

July 1, 2016 through June 30, 2017

415 North 30th Street Billings, Montana 59101

BILLINGS SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

Prepared by the Business Services Department
Mike Arnold, Chief Financial Officer

Billings Public Schools
415 North 30th Street
Billings, Montana 59101-1298

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SECTION I – INTRODUCTORY

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BILLINGS PUBLIC SCHOOLS

ORGANIZATION

BOARD OF TRUSTEES
For Fiscal Year 2016-2017

Elementary and High School
Single Member District

1	Tanya Ludwig	Trustee
2	Janna Hafer	Trustee
3	Dr. Greta Besch Moen	Trustee, Chair
4	Joseph Raffiani	Trustee, Vice Chair
5	Rob Rogers Bruce MacIntyre	Trustee (June 2014-May 2017)
6	Mike Leo	Trustee
7	Joseph Oravec	Trustee

Nominating District

A	Gordon Klasna	Trustee
B	Susan Layton Russell Hall	Trustee (May 2014-May 2017)

OFFICIALS

Terry Nelsen Bouck	Superintendent
Jeana Lervick Michael Arnold	District Clerk (April 2017)

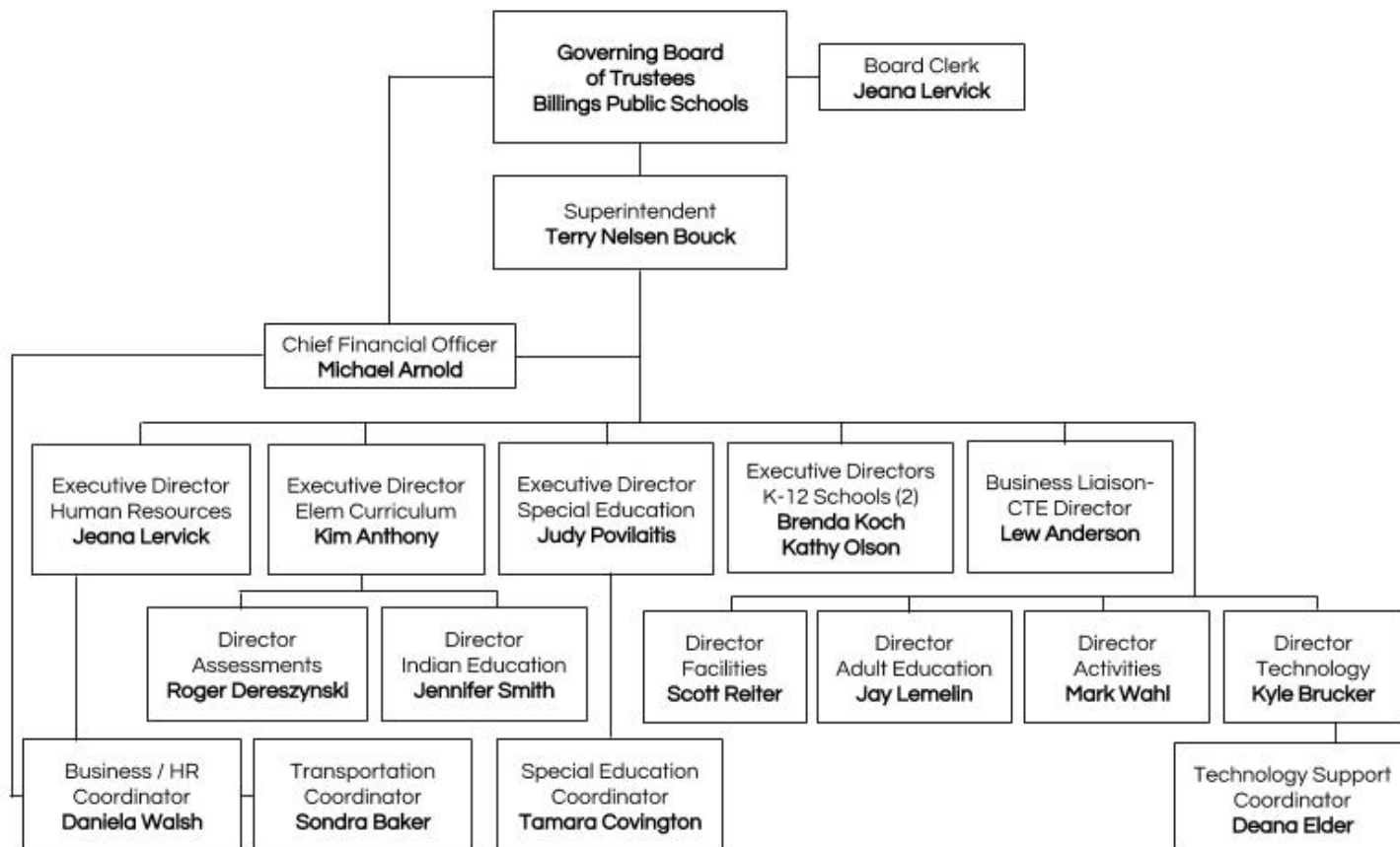
Elementary Single Member District Area:

- 1 South Billings
- 2 Northeast Billings
- 3 North Billings
- 4 Central Billings
- 5 Central Billings
- 6 Northwest Billings
- 7 Southwest Billings

High School District Area:

- A Lockwood Elementary District
- B Elder Grove, Elysian, Canyon Creek, Morin,
Yellowstone Academy, Independent, and
Blue Creek Elementary Districts

Billings Public Schools
 Administrative Organizational Chart
 As of June 30, 2017



December 12, 2017



Greta Besch Moen, Ph.D, Chair
Members of the Board of Trustees and Billings Community
Billings Public Schools
415 North 30th Street
Billings, Montana 59101

Dear Board Members and Billings Community:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for Billings Public Schools for the fiscal year ended June 30, 2017. The purpose of this report is to provide the Board of Trustees, district management, voters, grantor agencies, and other interested parties with reliable financial information about Billings Public Schools. This report presents complete information about the district's financial position at year-end and financial activities during fiscal year 2017.

Responsibility for the accuracy of the presentation, including all disclosures, rests with the school district's Business Services Department who prepared this report. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an adequate understanding of the district's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) requires a Management Discussion and Analysis (MD&A) that includes a narrative introduction, overview, and analysis to accompany the basic financial statements. 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.

Billings Public Schools engaged Eide Bailly LLP, an independent auditor, to conduct the district's audit for the fiscal year ended June 30, 2017. The auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE DISTRICT

Geographically, Billings Public Schools covers an area greater than the city of Billings. The school system includes two legally separate districts, Elementary District No. 2 and High School District No. 2. The Elementary District covers approximately 33 square miles and has an estimated population of 111,902. The High School District covers approximately 740 square miles, and encompasses nine elementary districts including; Billings, Lockwood, Elder Grove, Elysian, Canyon Creek, Morin, Yellowstone Academy, Independent, and Blue Creek. The estimated population of the High School District is 134,573.

The school system is a public entity under the authority of the state of Montana. The Elementary District No. 2 and High School District No. 2 are separate legal entities that make up one independent reporting entity within the criteria established in section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

The Elementary District is governed by a board of seven trustees elected by the voters of single member districts of the Billings Elementary District. The High School District is governed by a board of nine trustees that include the seven Elementary District trustees and two additional trustees elected by voters in the other elementary districts. The superintendent, who acts as chief administrative officer, is selected by the board of trustees. Terry Nelsen Bouck was hired on July 1, 2012 and served as the superintendent during the period examined in this report. The leadership at the board level remained the same with the annual reorganization meeting in May.

All funds of the district are included in this report. The district serves over 16,000 students and provides a full range of educational services appropriate to grade levels from pre-kindergarten through 12th grade, as well as adult education. These include regular and enriched academic education, special education, and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts, athletics, and other specific student based clubs.

The school aged population peaked in the state of Montana in the mid-1990s. Since then most districts have dropped in enrollment to varying degrees impacting their funding, staffing, and educational offerings. The Billings School District was not immune as it dropped and eventually reached a plateau during the first decade of this century. In May 2017, the district garnered community support with the passage of a \$1.4 million Elementary General Fund Levy. This levy is permanent and will provide resources for future years. The general fund levy allowed the district to hire new teachers to help meet accreditation standards due to overcrowding and higher student to teacher ratios.

The district has aging buildings with the oldest building constructed in 1910 and most recent built in 2017. There have been additions made to the buildings over the years and currently bond proceeds are being used to update various facilities. The Board of Trustees conducted a successful bond levy election in November of 2013 in the amount of \$122.3 million with a voter approval rate of 54%. In January 2014 the District sold the first installment of the \$122.3 million bond issuance. The \$80.9 million sold in January has been used to fund deferred maintenance, Broadwater and McKinley renovations, technology infrastructure and a new middle school in the heights

(Medicine Crow Middle School). The second installation of the 2013 bonds were sold in September 2015 to finish the deferred maintenance projects and complete the second new middle school on the west end (Ben Steele Middle School). The district is on the final stretch of utilizing a \$122 million bond project. The final piece was completed in July 2017 with the opening of our second new middle school. With that opening, the district was able to complete the transition to a K-5/6-8 model. By moving 6th graders to the middle school, has given the district some breathing room in the elementary buildings to alleviate over-crowding issues.

With the elementary issues that have been addressed, the district is currently in the process of completing a 2nd Facility Master plan to make note of updates completed with the elementary bond project and to focus on the high school district. The bubble that has been moving through the elementary schools is now hitting the high schools and we are now facing over-crowding issues there. Major area to be addressed is the districts Career Center. The district is moving forward with preparing students for career ready jobs out of high school, we realize that college is not for everyone. With that in mind we have garnered community support to hire a full time Career Technical Education Director. About 20 community business partners have pledged \$2,500/year for the next 2 years to help fund the new director position.

The Billings Education Foundation and the various parent organizations are separate legal entities. The impacts of these individual entities are considered immaterial to the overall financial status of the district and, as such, are not included in these financial statements. The State of Montana does not provide for Public Charter schools as of yet, but we do have private schools. It is the goal of the school district to work with all schools in the area to be sure that all student's academic achievements are in the fore front of all goals and objectives.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The Billings School District is located in south-central Montana within Yellowstone County. Billings is the largest city in Montana and serves as the county seat.

Billings benefits from a diverse economy as a regional center for agriculture, retail, medical services, transportation, education, law and government services. The Billings area is a regional center for the energy industry with three major oil refineries located within the county. Billings has seen significant growth in industries that serve rural areas including professional and technical services, wholesale trade, and finance and insurance. Yellowstone County's economy continues to grow fueled by rising consumer demand and retail trade. Despite a collapse in oil prices because of oversupply, production remained relatively steady through last year, and Yellowstone County's economy preserved through brisk construction and other healthy sectors. The state is near full employment and is finally seeing wage growth, including in the retail sector. Montana's tourism business continues to provide opportunities to Billings which has adopted the nickname, "Montana's trailhead." Billings serves as a major starting point for visitors to Yellowstone and Grand Teton national parks. Healthcare remains a bright spot in the Billings economy. In the next decade, hospitals, clinics and other facilities will add 16,000 jobs in Yellowstone County just to meet needs of an aging Baby Boomer population and other growth. Growth in the sector slowed over the last five years but is expected to return to previous levels. Higher education opportunities continue to grow at MSU-Billings, City College and Rocky Mountain College as evidenced by steady enrollment at all three institutions. The city is a major trade center for eastern Montana and northern Wyoming. The absence of a sales tax attracts customers from northern Wyoming.

Major Initiatives

Our continual long range strategic planning initiative has helped us to identify major areas in need of enhancement within our district and the Billings community. Identifying those needs and determining which programs and activities to enhance was only half the battle. We recognize that when we all work together to implement the elements of our strategic plan the results will be closing the achievement gap between students, increasing graduations rates and preparing our students for career, college and life in an ever- changing world. Over the past two years Billings Public schools has completed the following initiatives: High school redistricting; converting to a 6-8 middle school model; focusing on career and technical education; building and opening two new middle schools; and expanding dual credit opportunities for high school students. Moving forward, planning will begin to run a bond initiative for the high school district to increase enrollment at the Career Center, renovate Daylis Stadium, and update HVAC systems at the high school buildings.

Financial Information

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 25th immediately preceding the school year. The Board of Trustees has the legal authority to establish budgets for the districts within the parameters established by the State of Montana. The primary building blocks of the district's overall financial planning include appropriated governmental funds for: General, Transportation, Tuition, Retirement, Adult Education, Technology Acquisition, Flexibility, Debt Service, and Building Reserve. The budgetary control is at the fund level as required by Montana Law.

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from losses, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefit likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of accurate recording of financial transactions.

In addition to accurately recording and reporting current financial information, the district is heavily immersed in strategic planning. The

district's strategic plan covers all areas of the district, curriculum, facilities, human resources, community education, and finance. The part of the strategic plan covering finance includes transparency to our stakeholders; joining curriculum programs, finance, and student achievement to produce an academic return on investment; and 5 year projections for the district. Billings Public Schools are very forward thinking, everything that is accomplished has been done successfully due to in depth research into the projects at hand.

As a recipient of federal and state financial assistance, the district is also required to undergo an audit in conformity with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The analysis of balances and transactions of the individual funds are presented in detail in the MD&A.

Montana law requires that Billings Public Schools publish audited financial statements within six months of the close of each fiscal year. This Comprehensive Annual Financial Report exceeds that requirement. The scope of the audit concentrates on the following areas:

1. Management Section: report on compliance with laws and regulations and report on the internal control structure.
2. Financial Section: report on financial statements in accordance with GAAP.
3. Single Audit Section (Uniform Guidance): report on financial statements, internal control, compliance, audit findings and questioned costs.

The above requirements have been complied with and the auditor's opinion has been included in this report.

Certificates of Excellence

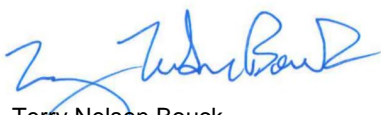
This report has been prepared following guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and the Association of School Business Officials (ASBO). The district has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA and the Certificate of Excellence by ASBO for fiscal years 2007 - 2016. The awards are valid for a period of one year only. We believe our current report continues to conform to the GFOA and ASBO requirements, and we will submit it for determination of its eligibility for a renewed award.

Acknowledgements

The preparation of the annual financial report was made possible by the dedicated efforts of the Business Services Department.

In closing, we would like to thank the trustees for their interest and support in planning and conducting the operations of the district in a responsible manner.

Respectfully Submitted,



Terry Nelsen Bouck
Superintendent



Michael Arnold
Chief Financial Officer



Daniela Walsh
Business/HR Services Coordinator



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Billings Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Billings Public Schools
Montana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

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SECTION II - FINANCIAL SECTION



Independent Auditor's Report

To the Board of Trustees of
Billings Public Schools
Billings, Montana

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 Billings Public Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Billings Public Schools' 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 Billings Public Schools, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statement No. 73

As discussed in Notes 1 and 4 to the financial statements, Billings Public Schools has adopted the provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, which has resulted in a restatement of the net position as of July 1, 2016. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of funding progress – other postemployment benefit plan, schedule of changes in total pension liability and total pension liability, schedule of proportionate share of the net pension liability teachers and public employees retirement system of montana, and schedule of contributions teachers and public employees retirement systems of montana on pages 14 through 21 and 52 through 58 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 American, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Billings Public Schools' financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, State of Montana mandated schedule of changes in fiduciary net position (extracurricular) and enrollment schedule and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, State of Montana mandated schedules 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 combining and individual nonmajor fund financial statements, budgetary schedules, State of Montana mandated schedules 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 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 a report dated December 12, 2017 on our consideration of Billings Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Billings Public Schools' 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 Billings Public Schools' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Billings, Montana
December 12, 2017

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

The following discussion and analysis of Billings Public School's (referred to as the "the district" or the "government") financial performance provides an overview of the district's financial activities for the year ended June 30, 2017. We encourage the readers to consider the information presented here in conjunction with additional information presented in the financial statements and footnotes.

FINANCIAL HIGHLIGHTS

- Revenues from government wide activities increased \$8.2 million (from 2016 to 2017) to \$185.4 million. This represents a 4.6% increase over the prior year.
- Governmental activity expenses increased \$12.3 million over 2016 to \$179 million. This represents a 7.4% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$65 million, a decrease of \$19 million over the prior year, mainly due to the construction of a new middle school.
- The district added a total of \$1.1 million to its general fund reserves.
- The 2017 general fund expenditure budget was \$116.2 million, an increase of \$2.8 million or 2.5% over the prior year.
- In fiscal 2016 \$33 million in voter approved bonds were issued. The proceeds are being used for the purpose of providing funds to pay a portion of the costs of building or improving schools in accordance with the district's facility master plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district.

The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the district's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the district, reporting the district's operations in more detail than the government-wide statements.

- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the district acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain some information in the statements and provide more detailed data.

The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the district's budget to actual amounts for the year.

Figure A-1
Organization of Billings Public Schools Annual Financial Report

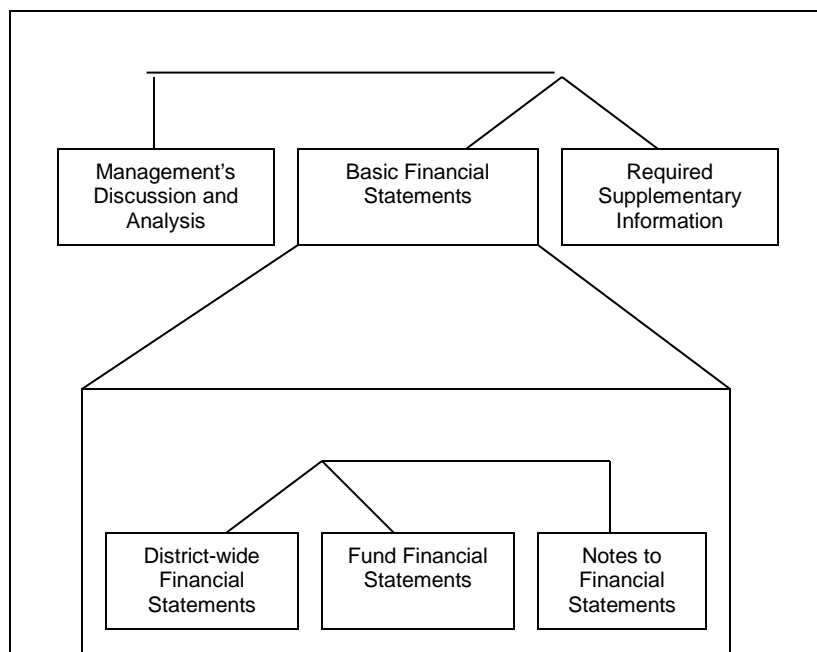


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 Major Features of Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term. Funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government-wide financial statements One of the most important questions asked about the district's finances is, "Is the government, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities (pages 22 and 23) report information about the district as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report net position and the changes in it. You can think of net position - the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources - as one way to measure the district's financial health, or financial position. Over time, increases or decreases in net position is an indicator of whether the district's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the property tax base, economy, enrollment and the State's funding of educational costs to assess the district's overall health.

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

Fund financial statements The fund financial statements provide detailed information about the most significant funds—not the district as a whole. Some funds are required to be established by State law. Also, the governing body establishes many other funds to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. The district utilizes the following funds:

Governmental funds—Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 (pages 24 and 26) provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations (pages 25 and 27, respectively).

Proprietary funds—The district maintains one proprietary fund type which contains internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the district's various functions. When the 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 three internal service funds (two insurance funds and one purchasing fund) to account for services provided to the other funds of the district. 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 three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 28, 29 and 30 of this report. The district has no material business-type activities.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds use the accrual basis of accounting. The district excludes these activities from the other financial statements because it cannot use these assets to finance its operations. The district is responsible for ensuring that the assets are used for their intended purposes.

THE DISTRICT AS A WHOLE AS OF JUNE 30, 2017

Following are condensed schedules of net position and changes in net position:

NET POSITION:	2017	2016
Current and other assets	\$ 81,305,028	\$ 102,220,372
Capital assets	182,169,169	163,337,042
Total assets	263,474,197	265,557,414
Deferred outflows of resources	21,823,556	13,788,917
Other liabilities	6,546,364	11,440,846
Long-term liabilities outstanding	332,719,395	296,388,272
Total Liabilities	339,265,759	307,829,118
Deferred inflows of resources	2,572,140	6,860,940
Net Position:		
Net investment in capital assets	51,818,256	51,729,935
Restricted	18,713,270	16,398,869
Unrestricted	(127,071,672)	(103,472,531)
Total net position	\$ (56,540,146)	\$ (35,343,727)

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CHANGE IN NET POSITION:	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 3,009,944	\$ 3,602,156
Operating grants and contributions	36,670,029	34,311,787
Capital grants and contributions	422,990	177,026
General revenues:		
Taxes	54,492,742	51,132,533
State sources	71,535,542	70,416,754
County sources	17,154,480	15,643,024
Interest	735,757	582,535
Contributions and donations	667,437	838,217
Miscellaneous	746,367	568,855
Total revenues	<u>185,435,288</u>	<u>177,272,887</u>
Expenses:		
Instruction	105,539,862	97,005,016
Support services:		
Students	13,901,843	12,726,817
Instructional staff	8,520,641	8,909,748
General administration	2,255,636	2,094,473
Administration	11,154,175	10,911,561
Business	2,330,041	2,336,752
Operation and maintenance	14,026,596	12,297,661
Student transportation	6,126,048	5,795,959
Food services	6,536,691	6,285,333
Community services	-	6,150
Extracurricular	3,073,078	2,729,817
Interest on long-term debt	5,536,184	5,583,903
Total expenses	<u>179,000,795</u>	<u>166,683,190</u>
Change in net position	6,434,493	10,589,697
Net position, beginning	(35,343,727)	(45,933,424)
Prior period adjustment - GASB		
Statement No. 73	<u>(27,630,912)</u>	<u>-</u>
Net position, ending	<u><u>(56,540,146)</u></u>	<u><u>(35,343,727)</u></u>

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements provide information about the activities of the district as a whole and present a longer-term view of the finances. For governmental activities, fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the district's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the district acts solely as a trustee or agent for the benefit of those outside of the district.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the district's net position and changes in net position. The 2017 revenues exceeded expenses by \$6.4 million.

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Revenues	\$ 185,435,288	\$ 177,272,887	4.60%
Expenses	<u>179,000,795</u>	<u>166,683,190</u>	7.39%
Change in net position	<u>\$ 6,434,493</u>	<u>\$ 10,589,697</u>	

For the seventh year in a row, revenues exceeded expenses.

In 2017, net position (deficit) decreased \$21.2 million. Net position (deficit) increased \$6.4 million from operations and decreased \$27.6 million due to a prior period adjustment related to the implementation of GASB Statement No. 73.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Net investment in capital assets	\$ 51,818,256	\$ 51,729,935	\$ 88,321
Restricted	18,713,270	16,398,869	2,314,401
Unrestricted	<u>(127,071,672)</u>	<u>(103,472,531)</u>	<u>(23,599,141)</u>
Total net position (deficit)	<u>\$ (56,540,146)</u>	<u>\$ (35,343,727)</u>	<u>\$ (21,196,419)</u>

The largest portion of the district's net position (\$51.8 million) is capital assets which include investments in land, buildings, equipment, and improvements less any outstanding debt used to acquire the assets. Most of these capital assets do not generate revenue and instead generate future liabilities because of the associated maintenance costs. Under state law the facilities and equipment which are used to provide services to students and the community can only be sold if the asset is declared to be surplus property. Future funding to complete the required maintenance of assets and to retire the remaining debt related to acquisition of these assets must be provided from unreserved amounts from the district's different funding sources. The district issued \$33 million in voter approved bonds in 2016 to build a new middle school and to address a portion of deferred maintenance costs. Due to bond related projects, the district has reduced its estimated deferred maintenance costs to approximately \$75 million.

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants, legislative restrictions, or other legal requirements. The current unrestricted balance is a deficit of \$127 million.

The district's unfunded liability for the total pension liability-service credit and termination pay benefits plan, compensated absences and other postemployment benefits (OPEB) in 2017 was \$61 million. The liability is funded on a pay-as-you-go basis rather than an actuarial basis with the reasonable expectation that projected benefits disbursements will increase substantially. The financial statement amortization of this liability disregards the average number of years before retirement of the district's employees. The district's retirement plans may be unsustainable at current benefit levels. The district will need to address the sustainability of these benefits programs.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant sources of funds. To be reported as a major fund, total assets, liabilities and deferred inflows of resources, revenues, or expenditures of an individual fund must contribute at least 10 percent of the corresponding total (assets, liabilities, etc.) for all funds. Individual funds are generally allocated or designated for special purposes and in some instances have a mix of restricted, committed, assigned and unassigned fund balances. The fund balances for 2016 were \$84.1 million, while 2017 totals were \$65.2 million. The major funds were the general, elementary miscellaneous programs, and elementary building funds. The general fund fund balance increased by \$1.1 million due to budget savings. The elementary miscellaneous programs fund fund balance increased \$864,590 due to indirect cost, MAC, Medicaid, and ECI revenues exceeding expenditures. The elementary building fund fund balance decreased by \$23.3 million due to bond proceeds being spent on deferred maintenance and construction of two new middle schools.

The combined balance for all funds decreased by \$19 million in 2017.

A budget must be adopted by the Board of Trustees prior to the expenditure of governmental funds. If budgeted expenditures are not recognized during the fiscal year, authorization for the expenditure of unused funds lapses at the end of the fiscal year. If projected expenditures are insufficient to meet district requirements, the Board can adopt a budget amendment after a public hearing that can be held at any time during the fiscal year. The Board did not adopt any budget amendments during 2017.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund is always reported as a major fund (See Note 1). This fund reported a total fund balance of \$17.6 million, an increase of \$1.1 million over the prior year.

The table below summarizes actual general fund revenues and expenditures for 2017 and 2016. Revenue increased by 6.5% due to a combination of increased state funding as per state mandated inflationary increases; local tax levy decreases; and student enrollment increases.

A major portion of the 4.3% increase in expenditures was due to increased employment costs. The district also receives an annual increase in budget authority as per state law, which is used to fund increased employment and instructional expenses.

	2017	2016	Change
Revenues:			
Property taxes	\$ 33,306,466	\$ 35,308,571	\$ (2,002,105)
State aid	64,607,369	62,603,411	2,003,958
State other	21,154,379	19,668,366	1,486,013
Tuition	330,996	204,913	126,083
Interest	119,463	60,076	59,387
Total revenues	<u>\$ 119,518,673</u>	<u>\$ 117,845,337</u>	<u>\$ 1,673,336</u>
Expenditures			
Instruction	\$ 76,287,523	\$ 72,272,258	\$ 4,015,265
Support Services			
Students	7,423,399	7,078,580	344,819
Instructional staff	6,372,883	6,598,488	(225,605)
General administration	1,808,934	1,684,614	124,320
School administration	8,845,283	8,805,402	39,881
Business services	1,685,627	1,829,231	(143,604)
Operation and maintenance	12,300,559	11,021,525	1,279,034
Student transportation	47,659	74,376	(26,717)
Food services	59,846	-	59,846
Extracurricular	2,582,254	2,352,522	229,732
Capital outlay	925,201	580,466	344,735
Debt service	84,250	84,250	-
Total expenditures	<u>\$ 118,423,418</u>	<u>\$ 112,381,712</u>	<u>\$ 6,041,706</u>

There were no significant budget and actual General fund revenue or expenditure variances in 2017.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The district's 2017 capital project budget was used to complete the projects funded by the general fund and bond funds authorized by the voters. Construction in progress as of June 30, 2017 of \$27.6 million consists primarily of projects funded by bond proceeds.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2017 and 2016. The district had \$182.2 million invested in a broad range of capital assets, including technology, equipment and school buildings. Additional information on the district's capital assets can be found in Note 3 of this report.

	2017	2016	Change
Land	\$ 4,659,721	\$ 4,859,721	\$ (200,000)
Construction in progress	27,557,139	75,533,258	(47,976,119)
Improvements other than buildings	3,242,378	3,063,973	178,405
Buildings and improvements	143,175,231	78,282,543	64,892,688
Machinery and equipment	3,533,700	1,597,547	1,936,153
Total	<u>\$ 182,168,169</u>	<u>\$ 163,337,042</u>	<u>\$ 18,831,127</u>

Debt Administration – A summary of the district's outstanding long-term debt for the years ended June 30, 2017 and 2016 is presented below:

	2017	2016	Change
General obligation bonds	\$ 131,839,502	\$ 135,869,502	\$ (4,030,000)
Limited obligation bonds	84,250	168,500	(84,250)
Premium	11,580,644	12,253,247	(672,603)
Total bonds	143,504,396	148,291,249	(4,786,853)
Compensated absences	10,394,586	10,352,208	42,378
Pension related debt	164,013,413	123,478,815	40,534,598
Other postemployment benefits	14,807,000	14,266,000	541,000
Total	<u>\$ 332,719,395</u>	<u>\$ 296,388,272</u>	<u>\$ 36,331,123</u>

At year-end, the district had \$143.5 million in outstanding bonds. The current portion, which is due within one year, is equal to \$4.2 million. The remainder of the Billings Public School's long-term obligations is comprised of pension related debt and OPEB.

Under current state statutes, a district's general obligation bonded debt issuances are subject to a legal limitation based on taxable value. As of June 30, 2017, the district's total debt outstanding was well below the legal limit of \$866 million. The district has a AA- rating from Standard & Poor's Ratings Services for general obligation debt and a Aa3 from Moody's Investor Service.

Additional information on the district's long-term debt can be found in Note 3 of this report.

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 Chief Financial Officer, Mike Arnold, at Billings Public Schools, 415 North 30th Street, Billings, Montana, 59101.

BASIC FINANCIAL STATEMENTS

BILLINGS PUBLIC SCHOOLS

STATEMENT OF NET POSITION

June 30, 2017

ASSETS

Cash and cash equivalents	\$ 76,848,476
Receivables:	
Property taxes, net	2,271,498
Governments	1,548,411
Other	536,362
Prepays	100,281
Capital assets not being depreciated-land and construction in progress	32,216,860
Capital assets, net of accumulated depreciation	<u>149,952,309</u>
 Total assets	 <u>263,474,197</u>

DEFERRED OUTFLOWS OF RESOURCES

Teachers' and public employees' retirement systems pension plans	<u>21,823,556</u>
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LIABILITIES

Accounts payable and accrued expenses	6,292,696
Accrued interest payable	253,668
Noncurrent liabilities:	
Due within one year:	
Bonds	4,234,250
Compensated absences	1,039,459
Due in more than one year:	
Bonds	139,270,146
Compensated absences	9,355,127
Other postemployment benefits	14,807,000
Total pension liability-service credit and termination pay benefits payable	36,842,219
Net pension liability-teachers' and public employees' retirement systems	<u>127,171,194</u>
 Total liabilities	 <u>339,265,759</u>

DEFERRED INFLOWS OF RESOURCES

Service credit and termination pay benefits pension plan	1,371,741
Teachers' and public employees' retirement systems pension plans	<u>1,200,399</u>
 Total deferred inflows of resources	 <u>2,572,140</u>

NET POSITION (DEFICIT)

Net investment in capital assets	51,818,256
Restricted for:	
Instruction	8,245,766
Support services:	
Students	3,087
School administration	275,048
Business services	6,900
Operation and maintenance	1,216,032
Student transportation	953,604
Food services	63,011
Debt service	7,949,822
Unrestricted	<u>(127,071,672)</u>
 Total net position (deficit)	 <u>\$ (56,540,146)</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 105,539,862	\$ 770,718	\$ 22,986,918	\$ -	\$ (81,782,226)
Support services:					
Students	13,901,843	-	5,411,669	-	(8,490,174)
Instructional staff	8,520,641	-	311,245	-	(8,209,396)
General administration	2,255,636	-	13,140	-	(2,242,496)
School administration	11,154,175	-	795,574	-	(10,358,601)
Business services	2,330,041	-	57,488	-	(2,272,553)
Operation and maintenance	14,026,596	160,782	176,755	-	(13,689,059)
Student transportation	6,126,048	36,411	1,637,090	-	(4,452,547)
Food services	6,536,691	2,042,033	4,194,488	-	(300,170)
Extracurricular	3,073,078	-	69,207	422,990	(2,580,881)
Interest	5,536,184	-	1,016,455	-	(4,519,729)
Total	179,000,795	3,009,944	36,670,029	422,990	(138,897,832)
General revenues:					
Property taxes					54,492,742
Intergovernmental:					
State aid					64,607,369
State other					6,928,173
County					17,154,480
Interest					735,757
Contributions and donations not restricted for specific programs					667,437
Miscellaneous					746,367
Total general revenues					145,332,325
Change in net position					6,434,493
Net position (deficit) - beginning					(35,343,727)
Prior period adjustment					(27,630,912)
Net position (deficit) - ending					\$ (56,540,146)

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2017

	General	Elementary Miscellaneous Programs	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 18,115,330	\$ 6,496,833	\$ 19,146,860	\$ 23,534,607	\$ 67,293,630
Receivables:					
Property taxes, net	1,444,472	-	-	827,026	2,271,498
Governments	-	1,121,437	-	426,974	1,548,411
Other	131,833	-	2,612	75,611	210,056
Total assets	<u>\$ 19,691,635</u>	<u>\$ 7,618,270</u>	<u>\$ 19,149,472</u>	<u>\$ 24,864,218</u>	<u>\$ 71,323,595</u>
LIABILITIES					
Accounts payable	\$ 931,503	\$ 288,721	\$ 2,547,243	\$ 553,497	\$ 4,320,964
Total liabilities	<u>931,503</u>	<u>288,721</u>	<u>2,547,243</u>	<u>553,497</u>	<u>4,320,964</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	1,173,979	-	-	676,716	1,850,695
Total deferred inflows of resources	<u>1,173,979</u>	<u>-</u>	<u>-</u>	<u>676,716</u>	<u>1,850,695</u>
FUND BALANCES					
Restricted	-	53,550	13,153,483	18,236,672	31,443,705
Committed	-	-	-	4,729,480	4,729,480
Assigned	349,511	7,275,999	3,448,746	667,853	11,742,109
Unassigned	17,236,642	-	-	-	17,236,642
Total fund balances	<u>17,586,153</u>	<u>7,329,549</u>	<u>16,602,229</u>	<u>23,634,005</u>	<u>65,151,936</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,691,635</u>	<u>\$ 7,618,270</u>	<u>\$ 19,149,472</u>	<u>\$ 24,864,218</u>	<u>\$ 71,323,595</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2017

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

Total fund balances, governmental funds	\$ 65,151,936
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	182,169,169
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,850,695
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	21,823,556
Deferred inflows of resources related to pensions	(2,572,140)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(6,846,655)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of these balances follows:	
General obligation bonds	(131,923,752)
Issuance premium (to be amortized over life of debt)	(11,580,644)
Compensated absences	(10,345,230)
Accrued interest payable	(253,668)
Total pension liability - service credit and termination pay benefits	(36,842,219)
Net pension liability-teachers' and public employees' retirement systems	(127,171,194)
Net position (deficit) of governmental activities	<u>\$ (56,540,146)</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	General	Elementary Miscellaneous Programs	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 33,306,466	\$ -	\$ -	\$ 19,621,926	\$ 52,928,392
Intergovernmental:					
County	-	-	-	17,958,672	17,958,672
State aid	64,607,369	-	-	-	64,607,369
State other	21,154,679	4,390,595	-	2,199,205	27,744,479
Federal	-	9,221,695	-	5,810,468	15,032,163
Tuition	330,996	-	-	-	330,996
Charges for services	-	-	36,948	2,714,195	2,751,143
Interest	119,463	79,452	253,477	192,088	644,480
Miscellaneous	-	122,049	26,380	1,285,355	1,433,784
Total revenues	<u>119,518,973</u>	<u>13,813,791</u>	<u>316,805</u>	<u>49,781,909</u>	<u>183,431,478</u>
EXPENDITURES					
Current:					
Instruction	76,287,523	8,126,504	2,530	16,243,354	100,659,911
Support services:					
Students	7,423,399	3,995,575	-	2,067,367	13,486,341
Instructional staff	6,372,883	190,963	9,556	1,749,637	8,323,039
General administration	1,808,934	-	-	404,122	2,213,056
School administration	8,845,283	234,027	-	2,037,760	11,117,070
Business services	1,685,627	377,272	12,881	285,103	2,360,883
Operation and maintenance	12,300,559	17,109	534,501	1,434,974	14,287,143
Student transportation	47,659	7,751	-	6,063,590	6,119,000
Food services	59,846	-	-	6,301,333	6,361,179
Extracurricular	2,582,254	-	-	308,282	2,890,536
Capital outlay	925,201	-	23,713,549	325,379	24,964,129
Debt service:					
Principal	84,250	-	-	4,030,000	4,114,250
Interest and other charges	-	-	-	6,213,824	6,213,824
Total expenditures	<u>118,423,418</u>	<u>12,949,201</u>	<u>24,273,017</u>	<u>47,464,725</u>	<u>203,110,361</u>
Excess (deficiency) of revenues over expenditures	<u>1,095,555</u>	<u>864,590</u>	<u>(23,956,212)</u>	<u>2,317,184</u>	<u>(19,678,883)</u>
OTHER FINANCING SOURCES					
Sale of capital assets	-	-	203,871	1,906	205,777
Insurance recoveries	-	-	472,244	35,545	507,789
Total other financing sources	<u>-</u>	<u>-</u>	<u>676,115</u>	<u>37,451</u>	<u>713,566</u>
Net change in fund balances	1,095,555	864,590	(23,280,097)	2,354,635	(18,965,317)
Fund balances - beginning	<u>16,490,598</u>	<u>6,464,959</u>	<u>39,882,326</u>	<u>21,279,370</u>	<u>84,117,253</u>
Fund balances - ending	<u>\$ 17,586,153</u>	<u>\$ 7,329,549</u>	<u>\$ 16,602,229</u>	<u>\$ 23,634,005</u>	<u>\$ 65,151,936</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

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, 2017

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

Net change in fund balances - total governmental funds	\$ (18,965,317)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlay (\$24,964,129) exceeded depreciation (\$6,140,635) in the current period.	18,823,494
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The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position.	8,633
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,399,711
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of these transactions follows:

Amortization of premium on long-term debt issued	672,603
Repayment of principal on long-term debt	4,114,250

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued interest	5,037
Pension expense-service credit and termination pay benefits	(131,941)
Compensated absences	(38,368)
Pension expense-teachers' and public employees' retirement systems	(448,306)

The internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with the governmental activities.

994,697

Change in net position of governmental activities	<u>\$ 6,434,493</u>
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BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 9,554,846
Accounts receivable, net	326,306
Prepaid items	100,281
Total current assets	<u>9,981,433</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,971,732
Compensated absences	<u>4,936</u>
Total current liabilities	<u>1,976,668</u>
Noncurrent liabilities:	
Compensated absences	44,420
Other postemployment benefits	<u>14,807,000</u>
Total noncurrent liabilities	<u>14,851,420</u>
Total liabilities	<u>16,828,088</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(6,846,655)</u>
Total net position (deficit)	<u><u>\$ (6,846,655)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	<u>\$ 19,010,332</u>
Total operating revenues	<u>19,010,332</u>
OPERATING EXPENSES	
Personal services - salaries	294,197
Personal services - benefits	57,830
Purchased property services	86,862
Other purchased services	1,413,779
Supplies and materials	114,152
Insurance claims and expenses	15,599,092
Other postemployment benefits	<u>541,000</u>
Total operating expenses	<u>18,106,912</u>
Operating income	<u>903,420</u>
NONOPERATING REVENUES	
Interest revenue	<u>91,277</u>
Total nonoperating revenues	<u>91,277</u>
	994,697
Net position (deficit) - beginning	<u>(7,841,352)</u>
Net position (deficit) - ending	<u><u>\$ (6,846,655)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from health insurance premiums	\$ 18,580,354
Cash received from interfund services	393,084
Medical claims paid	(15,699,092)
Cash paid to employees health insurance services	(142,851)
Cash paid to employees interfund services	(203,651)
Cash paid to suppliers for goods and services health insurance services	(1,511,633)
Cash paid to suppliers for goods and services interfund services	<u>(184,687)</u>
Net cash provided by operating activities	<u>1,231,524</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>91,277</u>
Net cash provided by investing activities	<u>91,277</u>
Change in cash and cash equivalents	1,322,801
Cash and cash equivalents - beginning	<u>8,232,045</u>
Cash and cash equivalents - ending	<u><u>\$ 9,554,846</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 903,420
Adjustment to reconcile operating income to net cash provided by operating activities:	
Other post-employment benefits	541,000
Increase in accounts receivable	(36,894)
Increase in prepaid items	(100,281)
Decrease in accounts payable	(79,731)
Increase in compensated absences	<u>4,010</u>
Net cash provided by operating activities	<u><u>\$ 1,231,524</u></u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,431,791	\$ 6,105,041
Prepays	117,481	-
Total assets	2,549,272	6,105,041
LIABILITIES		
Accounts payable	103,415	6,105,041
NET POSITION		
Net position held in trust	\$ 2,445,857	\$ -

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2017

	Private Purpose Trust Fund- Extracurricular
ADDITIONS	
Contributions:	
Student extracurricular activities	<u>\$ 3,320,646</u>
Investment earnings:	
Interest	<u>25,728</u>
Total additions	<u>3,346,374</u>
DEDUCTIONS	
Student extracurricular activities	<u>3,521,348</u>
Change in net position	(174,974)
Net position - beginning	<u>2,620,831</u>
Net position - ending	<u><u>\$ 2,445,857</u></u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the district are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The district adopted the provisions of the following GASB statement:

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

The district's significant accounting policies are described below.

Reporting Entity

The district was established under Montana law to provide educational services below the college and university level to residents of the district. The district consists of two legally separate entities: an elementary district and a high school district. Both are managed by a central Board of Trustees and by a central administration appointed by and responsible to the Board. The Board of Trustees annually adopts a procedure committing fund balance resources in accordance with GASB Statement No. 54.

Yellowstone County (the "County") provides substantial services to the district; tax billing, cash collections, debt payments and warrant redemption. The County also maintains the district's cash and invests available funds at the direction of the district. The County Commissioners have a legal obligation to set levy amounts and to approve the budget adopted by the district. However, despite the degree of services provided, the district does not qualify as a component unit of the County.

Although the district consists of two separate statutory entities, it is managed and operated as a single primary government. These financial statements present, as a single reporting entity, all activities of the primary government. A primary government is defined as having a separately elected governing body, being legally separate, and fiscally independent.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the district. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for service which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

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 fund and fiduciary fund financial statements (fiduciary fund financial statements include agency funds, which have no measurement focus). 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 provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 and claims and judgments, are recorded only when payment is due. Property

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

taxes and interest 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the district.

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 the internal service fund's principal ongoing operations. Operating revenues are charges for sales and services. Operating expenses include the cost 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.

The district reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The elementary miscellaneous programs fund accounts for local, state or federal grants and reimbursements.

The elementary building fund accounts for bond or insurance proceeds, federal funds or property sold by the district for building or construction projects. The building fund is a non-budgeted fund.

Additionally, the district reports the following fund types:

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies on a cost reimbursement basis. The internal service funds account for the activities of the health insurance fund, the insurance deductible fund and the purchasing/printing fund.

Agency funds are custodial in nature and are used to account for assets that the district holds for others in an agency capacity. The agency funds account for the payroll and claims clearing funds.

The district has a private-purpose trust fund, the student extracurricular fund, which accounts for the extracurricular student activities.

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

Cash and investments, except amounts in the extracurricular funds, the flexible benefits fund and the petty cash accounts, are held by the County Treasurer. The County Treasurer invests the District's cash at the direction of the government as required by state statute. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value basis versus amortized cost.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The government had no nonrecurring fair value measurements. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Receivables

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 6 percent of the outstanding balance at June 30, 2017. The allowance at June 30, 2017, was \$144,989.

Most property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes are considered delinquent on December 1 and June 1, at which time the applicable property is subject to lien, and penalties and interest are assessed. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Inventories

Inventory items purchased are recorded as expenditures/expenses at the time of purchase. Inventory at year-end was not material and therefore not recorded. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	10-60
Machinery and equipment	5-20

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are that the collections are held for public exhibition or education in the furtherance of public service; not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and, any sale proceeds are expected to be used to acquire other items for the collections.

Compensated Absences

Liabilities associated with accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Classified employees (non-teaching) earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under state statute to a maximum accumulation of two times the amount earned annually. Vacation leave is absorbed by time off from work, or, with certain limitations, may be payable to the employee upon termination.

Sick leave is accumulated for classified and certified employees at the rate of 12 days per year with no limit on the carry over amount. Upon retirement or resignation, classified and certified employees are eligible for sick leave compensation at one fourth of the accumulated amount.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

The district reports decreases in net position that relate to future period(s) as deferred outflows of resources in a separate section of its statement of net position. Deferred outflows of resources are related to district's pension plans and consist of differences between expected and actual results, changes in actuarial assumptions, differences between actual and expected contributions and contributions made to the pension plans subsequent to the measurement date. No deferred outflows of resources affect the governmental funds financial statements in the current year.

The district's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of

resources are reported in the district's statement of net position for actual pension plan investment earnings in excess of the expected amounts and differences between actual and expected contributions included in determining pension expense. In the governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The government will not recognize the related revenues until they are available under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

Net Investment in capital assets - consists of capital assets (net of accumulated depreciation), plus capital-related deferred outflows of resources, less capital-related borrowings and deferred inflows of resources.

Restricted - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - any portion of net position that does not meet the definition of "net investment in capital assets" or "restricted".

Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balance

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority (i.e., governing body). The government establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The district establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption or amendment of the budget. Assigned fund balance in the general fund represents amounts available to fund the subsequent year's budget and to cover payroll and operating expenditures due to the timing of tax receipts. The Board of Trustees has designated the Superintendent, or his designee, individually and/or collectively, as having authority to express assignments in the District's governmental funds. The Board of Trustees has adopted policy 7000, Financial Management and annually adopts procedure 7000-P3 Fund Balance Resources for Special Revenue Funds to comply with GASB Statement No. 54.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the district considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

Miscellaneous Revenue

Miscellaneous revenue includes other revenue from local sources which is not classified elsewhere.

Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The health insurance fund, an internal service fund, had a deficit net position of \$7,177,144 as of June 30, 2017. The deficit exists in the health insurance fund because of the unfunded liability for other postemployment benefits. The district is in the process of reviewing the funding of the health insurance fund in order to reduce or eliminate the deficit.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Equity in Pooled Cash and Investments

As discussed in Note 1, the district participates in the County's investment pool. The pooled cash is invested by the County Treasurer in accordance with State statute. Interest earnings are distributed to the district based on average daily balances. The County Treasurer withdraws funds as needed to pay warrants. Investment risk related to the district's share of the pool is not determinable. Information related to the pool can be obtained from the County. Demand and savings accounts held outside of the County pool were covered by FDIC insurance. The uninsured portion was covered by collateral held by financial institutions or by their departments or agents, but not in the district's name. The amount of collateral held for the district's deposits as of June 30, 2017, exceeded the amount required by State statute. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2017 to support the value of shares in the pool. The district does not currently have a policy on custodial credit risk. Along with limitations placed on investments by state law, the County minimizes custodial risk by restrictions set forth by County policy. The County maintains a listing of financial institutions which are approved for investment purposes.

The County's investment policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by State statute, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. The objectives of the policy, in order of priority, are safety, liquidity, and yield. The County has established an oversight committee, comprised of various County officials and representatives of other local governments with large cash balances, to monitor and review the management of public funds maintained in the investment pool in accordance with Title 7, Chapter 6, Part 2 of the Montana Code Annotated and as qualified by Attorney General Opinion Vol. 42, No. 25. The Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

Disaggregation of Payable Balances

Payables as of June 30, 2017, were as follows:

	Vendors	Salaries and Benefits	Claims incurred but not reported	Total
General	\$ 329,104	\$ 602,399	\$ -	\$ 931,503
Elementary miscellaneous programs	264,929	23,792	-	288,721
Elementary building	2,530,662	16,581	-	2,547,243
Internal service funds	53,752	13,285	1,904,695	1,971,732
Nonmajor governmental funds	273,298	280,199	-	553,497
	<u>\$ 3,451,745</u>	<u>\$ 936,256</u>	<u>\$ 1,904,695</u>	<u>\$ 6,292,696</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 4,859,721	\$ -	\$ (200,000)	\$ 4,659,721
Construction in progress	75,533,258	20,336,600	(68,312,719)	27,557,139
Total capital assets, not being depreciated	<u>80,392,979</u>	<u>20,336,600</u>	<u>(68,512,719)</u>	<u>32,216,860</u>
Capital assets, being depreciated:				
Buildings/improvements	129,942,111	70,541,336	(787,431)	199,696,016
Improvements other than buildings	3,614,820	374,761	-	3,989,581
Machinery and equipment	10,120,198	2,447,141	(99,979)	12,467,360
Total capital assets, being depreciated	<u>143,677,129</u>	<u>73,363,238</u>	<u>(887,410)</u>	<u>216,152,957</u>
Less accumulated depreciation for:				
Buildings/improvements	(51,659,568)	(5,433,291)	573,074	(56,519,785)
Improvements other than buildings	(550,847)	(196,356)	-	(747,203)
Machinery and equipment	(8,522,651)	(510,988)	99,979	(8,933,660)
Total accumulated depreciation	<u>(60,733,066)</u>	<u>(6,140,635)</u>	<u>673,053</u>	<u>(66,200,648)</u>
Total capital assets, being depreciated, net	<u>82,944,063</u>	<u>67,222,603</u>	<u>(214,357)</u>	<u>149,952,309</u>
Total capital assets, net	<u>\$ 163,337,042</u>	<u>\$ 87,559,203</u>	<u>\$ (68,727,076)</u>	<u>\$ 182,169,169</u>

Depreciation expense was charged to district activities as follows:

Instruction	\$ 4,785,569
Support services-students	435,823
Support services-instructional staff	214,876
Support services-general administration	15,090
Support services-administration	92,728
Support services-business	18,633
Operation and maintenance	218,824
Student transportation	7,018
Food services	174,577
Extracurricular	177,497
	<u>\$ 6,140,635</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Long-Term Debt

During the year ended June 30, 2017, the following changes occurred in long-term debt:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 135,869,502	\$ -	\$ (4,030,000)	\$ 131,839,502	\$ 4,150,000
Limited obligation bonds	168,500	-	(84,250)	84,250	84,250
Premium	12,253,247	-	(672,603)	11,580,644	-
Total bonds payable	148,291,249	-	(4,786,853)	143,504,396	4,234,250
Compensated absences	10,352,208	8,156,381	(8,114,003)	10,394,586	1,039,459
Total	\$ 158,643,457	\$ 8,156,381	\$ (12,900,856)	\$ 153,898,982	\$ 5,273,709

A substantial portion of compensated absences and the service credit and termination pay benefits are paid from the General fund. The OPEB obligation is paid from the Health Insurance fund, an internal service fund.

General Obligation Bonds

On December 29, 2010, the district issued general obligation school building bonds in the amount of \$12,000,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 100% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 5.4% per annum and will be paid back through sixteen annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2027. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary and high school debt service funds will be servicing 100% of the general obligation debt payments.

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$4,540,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Zone Academy Bonds (QZAB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 100% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 4.25% per annum and will be paid back through twenty annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$1,271,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Zone Academy Bonds (QZAB). As such, the owners of the tax credit bonds are allowed a credit against their federal income tax liability. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The applicable tax credit rate was 4.25%. The bonds will be paid back through ten annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$8,333,502. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Energy Conservation Bonds (QECB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 70% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 4.25% per annum and will be paid back through twenty annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary and high school debt service funds will be servicing 100% of the general obligation debt payments.

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On January 30, 2014, the district issued general obligation school building bonds in the amount of \$80,900,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The proceeds from these general obligation bonds will be used for the purpose of providing funds to pay a portion of the costs of building or improving schools in accordance with the district's facilities master plan. Interest rates range from 2.125% to 5.000% payable semiannually on December 15 and June 15. The bonds can be redeemed at par on June 15, 2025 or any date thereafter. The bonds mature beginning June 15, 2015 through 2034. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

On September 29, 2015, the district issued general obligation school building bonds in the amount of \$33,000,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The proceeds from these general obligation bonds will be used for the purpose of providing funds to pay a portion of the costs of building or improving schools in accordance with the district's facilities master plan. Interest rates range from 3.0% to 5.00% payable semiannually on December 15 and June 15. The bonds can be redeemed at par on June 15, 2025 or any date thereafter. The bonds mature beginning June 15, 2017 through 2035. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

Limited Obligation Bonds

On December 29, 2008, the district issued limited obligation school building bonds in the amount of \$773,250. The proceeds from these limited obligation bonds was used to improve, repair, or rehabilitate existing facilities at Beartooth Elementary School, Riverside Middle School and Ponderosa Elementary School. The bonds bear interest at 0% per annum and will be paid back through ten annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2018. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary general fund services 100% of the limited obligation debt payments.

Annual debt service requirements to maturity for the bonds payable are as follows:

Year ending June 30,	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 4,150,000	\$ 6,088,024	\$ 84,250	-
2019	4,315,000	5,922,024	-	-
2020	4,505,000	5,730,574	-	-
2021	4,720,000	5,518,124	-	-
2022	4,890,000	5,348,074	-	-
2023-2027	40,170,000	23,014,695	-	-
2028-2032	49,794,502	12,300,045	-	-
2033-2035	19,295,000	1,273,075	-	-
	<u>\$ 131,839,502</u>	<u>\$ 65,194,635</u>	<u>\$ 84,250</u>	<u>\$ -</u>

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Fund Balances

As of June 30, 2017, fund balances are comprised of the following:

	General Fund	Elementary Miscellaneous Programs	Elementary Building Fund	Total Nonmajor Funds	Total Governmental Funds
Restricted:					
Instruction	\$ -	\$ 50,463	\$ -	\$ 7,975,007	\$ 8,025,470
Support services:					
Students	-	3,087	-	-	3,087
School administration	-	-	-	275,048	275,048
Business services	-	-	-	6,900	6,900
Operation and maintenance	-	-	-	1,216,032	1,216,032
Student transportation	-	-	-	819,610	819,610
Food services	-	-	-	63,011	63,011
Capital projects	-	-	13,153,483	-	13,153,483
Debt service	-	-	-	7,881,064	7,881,064
Committed:					
Instruction	-	-	-	2,766,963	2,766,963
Support services:					
Students	-	-	-	1,921,041	1,921,041
Operation and maintenance	-	-	-	6	6
Community services	-	-	-	41,470	41,470
Assigned:					
Instruction	202,780	3,531,769	-	91,649	3,826,198
Support services:					
Students	-	1,087,956	-	-	1,087,956
Instructional staff	6,279	1,501,701	-	-	1,507,980
General administration	-	638,170	-	-	638,170
School administration	-	144,145	-	-	144,145
Business services	-	355,300	7,143	190,147	552,590
Operation and maintenance	127,762	16,958	3,441,603	386,057	3,972,380
Capital projects	12,690	-	-	-	12,690
Unassigned	17,236,642	-	-	-	17,236,642
	<u>\$ 17,586,153</u>	<u>\$ 7,329,549</u>	<u>\$ 16,602,229</u>	<u>\$ 23,634,005</u>	<u>\$ 65,151,936</u>

NOTE 4. OTHER INFORMATION

Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (i.e., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages. A variety of methods is used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs. The district participates in the Montana Schools Group's Workers' Compensation Risk Retention Program, a state-wide public risk pool currently operating as a common risk management and insurance program for the member school districts. The district pays quarterly premiums for its employee injury insurance coverage. 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. Given lack of coverage available, the district has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the commercial policies have remained relatively constant for the last several years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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Self-Insurance

During the year ended June 30, 2017, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$709 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents. In spring of 2013 the district opened two in house clinics to manage health care cost. Claims were paid by a third party administrator acting on behalf of the district.

The administrative contract between the district and the third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. The district was protected against unanticipated catastrophic individual loss by stop-loss coverage through Optum. Stop-loss coverage was in effect for individual claims exceeding \$175,000.

The costs associated with the medical self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues in the internal service fund and as operating expenditures in the governmental funds. The liability as of June 30, 2017, is based on the requirements of GASB Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability includes an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not result in an exact amount.

Changes in the claims liability amount during fiscal year 2017 and 2016 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2015-16	1,933,411	16,342,362	(16,271,078)	2,004,695
2016-17	2,004,695	15,599,092	(15,699,092)	1,904,695

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$372,976, primarily for construction projects, equipment and supplies. The following schedule displays encumbrances for the general fund and nonmajor funds in the aggregate.

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Instruction	\$ -	\$ 1,797	\$ 1,797
Support services:			
Operation and maintenance	-	3,268	3,268
Transportation	-	18,400	18,400
Assigned:			
Instruction	202,780	-	202,780
Support services:			
Instructional staff	6,279	-	6,279
Operation and maintenance	127,762	-	127,762
Capital outlay	12,690	-	12,690
	<u>\$ 349,511</u>	<u>\$ 23,465</u>	<u>\$ 372,976</u>

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

Presently there are no significant outstanding lawsuits. In the opinion of the district's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the district.

Retirement Plans

Plan Descriptions

The Teacher's Retirement System (TRS) is a mandatory-participation multiple-employer cost sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana. The TRS Board is the governing body and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated (MCA), and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, MCA. The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

Pension Benefits

Teachers' Retirement System

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

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

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

Public Employees Retirement System

Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1) if less than 25 years of membership service, 1.785% of the member's highest average compensation (HAC) multiplied by years of service credit or 2) if 25 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1) if less than 10 years of membership service, 1.5% of the member's HAC multiplied by years of service credit, 2) if between 10 and 30 years of membership service, 1.785 of HAC multiplied by years of

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service credit, or 3) if 30 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age under age 60 with 25 years of membership service. Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. Benefits are actuarially reduced.

For members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 1). 3% for members hired prior to July 1, 2007, 2). 1.5% for members hired between July 1, 2007 and June 30, 2013 or, 3). Members hired on or after July 1, 2013: a). 1.5% for each year PERS is funded at or above 90%; b). 1.5% is reduced by .1% for each 2% PERS is funded below 90%; and c). 0% whenever the amortization period for PERS is 40 years or more.

Member and Employer Contributions

Teachers' Retirement System

The TRS funding policy provides for monthly employee and employer contributions at rates specified by state law. Plan members, for the fiscal year ending June 30, 2017, were required to contribute 8.15% of their earned compensation. TRS employers were required to contribute 8.77% of earned compensation. Pursuant to 19-20-609, MCA, the employer contribution rate will increase by 0.10% each year beginning July 1, 2014 through fiscal year 2024. The State's General Fund contributes an additional 2.49% of earned compensation. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

Public Employees Retirement System

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.1% of each member's compensation. This was temporarily increased from 6.9% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. The State's General Fund contributes an additional .37% of earned compensation. Effective July 1, 2013, contributions are also made to the system from the Coal Tax Fund. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2017, the district recorded a liability of \$109,511,465 (TRS) and \$17,659,729 (PERS) for its proportionate share of the net pension liability.

TRS and PERS have a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS on behalf of the district. Due to the existence of this special funding situation, the district is required to report the portion of the State of Montana's proportionate share of the collective net pension liability. The district's and State of Montana's proportionate share of the net pension liability are presented below:

	Net Pension Liability June 30, 2017	
	TRS	PERS
Employer proportionate share	\$ 109,511,465	\$ 17,659,729
State of Montana proportionate share associated with employer	71,342,769	825,338
Total	<u>\$ 180,854,234</u>	<u>\$ 18,485,067</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 for TRS and June 30, 2015 for PERS. The district's proportion of the net pension liability was based on the district's contributions received by TRS and PERS during the measurement period July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all TRS and PERS participating employers. At June 30, 2017, the district's proportion was 5.9946 and 1.0368 percent for TRS and PERS, respectively.

For the year ended June 30, 2017, the district recognized \$9,241,633 (TRS) and \$1,145,590 (PERS) for its proportionate share of the pension expense. The district also recognized grant revenue of \$3,959,478 (TRS) and \$378,566 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the district. Total pension expense recognized was \$13,201,111 and \$1,524,156 for TRS and PERS, respectively.

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At June 30, 2017, the district reported its proportionate share of TRS and PERS deferred outflows and inflows of resources from the following sources:

	TRS		PERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 585,535	\$ 232,793	\$ 95,287	\$ 58,454
Changes in actuarial assumptions	696,906	688,313	-	-
Difference between projected and actual investment earnings	7,052,030	-	1,661,428	-
Changes in the proportion and differences between actual and expected contributions	1,790,542	-	-	220,839
Employer contributions subsequent to measurement date	8,828,344	-	1,113,484	-
	<u>\$ 18,953,357</u>	<u>\$ 921,106</u>	<u>\$ 2,870,199</u>	<u>\$ 279,293</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the district's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	TRS	PERS
2018	\$ 1,894,326	\$ 80,437
2019	797,625	80,437
2020	3,980,529	944,129
2121	2,531,427	593,258

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	PERS
Investment rate of return, net of investment and administrative expenses	7.75%	7.75%
Salary increases	4.00%	4.00%
Inflation	3.25%	3.00%

Mortality rates for the TRS retirement plan were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB. Mortality rates for the PERS retirement plan is based on the RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the TRS and PERS plans. The most recent TRS analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated May 1, 2014, which is located on the TRS website. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. The most recent PERS analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated June 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges

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were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the TRS' and PERS' target asset allocation as of June 30, 2016, and are summarized in the following table:

Asset Class	TRS		PERS	
	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	0.0%	0.00%	2.6%	4.00%
Domestic equity	36.0%	4.80%	36.0%	4.55%
Foreign equity	18.0%	6.05%	18.0%	6.35%
Fixed income	26.0%	1.5-3.25%	23.4%	1.00%
Private equity	12.0%	8.50%	12.0%	7.75%
Real estate	8.0%	4.5-7.5%	8.0%	4.00%
	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

Teachers Retirement System

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1st of each year. Based on those assumptions, the TRS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2117. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability-TRS	\$ 146,933,976	\$ 109,511,465	\$ 78,005,850
Net pension liability-PERS	22,707,087	17,659,729	7,989,485

Service Credit and Termination Pay Benefit Plan

Plan Description

The Billings Public Schools Service Credit and Termination Pay Benefit Plan (the "Plan") is a single-employer, defined-benefit plan covering employees that belong to the following unions or groups; Billings Education Association (BEA), Billings Classified Employees Association (BCEA), Montana Public Employees Association (MPEA), Administrators and Administrative Support. The Plan was established by the Board of Trustees through union agreements and agreements with other employee groups. The Plan does not issue a separate report. Pension expense and related liabilities and deferred inflows/outflows of resources for the Plan are recognized in the financial statements consistent with the provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Plan is a non-trusted plan that historically has been funded on a pay-as-you-go basis; therefore, no assets have been accumulated and there is no plan fiduciary net position. Accordingly, Billings Public Schools recognizes its *total pension liability*, rather than a *net pension liability*. At June 30, 2017, there were 1,741 active employees in the Plan.

Plan Benefits

Following is a summary of Plan benefit provisions:

Service Credit

Eligibility	10 years of service with Billings Public Schools
Benefit	<p>A single amount is payable upon termination or retirement. The amount is dependent on the employee group; the number of years of service credit and the rate of pay.</p> <p>BEA and Administrators; \$100 per year of service prior to June 30, 1986 plus 2 1/2 days of pay for each full year of service after July 1, 1986. No service credit is paid to any teacher or administrator with more than 35 years of service.</p> <p>BCEA, MPEA and Administrative Support: 2 1/2 days of pay for each full year of service.</p>
Rate of Pay	BEA and Administrators: Highest daily rate. BCEA, MPEA and Administrative Support: Most recent daily rate.
Form of Benefit	Lump sum upon termination
Death Benefit	Full value of the service credit benefit as if the date of death had been the employee's date of termination.

TRS Option 1 Benefit

Eligibility	Employees who are eligible for retirement with TRS at 25 years of service or age 60 and 5 years of service for Normal Retirement, or age 50 and 5 years of service for Early Retirement.
Benefit	<p>TRS Employees may increase their monthly retirement benefit by including their Termination Pay (service credit, 25% of sick leave, and 100% of vacation leave) in the calculation of their Average Final Compensation. This option is also available to beneficiaries of eligible TRS employees who had not yet retired.</p> <p>As of October 1, 2011, administrators' vacation pay was frozen for the purpose of payment within the district's severance package. As of July 1, 2011, no newly employed administrator is entitled to include vacation pay in the severance payment. Vacation severance pay for administrators is paid at the daily rate earned as of June 30, 2012.</p>
Employee Cost	Termination Pay x Employee Rate x Total years of Creditable Service
Employer Cost	Termination Pay x Employer Rate x Total years of Creditable Service

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Total Pension Liability

Following is the total pension liability:

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Service credit	\$ 16,791,210	\$ 16,229,698
Option 1	<u>21,290,809</u>	<u>20,612,521</u>
Total pension liability	<u>\$ 38,082,019</u>	<u>\$ 36,842,219</u>
Covered payroll	\$ 85,963,480	\$ 88,498,935
Total pension liability as a % of covered payroll	44.30%	41.63%

The total pension liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below.

Valuation date	June 30, 2017 *	June 30, 2017
Measurement date	June 30, 2016	June 30, 2017
Reporting date	June 30, 2016	June 30, 2017

* In the initial year that GASB Statement No. 73 is adopted, the plan sponsor must also show results for the prior fiscal year end. For the first year in which GASB Statement No. 73 applies, GASB Statement No. 73 permits that the liabilities reported for the prior fiscal year be estimated by projecting the liabilities as of the valuation date back one year. The results for the prior fiscal year end were back projected using standard actuarial techniques.

The discount rate was determined based on the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date.

Discount rate	2.85%	3.58%
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Changes in the total pension liability were as follows:

Service cost	\$ 2,248,910
Interest on the total pension liability	1,106,008
Changes of assumptions	(1,525,869)
Benefits payments	<u>(3,068,849)</u>
Net change in total pension liability	(1,239,800)
Total pension liability - beginning of year	<u>38,082,019</u>
Total pension liability - end of year	<u>\$ 36,842,219</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Salary increases	4% plus merit and longevity component based on years of service ranging from 4.51% for 1 year of service to 0.00% for 22 years of service and above
Discount rate	3.58%
Mortality	For males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages 50 and below, set back four years, with mortality improvements projected by Scale BB to 2018 For females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages 50 and below, set back two years, with mortality improvements projected by Scale BB to 2018

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability calculated using the discount rate of 3.58%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.00% lower (2.58%) or 1.00% higher (4.58%) than the current rate.

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total pension liability	\$ 38,942,544	\$ 36,842,219	\$ 34,824,911

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2017, Billings Public Schools recognized pension expense of \$3,200,790. At June 30, 2017, Billings Public Schools reported deferred inflows of resources from changes in assumptions of \$1,371,741.

Amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (154,128)
2019	(154,128)
2020	(154,128)
2021	(154,128)
2022	(154,128)
Thereafter	(601,101)

Postemployment Benefits Other Than Pensions

Plan Descriptions. The Billings Public Schools postemployment benefit plan is a single employer defined benefit plan that is self-funded for pre Medicare medical/prescription drug benefits and insures for Medicare supplement benefits and retiree life insurance. The plan was established in accordance with Section 20-3-331, MCA.

Funding Policy. The required contribution is based on pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation. The Billings Public Schools' annual 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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 Billings Public Schools' annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the Billings Public Schools' net OPEB obligation to the postemployment benefit plan:

Annual required contribution	\$ 1,621,000
Interest on net OPEB obligation	571,000
Adjustment to annual required contribution	<u>(510,000)</u>
Annual OPEB cost (expense)	1,682,000
Contributions made	<u>(1,141,000)</u>
Increase in net OPEB obligation	541,000
Net OPEB obligation - beginning of year	<u>14,266,000</u>
Net OPEB obligation - end of year	<u><u>\$ 14,807,000</u></u>

The Billings Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years are as follows:

Year Ending June 30,	Annual OPEB Cost (AOC)	Percentage of Annual AOC Contributed	Net OPEB Obligation (NOO)
2015	\$ 2,065,000	57%	\$ 13,546,000
2016	1,702,000	58%	14,266,000
2017	1,682,000	68%	14,807,000

Funded Status and Funding Progress. As of June 30, 2017, the Plan was 0% funded. The actuarial accrued liability for benefits was \$22,421,000, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$22,421,000. The covered payroll (annual payroll of active employees covered by the plan) was \$87,162,000 and the ratio of the UAAL to the covered payroll was 26.0%.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included 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.

In the July 1, 2015 actuarial valuation (the most recent valuation), the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return which is based on the expected long term investment return of the employer's own investments used to pay plan benefits and an annual healthcare cost trend rate of 8.0% reduced by decrements of .5% to an ultimate rate of 4.5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years. The plan does not issue a separate report.

Restatement of Beginning Net Position

As of July 1, 2016, Billings Public Schools adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The implementation of this standard improves financial reporting by establishing a single framework for the presentation of information about pensions and will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The adjustment to the beginning balance of net position is as follows:

Net position (deficit) - July 1, 2016, as previously reported	\$ (35,343,727)
Restatement due to implementation of GASB Statement No. 73	<u>(27,630,912)</u>
Net position (deficit) - July 1, 2016, as restated	<u>\$ (62,974,639)</u>

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

GASB Statement No. 75, Statement 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of GASB Statement No. 14. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues*—an amendment of GASB Statements No. 67, No. 68, and No. 73. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*. The provisions of this Statement are effective for periods beginning after June 15, 2017

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REQUIRED SUPPLEMENTARY INFORMATION

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 34,635,217	\$ 34,606,460	\$ 33,306,466	\$ -	\$ 33,306,466
Intergovernmental:					
State aid	64,964,326	64,607,369	64,607,369	-	64,607,369
State other	16,816,043	16,786,991	16,816,635	4,338,044	21,154,679
Tuition	200,000	200,000	330,996	-	330,996
Interest	49,462	49,462	63,501	55,962	119,463
Total revenues	116,665,048	116,250,282	115,124,967	4,394,006	119,518,973
EXPENDITURES					
Current:					
Instructional	74,803,660	74,373,996	73,160,607	3,126,916	76,287,523
Support services:					
Students	7,061,928	7,063,197	7,104,087	319,312	7,423,399
Instructional staff	6,194,893	6,214,849	6,088,892	283,991	6,372,883
General administration	1,755,703	1,755,703	1,789,869	19,065	1,808,934
Administration	8,041,566	8,033,365	8,526,694	318,589	8,845,283
Business	1,670,485	1,687,416	1,640,438	45,189	1,685,627
Operation and maintenance	11,416,810	11,417,037	12,174,732	125,827	12,300,559
Student transportation	10,342	10,342	24,984	22,675	47,659
Food services	4,937	4,937	-	59,846	59,846
Extracurricular	2,375,418	2,375,418	2,513,047	69,207	2,582,254
Debt Service:					
Principal	85,500	86,334	84,250	-	84,250
	1,714,571	1,698,453	176,145	749,056	925,201
Total expenditures	115,135,813	114,721,047	113,283,745	5,139,673	118,423,418
Excess (deficiency) of revenues over expenditures	1,529,235	1,529,235	1,841,222	(745,667)	1,095,555
OTHER FINANCING USES					
Transfers out	(1,529,235)	(1,529,235)	(1,559,930)	1,559,930	-
Total other financing uses	(1,529,235)	(1,529,235)	(1,559,930)	1,559,930	-
Net change in fund balances	\$ -	\$ -	281,292	814,263	1,095,555
Fund balances - beginning			10,164,581	6,326,017	16,490,598
Fund balances - ending			\$ 10,445,873	\$ 7,140,280	\$ 17,586,153

NOTES TO THE BUDGET AND ACTUAL SCHEDULES

State law requires budgets be prepared for certain funds - generally those supported by property tax revenues. Budgets are prepared on the modified accrual basis. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law. There elementary and high school general fund budgets were amended because anticipated enrollment increases did not occur. The elementary and high school budgets were decreased \$173,824 and \$240,942, respectively.

The general fund budget is based on the State of Montana's foundation program which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. The Board of Trustees approves the original budget by the second Monday in August.

State law permits the inclusion of obligations (encumbrances) for construction in progress and the purchase of personal property as expenditures for budget purposes. The budget to GAAP differences consist of merging the compensated absences and multi-district cooperative funds with the general fund for financial statement presentation purposes and encumbrances for the current and prior year.

The District consists of two legally separate entities. State law requires separate legally adopted annual budgets for the elementary and high school general funds. This schedule is a summary of the elementary general and high school general subfunds.

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ELEMENTARY GENERAL SUBFUND
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 21,668,749	\$ 21,639,992	\$ 20,773,480	\$ -	\$ 20,773,480
Intergovernmental:					
State aid	42,676,381	42,544,870	42,544,870	-	42,544,870
State other	11,419,697	11,406,141	11,422,827	-	11,422,827
Tuition	170,000	170,000	301,341	-	301,341
Interest	31,476	31,476	35,600	50,595	86,195
Total revenues	75,966,303	75,792,479	75,078,118	50,595	75,128,713
EXPENDITURES					
Current:					
Instructional	50,570,853	50,395,461	50,417,712	(4,447)	50,413,265
Support services:					
Students	5,024,113	5,024,333	5,051,563	-	5,051,563
Instructional staff	4,268,167	4,286,711	4,156,804	92,459	4,249,263
General administration	1,104,907	1,104,907	1,120,456	5,925	1,126,381
Administration	4,929,821	4,927,010	5,335,108	-	5,335,108
Business	1,108,193	1,118,124	1,103,909	6,500	1,110,409
Operation and maintenance	6,847,196	6,843,260	7,484,991	57,127	7,542,118
Student transportation	10,342	10,342	23,414	-	23,414
	3,292	3,292	-	58,710	58,710
Extracurricular	619,802	619,802	673,791	-	673,791
Debt Service:					
Principal	85,500	86,334	84,250	-	84,250
Capital Outlay	570,940	549,726	63,363	422,699	486,062
Total expenditures	75,143,126	74,969,302	75,515,361	638,973	76,154,334
Excess (deficiency) of revenues over expenditures	823,177	823,177	(437,243)	(588,378)	(1,025,621)
OTHER FINANCING USES					
Transfers out (1)	(823,177)	(823,177)	-	-	-
Total other financing uses	(823,177)	(823,177)	-	-	-
Net change in fund balances	\$ -	\$ -	(437,243)	(588,378)	(1,025,621)
Fund balances - beginning			6,709,233	3,512,216	10,221,449
Fund balances - ending			\$ 6,271,990	\$ 2,923,838	\$ 9,195,828

(1) For budget purposes the Montana Office of Public Instruction requires school districts to include operating transfers as part of the total appropriation. The total appropriation budget was \$75,792,479 for fiscal year 2017.

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
HIGH SCHOOL GENERAL SUBFUND
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 12,966,468	\$ 12,966,468	\$ 12,532,986	\$ -	\$ 12,532,986
Intergovernmental:					
State aid	22,287,945	22,062,499	22,062,499	-	22,062,499
State other	5,396,346	5,380,850	5,393,808	4,338,044	9,731,852
Tuition	30,000	30,000	29,655	-	29,655
Interest	17,986	17,986	27,901	5,367	33,268
Total revenues	40,698,745	40,457,803	40,046,849	4,343,411	44,390,260
EXPENDITURES					
Current:					
Instructional	24,232,807	23,978,535	22,742,895	3,131,363	25,874,258
Support services:					
Students	2,037,815	2,038,864	2,052,524	319,312	2,371,836
Instructional staff	1,926,726	1,928,138	1,932,088	191,532	2,123,620
General administration	650,796	650,796	669,413	13,140	682,553
Administration	3,111,745	3,106,355	3,191,586	318,589	3,510,175
Business	562,292	569,292	536,529	38,689	575,218
Operation and maintenance	4,569,614	4,573,777	4,689,741	68,700	4,758,441
	-	-	1,570	22,675	24,245
Food services	1,645	1,645	-	1,136	1,136
Extracurricular	1,755,616	1,755,616	1,839,256	69,207	1,908,463
Capital Outlay	1,143,631	1,148,727	112,782	326,357	439,139
Total expenditures	39,992,687	39,751,745	37,768,384	4,500,700	42,269,084
Excess (deficiency) of revenues over expenditures	706,058	706,058	2,278,465	(157,289)	2,121,176
OTHER FINANCING USES					
Transfers out	(706,058)	(706,058)	(1,559,930)	1,559,930	-
Total other financing uses	(706,058)	(706,058)	(1,559,930)	1,559,930	-
Net change in fund balances	\$ -	\$ -	718,535	1,402,641	2,121,176
Fund balances - beginning			3,455,348	2,813,801	6,269,149
Fund balances - ending			\$ 4,173,883	\$ 4,216,442	\$ 8,390,325

BILLINGS PUBLIC SCHOOLS**SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFIT PLAN**

SCHEDULE OF FUNDING PROGRESS-OTHER POST-EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2017	\$ -	\$ 22,421,000	\$ 22,421,000	0%	\$ 85,124,000	26.3%
6/30/2016	-	22,462,000	22,462,000	0%	83,083,000	27.0%
6/30/2015	-	24,634,000	24,634,000	0%	80,274,000	30.7%

BILLINGS PUBLIC SCHOOLS
SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY AND
TOTAL PENSION LIABILITY

Schedule of Changes in Total Pension Liability

	Year Ending June 30: <u>2017</u>
Total pension liability - beginning of year	\$ 38,082,019
Service cost	2,248,910
Interest on total pension liability	1,106,008
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	(1,525,869)
Benefit payments	<u>(3,068,849)</u>
Total pension liability - end of year	<u><u>\$ 36,842,219</u></u>

Schedule of Total Pension Liability

Service Credit	\$ 16,229,698
Option 1	<u>20,612,521</u>
Total pension liability	<u><u>\$ 36,842,219</u></u>
Covered-employee payroll	\$ 88,498,935
Total pension liability as a percentage of covered-employee payroll	41.63%

There are no assets accumulated in an irrevocable trust to pay plan benefits.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS AND PUBLIC EMPLOYEES RETIREMENT SYSTEMS OF MONTANA For the Year Ended June 30,

Teachers Retirement System:	2017	2016	2015
Employer's proportion of the net pension liability	5.9946%	5.9829%	5.9426%
Employer's proportionate share of the net pension liability associated with the employer	\$ 109,511,465	\$ 98,299,904	\$ 91,447,722
State of Montana's proportionate share of the net pension liability associated with the employer	71,342,769	65,807,012	62,631,322
Total	<u>\$ 180,854,234</u>	<u>\$ 164,106,916</u>	<u>\$ 154,079,044</u>
Employer's covered-employee payroll	\$ 78,169,994	\$ 75,956,754	\$ 74,941,045
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	140.09%	129.42%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	66.69%	69.30%	70.36%
Public Employees Retirement System:	2017	2016	2015
Employer's proportion of the net pension liability	1.0368%	1.0536%	1.0522%
Employer's proportionate share of the net pension liability associated with the employer	\$ 17,659,729	\$ 14,727,804	\$ 13,111,068
State of Montana's proportionate share of the net pension liability associated with the employer	825,338	692,057	612,898
Total	<u>\$ 18,485,067</u>	<u>\$ 15,419,861</u>	<u>\$ 13,723,966</u>
Employer's covered-employee payroll	\$ 12,837,782	\$ 12,712,639	\$ 12,323,696
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.56%	115.85%	106.39%
Plan fiduciary net position as a percentage of the total pension liability	74.71%	78.40%	79.90%

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

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF CONTRIBUTIONS
TEACHERS AND PUBLIC EMPLOYEES RETIREMENT SYSTEMS OF MONTANA
For the Year Ended June 30,

<u>Teachers Retirement System:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 8,828,344	\$ 9,205,589	\$ 8,391,444
Contributions in relation to the contractually required contributions	<u>8,828,344</u>	<u>9,205,589</u>	<u>8,391,444</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 81,000,456	\$ 78,169,994	\$ 75,956,754
Contributions as a percentage of covered-employee payroll	10.90%	11.78%	11.05%
 <u>Public Employees Retirement System:</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contributions	\$ 1,113,484	\$ 1,049,999	\$ 1,032,813
Contributions in relation to the contractually required contributions	<u>1,113,484</u>	<u>1,049,999</u>	<u>1,032,813</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 13,746,716	\$ 12,837,782	\$ 12,712,639
Contributions as a percentage of covered-employee payroll	8.10%	8.18%	8.12%

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

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2017

Teacher's Retirement System

Changes of Benefit Terms:

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

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

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

- Final Average Compensation: Average of earned compensation paid in five consecutive years of full-time service that yields the highest average.
- Service Retirement: Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55.
- Early Retirement: Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55.
- Professional Retirement Option: If the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- Annual Contribution: 8.15% of member's earned compensation.
- Supplemental Contribution Rate: On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:

The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and

The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and

A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.

- Disability Retirement: A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination.
- Guaranteed Annual Benefit Adjustment (GABA): If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

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

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:

School Districts contributions will increase from 7.47% to 8.47%

The Montana University System and State Agencies will increase from 9.85% to 10.85%.

The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.

- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2017

- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%.
- Payroll Growth Assumption was reduced from 4.50% to 4.00%.
- Assumed real wage growth was reduced from 1.00% to 0.75%.
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

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

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

- Mortality among disabled members was updated to the following:

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

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

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2017

Public Employees Retirement System

Changes of Benefit Terms:

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

2013 Legislative Changes:

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013:

- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- All PERS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to PERS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

House Bill 454 - Permanent Injunction Limits Application of the GABA Reduction passed under HB 454 Guaranteed Annual Benefit Adjustment (GABA) - for PERS. After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013:
 - a) 1.5% each year PERS is funded at or above 90%;
 - b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
 - c) 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016:

Second Retirement Benefit - for PERS:

1. Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
2. For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2017

3. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.
4. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
 - Member receives same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and,
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015:

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP:

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

Changes in actuarial assumptions and other inputs:

The following addition was adopted in 2014 based on implementation of GASB Statement 68:

- Administrative expense as a percent of payroll is equal to 0.27%.

There were no changes following the 2013 economic experience study.

Method and assumptions used in calculations of actuarially determined contributions:

	TRS	PERS
Acturial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	24 years	28 years
Asset valuation method	4 year smoothed market	4 year smoothed market
Inflation	3.25%	3.00%
Salary increases	4 to 8.51% including inflation for non-university members and 5% for university members	4%
Investment rate of return	7.75%, net of pension plan investment expense and including inflation	7.75%, net of pension plan investment expense and including inflation

OTHER SUPPLEMENTARY INFORMATION

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General Fund

The General fund is the general operating fund of the district. All general tax revenues 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 Billings Public Schools is comprised of two legal entities (Elementary and High School), the General fund (in addition to almost every other budgeted fund) has an elementary and high school portion. As one of three *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.

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BILLINGS PUBLIC SCHOOLS

COMBINING BALANCE SHEET

ALL GENERAL SUBFUNDS

June 30, 2017

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 9,477,394	\$ 8,637,936	\$ 18,115,330
Receivables:			
Property taxes, net	920,119	524,353	1,444,472
Other	126,502	5,331	131,833
Total assets	<u>\$ 10,524,015</u>	<u>\$ 9,167,620</u>	<u>\$ 19,691,635</u>
LIABILITIES			
Accounts payable	\$ 557,129	\$ 374,374	\$ 931,503
Total liabilities	<u>557,129</u>	<u>374,374</u>	<u>931,503</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>771,058</u>	<u>402,921</u>	<u>1,173,979</u>
Total deferred inflows of resources	<u>771,058</u>	<u>402,921</u>	<u>1,173,979</u>
FUND BALANCES			
Assigned	158,162	191,349	349,511
Unassigned	<u>9,037,666</u>	<u>8,198,976</u>	<u>17,236,642</u>
Total fund balances	<u>9,195,828</u>	<u>8,390,325</u>	<u>17,586,153</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,524,015</u>	<u>\$ 9,167,620</u>	<u>\$ 19,691,635</u>

BILLINGS PUBLIC SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2017

	Elementary General Subfund	High School General Subfund	Total
REVENUES			
Property taxes	\$ 20,773,480	\$ 12,532,986	\$ 33,306,466
Intergovernmental:			
State aid	42,544,870	22,062,499	64,607,369
State other	11,422,827	9,731,852	21,154,679
Tuition	301,341	29,655	330,996
Interest	86,195	33,268	119,463
Total revenues	<u>75,128,713</u>	<u>44,390,260</u>	<u>119,518,973</u>
EXPENDITURES			
Current:			
Instruction	50,413,265	25,874,258	76,287,523
Support services:			
Students	5,051,563	2,371,836	7,423,399
Instructional staff	4,249,263	2,123,620	6,372,883
General administration	1,126,381	682,553	1,808,934
School administration	5,335,108	3,510,175	8,845,283
Business services	1,110,409	575,218	1,685,627
Operation and maintenance	7,542,118	4,758,441	12,300,559
Student transportation	23,414	24,245	47,659
Food services	58,710	1,136	59,846
Extracurricular	673,791	1,908,463	2,582,254
Capital outlay	486,062	439,139	925,201
Debt service:			
Principal	84,250	-	84,250
Total expenditures	<u>76,154,334</u>	<u>42,269,084</u>	<u>118,423,418</u>
Net change in fund balances	(1,025,621)	2,121,176	1,095,555
Fund balances - beginning	<u>10,221,449</u>	<u>6,269,149</u>	<u>16,490,598</u>
Fund balances - ending	<u>\$ 9,195,828</u>	<u>\$ 8,390,325</u>	<u>\$ 17,586,153</u>

Nonmajor Governmental Funds - By Fund Type

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,432,826	\$ 7,879,024	\$ 1,222,757	\$ 23,534,607
Receivables:				
Property taxes, net	437,166	389,860	-	827,026
Governments	426,974	-	-	426,974
Other	75,611	-	-	75,611
Total assets	<u>\$ 15,372,577</u>	<u>\$ 8,268,884</u>	<u>\$ 1,222,757</u>	<u>\$ 24,864,218</u>
LIABILITIES				
Accounts payable	\$ 487,843	\$ 65,394	\$ 260	\$ 553,497
Total liabilities	<u>487,843</u>	<u>65,394</u>	<u>260</u>	<u>553,497</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>354,290</u>	<u>322,426</u>	<u>-</u>	<u>676,716</u>
Total deferred inflows of resources	<u>354,290</u>	<u>322,426</u>	<u>-</u>	<u>676,716</u>
FUND BALANCES				
Restricted	9,133,111	7,881,064	1,222,497	18,236,672
Committed	4,729,480	-	-	4,729,480
Assigned	<u>667,853</u>	<u>-</u>	<u>-</u>	<u>667,853</u>
Total fund balances	<u>14,530,444</u>	<u>7,881,064</u>	<u>1,222,497</u>	<u>23,634,005</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,372,577</u>	<u>\$ 8,268,884</u>	<u>\$ 1,222,757</u>	<u>\$ 24,864,218</u>

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

For the Year Ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 10,293,842	\$ 9,328,084	\$ -	\$ 19,621,926
Intergovernmental:				
County	17,958,672	-	-	17,958,672
State other	2,199,205	-	-	2,199,205
Federal	4,794,013	1,016,455	-	5,810,468
Charges for services	2,680,193	-	34,002	2,714,195
Interest	95,844	84,671	11,573	192,088
Miscellaneous	1,281,774	-	3,581	1,285,355
Total revenues	39,303,543	10,429,210	49,156	49,781,909
EXPENDITURES				
Current:				
Instruction	16,243,354	-	-	16,243,354
Support services:				
Students	2,067,367	-	-	2,067,367
Instructional staff	1,749,637	-	-	1,749,637
General administration	404,122	-	-	404,122
School administration	2,037,760	-	-	2,037,760
Business services	281,545	-	3,558	285,103
Operation and maintenance	1,221,878	-	213,096	1,434,974
Student transportation	6,063,590	-	-	6,063,590
Food services	6,301,333	-	-	6,301,333
Extracurricular	308,282	-	-	308,282
Capital outlay	325,379	-	-	325,379
Debt service				
Principal	-	4,030,000	-	4,030,000
Interest and other charges	-	6,213,824	-	6,213,824
Total expenditures	37,004,247	10,243,824	216,654	47,464,725
Excess (deficiency) of revenues over expenditures	2,299,296	185,386	(167,498)	2,317,184
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	1,906	1,906
Insurance recoveries	-	-	35,545	35,545
Total other financing sources	-	-	37,451	37,451
Net change in fund balances	2,299,296	185,386	(130,047)	2,354,635
Fund balances - beginning	12,231,148	7,695,678	1,352,544	21,279,370
Fund balances - ending	\$ 14,530,444	\$ 7,881,064	\$ 1,222,497	\$ 23,634,005

Nonmajor Special Revenue Funds

Budgeted:

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

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.

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

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

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

Non-Budgeted:

School Food Fund - (High School) To account for the District's food service program.

Miscellaneous Programs Fund – (High School) To account for Federal, State and Local grants and indirect cost monies received by the District.

Traffic Education Fund – (High School) To account for expenditures related to Drivers Education and the related tuition charged.

Lease Rental Fund - (High School) To account for the revenues and expenditures related to the lease or rental of school property.

Miscellaneous Trust Fund - (Elementary and High School) To account for the revenues and expenditures related to miscellaneous activities.

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

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	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
ASSETS					
Cash and cash equivalents	\$ 437,308	\$ 369,338	\$ 51,879	\$ 1,581,735	\$ 256,048
Receivables:					
Property taxes, net	108,859	55,580	-	102,837	18,082
Governments	-	-	63,721	-	-
Other	-	126	70,495	-	-
Total assets	<u>\$ 546,167</u>	<u>\$ 425,044</u>	<u>\$ 186,095</u>	<u>\$ 1,684,572</u>	<u>\$ 274,130</u>
LIABILITIES					
Accounts payable	\$ 11,312	\$ 6,295	\$ 123,084	\$ 27,500	\$ 21,900
Total liabilities	<u>11,312</u>	<u>6,295</u>	<u>123,084</u>	<u>27,500</u>	<u>21,900</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>91,285</u>	<u>42,709</u>	<u>-</u>	<u>85,339</u>	<u>13,735</u>
Total deferred inflows of resources	<u>91,285</u>	<u>42,709</u>	<u>-</u>	<u>85,339</u>	<u>13,735</u>
FUND BALANCES					
Restricted	443,570	376,040	63,011	1,571,733	238,495
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>443,570</u>	<u>376,040</u>	<u>63,011</u>	<u>1,571,733</u>	<u>238,495</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 546,167</u>	<u>\$ 425,044</u>	<u>\$ 186,095</u>	<u>\$ 1,684,572</u>	<u>\$ 274,130</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

Page 2 of 4

	Elementary Retirement	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education
ASSETS					
Cash and cash equivalents	\$ 2,759,091	\$ 1,426,190	\$ 888,617	\$ 131,341	\$ 896,442
Receivables:					
Property taxes, net	-	-	-	18,413	41,043
Governments	-	-	200,042	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 2,759,091</u>	<u>\$ 1,426,190</u>	<u>\$ 1,088,659</u>	<u>\$ 149,754</u>	<u>\$ 937,485</u>
LIABILITIES					
Accounts payable	\$ 57,793	\$ 97,738	\$ 511	\$ 22,490	\$ 40,997
Total liabilities	<u>57,793</u>	<u>97,738</u>	<u>511</u>	<u>22,490</u>	<u>40,997</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	15,460	31,556
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,460</u>	<u>31,556</u>
FUND BALANCES					
Restricted	2,701,298	1,328,452	420,295	111,804	864,932
Committed	-	-	-	-	-
Assigned	-	-	667,853	-	-
Total fund balances	<u>2,701,298</u>	<u>1,328,452</u>	<u>1,088,148</u>	<u>111,804</u>	<u>864,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,759,091</u>	<u>\$ 1,426,190</u>	<u>\$ 1,088,659</u>	<u>\$ 149,754</u>	<u>\$ 937,485</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

Page 3 of 4

	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology	Elementary Flexibility
ASSETS					
Cash and cash equivalents	\$ 187,271	\$ 435	\$ 290,707	\$ 420,264	\$ 1,274,232
Receivables:					
Property taxes, net	-	-	49,223	43,129	-
Governments	163,211	-	-	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 350,482</u>	<u>\$ 435</u>	<u>\$ 339,930</u>	<u>\$ 463,393</u>	<u>\$ 1,274,232</u>
LIABILITIES					
Accounts payable	\$ 52,826	\$ -	\$ 5,892	\$ 7,835	\$ -
Total liabilities	<u>52,826</u>	<u>-</u>	<u>5,892</u>	<u>7,835</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	41,135	33,071	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>41,135</u>	<u>33,071</u>	<u>-</u>
FUND BALANCES					
Restricted	297,656	435	292,903	422,487	-
Committed	-	-	-	-	1,274,232
Assigned	-	-	-	-	-
Total fund balances	<u>297,656</u>	<u>435</u>	<u>292,903</u>	<u>422,487</u>	<u>1,274,232</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 350,482</u>	<u>\$ 435</u>	<u>\$ 339,930</u>	<u>\$ 463,393</u>	<u>\$ 1,274,232</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

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	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
ASSETS				
Cash and cash equivalents	\$ 1,329,537	\$ 750,637	\$ 1,381,754	\$ 14,432,826
Receivables:				
Property taxes, net	-	-	-	437,166
Governments	-	-	-	426,974
Other	-	4,990	-	75,611
Total assets	<u>\$ 1,329,537</u>	<u>\$ 755,627</u>	<u>\$ 1,381,754</u>	<u>\$ 15,372,577</u>
LIABILITIES				
Accounts payable	\$ -	\$ 5,679	\$ 5,991	\$ 487,843
Total liabilities	<u>-</u>	<u>5,679</u>	<u>5,991</u>	<u>487,843</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	-	354,290
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,290</u>
FUND BALANCES				
Restricted	-	-	-	9,133,111
Committed	1,329,537	749,948	1,375,763	4,729,480
Assigned	-	-	-	667,853
Total fund balances	<u>1,329,537</u>	<u>749,948</u>	<u>1,375,763</u>	<u>14,530,444</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,329,537</u>	<u>\$ 755,627</u>	<u>\$ 1,381,754</u>	<u>\$ 15,372,577</u>

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2017

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
REVENUES					
Property taxes	\$ 2,457,233	\$ 1,324,797	\$ -	\$ 2,468,924	\$ 430,815
Intergovernmental:					
County	536,580	267,612	-	-	-
State other	740,838	352,748	9,165	-	-
Federal	-	-	4,184,187	-	-
Charges for services	33,536	2,875	2,042,033	-	-
Interest	2,994	2,719	899	15,090	3,370
Miscellaneous	-	-	-	-	-
Total revenues	3,771,181	1,950,751	6,236,284	2,484,014	434,185
EXPENDITURES					
Current:					
Instruction	-	-	-	1,346,441	408,990
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
General administration	212,100	96,130	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	6,210	5,582	-	-	-
Student transportation	3,861,097	2,011,927	-	-	-
Food services	-	-	6,301,333	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	13,425	-	-
Total expenditures	4,079,407	2,113,639	6,314,758	1,346,441	408,990
Net change in fund balances	(308,226)	(162,888)	(78,474)	1,137,573	25,195
Fund balances - beginning	751,796	538,928	141,485	434,160	213,300
Fund balances - ending	\$ 443,570	\$ 376,040	\$ 63,011	\$ 1,571,733	\$ 238,495

BILLINGS PUBLIC SCHOOLS

Page 2 of 4

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2017

	Elementary Retirement	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 414,575	\$ 982,091
Intergovernmental:					
County	11,505,010	5,649,470	-	-	-
State other	-	-	350,440	-	-
Federal	-	-	609,826	-	-
Charges for services	-	-	-	-	280,611
Interest	7,230	3,473	-	937	7,085
Miscellaneous	-	-	196,461	636	-
Total revenues	11,512,240	5,652,943	1,156,727	416,148	1,269,787
EXPENDITURES					
Current:					
Instruction	7,405,339	3,474,841	648,979	259,748	434,779
Support services:					
Students	840,020	345,406	6,905	6,537	200,828
Instructional staff	587,609	279,661	33,285	-	-
General administration	67,030	28,398	-	-	-
School administration	828,865	527,264	1,521	234,912	445,198
Business services	158,307	123,238	-	-	-
Operation and maintenance	668,414	385,806	-	66,062	87,661
Student transportation	144,944	45,374	248	-	-
Food services	-	-	-	-	-
Extracurricular	105,973	202,309	-	-	-
Capital outlay	22,797	-	239,587	-	24,660
Total expenditures	10,829,298	5,412,297	930,525	567,259	1,193,126
Net change in fund balances	682,942	240,646	226,202	(151,111)	76,661
Fund balances - beginning	2,018,356	1,087,806	861,946	262,915	788,271
Fund balances - ending	\$ 2,701,298	\$ 1,328,452	\$ 1,088,148	\$ 111,804	\$ 864,932

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2017

	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology	Elementary Flexibility
REVENUES					
Property taxes	\$ -	\$ -	\$ 1,153,014	\$ 1,062,393	\$ -
Intergovernmental:					
County	-	-	-	-	-
State other	163,211	-	67,923	36,388	208,845
Federal	-	-	-	-	-
Charges for services	321,138	-	-	-	-
Interest	2,398	13	9,359	7,954	11,372
Miscellaneous	465	-	159	-	499
Total revenues	487,212	13	1,230,455	1,106,735	220,716
EXPENDITURES					
Current:					
Instruction	459,132	-	818,401	580,699	3,690
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	470,956	373,216	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	12,680	6,246	-
Total expenditures	459,132	-	1,302,037	960,161	3,690
Net change in fund balances	28,080	13	(71,582)	146,574	217,026
Fund balances - beginning	269,576	422	364,485	275,913	1,057,206
Fund balances - ending	\$ 297,656	\$ 435	\$ 292,903	\$ 422,487	\$ 1,274,232

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2017

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 10,293,842
Intergovernmental:				
County	-	-	-	17,958,672
State other	269,647	-	-	2,199,205
Federal	-	-	-	4,794,013
Charges for services	-	-	-	2,680,193
Interest	-	7,435	13,516	95,844
Miscellaneous	-	721,776	361,778	1,281,774
Total revenues	269,647	729,211	375,294	39,303,543
EXPENDITURES				
Current:				
Instruction	-	349,506	52,809	16,243,354
Support services:				
Students	-	364,607	303,064	2,067,367
Instructional staff	-	4,543	367	1,749,637
General administration	-	464	-	404,122
School administration	-	-	-	2,037,760
Business services	-	-	-	281,545
Operation and maintenance	-	2,143	-	1,221,878
Student transportation	-	-	-	6,063,590
Food services	-	-	-	6,301,333
Extracurricular	-	-	-	308,282
Capital outlay	-	-	5,984	325,379
Total expenditures	-	721,263	362,224	37,004,247
Net change in fund balances	269,647	7,948	13,070	2,299,296
Fund balances - beginning	1,059,890	742,000	1,362,693	12,231,148
Fund balances - ending	\$ 1,329,537	\$ 749,948	\$ 1,375,763	\$ 14,530,444

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY TRANSPORTATION FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,559,921	\$ 2,559,921	\$ 2,457,233	\$ -	\$ 2,457,233
Intergovernmental:					
County	656,130	656,130	536,580	-	536,580
State other	860,388	860,388	740,838	-	740,838
Charges for services	-	-	33,536	-	33,536
Interest	-	-	2,994	-	2,994
Total revenues	<u>4,076,439</u>	<u>4,076,439</u>	<u>3,771,181</u>	<u>-</u>	<u>3,771,181</u>
EXPENDITURES					
Current:					
Support services:					
General administration	128,000	128,000	212,100	-	212,100
Operation and maintenance	7,754	7,754	6,210	-	6,210
Student transportation	<u>3,964,246</u>	<u>3,964,246</u>	<u>3,871,097</u>	<u>(10,000)</u>	<u>3,861,097</u>
Total expenditures	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,089,407</u>	<u>(10,000)</u>	<u>4,079,407</u>
Net change in fund balances	<u>\$ (23,561)</u>	<u>\$ (23,561)</u>	(318,226)	10,000	(308,226)
Fund balances - beginning			<u>751,796</u>	<u>-</u>	<u>751,796</u>
Fund balances - ending			<u>\$ 433,570</u>	<u>\$ 10,000</u>	<u>\$ 443,570</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL TRANSPORTATION FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,369,450	\$ 1,369,450	\$ 1,324,797	\$ -	\$ 1,324,797
Intergovernmental:					
County	323,243	323,243	267,612	-	267,612
State other	408,379	408,379	352,748	-	352,748
Charges for services	-	-	2,875	-	2,875
Interest	-	-	2,719	-	2,719
Total revenues	<u>2,101,072</u>	<u>2,101,072</u>	<u>1,950,751</u>	<u>-</u>	<u>1,950,751</u>
EXPENDITURES					
Current:					
Support services:					
General administration	105,200	105,200	96,130	-	96,130
Operation and maintenance	5,635	5,635	5,582	-	5,582
Student transportation	<u>2,089,165</u>	<u>2,089,165</u>	<u>2,020,327</u>	<u>(8,400)</u>	<u>2,011,927</u>
Total expenditures	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,122,039</u>	<u>(8,400)</u>	<u>2,113,639</u>
Net change in fund balances	<u>\$ (98,928)</u>	<u>\$ (98,928)</u>	<u>(171,288)</u>	<u>8,400</u>	<u>(162,888)</u>
Fund balances - beginning			<u>538,928</u>	<u>-</u>	<u>538,928</u>
Fund balances - ending			<u>\$ 367,640</u>	<u>\$ 8,400</u>	<u>\$ 376,040</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY TUITION FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,573,072	\$ 2,573,072	\$ 2,468,924	\$ -	\$ 2,468,924
Interest	-	-	15,090	-	15,090
Total revenues	<u>2,573,072</u>	<u>2,573,072</u>	<u>2,484,014</u>	<u>-</u>	<u>2,484,014</u>
EXPENDITURES					
Current:					
Instruction	<u>3,007,232</u>	<u>3,007,232</u>	<u>1,346,441</u>	<u>-</u>	<u>1,346,441</u>
Total expenditures	<u>3,007,232</u>	<u>3,007,232</u>	<u>1,346,441</u>	<u>-</u>	<u>1,346,441</u>
Net change in fund balances	<u>\$ (434,160)</u>	<u>\$ (434,160)</u>	1,137,573	-	1,137,573
Fund balances - beginning			<u>434,160</u>	<u>-</u>	<u>434,160</u>
Fund balances - ending			<u>\$ 1,571,733</u>	<u>\$ -</u>	<u>\$ 1,571,733</u>

BILLINGS PUBLIC SCHOOLS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL****NONMAJOR SPECIAL REVENUE FUND****HIGH SCHOOL TUITION FUND**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 444,288	\$ 444,288	\$ 430,815	\$ -	\$ 430,815
Interest	-	-	3,370	-	3,370
Total revenues	444,288	444,288	434,185	-	434,185
EXPENDITURES					
Current:					
Instruction	657,588	657,588	408,990	-	408,990
Total expenditures	657,588	657,588	408,990	-	408,990
Net change in fund balances	<u>\$ (213,300)</u>	<u>\$ (213,300)</u>	25,195	-	25,195
Fund balances - beginning			213,300	-	213,300
Fund balances - ending			<u>\$ 238,495</u>	<u>\$ -</u>	<u>\$ 238,495</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY RETIREMENT FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 12,000,000	\$ 12,000,000	\$ 11,505,010	\$ -	\$ 11,505,010
Interest	-	-	7,230	-	7,230
Total revenues	12,000,000	12,000,000	11,512,240	-	11,512,240
EXPENDITURES					
Current:					
Instructional	8,472,785	8,472,785	7,405,339	-	7,405,339
Support services:					
Students	860,227	860,227	840,020	-	840,020
Instructional staff	800,488	800,488	587,609	-	587,609
General administration	26,950	26,950	67,030	-	67,030
School administration	943,300	943,300	828,865	-	828,865
Business services	150,250	150,250	158,307	-	158,307
Operation and maintenance	531,800	531,800	668,414	-	668,414
Student transportation	116,500	116,500	144,944	-	144,944
Extracurricular	79,500	79,500	105,973	-	105,973
Capital Outlay	18,200	18,200	22,797	-	22,797
Total expenditures	12,000,000	12,000,000	10,829,298	-	10,829,298
Net change in fund balances	\$ -	\$ -	682,942	-	682,942
Fund balances - beginning			2,018,356	-	2,018,356
Fund balances - ending				\$ -	\$ 2,701,298

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL RETIREMENT FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 5,900,000	\$ 5,900,000	\$ 5,649,470	\$ -	\$ 5,649,470
Interest	-	-	3,473	-	3,473
Total revenues	5,900,000	5,900,000	5,652,943	-	5,652,943
EXPENDITURES					
Current:					
Instructional	3,937,165	3,937,165	3,474,841	-	3,474,841
Support services:					
Students	385,349	385,349	345,406	-	345,406
Instructional staff	261,219	261,219	279,661	-	279,661
General administration	36,959	36,959	28,398	-	28,398
School administration	640,363	640,363	527,264	-	527,264
Business services	127,701	127,701	123,238	-	123,238
Operation and maintenance	321,336	321,336	385,806	-	385,806
Student transportation	26,936	26,936	45,374	-	45,374
Extracurricular	162,972	162,972	202,309	-	202,309
Total expenditures	5,900,000	5,900,000	5,412,297	-	5,412,297
Net change in fund balances	\$ -	\$ -	240,646	-	240,646
Fund balances - beginning			1,087,806	-	1,087,806
Fund balances - ending			\$ 1,328,452	\$ -	\$ 1,328,452

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY ADULT EDUCATION FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 432,084	\$ 432,084	\$ 414,575	\$ -	\$ 414,575
Interest	-	-	937	-	937
Miscellaneous	-	-	636	-	636
Total revenues	<u>432,084</u>	<u>432,084</u>	<u>416,148</u>	<u>-</u>	<u>416,148</u>
EXPENDITURES					
Current:					
Instructional	349,430	349,430	259,748	-	259,748
Support services:					
Students	-	-	6,537	-	6,537
School administration	215,270	215,270	234,912	-	234,912
Operation and maintenance	<u>30,300</u>	<u>30,300</u>	<u>66,062</u>	<u>-</u>	<u>66,062</u>
Total expenditures	<u>595,000</u>	<u>595,000</u>	<u>567,259</u>	<u>-</u>	<u>567,259</u>
Net change in fund balances	<u>\$ (162,916)</u>	<u>\$ (162,916)</u>	(151,111)	-	(151,111)
Fund balances - beginning			<u>262,915</u>	<u>-</u>	<u>262,915</u>
Fund balances - ending			<u>\$ 111,804</u>	<u>\$ -</u>	<u>\$ 111,804</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL ADULT EDUCATION FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,016,747	\$ 1,016,747	\$ 982,091	\$ -	\$ 982,091
Charges for services	305,000	305,000	280,611	-	280,611
Interest	-	-	7,085	-	7,085
Total revenues	<u>1,321,747</u>	<u>1,321,747</u>	<u>1,269,787</u>	<u>-</u>	<u>1,269,787</u>
EXPENDITURES					
Current:					
Instructional	542,200	541,300	435,957	(1,178)	434,779
Support services:					
Students	220,200	220,200	200,828	-	200,828
School administration	637,600	637,600	445,198	-	445,198
Operation and maintenance	103,500	103,500	90,929	(3,268)	87,661
Capital Outlay	<u>46,500</u>	<u>46,500</u>	<u>7,761</u>	<u>16,899</u>	<u>24,660</u>
Total expenditures	<u>1,550,000</u>	<u>1,549,100</u>	<u>1,180,673</u>	<u>12,453</u>	<u>1,193,126</u>
Net change in fund balances	<u>\$ (228,253)</u>	<u>\$ (227,353)</u>	89,114	(12,453)	76,661
Fund balances - beginning			<u>770,753</u>	<u>17,518</u>	<u>788,271</u>
Fund balances - ending			<u>\$ 859,867</u>	<u>\$ 5,065</u>	<u>\$ 864,932</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY TECHNOLOGY FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,153,014	\$ -	\$ 1,153,014
Intergovernmental:					
State other	68,148	67,923	67,923	-	67,923
Interest	-	-	9,359	-	9,359
Miscellaneous	-	-	159	-	159
Total revenues	<u>1,268,148</u>	<u>1,267,923</u>	<u>1,230,455</u>	<u>-</u>	<u>1,230,455</u>
EXPENDITURES					
Current:					
Instructional	1,133,004	1,130,924	818,401	-	818,401
Support services:					
Instructional staff	490,628	488,803	470,956	-	470,956
Capital Outlay	<u>9,000</u>	<u>12,680</u>	<u>12,680</u>	<u>-</u>	<u>12,680</u>
Total expenditures	<u>1,632,632</u>	<u>1,632,407</u>	<u>1,302,037</u>	<u>-</u>	<u>1,302,037</u>
Net change in fund balances	<u>\$ (364,484)</u>	<u>\$ (364,484)</u>	(71,582)	-	(71,582)
Fund balances - beginning			<u>364,485</u>	<u>-</u>	<u>364,485</u>
Fund balances - ending			<u>\$ 292,903</u>	<u>\$ -</u>	<u>\$ 292,903</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL TECHNOLOGY FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,099,459	\$ 1,099,459	\$ 1,062,393	\$ -	\$ 1,062,393
Intergovernmental:					
State other	36,720	36,388	36,388	-	36,388
Interest	-	-	7,954	-	7,954
Total revenues	<u>1,136,179</u>	<u>1,135,847</u>	<u>1,106,735</u>	<u>-</u>	<u>1,106,735</u>
EXPENDITURES					
Current:					
Instructional	932,417	789,514	580,699	-	580,699
Support services:					
Instructional staff	471,641	599,212	373,216	-	373,216
Capital Outlay	<u>8,034</u>	<u>23,034</u>	<u>6,246</u>	<u>-</u>	<u>6,246</u>
Total expenditures	<u>1,412,092</u>	<u>1,411,760</u>	<u>960,161</u>	<u>-</u>	<u>960,161</u>
Net change in fund balances	<u>\$ (275,913)</u>	<u>\$ (275,913)</u>	146,574	-	146,574
Fund balances - beginning			<u>275,913</u>	<u>-</u>	<u>275,913</u>
Fund balances - ending			<u>\$ 422,487</u>	<u>\$ -</u>	<u>\$ 422,487</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY FLEXIBILITY FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 206,725	\$ 206,725	\$ 208,845	\$ -	\$ 208,845
Interest	-	-	11,372	-	11,372
Total revenues	206,725	206,725	220,716	-	220,716
EXPENDITURES					
Current:					
Instructional	1,266,431	1,266,431	3,690	-	3,690
Total expenditures	1,266,431	1,266,431	3,690	-	3,690
Net change in fund balances	<u>\$ (1,059,706)</u>	<u>\$ (1,059,706)</u>	217,026	-	217,026
Fund balances - beginning			1,057,206	-	1,057,206
Fund balances - ending			<u>\$ 1,274,232</u>	<u>\$ -</u>	<u>\$ 1,274,232</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL FLEXIBILITY FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 256,535	\$ 256,535	\$ 269,647	\$ -	\$ 269,647
Total revenues	256,535	256,535	269,647	-	269,647
EXPENDITURES					
Current:					
Instructional	1,316,425	1,316,425	-	-	-
Total expenditures	1,316,425	1,316,425	-	-	-
Net change in fund balances	\$ (1,059,890)	\$ (1,059,890)	269,647	-	269,647
Fund balances - beginning			1,059,890	-	1,059,890
Fund balances - ending			\$ 1,329,537	\$ -	\$ 1,329,537

Nonmajor Debt Service Funds

Budgeted:

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

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 June 30, 2017

	Elementary Debt Service	High School Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 4,041,707	\$ 3,837,317	\$ 7,879,024
Receivables:			
Property taxes, net	366,349	23,511	389,860
Total assets	<u>\$ 4,408,056</u>	<u>\$ 3,860,828</u>	<u>\$ 8,268,884</u>
LIABILITIES			
Accounts payable	\$ -	\$ 65,394	\$ 65,394
Total liabilities	<u>-</u>	<u>65,394</u>	<u>65,394</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	304,511	17,915	322,426
Total deferred inflows of resources	<u>304,511</u>	<u>17,915</u>	<u>322,426</u>
FUND BALANCES			
Restricted	4,103,545	3,777,519	7,881,064
Total fund balances	<u>4,103,545</u>	<u>3,777,519</u>	<u>7,881,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,408,056</u>	<u>\$ 3,860,828</u>	<u>\$ 8,268,884</u>

BILLINGS PUBLIC SCHOOLS**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****NONMAJOR DEBT SERVICE FUNDS**

For the Year Ended June 30, 2017

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 8,742,577	\$ 585,507	\$ 9,328,084
Intergovernmental:			
Federal	529,451	487,004	1,016,455
Interest	47,236	37,435	84,671
Total revenues	9,319,264	1,109,946	10,429,210
EXPENDITURES			
Debt service:			
Principal	4,030,000	-	4,030,000
Interest and other charges	5,643,304	570,520	6,213,824
Total expenditures	9,673,304	570,520	10,243,824
Net change in fund balances	(354,040)	539,426	185,386
Fund balances - beginning	4,457,585	3,238,093	7,695,678
Fund balances - ending	\$ 4,103,545	\$ 3,777,519	\$ 7,881,064

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR DEBT SERVICE FUND

ELEMENTARY DEBT SERVICE FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 9,111,040	\$ 9,111,040	\$ 8,742,577	\$ -	\$ 8,742,577
Intergovernmental:					
Federal	530,019	530,019	529,451	-	529,451
Interest	-	-	47,236	-	47,236
Total revenues	<u>9,641,059</u>	<u>9,641,059</u>	<u>9,319,264</u>	<u>-</u>	<u>9,319,264</u>
EXPENDITURES					
Debt Service:					
Principal	4,855,606	4,855,606	4,030,000	-	4,030,000
Interest and other charges	<u>5,534,688</u>	<u>5,534,688</u>	<u>5,643,304</u>	<u>-</u>	<u>5,643,304</u>
Total expenditures	<u>10,390,294</u>	<u>10,390,294</u>	<u>9,673,304</u>	<u>-</u>	<u>9,673,304</u>
Net change in fund balances	<u>\$ (749,235)</u>	<u>\$ (749,235)</u>	(354,040)	-	(354,040)
Fund balances - beginning			<u>4,457,585</u>	<u>-</u>	<u>4,457,585</u>
Fund balances - ending			<u>\$ 4,103,545</u>	<u>\$ -</u>	<u>\$ 4,103,545</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR DEBT SERVICE FUND

HIGH SCHOOL DEBT SERVICE FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 605,632	\$ 605,632	\$ 585,507	\$ -	\$ 585,507
Intergovernmental:					
Federal	487,527	487,527	487,004	-	487,004
Interest	-	-	37,435	-	37,435
Total revenues	<u>1,093,159</u>	<u>1,093,159</u>	<u>1,109,946</u>	<u>-</u>	<u>1,109,946</u>
EXPENDITURES					
Debt Service:					
Principal	635,433	635,433	-	-	-
Interest and other charges	<u>571,070</u>	<u>571,070</u>	<u>570,520</u>	<u>-</u>	<u>570,520</u>
Total expenditures	<u>1,206,503</u>	<u>1,206,503</u>	<u>570,520</u>	<u>-</u>	<u>570,520</u>
Net change in fund balances	<u>\$ (113,344)</u>	<u>\$ (113,344)</u>	539,426	-	539,426
Fund balances - beginning			<u>3,238,093</u>	<u>-</u>	<u>3,238,093</u>
Fund balances - ending			<u>\$ 3,777,519</u>	<u>\$ -</u>	<u>\$ 3,777,519</u>

Nonmajor Capital Projects Funds

Budgeted:

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

Nonbudgeted:

Building Fund - (High School) To account for the proceeds of bonds, insurance proceeds for damaged property or the sale or rental of property.

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 725,204	\$ 272,324	\$ 225,229	\$ 1,222,757
Total assets	<u>\$ 725,204</u>	<u>\$ 272,324</u>	<u>\$ 225,229</u>	<u>\$ 1,222,757</u>
LIABILITIES				
Accounts payable	\$ 260	\$ -	\$ -	\$ 260
Total liabilities	<u>260</u>	<u>-</u>	<u>-</u>	<u>260</u>
FUND BALANCES				
Restricted	<u>724,944</u>	<u>272,324</u>	<u>225,229</u>	<u>1,222,497</u>
Total fund balances	<u>724,944</u>	<u>272,324</u>	<u>225,229</u>	<u>1,222,497</u>
Total liabilities and fund balances	<u>\$ 725,204</u>	<u>\$ 272,324</u>	<u>\$ 225,229</u>	<u>\$ 1,222,757</u>

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
REVENUES				
Charges for services	\$ 34,002	\$ -	\$ -	\$ 34,002
Interest	6,857	2,581	2,135	11,573
Miscellaneous	3,581	-	-	3,581
Total revenues	44,440	2,581	2,135	49,156
EXPENDITURES				
Current:				
Business services	3,558	-	-	3,558
Operation and maintenance	213,096	-	-	213,096
Total expenditures	216,654	-	-	216,654
Excess (deficiency) of revenues over expenditures	(172,214)	2,581	2,135	(167,498)
OTHER FINANCING SOURCES				
Sale of capital assets	1,906	-	-	1,906
Insurance recoveries	35,545	-	-	35,545
Total other financing sources	37,451	-	-	37,451
Net change in fund balances	(134,763)	2,581	2,135	(130,047)
Fund balances - beginning	859,707	269,743	223,094	1,352,544
Fund balances - ending	\$ 724,944	\$ 272,324	\$ 225,229	\$ 1,222,497

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

NONMAJOR CAPITAL PROJECTS FUND

ELEMENTARY SCHOOL BUILDING RESERVE FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 2,581	\$ -	\$ 2,581
Total revenues	-	-	2,581	-	2,581
EXPENDITURES					
Capital Outlay	269,743	269,743	-	-	-
Total expenditures	269,743	269,743	-	-	-
Net change in fund balances	<u>\$ (269,743)</u>	<u>\$ (269,743)</u>	2,581	-	2,581
Fund balances - beginning			269,743	-	269,743
Fund balances - ending			<u>\$ 272,324</u>	<u>\$ -</u>	<u>\$ 272,324</u>

BILLINGS PUBLIC SCHOOLS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL****NONMAJOR CAPITAL PROJECTS FUND****HIGH SCHOOL BUILDING RESERVE FUND**

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,135</u>	<u>\$ -</u>	<u>\$ 2,135</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,135</u>	<u>-</u>	<u>2,135</u>
EXPENDITURES					
Current:					
Operation and maintenance	<u>223,094</u>	<u>223,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>223,094</u>	<u>223,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u><u>\$ (223,094)</u></u>	<u><u>\$ (223,094)</u></u>	<u>2,135</u>	<u>-</u>	<u>2,135</u>
Fund balances - beginning			<u>223,094</u>	<u>-</u>	<u>223,094</u>
Fund balances - ending			<u><u>\$ 225,229</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 225,229</u></u>

Proprietary Funds

Internal Service Funds:

Internal service funds are used to account for services provided by other departments or agencies of the government, or to other governments on a cost reimbursement basis.

Warehouse Fund - This fund is used to account for supplies, equipment and printing provided to other departments of the Billings Public Schools.

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

Self-Insurance Property Fund - This fund is used to account for revenues collected and deductibles paid out for property and liability claims.

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BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF NET POSITION-ALL INTERNAL SERVICE FUNDS

June 30, 2017

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 371,272	\$ 9,183,224	\$ 350	\$ 9,554,846
Accounts receivables, net	-	326,306	-	326,306
Prepaid items	-	100,281	-	100,281
Total current assets	371,272	9,609,811	350	9,981,433
LIABILITIES				
Current Liabilities:				
Accounts payable	9,862	1,961,870	-	1,971,732
Compensated absences	3,127	1,809	-	4,936
Total current liabilities	12,989	1,963,679	-	1,976,668
Noncurrent liabilities:				
Compensated absences	28,144	16,276	-	44,420
Other postemployment benefits	-	14,807,000	-	14,807,000
Total noncurrent liabilities	28,144	14,823,276	-	14,851,420
Total liabilities	41,133	16,786,955	-	16,828,088
NET POSITION (DEFICIT)				
Unrestricted	330,139	(7,177,144)	350	(6,846,655)
Total net position (deficit)	\$ 330,139	\$ (7,177,144)	\$ 350	\$ (6,846,655)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-

ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2017

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 393,084	\$ 18,617,248	\$ -	\$ 19,010,332
Total operating revenues	393,084	18,617,248	-	19,010,332
OPERATING EXPENSES				
Personal services - salaries	167,404	126,793	-	294,197
Personal services - benefits	38,021	19,809	-	57,830
Purchased property services	67,011	19,851	-	86,862
Other purchased services	576	1,413,203	-	1,413,779
Supplies and materials	111,661	2,491	-	114,152
Insurance claims and expenses	-	15,599,092	-	15,599,092
Other postemployment benefits	-	541,000	-	541,000
Total operating expenses	384,673	17,722,239	-	18,106,912
Operating income	8,411	895,009	-	903,420
NONOPERATING REVENUES				
Interest revenue	6,912	84,365	-	91,277
Total nonoperating revenues	6,912	84,365	-	91,277
Change in net position	15,323	979,374	-	994,697
Net position - beginning	314,816	(8,156,518)	350	(7,841,352)
Net position - ending	\$ 330,139	\$ (7,177,144)	\$ 350	\$ (6,846,655)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2017

	Warehouse	Self-Insurance Health	Self- Insurance Property	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from health insurance premiums	\$ -	\$ 18,580,354	\$ -	
Cash received from interfund services	393,084	-	-	393,084
Medical claims paid	-	(15,699,092)	-	(15,699,092)
Cash paid to employees health insurance services	-	(142,851)	-	(142,851)
Cash paid to employees for interfund services	(203,651)	-	-	(203,651)
Cash paid to suppliers for goods and services health insurance services	-	(1,511,633)	-	(1,511,633)
Cash paid to suppliers for goods and services interfund services	(184,687)	-	-	(184,687)
Net cash provided by operating activities	4,746	1,226,778	-	1,231,524
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	6,912	84,365	-	91,277
Net cash provided by investing activities	6,912	84,365	-	91,277
Change in cash and cash equivalents	11,658	1,311,143	-	1,322,801
Cash and cash equivalents - beginning	359,614	7,872,081	350	8,232,045
Cash and cash equivalents - ending	\$ 371,272	\$ 9,183,224	\$ 350	\$ 9,554,846
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 8,411	\$ 895,009	\$ -	\$ 903,420
Adjustment to reconcile operating income to net cash provided by operating activities:				
Other post-employment benefits	-	541,000	-	541,000
Increase in accounts receivable	-	(36,894)	-	(36,894)
Increase in prepaid items	-	(100,281)	-	(100,281)
Decrease in accounts payable	(5,439)	(74,292)	-	(79,731)
Increase in compensated absences	1,774	2,236	-	4,010
Net cash provided by operating activities	\$ 4,746	\$ 1,226,778	\$ -	\$ 1,231,524

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Fiduciary Funds

Private-Purpose Trust Funds:

Agency Funds:

Payroll Clearing Fund (High School) - To account for payroll liabilities within one fund.

Cafeteria/Flex Plan Fund (High School) - To account for cafeteria plans under IRC Section 125 administered by a third party.

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BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF NET POSITION
 ALL PRIVATE-PURPOSE TRUST FUNDS

	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 469,902	\$ 1,961,889	\$ 2,431,791
Prepays	-	117,481	117,481
Total assets	469,902	2,079,370	2,549,272
LIABILITIES			
Accounts payable	8,498	94,917	103,415
Total liabilities	8,498	94,917	103,415
NET POSITION			
Net position held in trust	\$ 461,404	\$ 1,984,453	\$ 2,445,857

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS

	Elementary Extracurricular	High School Extracurricular	Total
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 594,909	\$ 2,725,737	\$ 3,320,646
Investment earnings:			
Interest	4,988	20,740	25,728
Total additions	599,897	2,746,477	3,346,374
DEDUCTIONS			
Student extracurricular activities	638,661	2,882,687	3,521,348
Total deductions	638,661	2,882,687	3,521,348
Change in net position	(38,764)	(136,210)	(174,974)
Net position - beginning	500,168	2,120,663	2,620,831
Net position - ending	\$ 461,404	\$ 1,984,453	\$ 2,445,857

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
PAYROLL CLEARING FUND				
ASSETS				
Cash	\$ 6,997,979	\$ 120,473,604	\$ 121,698,925	\$ 5,772,658
Total assets	<u>6,997,979</u>	<u>120,473,604</u>	<u>121,698,925</u>	<u>5,772,658</u>
LIABILITIES				
Accounts payable	<u>6,997,979</u>	<u>121,698,925</u>	<u>120,473,604</u>	<u>5,772,658</u>
Total liabilities	<u>6,997,979</u>	<u>121,698,925</u>	<u>120,473,604</u>	<u>5,772,658</u>
CAFETERIA/FLEX PLAN FUND				
ASSETS				
Cash	<u>289,538</u>	<u>1,055,454</u>	<u>1,012,609</u>	<u>332,383</u>
Total assets	<u>289,538</u>	<u>1,055,454</u>	<u>1,012,609</u>	<u>332,383</u>
LIABILITIES				
Accounts payable	<u>289,538</u>	<u>1,012,609</u>	<u>1,055,454</u>	<u>332,383</u>
Total liabilities	<u>289,538</u>	<u>1,012,609</u>	<u>1,055,454</u>	<u>332,383</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	<u>7,287,517</u>	<u>121,529,058</u>	<u>122,711,534</u>	<u>6,105,041</u>
Total assets	<u>7,287,517</u>	<u>121,529,058</u>	<u>122,711,534</u>	<u>6,105,041</u>
LIABILITIES				
Accounts payable	<u>7,287,517</u>	<u>122,711,534</u>	<u>121,529,058</u>	<u>6,105,041</u>
Total liabilities	<u>\$ 7,287,517</u>	<u>\$ 122,711,534</u>	<u>\$ 121,529,058</u>	<u>\$ 6,105,041</u>

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**SUPPLEMENTAL INFORMATION MANDATED BY
MONTANA OFFICE OF PUBLIC INSTRUCTION**

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BILLINGS PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN NET POSITION - EXTRACURRICULAR
For the Year Ended June 30, 2017

Location	Balance July 1, 2016	Revenues	Expenditures	Balance June 30, 2017
High School General	\$ -	\$ 1,740	\$ 1,437	\$ 303
Career Center	128,820	130,948	134,331	125,437
Senior High School	486,981	740,443	766,389	461,035
West High School	493,113	824,588	777,388	540,313
Skyview High School	296,838	724,897	746,555	275,180
Middle Schools-Athletics	312,799	122,540	207,676	227,663
Lewis & Clark Middle School	18,909	59,805	62,002	16,712
Lincoln Education Center	347		475	168
Riverside Middle School	24,267	42,796	34,548	32,515
Will James Middle School	43,383	125,894	114,603	54,674
Castlerock Middle School	48,730	110,851	81,947	77,634
Medicine Crow Middle School	-	56,833	44,017	12,816
Arrowhead Elementary	8,376	12,012	13,700	6,688
Beartooth Elementary	3,610	4,845	4,944	3,511
Bench Elementary	3,387	3,625	4,921	2,091
Boulder Elementary	271	800	1,070	1
Broadwater Elementary	1,683	3,419	3,596	1,506
Burlington Elementary	6,689	3,865	5,188	5,366
Central Heights Elementary	2,522	6,488	7,767	1,243
Highland Elementary	893	818	547	1,164
McKinley Elementary	1,660	195	413	1,442
Meadowlark Elementary	2,036	3,256	4,569	723
Miles Elementary	5,819	9,678	10,424	5,073
Newman Elementary	3,861	3,802	5,167	2,496
Orchard Elementary	513	519	424	608
Poly Elementary	2,135	4,566	6,529	172
Ponderosa Elementary	3,479	2,850	4,410	1,919
Special Olympics	54	400	379	75
Rose Park Elementary	958	209	-	1,167
Sandstone Elementary	248	95	-	343
Adult Education	316	3	-	319
Washington Elementary	1,244	487	497	1,234
Big Sky Elementary	434	3,228	2,666	996
Exec Director of Activities	690,555	272,776	397,552	565,779
Coordinator of Music	25,901	66,807	75,217	17,491
	<u>\$ 2,620,831</u>	<u>\$ 3,346,374</u>	<u>\$ 3,521,348</u>	<u>\$ 2,445,857</u>

This schedule has been summarized by school. A detail schedule is available upon request.

BILLINGS PUBLIC SCHOOLS

ENROLLMENT SCHEDULE

For the Year Ended June 30, 2017

	Per Enrollment Reports	Audit Per District Records	Difference
Fall Enrollment - October 2016			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,218	1,218	-
(b) Kindergarten (enrolled 181-719 hours per year)	15	15	-
(c) Kindergarten (enrolled < 181 hours per year)	6	6	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,540	7,541	(1)
(e) Grades 1-6 (enrolled 181-719 hours per year)	1	1	-
(f) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,583	2,584	(1)
(h) Grades 7-8 (enrolled 181-719 hours per year)	4	4	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	<u>11,367</u>	<u>11,369</u>	<u>(2)</u>
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,230	5,230	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	33	33	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	5	5	-
(n) Total High School (add lines k through m)	<u>5,268</u>	<u>5,268</u>	<u>-</u>
(o) 19 Year-olds included on line k	<u>1</u>	<u>1</u>	<u>-</u>
(p) Job Corp	<u>-</u>	<u>-</u>	<u>-</u>
(q) Montana Youth Challenge	<u>-</u>	<u>-</u>	<u>-</u>
Spring Enrollment - February 2017			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,214	1,214	-
(b) Kindergarten (enrolled 181-719 hours per year)	16	16	-
(c) Kindergarten (enrolled < 181 hours per year)	5	5	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,511	7,511	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	2	2	-
(f) Grades 1-6 (enrolled < 181 hours per year)	1	1	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,565	2,565	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	3	3	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	<u>11,317</u>	<u>11,317</u>	<u>-</u>
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,041	5,041	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	42	42	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	3	3	-
(n) Total High School (add lines k through m)	<u>5,086</u>	<u>5,086</u>	<u>-</u>
(o) 19 Year-olds included on line k	<u>1</u>	<u>1</u>	<u>-</u>
(p) Job Corp	<u>-</u>	<u>-</u>	<u>-</u>
(q) Montana Youth Challenge	<u>-</u>	<u>-</u>	<u>-</u>
(r) Early Graduates	<u>14</u>	<u>14</u>	<u>-</u>

SECTION III - STATISTICAL SECTION

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SECTION III – STATISTICAL SECTION

This part of Billings Public Schools comprehensive annual financial report presents detailed information as a means for understanding what information in the financial statements, note disclosures, and required supplementary information says about the district's overall financial health.

Contents	Page
Financial Trends	104-107
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Revenue Capacity	108-115
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	116-120
<i>These 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.</i>	
Demographic and Economic Information	120-122
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	123-129
<i>The schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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BILLINGS PUBLIC SCHOOLS
NET POSITION - GOVERNMENTAL ACTIVITIES
 Last Ten Fiscal Years
 (accrual basis of accounting)

Table 1

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net investment in capital assets	\$ 61,191,582	\$ 60,569,790	\$ 60,775,788	\$ 59,798,909	\$ 57,733,805	\$ 55,266,962	\$ 52,466,677	\$ 51,771,080	\$ 51,729,935	\$ 51,818,256
Restricted	12,533,071	14,612,086	13,131,943	7,457,520	7,793,006	10,730,765	10,916,571	15,270,912	16,398,869	18,713,270
Unrestricted (deficit)	<u>(6,105,856)</u>	<u>(12,737,076)</u>	<u>(15,821,877)</u>	<u>(13,230,538)</u>	<u>(14,127,147)</u>	<u>(12,518,164)</u>	<u>(8,862,940)</u>	<u>(112,975,416)</u>	<u>(103,472,531)</u>	<u>(127,071,672)</u>
Total net position	<u>\$ 67,618,797</u>	<u>\$ 62,444,800</u>	<u>\$ 58,085,854</u>	<u>\$ 54,025,891</u>	<u>\$ 51,399,664</u>	<u>\$ 53,479,563</u>	<u>\$ 54,520,308</u>	<u>\$ (45,933,424)</u>	<u>\$ (35,343,727)</u>	<u>\$ (56,540,146)</u>
								1		2

1 Implemented GASB Statements 68 and 71

2 Implemented GASB Statement 73

BILLINGS PUBLIC SCHOOLS

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Instruction	\$ 85,812,039	\$ 88,164,245	\$ 91,294,560	\$ 94,100,760	\$ 90,996,777	\$ 92,876,108	\$ 96,301,172	\$ 96,651,543	\$ 97,005,016	\$ 105,539,862
Support services:										
Students	9,298,820	9,601,125	10,384,550	10,978,889	11,562,508	11,518,499	12,203,272	12,710,349	12,726,817	13,901,843
Instructional staff	6,555,906	6,945,475	7,115,837	7,541,224	7,768,857	7,760,274	8,060,342	7,940,616	8,909,748	8,520,641
General administration	1,476,711	1,312,581	1,607,281	1,559,394	2,183,458	1,728,213	1,917,754	2,060,920	2,094,473	2,255,636
School administration	9,003,814	9,069,215	9,642,520	10,149,144	10,076,339	9,790,142	10,166,229	10,285,418	10,911,561	11,154,175
Business services	2,019,626	1,880,984	1,948,020	2,258,772	2,321,858	2,002,743	2,103,298	2,424,217	2,336,752	2,330,041
Operation and maintenance	12,421,095	12,140,124	12,232,630	12,244,035	12,055,291	12,395,350	12,666,923	12,298,862	12,297,661	14,026,596
Student transportation	4,658,373	5,136,849	5,037,035	5,220,799	5,550,126	5,713,801	5,527,358	5,713,291	5,795,959	6,126,048
Food services	4,701,734	5,146,099	5,253,191	5,872,264	5,893,493	5,697,047	5,707,254	5,975,077	6,285,333	6,536,691
Community services	14,050	19,891	26,363	30,563	16,681	17,822	14,149	10,100	6,150	-
Extracurricular	2,291,969	2,328,064	2,351,072	2,458,540	2,399,701	2,563,371	2,553,595	2,602,188	2,729,817	3,073,078
Other current charges	-	11,479	12,350	12,874	13,693	-	-	-	-	-
Interest	117,618	29,399	46,167	316,332	670,408	1,625,782	2,523,052	4,455,186	5,583,903	5,536,184
Total expenses	138,371,755	141,785,530	146,951,576	152,743,590	151,509,190	153,689,152	159,744,398	163,127,767	166,683,190	179,000,795
Program revenues:										
Charges for services:										
Instruction	626,047	712,110	782,219	733,494	714,937	796,991	745,180	773,615	840,445	770,718
Support services:										
Operation and maintenance	41,025	41,494	33,606	32,415	50,315	64,230	64,694	57,034	418,069	160,782
Student transportation	43,180	42,381	42,288	38,379	39,704	39,393	34,550	36,618	40,285	36,411
Food services	2,305,026	2,367,209	2,378,896	2,362,415	2,452,515	2,271,012	2,185,261	2,089,187	2,303,357	2,042,033
Operating grants and contributions	28,928,094	26,530,143	33,980,885	37,940,966	30,073,832	31,165,921	31,443,773	34,661,238	34,311,787	36,670,029
Capital grants and contributions	628,251	892,912	77,188	77,586	48,665	139,927	54,637	97,003	177,026	422,990
Total program revenues	32,571,623	30,586,249	37,295,082	41,185,255	33,379,968	34,477,474	34,528,095	37,714,695	38,090,969	40,102,963
Net expense	(105,800,132)	(111,199,281)	(109,656,494)	(111,558,335)	(118,129,222)	(119,211,678)	(125,216,303)	(125,413,072)	(128,592,221)	(138,897,832)
General revenues:										
Property taxes	34,701,063	34,991,351	35,921,360	38,512,088	39,255,766	40,099,921	41,926,382	48,002,113	51,132,533	54,492,742
Unrestricted intergovernmental:										
State aid	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939	63,509,530	64,607,369
State other	5,714,923	5,724,096	5,678,388	5,721,040	5,720,810	6,484,021	6,244,913	7,322,579	6,907,224	6,928,173
County	11,946,780	13,211,358	12,124,782	13,525,559	13,636,532	14,978,791	15,809,305	15,458,169	15,643,024	17,154,480
Interest	1,064,579	681,026	411,620	293,422	217,250	133,528	196,214	580,470	582,535	735,757
Contributions and donations	581,134	835,415	937,984	1,146,735	988,900	995,403	1,127,943	1,242,275	838,217	667,437
Miscellaneous	271,266	235,112	459,324	269,744	1,038,092	534,177	496,534	828,766	568,855	746,367
Gain on disposal of capital assets	2,475,779	-	-	-	-	-	-	8,139	-	-
Transfers	-	5,745	-	-	-	-	-	-	-	-
Total general revenues	105,712,324	106,025,284	105,297,548	107,498,372	115,502,995	120,979,119	126,569,506	137,563,450	139,181,918	145,332,325
Change in net position	\$ (87,808)	\$ (5,173,997)	\$ (4,358,946)	\$ (4,059,963)	\$ (2,626,227)	\$ 1,767,441	\$ 1,353,203	\$ 12,150,378	\$ 10,589,697	\$ 6,434,493

BILLINGS PUBLIC SCHOOLS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 28,815	\$ 362,860	\$ 293,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,856,734	5,327,292	5,058,315	-	-	-	-	-	-	-
Assigned	-	-	-	223,775	623,244	804,770	1,261,432	695,086	274,135	349,511
Unassigned	-	-	-	3,792,265	4,015,233	4,950,752	6,848,264	10,331,887	16,216,463	17,236,642
Total general fund	<u>\$ 4,885,549</u>	<u>\$ 5,690,152</u>	<u>\$ 5,351,340</u>	<u>\$ 4,016,040</u>	<u>\$ 4,638,477</u>	<u>\$ 5,755,522</u>	<u>\$ 8,109,696</u>	<u>\$ 11,026,973</u>	<u>\$ 16,490,598</u>	<u>\$ 17,586,153</u>
All other governmental funds										
Reserved	\$ 264,236	\$ 224,169	\$ 102,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	10,557,303	16,060,472	15,374,310	-	-	-	-	-	-	-
Capital projects funds	4,266,136	1,181,569	1,167,397	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,659	-	-
Restricted	-	-	-	17,959,108	12,268,876	18,773,122	99,009,127	53,835,242	53,229,035	31,443,705
Committed	-	-	-	2,085,667	2,319,633	2,610,838	3,209,175	3,869,220	4,221,789	4,729,480
Assigned	-	-	-	7,020,122	6,024,273	6,816,264	5,288,065	9,335,756	10,175,831	11,392,598
Total all other governmental funds	<u>\$ 15,087,675</u>	<u>\$ 17,466,210</u>	<u>\$ 16,644,362</u>	<u>\$ 27,064,897</u>	<u>\$ 20,612,782</u>	<u>\$ 28,200,224</u>	<u>\$ 107,506,367</u>	<u>\$ 67,041,877</u>	<u>\$ 67,626,655</u>	<u>\$ 47,565,783</u>

1

1 The District adopted GASB Statement No. 54-Fund Balance Reporting and Governmental Fund Type Definitions, effective July 1,2010.

BILLINGS PUBLIC SCHOOLS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	\$ 35,073,362	\$ 35,782,052	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352	\$ 40,006,403	\$ 42,518,450	\$ 47,163,854	\$ 53,365,029	\$ 52,928,392
Intergovernmental:										
County	12,709,341	13,970,410	12,883,209	14,285,342	14,480,834	15,862,391	16,621,981	16,313,938	16,477,104	17,958,672
State aid	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939	63,509,530	64,607,369
State other	21,492,469	19,256,945	21,216,653	19,694,027	20,936,835	22,328,332	22,299,555	26,390,195	25,342,892	27,744,479
Federal	12,387,987	12,177,195	17,684,193	22,964,040	14,013,505	14,438,010	14,576,455	14,689,534	15,011,200	15,032,163
Tuition	195,406	148,290	201,019	216,974	144,228	243,312	215,980	210,943	204,913	330,996
Charges for services	2,839,302	2,963,437	3,034,287	2,968,423	3,111,333	2,947,509	2,818,719	2,754,282	3,014,927	2,751,143
Interest	975,588	577,704	358,384	259,395	188,638	116,722	168,041	525,184	530,978	644,480
Miscellaneous	1,451,927	1,708,205	1,397,308	1,417,179	1,301,766	1,529,580	1,624,477	2,119,360	1,437,911	1,433,784
Total revenues	136,082,182	136,925,419	141,866,237	147,705,121	148,341,136	155,225,537	161,611,873	174,288,229	178,894,484	183,431,478
Expenditures										
Instruction	81,669,804	80,508,374	85,968,472	90,169,831	87,658,280	90,187,253	92,966,202	95,684,521	97,255,949	100,659,911
Support services:										
Students	9,057,352	9,101,560	10,028,276	10,774,961	11,420,156	11,286,445	11,968,564	12,823,247	12,579,662	13,486,341
Instructional staff	6,445,953	6,656,922	6,934,825	7,370,246	7,660,634	7,596,063	7,931,366	7,863,139	8,851,876	8,323,039
General administration	1,372,481	1,270,351	1,561,130	1,470,957	2,095,958	1,785,865	1,897,129	2,060,623	2,101,720	2,213,056
School administration	8,984,368	8,554,701	9,274,540	10,048,181	10,196,532	9,553,940	10,224,366	10,579,520	11,206,165	11,117,070
Business services	1,896,926	1,688,771	1,791,715	2,208,878	2,234,008	1,960,014	2,054,553	2,469,323	2,366,351	2,360,883
Operations and maintenance	12,311,325	11,749,344	11,946,381	12,025,975	12,166,696	12,164,592	12,475,533	12,393,710	12,710,622	14,287,143
Student transportation	4,636,606	5,049,102	4,961,862	5,177,545	5,518,265	5,707,029	5,511,248	5,707,091	5,814,423	6,119,000
Food services	4,629,179	5,068,481	5,109,148	5,788,739	5,807,668	5,598,212	5,606,418	5,865,132	6,165,203	6,361,179
Community services	14,050	19,891	26,363	30,563	16,681	17,822	14,149	10,100	6,150	-
Extracurricular	2,213,481	2,225,258	2,340,782	2,410,349	2,248,253	2,435,096	2,424,350	2,505,235	2,636,320	2,890,536
Other current charges	-	11,479	12,350	12,874	13,693	-	-	-	-	-
Capital outlay	2,924,602	2,535,609	2,797,520	2,725,219	6,566,027	10,837,415	14,217,934	46,298,754	41,129,075	24,964,129
Debt service										
Principal	2,682,454	150,143	229,595	236,253	199,015	165,203	124,227	1,474,250	2,869,250	4,114,250
Interest	93,796	64,196	42,301	515,521	653,852	1,412,218	1,767,896	6,170,436	6,132,494	6,213,824
Total expenditures	138,932,377	134,654,182	143,025,260	150,966,092	154,455,718	160,707,167	169,183,935	211,905,081	211,825,260	203,110,361
Excess (deficiency) of revenues over expenditures	(2,850,195)	2,271,237	(1,159,023)	(3,260,971)	(6,114,582)	(5,481,630)	(7,572,062)	(37,616,852)	(32,930,776)	(19,678,883)
Other financing sources (uses)										
Transfers in	322,502	370,545	181,725	-	-	9,845	-	196,450	-	-
Transfers out	(322,502)	(349,511)	(188,362)	-	-	(9,845)	-	(196,450)	-	-
Premium on long-term debt issued	-	-	-	-	-	-	8,332,379	-	5,119,685	-
Insurance recoveries	-	112,617	-	281,206	284,904	41,615	-	61,500	859,494	507,789
Long-term debt issued	408,564	773,250	-	12,000,000	-	14,144,502	80,900,000	-	33,000,000	-
Sale of capital assets	2,608,167	5,000	5,000	65,000	-	-	-	8,139	-	205,777
Total other financing sources (uses)	3,016,731	911,901	(1,637)	12,346,206	284,904	14,186,117	89,232,379	69,639	38,979,179	713,566
Net change in fund balances	\$ 166,536	\$ 3,183,138	\$ (1,160,660)	\$ 9,085,235	\$ (5,829,678)	\$ 8,704,487	\$ 81,660,317	\$ (37,547,213)	\$ 6,048,403	\$ (18,965,317)
Debt service as a percentage of non-capital expenditures	2.04%	0.16%	0.19%	0.51%	0.58%	1.05%	1.22%	4.62%	5.27%	5.80%

BILLINGS PUBLIC SCHOOLS
GENERAL FUND EXPENDITURES BY FUNCTION
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 5

Fiscal Year	Instruction	Support Services						
		Students	Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	Student Transportation
2008	\$ 60,765,662	\$ 6,242,820	\$ 5,050,350	\$ 1,299,542	\$ 7,237,252	\$ 1,080,768	\$ 8,717,531	\$ 17,616
2009	60,197,185	6,270,596	5,132,096	1,207,359	6,854,511	1,402,720	10,639,761	47,181
2010	62,217,372	6,412,634	5,000,683	1,455,004	7,182,901	1,317,101	10,750,560	81,841
2011	65,096,669	7,187,725	5,803,981	1,311,896	7,535,626	1,782,780	10,828,842	47,398
2012	64,228,160	6,865,200	5,743,805	1,696,286	7,640,231	1,623,144	10,593,673	20,604
2013	66,777,286	6,850,794	5,865,148	1,419,132	7,435,562	1,692,700	10,820,835	26,459
2014	68,011,115	6,992,701	6,063,526	1,562,697	8,095,258	1,786,921	11,146,363	34,289
2015	68,686,471	7,143,315	5,898,708	1,711,703	8,119,218	2,146,282	11,030,807	28,222
2016	72,270,831	7,078,580	6,598,488	1,684,614	8,805,402	1,829,231	11,021,525	74,376
2017	76,287,523	7,423,399	6,372,883	1,808,934	8,845,283	1,685,627	12,300,559	47,659

Fiscal Year	Community Services	Extracurricular	Capital Outlay	Debt Service	Total
2008	\$ 6,600	\$ 1,936,752	\$ 294,915	\$ 82,500	\$ 92,732,308
2009	6,600	1,984,423	653,694	150,143	94,546,269
2010	13,200	2,065,022	463,818	245,740	97,205,876
2011	6,600	2,108,957	567,459	243,574	102,521,507
2012	-	1,973,861	461,616	203,367	101,049,947
2013	-	2,133,334	475,317	166,963	103,663,530
2014	585	2,124,122	676,220	124,426	106,618,223
2015	800	2,172,992	709,158	84,250	107,731,926
2016	-	2,353,949	580,466	84,250	112,381,712
2017	-	2,642,100	925,201	84,250	118,423,418

BILLINGS PUBLIC SCHOOLS
PROPERTY TAX ASSESSMENT AND COLLECTIONS
Last Ten Fiscal Years

Table 6

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Taxes Levied	Collected within the Fiscal Year of the Levy		Tax Collections after Levy Year	Total Collections to Date	
						Amount Collected *	Percent of Levy		Amount Collected	Percent of Levy
Elementary District:										
2008	\$ 157,587,840	\$ 5,498,218,964	2.87%	131.28	\$ 20,688,132	\$ 20,664,888	99.89%	-	\$ 20,664,888	99.89%
2009	166,020,027	5,114,046,567	3.25%	121.87	20,232,861	20,566,137	101.65%	-	20,566,137	101.65%
2010	167,860,468	5,335,244,057	3.15%	123.45	20,722,375	19,532,418	94.26%	1,146,354	20,678,772	99.79%
2011	175,218,296	6,623,402,263	2.65%	128.81	22,569,869	21,435,922	94.98%	450,978	21,886,900	96.97%
2012	177,014,509	5,985,087,238	2.96%	128.09	22,673,788	22,336,226	98.51%	331,190	22,667,416	99.97%
2013	176,069,203	6,154,532,525	2.86%	134.13	23,616,162	23,205,489	98.26%	314,028	23,519,517	99.59%
2014	178,803,178	6,455,299,303	2.77%	144.10	25,765,538	25,064,410	97.28%	631,015	25,695,425	99.73%
2015	175,238,138	6,572,130,535	2.67%	179.93	31,530,598	30,637,906	97.17%	831,626	31,469,532	99.81%
2016	194,587,614	11,650,594,235	1.67%	178.55	34,743,618	34,618,695	99.64%	118,022	34,736,717	99.98%
2017	197,194,545	11,739,775,974	1.68%	190.24	37,514,290	35,633,279	94.99%	-	35,633,279	94.99%
High School District:										
2008	\$ 201,862,127	\$ 6,986,260,379	2.89%	71.68	\$ 14,469,477	\$ 14,408,474	99.58%	-	\$ 14,408,474	99.58%
2009	214,427,450	6,659,116,956	3.22%	70.31	15,076,394	15,215,915	100.93%	-	15,215,915	100.93%
2010	220,537,239	7,075,610,744	3.12%	70.42	15,530,232	14,601,758	94.02%	895,861	15,497,619	99.79%
2011	231,740,662	8,623,253,538	2.69%	70.92	16,435,048	15,662,531	95.30%	534,868	16,197,399	98.55%
2012	235,424,143	7,974,802,129	2.95%	71.10	16,738,657	16,322,166	97.51%	303,167	16,625,333	99.32%
2013	235,345,707	8,256,450,287	2.85%	70.40	16,568,338	16,120,642	97.30%	398,130	16,518,772	99.70%
2014	238,407,131	8,647,326,911	2.76%	71.44	17,031,805	16,462,130	96.66%	539,041	17,001,171	99.82%
2015	235,586,169	8,873,443,960	2.65%	69.82	16,448,626	16,004,297	97.30%	439,591	16,443,888	99.97%
2016	264,033,676	15,451,136,712	1.71%	66.53	17,566,160	17,513,945	99.70%	47,892	17,561,837	99.98%
2017	268,149,317	15,595,752,243	1.72%	65.28	17,504,787	16,686,155	95.32%	-	16,686,155	95.32%

* Tax collections through fiscal year 2009 include delinquent taxes from prior years.
Effective July 1, 2009, tax collections include only current year tax collections

Source: Montana Department of Revenue
Yellowstone County Treasurer

BILLINGS PUBLIC SCHOOLS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Forest and Agricultural Land	Residential	Commerical	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Value	Total Direct Rate
Elementary District:							
2008	\$ 3,413,317	\$ 4,661,208,425	\$ 1,263,352,242	\$ 5,927,973,984	2.10%	\$ 124,359,961	131.28
2009	3,372,871	6,295,883,405	2,625,268,300	8,924,524,576	1.43%	127,270,362	121.87
2010	3,332,900	6,859,523,976	2,061,518,265	8,924,375,141	1.43%	127,941,070	123.45
2011	3,352,379	6,922,553,883	2,018,786,035	8,944,692,297	1.43%	128,232,379	128.81
2012	3,320,188	6,984,712,335	2,035,516,027	9,023,548,550	1.43%	128,968,649	128.09
2013	4,631,400	7,107,652,066	2,068,862,067	9,181,145,533	1.42%	130,684,588	134.13
2014	3,854,085	7,238,734,848	2,096,221,003	9,338,809,936	1.43%	133,362,823	144.10
2015	5,235,734	8,047,407,705	2,452,260,873	10,504,904,312	1.45%	152,548,497	179.93
2016	3,222,429	8,131,584,232	2,428,808,679	10,563,615,340	1.45%	153,203,366	178.55
2017	3,567,668	8,823,846,226	2,450,924,446	11,278,338,340	1.44%	162,666,729	190.24
High School District:							
2008	\$ 26,605,046	\$ 5,496,071,756	\$ 1,898,689,415	\$ 7,421,366,217	2.13%	\$ 157,765,607	71.68
2009	24,984,639	7,539,081,625	3,816,144,112	11,380,210,376	1.44%	163,809,089	70.31
2010	25,105,396	8,141,452,809	3,185,196,435	11,351,754,640	1.45%	164,819,503	70.42
2011	25,121,843	8,240,575,293	3,141,091,614	11,406,788,750	1.46%	166,280,833	70.92
2012	25,170,347	8,329,054,288	3,167,868,899	11,522,093,534	1.46%	167,972,135	71.10
2013	36,168,900	8,518,455,953	3,220,194,087	11,774,818,940	1.45%	171,115,813	70.40
2014	35,370,729	8,718,821,777	3,283,878,353	12,038,070,859	1.46%	175,897,177	71.44
2015	38,539,098	9,756,798,419	3,952,410,000	13,747,747,517	1.48%	203,948,304	69.82
2016	27,176,869	9,884,831,869	3,898,833,351	13,810,842,089	1.48%	204,765,579	66.53
2017	29,835,506	10,748,240,209	4,032,797,240	14,810,872,955	1.48%	218,723,916	65.28

BILLINGS PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAX PAYERS IN THE ELEMENTARY DISTRICT
Current Year and Nine Years Ago

Table 8

Taxpayer	2017			2008		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 19,088,339.00	1	9.81%	\$ -	-	0.00%
Northwestern Energy - Trans & Dis	14,408,201.00	2	7.40%	9,953,118	2	6.51%
Montana Dakota Utilities - Gas	2,869,058.00	3	1.47%	1,456,447	6	0.95%
Charter Communications Inc	2,592,111.00	4	1.33%	-	-	0.00%
Century Link, LLC	1,697,008.00	5	0.87%	-	-	0.00%
Phillips 66 Carrier LLC	1,369,893.00	6	0.70%	-	-	0.00%
Jupiter Sulphur LLC	1,263,210.00	7	0.65%	-	-	0.00%
Verizon Wireless	1,179,063.00	8	0.61%	-	-	0.00%
Yellowstone Pipeline Co	1,009,306.00	9	0.52%	-	-	0.00%
Western Sugar Company	848,389.00	10	0.44%	706,608	8	0.46%
ConocoPhillips Company	-	-	0.00%	9,957,226	1	6.52%
Bresnan Broadband DBA MT Telegraph	-	-	0.00%	5,465,227	3	3.58%
Quest Corporation	-	-	0.00%	3,656,229	4	2.39%
PPL Montana LLC	-	-	0.00%	3,532,069	5	2.31%
Macerich Rimrock Limited Partnership	-	-	0.00%	881,286	7	0.58%
AT&T Communicatons	-	-	0.00%	669,321	9	0.44%
Rocky Mountain Pipeline System LLC	-	-	0.00%	677,369	10	0.44%
	-	-	0.00%	-	-	0.00%
Total	<u>\$ 46,324,578.00</u>		<u>23.81%</u>	<u>\$ 36,954,900</u>		<u>24.18%</u>

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS

Table 8a

PRINCIPAL PROPERTY TAX PAYERS IN THE HIGH SCHOOL DISTRICT

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 19,090,243	1	8.11%	\$ -	-	0.00%
Northwester Energy - Trans & Dis	16,349,818	2	6.95%	11,494,075	1	5.93%
ExxonMobile Corporation	8,427,057	3	3.58%	5,534,741	3	2.86%
Montana Dakota Utilities - Gas	3,371,144	4	1.43%	1,456,447	7	0.75%
Charter Communications Inc	2,592,111	5	1.10%	-	-	0.00%
Centurylink Inc	1,913,948	6	0.81%	-	-	0.00%
Phillips 66 Carrier LLC	1,712,012	7	0.73%	-	-	0.00%
Verizon Wireless	1,382,362	8	0.59%	-	-	0.00%
Jupiter Sulphur LLC	1,263,210	9	0.54%	-	-	0.00%
Yellowstone Energy Limited Partnership	1,099,742	10	0.47%	-	-	0.00%
ConocoPhillips Company	-	-	0.00%	9,958,428	2	5.14%
Bresnan Broadband DBA MT Telegraph	-	-	0.00%	5,465,227	4	2.82%
Quest Corporation	-	-	0.00%	4,017,425	5	2.07%
PPL Montana LLC	-	-	0.00%	3,551,959	6	1.83%
WWC Holding Co (Alltel)	-	-	0.00%	974,220	8	0.50%
Macerch Rimrock Limited Partnership	-	-	0.00%	881,286	9	0.45%
Conoco Pipeline Co	-	-	0.00%	754,913	10	0.39%
	-		0.00%	-	-	0.00%
Total	<u>\$ 57,201,647</u>		<u>24.31%</u>	<u>\$ 44,088,721</u>		<u>22.76%</u>

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2017
(modified accrual basis of accounting)

Table 9

<u>Source</u>	<u>Actual Revenue</u>	<u>Percent of Total Revenue</u>
Revenue from local and intermediate sources:		
Property taxes	\$ 52,928,392	28.85%
Tuition	330,996	0.18%
Interest	644,480	0.35%
Charges for service	2,751,143	1.50%
County retirement	17,154,480	9.35%
County transportation	804,192	0.44%
Miscellaneous	1,433,784	0.78%
Total revenue from local and intermediate sources	76,047,467	41.45%
Revenue from state sources:		
Direct state aid	46,335,581	25.26%
State quality educator	3,647,345	1.99%
State at risk	436,775	0.24%
State Indian education for all	364,884	0.20%
State American Indian achievement gap	396,264	0.22%
State special education allowable cost payment	4,879,863	2.66%
State Data for Achievement	349,601	0.19%
State Natural Resource Development	838,719	0.46%
State guaranteed tax base aid	18,271,788	9.96%
State transportation	804,192	0.44%
State Medicaid	3,633,215	1.98%
State school block grant	6,638,196	3.62%
State on-behalf payment	4,338,044	2.36%
State other	1,417,381	0.77%
Total revenue from state sources	92,351,848	50.35%
Revenue from federal sources:		
Federal grants	10,847,976	5.91%
Federal food service	4,184,187	2.29%
Total revenue from federal sources	15,032,163	8.20%
Total revenue	\$ 183,431,478	100.00%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
GENERAL FUND REVENUE BY SOURCE
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 10

Year	Property Taxes	State of Montana	Federal	Tuition	Interest	Miscellaneous	Total
2008	\$ 29,915,283	\$ 63,450,861	\$ -	\$ 195,406	\$ 84,912	\$ 49,529	\$ 93,695,991
2009	30,661,819	64,844,217	-	148,290	75,979	9,263	95,739,568
2010	30,054,248	63,876,342	2,493,094	201,019	64,393	177,968	96,867,064
2011	31,890,655	62,290,861	6,755,483	216,974	32,234	-	101,186,207
2012	32,602,150	68,856,591	45,406	144,228	18,796	5,213	101,672,384
2013	32,307,421	72,210,365	-	243,312	9,632	-	104,770,730
2014	33,357,543	75,379,776	-	215,980	19,098	-	108,972,397
2015	32,304,925	77,974,914	-	210,943	158,421	-	110,649,203
2016	35,308,571	82,271,777	-	204,913	60,076	-	117,845,337
2017	33,306,466	85,762,048	-	330,996	119,463	-	119,518,973

BILLINGS PUBLIC SCHOOLS
GENERAL FUND REVENUE PER STUDENT
 Last Ten Fiscal years
 (modified accrual basis of accounting)

Table 11

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student			
						District	State	Federal	Total
2008	\$ 30,245,130	\$ 63,450,861	-	\$ 93,695,991	15,503	1,951	4,093	-	6,044
2009	30,895,351	64,844,217	-	95,739,568	15,481	1,996	4,189	-	6,185
2010	30,497,628	63,876,342	2,493,094	96,867,064	15,676	1,945	4,075	159	6,179
2011	32,139,863	62,290,861	6,755,483	101,186,207	15,714	2,045	3,964	430	6,439
2012	32,770,387	68,856,591	45,406	101,672,384	15,965	2,053	4,313	3	6,369
2013	32,560,365	72,210,365	-	104,770,730	16,220	2,007	4,452	-	6,459
2014	33,592,621	75,379,776	-	108,972,397	16,268	2,065	4,634	-	6,699
2015	32,674,289	77,974,914	-	110,649,203	16,318	2,002	4,778	-	6,780
2016	35,573,560	82,271,777	-	117,845,337	16,356	2,175	5,030	-	7,205
2017	33,756,925	85,762,048	-	119,518,973	16,634	2,029	5,156	-	7,185

Source: District Records

BILLINGS PUBLIC SCHOOLS

Table 12

Ratio of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	General Obligation Bonded Debt	Less: Amounts Available in Debt Service Funds	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita	Net G.O. Bonded Debt as a % of Per Capita Income
Elementary District								
2008	102,000	\$ 157,587,840	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
2009	102,500	166,020,027	-	-	-	0.00%	-	0.00%
2010	105,500	167,860,468	-	-	-	0.00%	-	0.00%
2011	107,934	175,218,296	4,420,000	111,676	4,308,324	2.46%	39.92	0.12%
2012	107,977	177,014,509	4,420,000	407,252	4,012,748	2.27%	37.16	0.10%
2013	107,857	176,069,203	14,784,502	1,531,348	13,253,154	7.53%	122.88	0.31%
2014	109,059	178,803,178	104,180,290	2,451,448	101,728,842	56.89%	932.79	2.18%
2015	110,248	175,238,138	102,289,421	3,955,846	98,333,575	56.11%	891.93	2.09%
2016	111,902	194,587,614	136,931,249	4,457,585	132,473,664	68.08%	1,183.84	2.81%
2017	113,581	197,194,545	132,144,396	4,103,545	128,040,851	64.93%	1,127.31	2.39%
High School District								
2008	113,000	\$ 201,862,127	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
2009	121,700	214,427,450	-	-	-	0.00%	-	0.00%
2010	125,000	220,537,239	-	-	-	0.00%	-	0.00%
2011	123,145	231,740,662	7,580,000	-	7,580,000	3.27%	61.55	0.18%
2012	127,987	235,424,143	7,580,000	641,386	6,938,614	2.95%	54.21	0.14%
2013	127,011	235,345,707	11,360,000	1,370,152	9,989,848	4.24%	78.65	0.20%
2014	128,281	238,407,131	11,360,000	2,064,230	9,295,770	3.90%	72.46	0.17%
2015	130,625	235,586,169	11,360,000	2,665,249	8,694,751	3.69%	66.56	0.16%
2016	132,584	264,033,676	11,360,000	3,238,093	8,121,907	3.08%	61.26	0.15%
2017	134,573	268,149,317	11,360,000	377,759	10,982,241	4.10%	81.61	0.17%

Source and other information:

1 Census taken every ten years. Actual census figures given for 2011.

2 All other years are estimated by City/County Planning department , Yellowstone County, Montana

3 Department Revenue/State of Montana/Yellowstone County , Montana, Assessors office

(these amounts do not include the incremental increases to the tax increment district).

BILLINGS PUBLIC SCHOOLS

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Limited Obligation Bonds	Notes Payable	Total Outstanding Debt	Percentage of Personal Income (1)	Population	Debt Per Capita
2008	\$ -	\$ -	\$ -	\$ 668,186	\$ 668,186	0.02%	113,000	5.91
2009	-	-	758,250	533,043	1,291,293	0.03%	121,700	10.61
2010	-	-	674,000	387,698	1,061,698	0.03%	125,000	8.49
2011	12,000,000	-	589,750	235,695	12,825,445	0.31%	123,145	104.15
2012	12,000,000	-	505,500	120,930	12,626,430	0.26%	127,987	98.65
2013	26,144,502	-	421,250	39,977	26,605,729	0.53%	127,011	209.48
2014	115,203,290	-	337,000	-	115,540,290	2.11%	128,281	900.68
2015	113,396,671	-	252,750	-	113,649,421	2.04%	130,625	870.04
2016	148,122,749	-	168,500	-	148,291,249	2.51%	132,584	1,118.47
2017	143,420,146	-	84,250	-	143,504,396	2.26%	134,573	1,066.37

(1) Personal income is disclosed on table 17

BILLINGS PUBLIC SCHOOLS
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended June 30, 2017

Table 14

Elementary District:	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Maximum debt limit	\$ 140,269,440	\$ 144,564,325	\$ 159,167,625	\$ 163,878,075	\$ 173,621,490	\$ 180,280,680	\$ 187,023,650	\$ 380,545,000	\$ 384,973,600	\$ 405,467,400
Total net debt applicable to limit	447,685	357,139	259,758	5,167,666	5,006,523	15,232,536	96,021,502	94,547,252	124,678,002	120,479,502
Legal debt margin	<u>\$ 139,821,755</u>	<u>\$ 144,207,186</u>	<u>\$ 158,907,867</u>	<u>\$ 158,710,409</u>	<u>\$ 168,614,967</u>	<u>\$ 165,048,144</u>	<u>\$ 91,002,148</u>	<u>\$ 285,997,748</u>	<u>\$ 260,295,598</u>	<u>\$ 284,987,898</u>
Total net debt applicable to limit as a percentage of debt limit	0.32%	0.25%	0.16%	3.15%	2.88%	8.45%	51.34%	24.85%	32.39%	29.71%
High School District:										
Maximum debt limit	\$ 153,391,170	\$ 163,003,680	\$ 178,979,580	\$ 174,945,980	\$ 186,698,955	\$ 190,562,190	\$ 199,032,120	\$ 411,396,870	\$ 424,453,320	\$ 461,250,790
Total net debt applicable to limit	220,501	175,904	127,940	7,657,779	7,619,907	11,373,193	11,360,000	11,360,000	11,360,000	11,360,000
Legal debt margin	<u>\$ 153,170,669</u>	<u>\$ 162,827,776</u>	<u>\$ 178,851,640</u>	<u>\$ 167,288,201</u>	<u>\$ 179,079,048</u>	<u>\$ 179,188,997</u>	<u>\$ 187,672,120</u>	<u>\$ 400,036,870</u>	<u>\$ 413,093,320</u>	<u>\$ 449,890,790</u>
Total net debt applicable to limit as a percentage of debt limit	0.14%	0.11%	0.07%	4.38%	4.08%	5.97%	5.71%	2.76%	2.68%	2.46%
Debt Limitation Calculation										
	Elementary		High School							
2016/17 Statewide Average Per ANB	\$ 34,350		\$ 84,370							
X FY17 ANB	<u>11,804</u>		<u>5,467</u>							
Total	<u>405,467,400</u>		<u>461,250,790</u>							
X Debt Limit Rate of 1.0	<u>1.00</u>		<u>1.00</u>							
Equals: Maximum Debt Capacity	405,467,400		461,250,790							
Less: bonded indebtedness	120,479,502		11,360,000							
Less: other indebtedness	<u>-</u>		<u>-</u>							
Estimated Debt Capacity Remaining	<u>\$ 284,987,898</u>		<u>\$ 449,890,790</u>							

Note: ANB, Average Number Belonging, is calculated by averaging the previous year's october, december and february enrollment figures.

Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 100% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 100%. The District used the statewide average taxable value method.

BILLINGS PUBLIC SCHOOLS

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

For the Year Ended June 30, 2017

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
DIRECT BONDED INDEBTEDNESS					
		Percent	Amount	Percent	Amount
Elementary District:					
General Obligation Bonds	\$ 132,060,146	100.00%	\$ 132,060,146	0.00%	\$ -
Limited Obligation Bonds	84,250	100.00%	84,250	0.00%	-
Elementary District Total	132,144,396		132,144,396		-
High School District:					
General Obligation Bonds	11,360,000	84.00%	9,542,400	16.00%	1,817,600
High School District Total	11,360,000		9,542,400		1,817,600
Total Direct Debt	\$ 143,504,396		\$ 141,686,796		\$ 1,817,600
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 143,504,396	58.00%	\$ 83,232,550	18.90%	\$ 27,122,331
City of Billings:					
Various Issues	22,365,000	48.46%	10,838,079	10.29%	2,301,359
Total Overlapping Debt	165,869,396		94,070,629		29,423,689
Total Direct and Overlapping Debt	\$ 309,373,792		\$ 235,757,425		\$ 31,241,289

Source and other information:

Does not include special assessment with government commitment or tax increment debt

Finance Department, Yellowstone County, Montana.

City of Billings, Montana

The percentage of overlapping debt applicable to the District is estimated using taxable property values.

Applicable percentages were estimated by determining the portion of the other government's taxable value that is within the district's boundaries and dividing it by the other government's total taxable value.

BILLINGS PUBLIC SCHOOLS

Table 16

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:					
2008	\$ 2,615,000	\$ 78,750	\$ 2,693,750	\$ 57,048,871	4.7%
2009	-	-	-	58,207,632	0.0%
2010	-	-	-	60,318,907	0.0%
2011	-	110,058	110,058	64,858,599	0.2%
2012	-	239,680	239,680	64,820,488	0.4%
2013	-	582,139	582,139	66,987,206	0.9%
2014	-	628,104	628,104	69,868,558	0.9%
2015	1,390,000	5,599,366	6,989,366	70,203,949	10.0%
2016	2,785,000	5,561,348	8,346,348	71,748,948	11.6%
2017	4,030,000	5,643,304	9,673,304	76,154,334	12.7%
High School:					
2008	\$ -	\$ -	\$ -	\$ 35,683,437	0.0%
2009	-	-	-	36,402,333	0.0%
2010	-	-	-	36,886,969	0.0%
2011	-	188,742	188,742	37,662,908	0.5%
2012	-	409,820	409,820	36,229,459	1.1%
2013	-	552,174	552,174	36,676,324	1.5%
2014	-	571,020	571,020	36,749,665	1.6%
2015	-	571,070	571,070	37,527,977	1.5%
2016	-	571,146	571,146	40,632,764	1.4%
2017	-	570,520	570,520	42,269,084	1.3%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Table 17

Year	Elementary District Population	High School District Population	Per Capita Income	Total Elementary District Personal Income (1)	Total High School District Personal Income (1)	Median Age	School Enrollment	Unemployment Rate
2008	102,000	113,000	\$ 28,427	\$ 2,899,554,000	\$ 3,212,251,000	37.5	15,503	3.1%
2009	102,500	121,700	30,427	3,118,767,500	3,702,965,900	36.8	15,481	4.4%
2010	105,500	125,000	32,427	3,421,048,500	4,053,375,000	38.1	15,676	5.8%
2011	107,934	123,145	33,289	3,593,014,926	4,099,373,905	38.3	15,714	5.6%
2012	107,977	127,987	38,488	4,155,818,776	4,925,963,656	38.5	15,965	4.9%
2013	107,857	127,011	39,640	4,275,451,480	5,034,716,040	38.4	16,220	4.2%
2014	109,059	128,281	42,720	4,659,000,480	5,480,164,320	37.8	16,268	4.0%
2015	110,248	130,625	42,735	4,711,448,280	5,582,259,375	36.8	16,318	4.0%
2016	111,902	132,584	44,573	4,987,807,846	5,909,666,632	38.0	16,356	4.0%
2017	113,581	134,573	47,169	5,357,502,189	6,347,673,837	37.1	16,634	3.5%

Sources and other information:

Bureau of Business and Economic Research

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

BILLINGS PUBLIC SCHOOLS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 18

2017		2008	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Advanced Employment Services	7	Albertsons Food & Drug	8
Albertsons Food & Drug	8	Avitus Group	9
Billings Clinic	9	Billings Clinic	9
Cabelas Wholesale	7	Billings Gazette	7
Cenex Harvest States	7	Cenex	7
Charter Communications	8	Computer Claims Administration	7
Costco	7	ConocoPhillips	7
ExxonMobil	7	Costco	7
First Interstate Bank	8	ExxonMobil	7
Phillips 66 Company	7	First Interstate Bank	8
Rocky Mountain College	7	Food Services of America	7
Scheels	7	Rocky Mountain College	7
St. John's Lutheran Home	8	St. John's Lutheran Home	8
St. Vincent Healthcare	9	St. Vincent Healthcare	9
Sysco Food Services	7	Sysco Food Services	7
United Parcel Service	7	Target	7
Wal-Mart	9	United Parcel Service	6
WeldTech Services	7	Wal-Mart	9
Wells Fargo	8	Wells Fargo	8
Yellowstone Boys and Girls Ranch	7	Yellowstone Boys and Girls Ranch	7

Public Employers By Class, Alphabetically	Employer Class Size	Public Employers By Class, Alphabetically	Employer Class Size
Billings Public Schools #2	9	Billings Public Schools #2	9
Montana State University Billings	8	Montana State University Billings	8
City of Billings	8	City of Billings	8
Yellowstone County	7	Yellowstone County	7

Size Class Breakdown
Class 6: 100-249 employees
Class 7: 250-499 employees
Class 8: 500-999 employees
Class 9: 1,000+ employees

Note: The percentage of total employment that each listed employer represents is not available.

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

Based on Yellowstone County

BILLINGS PUBLIC SCHOOLS

Table 19

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
2008	\$ 138,371,755	15,503	\$ 8,925	8.75%	1,201.8	12.9
2009	141,785,530	15,481	9,159	2.61%	1,169.2	13.2
2010	147,171,358	15,676	9,388	2.51%	1,163.4	13.5
2011	152,743,590	15,714	9,720	3.54%	1,133.2	13.9
2012	151,509,190	15,965	9,490	-2.37%	1,101.9	14.5
2013	153,378,480	16,220	9,456	-0.36%	1,120.7	14.5
2014	159,744,398	16,268	9,820	3.84%	1,144.9	14.2
2015	163,127,767	16,318	9,997	1.81%	1,137.3	14.3
2016	166,683,190	16,356	10,191	3.78%	1,143.2	14.3
2017	179,319,639	16,634	10,780	7.84%	1,141.1	14.6

1 Expenses are from Statement of Activities

2 Certified Staff is comprised of Teachers, Librarians, Counselors, Psychologists, Speech Pathologists, OT/PT, Social Workers, Audiologists and Grant Writers.

BILLINGS PUBLIC SCHOOLS
EMPLOYEE FULL TIME EQUIVALENCY (FTE) BY FUNCTION
Last Ten Fiscal Years

Table 20

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Certified Staff	1,067.9	1,031.5	1,027.3	992.9	974.8	995.9	1,012.7	1,003.8	1,009.5	1,008.4
Classified Employees	191.6	196.5	194.6	196.6	202.5	202.9	202.4	196.8	199.4	179.1
Support Services										
Administrators	5.0	5.0	5.0	5.0	4.0	4.0	5.0	6.0	6.0	7.0
Administrative Support	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Certified Staff	131.9	135.7	134.1	137.3	125.1	123.8	131.2	132.5	132.7	132.7
Classified Employees	65.6	64.3	63.2	64.2	65.6	64.9	64.2	59.9	61.2	71.3
General Administration										
Administrators	6.7	7.7	8.7	8.3	13.7	10.0	6.9	8.9	9.9	9.0
Administrative Support	12.5	11.5	11.5	10.5	10.5	10.5	10.5	14.5	12.5	10.5
Certified Staff	1.0	1.0	1.0	2.0	1.0	-	-	-	-	-
Classified Employees	22.5	21.4	19.4	21.6	20.8	19.4	19.2	19.0	21.5	25.7
Building Administration										
Administrators	48.0	46.0	45.9	45.9	45.0	45.0	48.0	48.0	47.0	47.9
Administrative Support	1.0	-	-	-	-	-	-	-	-	-
Certified Staff	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Classified Employees	81.3	80.2	79.4	79.7	81.4	80.6	80.9	78.5	79.2	70.8
Operations and Maintenance										
Administrators	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	142.9	144.8	143.2	144.7	143.1	142.8	142.5	142.8	144.7	145.9
Student Transportation										
Administrators	2.0	1.0	1.0	1.3	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Support	1.0	1.0	1.0	-	-	-	-	-	-	-
Classified Employees	34.2	31.5	28.9	28.6	42.8	35.1	33.1	32.8	33.3	42.6
Extracurricular Activities										
Administrators	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	2.7	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Total	1,822.8	1,787.1	1,771.2	1,745.6	1,737.3	1,741.9	1,763.6	1,750.5	1,763.9	1,756.9
Summary										
		Admin	Admin Support	Certified Staff	Classified Employees	Total FTE				
Instruction		-	-	1,008.4	179.1	1,187.5				
Support Services		7.0	-	132.7	71.3	211.0				
General Administration		9.0	10.5	-	25.7	45.2				
Building Administration		47.9	-	-	70.8	118.7				
Operations and Maintenance		1.0	-	-	145.9	146.9				
Student Transportation		1.0	-	-	42.6	43.6				
Extracurricular Activities		1.0	-	-	3.0	4.0				
		66.9	10.5	1,141.1	538.4	1,756.9				

Source: District Records

BILLINGS PUBLIC SCHOOLS
CERTIFIED STAFF EDUCATION AND EXPERIENCE
November 1, 2016

Table 21

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	184.6	16.2%
Bachelor's Degree + 15 Credits	63.6	5.6%
Bachelor's Degree + 30 Credits	53.1	4.7%
Bachelor's Degree + 45 Credits	49.6	4.3%
Bachelor's Degree + 60 Credits	52.9	4.6%
Bachelor's Degree + 75 Credits	27.6	2.4%
Bachelor's Degree + 90 Credits	30.0	2.6%
Bachelor's Degree + 105 Credits	137.4	12.0%
Master's Degree	118.4	10.4%
Master's Degree + 15 Credits	61.2	5.4%
Master's Degree + 30 Credits	48.6	4.3%
Master's Degree + 45 Credits	309.1	27.1%
Doctorate's Degree	<u>5.0</u>	<u>0.4%</u>
Total	<u><u>1,141.1</u></u>	<u><u>100%</u></u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	369.8	32%
6-10	202.8	18%
11-15	191.0	17%
16-20	161.2	14%
21-25	114.5	10%
26 and Above	<u>101.8</u>	<u>9%</u>
Total	<u><u>1,141.1</u></u>	<u><u>100%</u></u>

Source: District Records

	Year Built	Year Additions Built	Square Footage	Functional Capacity (1)	Enrollment	Percentage of Capacity Used
<u>Elementary</u>						
<u>K-6 Schools:</u>						
Alkali Creek	1979	-	41,710	402	318	79.10%
Arrowhead	1978	-	41,728	466	480	103.00%
Beartooth	1974	1980	40,834	440	366	83.18%
Bench	1955	1974, 1978	35,413	352	407	115.63%
Big Sky	1986	-	42,853	412	476	115.53%
Bitterroot	1964	1965, 1970	31,710	352	363	103.13%
Boulder	1962	1971, 2007	41,688	352	500	142.05%
Broadwater	1910	1916, 1920, 1956, 2015	56,301	400	382	95.50%
Burlington	1956	1957	33,368	332	295	88.86%
Central Heights	1962	1965, 1979	35,592	314	354	112.74%
Eagle Cliffs	1986	-	46,634	470	375	79.79%
Highland	1947	1956	32,703	292	310	106.16%
McKinley	1906	1918, 1958, 2015	56,391	400	281	70.25%
Meadowlark	1964	1971, 2007	45,445	412	491	119.17%
Miles	1955	1957, 1965	31,443	294	292	99.32%
Newman	1953	1957	30,040	254	296	116.54%
Orchard	1960	1948, 1956, 1987, 2006	61,502	450	375	83.33%
Poly	1952	1955, 1960	34,388	322	355	110.25%
Ponderosa	1965	2007	41,500	382	323	84.55%
Rimrock	1952	1976, 1979	31,086	-	-	0.00%
Rose Park	1958	1962	31,576	294	291	98.98%
Sandstone	1978	-	41,621	464	424	91.38%
Washington	1948	1952, 1962	45,869	264	294	111.36%
<u>7-8 Schools</u>						
Castle Rock	1979	-	112,801	715	589	82.38%
Lewis & Clark	1956	1962	144,095	743	793	106.73%
Medicine Crow	2016	-	117,632	750	670	89.33%
Riverside	1963	1979	88,026	604	589	97.52%
Will James	1967	1974	106,500	664	680	102.41%
<u>High Schools:</u>						
Career Center	1975	-	137,230		N/A	N/A
Senior	1940	1953, 1967, 1974	229,895	1,445	1,876	129.83%
Skyview	1987	-	247,667	1,454	1,586	109.08%
West	1959	1962, 1966, 1975, 1976	239,887	1,484	1,812	122.10%
<u>Administration:</u>						
Lincoln Center	1913	1921, 1935, 1951, 1964, 1968, 1985	136,805			
Facilities	1958	1962	24,000			
Warehouse	1994	-	40,000			
<u>Vacant Land Sites:</u>						
Elem. - 10 acres						
H.S. - 40 acres						

Source: District Records

Note: Rimrock Elementary has been closed since 2008, but is still owned by the District

(1) Tied to facilities master plan

BILLINGS PUBLIC SCHOOLS

Table 23

PERCENTAGE OF STUDENTS WHO QUALIFIED FOR FREE AND REDUCED LUNCH

Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	20.1%	19.6%	19.2%	23.8%	23.6%	24.8%	24.1%	21.3%	20.2%	23.6%
Arrowhead	4.9%	5.2%	4.6%	5.3%	8.0%	7.3%	8.7%	7.6%	8.0%	11.5%
Beartooth	35.9%	41.8%	46.7%	40.1%	44.7%	45.8%	47.9%	46.5%	45.0%	47.8%
Bench	55.2%	60.3%	61.3%	59.0%	61.0%	61.7%	61.5%	63.1%	65.8%	65.8%
Big Sky	22.1%	22.7%	24.2%	27.5%	28.8%	32.9%	31.1%	35.8%	33.2%	39.7%
Bitterroot	35.1%	36.4%	42.3%	37.5%	41.0%	36.2%	36.1%	38.4%	34.8%	40.5%
Boulder	22.3%	23.7%	25.2%	23.8%	25.3%	22.0%	20.3%	18.7%	21.7%	17.0%
Broadwater	51.4%	57.1%	60.9%	61.0%	56.7%	59.3%	64.5%	69.3%	63.1%	59.4%
Burlington	35.8%	38.3%	40.6%	36.6%	37.1%	38.3%	38.8%	41.2%	40.4%	42.7%
Central Heights	32.8%	30.0%	35.7%	40.6%	44.9%	36.6%	36.4%	39.7%	39.4%	35.3%
Eagle Cliffs	21.5%	18.7%	19.0%	23.3%	26.2%	22.6%	23.1%	25.8%	26.5%	24.0%
Highland	31.0%	35.9%	35.2%	37.3%	41.2%	36.1%	36.4%	31.9%	37.5%	36.5%
McKinley	66.3%	65.1%	65.3%	65.3%	71.6%	65.0%	64.5%	73.8%	63.9%	68.7%
Meadowlark	28.8%	30.8%	33.8%	34.4%	34.3%	33.7%	33.1%	30.6%	30.9%	29.5%
Miles	46.3%	48.5%	53.1%	54.5%	56.1%	57.2%	55.8%	65.8%	62.0%	58.2%
Newman	75.0%	74.4%	74.1%	73.6%	73.8%	70.9%	72.4%	73.9%	71.2%	70.9%
Orchard	84.8%	85.6%	89.0%	83.3%	86.2%	85.7%	85.1%	100.0%	100.0%	100.0% *
Poly	17.2%	21.8%	24.5%	22.0%	21.0%	21.0%	20.7%	24.1%	23.3%	22.3%
Ponderosa	74.3%	73.4%	74.1%	71.7%	73.1%	74.8%	74.7%	68.6%	72.8%	72.1%
Rose Park	29.1%	23.3%	33.1%	33.9%	38.0%	38.1%	42.5%	42.1%	43.7%	39.5%
Sandstone	35.0%	37.3%	37.1%	38.2%	42.3%	44.4%	44.4%	38.7%	44.4%	42.2%
Washington	66.5%	64.7%	73.4%	77.0%	75.9%	77.9%	77.7%	77.8%	100.0%	100.0% *
<u>7-8 Schools:</u>										
Castle Rock	28.5%	27.6%	31.2%	31.6%	31.4%	30.8%	31.6%	32.6%	35.0%	27.8%
Lewis & Clark	32.9%	34.2%	42.1%	39.5%	38.6%	40.7%	41.8%	44.6%	41.6%	38.6%
Medicine Crow (1)										40.6%
Riverside	51.8%	49.4%	55.1%	54.0%	55.9%	56.6%	60.1%	66.6%	64.4%	58.6%
Will James	11.2%	15.4%	18.6%	22.1%	21.7%	19.8%	17.8%	14.2%	18.1%	16.9%
<u>High Schools:</u>										
Senior	23.1%	24.1%	27.9%	30.5%	32.3%	29.7%	29.8%	31.7%	31.3%	32.8%
Skyview	17.5%	17.9%	23.0%	25.7%	25.3%	23.4%	24.2%	24.0%	22.4%	25.2%
West	12.5%	13.6%	18.8%	19.9%	22.5%	22.8%	22.1%	21.0%	19.0%	20.1%

(1) New school opened August 2016

* These schools now run under the USDA's Community Eligibility Program and do not collect Free & Reduced forms.

All students at these schools eat free.

Source: District Records

BILLINGS PUBLIC SCHOOLS

ATTENDANCE DATA

Last Ten Fiscal Years

Table 24

Year Ended June 30	October Enrollment	Prior Years' Percent Increase (Decrease)	Average Number Belonging (ANB)		
			ANB	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
2008	15,503	(0.34)	16,025	3.19	103.19
2009	15,481	(0.14)	15,923	(0.64)	99.36
2010	15,676	1.26	16,208	1.79	101.79
2011	15,714	0.24	16,151	(0.35)	99.65
2012	15,965	1.60	16,486	2.07	102.07
2013	16,220	1.60	16,737	1.52	101.52
2014	16,268	0.30	16,787	0.30	100.30
2015	16,318	0.31	16,913	0.75	100.75
2016	16,356	0.23	17,101	1.11	101.11
2017	16,634	1.70	17,271	0.99	100.99

Source: District Records

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-16
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/16-7/1/17
D. Coverage:	Buildings/Contents
E. Limits:	\$450,731,573
II. Commercial General Liability	
A. Policy #:	GLA906348203
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/16-7/1/17
D. Coverage:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GLA906348203
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/16-7/1/17
D. Coverage:	Automobile Liability and Physical Damage
E. Limits:	\$1,000,000
IV. Boiler and Machinery Policy	
A. Policy #:	FBP9333099
B. Carrier:	Hartford Steam Boiler
C. Policy Period:	7/1/16-7/1/17
D. Limits:	Based on property values
V. Environmental Liability	
A. Policy #:	569606
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/16-7/1/17
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	AUC017456602
B. Carrier:	American Guarantee & Liability
C. Policy Period:	7/1/16-7/1/17
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/16-7/1/17
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	ELL906348303
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/16-7/1/17
D. Limits:	\$1,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/16-7/1/17
D. Limits:	\$1,000,000
X. Builders Risk Reporting Policy	
A. Policy #:	IMP448843504
B. Carrier:	Great American Insurance Company
C. Policy Period:	6/1/16-6/1/17
D. Limits:	\$1,800,000
XI. Workers' Compensation	
A. Policy #:	WC-16-31147
B. Carrier:	Montana Schools Group Insurance Authority
C. Policy Period:	7/1/16-6/30/17
D. Limits:	\$1,500,000
XII. Builders Risk Policy - Broadwater Elementary	
A. Policy #:	QT6607D784837TIL14
B. Carrier:	Travelers Property Casualty Co of America
C. Policy Period:	6/7/14-12/7/16
D. Limits:	\$10,700,000
XIII. Builders Risk Policy - Medicine Crow Middle School	
A. Policy #:	6685827
B. Carrier:	Federal Insurance Company (CHUBB)
C. Policy Period:	3/9/15-9/9/16
D. Limits:	\$18,609,656

SINGLE AUDIT SECTION

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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 of
Billings Public Schools
Billings, Montana

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Billings Public Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Billings Public Schools' basic financial statements, and have issued our report thereon dated December 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Billings Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Billings Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Billings Public Schools' 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 Billings Public Schools' financial statements are free from 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*.

Montana Legal Compliance

The *Compliance Supplement for Audits of Montana Local Government Entities*, contains nine categories of compliance to be tested. Our audit considered all of the nine categories.

In connection with our audit, nothing came to our attention that caused us to believe that Billings Public Schools failed to comply with the provisions of the *Compliance Supplement for Audits of Montana Local Government Entities*, except as described in the accompanying schedule of findings and questioned costs as items 2017-A, 2017-B, and 2017-C. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Billings Public Schools' noncompliance with the above referenced provisions.

Billings Public Schools' Response to Findings

Billings Public Schools' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Billings Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Billings, Montana
December 12, 2017



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees of
Billings Public Schools
Billings, Montana

Report on Compliance for Each Major Federal Program

We have audited Billings Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Billings Public Schools' major federal programs for the year ended June 30, 2017. Billings Public Schools' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Billings Public Schools' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 Billings Public Schools' 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 Billings Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Billings Public Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Billings Public Schools is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Billings Public Schools' 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 the Uniform Guidance, 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 Billings Public Schools' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 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.

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



Billings, Montana
December 12, 2017

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Unearned or Fund Balance July 1, 2016	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2017
<u>U.S. Department of Education:</u>								
Direct programs:								
Indian Education Grants to LEA's	84.060	S060A152167	\$ 333,291	\$ -	\$ 289,232	\$ (333,291)	\$ -	\$ (44,059)
<i>CFDA subtotal</i>				-	289,232	(333,291)	-	(44,059)
Total Direct Programs				-	289,232	(333,291)	-	(44,059)
Passed Through State Office of Public Instruction:								
Adult Education-Basic Grants to States	84.002	5609665617	196,107	-	156,322	(196,107)	-	(39,785)
<i>CFDA subtotal</i>				-	156,322	(196,107)	-	(39,785)
Title I Grants to LEA's	84.010	5609653116	3,903,094	(208,888)	392,640	(183,752)	-	-
Title I Grants to LEA's	84.010	5609653117	3,848,731	-	3,277,159	(3,356,784)	-	(79,625)
<i>CFDA subtotal</i>				(208,888)	3,669,799	(3,540,536)	-	(79,625)
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5609664216	20,768	(2,677)	11,064	(8,387)	-	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5609664217	34,924	-	9,675	(17,462)	-	(7,787)
<i>CFDA subtotal</i>				(2,677)	20,739	(25,849)	-	(7,787)
Career and Technical Education Basic Grants to States	84.048	5609668116BG	304,185	(25,459)	25,459	-	-	-
Career and Technical Education Basic Grants to States	84.048	5609668117BG	307,724	-	285,315	(307,227)	-	(21,912)
<i>CFDA subtotal</i>				(25,459)	310,774	(307,227)	-	(21,912)
Special Education Grants to States	84.027	5609657716	3,759,054	(35,442)	35,442	-	-	-
Special Education Grants to States	84.027	5609657717	3,966,969	-	3,542,405	(3,903,264)	-	(360,859)
Special Education Preschool Grants	84.173	5609657917	123,513	-	108,916	(123,513)	-	(14,597)
<i>CFDA subtotal</i>				(35,442)	3,686,763	(4,026,777)	-	(375,456)
Education for Homeless Children and Youth	84.196	5609655716	24,906	(1,363)	1,363	-	-	-
Education for Homeless Children and Youth	84.196	5609655717	48,626	-	30,069	(31,369)	-	(1,300)
<i>CFDA subtotal</i>				(1,363)	31,432	(31,369)	-	(1,300)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668416	9,691	(4,796)	4,796	-	-	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668417	9,979	-	5,060	(5,164)	-	(104)
<i>CFDA subtotal</i>				(4,796)	9,856	(5,164)	-	(104)
English Language Acquisition State Grants	84.365	5609654116	25,285	(1,309)	6,836	(5,527)	-	-
English Language Acquisition State Grants	84.365	5609654117	26,406	-	17,270	(17,389)	-	(119)
<i>CFDA subtotal</i>				(1,309)	24,106	(22,916)	-	(119)
Supporting Effective Instruction State Grant	84.367	5609651416	998,287	58,193	-	(31,347)	(26,846)	-
Supporting Effective Instruction State Grant	84.367	5609651417	906,868	-	702,179	(730,477)	-	(28,298)
<i>CFDA subtotal</i>				58,193	702,179	(761,824)	(26,846)	(28,298)
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families	84.181	17-143-1800	289,809	-	285,664	(285,664)	-	-
<i>CFDA subtotal</i>				-	285,664	(285,664)	-	-
Rehabilitative Services-Vocational Rehabilitation Grants to States	84.126	H126A150038	286,000	137,159	285,000	(242,509)	-	179,650
<i>CFDA subtotal</i>				137,159	285,000	(242,509)	-	179,650
Total Pass Through Programs				(84,582)	9,182,634	(9,445,942)	(26,846)	(374,736)
Total U.S. Department of Education				<u>\$ (84,582)</u>	<u>\$ 9,471,866</u>	<u>\$ (9,779,233)</u>	<u>\$ (26,846)</u>	<u>\$ (418,795)</u>
<u>U.S. Department of Health and Human Services:</u>								
Passed Through State Department of Public Health and Human Services:								
Temporary Assistance for Needy Families	93.558	16-022-61008-0	59,997	\$ (52,820)	\$ 52,820	\$ -	\$ -	\$ -
Temporary Assistance for Needy Families	93.558	16-022-61008-0	29,999	-	5,797	(5,797)	-	-
<i>CFDA subtotal</i>				(52,820)	58,617	(5,797)	-	-
Total U.S. Department of Health and Human Services				<u>\$ (52,820)</u>	<u>\$ 58,617</u>	<u>\$ (5,797)</u>	<u>\$ -</u>	<u>\$ -</u>

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Unearned or Fund Balance July 1, 2016	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2017
<u>U.S. Department of Agriculture:</u>								
Passed Through State Office of Public Instruction:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch Program	10.555	N/A	359,732	\$ -	\$ 359,732	\$ (359,732)	\$ -	\$ -
Non-Cash Assistance Subtotal				-	359,732	(359,732)	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	797,500	-	797,500	(797,500)	-	-
National School Lunch Program	10.555	N/A	2,688,253	-	2,688,253	(2,688,253)	-	-
Summer Food Service Program for Children	10.559	N/A	162,590	(61,654)	169,688	(162,590)	-	(54,556)
Cash Assistance Subtotal				(61,654)	3,655,441	(3,648,343)	-	(54,556)
<i>CFDA subtotal</i>				(61,654)	4,015,173	(4,008,075)	-	(54,556)
Team Nutrition Grants	10.574	5609662115	1,000	900	-	-	-	900
Team Nutrition Grants	10.574	5609662115	2,000	-	2,000	-	-	2,000
Team Nutrition Grants	10.574	5609662011HS	1,000	100	-	-	-	100
<i>CFDA subtotal</i>				1,000	2,000	-	-	3,000
Fresh Fruit and Vegetable Program	10.582	N/A	176,112	-	176,112	(176,112)	-	-
<i>CFDA subtotal</i>				-	176,112	(176,112)	-	-
Total U.S. Department of Agriculture				\$ (60,654)	\$ 4,193,285	\$ (4,184,187)	\$ -	\$ (51,556)
Total Federal Awards				\$ (198,056)	\$ 13,723,768	\$ (13,969,217)	\$ (26,846)	\$ (470,351)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of Billings Public Schools under programs of the federal government for the year ended June 30, 2017. The Information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Billings Public Schools received federal awards both directly from federal agencies and indirectly through pass-through entities.

Billings Public Schools has not elected to use the 10% de minimis cost rate.

NOTE B - SCHOOLWIDE TITLE I PROGRAM

Billings Public Schools operates a schoolwide Title I program. Since schoolwide programs are not a separate federal program, amounts used in the schoolwide programs are included in the total expenditures of the program contributing the funds in the accompanying schedule of expenditures of federal awards. The programs included in Billings Public Schools schoolwide Title I program include Title I, Title II, Title IV Competitive, and Title IX.

NOTE C - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and disbursed.

NOTE D - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Federal award revenues are included in the basic financial statements as part of federal revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds.

The following is a reconciliation of cash receipts on the schedule of expenditures of federal awards to federal revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds.

Cash receipts	\$ 13,723,768
Returned to grantor	(26,846)
Revenue accrual adjustments	318,786
Federal revenues not subject to single audit	1,016,455
Federal revenues	<u>\$ 15,032,163</u>

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies 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 Uniform Guidance 2 CFR 200.516:	No

Identification of Major Programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Title I, Part A	84.010
Supporting Effective Instruction State Grant	84.367
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State of Montana Compliance Findings

2017-A Military Leave

Criteria: Montana Code Annotated (MCA) Section 10-1-1009 states that “An employee (certified or noncertified) who is a member of the organized militia of the Montana or of the reserve corps or military forces of the United States, and who has been an employee for a period of 6 months, shall be given leave of absence with pay for a period of time not to exceed 15 working days in a calendar year for attending military services.”

Condition: During our audit, we noted that one out of a total of five employees with military leave had been given a leave of absence with pay for a period of 15.5 days, which exceeded the 15 working days limit set forth by Montana law.

Cause: The controls at the district did not adequately detect and correct the military leave, which resulted in overpayment to one employee with military leave.

Effect: The total dollar effect of the noncompliance was an overpayment of military pay for one half day of pay, or \$200.

Recommendation: We recommend that controls surrounding the monitoring of military leave be put into place to prevent noncompliance in the future.

Views of Responsible Officials: Management agrees with the finding.

2017-B New Hire Reporting

Criteria: Montana Code Annotated (MCA) Section 40-5-922 states that “(1) (a) An employer doing business in the state shall report to the department the hiring or rehiring of an employee to whom the employer anticipates paying income. (b) An employer shall report the hiring or rehiring of an employee by submitting a copy of the employee's completed W-4 form or, at the option of the employer, its informational equivalent or any other format agreed to by the department. The report must include the employee's name, date of hire, social security number, and residential and mailing addresses, and the name, address, and federal identification number of the employer. The report may include the employee's date of birth.” It also states that “(2) Transmission of the reports must be by first-class mail, electronic or magnetic transmission, including facsimile transmission, or any other format agreed to by the department. Written reports must be submitted within 20 days of the employee's date of hire or rehire.

Condition: During our audit, we noted that a total of fifteen employees were not reported within the 20-day window from the employee’s date of hire or rehire, as required by the MCA.

Cause: The controls at the district did not adequately report the new hire as required.

Effect: The effect is noncompliance with new hire reporting requirements.

Recommendation: We recommend that controls surrounding the monitoring of new hire reporting be put into place to prevent noncompliance in the future.

Views of Responsible Officials: Management agrees with the finding.

2017-C Enrollment Count

Criteria: Montana Code Annotated (MCA) Section 20-9-311(6) states “When a pupil has been absent, with or without excuse, for more than 10 consecutive school days, the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil resumes attendance prior to the day of the enrollment count.” MCA Section 20-9-311 (11) (a) – (g) describes situations where a district may include an enrolled pupil for Annual Number Belonging (ANB) purposes who is otherwise eligible.

Condition: During our audit, it was noted during the Fall Enrollment count that two students were present and enrolled on the count date. Both of these students met the definition of an eligible pupil, and were incorrectly excluded in the School District’s ANB count.

Cause: The School District's control system was unable to identify within a short period of time the student that was incorrectly excluded.

Effect: The School District inadvertently excluded two students that were eligible to be counted.

Recommendation: A thorough review and reconciliation of enrollment accounts should take place. This will minimize the risk of errors in enrollment counts.

Views of Responsible Officials: Management agrees with the finding.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2017

Prepared by Management of
Billing Public Schools

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Cutoff Procedures Over Accounts Payable Function

Finding 2016-A

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: During our testing of the cutoff in accounts payable, we identified one invoice for which goods and services were provided prior to June 30, 2016, and thus should have been recorded as an accounts payable at year-end.

Corrective Action Planned - Additional training of new and existing staff will be done to inform everyone on how to appropriately handle and look for outstanding invoices on June 30th of each year. The importance of outstanding invoices needs to be conveyed from the business office. The business office also will conduct a more thorough reconciliation of paid invoices vs. outstanding purchase orders. The business office has updated policies and procedures regarding the cutoff process.

Status – Fully Implemented

Enrollment Count

Finding 2016-B

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: The School District inadvertently counted a student that was absent for more than 10 days because and it was not immediately communicated to the District employee that provides the official count to the Office Public Instruction

Corrective Action Planned - The district will conduct a second review of absent students to confirm proper inclusion of students with excessive absences and additional training will be held, this will be done in conjunction with our district AIM personnel.

Status - Continual and additional training is ongoing

Military Leave

Finding 2017-A

Finding Summary: During our audit, we noted that one out of a total of five employees with military leave had been given a leave of absence with pay for a period of 15.5 days, which exceeded the 15 working days limit set forth by Montana law.

Responsible Individuals: Mike Arnold, CFO

Corrective Action Plan: The payroll department will audit military leave as part of their month end process.

Anticipated Completion Date: Ongoing

New Hire Reporting

Finding 2017-B

Finding Summary: During our audit, we noted that a total of fifteen employees were not reported within the 20 day window from the employee's date of hire or rehire, as required by the MCA.

Responsible Individuals: Mike Arnold, CFO

Corrective Action Plan: The district will properly train the staff responsible for processing new hire paperwork.

Anticipated Completion Date: Ongoing

Enrollment Count

Finding 2017-C

Finding Summary: During our audit, it was noted during the Fall Enrollment count that two students were present and enrolled on the count date. Both of these students met the definition of an eligible pupil and were incorrectly excluded in the School District's ANB count.

Responsible Individuals: Mike Arnold, CFO

Corrective Action Plan: Systems will be put in place that will present changes in status in the enrollment data base. This will enable responsible staff to ensure all eligible students are properly reported in the enrollment count.

Anticipated Completion Date: Ongoing

END OF REPORT