669.24
X-Country Club	103.80	15,684.17	14,650.54	1,137.43
Business Professionals	10,564.63	44,031.52	45,560.27	9,035.88
Cad Club	666.67	1,487.71	1,526.22	628.16
Construction Club	1,198.72	-	-	1,198.72
Deca	200.00	-	-	200.00
Metals - Labor	-	-	-	-
Metals - Materials	-	-	-	-
Robotics Club	13,754.74	-	4,966.32	8,788.42
Shop Fund	-	-	-	-
Skills USA	1.66	1,812.00	320.00	1,493.66
Art Club	1,958.27	7,676.50	5,549.55	4,085.22
Drama Club	1,760.83	25,970.08	26,136.37	1,594.54
Ecuador/Montana	44.95	-	-	44.95
FCCLA	414.78	3,373.96	3,333.26	455.48
French Club	272.91	111.33	-	384.24
Total	$ 107,656.81	591,384.69	497,355.31	$ 201,686.19

(Continued)

BOZEMAN SCHOOL DISTRICT NO. 7
HIGH SCHOOL STUDENT EXTRACURRICULAR FUND
ACTIVITY DETAIL
YEAR ENDED JUNE 30, 2014

Activity	Net Position at 7/01/13	Additions	Deductions	Net Position at 6/30/14
German Club	$ 3,214.60	25,488.55	24,494.85	$ 4,208.30
Galapagos Club	-	-	-	-
HOSA	564.73	4,298.80	4,175.66	687.87
Latin Club	-	819.31	607.88	211.43
MUN Club	208.69	1,467.46	1,594.40	81.75
Project Excel	3,974.26	125.00	-	4,099.26
Science Olympiad	508.20	743.00	878.75	372.45
Ski P.E.	-	3,559.00	3,559.00	-
Spanish Club	455.57	885.00	808.38	532.19
Youth Leg. Club	-	4,162.13	3,758.48	403.65
Wildlife Biology Club	391.02	735.00	782.20	343.82
Cap & Gowns	328.27	-	302.00	26.27
Class of 2014	5,814.71	10,290.00	16,104.71	-
Girls & Boys State	335.00	810.00	810.00	335.00
Prom	1,000.00	9,788.30	3,130.89	7,657.41
Student Council	21,565.18	20,718.59	21,393.80	20,889.97
Bridger Alternative	499.81	148.50	195.50	452.81
MTI	1,396.43	-	-	1,396.43
Amnesty International	674.28	-	-	674.28
The B Club	361.17	-	-	361.17
Key Club	1,793.85	271.00	684.11	1,380.74
Leo Club	23.00	2,789.84	2,060.64	752.20
National Honor Society	321.41	1,278.00	1,398.50	200.91
Project X2	1,528.27	2,383.00	2,395.24	1,516.03
Recycle	503.32	140.00	191.42	451.90
Special Ed Concessions	4,629.86	2,052.61	1,482.46	5,200.01
Gay-Straight Alliance	336.29	361.58	154.88	542.99
Interact Club	6,140.23	3,788.89	7,315.55	2,613.57
Band	13,702.70	93,445.87	90,675.00	16,473.57
Choir	1,550.48	21,260.00	20,191.84	2,618.64
Orchestra	1,696.58	8,603.00	8,626.37	1,673.21
Aerie	7,653.90	43,598.00	41,123.31	10,128.59
Hawk Tawk	4,025.47	6,519.00	8,333.59	2,210.88
Hawk TV Club	1,439.42	554.28	1,908.90	84.80
Scribblings	-	-	-	-
General	896.61	2,654.13	1,486.17	2,064.57
Total	$ 195,190.12	865,122.53	767,979.79	$ 292,332.86

(Concluded)

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2014

	October 7, 2013 Enrollment Count			December 2, 2013 Enrollment Count			February 6, 2014 Enrollment Count		
Enrollment	**As Reported**	**Audit Per District Records**	**Diff.**	**As Reported**	**Audit Per District Records**	**Diff.**	**As Reported**	**Audit Per District Records**	**Diff.**
Elementary School District									
Pre K-6:									
(a.) Pre-Kindergarten *	29	29	0	29	29	0	29	29	0
(b.) Kindergarten	528	528	0	519	519	0	524	524	0
(c.) Grades 1 - 6	2846	2846	0	2840	2840	0	2830	2830	0
(d.) Part-Time (number of part-time students included on line b and c above)	8	8	0	8	8	0	7	7	0
7-8:									
(e.) Grade 7-8	849	849	0	849	849	0	851	851	0
(f.) Part-Time (number of part-time students included on line e above)	3	3	0	3	3	0	4	4	0
(g.) Total (add lines a, b, c and e)	4252	4252	0	4237	4237	0	4234	4234	0
High School District									
9-12:									
(h.) Grades 9-12	1961	1961	0	1944	1944	0	1906	1906	0
(i.) Part-Time (number of part-time students included on line h above)	18	18	0	20	20	0	18	18	0
(j.) 19 year-olds included on line h	1	1	0	1	1	0	1	1	0
(k.) Montana Youth Challenge Academy students included on line h	3	3	0	2	2	0	6	6	0
(l.) Early Graduates	N/A	N/A	N/A	N/A	N/A	N/A	17	17	0

* The Pre-Kindergarten amounts above are not required to be audited. The amount listed is the official Special Education Pre-K Child Count from October 2013.

QUALITY

BOZEMAN

EDUCATION

STATISTICAL SECTION

(Unaudited)

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

Contents **Page**

Financial Trends **124**

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

Revenue Capacity **129**

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

Debt Capacity **136**

These debt capacity schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information **140**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activity takes place.

Operating Information **142**

These schedules contain service and infrastructure data to better help the reader interpret how the information in the District's financial report correspond to the services the District provides and the activities it performs.

Table 1

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	$19,845,904	$22,676,015	$25,142,399	$29,295,503	$32,116,906	$33,258,003	$35,512,140	$38,752,077	$41,859,235	$44,554,505
Restricted	4,266,241	3,418,622	3,987,403	4,279,556	6,904,765	9,741,156	8,779,717	9,586,558	12,475,447	10,415,989
Unrestricted	2,411,025	1,716,125	2,741,647	3,392,696	3,254,771	3,126,362	4,715,667	3,022,777	4,607,300	4,360,299
Total governmental activities net position	$26,523,170	$27,810,762	$31,871,449	$36,967,755	$42,276,442	$46,125,521	$49,007,524	$51,361,412	$58,941,982	$59,330,793

Table 2

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

Expenses	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Governmental activities:										
Instruction	$ 21,931,633	$ 23,407,889	$ 25,568,496	$ 27,118,400	$ 28,152,194	$ 30,604,653	$ 30,254,885	$ 31,164,999	$ 31,716,354	$ 35,618,686
Support services	4,418,767	4,642,961	4,975,685	5,457,545	5,592,822	6,705,443	6,506,964	6,903,108	7,412,715	8,887,042
General administration	1,788,838	1,873,647	2,116,552	2,331,788	2,334,476	2,408,966	2,427,344	2,728,377	2,563,815	2,815,439
Building administration	2,718,624	2,876,614	3,163,125	3,267,924	3,508,649	3,379,725	3,506,951	3,568,685	3,310,381	3,614,781
Operations and maintenance	3,609,292	3,766,666	3,663,019	4,038,663	4,624,960	4,785,116	5,887,349	5,852,700	5,055,062	6,443,041
Student transportation	1,312,826	1,400,420	1,433,032	1,531,760	1,663,428	1,578,194	1,751,558	1,844,503	1,801,699	2,193,615
Food services	1,580,563	1,743,790	1,835,040	1,843,131	1,705,634	1,627,069	1,686,356	1,808,610	1,868,641	2,148,983
Extracurricular activities	788,795	836,613	885,231	941,072	915,870	911,863	928,880	897,486	932,725	1,170,210
Unallocated depreciation	863,206	912,711	960,431	985,952	1,217,973	1,670,495	2,277,029	2,734,240	2,851,136	3,387,281
Interest and fiscal charges	347,186	682,825	1,574,466	2,428,542	3,510,039	3,005,401	2,849,464	2,705,910	3,003,231	3,517,576
Total governmental activities expenses	$ 39,359,730	$ 42,144,136	$ 46,175,077	$ 49,944,777	$ 53,226,045	$ 56,676,925	$ 58,076,780	$ 60,208,618	$ 60,515,759	$ 69,796,654
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	$ 474,171	$ 505,592	$ 586,576	$ 618,855	$ 620,755	$ 753,021	$ 749,691	$ 707,919	$ 835,292	$ 859,372
Food services	1,089,157	1,230,667	1,379,861	1,250,448	1,176,105	1,114,078	1,090,682	1,172,420	1,174,689	1,180,670
Other functional activities	472,220	510,592	516,807	531,477	543,383	704,901	782,544	949,140	684,405	711,686
Operating grants and contributions	6,382,579	6,192,636	6,580,610	7,365,898	8,463,278	9,639,736	10,701,409	9,053,281	9,657,240	11,039,331
Capital grants and contributions	200,907	54,400	810,146	1,112,116	307,076	1,001,944	537,755	934,990	2,216,427	27,358
Total governmental activities program revenues	$ 8,619,034	$ 8,493,887	$ 9,874,000	$ 10,878,794	$ 11,110,597	$ 13,213,680	$ 13,862,081	$ 12,817,750	$ 14,568,053	$ 13,818,417
Total governmental activities net expense	$ (30,740,696)	$ (33,650,249)	$ (36,301,077)	$ (39,065,983)	$ (42,115,448)	$ (43,463,245)	$ (44,214,699)	$ (47,390,868)	$ (45,947,706)	$ (55,978,237)
General Revenues and Transfers										
Governmental activities:										
General Revenues:										
District property taxes	$ 15,180,803	$ 16,788,764	$ 19,928,795	$ 21,716,571	$ 24,919,224	$ 25,517,907	$ 26,005,786	$ 25,901,455	$ 27,624,361	$ 30,291,040
Investment earnings	260,950	755,196	1,839,432	2,023,195	1,437,886	404,319	212,450	196,015	173,809	164,158
Unrestricted county distribution - retirement	3,749,000	3,768,848	3,872,500	4,115,000	4,685,689	4,319,087	4,628,599	4,677,674	5,107,947	5,770,760
Unrestricted state equalization	10,452,630	11,283,156	11,695,502	12,329,569	13,069,595	12,631,646	11,651,621	14,168,581	14,847,712	16,080,262
Unrestricted state guaranteed tax base subsidy	630,845	612,409	443,964	965,909	1,334,192	1,489,387	1,619,235	1,730,896	2,296,582	2,734,398
Unrestricted state motor vehicle fee reimbursement	1,556,143	1,567,969	1,579,896	1,591,893	1,603,991	1,616,183	1,628,465	1,628,465	1,773,347	1,773,347
Unrestricted state quality educator	-	-	778,808	1,216,152	1,231,076	1,247,959	1,264,058	1,257,904	1,266,515	1,302,442
Unrestricted other state revenue	169,026	147,070	222,322	202,718	184,689	85,836	86,488	183,766	438,003	256,841
Gain(loss) on sale of capital assets	64,505	14,429	545	1,282	(1,042,207)	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(2,006,200)
Total governmental activities general revenues and transfers	$ 32,063,902	$ 34,937,841	$ 40,361,764	$ 44,162,289	$ 47,424,135	$ 47,312,324	$ 47,096,702	$ 49,744,756	$ 53,528,276	$ 56,367,048
Change in Net Position										
Governmental activities	$ 1,323,206	$ 1,287,592	$ 4,060,687	$ 5,096,306	$ 5,308,687	$ 3,849,079	$ 2,882,003	$ 2,353,888	$ 7,580,570	$ 388,811

Table 3

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	$ 128,085	$ 348,877	$ 156,283	$ 68,169	$ 101,278	$ 339,845				
Unreserved	2,268,037	2,129,161	2,210,022	1,617,590	2,269,075	1,621,285				
Nonspendable							$ 4,388	$ 4,623	$ 5,421	$ 36,085
Restricted							-	-	-	-
Committed							-	-	-	-
Assigned							429,580	365,306	465,196	353,134
Unassigned							2,341,289	2,504,519	2,926,355	3,109,044
Total general fund	$ 2,396,122	$ 2,478,038	$ 2,366,305	$ 1,685,759	$ 2,370,353	$ 1,961,130	$ 2,775,257	$ 2,874,448	$ 3,396,972	$ 3,498,263
All other governmental funds										
Reserved	$ 102,504	$ 62,589	$ (96,886)	$ (236,463)	$ (80,945)	$ 1,007,568				
Unreserved, reported in:										
Special revenue funds	3,675,171	3,950,436	5,285,646	6,409,696	6,549,846	6,884,962				
Capital projects funds	1,723,245	26,399,086	42,644,504	50,993,882	22,218,476	8,820,311				
Nonspendable							$ 28,589	$ 37,592	$ 50,525	$ 291,698
Restricted							12,546,192	9,831,486	23,560,751	13,443,730
Committed							-	1,463,593	1,743,226	1,613,722
Assigned							241,168	-	-	-
Unassigned							(57,451)	(130,307)	(7,901)	(3,883)
Total all other governmental funds	$ 5,500,920	$ 30,412,111	$ 47,833,264	$ 57,167,115	$ 28,687,377	$ 16,712,841	$ 12,758,498	$ 11,202,364	$ 25,346,601	$ 15,345,267

Note: The Bozeman School District implemented the new standards for reporting fund balance GASB Statement 54 in fiscal year 2011.

Table 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
District property taxes	$ 15,414,842	$ 16,713,548	$ 19,391,531	$ 20,428,699	$ 25,038,979	$ 24,883,053	$ 26,545,666	$ 26,751,318	$ 27,590,997	$ 29,992,132
Tuition and fees	1,255,980	1,420,239	1,568,319	1,433,802	1,312,340	1,309,338	1,269,001	1,407,899	1,353,370	1,349,404
Interest	221,062	699,210	1,795,207	1,958,196	1,388,484	340,176	146,501	115,677	133,505	120,319
Other district revenue	581,288	377,377	482,394	820,270	1,337,136	1,013,307	966,899	1,619,654	1,374,732	2,054,037
Gallatin County	4,084,517	4,127,197	4,213,172	4,442,764	5,033,862	4,643,079	4,962,871	5,026,254	5,442,341	6,147,312
State of Montana	14,961,033	16,012,832	18,419,447	19,835,311	20,515,634	20,989,422	19,909,687	23,001,183	24,899,502	26,625,282
Federal	3,709,766	3,280,384	3,116,050	3,429,823	3,575,590	5,104,214	5,984,544	3,421,088	3,505,205	3,862,088
Total revenues	40,228,488	42,630,787	48,986,120	52,348,865	58,202,025	58,282,589	59,785,169	61,343,073	64,299,652	70,150,574
Expenditures										
Instruction	20,960,778	22,585,585	24,569,060	25,840,900	27,198,581	29,183,083	29,186,027	29,973,733	30,815,248	34,059,897
Support services	4,375,683	4,574,701	4,909,200	5,331,933	5,535,648	6,574,898	6,414,239	6,818,826	7,407,391	8,726,400
General administration	1,683,859	1,759,136	1,996,421	2,200,858	2,228,618	2,266,440	2,315,573	2,625,336	2,490,089	2,615,520
Building administration	2,555,223	2,755,991	3,014,613	3,078,574	3,335,098	3,163,077	3,260,330	3,337,108	3,247,724	3,471,766
Operations and maintenance	3,502,159	3,656,580	3,567,525	3,929,421	4,570,270	4,700,440	5,240,989	5,420,379	4,971,441	6,308,007
Student transportation	1,312,970	1,399,786	1,432,484	1,531,216	1,661,872	1,575,172	1,748,225	1,841,957	1,799,240	2,191,740
Food services	1,525,827	1,679,095	1,769,280	1,777,468	1,672,348	1,603,425	1,671,841	1,785,246	1,838,621	2,093,596
Extracurricular activities	776,863	817,127	871,909	925,698	908,091	901,574	917,404	889,182	928,333	1,150,819
Capital outlay	1,822,412	5,122,160	7,623,511	20,737,577	31,158,167	13,768,914	5,342,833	3,668,987	17,606,813	9,666,273
Debt service										
Principal	1,586,506	1,606,506	2,216,506	3,577,059	3,634,728	3,982,059	4,092,059	4,247,059	5,488,708	4,565,554
Interest and fiscal charges	296,801	249,532	1,748,732	2,212,528	4,094,281	2,954,436	2,835,865	2,692,203	2,970,582	3,194,845
Bond issuance costs	-	79,578	142,254	79,175	-	56,742	-	-	260,334	-
Total expenditures	40,399,081	46,285,777	53,861,495	71,222,407	85,997,702	70,730,260	63,025,385	63,300,016	79,824,524	78,044,417
Excess of revenues over (under) expenditures	(170,593)	(3,654,990)	(4,875,375)	(18,873,542)	(27,795,677)	(12,447,671)	(3,240,216)	(1,956,943)	(15,524,872)	(7,893,843)
Other financing sources (uses)										
Sale of capital assets	252,635	19,376	545	1,282	533	-	-	-	-	-
Transfers in	33,673	32,698	23,344	145,429	3,366,639	1,281,921	631,395	-	-	-
Transfers out	(33,673)	(32,698)	(23,344)	(145,429)	(3,366,639)	(1,281,921)	(631,395)	-	-	(2,006,200)
Hail damage insurance proceeds	-	-	-	-	-	-	100,000	500,000	2,093,038	-
General obligation bonds issued	-	28,600,000	20,725,000	27,500,000	-	-	-	-	26,375,000	-
Limited obligation bonds issued	-	-	1,459,250	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	3,275,000	-	-	-	-
Premium on bonds issued	-	28,721	-	25,565	-	110,840	-	-	1,723,595	-
Payments to refunded bond escrow agent	-	-	-	-	-	(3,321,928)	-	-	-	-
Total other financing sources (uses)	252,635	28,648,097	22,184,795	27,526,847	533	63,912	100,000	500,000	30,191,633	(2,006,200)
Net change in fund balances	$ 82,042	$ 24,993,107	$ 17,309,420	$ 8,653,305	$ (27,795,144)	$ (12,383,759)	$ (3,140,216)	$ (1,456,943)	$ 14,666,761	$ (9,900,043)
Debt service as a percentage of noncapital expenditures	4.9%	4.5%	8.6%	11.5%	14.1%	12.3%	12.0%	11.6%	13.6%	11.3%

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
2005	$ 16,204,121	$ 2,833,398	$ 1,117,522	$ 2,036,854	$ 2,805,342	$ 6,327	$ 723,202	$ 1,608	$ -	$ 25,728,374
2006	17,592,880	2,902,930	1,168,491	2,201,235	2,832,853	3,092	760,510	493,246	-	27,955,237
2007	18,995,915	3,220,986	1,596,212	2,413,652	2,981,420	9,616	805,206	6,933	-	30,029,940
2008	19,834,850	3,448,882	1,712,186	2,471,987	3,172,844	7,598	839,706	182,514	-	31,670,567
2009	21,033,525	3,417,621	1,720,166	2,552,984	3,429,669	1,780	844,247	-	-	32,999,992
2010	22,171,589	3,922,743	1,707,113	2,573,178	3,469,799	5,763	835,084	-	-	34,685,269
2011	22,303,333	3,949,570	1,794,818	2,609,518	3,965,340	-	844,781	25,412	-	35,492,772
2012	23,483,777	3,768,264	1,909,353	2,647,095	3,784,961	-	816,199	157,004	-	36,566,653
2013	24,580,312	4,068,345	1,790,203	2,649,077	3,668,270	382	851,514	7	-	37,608,110
2014	$ 25,877,250	$ 4,605,511	$ 1,887,071	$ 2,822,409	$ 4,085,732	$ -	$ 996,363	$ 12,420	$ 1,249	$ 40,288,005

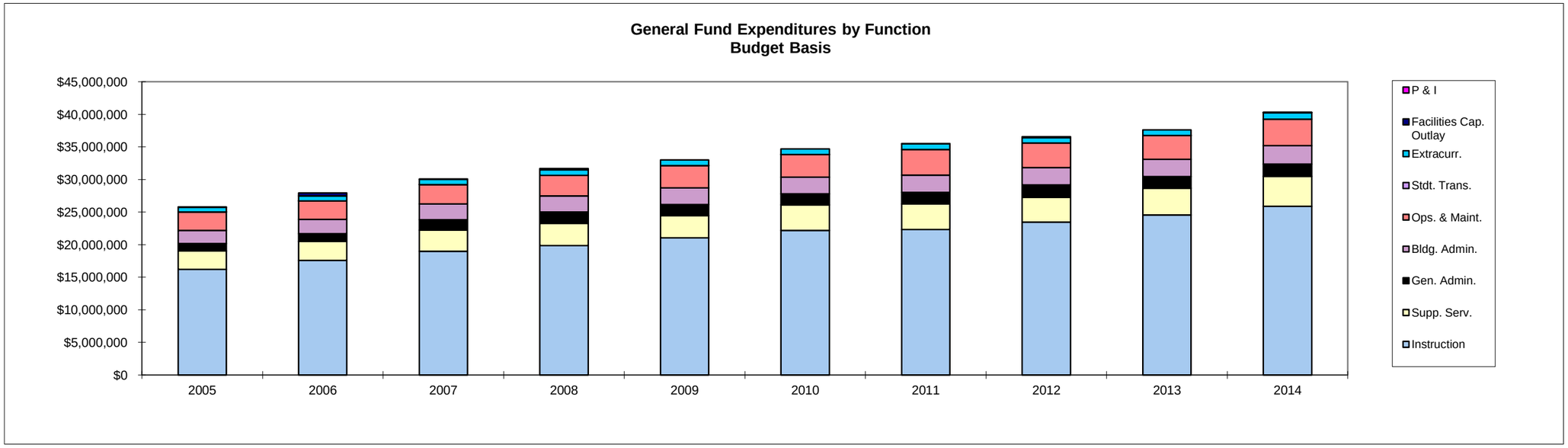

Table 6

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

Fiscal Year	Assessed Valuation [1]	Estimated Actual Value	Percent of Assessed Value to Estimated Actual Value	Mill Levy	Direct Rate to be Applied against Assessed Value (Mill Levy / 1,000)	Taxes Levied [4]	Tax Levy Collections in Levy Year	Percent of Tax Levies Collected in Levy Year	Tax Levy Collections after Levy Year	Total Tax Collections Since Levy	Percent of Total Tax Collections To Taxes Levied
Elementary District:											
2005	$ 81,999,997	$ 2,409,812,203	3.4%	112.16	0.11216	$ 9,197,120	$ 9,197,120	100.00%	$ -	$ 9,197,120	100.00%
2006	89,208,819	2,649,536,773	3.4%	111.60	0.11160	9,955,704	9,922,609	99.67%	-	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]	96.95%	357,369	11,741,184	99.99%
2008	104,361,792	3,223,076,430	3.2%	118.51	0.11851	12,553,495	11,695,683	93.17%	852,014	12,547,697	99.95%
2009	111,162,065	3,542,469,947	3.1%	141.13	0.14113	15,794,516	14,558,640	92.18%	1,215,028	15,773,668	99.87% [3]
2010	117,329,369	3,888,212,136	3.0%	130.49	0.13049	15,432,743	14,194,814	91.98%	1,211,273	15,406,087	99.83% [3]
2011	121,072,738	4,135,670,271	2.9%	121.55	0.12155	14,619,619	13,975,603	95.59%	628,107	14,603,710	99.89%
2012	122,688,282	4,375,448,618	2.8%	123.38	0.12338	15,000,166	14,264,897	95.10%	724,413	14,989,310	99.93%
2013	124,859,611	4,633,513,028	2.7%	131.45	0.13145	16,419,994	15,743,823	95.88%	443,296	16,187,119	98.58%
2014	$ 128,394,150	$ 4,931,149,202	2.6%	145.25	0.14525	$ 18,477,949	$ 17,897,333	96.86%	$ -	$ 17,897,333	96.86%
High School District:											
2005	$ 109,245,300	$ 3,224,918,891	3.4%	55.16	0.05516	$ 6,025,971	$ 6,025,971	100.00%	$ -	$ 6,025,971	100.00%
2006	119,033,013	3,554,146,064	3.3%	57.46	0.05746	6,839,637	6,790,939	99.29%	-	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]	96.55%	279,870	8,159,021	99.98%
2008	140,147,897	4,381,850,279	3.2%	65.34	0.06534	9,346,202	8,673,645	92.80%	667,939	9,341,584	99.95%
2009	130,543,804	4,170,386,822	3.1%	71.40	0.07140	9,384,507	8,573,226	91.36%	793,474	9,366,700	99.81% [3]
2010	138,744,445	4,593,821,578	3.0%	69.05	0.06905	10,460,314	9,463,193	90.47%	977,009	10,440,202	99.81% [3]
2011	143,508,070	4,898,411,705	2.9%	75.34	0.07534	11,148,142	10,579,367	94.90%	556,052	11,135,419	99.89%
2012	145,618,673	5,189,061,038	2.8%	73.48	0.07348	11,027,493	10,430,413	94.59%	586,669	11,017,082	99.91%
2013	148,311,838	5,501,565,981	2.7%	71.81	0.07181	11,088,494	10,601,483	95.61%	323,310	10,924,793	98.52%
2014	$ 152,997,133	$ 5,873,324,071	2.6%	73.16	0.07316	$ 11,512,340	$ 11,135,267	96.72%	$ -	$ 11,135,267	96.72%
Total District:											
2005	$ 109,245,300	$ 3,224,918,891	3.4%	167.32	0.16732	$ 15,223,090	$ 15,223,091	100.00%	$ -	$ 15,223,091	100.00%
2006	119,033,013	3,554,146,064	3.3%	169.06	0.16906	16,795,341	16,713,548	99.51%	-	16,713,548	99.51%
2007	130,732,377	3,946,654,848	3.3%	182.74	0.18274	19,902,802	19,262,966	96.79%	637,239	19,900,205	99.99%
2008	140,147,897	4,381,850,279	3.2%	183.85	0.18385	21,899,697	20,369,328	93.01%	1,519,953	21,889,281	99.95%
2009	130,543,804	4,170,386,822	3.1%	212.53	0.21253	25,179,023	23,131,866	91.87%	2,008,502	25,140,368	99.85% [3]
2010	138,744,445	4,593,821,578	3.0%	199.54	0.19954	25,893,057	23,658,007	91.37%	2,188,282	25,846,289	99.82% [3]
2011	143,508,070	4,898,411,705	2.9%	196.89	0.19689	25,767,761	24,554,970	95.29%	1,184,159	25,739,129	99.89%
2012	145,618,673	5,189,061,038	2.8%	196.86	0.19686	26,027,659	24,695,310	94.88%	1,311,082	26,006,392	99.92%
2013	148,311,838	5,501,565,981	2.7%	203.26	0.20326	27,508,488	26,345,306	95.77%	766,606	27,111,912	98.56%
2014	$ 152,997,133	$ 5,873,324,071	2.6%	218.41	0.21841	$ 29,990,289	$ 29,032,600	96.81%	$ -	$ 29,032,600	96.81%

[1] Assessed valuation is per the Montana Department of Revenue and calculated as of January (i.e. assess value used for 2004-05 fiscal year is calculated as of January 2004)

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

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

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

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

Table 7

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

Tax Rates (per $1,000 of taxable value)

Fiscal Year	These columns denote the Direct Rate of the District: Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
2005	112.16	55.16	171.99	194.15	46.00	579.46
2006	111.60	57.46	168.26	196.74	46.00	580.06
2007	120.32	62.42	163.42	197.36	46.00	589.52
2008	118.51	65.34	154.18	205.40	46.00	589.43
2009	141.13	71.40	171.16	210.14	46.00	639.83
2010	130.49	69.05	170.19	210.25	46.00	625.98
2011	121.55	75.34	168.75	217.21	46.00	628.85
2012	123.38	73.48	166.75	215.77	46.00	625.38
2013	131.45	71.81	166.75	215.10	46.00	631.11
2014	145.25	73.16	173.08	221.00	46.00	658.49

Tax Levies

Fiscal Year	Bozeman Elementary District	Bozeman High School District	City of Bozeman	Gallatin County	State of Montana	Total
2005	$ 9,197,120	$ 6,025,971	$ 9,226,199	$ 30,160,991	$ 7,146,050	$ 61,756,331
2006	9,955,704	6,839,637	9,911,843	32,959,146	7,706,215	67,372,545
2007	11,742,487	8,160,315	10,475,697	35,948,481	8,378,750	74,705,730
2008	12,553,495	9,346,202	10,804,728	40,697,643	9,114,370	82,516,438
2009	15,794,516	9,384,507	12,891,848	44,279,401	9,692,835	92,043,107
2010	15,432,743	10,460,314	13,749,595	47,389,128	10,368,133	97,399,913
2011	14,619,619	11,148,142	14,130,990	50,835,661	10,765,805	101,500,217
2012	15,000,166	11,027,493	14,183,870	51,333,428	10,943,772	102,488,729
2013	16,419,994	11,088,494	14,385,313	52,310,804	11,186,876	105,391,481
2014	$ 18,477,949	$ 11,512,340	$ 15,525,281	$ 55,391,002	$ 11,529,349	$ 112,435,921

Source: Montana Tax Foundation
Montana Property Tax Mill Levies 2013-14
Gallatin County Treasurer

Table 8

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

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Elementary District Taxable Assessed Value
Northwestern Corp Transmission and Distribution	$ 7,921,179	1	6.17%	$ 5,887,127	1	7.18%
Qwest Corporation	1,283,477	2	1.00%	1,267,391	2	1.55%
Bresnan	1,096,176	3	0.85%	-		-
Verizon Wireless	694,399	4	0.54%	-		-
Harry Daum (Gallatin Mall)	500,755	5	0.39%	501,727	3	0.61%
Stone Ridge Partners LLC	468,297	6	0.36%	-		-
Bridger Bowl Inc.	361,936	7	0.28%	-		-
J & D Family Limited Partnership	350,638	8	0.27%			
Bridger Peaks LLC	350,440	9	0.27%	322,035	5	0.39%
First Security Bank of Bozeman	349,000	10	0.27%	221,399	10	0.27%
Wal-Mart Stores	-		-	403,388	4	0.49%
Costco Wholesale Corporation	-		-	279,596	6	0.34%
Bozeman Deaconess Foundation	-		-	249,318	7	0.30%
Home Depot	-		-	227,500	8	0.28%
POB Gallatin LP	-		-	223,250	9	0.27%
Total	$ 13,376,297		10.40%	$ 9,582,731		11.68%

Source: Gallatin County Treasurer

Table 9

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

	2014			2005		
Taxpayer	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	$ 9,188,160	1	6.01%	$ 7,924,059	1	7.25%
Qwest Corporation	1,340,037	2	0.88%	1,397,476	2	1.28%
Bresnan	1,096,176	3	0.72%	-		-
Black Bull Owner LLC	739,592	4	0.48%			
Verizon Wireless	739,351	5	0.48%	-		-
Zoot Properties LLC	580,133	6	0.38%	479,256	4	0.44%
Harry Daum (Gallatin Mall)	500,755	7	0.33%	501,727	3	0.46%
Stone Ridge Partners LLC	468,297	8	0.31%	-		-
Bridger Bowl Inc.	361,936	9	0.24%	-		-
J & D Family Limited Partnership	350,638	10	0.23%	-		-
Wal-Mart Stores	-		-	403,388	5	0.37%
Bridger Peaks LLC	-		-	322,035	6	0.29%
Costco Wholesale Corporation	-		-	279,596	7	0.26%
Bozeman Deaconess Foundation	-		-	249,318	8	0.23%
Montana Rail Link	-		-	308,392	9	0.28%
Home Depot	-		-	224,814	10	0.21%
Total	$ 15,365,075		10.06%	$ 12,090,061		11.07%

Source: Gallatin County Treasurer

Table 10

BOZEMAN SCHOOL DISTRICT NO. 7
Revenue by Source - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2014
(modified accrual basis of accounting)

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate source:		
District taxes	$29,992,132	42.75%
Tuition and fees	1,349,404	1.92%
Interest	120,319	0.17%
Other district revenue	2,054,037	2.93%
County retirement	5,770,760	8.23%
County transportation	376,552	0.54%
Total revenue from local and intermediate sources	39,663,204	56.54%
Revenue from State sources:		
State equalization	16,080,262	22.92%
State special education allowable costs	1,859,903	2.65%
State guarantee tax base subsidy	2,734,398	3.90%
State transportation	376,552	0.54%
State motor vehicle fee reimbursement	1,773,347	2.53%
State quality educator	1,302,442	1.86%
State medicaid, medicaid admin, CSCT	1,508,312	2.15%
Other State revenue	990,066	1.41%
Total revenue from State sources	26,625,282	37.96%
Revenue from Federal sources:		
Other Federal Grants	286,937	0.41%
Federal Title I and Title I Schoolwide	807,821	1.15%
Federal IDEA Part B and Preschool	1,378,563	1.97%
Federal Title IIA	310,978	0.44%
Federal Title IIB	402,739	0.57%
Federal food service	675,050	0.96%
Total revenue from Federal sources	3,862,088	5.50%
Total governmental funds revenue	**$70,150,574**	**100.00%**

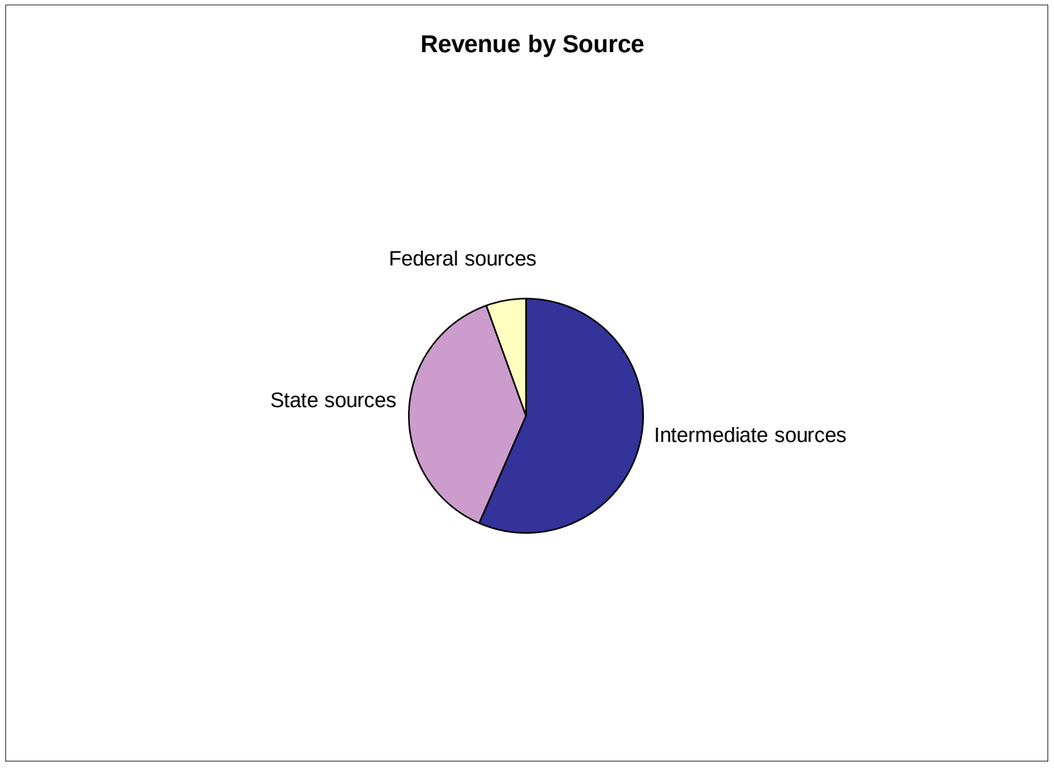

Table 11

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

Year	District Tax Levies	Tuition & Fees	Interest	Other District Revenue	State of Montana	Federal	Total
2005	$ 11,905,743	$ 20,313	$ 94,061	$ 10,451	$ 13,889,045	$ -	$ 25,919,613
2006	12,954,456	41,541	141,486	2,658	14,833,593	-	27,973,734
2007	13,581,764	34,941	158,402	1,388	16,158,742	-	29,935,237
2008	13,195,792	39,209	208,293	4,766	17,749,057	-	31,197,117
2009	14,325,294	28,934	95,804	504,029	19,022,682	-	33,976,743
2010	14,520,782	42,773	85,100	5,276	18,735,240	890,503	34,279,674
2011	15,827,796	32,933	33,708	8,123	17,819,627	2,413,699	36,135,886
2012	16,058,899	82,078	32,913	9,597	20,722,014	16,617	36,922,118
2013	15,955,470	28,748	32,128	946	22,200,452	-	38,217,744
2014	$ 16,750,875	$ 28,495	$ 38,395	$ 2,801	$ 24,025,992	$ -	$ 40,846,558

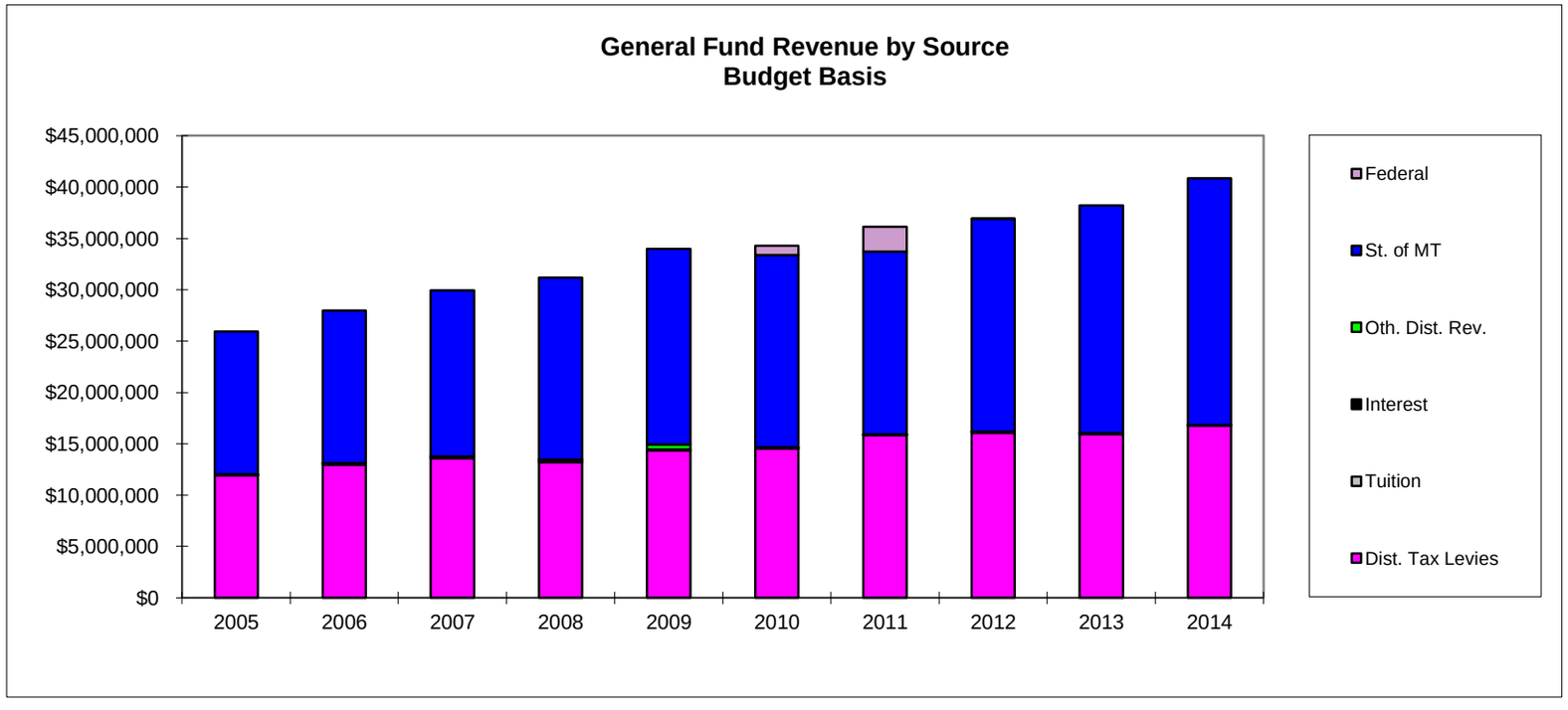

Table 12

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

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student District	State	Federal	Total
2005	$ 12,030,568	$ 13,889,045	$ -	$ 25,919,613	5,198	$ 2,314	$ 2,672	$ -	$ 4,986
2006	13,140,141	14,833,593	-	27,973,734	5,332	2,464	2,782	-	5,246
2007	13,776,495	16,158,742	-	29,935,237	5,356	2,572	3,017	-	5,589
2008	13,448,060	17,749,057	-	31,197,117	5,413	2,484	3,279	-	5,763
2009	14,954,061	19,022,682	-	33,976,743	5,463	2,737	3,482	-	6,219
2010	14,653,931	18,735,240	890,503	34,279,674	5,509	2,660	3,401	162	6,222
2011	15,902,560	17,819,627	2,413,699	36,135,886	5,679	2,800	3,138	425	6,363
2012	16,183,487	20,722,014	16,617	36,922,118	5,810	2,785	3,567	3	6,355
2013	16,017,292	22,200,452	-	38,217,744	5,993	2,673	3,704	-	6,377
2014	$ 16,820,566	$ 24,025,992	$ -	$ 40,846,558	6,213	$ 2,707	$ 3,867	$ -	$ 6,574

Source: District Records

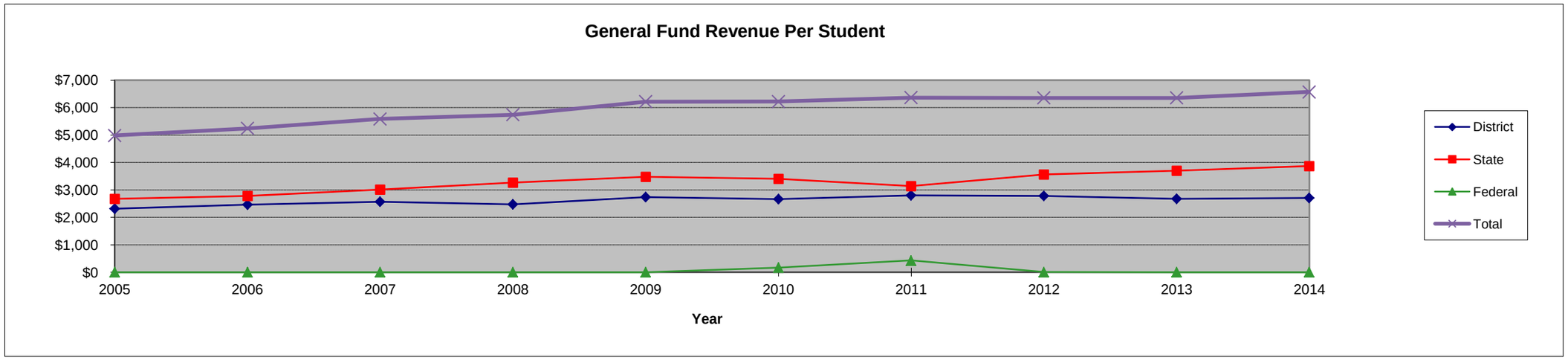

Table 13

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

Fiscal Year	Population [1]	Assessed Value [2]	General Obligation Bonded Debt	Limited Obligation Bonded Debt	Total Bonded Debt	Percentage of Total Bonded Debt to Assessed Value	Total Bonded Debt Per Capita	Total Bonded Debt as a % of Per Capita Income
Elementary District:								
2005	43,303	$ 81,999,997	$ 8,499,994	$ 1,431,692	$ 9,931,686	12.11%	$ 229	0.70%
2006	44,385	89,208,819	21,348,121	1,271,621	22,619,742	25.36%	510	1.48%
2007	45,495	97,593,808	25,525,083	2,564,823	28,089,906	28.78%	617	1.65%
2008	46,632	104,361,792	41,016,402	2,249,561	43,265,963	41.46%	928	2.53%
2009	47,798	111,162,065	38,607,378	1,922,819	40,530,197	36.46%	848	2.41%
2010	48,993	117,329,369	36,497,427	1,584,178	38,081,605	32.46%	777	2.16%
2011	50,217	121,072,738	34,269,931	1,233,206	35,503,137	29.32%	707	1.86%
2012	51,472	122,688,282	31,957,435	869,451	32,826,886	26.76%	638	1.59%
2013	51,729	124,859,611	56,546,615	521,791	57,068,406	45.71%	1,103	Not Available
2014	52,246	$ 128,394,150	$ 53,831,523	$ 345,687	$ 54,177,210	42.20%	$ 1,037	Not Available
High School District:								
2005	53,898	$ 109,245,300	$ 703,316	$ -	$ 703,316	0.64%	$ 13	0.04%
2006	55,191	119,033,013	15,050,163	-	15,050,163	12.64%	273	0.80%
2007	56,350	130,732,377	29,553,437	-	29,553,437	22.61%	524	1.40%
2008	56,913	141,147,897	38,322,373	-	38,322,373	27.15%	673	1.90%
2009	57,198	130,543,804	36,810,325	-	36,810,325	28.20%	644	1.80%
2010	59,097	138,744,445	35,279,106	-	35,279,106	25.43%	597	1.66%
2011	60,574	143,508,070	33,687,887	-	33,687,887	23.47%	556	1.47%
2012	62,088	145,618,673	32,026,668	-	32,026,668	21.99%	516	1.29%
2013	62,398	148,311,838	30,295,449	-	30,295,449	20.43%	486	Not Available
2014	63,022	$ 152,997,133	$ 28,494,230	$ -	$ 28,494,230	18.62%	$ 452	Not Available

[1] **2005-2014** The 2005 and future year population data were calculated using a relationship between the Bozeman School District as compared to the City of Bozeman and Gallatin County using United States Bureau of Census information.

[2] **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, 2009. The tax base of Ophir Elementary represented approximately 13% of the Bozeman High School. The large High School District assessed value drop in 2009 resulted from this event.

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

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

Table 14

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Legal Debt Margin
For the Year Ended June 30, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary District:										
Debt limit	$ 36,899,999	$ 40,143,969	$ 43,442,825	$ 52,180,896	$ 55,581,033	$ 58,664,685	$ 60,536,369	$ 61,855,448	$ 65,771,565	$ 69,895,920
Total net debt applicable to limit	11,712,420	25,381,638	30,172,341	50,054,561	45,432,874	36,792,190	34,681,679	59,086,735	55,371,791	52,554,788
Legal debt margin	$ 25,187,579	$ 14,762,331	$ 13,270,484	$ 2,126,335	$ 10,148,159	$ 21,872,495	$ 25,854,690	$ 2,768,713	$ 10,399,774	$ 17,341,132
Total net debt applicable to the limit as a percentage of debt limit	31.74%	63.23%	69.45%	95.93%	81.74%	62.72%	57.29%	95.52%	84.19%	75.19%
High School District:										
Debt limit	$ 49,160,385	$ 53,564,856	$ 58,279,834	$ 70,573,949	$ 65,271,902	$ 69,372,223	$ 71,754,035	$ 72,809,337	$ 74,155,919	$ 76,498,567
Total net debt applicable to limit	1,612,504	42,662,895	42,010,000	38,665,000	36,970,000	35,260,000	33,670,000	31,984,546	30,245,931	28,465,004
Legal debt margin	$ 47,547,881	$ 10,901,961	$ 16,269,834	$ 31,908,949	$ 28,301,902	$ 34,112,223	$ 38,084,035	$ 40,824,791	$ 43,909,988	$ 48,033,563
Total net debt applicable to the limit as a percentage of debt limit	3.28%	79.65%	72.08%	54.79%	56.64%	50.83%	46.92%	43.93%	40.79%	37.21%

Legal Debt Margin Calculation for Fiscal Year 2014	Elementary District	High School District
District taxable valuation	$ 128,394,150	$ 152,997,133
Times: 50%	0.50	0.50
District taxable valuation legal debt service limit	64,197,075	76,498,567
Statewide average taxable valuation per student	$ 32,540	$ 75,220
Times: Student ANB	4,296	1,936
Times: 50%	0.50	0.50
Statewide average taxable valuation debt service limit	69,895,920	72,812,960
Legal Debt Service Limit *	**69,895,920**	**76,498,567**
General Obligation Bonds Payable	52,225,000	28,480,000
Limited Obligation Bonds Payable	345,687	-
Less: Cash Available for Retirement of Bonds	15,899	14,996
Net Amount of Bonds Payable Applicable to Limit	52,554,788	28,465,004
Margin Above Bonds Payable	17,341,132	48,033,563
Less: General Obligation Bonds Authorized but Unused	-	-
Legal Debt Margin	**$ 17,341,132**	**$ 48,033,563**

* 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 August 2013 are used above and was ultimately used for the high school legal debt service limit. It was more beneficial for the elementary district to use the statewide average taxable valuation method in FY 2014. 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.

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

Table 15

BOZEMAN SCHOOL DISTRICT NO. 7
Computation of Direct and Overlapping Governmental Activities Total Bonded Debt
For the Fiscal Year Ended June 30, 2014

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
		Percent	Amount	Percent	Amount
Bozeman Elementary District:					
G.O. Issue 2006 (originally $14,100,000)	$ 9,916,314	100.0%	$ 9,916,314	0.0%	$ -
G.O. Issue 2007 (originally $5,750,000)	4,115,000	100.0%	4,115,000	0.0%	-
G.O. Issue 2008 (originally $17,500,000)	13,928,429	100.0%	13,928,429	0.0%	-
G.O. Issue 2012 (originally $10,000,000)	9,424,383	100.0%	9,424,383	0.0%	-
G.O. Issue 2013 (originally $16,375,000)	16,447,397	100.0%	16,447,397	0.0%	-
L.O. Issue 2006 (orginally $1,459,250)	345,687	100.0%	345,687	0.0%	-
Bozeman High School District:					
G.O. Issue 2006 (originally $14,500,000)	10,205,500	83.9%	8,562,415	16.1%	1,643,085
G.O. Issue 2007 (originally $14,975,000)	10,740,000	83.9%	9,010,860	16.1%	1,729,140
G.O. Issue 2008 (originally $10,000,000)	7,548,730	83.9%	6,333,384	16.1%	1,215,346
Total Direct Debt	$ 82,671,440		$ 78,083,869		$ 4,587,571
OVERLAPPING BONDED INDEBTEDNESS					
Gallatin County:					
Various Issues	$ 52,127,491	51.2%	$ 26,689,275	9.8%	$ 5,108,494
City of Bozeman:					
Various Issues	18,971,896	100%	18,971,896	0.0%	-
Total Overlapping Debt	$ 71,099,387		$ 45,661,171		$ 5,108,494
Total Direct and Overlapping debt			**$ 123,745,040**		**$ 9,696,065**

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

Source: City, County and District Records

Table 16

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

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service*	Total General Subfund Expenditures	Percentage of Debt Service to General Subfund Expenditures
Elementary:					
2005	$ 1,260,000	$ 278,738	$ 1,538,738	$ 15,331,727	10.04%
2006	1,280,000	259,663	1,539,663	16,272,850	9.46%
2007	1,590,000	968,686	2,558,686	17,665,666	14.48%
2008	2,045,000	998,465	3,043,465	19,171,295	15.88%
2009	2,425,000	1,829,219	4,254,219	20,376,276	20.88%
2010	2,160,000	1,469,970	3,629,970	21,588,382	16.81%
2011	2,210,000	1,419,490	3,629,490	22,602,120	16.06%
2012	2,295,000	1,338,402	3,633,402	23,414,033	15.52%
2013	3,445,000	1,671,538	5,116,538	24,394,799	20.97%
2014	$ 2,625,000	$ 1,977,999	$ 4,602,999	$ 26,253,876	17.53%
High School:					
2005	$ 175,000	$ 18,063	$ 193,063	$ 10,396,647	1.86%
2006	175,000	16,525	191,525	11,682,387	1.64%
2007	475,000	779,433	1,254,433	12,364,274	10.15%
2008	1,240,000	1,206,761	2,446,761	12,499,272	19.58%
2009	1,515,000	1,660,615	3,175,615	12,623,716	25.16%
2010	1,530,000	1,477,522	3,007,522	13,096,887	22.96%
2011	1,590,000	1,409,609	2,999,609	12,890,652	23.27%
2012	1,660,000	1,347,209	3,007,209	13,152,620	22.86%
2013	1,730,000	1,282,084	3,012,084	13,213,311	22.80%
2014	$ 1,800,000	$ 1,216,296	$ 3,016,296	$ 14,034,129	21.49%

Source: District Records

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

Table 17

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

Year	Elementary District Population (1)	High School District Population (1)	Per Capita Personal Income (2)	Total Elementary District Personal Income (3)	Total High School District Personal Income (3)	Unemployment Rate (4)
2005	43,303	53,898	$ 32,434	$ 1,404,489,502	$ 1,748,127,732	2.8%
2006	44,385	55,191	34,437	1,528,486,245	1,900,612,467	2.2%
2007	45,495	56,350	36,578	1,664,116,110	2,061,170,300	2.3%
2008	46,632	56,913	36,094	1,683,135,408	2,054,217,822	3.2%
2009	47,798	57,198	34,769	1,661,888,662	1,988,717,262	6.3%
2010	48,993	59,097	35,953	1,761,445,329	2,124,714,441	7.5%
2011	50,217	60,574	37,912	1,903,826,904	2,296,481,488	7.3%
2012	51,472	62,088	$ 40,000	$ 2,058,880,000	$ 2,483,520,000	6.3%
2013	51,729	62,398	Not available	Not available	Not available	4.5%
2014	52,246	63,022	Not available	Not available	Not available	3.6%

Sources and other information:

(1) 2005 - 2014 : The 2005-2014 population numbers were calculated using a relationship between the Bozeman School District as compared to the City of Bozeman and Gallatin County using United States Bureau of Census information.

(2) Gallatin County Per Capita information. Montana Tax Foundation.

(3) Calculated using the Gallatin County Per Capita Personal Income applied to the estimated District population.

(4) Department of Labor (Bureau of Labor Statistics) - Information only available for entire Gallatin County.

Table 18

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

June 2014

Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	9
Oracle American Inc.	7
Wal-Mart	7
Albertson's	6
Bridger Bowl	6
Community Food Co-Op	6
Federal Premium Ammunition	6
First Security Bank	6
First Student	6
GranTree Inn	6
Kenyon Noble Lumber & Hardware	6
Korman Marketing Group	6
Martel Construction	6
McDonald's	6
Murdoch's Ranch & Home Supply	6
Ressler Motor	6
Town & Country Foods	6
Town Pump Convenience Stores	6
Zoot Enterprises	6

Public Employers By Class, Alphabetically	Employer Class Size
Montana State University	9
Bozeman School District #7	9
Belgrade School District # 44	8
City of Bozeman	7
U.S. Department of Agriculture	7
Gallatin County	7

June 2005

Private Employers By Class, Alphabetically	Employer Class Size
Bozeman Deaconess Hospital	8
Capital Opportunities (Home Care Services)	7
Murdoch's Ranch & Home Supply	7
Wal-Mart	7
Albertson's	6
Big Sky Publishing (Lone Peak Lookout)	6
Community Food Coop	6
Costco	6
First Security Bank	6
The Home Depot	6
JTL Group	6
JWT Restaurant Group (Old Chicago Rest.)	6
Kenyon Noble Lumber & Hardware	6
Martel Construction	6
Ressler Motor Co	6
Right Now Technologies	6
Schlauch Bottcher Construction	6
Simkins Hallin Lumber	6
Williams Plumbing & Heating	6

Public Employers By Class, Alphabetically	Employer Class Size
Montana State University	9
Bozeman School District #7	8
Belgrade School District # 44	7
1st & 2nd Class Post Offices	5
Department of Transportation	5
Gallatin County	5

Class 5 - 50 to 99 Employees
Class 6 - 100 to 249 Employees
Class 7 - 250 to 499 Employees
Class 8 - 500 to 999 Employees
Class 9 - 1,000+ Employees

Source: Montana Department of Labor & Industry (Research and Analysis Bureau)

Table 19

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

Fiscal Year	Expenses [1]	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) [2]	Pupil/ Certified Staff Ratio
2005	$ 39,359,730	5,198	$ 7,572	4.63%	348.3	14.9
2006	42,144,136	5,332	7,904	4.38%	364.2	14.6
2007	46,175,077	5,356	8,621	9.07%	369.4	14.5
2008	49,944,777	5,413	9,227	7.03%	365.8	14.8
2009	53,226,045	5,463	9,743	5.59%	385.0	14.2
2010	56,676,925	5,509	10,288	5.59%	393.6	14.0
2011	57,513,286	5,679	10,127	-1.57%	390.6	14.5
2012	60,208,618	5,810	10,363	2.33%	398.6	14.6
2013	60,515,759	5,993	10,098	-2.56%	408.4	14.7
2014	$ 69,796,654	6,213	$ 11,234	11.20%	437.9	14.2

[1] Expenses are from Statement of Activities.
[2] Certified Staff is comprised of Teachers, Librarians, Counselors, Psychologists, Speech Pathologists and District Nurse.

Source: District records

Table 20

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Certified Staff	317.5	327.9	333.0	330.4	345.8	343.5	343.0	357.9	355.4	383.4
Classified Employees	55.9	57.9	61.4	64.3	84.7	90.3	100.5	98.8	88.7	102.9
Support Services										
Certified Staff	30.8	36.3	36.4	37.8	39.2	50.1	47.1	40.7	52.6	54.1
Classified Employees	36.6	35.2	41.1	36.9	34.1	37.5	46.2	45.5	46.7	54.4
General Administration										
Administrators	5.0	5.0	5.0	5.0	5.0	5.0	4.5	4.0	6.0	6.0
Certified Staff	-	-	-	-	-	-	0.5		-	-
Classified Employees	24.8	26.5	24.1	29.3	31.4	31.2	29.1	30.2	24.5	23.5
Building Administration										
Administrators	17.3	18.0	18.0	18.0	18.0	17.0	17.0	17.0	15.0	17.0
Classified Employees	22.4	24.5	26.5	25.9	24.3	29.9	30.1	29.8	26.3	29.0
Operations and Maintenance										
Administrators	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	40.4	41.2	41.5	44.1	43.6	53.1	54.6	54.9	55.4	57.1
Student Transportation										
Classified Employees	2.6	2.5	3.1	3.6	3.6	4.2	3.8	3.9	4.5	4.8
Food Services										
Classified Employees	33.6	31.0	32.0	30.7	32.0	30.5	31.3	31.0	32.1	33.3
Extracurricular Activities										
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Certified Staff	-	-	-	-	-	-	-	-	0.4	0.4
Classified Employees	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Total	591.9	612.0	629.1	633.0	667.7	698.3	713.7	719.7	712.6	770.9

Fiscal 2014 Summary	Admin.	Certified Staff	Classified Employees	Total FTE
Instruction	-	383.4	102.9	486.3
Support Services	-	54.1	54.4	108.5
General Administration	6.0	-	23.5	29.5
Building Administration	17.0	-	29.0	46.0
Operations and Maintenance	1.0	-	57.1	58.1
Student Transportation	-	-	4.8	4.8
Food Services	-	-	33.3	33.3
Extracurricular Activities	1.0	0.4	3.0	4.4
Total	25.0	437.9	308.0	770.9

Source: District Records

Table 21

BOZEMAN SCHOOL DISTRICT NO. 7
Certified Staff Education and Experience
May 14, 2014

Educational Attainment	Full Time Equivalent	Percent of Total	
Bachelor's Degree	55.0	12.6%	
Bachelor's Degree + 15 Credits	26.2	6.0%	
Bachelor's Degree + 30 Credits	14.6	3.3%	34.0%
Bachelor's Degree + 45 Credits	23.1	5.3%	
Bachelor's Degree + 60 Credits	15.0	3.4%	
Bachelor's Degree + 75 Credits	4.0	0.9%	
Bachelor's Degree + 90 Credits	11.0	2.5%	
Master's Degree BA + 45 Credits	23.0	5.3%	
Master's Degree BA + 60 Credits	44.8	10.2%	
Master's Degree BA + 75 Credits	36.3	8.3%	66.0%
Master's Degree BA + 90 Credits	32.3	7.4%	
Master's Degree BA + 105 Credits	152.6	34.8%	
Total	437.9	100.0%	

Years of Experience	Full Time Equivalent	Percent of Total
0 - 5	120.7	27.6%
6 - 10	117.0	26.6%
11 - 15	74.3	17.0%
16 - 20	53.3	12.2%
21 - 25	38.6	8.8%
26 and Over	34.0	7.8%
Total	437.9	100.0%

Source: District Records

Table 22

BOZEMAN SCHOOL DISTRICT NO. 7
Educational Building Data
For the Fiscal Year Ended June 30, 2014

	Year Built	Square Footage	Functional Capacity	Enrollment	Percentage of Capacity Used
Elementary Schools:					
K-5 Schools					
Longfellow	1939	37,547	332	328	98.8%
Irving	1939	33,893	312	285	91.3%
Whittier	1958	34,700	286	240	83.9%
Hawthorne	1939	38,094	332	333	100.3%
Morning Star	1992	56,010	546	529	96.9%
Emily Dickinson	1992	56,012	498	466	93.6%
Hyalite	2009	66,000	534 [2]	521	97.6%
Meadowlark	2013	71,719	575	234	40.7%
6-8 Schools					
Chief Joseph	2008	129,500	780	667	85.5%
Sacajawea	1996	97,456	690	649	94.1%
High School:					
Bozeman High School	1957	404,386 [1]	2,400 [1]	1,961	81.7%

[1] In the fiscal year ended June 30, 2011, the school district completed a very large expansion and renovation of the Bozeman High School. 2,400 students is the current self-imposed maximum capacity, the functional capacity would be higher.

[2] All 29 Pre-K students are listed under Hyalite school even though some are receiving itinerant-only services and the majority are taught at a classroom located in the High School. This is the elementary school in which they are counted for State reporting purposes.

Table 23

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary Schools:										
K-5 Schools										
Longfellow	20%	16%	14%	14%	16%	15%	17%	20%	19%	18%
Irving	43%	43%	35%	37%	36%	42%	43%	47%	55%	46%
Whittier	53%	53%	46%	47%	45%	56%	52%	53%	48%	47%
Hawthorne	14%	17%	16%	15%	16%	24%	26%	22%	26%	23%
Morning Star	6%	7%	9%	8%	9%	11%	10%	10%	10%	8%
Emily Dickinson	18%	20%	22%	24%	24%	27%	29%	25%	24%	23%
Hyalite	N/A	N/A	N/A	N/A	N/A	39%	44%	46%	45%	46%
Meadowlark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14%
6-8 Schools										
Chief Jospeh	20%	22%	21%	31%	23%	28%	31%	33%	37%	31%
Sacajawea	11%	13%	11%	13%	13%	19%	20%	24%	23%	23%
High School	9%	12%	15%	12%	18%	24%	15%	19%	23%	21%

Source: Title I portion of ESEA consolidated applications

Table 24

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

			Average Number Belonging (ANB)		
Year Ended June 30	October Enrollment	Percent Increase (Decrease)	Amount	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
2005	5,198	2.2	5,111	0.06	100.5
2006	5,332	2.6	5,200	1.7	100.0
2007	5,356	0.5	5,282	1.6	99.1
2008	5,413	1.1	5,432	2.8	101.4
2009	5,463	0.9	5,613	3.3	103.7
2010	5,509	0.8	5,653	0.7	103.5
2011	5,679	3.1	5,710	1.0	103.6
2012	5,810	2.3	5,839	2.3	102.8
2013	5,993	3.1	5,973	2.3	102.8
2014	6,213	3.7	6,232	4.3	104.0

Source: District Records

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

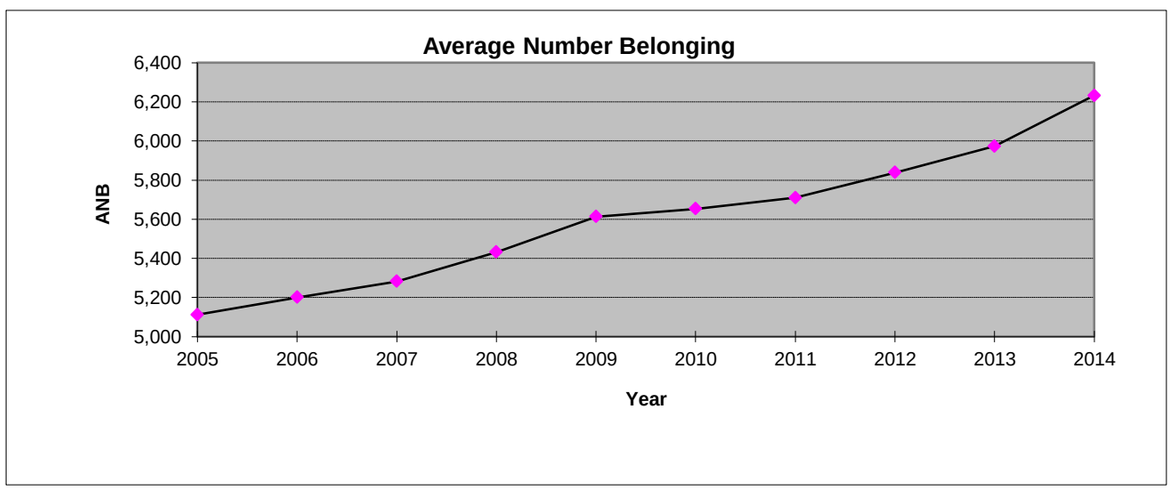

Table 25

BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Insurance in Force

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

A. Policy #:	ALA-64-A3-EX-0000007-07
B. Carrier:	Princeton Excess & Surplus Lines Insurance Company
C. Policy Period:	7/1/13- 7/1/14
D. Coverages:	Building and Contents, Property Floaters, General Liability and Crime
E. Limits:	$1,000,000 per occurrence; $2,000,000 aggregate

II. Workers' Compensation Policy

A. Policy #:	WC-1511-42
B. Carrier:	Workers' Compensation Risk Retention Program
C. Policy Period:	07/01/13 - 07/01/14

III. Boiler and Machinery Policy

A. Policy #:	BAJ-BME 18156L884TIL13
B. Carrier:	Travelers Boiler
C. Policy Period:	07/01/13 - 07/01/14
D. Limits:	$100,000,000 per occurrence

IV. Excess Liability

A. Policy #:	64-A3-FF-0000008-06
B. Carrier:	Princeton Excess & Surplus Lines Insurance Company
C. Policy Period:	07/01/13 - 07/01/14
D. Limits:	$9,000,000

V. Commercial Employee Blanket Bond

A. Policy #:	ALA-64-A3-EX-0000007-06
B. Carrier:	Princeton Excess & Surplus Lines Insurance Company
C. Policy Period:	07/01/13 - 07/01/14
D. Limits:	$500,000 All Employees

VI. Excess Property

A. Policy #:	KTK-CMB-545D4969-13
B. Carrier:	Travelers Insurance
C. Policy Period:	07/01/13 - 07/01/14
D. Limits:	$100,000,000 per occurrence

SINGLE AUDIT SECTION

QUALITY

BOZEMAN

EDUCATION

BOZEMAN SCHOOL DISTRICT NO. 7
Schedule of Federal Award Expenditures
For the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantors Number	Program or Award Amount	Revenues	Expenditures
U.S. Department of Education					
Pass-through Montana Office of Public Instruction:					
Title I, Part A	84.010A	16-0350-31-14	$ 772,758	$ 729,821	$ 729,821
Title I, Part A - Schoolwide	84.010A	16-0350-32-14	78,000	78,000	78,000
Subtotal Title I	84.010A		850,758	807,821	807,821
Adult Basic Education and Literacy	84.002	16-0351-56-14-BG	86,223	86,223	86,223
EL/Civics	84.002	16-0351-56-14-EL	13,044	13,044	13,044
Subtotal ABLE and EL/Civics	84.002		99,267	99,267	99,267
Title II, Part A	84.367	16-0350-14-14	289,787	285,978	285,978
Title II, Part A - State Levels	84.367A	16-0350-14-14-SLA	25,000	25,000	25,000
Subtotal Title II, Part A	84.367		314,787	310,978	310,978
Title II, Part B	84.366B	16-0350-15-13-MSP	335,178	97,143	97,143
Title II, Part B	84.366B	16-0350-15-14-MSP	401,459	305,596	305,596
Subtotal Title II, Part B	84.366B		736,637	402,739	402,739
Title III, Part A	84.365A	16-0350-41-14I	15,246	15,246	15,246
IDEA-B	84.027A	16-0350-77-14	1,703,226	1,352,561	1,352,561
IDEA-B Preschool	84.173A	16-0350-79-14	26,002	26,002	26,002
Carl Perkins - Basic	84.048A	16-0351-81-14	92,043	92,043	92,043
Title X	84.196	16-0350-57-14	9,840	9,840	9,840
Total U.S. Department of Education Pass-Through			$ 3,847,806	$ 3,116,497	$ 3,116,497
U.S. Department of Education Direct Programs:					
Title VII Indian Education	84.060A	S060A130430	$ 28,242	$ 28,242	$ 28,242
Total U.S. Department of Education Direct			$ 28,242	$ 28,242	$ 28,242
U.S. Federal Highway Administration:					
Pass-through Montana Department of Transportation:					
Safe Routes to School - Noninfrastructure	20.205	107086	$ 22,670	$ 22,086	$ 22,086
Safe Routes to School - Infrastructure	20.205	SRTS 1299(31)	57,000	3,500	3,500
Total U.S. Federal Highway Administration			$ 79,670	$ 25,586	$ 25,586
U.S. Department of Agriculture:					
Pass-through Montana Office of Public Instruction:					
National School Lunch Program	10.555	N/A	$ 674,597	$ 674,597	$ 674,597
School Wellness - MT Team Nutrition	10.555	N/A	500	453	453
National School Lunch Program - Commodities	10.555	N/A	-	106,564	106,564
Total U.S. Department of Agriculture			$ 675,097	$ 781,614	$ 781,614
U.S Department of Health & Human Services:					
Pass-through Dept. of Health & Human Services - MT:					
TANF (Education Support)	93.558	14-02261003-0	$ 33,844	$ 16,713	$ 16,713
Total U.S. Department of Health & Human Services			$ 33,844	$ 16,713	$ 16,713
TOTAL FEDERAL ASSISTANCE			$ 4,664,659	$ 3,968,652	$ 3,968,652

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. Commodities are not reported as federal revenue in the fund financial statements or the government-wide statement of activities.

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

To the Board of Trustees
Bozeman School District No. 7

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bozeman School District No. 7 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2015.

Internal Control Over Financial Reporting

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

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

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

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

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

Anderson Zurmuehlen + Co, P.C.

Bozeman, Montana
February 25, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Bozeman School District No. 7

Report on Compliance for Each Major Federal Program

We have audited Bozeman School District No. 7 (the District)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Districts major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
In our opinion, Bozeman School District No. 7, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

ANDERSON ZURMUEHLEN & CO., P.C
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anderson Zurmuehlen + Co, P.C.

Bozeman, Montana
February 26, 2015

BOZEMAN SCHOOL DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over major programs:	
Material weakness identified	No
Significant Deficiency identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance With Circular A-133, Section .510(a)?	No

Identification of major programs

84.367	Improving Teach Quality State Grants
10.555	National School Lunch Program

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
YEAR ENDED JUNE 30, 2014

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Prior Year Audit Findings

None Reported