

Comprehensive Annual Financial Report FY 2015



Billings
PUBLIC SCHOOLS



BILLINGS SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

Prepared by the Business Services Department
Patricia Hubbard, 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 2014-2015

Elementary and High School Single Member District

1	Tanya Ludwig	Trustee
2	Janna Hafer	Trustee
3	Dr. Greta Besch Moen	Trustee, Chair
4	Kathleen Aragon Joseph Raffiani	Trustee (Mar 2007-Sept 2014) Trustee, Vice Chair
5	Rob Rogers	Trustee
6	Allen J. Halter Mike Leo	Trustee, Chair (Dec 2011 -May 2015) Trustee
7	Kevin Toohill	Trustee

High School Nominating District

A	Teresa Stroebe Gordon Klasna	Trustee (May 2009 -May 2015) Trustee
B	Susan Layton	Trustee

OFFICIALS

Terry Nelsen Bouck	Superintendent
Leo Hudetz Jeana Lervick	District Clerk (Jul 2004 -May 2015) District Clerk

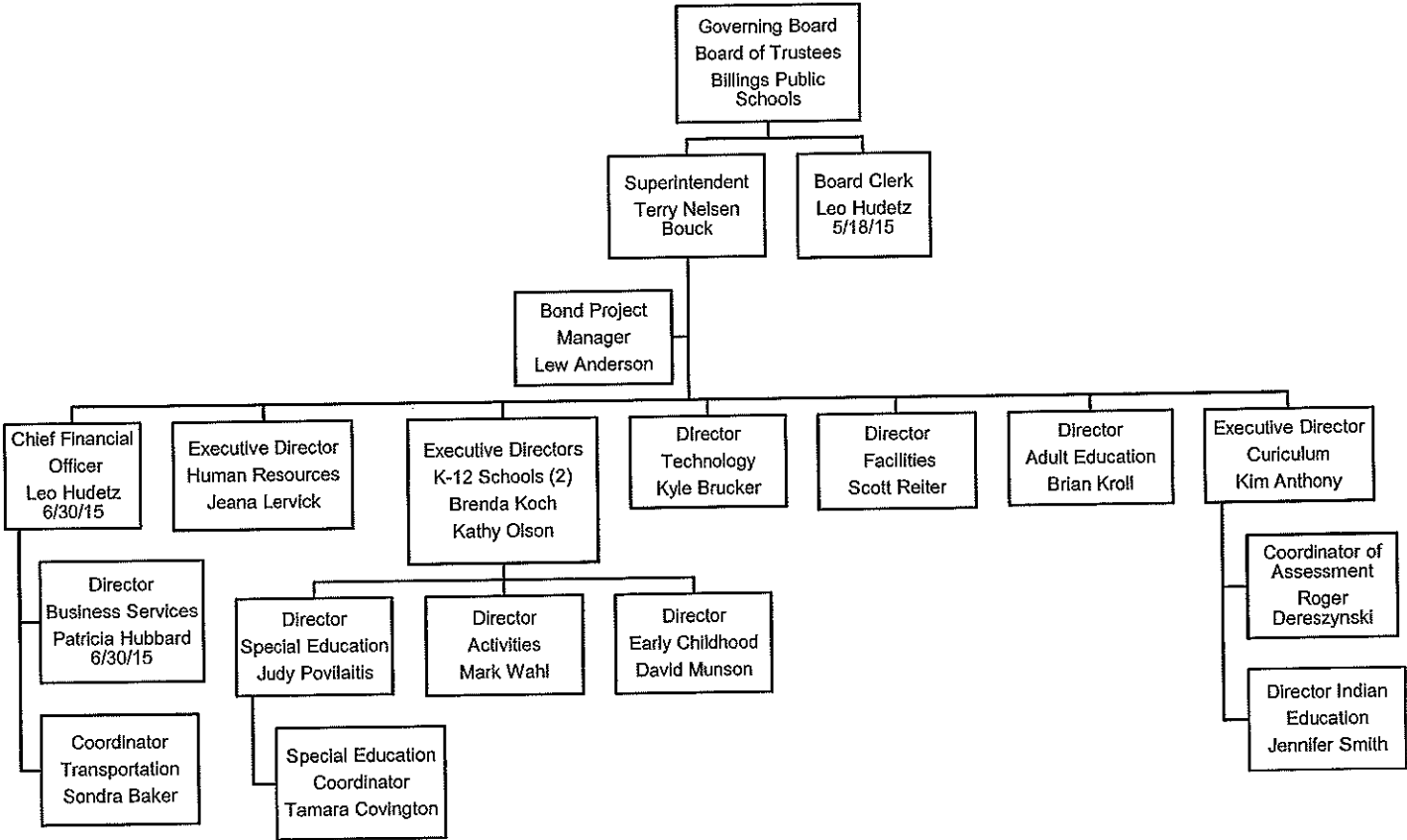
Elementary Single Member District Area:

- 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 School
 Administrative Organization Chart
 As of May 1, 2015





Business Services
415 North 30th Street
Billings, MT 59101-1298
www.billingschools.org

December 10, 2015

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, 2015. 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 2015.

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 Elde Bailly LLP, an independent auditor, to conduct the district's audit for the fiscal year ended June 30, 2015. 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 110,248. 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 130,625.

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 2013, the district garnered community support with the passage of a \$1.1 million Elementary General Fund Levy and a \$1.2 million Technology Levy. Both these levies are 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 technology levy helped the district meet basic curriculum needs and online testing requirements by upgrading, purchasing equipment and providing necessary support and training. A demographic study completed by an independent consultant projects the student K-12 count to increase by 613 students in the next five years.

The district has aging buildings with the oldest building constructed in 1910 and most recent built in 1987. There have been additions made to the buildings over the years and currently bond proceeds are being used to update various facilities. The district has 21 school

increasing enrollments, the district completed a comprehensive facility master plan for all of its facilities in 2013. The Facility Master Plan presents a funding structure and priorities for capital improvements. 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 September 2015 to finish the projects and complete the second new middle school on the west end (Ben Steele Middle School).

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 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.

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. The BNSF Railway service has also grown, and continues to show projected growth, due somewhat to the oil boom in the eastern part of the state. Yellowstone County saw slower but more balanced growth in 2015 the county contains a very diverse group of industries. 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. Medical services in Billings continue to expand at the two hospitals and other health related facilities and clinics. 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.

Financial Information

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.

As a recipient of federal and state financial assistance, the district is also required to undergo a single audit in conformity with provisions of the Single Audit Act of 1984, replaced by the single audit act amendment of 1996, and U.S. Office of Management and Budget A-133 (revised 6/30/1997), *Audits of States, Local Governments, and Non-Profit Organizations*.

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 (Revised OMB A-133): 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 - 2014. 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 Nelson Bouck
Superintendent

Patricia Hubbard
Chief Financial Officer



Daniela Walsh
Business/HR Services Coordinator

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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, 2014

Executive Director/CEO

Association of School Business Officials International



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

Billings Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director

SECTION II - FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
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 the Billings Public Schools as of and for the year ended June 30, 2015, 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Billings Public Schools, as of June 30, 2015, 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

As discussed in Notes 1 and 4 to the financial statements, Billings Public Schools has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. 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, budgetary comparison information, schedules of funding progress, schedule of proportional share of the net pension liability, and schedule of contributions on pages 14 - 21 and 52 - 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 America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Billings Public School's financial statements. The introductory section, combining and individual non-major 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual non-major 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.

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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 non-major 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 10, 2015, on our consideration of Billings Public School's 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Billings Public School's internal control over financial reporting and compliance

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Billings, Montana
December 10, 2015

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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, 2015. 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 \$14.2 million (from 2014 to 2015) to \$175.3 million. This represents a 8.8% increase over the prior year. This increase is primarily due to tax protest settlements.
- Governmental activity expenses increased \$3.4 million over 2014 to \$163.1 million. This represents a 2.1% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$78.1 million, a decrease of \$37.5 million over the prior year, mainly due to capital outlay expenditures associated with bond projects.
- The district added a total of \$2.9 million to its general fund reserves.
- The 2015 general fund expenditure budget was \$110.9 million, an increase of \$1.6 million or 1.5% over the prior year.
- In fiscal 2015, the district completed renovation and energy upgrades financed by \$14.4 million in voter approved bonds issued in 2013. An additional \$80.9 million in voter approved bonds were issued in 2014. 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.
- The *proprietary funds* statements provide information on internal service funds used to provide services to all other district funds.
- *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

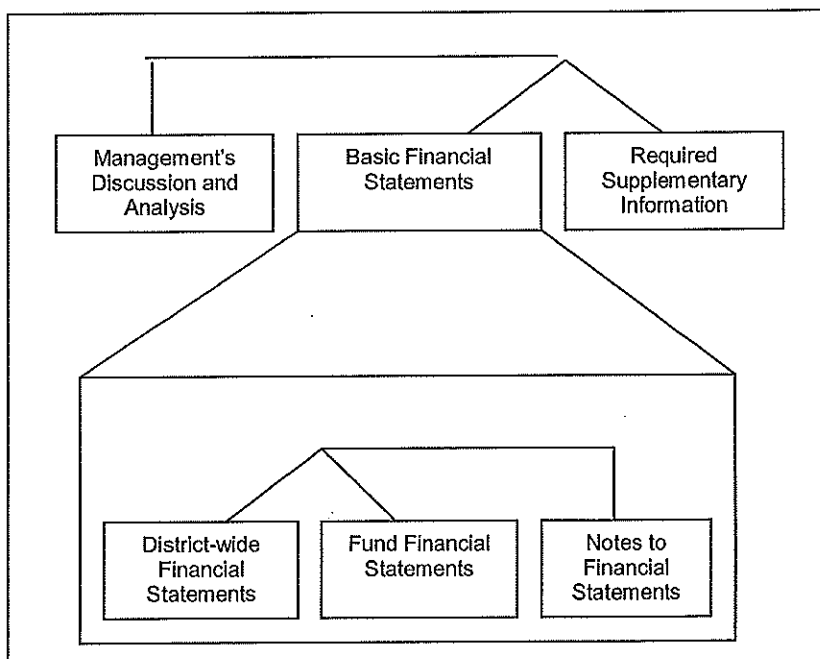


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

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, deferred outflows of resources, liabilities 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.

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:

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

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, 2015

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

NET POSITION:	2015	2014
Current and other assets	\$ 100,466,808	\$ 129,514,619
Capital assets	126,469,091	84,032,780
Total assets	226,935,899	213,547,399
Deferred outflows of resources	12,568,913	-
Other liabilities	13,534,911	8,121,210
Long-term liabilities outstanding	254,328,236	150,905,881
Total Liabilities	267,863,147	159,027,091
Deferred inflows of resources	17,575,089	-
Net Position:		
Net investment in capital assets	51,771,080	52,466,677
Restricted	15,270,912	10,916,571
Unrestricted	(112,975,416)	(8,862,940)
Total net position	\$ (45,933,424)	\$ 54,520,308

*Due to the implementation of GASB Statement No.'s 68 and 71 in the current year, figures may not be comparable to prior year for some areas of the financial statements.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CHANGE IN NET POSITION:	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 2,956,454	\$ 3,029,685
Operating grants and contributions	34,661,238	31,443,773
Capital grants and contributions	97,003	54,637
General revenues:		
Taxes	48,002,113	41,926,382
State sources	71,443,518	67,013,128
County sources	15,458,169	15,809,305
Interest	580,470	196,214
Contributions and donations	1,242,275	1,127,943
Miscellaneous	836,905	496,534
Total revenues	<u>175,278,145</u>	<u>161,097,601</u>
Expenses:		
Instruction	96,651,543	96,301,172
Support services:		
Students	12,710,349	12,203,272
Instructional staff	7,940,616	8,060,342
General administration	2,060,920	1,917,754
Administration	10,285,418	10,166,229
Business	2,424,217	2,103,298
Operation and maintenance	12,298,862	12,666,923
Student transportation	5,713,291	5,527,358
Food services	5,975,077	5,707,254
Community services	10,100	14,149
Extracurricular	2,602,188	2,553,595
Interest on long-term debt	4,455,186	2,523,052
Total expenses	<u>163,127,767</u>	<u>159,744,398</u>
Change in net position	12,150,378	1,353,203
Net position, beginning	54,520,308	53,167,105
Prior period adjustment	(112,604,110)	-
Net position, ending	<u>(45,933,424)</u>	<u>54,520,308</u>

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

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 2015 revenues exceeded expenses by \$12.2 million.

	2015	2014	% Change
Revenues	\$ 175,278,145	\$ 161,097,601	8.81%
Expenses	163,127,767	159,744,398	2.12%
Change in net position	<u>\$ 12,150,378</u>	<u>\$ 1,353,203</u>	

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

In 2015, net position (deficit) decreased \$100.3 million. The decrease in net position (deficit) consisted of implementing GASB No.'s 68 and 71 in 2015 (resulting in a prior period adjustment of \$112,604,110) and the change in net position of \$12,150,378. Net position consists of the following:

	2015	2014	Change
Net Investment in capital assets	\$ 51,771,080	\$ 52,466,677	\$ (695,597)
Restricted	15,270,912	10,916,571	4,354,341
Unrestricted	<u>(112,975,416)</u>	<u>(8,862,940)</u>	<u>(104,112,476)</u>
Total net position (deficit)	<u><u>\$(45,933,424)</u></u>	<u><u>\$ 54,520,308</u></u>	<u><u>\$ (100,453,732)</u></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 \$80.9 in voter approved bonds in 2014 respectively to address a portion of the deferred maintenance costs. Due to these bond related projects, the district continues to reduce its estimated deferred maintenance costs to approximately \$73 million.

The 2015 net position restricted for debt service or other purposes totaling \$15.5 million cannot be reallocated to cover other district expenses.

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 \$113 million and represents unfunded estimated future pension related liabilities. This deficit decreased by \$104 million in 2015 primarily due to implementing GASB Statement No.'s 68 and 71.

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

The district's unfunded liability for the service credit and termination pay benefits plan, compensated absences and other postemployment benefits (OPEB) in 2015 was \$36.1 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, 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 2014 were \$115.6 million, while 2015 totals were \$78.1 million. The major funds were the general and elementary building funds. The general fund balance increased by \$2.92 million due to protested tax settlements and budget savings. The elementary building fund balance decreased by \$44.8 million mainly due to bond proceeds being spent on deferred maintenance, two elementary school renovations and the construction of a new middle school.

The combined balance for all funds decreased by \$37.5 million in 2015. This is due to the completion of capital projects.

Budgeted expenditures 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 for FY2015.

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 \$11 million, an increase of \$2.9 million over the prior year.

The table below summarizes actual general fund revenues and expenditures for 2015 and 2014. Revenue increased by 1.5% due primarily to increased state aid and state entitlements.

Expenditures were increased by 1% primarily due to cost of living increase to personnel.

	2015	2014	Change
Revenues:			
Property taxes	\$ 32,304,925	\$ 33,357,543	\$ (1,052,618)
State aid	61,324,702	60,037,050	1,287,652
State other	16,650,212	15,342,726	1,307,486
Tuition	210,943	215,980	(5,037)
Interest	158,421	19,098	139,323
Total revenues	<u>\$ 110,649,203</u>	<u>\$ 108,972,397</u>	<u>\$ 1,676,806</u>
Expenditures			
Instruction	\$ 68,687,271	\$ 68,011,115	\$ 676,156
Support Services			
Students	7,143,315	6,992,701	150,614
Instructional staff	5,898,708	6,063,526	(164,818)
General administration	1,711,703	1,562,697	149,006
School administration	8,119,218	8,095,258	23,960
Business services	2,146,282	1,786,921	359,361
Operation and maintenance	11,030,807	11,146,363	(115,556)
Student transportation	28,222	34,874	(6,652)
Extracurricular	2,172,992	2,124,122	48,870
Capital outlay	709,158	676,220	32,938
Debt service	84,250	124,426	(40,176)
Total expenditures	<u>\$ 107,731,926</u>	<u>\$ 106,618,223</u>	<u>\$ 1,113,703</u>

The Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual General Fund table shows a slight variance between the original budget revenue and the final budget revenue due to anticipated enrollment revenue included in the original budget was less than realized.

A variance of \$2.0 million in the final amended budget and actual amounts incurred in instructional expenditures as a result of fewer retirements than expected, budgetary savings, and vacant positions.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The district's 2015 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, 2015 of \$49.5 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, 2015 and 2014. The district had \$126.5 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.

	2015	2014	Change
Land	\$ 4,859,721	\$ 4,859,721	\$ -
Construction in progress	49,468,790	11,812,913	37,655,877
Improvements other than buildings	814,811	853,354	(38,543)
Buildings and improvements	69,902,734	65,312,479	4,590,255
Machinery and equipment	1,423,035	1,194,313	228,722
Total	<u>\$ 126,469,091</u>	<u>\$ 84,032,780</u>	<u>\$ 42,436,311</u>

Debt Administration – A summary of the district's outstanding long-term debt for the years ended June 30, 2015 and 2014 is presented below:

	2015	2014	Change
General obligation bonds	\$105,654,502	\$ 107,044,502	\$ (1,390,000)
Limited obligation bonds	252,750	337,000	(84,250)
Premium	7,742,169	8,158,788	(416,619)
Total bonds	113,649,421	115,540,290	(1,890,869)
Compensated absences	10,663,718	11,178,434	(514,716)
Service credit and term pay benefits	11,910,307	11,536,157	374,150
Other post-employment benefits	13,546,000	12,651,000	895,000
Total	<u>\$149,769,446</u>	<u>\$ 150,905,881</u>	<u>\$ (1,136,435)</u>

At year end, the district had \$149.8 million in outstanding long-term debt/liabilities. The current portion which is due within one year is was equal to \$3.9 million. The total long-term liability increased \$1.1 million, or .8%.

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, 2015 the district's total debt outstanding was well below the legal limit of \$458 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the resources it receives. If you have questions about this report or need additional information, contact Chief Financial Officer, Patricia Hubbard, at Billings Public Schools, 415 North 30th Street, Billings, Montana, 59101.

BASIC FINANCIAL STATEMENTS

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BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
June 30, 2015

ASSETS	
Cash and cash equivalents	\$ 95,747,565
Receivables:	
Property taxes, net	3,019,512
Governments	479,568
Other	1,115,593
Prepays	104,570
Capital assets not being depreciated-land and construction in progress	54,328,511
Capital assets, net of accumulated depreciation	<u>72,140,580</u>
Total assets	<u>226,935,899</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>12,568,913</u>
Total deferred outflows of resources	<u>12,568,913</u>
LIABILITIES	
Accounts payable and accrued expenses	13,325,207
Accrued interest payable	198,688
Unearned revenue	11,015
Noncurrent liabilities:	
Due within one year:	
Bonds	2,869,250
Compensated absences	1,066,372
Due in more than one year:	
Bonds	110,780,171
Compensated absences	9,597,346
Service credit and termination pay benefits payable	11,910,307
Other postemployment benefits	13,546,000
Net pension liability	<u>104,558,790</u>
Total liabilities	<u>267,863,147</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>17,575,089</u>
Total deferred inflows of resources	<u>17,575,089</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	51,771,080
Restricted for:	
Instruction	6,091,695
Support services:	
Students	3,087
Instructional staff	22,863
School administration	290,379
Operation and maintenance	497,103
Student transportation	1,167,675
Food services	95,491
Capital projects	614,918
Debt service	6,487,701
Unrestricted	<u>(112,975,416)</u>
Total net position (deficit)	<u>\$ (45,933,424)</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

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	\$ 96,651,543	\$ 773,615	\$ 21,970,674	\$ -	\$ (73,907,254)
Support services:					
Students	12,710,349	-	4,796,513	-	(7,913,836)
Instructional staff	7,940,616	-	364,360	-	(7,576,256)
General administration	2,060,920	-	12,859	-	(2,048,061)
School administration	10,285,418	-	822,548	-	(9,462,870)
Business services	2,424,217	-	43,223	-	(2,380,994)
Operation and maintenance	12,298,862	57,034	182,425	-	(12,059,403)
Student transportation	5,713,291	36,618	1,735,470	-	(3,941,203)
Food services	5,975,077	2,089,187	3,662,061	-	(223,829)
Community services	10,100	-	-	-	(10,100)
Extracurricular	2,602,188	-	59,017	97,003	(2,446,168)
Interest	4,455,186	-	1,012,088	-	(3,443,098)
Total	163,127,767	2,956,454	34,661,238	97,003	(125,413,072)
General revenues:					
Property taxes					48,002,113
Intergovernmental:					
State aid					64,120,939
State other					7,322,579
County					15,458,169
Interest					580,470
Contributions and donations not restricted for specific programs					1,242,275
Miscellaneous					828,766
Gain on disposal of capital assets					8,139
Total general revenues					137,563,450
Change in net position					12,150,378
Net position - beginning					54,520,308
Prior period adjustment					(112,604,110)
Net position (deficit) - ending					\$ (45,933,424)

BILLINGS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,332,607	\$ 48,990,926	\$ 25,655,404	\$ 87,978,937
Receivables:				
Property taxes, net	2,422,571	-	596,941	3,019,512
Governments	255	-	479,313	479,568
Other	179,879	301,508	105,805	587,192
Prepaid items	-	-	1,659	1,659
Total assets	\$ 15,935,312	\$ 49,292,434	\$ 26,839,122	\$ 92,066,868
LIABILITIES				
Accounts payable	\$ 2,686,625	\$ 7,355,296	\$ 1,280,790	\$ 11,322,711
Unearned revenue	143,015	2,612	10,839	156,466
Total liabilities	2,829,640	7,357,908	1,291,629	11,479,177
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	2,078,699	-	440,142	2,518,841
Total deferred inflows of resources	2,078,699	-	440,142	2,518,841
FUND BALANCES				
Nonspendable	-	-	1,659	1,659
Restricted	-	38,951,410	14,883,832	53,835,242
Committed	-	-	3,869,220	3,869,220
Assigned	695,086	2,983,116	6,352,640	10,030,842
Unassigned	10,331,887	-	-	10,331,887
Total fund balances	11,026,973	41,934,526	25,107,351	78,068,850
Total liabilities, deferred inflows of resources and fund balances	\$ 15,935,312	\$ 49,292,434	\$ 26,839,122	\$ 92,066,868

BILLINGS PUBLIC SCHOOLS

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

June 30, 2015

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

Total fund balances, governmental funds	\$ 78,068,850
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	126,469,091
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,664,468
Pension-deferred outflows	12,568,913
Pension-deferred inflows	(17,575,089)
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.	(7,213,851)
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	(94,547,252)
Issuance premium (to be amortized over life of debt)	(7,742,169)
Limited obligation bonds	(11,360,000)
Compensated absences	(10,598,599)
Service credit and termination pay benefits	(11,910,307)
Net pension liability	(104,558,790)
Net position (deficit) of governmental activities	<u>\$ (45,933,424)</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, 2015

	General	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 32,304,925	\$ -	\$ 14,858,929	\$ 47,163,854
Intergovernmental:				
County	-	-	16,313,938	16,313,938
State aid	61,324,702	-	2,796,237	64,120,939
State other	16,650,212	-	9,739,983	26,390,195
Federal	-	-	14,689,534	14,689,534
Tuition	210,943	-	-	210,943
Charge for services	-	22,852	2,731,430	2,754,282
Interest	158,421	169,024	197,739	525,184
Miscellaneous	-	139,533	1,979,827	2,119,360
Total revenues	<u>110,649,203</u>	<u>331,409</u>	<u>63,307,617</u>	<u>174,288,229</u>
EXPENDITURES				
Current:				
Instruction	68,683,961	-	27,000,560	95,684,521
Support services:				
Students	7,143,315	-	5,679,932	12,823,247
Instructional staff	5,898,708	35,998	1,928,433	7,863,139
General administration	1,711,703	78	348,842	2,060,623
School administration	8,119,218	-	2,460,302	10,579,520
Business services	2,146,282	4,911	318,130	2,469,323
Operation and maintenance	11,030,807	37,994	1,324,909	12,393,710
Student transportation	28,222	-	5,678,869	5,707,091
Food services	2,510	-	5,862,622	5,865,132
Community services	800	-	9,300	10,100
Extracurricular	2,172,992	-	332,243	2,505,235
Capital outlay	709,158	45,070,020	519,576	46,298,754
Debt service:				
Principal	84,250	-	1,390,000	1,474,250
Interest and other charges	-	-	6,170,436	6,170,436
Total expenditures	<u>107,731,926</u>	<u>45,149,001</u>	<u>59,024,154</u>	<u>211,905,081</u>
Excess (deficiency) of revenues over expenditures	<u>2,917,277</u>	<u>(44,817,592)</u>	<u>4,283,463</u>	<u>(37,616,852)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	5,453	2,686	8,139
Insurance recoveries	-	9,308	52,192	61,500
Transfers in	-	-	196,450	196,450
Transfers out	-	-	(196,450)	(196,450)
Total other financing sources (uses)	<u>-</u>	<u>14,761</u>	<u>54,878</u>	<u>69,639</u>
Net change in fund balances	<u>2,917,277</u>	<u>(44,802,831)</u>	<u>4,338,341</u>	<u>(37,547,213)</u>
Fund balances - beginning	<u>8,109,696</u>	<u>86,737,357</u>	<u>20,769,010</u>	<u>115,616,063</u>
Fund balances - ending	<u>\$ 11,026,973</u>	<u>\$ 41,934,526</u>	<u>\$ 25,107,351</u>	<u>\$ 78,068,850</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, 2015

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

Net change in fund balances - total governmental funds	\$ (37,547,213)
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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 (\$46,298,754) exceeded depreciation (\$3,959,446) in the current period.	42,339,308
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The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position.	97,003
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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.	829,488
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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	416,619
Repayment of principal on long-term debt	1,474,250

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	1,298,631
Service credit and termination pay benefits	(374,150)
Compensated absences	523,568
Pension expense	3,039,144

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.

53,730

Change in net position of governmental activities	<u>\$ 12,150,378</u>
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BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,768,628
Accounts receivable, net	528,401
Prepaid items	<u>102,911</u>
Total current assets	<u>8,399,940</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,002,496
Unearned revenue	176
Compensated absences	<u>13,024</u>
Total current liabilities	<u>2,015,696</u>
Noncurrent liabilities:	
Compensated absences	52,095
Other postemployment benefits	<u>13,546,000</u>
Total noncurrent liabilities	<u>13,598,095</u>
Total liabilities	<u>15,613,791</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(7,213,851)</u>
Total net position (deficit)	<u><u>\$ (7,213,851)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 18,043,445
Total operating revenues	<u>18,043,445</u>
OPERATING EXPENSES	
Personal services - salaries	253,756
Personal services - benefits	43,490
Purchased professional and technical services	68
Purchased property services	19,113
Other purchased services	1,377,654
Supplies and materials	2,332
Insurance claims and expenses	15,453,588
Other postemployment benefits	<u>895,000</u>
Total operating expenses	<u>18,045,001</u>
Operating loss	<u>(1,556)</u>
NONOPERATING REVENUES	
Interest revenue	<u>55,286</u>
Total nonoperating revenues	<u>55,286</u>
Change in net position	53,730
Net position (deficit) - beginning	<u>(7,267,581)</u>
Net position (deficit) - ending	<u>\$ (7,213,851)</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from health insurance premiums	\$ 17,476,822
Cash received from interfund services	383,583
Medical claims paid	(14,966,635)
Cash paid to employees health insurance services	(103,791)
Cash paid to employees interfund services	(141,113)
Cash paid to suppliers for goods and services health insurance services	(1,396,492)
Cash paid to suppliers for goods and services interfund services	(9,523)
Net cash provided by operating activities	<u>1,242,851</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>55,286</u>
Net cash provided by investing activities	<u>55,286</u>
Change in cash and cash equivalents	1,298,137
Cash and cash equivalents - beginning	<u>6,470,491</u>
Cash and cash equivalents - ending	<u>\$ 7,768,628</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,556)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Other postemployment benefits	895,000
Increase in accounts receivable	(179,493)
Decrease in prepaid items	4,937
Increase in accounts payable	518,658
Decrease in unearned revenue	(3,547)
Increase in compensated absences	8,852
Net cash provided by operating activities	<u>\$ 1,242,851</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,624,083	\$ 6,607,408
Other receivables	-	19,442
Total assets	2,624,083	6,626,850
LIABILITIES		
Accounts payable	43,009	6,626,850
Total liabilities	43,009	6,626,850
NET POSITION		
Net position held in trust	\$ 2,581,074	\$ -

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2015

	Private Purpose Trust Fund- Extracurricular
ADDITIONS	
Contributions:	
Student extracurricular activities	<u>\$ 3,274,084</u>
Total contributions	<u>3,274,084</u>
Investment earnings:	
Interest	<u>19,313</u>
Total net investment earnings	<u>19,313</u>
Total additions	<u>3,293,397</u>
DEDUCTIONS	
Student extracurricular activities	<u>3,106,684</u>
Total deductions	<u>3,106,684</u>
Change in net position	186,713
Net position - beginning	<u>2,394,361</u>
Net position - ending	<u><u>\$ 2,581,074</u></u>

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 government adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions also are addressed.

The government adopted the provisions of GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This Statement establishes standards for the amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The government'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 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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property 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 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 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 classified as a 2a7-like pool, under the Investment Company Act of 1940, and as such, uses amortized cost to report unit values.

Investments are reported at fair market value. Fair market value is determined annually, based on fiscal year-end market values. Short-term investments are reported at cost, which approximates fair market value. 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, 2015. The allowance at June 30, 2015, was \$192,739.

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 and Prepaid Items

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 using the purchases method 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 estimated fair market 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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 designated the Assistant Superintendent, Division of Administration/Operational Support, and Superintendent, 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 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 \$7,483,769 as of June 30, 2015. 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, 2015, 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, 2015 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, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Claims incurred but not reported</u>	<u>Total</u>
General	\$ 2,007,020	\$ 679,605	\$ -	\$ 2,686,625
Elementary building	7,344,288	11,008	-	7,355,296
Internal service funds	60,982	8,103	1,933,411	2,002,496
Nonmajor governmental funds	828,450	452,340	-	1,280,790
	<u>\$ 10,240,740</u>	<u>\$ 1,151,056</u>	<u>\$ 1,933,411</u>	<u>\$ 13,325,207</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 4,859,721	\$ -	\$ -	\$ 4,859,721
Construction in progress	11,812,913	42,049,339	(4,393,462)	49,468,790
Total capital assets, not being depreciated	16,672,634	42,049,339	(4,393,462)	54,328,511
Capital assets, being depreciated:				
Buildings/improvements	109,503,746	8,146,900	-	117,650,646
Improvements other than buildings	1,192,893	22,023	-	1,214,916
Machinery and equipment	9,440,433	570,957	(441,456)	9,569,934
Total capital assets, being depreciated	120,137,072	8,739,880	(441,456)	128,435,496
Less accumulated depreciation for:				
Buildings/improvements	(44,191,267)	(3,556,645)	-	(47,747,912)
Improvements other than buildings	(339,539)	(60,566)	-	(400,105)
Machinery and equipment	(8,246,120)	(342,235)	441,456	(8,146,899)
Total accumulated depreciation	(52,776,926)	(3,959,446)	441,456	(56,294,916)
Total capital assets, being depreciated, net	67,360,146	4,780,434	-	72,140,580
Total capital assets, net	\$ 84,032,780	\$ 46,829,773	\$ (4,393,462)	\$ 126,469,091

Depreciation expense was charged to district activities as follows:

Instruction	\$ 3,003,578
Support services-students	271,082
Support services-instructional staff	173,174
Support services-general administration	15,073
Support services-administration	57,581
Support services-business	17,630
Operation and maintenance	166,596
Student transportation	13,331
Food services	110,987
Extracurricular	130,414
	<u>\$ 3,959,446</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Long-Term Debt

During the year ended June 30, 2015, the following changes occurred in long-term debt:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 107,044,502	\$ -	\$ (1,390,000)	\$ 105,654,502	\$ 2,785,000
Limited obligation bonds	337,000	-	(84,250)	252,750	84,250
Premium	8,158,788	-	(416,619)	7,742,169	-
Total bonds payable	115,540,290	-	(1,890,869)	113,649,421	2,869,250
Compensated absences	11,178,434	7,807,862	(8,322,578)	10,663,718	1,066,372
Service credit and termination pay benefits	11,536,157	3,535,132	(3,160,982)	11,910,307	-
Other post employment benefits	12,651,000	2,065,000	(1,170,000)	13,546,000	-
Total	\$ 150,905,881	\$ 13,407,994	\$ (14,544,429)	\$ 149,769,446	\$ 3,935,622

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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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.

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
2016	\$ 2,785,000	\$ 4,768,524	\$ 84,250	-
2017	2,870,000	4,684,974	84,250	-
2018	2,955,000	4,598,874	84,250	-
2019	3,075,000	4,480,674	-	-
2020	3,225,000	4,326,924	-	-
2021-2025	18,475,000	19,295,220	-	-
2026-2030	35,200,000	13,038,690	-	-
2031-2034	37,069,502	3,768,248	-	-
	<u>\$ 105,654,502</u>	<u>\$ 58,962,128</u>	<u>\$ 252,750</u>	<u>\$ -</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Fund Balances

As of June 30, 2015, fund balances are comprised of the following:

	General Fund	Elementary Building Fund	Total Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ 1,659	\$ 1,659
Restricted:				
Instruction	-	-	5,811,892	5,811,892
Support services:				
Students	-	-	3,087	3,087
Instructional staff	-	-	22,863	22,863
School administration	-	-	290,379	290,379
Operation and maintenance	-	-	494,491	494,491
Student transportation	-	-	929,616	929,616
Food services	-	-	95,491	95,491
Capital projects	-	38,951,410	614,918	39,566,328
Debt service	-	-	6,621,095	6,621,095
Committed:				
Instruction	-	-	1,850,155	1,850,155
Support services:				
Students	-	-	1,979,261	1,979,261
Operation and maintenance	-	-	202	202
Community services	-	-	39,602	39,602
Assigned:				
Instruction	39,467	-	2,753,040	2,792,507
Support services:				
Students	590	-	960,071	960,661
Instructional staff	260,780	2,181	1,395,316	1,658,277
General administration	4,800	-	440,032	444,832
School administration	-	-	136,627	136,627
Business services	3,840	10,807	395,242	409,889
Operation and maintenance	36,235	2,970,128	272,312	3,278,675
Capital projects	349,374	-	-	349,374
Unassigned	10,331,887	-	-	10,331,887
	<u>\$ 11,026,973</u>	<u>\$ 41,934,526</u>	<u>\$ 25,107,351</u>	<u>\$ 78,068,850</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, 2015, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$670 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 \$165,000.

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, 2015, 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 2015 and 2014 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2013-14	\$ 1,446,458	\$ 14,839,037	\$ (14,839,037)	\$ 1,446,458
2014-15	1,446,458	15,453,588	(14,966,635)	1,933,411

Subsequent Events

The district has evaluated subsequent events through December 10, 2015 the date which the financial statements were available to be issued. On November 5, 2013 the voters in the elementary district approved a \$122.3 million general obligation bond to fund projects identified in the facilities master plan completed by the district. The first issue of these bonds in the amount of \$80.9 million was sold in January 2014. The second issue of these bonds in the amount of \$33 million was sold September 2015. The district does not expect to issue the remaining \$8.4 million in bonds based on the current project budget projections and the receipt of bond premium in the amount of \$5.12 million from the September 2015 bond issue.

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$722,672, primarily for construction projects, equipment and supplies. The following schedule displays encumbrances for the general fund and nonmajor funds in the aggregate.

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	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Instruction	\$ -	\$ 451	\$ 451
Support services:			
Instructional staff	-	22,863	22,863
Operation and maintenance	-	4,272	4,272
Assigned:			
Instruction	39,467	-	39,467
Support services:			
Students	590	-	590
Instructional staff	260,780	-	260,780
General administration	4,800	-	4,800
School administration	-	-	-
Business services	3,840	-	3,840
Operation and maintenance	36,235	-	36,235
Capital outlay	349,374	-	349,374
	<u>\$ 695,086</u>	<u>\$ 27,586</u>	<u>\$ 722,672</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, 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, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts. The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. 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. Tier one members with 25 years of service or age 60 with 5 years of service are eligible to retire. The retirement benefit is equal to 1/60 of final compensation for each year of service. Tier two members age 55 with 30 years of service or age 60 with 5 years of service are eligible to retire. The retirement benefit for a member age 60 with at least 30 years of creditable service will receive a retirement allowance equal to 185/100 of final compensation for each year of service. Otherwise, the multiplier used to calculate the retirement allowance will equal 1/60 of final compensation for each year of service.

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Tier one members are eligible for early retirement with 5 years of service and age 50. The retirement benefit is calculated in the same manner as described for normal retirement, but the benefit is actuarially reduced by the lesser of the number of years equal to the age of the participant at the early retirement subtracted from age 60 or the number of years of service at early retirement subtracted from 25 years of service. Tier two members are eligible for early retirement with 5 years of service and age 55. The retirement benefit is calculated in the same manner as described for normal retirement, but the benefit is actuarially reduced by the lesser of the number of years equal to the age of the participant at the early retirement subtracted from age 60 or the number of years of service at early retirement subtracted from 30 years of service.

5 years of service are required for disability benefits. The disability benefit is equal to 1/60 of final compensation for each year of service accrued at date of disability. The minimum benefit is 1/4 of the final compensation. A tier two member is not eligible for a disability retirement if the member is or will be eligible for a service retirement on or before the member's date of determination.

5 years of service are required for death benefits. The death benefit is equal to 1/60 of final compensation for each year of service accrued at date of death, with an actuarial adjustment based on the relation of the member's age at death to the beneficiary's age. A monthly benefit of \$200 is paid to each child until age 18. In addition, a lump-sum benefit of \$500 is paid upon the death of an active or retired member.

For a member who leaves with less than 5 years of service, the accumulated employee contributions with interest are returned. A member who leaves with more than 5 years of service, may elect a refund of contributions with interest or leave the contributions and interest in the system and retain a vested right to retirement benefits.

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, the greater of (a) 1/56 of the member's highest average compensation (HAC) multiplied by years of service credit or (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest or 2) if 25 years of membership service or more, the greater of (a) 2% of HAC multiplied by years of service credit or (b) calculation in 1)(b) above.

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, the greater of (a) 1.5% of the member's HAC multiplied by years of service credit or (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest 2) if between 10 and 30 years of membership service, the greater of (a) 1/56 of HAC multiplied by years of service credit or (b) calculation in 1)(b) above or 3) if 30 years of membership service or more, the greater of (a) 2% of HAC multiplied by years of service credit or (b) calculation in 1)(b) above.

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. Benefits are calculated as follows: 1) members who retire prior to October 1, 2011, the actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced by a factor resulting from multiplying 0.5% (for first 5 years from service retirement eligibility) and by 0.3% (for six to 10 years from service retirement eligibility) by the number of months by which the retirement date precedes the date at which the member would have attained age 60 or completed 30 years of membership service or 2) members who retire on or after October 1, 2011, the actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. The benefit is the actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 65 with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

5 years of membership service is required for disability eligibility. Disability benefits are determined as follows: 1) if hired on or before February 24, 1991 and an election was not made, the greater of (a) 90% of 1/56 of HAC multiplied by years of service credit or (b) 25% of HAC, 2) if hired after February 24, 1991 and prior to July 1, 2011 (a) less than 25 years of membership service: 1/56 of HAC multiplied by years of service credit or (b) at least 25 years of membership service: 2% of HAC multiplied by years of service credit or 3) if hired on or after July 1, 2011 (a) if less than 10 years of membership service: 1.5% of HAC multiplied by years of service credit, (b) if between 10 and 30 years of membership service: 1/56 of HAC multiplied by years of service credit or (c) if 30 years of membership service or more: 2% of HAC multiplied by years of service credit.

Death benefits equal the sum of 1) accumulated contributions plus 2) monthly compensation multiplied by the lesser of years of service credit or six, plus 3) interest until the benefit is paid. However, the survivor of an inactive member who was inactive for more than six months will receive only accumulated contributions and interest from the date of death until payment is made. A survivor may elect to receive the payment as a non-increasing annuity that is the actuarial equivalent of the amount of benefit the member would have

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received.

For members hired prior to July 1, 2011, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death or, if the member dies prior to age 50 or 25 years of membership service, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 50. For members hired on or after July 1, 2011, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death, or if the member dies prior to age 55, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 55.

A member who leaves service may withdraw contributions made. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to a maximum of 1.5% for each year PERS is funded at or above 90%, with the 1.5% reduced by 0.1% for each 2% PERS is funded below 90% and 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, 2015, were required to contribute 8.15% of their earned compensation. TRS employers were required to contribute 8.57% of earned compensation. The State's General Fund contributes an additional 2.49% 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.

Public Employees Retirement System

All members contribute 7.9% of their compensation. This is a temporary 1% increase for members hired prior to July 1, 2011 and remains the same for members hired on or after July 1, 2011. 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 and remain below 25 years following the termination of the 1% additional member contribution rate. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contribute 7.9% 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. 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 (Revenue), and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2015, the district recorded a liability of \$91,447,722 (TRS) and \$13,111,068 (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, 2014	
	TRS	PERS
Employer proportionate share	\$ 91,447,722	\$ 13,111,068
State of Montana proportionate share associated with employer	62,631,322	612,898
Total	<u>\$ 154,079,044</u>	<u>\$ 13,723,966</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The district's proportion of the net pension liability was based on the district's

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contributions received by TRS and PERS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all TRS and PERS participating employers. At June 30, 2014, the district's proportion was 5.9426 and 1.052243 percent for TRS and PERS, respectively.

For the year ended June 30, 2015, the district recognized \$5,783,736 (TRS) and \$620,530 (PERS) for its proportionate share of the pension expense. The district also recognized grant revenue of \$3,507,127 (TRS) and \$417,047 (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 \$9,290,863 and \$1,037,577 for TRS and PERS, respectively.

At June 30, 2015, 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 experience	\$ 904,629	\$ -	\$ -	\$ -
Changes in assumptions	2,072,591	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	14,163,975	-	3,387,685
Changes in the employer's proportion and differences between employer's contributions and the employer's proportionate contributions	148,283	-	-	23,429
District contributions subsequent to measurement date	8,391,444	-	1,051,966	-
	<u>\$ 11,516,947</u>	<u>\$ 14,163,975</u>	<u>\$ 1,051,966</u>	<u>\$ 3,411,114</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, 2016.

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

	TRS			PERS		
Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase (Decrease) to Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase (Decrease) to Pension Expense
2016	\$ 1,041,834	\$ 3,540,994	\$ (2,499,160)	\$ -	\$ 854,731	\$ (854,731)
2017	1,041,834	3,540,994	(2,499,160)	-	854,731	(854,731)
2018	1,041,835	3,540,994	(2,499,159)	-	854,731	(854,731)
2019	-	3,540,993	(3,540,993)	-	846,921	(846,921)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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	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 with adjustments for mortality improvements based on 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 May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using 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 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, 2014, 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%	2.0%	-0.25%
Domestic equity	36.0%	4.80%	36.0%	4.80%
Foreign equity	18.0%	6.05%	18.0%	6.05%
Fixed income	26.0%	1.68%	24.0%	1.68%
Private equity	12.0%	8.50%	12.0%	8.50%
Real estate	8.0%	4.50%	8.0%	4.50%
	<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 2116. 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

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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 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.

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	\$ 127,049,970	\$ 91,447,722	\$ 61,369,297
Net pension liability-PERS	20,858,357	13,111,068	6,576,992

Service Credit and Termination Pay Benefit Plan

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. Billings Public Schools does not prefund the Plan but finances it on a pay-as-you-go basis.

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.

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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, sick leave, and 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

Billings Public School's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	\$ 3,400,544
Interest on net pension obligation	519,127
Adjustment to annual required contribution	<u>(384,539)</u>
Annual pension cost	3,535,132
Contributions made	<u>(3,160,982)</u>
Change in net pension obligation	374,150
Net pension obligation-beginning of year	<u>11,536,157</u>
Net pension obligation-end of year	<u>\$ 11,910,307</u>

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2015 actuarial valuation using the entry age actuarial cost method. This report was updated for 2015 with new population information. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The actuarial computations assumed a 4% inflation factor in computing future salaries and a discount rate of 4% in determining present value of projected benefits. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The normal cost was first calculated for each individual employee. The normal cost rate is defined to equal the total of the individual normal costs, divided by the total pay rate.

The portion of this actuarial present value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability (AAL). The excess of the AAL over the actuarial value of the assets, if any, is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is amortized as a level percentage of the projected salaries of present and future employees covered by the Plan. The amortization of the UAAL assumes that contributions are made as a level percentage of pay for a period of years. In accordance with GASB Statement 27 guidelines, the maximum amortization period for the UAAL is 40 years for the first ten years following the effective date of the Statement, June 15, 1997. For the Billings Public Schools the ten year period ended June 30, 2006. Effective fiscal year 2007, the maximum amortization period for GASB Statement 27 purposes is 30 years on an open basis. The benefits from both the service credit benefit plan and the TRS Option 1 benefit plan are computed separately, but reported as one cost rate for purposes of determining the ARC.

The actuarial assumptions included a 4% annual rate increase in general wage levels, an annual discount rate of 4% per year and that 90% of TRS employees will elect TRS Option 1.

Three year trend information is as follows:

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Year Ending June 30,	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
2013	\$ 3,428,060	95%	\$ 11,229,802
2014	3,445,493	91%	11,536,157
2015	3,535,132	89%	11,910,307

Following is the Schedule of Funding Progress:

Actuarial valuation date	June 30, 2015
Actuarial value of assets	\$ -
Actuarial value of liabilities	\$ 35,882,772
Unfunded actuarial accrued liabilities (UAAL)	\$ 35,882,772
Funded ratio	0%
Covered payroll	\$ 83,550,579
UAAL as a percentage of covered payroll	43%

Funded Status and Funding Progress. As of June 30, 2015, the Plan was 0% funded. The actuarial accrued liability for benefits was \$35,882,772, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$35,882,772.

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 other trends. 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.

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.

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 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	\$ 1,979,000
Interest on net OPEB obligation	569,000
Adjustment to annual required contribution	<u>(483,000)</u>
Annual OPEB cost (expense)	2,065,000
Contributions made	<u>(1,170,000)</u>
Increase in net OPEB obligation	895,000
Net OPEB obligation - beginning of year	<u>12,651,000</u>
Net OPEB obligation - end of year	<u>\$ 13,546,000</u>

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 2015 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)
2013	\$ 2,378,000	55%	\$ 11,593,000
2014	1,972,000	46%	12,651,000
2015	2,065,000	57%	13,546,000

Funded Status and Funding Progress. As of June 30, 2015, the Plan was 0% funded. The actuarial accrued liability for benefits was \$24,634,000, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$24,634,000. The covered payroll (annual payroll of active employees covered by the plan) was \$80,273,893 and the ratio of the UAAL to the covered payroll was 30.5%.

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 4.5% 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 8.5% reduced by decrements of .5% to an ultimate rate of 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.

Adoption of New Standard

As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

Net position at June 30, 2014, as previously reported	\$ 54,520,308
Net pension liability at June 30, 2014	(122,573,873)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	<u>9,969,763</u>
Net position at July 1, 2014, as restated	<u>\$ (58,083,802)</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL GENERAL FUND For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 34,214,698	\$ 32,725,061	\$ 32,304,925	\$ -	\$ 32,304,925
Intergovernmental:					
State aid	61,921,454	61,324,702	61,324,702	-	61,324,702
State other	15,626,979	16,600,734	16,650,212	-	16,650,212
Tuition	220,000	220,000	210,943	-	210,943
Interest	11,964	17,359	153,836	4,585	158,421
Total revenues	111,995,095	110,887,856	110,644,618	4,585	110,649,203
EXPENDITURES					
Current:					
Instructional	71,642,037	71,247,280	68,713,014	(29,053)	68,683,961
Support services:					
Students	6,998,326	7,116,566	7,143,340	(25)	7,143,315
Instructional staff	5,779,860	5,924,734	6,159,488	(260,780)	5,898,708
General administration	2,690,755	2,192,265	1,716,503	(4,800)	1,711,703
Administration	8,057,371	8,113,787	8,119,218	-	8,119,218
Business	1,707,402	1,747,138	2,125,710	20,572	2,146,282
Operation and maintenance	11,028,194	11,073,009	10,956,271	74,536	11,030,807
Student transportation	10,342	16,898	28,222	-	28,222
Food services	4,938	4,938	2,510	-	2,510
Community services	-	-	800	-	800
Extracurricular	2,145,908	2,145,908	2,172,992	-	2,172,992
Debt Service:					
Principal	85,500	85,500	84,250	-	84,250
Capital Outlay	1,744,462	1,119,833	732,728	(23,570)	709,158
Total expenditures	111,895,095	110,787,856	107,955,046	(223,120)	107,731,926
Excess (deficiency) of revenues over expenditures	100,000	100,000	2,689,572	227,705	2,917,277
OTHER FINANCING USES					
Transfers out	(100,000)	(100,000)	(1,155,000)	1,155,000	-
Total other financing uses	(100,000)	(100,000)	(1,155,000)	1,155,000	-
Net change in fund balances	\$ -	\$ -	1,534,572	1,382,705	2,917,277
Fund balances - beginning			6,848,264	1,261,432	8,109,696
Fund balances - ending			\$ 8,382,836	\$ 2,644,137	\$ 11,026,973

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. The elementary general fund budget was amended because anticipated enrollment increases did not occur. The budget was decreased \$1,107,239.

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 21,535,522	\$ 20,604,993	\$ 20,375,184	\$ -	\$ 20,375,184
Intergovernmental:					
State aid	41,108,523	40,462,114	40,462,114	-	40,462,114
State other	10,794,594	11,259,453	11,295,133	-	11,295,133
Tuition	163,000	163,000	183,476	-	183,476
Interest	6,677	11,517	102,682	2,401	105,083
Total revenues	73,608,316	72,501,077	72,418,589	2,401	72,420,990
EXPENDITURES					
Current:					
Instructional	48,828,691	48,697,661	46,372,355	(30,009)	46,342,346
Support services:					
Students	4,925,813	5,010,853	5,013,999	-	5,013,999
Instructional staff	3,745,415	3,807,646	4,189,806	(213,370)	3,976,436
General administration	1,950,213	1,450,213	1,128,893	(3,216)	1,125,677
Administration	4,940,988	4,964,480	4,950,697	-	4,950,697
Business	1,127,445	1,149,776	1,422,794	14,515	1,437,309
Operation and maintenance	6,567,995	6,556,824	6,457,120	(732)	6,456,388
Student transportation	10,342	12,885	22,330	-	22,330
Food services	3,292	3,292	-	-	-
Extracurricular	514,140	514,140	509,805	-	509,805
Debt Service:					
Principal	85,500	85,500	84,250	-	84,250
Capital Outlay	838,482	177,807	247,831	36,881	284,712
Total expenditures	73,538,316	72,431,077	70,399,880	(195,931)	70,203,949
Excess (deficiency) of revenues over expenditures	70,000	70,000	2,018,709	198,332	2,217,041
OTHER FINANCING USES					
Transfers out	(70,000)	(70,000)	(880,000)	880,000	-
Total other financing uses	(70,000)	(70,000)	(880,000)	880,000	-
Net change in fund balances	\$ -	\$ -	1,138,709	1,078,332	2,217,041
Fund balances - beginning			4,416,959	513,559	4,930,518
Fund balances - ending			\$ 5,555,668	\$ 1,591,891	\$ 7,147,559

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 12,679,176	\$ 12,120,068	\$ 11,929,741	\$ -	\$ 11,929,741
Intergovernmental:					
State aid	20,812,931	20,862,588	20,862,588	-	20,862,588
State other	4,832,385	5,341,281	5,355,079	-	5,355,079
Tuition	57,000	57,000	27,467	-	27,467
Interest	5,287	5,842	51,154	2,184	53,338
Total revenues	<u>38,386,779</u>	<u>38,386,779</u>	<u>38,226,029</u>	<u>2,184</u>	<u>38,228,213</u>
EXPENDITURES					
Current:					
Instructional	22,813,346	22,549,619	22,340,659	956	22,341,615
Support services:					
Students	2,072,513	2,105,713	2,129,341	(25)	2,129,316
Instructional staff	2,034,445	2,117,088	1,969,682	(47,410)	1,922,272
General administration	740,542	742,052	587,610	(1,584)	586,026
Administration	3,116,383	3,149,307	3,168,521	-	3,168,521
Business	579,957	597,362	702,916	6,057	708,973
Operation and maintenance	4,460,199	4,516,185	4,499,151	75,268	4,574,419
Student transportation	-	4,013	5,892	-	5,892
Food services	1,646	1,646	2,510	-	2,510
Community services	-	-	800	-	800
Extracurricular	1,631,768	1,631,768	1,663,187	-	1,663,187
Capital Outlay	905,980	942,026	484,897	(60,451)	424,446
Total expenditures	<u>38,356,779</u>	<u>38,356,779</u>	<u>37,555,166</u>	<u>(27,189)</u>	<u>37,527,977</u>
Excess (deficiency) of revenues over expenditures	<u>30,000</u>	<u>30,000</u>	<u>670,863</u>	<u>29,373</u>	<u>700,236</u>
OTHER FINANCING USES					
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(275,000)</u>	<u>275,000</u>	<u>-</u>
Total other financing uses	<u>(30,000)</u>	<u>(30,000)</u>	<u>(275,000)</u>	<u>275,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>395,863</u>	<u>304,373</u>	<u>700,236</u>
Fund balances - beginning			<u>2,431,305</u>	<u>747,873</u>	<u>3,179,178</u>
Fund balances - ending			<u>\$ 2,827,168</u>	<u>\$ 1,052,246</u>	<u>\$ 3,879,414</u>

BILLINGS PUBLIC SCHOOLS
SCHEDULES OF FUNDING PROGRESS - SERVICE CREDIT AND TERMINATION PAY BENEFIT PLAN
AND OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS-SERVICE CREDIT AND TERMINATION PAY 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]
6/30/2015	\$ -	\$ 35,882,772	\$ 35,882,772	0%	\$ 83,550,579	42.9%
6/30/2013	-	36,238,928	36,238,928	0%	82,059,626	44.2%
6/30/2011	-	36,843,296	36,843,296	0%	82,307,548	44.8%

* Actuarial update is required every two years

SCHEDULE OF FUNDING PROGRESS-OTHER POSTEMPLOYMENT 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]
6/30/2015	\$ -	\$ 24,634,000	\$ 24,634,000	0%	\$ 80,273,893	30.7%
6/30/2014	-	23,555,000	23,555,000	0%	77,606,000	30.4%
6/30/2013	-	27,000,000	27,000,000	0%	82,060,000	32.9%

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

<u>Teachers Retirement System:</u>	<u>2015</u>
Employer's proportion of the net pension liability	5.9426%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 91,447,722
State of Montana's proportionate share of the net pension liability associated with the Employer	<u>62,631,322</u>
Total	<u>\$ 154,079,044</u>
Employer's covered-employee payroll	\$ 76,365,204
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.75%
Plan fiduciary net position as a percentage of the total pension liability	70.36%
 <u>Public Employees Retirement System:</u>	 <u>2015</u>
Employer's proportion of the net pension liability	1.0522%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 13,111,068
State of Montana's proportionate share of the net pension liability associated with the Employer	<u>612,898</u>
Total	<u>\$ 13,723,966</u>
Employer's covered-employee payroll	\$ 12,323,696
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	106.39%
Plan fiduciary net position as a percentage of the total pension liability	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>2015</u>
Contractually required contributions	\$ 8,391,444
Contributions in relation to the contractually required contributions	<u>8,391,444</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 76,365,204
Contributions as a percentage of covered-employee payroll	10.99%
 <u>Public Employees Retirement System:</u>	 <u>2015</u>
Contractually required contributions	\$ 988,564
Contributions in relation to the contractually required contributions	<u>988,564</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 12,323,696
Contributions as a percentage of covered-employee payroll	8.02%

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 REPORTING INFORMATION

For the Year Ended June 30, 2015

TRS-Changes of assumptions: The following changes in assumptions or other inputs that affected the measurement date have been made since the prior measurement date:

- 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 expensed 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.

There were no changes in assumptions for PERS.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are determined on an annual basis for the fiscal year beginning July 1, 2014, determined as of June 30, 2014. The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in that schedule:

	TRS	PERS
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	28 years	30 years
Asset valuation method	4 year smoothed market	4 year smoothed market
Inflation	3.25%	3.25%
Salary increases	4 to 8.51% for non-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

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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 two *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, 2015

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 8,728,085	\$ 4,604,522	\$ 13,332,607
Receivables:			
Property taxes, net	1,481,537	941,034	2,422,571
Governments	-	255	255
Other	166,387	13,492	179,879
Total assets	<u>\$ 10,376,009</u>	<u>\$ 5,559,303</u>	<u>\$ 15,935,312</u>
LIABILITIES			
Accounts payable	\$ 1,801,275	\$ 885,350	\$ 2,686,625
Unearned revenue	143,015	-	143,015
Total liabilities	<u>1,944,290</u>	<u>885,350</u>	<u>2,829,640</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>1,284,160</u>	<u>794,539</u>	<u>2,078,699</u>
Total deferred inflows of resources	<u>1,284,160</u>	<u>794,539</u>	<u>2,078,699</u>
FUND BALANCES			
Assigned	271,744	423,342	695,086
Unassigned	<u>6,875,815</u>	<u>3,456,072</u>	<u>10,331,887</u>
Total fund balances	<u>7,147,559</u>	<u>3,879,414</u>	<u>11,026,973</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,376,009</u>	<u>\$ 5,559,303</u>	<u>\$ 15,935,312</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GENERAL SUBFUNDS
 For the Year Ended June 30, 2015

	Elementary General Subfund	High School General Subfund	Total
REVENUES			
Property taxes	\$ 20,375,184	\$ 11,929,741	\$ 32,304,925
Intergovernmental:			
State aid	40,462,114	20,862,588	61,324,702
State other	11,295,133	5,355,079	16,650,212
Tuition	183,476	27,467	210,943
Interest	105,083	53,338	158,421
Total revenues	72,420,990	38,228,213	110,649,203
EXPENDITURES			
Current:			
Instruction	46,342,346	22,341,615	68,683,961
Support services:			
Students	5,013,999	2,129,316	7,143,315
Instructional staff	3,976,436	1,922,272	5,898,708
General administration	1,125,677	586,026	1,711,703
School administration	4,950,697	3,168,521	8,119,218
Business services	1,437,309	708,973	2,146,282
Operation and maintenance	6,456,388	4,574,419	11,030,807
Student transportation	22,330	5,892	28,222
Food services	-	2,510	2,510
Community services	-	800	800
Extracurricular	509,805	1,663,187	2,172,992
Capital outlay	284,712	424,446	709,158
Debt service:			
Principal	84,250	-	84,250
Total expenditures	70,203,949	37,527,977	107,731,926
Net change in fund balances	2,217,041	700,236	2,917,277
Fund balances - beginning	4,930,518	3,179,178	8,109,696
Fund balances - ending	\$ 7,147,559	\$ 3,879,414	\$ 11,026,973

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, 2015

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,882,634	\$ 6,667,426	\$ 1,105,344	\$ 25,655,404
Receivables:				
Property taxes, net	472,088	124,853	-	596,941
Governments	479,313	-	-	479,313
Other	104,421	-	1,384	105,805
Prepaid items	1,659	-	-	1,659
Total assets	<u>\$ 18,940,115</u>	<u>\$ 6,792,279</u>	<u>\$ 1,106,728</u>	<u>\$ 26,839,122</u>
LIABILITIES				
Accounts payable	\$ 1,172,891	\$ 105,889	\$ 2,010	\$ 1,280,790
Payable to other governments	-	-	-	-
Unearned revenue	10,839	-	-	10,839
Total liabilities	<u>1,183,730</u>	<u>105,889</u>	<u>2,010</u>	<u>1,291,629</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	374,847	65,295	-	440,142
Total deferred inflows of resources	<u>374,847</u>	<u>65,295</u>	<u>-</u>	<u>440,142</u>
FUND BALANCES				
Nonspendable	1,659	-	-	1,659
Restricted	7,158,019	6,621,095	1,104,718	14,883,832
Committed	3,869,220	-	-	3,869,220
Assigned	6,352,640	-	-	6,352,640
Total fund balances	<u>17,381,538</u>	<u>6,621,095</u>	<u>1,104,718</u>	<u>25,107,351</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,940,115</u>	<u>\$ 6,792,279</u>	<u>\$ 1,106,728</u>	<u>\$ 26,839,122</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, 2015

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 9,038,426	\$ 5,820,503	\$ -	\$ 14,858,929
Intergovernmental:				
County	16,313,938	-	-	16,313,938
State aid	-	2,796,237	-	2,796,237
State other	9,739,983	-	-	9,739,983
Federal	13,677,446	1,012,088	-	14,689,534
Charges for services	2,697,248	-	34,182	2,731,430
Interest	153,649	37,025	7,065	197,739
Miscellaneous	1,976,976	-	2,851	1,979,827
Total revenues	53,597,666	9,665,853	44,098	63,307,617
EXPENDITURES				
Current:				
Instruction	27,000,560	-	-	27,000,560
Support services:				
Students	5,679,932	-	-	5,679,932
Instructional staff	1,928,433	-	-	1,928,433
General administration	348,842	-	-	348,842
School administration	2,460,302	-	-	2,460,302
Business services	315,823	-	2,307	318,130
Operation and maintenance	1,304,035	-	20,874	1,324,909
Student transportation	5,678,869	-	-	5,678,869
Food services	5,862,622	-	-	5,862,622
Community services	9,300	-	-	9,300
Extracurricular	332,243	-	-	332,243
Capital outlay	256,158	-	263,418	519,576
Debt service				
Principal	-	1,390,000	-	1,390,000
Interest and other charges	-	6,170,436	-	6,170,436
Total expenditures	51,177,119	7,560,436	286,599	59,024,154
Excess (deficiency) of revenues over expenditures	2,420,547	2,105,417	(242,501)	4,283,463
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	2,686	2,686
Insurance recoveries	-	-	52,192	52,192
Transfers in	-	-	196,450	196,450
Transfers out	(196,450)	-	-	(196,450)
Total other financing sources (uses)	(196,450)	-	251,328	54,878
Net change in fund balances	2,224,097	2,105,417	8,827	4,338,341
Fund balances - beginning	15,157,441	4,515,678	1,095,891	20,769,010
Fund balances - ending	\$ 17,381,538	\$ 6,621,095	\$ 1,104,718	\$ 25,107,351

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 – (Elementary and 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, 2015

Page 1 of 4

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
ASSETS					
Cash and cash equivalents	\$ 787,684	\$ 480,715	\$ 125,883	\$ 76,444	\$ 130,016
Receivables:					
Property taxes, net	176,120	103,142	-	19,266	11,964
Governments	-	-	58,544	-	-
Other	8,700	-	80,333	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 972,504</u>	<u>\$ 583,857</u>	<u>\$ 264,760</u>	<u>\$ 95,710</u>	<u>\$ 141,980</u>
LIABILITIES					
Accounts payable	\$ 252,777	\$ 135,909	\$ 169,269	\$ 640	\$ 14,400
Unearned revenue	-	-	-	-	-
Total liabilities	252,777	135,909	169,269	640	14,400
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	152,870	85,189	-	7,691	8,099
Total deferred inflows of resources	<u>152,870</u>	<u>85,189</u>	<u>-</u>	<u>7,691</u>	<u>8,099</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	566,857	362,759	95,491	87,379	119,481
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>566,857</u>	<u>362,759</u>	<u>95,491</u>	<u>87,379</u>	<u>119,481</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 972,504</u>	<u>\$ 583,857</u>	<u>\$ 264,760</u>	<u>\$ 95,710</u>	<u>\$ 141,980</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015

Page 2 of 4

	Elementary Retirement	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education
ASSETS					
Cash and cash equivalents	\$ 2,939,341	\$ 1,133,541	\$ 5,788,157	\$ 542,968	\$ 373,498
Receivables:					
Property taxes, net	-	-	-	-	12,155
Governments	-	-	233,631	49,013	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 2,939,341</u>	<u>\$ 1,133,541</u>	<u>\$ 6,021,788</u>	<u>\$ 591,981</u>	<u>\$ 385,653</u>
LIABILITIES					
Accounts payable	\$ 308,394	\$ 38,840	\$ 114,382	\$ 6,677	\$ 6,151
Unearned revenue	-	-	8,586	2,253	-
Total liabilities	308,394	38,840	122,968	8,930	6,151
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	7,919
Total deferred inflows of resources	-	-	-	-	7,919
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,630,947	1,094,701	20,274	108,957	371,583
Committed	-	-	-	-	-
Assigned	-	-	5,878,546	474,094	-
Total fund balances	<u>2,630,947</u>	<u>1,094,701</u>	<u>5,898,820</u>	<u>583,051</u>	<u>371,583</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,939,341</u>	<u>\$ 1,133,541</u>	<u>\$ 6,021,788</u>	<u>\$ 591,981</u>	<u>\$ 385,653</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015

Page 3 of 4

	High School Adult Education	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology
ASSETS					
Cash and cash equivalents	\$ 900,746	\$ 138,986	\$ 419	\$ 443,786	\$ 144,058
Receivables:					
Property taxes, net	38,521	-	-	28,387	82,533
Governments	-	138,125	-	-	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 939,267	\$ 277,111	\$ 419	\$ 472,173	\$ 226,591
LIABILITIES					
Accounts payable	\$ 36,713	\$ 8,334	\$ -	\$ 49,261	\$ 8,584
Unearned revenue	-	-	-	-	-
Total liabilities	36,713	8,334	-	49,261	8,584
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	27,058	-	-	17,031	68,990
Total deferred inflows of resources	27,058	-	-	17,031	68,990
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	875,496	268,777	419	405,881	149,017
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	875,496	268,777	419	405,881	149,017
Total liabilities, deferred inflows of resources, and fund balances	\$ 939,267	\$ 277,111	\$ 419	\$ 472,173	\$ 226,591

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015

Page 4 of 4

	Elementary Flexibility	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
ASSETS					
Cash and cash equivalents	\$ 892,210	\$ 803,910	\$ 704,420	\$ 1,475,852	\$ 17,882,634
Receivables:					
Property taxes, net	-	-	-	-	472,088
Governments	-	-	-	-	479,313
Other	-	-	15,388	-	104,421
Prepaid items	-	-	-	1,659	1,659
Total assets	<u>\$ 892,210</u>	<u>\$ 803,910</u>	<u>\$ 719,808</u>	<u>\$ 1,477,511</u>	<u>\$ 18,940,115</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 10,153	\$ 12,407	\$ 1,172,891
Unearned revenue	-	-	-	-	10,839
Total liabilities	-	-	10,153	12,407	1,183,730
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	374,847
Total deferred inflows of resources	-	-	-	-	374,847
FUND BALANCES					
Nonspendable	-	-	-	1,659	1,659
Restricted	-	-	-	-	7,158,019
Committed	892,210	803,910	709,655	1,463,445	3,869,220
Assigned	-	-	-	-	6,352,640
Total fund balances	<u>892,210</u>	<u>803,910</u>	<u>709,655</u>	<u>1,465,104</u>	<u>17,381,538</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 892,210</u>	<u>\$ 803,910</u>	<u>\$ 719,808</u>	<u>\$ 1,477,511</u>	<u>\$ 18,940,115</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
REVENUES					
Property taxes	\$ 2,399,378	\$ 1,458,734	\$ -	\$ 1,205,700	\$ 314,495
Intergovernmental:					
County	563,107	292,662	-	-	-
State other	793,346	397,740	17,235	-	-
Federal	-	-	3,644,826	-	-
Charges for services	36,055	563	2,089,187	-	-
Interest	9,982	6,037	1,041	3,362	2,184
Miscellaneous	6,800	-	-	-	-
Total revenues	3,808,668	2,155,736	5,752,289	1,209,062	316,679
EXPENDITURES					
Current:					
Instruction	-	-	-	1,175,237	331,780
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
General administration	120,977	110,365	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	5,788	5,251	-	-	-
Student transportation	3,555,945	1,920,815	-	-	-
Food services	-	-	5,861,828	-	-
Community services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	3,682,710	2,036,431	5,861,828	1,175,237	331,780
Excess (deficiency) of revenues over expenditures	125,958	119,305	(109,539)	33,825	(15,101)
OTHER FINANCING USES					
Transfers out	-	(196,450)	-	-	-
Total other financing uses	-	(196,450)	-	-	-
Net change in fund balances	125,958	(77,145)	(109,539)	33,825	(15,101)
Fund balances - beginning	440,899	439,904	205,030	53,554	134,582
Fund balances - ending	\$ 566,857	\$ 362,759	\$ 95,491	\$ 87,379	\$ 119,481

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF
 REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2015

Page 2 of 4

	Elementary Retirement	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 434,282
Intergovernmental:					
County	10,590,199	4,867,970	-	-	-
State other	2,632,766	1,291,408	3,660,960	175,619	-
Federal	-	-	9,731,434	301,186	-
Charges for services	-	-	-	-	-
Interest	15,914	9,458	53,407	-	3,837
Miscellaneous	-	-	297,818	210,651	1,015
Total revenues	13,238,879	6,168,836	13,743,619	687,456	439,134
EXPENDITURES					
Current:					
Instruction	8,928,204	4,313,813	8,848,640	510,682	225,369
Support services:					
Students	1,017,450	468,108	2,925,905	-	85,884
Instructional staff	700,937	351,373	184,299	32,516	907
General administration	71,504	44,097	-	-	-
School administration	965,152	648,989	243,802	497	99,515
Business services	180,166	135,657	-	-	-
Operation and maintenance	711,470	454,453	17,042	-	26,423
Student transportation	164,587	37,522	-	-	-
Food services	-	794	-	-	-
Community services	-	-	-	-	-
Extracurricular	100,885	231,358	-	-	-
Capital outlay	17,378	-	-	107,987	-
Total expenditures	12,857,733	6,686,164	12,219,688	651,682	438,098
Excess (deficiency) of revenues over expenditures	381,146	(517,328)	1,523,931	35,774	1,036
OTHER FINANCING USES					
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balances	381,146	(517,328)	1,523,931	35,774	1,036
Fund balances - beginning	2,249,801	1,612,029	4,374,889	547,277	370,547
Fund balances - ending	\$ 2,630,947	\$ 1,094,701	\$ 5,898,820	\$ 583,051	\$ 371,583

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF
 REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2015

Page 3 of 4

	High School Adult Education	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology
REVENUES					
Property taxes	\$ 932,943	\$ -	\$ -	\$ 1,197,959	\$ 1,094,935
Intergovernmental:					
County	-	-	-	-	-
State other	-	138,125	-	68,156	36,204
Federal	-	-	-	-	-
Charges for services	311,997	259,446	-	-	-
Interest	8,244	1,095	3	6,320	7,432
Miscellaneous	-	835	-	30,900	-
Total revenues	1,253,184	399,501	3	1,303,335	1,138,571
EXPENDITURES					
Current:					
Instruction	580,739	379,004	-	794,330	790,420
Support services:					
Students	114,130	-	-	-	-
Instructional staff	1,371	-	-	327,294	309,193
General administration	1,899	-	-	-	-
School administration	502,347	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	82,418	-	-	-	-
Student transportation	-	-	-	-	-
Food services	-	-	-	-	-
Community services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	7,526	-	-	-	24,087
Total expenditures	1,290,430	379,004	-	1,121,624	1,123,700
Excess (deficiency) of revenues over expenditures	(37,246)	20,497	3	181,711	14,871
OTHER FINANCING USES					
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balances	(37,246)	20,497	3	181,711	14,871
Fund balances - beginning	912,742	248,280	416	224,170	134,146
Fund balances - ending	\$ 875,496	\$ 268,777	\$ 419	\$ 405,881	\$ 149,017

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF
 REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2015

Page 4 of 4

	Elementary Flexibility	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,038,426
Intergovernmental:					
County	-	-	-	-	16,313,938
State other	231,098	297,326	-	-	9,739,983
Federal	-	-	-	-	13,677,446
Charges for services	-	-	-	-	2,697,248
Interest	5,501	4,633	5,566	9,633	153,649
Miscellaneous	-	-	878,473	550,484	1,976,976
Total revenues	236,599	301,959	884,039	560,117	53,597,666
EXPENDITURES					
Current:					
Instruction	-	-	45,059	77,283	27,000,560
Support services:					
Students	-	-	749,865	318,590	5,679,932
Instructional staff	-	-	8,946	11,597	1,928,433
General administration	-	-	-	-	348,842
School administration	-	-	-	-	2,460,302
Business services	-	-	-	-	315,823
Operation and maintenance	-	-	1,190	-	1,304,035
Student transportation	-	-	-	-	5,678,869
Food services	-	-	-	-	5,862,622
Community services	-	-	-	9,300	9,300
Extracurricular	-	-	-	-	332,243
Capital outlay	-	-	99,180	-	256,158
Total expenditures	-	-	904,240	416,770	51,177,119
Excess (deficiency) of revenues over expenditures	236,599	301,959	(20,201)	143,347	2,420,547
OTHER FINANCING USES					
Transfers out	-	-	-	-	(196,450)
Total other financing uses	-	-	-	-	(196,450)
Net change in fund balances	236,599	301,959	(20,201)	143,347	2,224,097
Fund balances - beginning	655,611	501,951	729,856	1,321,757	15,157,441
Fund balances - ending	\$ 892,210	\$ 803,910	\$ 709,655	\$ 1,465,104	\$ 17,381,538

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,443,685	\$ 2,443,685	\$ 2,399,378	\$ -	\$ 2,399,378
Intergovernmental:					
County	615,000	615,000	563,107	-	563,107
State other	845,239	845,239	793,346	-	793,346
Charges for services	33,000	33,000	36,055	-	36,055
Interest	-	-	9,982	-	9,982
Miscellaneous	-	-	6,800	-	6,800
Total revenues	<u>3,936,924</u>	<u>3,936,924</u>	<u>3,808,668</u>	<u>-</u>	<u>3,808,668</u>
EXPENDITURES					
Current:					
Support services:					
General administration	113,930	113,930	120,977	-	120,977
Operation and maintenance	7,913	7,913	5,788	-	5,788
Student transportation	<u>3,815,081</u>	<u>3,815,081</u>	<u>3,555,945</u>	<u>-</u>	<u>3,555,945</u>
Total expenditures	<u>3,936,924</u>	<u>3,936,924</u>	<u>3,682,710</u>	<u>-</u>	<u>3,682,710</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	125,958	-	125,958
Fund balances - beginning			<u>440,899</u>	<u>-</u>	<u>440,899</u>
Fund balances - ending			<u>\$ 566,857</u>	<u>\$ -</u>	<u>\$ 566,857</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,477,371	\$ 1,477,371	\$ 1,458,734	\$ -	\$ 1,458,734
Intergovernmental:					
County	297,000	297,000	292,662	-	292,662
State other	402,078	402,078	397,740	-	397,740
Charges for services	2,600	2,600	563	-	563
Interest	-	-	6,037	-	6,037
Total revenues	2,179,049	2,179,049	2,155,736	-	2,155,736
EXPENDITURES					
Current:					
Support services:					
General administration	153,000	153,000	110,365	-	110,365
Operation and maintenance	5,110	5,110	5,251	-	5,251
Student transportation	2,024,351	2,024,351	1,920,815	-	1,920,815
Total expenditures	2,182,461	2,182,461	2,036,431	-	2,036,431
Excess (deficiency) of revenues over expenditures	(3,412)	(3,412)	119,305	-	119,305
OTHER FINANCING USES					
Transfers out	-	-	(196,450)	-	(196,450)
Total other financing uses	-	-	(196,450)	-	(196,450)
Net change in fund balances	\$ (3,412)	\$ (3,412)	(77,145)	-	(77,145)
Fund balances - beginning			439,904	-	439,904
Fund balances - ending			<u>\$ 362,759</u>	<u>\$ -</u>	<u>\$ 362,759</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,231,794	\$ 1,231,794	\$ 1,205,700	\$ -	\$ 1,205,700
Interest	-	-	3,362	-	3,362
Total revenues	<u>1,231,794</u>	<u>1,231,794</u>	<u>1,209,062</u>	<u>-</u>	<u>1,209,062</u>
EXPENDITURES					
Current:					
Instruction	<u>1,285,347</u>	<u>1,285,347</u>	<u>1,175,237</u>	<u>-</u>	<u>1,175,237</u>
Total expenditures	<u>1,285,347</u>	<u>1,285,347</u>	<u>1,175,237</u>	<u>-</u>	<u>1,175,237</u>
Net change in fund balances	<u>\$ (53,553)</u>	<u>\$ (53,553)</u>	33,825	-	33,825
Fund balances - beginning			<u>53,554</u>	<u>-</u>	<u>53,554</u>
Fund balances - ending			<u>\$ 87,379</u>	<u>\$ -</u>	<u>\$ 87,379</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 315,418	\$ 315,418	\$ 314,495	\$ -	\$ 314,495
Interest	-	-	2,184	-	2,184
Total revenues	315,418	315,418	316,679	-	316,679
EXPENDITURES					
Current:					
Instruction	450,000	450,000	331,780	-	331,780
Total expenditures	450,000	450,000	331,780	-	331,780
Net change in fund balances	<u>\$ (134,582)</u>	<u>\$ (134,582)</u>	(15,101)	-	(15,101)
Fund balances - beginning			134,582	-	134,582
Fund balances - ending			<u>\$ 119,481</u>	<u>\$ -</u>	<u>\$ 119,481</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, 2015

	<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					
Intergovernmental:					
County	\$ 10,590,199	\$ 10,590,199	\$ 10,590,199	\$ -	\$ 10,590,199
State other	-	-	-	2,632,766	2,632,766
Interest	-	-	15,914	-	15,914
	<u>10,590,199</u>	<u>10,590,199</u>	<u>10,606,113</u>	<u>2,632,766</u>	<u>13,238,879</u>
Total revenues					
EXPENDITURES					
Current:					
Instructional	7,159,111	7,141,249	6,951,935	1,976,269	8,928,204
Support services:					
Students	927,400	929,569	842,645	174,805	1,017,450
Instructional staff	669,886	670,020	568,901	132,036	700,937
General administration	50,167	50,167	64,477	7,027	71,504
School administration	967,334	967,343	792,218	172,934	965,152
Business services	125,169	125,258	153,364	26,802	180,166
Operation and maintenance	608,539	623,139	606,316	105,154	711,470
Student transportation	119,822	120,683	145,998	18,589	164,587
Extracurricular	72,572	72,572	81,735	19,150	100,885
Capital Outlay	-	-	17,378	-	17,378
	<u>10,700,000</u>	<u>10,700,000</u>	<u>10,224,967</u>	<u>2,632,766</u>	<u>12,857,733</u>
Total expenditures					
Net change in fund balances	<u>\$ (109,801)</u>	<u>\$ (109,801)</u>	381,146	-	381,146
Fund balances - beginning			2,249,801	-	2,249,801
Fund balances - ending			<u>\$ 2,630,947</u>	<u>\$ -</u>	<u>\$ 2,630,947</u>

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 4,867,970	\$ 4,867,970	\$ 4,867,970	\$ -	\$ 4,867,970
State other	-	-	-	1,291,408	1,291,408
Interest	-	-	9,458	-	9,458
Total revenues	<u>4,867,970</u>	<u>4,867,970</u>	<u>4,877,428</u>	<u>1,291,408</u>	<u>6,168,836</u>
EXPENDITURES					
Current:					
Instructional	3,438,321	3,437,165	3,445,975	867,838	4,313,813
Support services:					
Students	384,692	385,349	351,618	116,490	468,108
Instructional staff	261,192	261,219	289,885	61,488	351,373
General administration	36,959	36,959	38,265	5,832	44,097
School administration	640,086	640,363	534,671	114,318	648,989
Business services	113,559	113,581	119,236	16,421	135,657
Operation and maintenance	321,271	321,336	390,642	63,811	454,453
Student transportation	26,828	26,936	32,179	5,343	37,522
Food services	14,120	14,120	794	-	794
Extracurricular	162,972	162,972	191,491	39,867	231,358
Total expenditures	<u>5,400,000</u>	<u>5,400,000</u>	<u>5,394,756</u>	<u>1,291,408</u>	<u>6,686,164</u>
Net change in fund balances	<u>\$ (532,030)</u>	<u>\$ (532,030)</u>	(517,328)	-	(517,328)
Fund balances - beginning			1,612,029	-	1,612,029
Fund balances - ending			<u>\$ 1,094,701</u>	<u>\$ -</u>	<u>\$ 1,094,701</u>

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 443,834	\$ 443,834	\$ 434,282	\$ -	\$ 434,282
Interest	-	-	3,837	-	3,837
Miscellaneous	7,000	7,000	1,015	-	1,015
Total revenues	450,834	450,834	439,134	-	439,134
EXPENDITURES					
Current:					
Instructional	423,963	386,813	225,369	-	225,369
Support services:					
Students	86,817	93,117	85,884	-	85,884
Instructional staff	-	1,500	907	-	907
School administration	80,946	99,296	99,515	-	99,515
Operation and maintenance	16,704	27,704	26,423	-	26,423
Total expenditures	608,430	608,430	438,098	-	438,098
Net change in fund balances	\$ (157,596)	\$ (157,596)	1,036	-	1,036
Fund balances - beginning			370,547	-	370,547
Fund balances - ending			\$ 371,583	\$ -	\$ 371,583

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 948,278	\$ 948,278	\$ 932,943	\$ -	\$ 932,943
Charges for services	305,000	305,000	311,997	-	311,997
Interest	-	-	8,244	-	8,244
Total revenues	<u>1,253,278</u>	<u>1,253,278</u>	<u>1,253,184</u>	<u>-</u>	<u>1,253,184</u>
EXPENDITURES					
Current:					
Instructional	839,181	779,983	580,739	-	580,739
Support services:					
Students	159,370	144,570	114,130	-	114,130
Instructional staff	-	1,372	1,371	-	1,371
General administration	300	2,310	1,899	-	1,899
School administration	471,723	510,523	502,347	-	502,347
Operation and maintenance	81,327	107,827	86,690	(4,272)	82,418
Capital Outlay	48,099	53,415	1,506	6,020	7,526
Total expenditures	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,288,682</u>	<u>1,748</u>	<u>1,290,430</u>
Net change in fund balances	<u>\$ (346,722)</u>	<u>\$ (346,722)</u>	(35,498)	(1,748)	(37,246)
Fund balances - beginning			906,722	6,020	912,742
Fund balances - ending			<u>\$ 871,224</u>	<u>\$ 4,272</u>	<u>\$ 875,496</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, 2015

	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	\$ 1,197,959	\$ -	\$ 1,197,959
Intergovernmental:					
State other	69,440	68,156	68,156	-	68,156
Interest	-	-	6,320	-	6,320
Miscellaneous	-	-	30,900	-	30,900
Total revenues	1,269,440	1,268,156	1,303,335	-	1,303,335
EXPENDITURES					
Current:					
Instructional	1,042,313	1,018,014	794,330	-	794,330
Support services:					
Instructional staff	434,047	474,312	349,377	(22,083)	327,294
Capital Outlay	17,250	-	-	-	-
Total expenditures	1,493,610	1,492,326	1,143,707	(22,083)	1,121,624
Net change in fund balances	\$ (224,170)	\$ (224,170)	159,628	22,083	181,711
Fund balances - beginning			224,170	-	224,170
Fund balances - ending			\$ 383,798	\$ 22,083	\$ 405,881

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, 2015

	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	\$ 1,094,935	\$ -	\$ 1,094,935
Intergovernmental:					
State other	36,204	36,204	36,204	-	36,204
Interest	-	-	7,432	-	7,432
Total revenues	<u>1,135,663</u>	<u>1,135,663</u>	<u>1,138,571</u>	<u>-</u>	<u>1,138,571</u>
EXPENDITURES					
Current:					
Instructional	798,231	811,361	790,871	(451)	790,420
Support services:					
Instructional staff	441,492	428,512	309,973	(780)	309,193
Capital Outlay	<u>30,087</u>	<u>29,937</u>	<u>24,087</u>	<u>-</u>	<u>24,087</u>
Total expenditures	<u>1,269,810</u>	<u>1,269,810</u>	<u>1,124,931</u>	<u>(1,231)</u>	<u>1,123,700</u>
Net change in fund balances	<u>\$ (134,147)</u>	<u>\$ (134,147)</u>	13,640	1,231	14,871
Fund balances - beginning			<u>134,146</u>	<u>-</u>	<u>134,146</u>
Fund balances - ending			<u>\$ 147,786</u>	<u>\$ 1,231</u>	<u>\$ 149,017</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 231,098	\$ 231,098	\$ 231,098	\$ -	\$ 231,098
Interest	-	-	5,501	-	5,501
Total revenues	<u>231,098</u>	<u>231,098</u>	<u>236,599</u>	<u>-</u>	<u>236,599</u>
EXPENDITURES					
Current:					
Instructional	<u>886,709</u>	<u>886,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>886,709</u>	<u>886,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (655,611)</u>	<u>\$ (655,611)</u>	236,599	-	236,599
Fund balances - beginning			<u>655,611</u>	<u>-</u>	<u>655,611</u>
Fund balances - ending			<u>\$ 892,210</u>	<u>\$ -</u>	<u>\$ 892,210</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 297,326	\$ 297,326	\$ 297,326	\$ -	\$ 297,326
Interest	-	-	4,633	-	4,633
Total revenues	297,326	297,326	301,959	-	301,959
EXPENDITURES					
Current:					
Instructional	748,795	748,795	-	-	-
Support services:					
Instructional staff	50,482	50,482	-	-	-
Total expenditures	799,277	799,277	-	-	-
Net change in fund balances	\$ (501,951)	\$ (501,951)	301,959	-	301,959
Fund balances - beginning			501,951	-	501,951
Fund balances - ending			\$ 803,910	\$ -	\$ 803,910

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, 2015

	Elementary Debt Service	High School Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 3,929,959	\$ 2,737,467	\$ 6,667,426
Receivables:			
Property taxes, net	96,830	28,023	124,853
Total assets	<u>\$ 4,026,789</u>	<u>\$ 2,765,490</u>	<u>\$ 6,792,279</u>
LIABILITIES			
Accounts payable	\$ 27,395	\$ 78,494	\$ 105,889
Total liabilities	<u>27,395</u>	<u>78,494</u>	<u>105,889</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	43,548	21,747	65,295
Total deferred inflows of resources	<u>43,548</u>	<u>21,747</u>	<u>65,295</u>
FUND BALANCES			
Restricted	3,955,846	2,665,249	6,621,095
Total fund balances	<u>3,955,846</u>	<u>2,665,249</u>	<u>6,621,095</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,026,789</u>	<u>\$ 2,765,490</u>	<u>\$ 6,792,279</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For the Year Ended June 30, 2015

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 5,334,776	\$ 485,727	\$ 5,820,503
Intergovernmental:			
State aid	2,604,936	191,301	2,796,237
Federal	527,176	484,912	1,012,088
Interest	26,876	10,149	37,025
Total revenues	8,493,764	1,172,089	9,665,853
EXPENDITURES			
Debt service:			
Principal	1,390,000	-	1,390,000
Interest and other charges	5,599,366	571,070	6,170,436
Total expenditures	6,989,366	571,070	7,560,436
Net change in fund balances	1,504,398	601,019	2,105,417
Fund balances - beginning	2,451,448	2,064,230	4,515,678
Fund balances - ending	\$ 3,955,846	\$ 2,665,249	\$ 6,621,095

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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 5,441,135	\$ 5,441,135	\$ 5,334,776	\$ -	\$ 5,334,776
Intergovernmental:					
State aid	1,996,320	1,996,320	2,604,936	-	2,604,936
Federal	-	-	527,176	-	527,176
Interest	-	-	26,876	-	26,876
Total revenues	<u>7,437,455</u>	<u>7,437,455</u>	<u>8,493,764</u>	<u>-</u>	<u>8,493,764</u>
EXPENDITURES					
Debt Service:					
Principal	2,241,238	2,241,238	1,390,000	-	1,390,000
Interest and other charges	<u>5,655,380</u>	<u>5,655,380</u>	<u>5,599,366</u>	<u>-</u>	<u>5,599,366</u>
Total expenditures	<u>7,896,618</u>	<u>7,896,618</u>	<u>6,989,366</u>	<u>-</u>	<u>6,989,366</u>
Net change in fund balances	<u>\$ (459,163)</u>	<u>\$ (459,163)</u>	1,504,398	-	1,504,398
Fund balances - beginning			<u>2,451,448</u>	<u>-</u>	<u>2,451,448</u>
Fund balances - ending			<u>\$ 3,955,846</u>	<u>\$ -</u>	<u>\$ 3,955,846</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 486,369	\$ 486,369	\$ 485,727	\$ -	\$ 485,727
Intergovernmental:					
State aid	-	-	191,301	-	191,301
Federal	523,098	523,098	484,912	-	484,912
Interest	-	-	10,149	-	10,149
Total revenues	<u>1,009,467</u>	<u>1,009,467</u>	<u>1,172,089</u>	<u>-</u>	<u>1,172,089</u>
EXPENDITURES					
Debt Service:					
Principal	656,621	656,621	-	-	-
Interest and other charges	<u>617,842</u>	<u>617,842</u>	<u>571,070</u>	<u>-</u>	<u>571,070</u>
Total expenditures	<u>1,274,463</u>	<u>1,274,463</u>	<u>571,070</u>	<u>-</u>	<u>571,070</u>
Net change in fund balances	<u>\$ (264,996)</u>	<u>\$ (264,996)</u>	601,019	-	601,019
Fund balances - beginning			<u>2,064,230</u>	<u>-</u>	<u>2,064,230</u>
Fund balances - ending			<u>\$ 2,665,249</u>	<u>\$ -</u>	<u>\$ 2,665,249</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
 June 30, 2015

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 615,544	\$ 268,081	\$ 221,719	\$ 1,105,344
Receivables:				
Other	1,384	-	-	1,384
Total assets	<u>\$ 616,928</u>	<u>\$ 268,081</u>	<u>\$ 221,719</u>	<u>\$ 1,106,728</u>
LIABILITIES				
Accounts payable	\$ 2,010	\$ -	\$ -	\$ 2,010
Total liabilities	<u>2,010</u>	<u>-</u>	<u>-</u>	<u>2,010</u>
FUND BALANCES				
Restricted	<u>614,918</u>	<u>268,081</u>	<u>221,719</u>	<u>1,104,718</u>
Total fund balances	<u>614,918</u>	<u>268,081</u>	<u>221,719</u>	<u>1,104,718</u>
Total liabilities and fund balances	<u>\$ 616,928</u>	<u>\$ 268,081</u>	<u>\$ 221,719</u>	<u>\$ 1,106,728</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For the Year Ended June 30, 2015

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
REVENUES				
Charges for services	\$ 34,182	\$ -	\$ -	\$ 34,182
Interest	3,929	1,874	1,262	7,065
Miscellaneous	2,851	-	-	2,851
Total revenues	40,962	1,874	1,262	44,098
EXPENDITURES				
Current:				
Business services	2,307	-	-	2,307
Operation and maintenance	-	-	20,874	20,874
Capital outlay	87,841	-	175,577	263,418
Total expenditures	90,148	-	196,451	286,599
Excess (deficiency) of revenues over expenditures	(49,186)	1,874	(195,189)	(242,501)
OTHER FINANCING SOURCES				
Sale of capital assets	2,686	-	-	2,686
Insurance recoveries	52,192	-	-	52,192
Transfers in	-	-	196,450	196,450
Total other financing sources	54,878	-	196,450	251,328
Net change in fund balances	5,692	1,874	1,261	8,827
Fund balances - beginning	609,226	266,207	220,458	1,095,891
Fund balances - ending	\$ 614,918	\$ 268,081	\$ 221,719	\$ 1,104,718

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR CAPITAL PROJECTS FUND

ELEMENTARY BUILDING RESERVE FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 1,874	\$ -	\$ 1,874
Total revenues	-	-	1,874	-	1,874
EXPENDITURES					
Capital Outlay	261,207	261,207	-	-	-
Total expenditures	266,207	266,207	-	-	-
Net change in fund balances	<u>\$ (266,207)</u>	<u>\$ (266,207)</u>	1,874	-	1,874
Fund balances - beginning			266,207	-	266,207
Fund balances - ending			<u>\$ 268,081</u>	<u>\$ -</u>	<u>\$ 268,081</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, 2015

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 1,262	\$ -	\$ 1,262
Total revenues	-	-	1,262	-	1,262
EXPENDITURES					
Capital Outlay	220,458	220,458	175,577	-	175,577
Total expenditures	220,458	220,458	196,451	-	196,451
Net change in fund balances	<u>\$ (220,458)</u>	<u>\$ (220,458)</u>	1,261	-	1,261
Fund balances - beginning			220,458	-	220,458
Fund balances - ending			<u>\$ 221,719</u>	<u>\$ -</u>	<u>\$ 221,719</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, 2015

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 338,702	\$ 7,429,576	\$ 350	\$ 7,768,628
Accounts receivables, net	-	528,401	-	528,401
Prepaid items	-	102,911	-	102,911
Total current assets	338,702	8,060,888	350	8,399,940
LIABILITIES				
Current Liabilities:				
Accounts payable	37,986	1,964,510	-	2,002,496
Unearned revenue	-	176	-	176
Compensated absences	3,115	3,397	-	6,512
Total current liabilities	41,101	1,968,083	-	2,009,184
Noncurrent liabilities:				
Compensated absences	28,033	30,574	-	58,607
Other postemployment benefits	-	13,546,000	-	13,546,000
Total noncurrent liabilities	28,033	13,576,574	-	13,604,607
Total liabilities	69,134	15,544,657	-	15,613,791
NET POSITION (DEFICIT)				
Unrestricted	269,568	(7,483,769)	350	(7,213,851)
Total net position (deficit)	\$ 269,568	\$ (7,483,769)	\$ 350	\$ (7,213,851)

BILLINGS PUBLIC SCHOOLS

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

ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 383,583	\$ 17,659,862	\$ -	\$ 18,043,445
Total operating revenues	383,583	17,659,862	-	18,043,445
OPERATING EXPENSES				
Personal services - salaries	144,103	109,653	-	253,756
Personal services - benefits	35,023	8,467	-	43,490
Purchased professional and technical services	68	-	-	68
Purchased property services	-	19,113	-	19,113
Other purchased services	673	1,376,981	-	1,377,654
Supplies and materials	803	1,529	-	2,332
Insurance claims and expenses	-	15,453,588	-	15,453,588
Other postemployment benefits	-	895,000	-	895,000
Total operating expenses	180,670	17,864,331	-	18,045,001
Operating income (loss)	202,913	(204,469)	-	(1,556)
NONOPERATING REVENUES				
Interest revenue	2,213	53,073	-	55,286
Total nonoperating revenues	2,213	53,073	-	55,286
Change in net position	205,126	(151,396)	-	53,730
Net position - beginning	64,442	(7,332,373)	350	(7,267,581)
Net position - ending	\$ 269,568	\$ (7,483,769)	\$ 350	\$ (7,213,851)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015

	Warehouse	Self-Insurance Health	Self- Insurance Property	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from health insurance premiums	\$ -	\$ 17,476,822	\$ -	\$ 17,476,822
Cash received from interfund services	383,583	-	-	383,583
Medical claims paid	-	(14,966,635)	-	(14,966,635)
Cash paid to employees health insurance services	-	(103,791)	-	(103,791)
Cash paid to employees for interfund services	(141,113)	-	-	(141,113)
Cash paid to suppliers for goods and services health insurance services	-	(1,396,492)	-	(1,396,492)
Cash paid to suppliers for goods and services interfund services	(9,523)	-	-	(9,523)
Net cash provided by operating activities	232,947	1,009,904	-	1,242,851
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	2,213	53,073	-	55,286
Net cash provided by investing activities	2,213	53,073	-	55,286
Change in cash and cash equivalents	235,160	1,062,977	-	1,298,137
Cash and cash equivalents - beginning	103,542	6,366,599	350	6,470,491
Cash and cash equivalents - ending	\$ 338,702	\$ 7,429,576	\$ 350	\$ 7,768,628
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 202,913	\$ (204,469)	\$ -	\$ (1,556)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Other postemployment benefits	-	895,000	-	895,000
Increase in accounts receivable	-	(179,493)	-	(179,493)
Decrease in prepaid items	-	4,937	-	4,937
Increase in accounts payable	27,044	491,614	-	518,658
Decrease in unearned revenue	-	(3,547)	-	(3,547)
Increase in compensated absences	2,990	5,862	-	8,852
Net cash provided by operating activities	\$ 232,947	\$ 1,009,904	\$ -	\$ 1,242,851

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Fiduciary Funds

Private-Purpose Trust Funds:

Extracurricular Fund (Elementary and High School) - To account for revenues and expenditures involved with extracurricular activities.

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 CHANGES IN NET POSITION
 ALL PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2015

	Elementary Extracurricular	High School Extracurricular	Total
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 516,545	\$ 2,757,539	\$ 3,274,084
Investment earnings:			
Interest	3,923	15,390	19,313
Total additions	520,468	2,772,929	3,293,397
DEDUCTIONS			
Student extracurricular activities	527,783	2,578,901	3,106,684
Total deductions	527,783	2,578,901	3,106,684
Change in net position	(7,315)	194,028	186,713
Net position - beginning	513,835	1,880,526	2,394,361
Net position - ending	\$ 506,520	\$ 2,074,554	\$ 2,581,074

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF NET POSITION
 ALL PRIVATE-PURPOSE TRUST FUNDS
 June 30, 2015

	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 517,898	\$ 2,106,185	\$ 2,624,083
Total assets	517,898	2,106,185	2,624,083
LIABILITIES			
Accounts payable	11,378	31,631	43,009
Total liabilities	11,378	31,631	43,009
NET POSITION			
Net position held in trust	\$ 506,520	\$ 2,074,554	\$ 2,581,074

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
PAYROLL CLEARING FUND				
ASSETS				
Cash	\$ 343,738	\$ 113,512,926	\$ 107,528,146	\$ 6,328,518
Other receivables	-	19,442	-	19,442
Total assets	<u>343,738</u>	<u>113,532,368</u>	<u>107,528,146</u>	<u>6,347,960</u>
LIABILITIES				
Accounts payable	<u>343,738</u>	<u>107,528,146</u>	<u>113,532,368</u>	<u>6,347,960</u>
Total liabilities	<u>343,738</u>	<u>107,528,146</u>	<u>113,532,368</u>	<u>6,347,960</u>
CAFETERIA/FLEX PLAN FUND				
ASSETS				
Cash	<u>248,967</u>	<u>1,144,176</u>	<u>1,114,253</u>	<u>278,890</u>
Total assets	<u>248,967</u>	<u>1,144,176</u>	<u>1,114,253</u>	<u>278,890</u>
LIABILITIES				
Accounts payable	<u>248,967</u>	<u>1,114,253</u>	<u>1,144,176</u>	<u>278,890</u>
Total liabilities	<u>248,967</u>	<u>1,114,253</u>	<u>1,144,176</u>	<u>278,890</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	<u>592,705</u>	<u>114,657,102</u>	<u>108,642,399</u>	<u>6,607,408</u>
Total assets	<u>592,705</u>	<u>114,676,544</u>	<u>108,642,399</u>	<u>6,626,850</u>
LIABILITIES				
Accounts payable	<u>592,705</u>	<u>108,642,399</u>	<u>114,676,544</u>	<u>6,626,850</u>
Total liabilities	<u>\$ 592,705</u>	<u>\$ 108,642,399</u>	<u>\$ 114,676,544</u>	<u>\$ 6,626,850</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, 2015

Location	Balance July 1, 2014	Revenues	Expenditures	Balance June 30, 2015
Career Center	\$ 108,848	\$ 127,717	\$ 131,231	\$ 105,334
Senior High School	483,999	750,969	762,040	472,928
West High School	422,254	843,537	750,691	515,100
Skyview High School	299,121	789,583	782,624	306,080
Middle Schools-Athletics	362,688	107,595	128,073	342,210
Lewis & Clark Middle School	10,203	57,400	57,937	9,666
Lincoln Education Center	239	1	75	165
Riverside Middle School	30,213	52,893	56,867	26,239
Will James Middle School	32,567	106,248	103,791	35,024
Castlerock Middle School	34,342	86,238	78,421	42,159
Arrowhead Elementary	5,151	15,227	13,020	7,358
Beartooth Elementary	2,412	6,131	4,964	3,579
Bench Elementary	1,564	5,527	3,297	3,794
Bitterroot Elementary	164	42	206	-
Boulder Elementary	138	1,321	1,259	200
Broadwater Elementary	378	1,981	1,974	385
Burlington Elementary	6,937	15,452	13,266	9,123
Central Heights Elementary	1,839	8,038	7,079	2,798
Highland Elementary	1,144	987	835	1,296
McKinley Elementary	3,904	4,762	6,489	2,177
Meadowlark Elementary	3,367	5,398	5,822	2,943
Miles Elementary	2,833	8,131	7,636	3,328
Newman Elementary	4,228	2,153	2,234	4,147
Orchard Elementary	380	1,910	1,923	367
Poly Elementary	2,636	7,102	7,854	1,884
Ponderosa Elementary	3,494	5,092	3,888	4,698
Special Olympics	54	-	-	54
Rose Park Elementary	725	5	-	730
Sandstone Elementary	261	2	17	246
Adult Education	832	7	-	839
Washington Elementary	607	2,029	1,043	1,593
Big Sky Elementary	1,103	3,226	3,850	479
Exec Director of Activities	547,600	208,454	101,594	654,460
Coordinator of Music	18,136	68,239	66,684	19,691
	<u>\$ 2,394,361</u>	<u>\$ 3,293,397</u>	<u>\$ 3,106,684</u>	<u>\$ 2,581,074</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, 2015

	Per Enrollment Reports	Audit Per District Records	Difference
Fall Enrollment - October 2014			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,260	1,260	-
(b) Kindergarten (enrolled 181-719 hours per year)	12	12	-
(c) Kindergarten (enrolled < 181 hours per year)	1	1	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,481	7,481	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,447	2,447	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	6	6	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,207	11,207	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,076	5,076	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	27	27	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	8	8	-
(n) Total High School (add lines k through m)	5,111	5,111	-
(o) 19 Year-olds included on line k	1	1	-
(p) Job Corp	1	1	-
(q) Montana Youth Challenge	6	6	-
Winter Enrollment - December 2014			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,254	1,254	-
(b) Kindergarten (enrolled 181-719 hours per year)	13	13	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,447	7,447	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,451	2,451	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	7	7	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,172	11,172	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	4,996	4,996	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	34	34	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	8	8	-
(n) Total High School (add lines k through m)	5,038	5,038	-
(o) 19 Year-olds included on line k	1	1	-
(p) Job Corp	1	1	-
(q) Montana Youth Challenge	1	1	-
Spring Enrollment - February 2015			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,257	1,257	-
(b) Kindergarten (enrolled 181-719 hours per year)	13	13	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,465	7,465	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	2	2	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,452	2,452	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	6	6	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,195	11,195	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	4,942	4,942	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	33	33	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	8	8	-
(n) Total High School (add lines k through m)	4,983	4,983	-
(o) 19 Year-olds included on line k	1	1	-
(p) Job Corp	1	1	-
(q) Montana Youth Challenge	16	16	-

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	99-107
<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	104-110
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	111-115
<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	116-117
<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	118-124
<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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net investment in capital assets	\$ 56,020,328	\$ 58,767,183	\$ 61,191,582	\$ 60,569,790	\$ 60,775,788	\$ 59,798,909	\$ 57,733,805	\$ 55,266,962	\$ 52,466,677	\$ 51,771,080
Restricted	13,686,410	13,266,250	12,533,071	14,612,086	13,131,943	7,457,520	7,793,006	10,730,765	10,916,571	15,270,912
Unrestricted (deficit)	(12,253,119)	(4,326,828)	(6,105,856)	(12,737,076)	(15,821,877)	(13,230,538)	(14,127,147)	(12,518,164)	(8,862,940)	(112,975,416)
Total net position	\$ 57,453,619	\$ 67,706,605	\$ 67,618,797	\$ 62,444,800	\$ 58,085,854	\$ 54,025,891	\$ 51,399,664	\$ 53,479,563	\$ 54,520,308	\$ (45,933,424)

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1 Unrestricted (deficit) net position for years prior to 2007 included an accrual for service credit and termination pay that was recorded in accordance with GASB Statement 16.

Beginning in 2007 the service credit and termination pay benefits were recorded in accordance with GASB Statement 27.

2 Implemented GASB Statements 68 and 71

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

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Instruction	\$ 74,316,304	\$ 78,052,218	\$ 85,812,039	\$ 88,164,245	\$ 91,294,560	\$ 94,100,760	\$ 90,996,777	\$ 92,876,108	\$ 96,301,172	\$ 96,651,543
Support services:										
Students	8,245,532	9,117,020	9,298,820	9,601,125	10,384,550	10,978,889	11,562,508	11,518,499	12,203,272	12,710,349
Instructional staff	5,992,695	5,878,241	6,555,906	6,945,475	7,115,837	7,541,224	7,768,857	7,760,274	8,060,342	7,940,616
General administration	1,238,774	1,354,664	1,476,711	1,312,581	1,607,281	1,569,394	2,183,458	1,728,213	1,917,754	2,060,920
School administration	8,130,808	8,248,789	9,003,814	9,069,215	9,642,520	10,149,144	10,076,339	9,790,142	10,166,229	10,285,418
Business services	1,769,612	1,842,122	2,019,626	1,880,984	1,948,020	2,258,772	2,321,858	2,002,743	2,103,298	2,424,217
Operation and maintenance	10,270,658	10,713,640	12,421,095	12,140,124	12,232,630	12,244,035	12,055,291	12,395,350	12,666,923	12,298,862
Student transportation	4,310,389	4,375,271	4,658,373	5,136,849	5,037,035	5,220,799	5,550,126	5,713,801	5,527,358	5,713,291
Food services	4,113,009	4,180,626	4,701,734	5,146,099	5,253,191	5,872,264	5,893,493	5,697,047	5,707,254	5,975,077
Community services	15,178	14,953	14,050	19,891	26,363	30,563	16,681	17,822	14,149	10,100
Extracurricular	1,909,711	1,920,491	2,291,969	2,328,064	2,351,072	2,458,540	2,399,701	2,563,371	2,553,595	2,602,188
Other current charges	-	-	-	11,479	12,350	12,874	13,693	-	-	-
Interest	221,475	177,913	117,618	29,399	46,167	316,332	670,408	1,625,782	2,523,052	4,455,186
Total expenses	120,534,145	125,875,948	138,371,755	141,785,530	146,951,576	152,743,590	151,509,190	153,689,152	159,744,398	163,127,767
Program revenues:										
Charges for services:										
Instruction	665,848	612,530	626,047	712,110	782,219	733,494	714,937	796,991	745,180	773,615
Support services:										
Operation and maintenance	82,717	70,401	41,025	41,494	33,606	32,415	50,315	64,230	64,694	57,034
Student transportation	40,991	44,857	43,180	42,381	42,288	38,379	39,704	39,393	34,550	36,618
Food services	2,187,687	2,253,548	2,305,026	2,367,209	2,378,896	2,362,415	2,452,515	2,271,012	2,185,261	2,089,187
Operating grants and contributions	21,432,451	27,164,473	28,928,094	26,530,143	33,980,885	37,940,966	30,073,832	31,165,921	31,443,773	34,661,238
Capital grants and contributions	584,375	240,298	628,251	892,912	77,188	77,586	48,665	139,927	54,637	97,003
Total program revenues	24,994,069	30,386,107	32,571,623	30,586,249	37,295,082	41,185,255	33,379,968	34,477,474	34,528,095	37,714,695
Net expense	(95,540,076)	(95,489,841)	(105,800,132)	(111,199,281)	(109,656,494)	(111,558,335)	(118,129,222)	(119,211,678)	(125,216,303)	(125,413,072)
General revenues:										
Property taxes	34,895,621	33,088,889	34,701,063	34,991,351	35,921,360	38,512,088	39,255,766	40,099,921	41,926,382	48,002,113
Unrestricted intergovernmental:										
State aid	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,845,645	57,753,278	60,768,215	64,120,939
State other	6,298,034	6,173,289	5,714,923	5,724,096	5,678,388	5,721,040	5,720,810	6,484,021	6,244,913	7,322,579
County	10,606,494	11,252,174	11,946,780	13,211,358	12,124,782	13,525,559	13,636,532	14,978,791	15,809,305	15,458,169
Interest	924,471	1,050,145	1,064,579	681,026	411,620	293,422	217,250	133,528	196,214	580,470
Contributions and donations	538,494	1,146,765	581,134	835,415	937,984	1,146,735	988,900	995,403	1,127,943	1,242,275
Miscellaneous	177,871	208,184	271,266	235,112	459,324	269,744	1,038,092	534,177	496,534	828,766
Gain on disposal of capital assets	-	242,559	2,475,779	-	-	-	-	-	-	8,139
Transfers	-	-	-	5,745	-	-	-	-	-	-
Total general revenues	98,648,991	99,337,530	105,712,324	106,025,284	105,297,548	107,498,372	115,502,995	120,979,119	126,569,506	137,563,450
Change in net position	\$ 3,108,915	\$ 3,847,689	\$ (67,808)	\$ (5,173,997)	\$ (4,358,946)	\$ (4,059,963)	\$ (2,626,227)	\$ 1,767,441	\$ 1,353,203	\$ 12,150,378

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

Table 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 150,314	\$ 401,505	\$ 28,815	\$ 362,860	\$ 293,025	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,356,762	3,520,361	4,856,734	5,327,292	5,058,315	-	-	-	-	-
Assigned	-	-	-	-	-	223,775	623,244	804,770	1,261,432	695,086
Unassigned	-	-	-	-	-	3,792,265	4,015,233	4,950,752	6,848,264	10,331,887
Total general fund	\$ 3,507,076	\$ 3,921,866	\$ 4,885,549	\$ 5,690,152	\$ 5,351,340	\$ 4,016,040	\$ 4,638,477	\$ 5,755,522	\$ 8,109,696	\$ 11,026,973
All other governmental funds										
Reserved	\$ 1,496,649	\$ 1,299,601	\$ 264,236	\$ 224,169	\$ 102,655	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,900,453	11,762,496	10,557,303	16,060,472	15,374,310	-	-	-	-	-
Capital projects funds	4,368,356	2,822,725	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
Committed	-	-	-	-	-	2,085,667	2,319,633	2,610,838	3,209,175	3,869,220
Assigned	-	-	-	-	-	7,020,122	6,024,273	6,816,264	5,288,065	9,335,756
Total all other governmental funds	\$ 14,765,458	\$ 15,884,822	\$ 15,087,675	\$ 17,466,210	\$ 16,644,362	\$ 27,064,897	\$ 20,612,782	\$ 28,200,224	\$ 107,506,367	\$ 67,041,877

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	\$ 34,811,435	\$ 32,619,080	\$ 35,073,362	\$ 35,782,052	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352	\$ 40,006,403	\$ 42,518,450	\$ 47,163,854
Intergovernmental:										
County	11,391,515	12,037,153	12,709,341	13,970,410	12,883,209	14,285,342	14,480,834	15,862,391	16,621,981	16,313,938
State aid	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939
State other	13,365,372	19,476,346	21,492,469	19,256,945	21,216,653	19,694,027	20,936,835	22,328,332	22,299,555	26,390,195
Federal	13,243,826	12,740,171	12,387,987	12,177,195	17,684,193	22,964,040	14,013,505	14,438,010	14,576,455	14,869,534
Tuition	221,849	211,263	195,406	148,290	201,019	216,974	144,228	243,312	215,980	210,943
Charges for services	2,752,809	2,784,051	2,839,302	2,963,437	3,034,287	2,968,423	3,111,333	2,947,509	2,818,719	2,754,282
Interest	865,885	985,219	975,588	577,704	358,384	259,395	188,638	116,722	168,041	525,184
Miscellaneous	1,612,007	1,915,554	1,451,927	1,708,205	1,397,308	1,417,179	1,301,766	1,529,580	1,624,477	2,119,360
Total revenues	123,472,704	128,943,362	136,082,182	136,925,419	141,866,237	147,705,121	148,341,136	155,225,537	161,611,873	174,288,229
Expenditures										
Instruction	72,234,049	75,118,883	81,669,804	80,508,374	85,968,472	90,169,831	87,658,280	90,187,253	92,966,202	95,684,521
Support services:										
Students	8,028,019	8,585,269	9,057,352	9,101,560	10,028,276	10,774,961	11,420,156	11,286,445	11,968,564	12,823,247
Instructional staff	5,873,420	5,992,282	6,445,953	6,656,922	6,934,825	7,370,246	7,660,634	7,596,063	7,931,366	7,863,139
General administration	1,336,483	1,238,727	1,372,481	1,270,351	1,561,130	1,470,951	2,095,958	1,785,865	1,897,129	2,060,623
School administration	7,745,131	7,969,204	8,984,368	8,554,701	9,274,540	10,048,181	10,196,532	9,553,940	10,224,366	10,579,520
Business services	1,611,884	1,734,354	1,896,926	1,688,771	1,791,715	2,208,878	2,234,008	1,960,014	2,054,553	2,469,323
Operations and maintenance	10,158,538	10,529,579	12,311,325	11,749,344	11,946,381	12,025,975	12,166,696	12,164,592	12,475,533	12,393,710
Student transportation	4,269,620	4,338,968	4,636,606	5,049,102	4,961,862	5,177,545	5,518,265	5,707,029	5,511,248	5,707,091
Food services	4,057,221	4,117,271	4,629,179	5,068,481	5,109,148	5,768,739	5,807,668	5,598,212	5,606,418	5,865,132
Community services	15,178	14,953	14,050	19,891	26,363	30,563	16,681	17,822	14,149	10,100
Extracurricular	1,890,779	1,846,502	2,213,481	2,225,258	2,340,782	2,410,349	2,248,253	2,435,096	2,424,350	2,505,235
Other current charges	-	-	-	11,479	12,350	12,874	13,693	-	-	-
Capital outlay	12,284,515	3,440,539	2,924,602	2,535,609	2,797,520	2,725,219	6,566,027	10,837,415	14,217,934	46,298,754
Debt service	2,477,521	2,576,269	2,682,454	150,143	229,595	236,253	199,015	165,203	124,227	1,474,250
Principal	197,156	153,967	93,796	64,196	42,301	515,521	663,852	1,412,218	1,767,896	6,170,436
Total expenditures	132,179,514	127,656,767	138,932,377	134,654,182	143,026,260	150,966,092	154,455,718	160,707,167	169,183,935	211,905,081
Excess of revenues over (under) expenditures	(8,706,810)	1,286,595	(2,850,195)	2,271,237	(1,159,023)	(3,260,971)	(6,114,582)	(5,481,630)	(7,572,062)	(37,616,852)
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	-
Insurance recoveries	-	-	-	112,617	-	281,206	284,904	41,615	-	61,500
Long-term debt issued	362,000	-	408,564	773,250	-	12,000,000	-	14,144,502	80,900,000	-
Sale of capital assets	5,000	247,559	2,608,167	5,000	5,000	65,000	-	-	-	-
Total other financing sources (uses)	367,000	247,559	3,016,731	911,901	(1,637)	12,346,206	284,904	14,186,117	89,232,379	69,639
Net change in fund balances	\$ (8,339,810)	\$ 1,534,154	\$ 166,536	\$ 3,183,138	\$ (1,160,660)	\$ 9,085,235	\$ (5,829,678)	\$ 8,704,487	\$ 81,660,317	\$ (37,547,213)
Debt service as a percentage of non-capital expenditures	2.23%	2.20%	2.04%	0.16%	0.19%	0.51%	0.58%	1.05%	1.22%	4.62%

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

Table 5

Year	Instruction	Students	Support Services					Student Transportation
			Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	
2006	\$ 52,136,474	\$ 5,415,414	\$ 4,038,827	\$ 1,249,372	\$ 6,203,024	\$ 1,070,846	\$ 8,801,763	\$ 7,392
2007	55,197,847	5,740,609	4,636,544	1,132,599	6,386,532	969,121	8,316,670	13,657
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

Year	Community Services	Extracurricular	Capital Outlay	Debt Service	Total
2006	\$ 6,600	\$ 1,680,764	\$ 157,569	\$ 10,880	\$ 80,778,925
2007	6,600	1,618,881	69,834	47,516	84,136,410
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	103,813,269
2015	800	2,172,992	709,158	84,250	107,731,926

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		Mill Levy	Taxes Levied	Collected within the Fiscal Year of the Levy		Tax Collections after Levy Year	Total Collections to Date	
			Est.	Actual Value			Amount Collected*	Percent of Levy		Amount Collected	Percent of Levy
Elementary District:											
2006	\$ 143,178,931	\$ 4,774,317,563	3.00%		152.52	\$ 21,837,651	\$ 21,625,072	99.03%	\$ -	\$ 21,625,072	99.03%
2007	147,991,032	5,110,110,578	2.90%		135.32	20,026,146	20,140,046	100.57%	-	20,140,046	100.57%
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%	-	30,637,906	97.17%
High School District:											
2006	\$ 181,865,729	\$ 6,037,293,435	3.01%		72.47	\$ 13,179,809	\$ 13,102,976	99.42%	\$ -	\$ 13,102,976	99.42%
2007	188,925,557	6,458,283,952	2.93%		65.51	12,376,513	12,398,385	100.18%	-	12,398,385	100.18%
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%	387,712	16,050,243	97.66%
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%	268,660	16,389,302	98.92%
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%	-	16,004,297	97.30%

* 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

ELEMENTARY DISTRICT							
Fiscal Year Ended June 30	Forest and Agricultural Land	Residential	Commerical	Total Taxable Assessed Value	Taxable	Estimated Actual Value	Total Direct Rate
					Assessed Value as a Percentage of Estimated Actual Value		
2015	\$5,235,734	\$8,047,407,705	\$2,452,260,873	\$ 10,504,904,312.00	1.45%	\$152,548,497	179.93
2014	\$3,854,085	\$7,238,734,848	\$2,096,221,003	\$ 9,338,809,936.00	1.43%	\$133,362,823	144.10
2013	\$4,631,400	\$7,107,652,066	\$2,068,862,067	\$ 9,181,145,533.00	1.42%	\$130,684,588	134.13
2012	\$3,320,188	\$6,984,712,335	\$2,035,516,027	\$ 9,023,548,550.00	1.43%	\$128,968,649	128.09
2011	\$3,352,379	\$6,922,553,883	\$2,018,786,035	\$ 8,944,692,297.00	1.43%	\$128,232,379	128.81
2010	\$3,332,900	\$6,859,523,976	\$2,061,518,265	\$ 8,924,375,141.00	1.43%	\$127,941,070	123.45
2009	\$3,372,871	\$6,295,883,405	\$2,625,268,300	\$ 8,924,524,576.00	1.43%	\$127,270,362	121.87
2008	\$3,413,317	\$4,661,208,425	\$1,263,352,242	\$ 5,927,973,984.00	2.10%	\$124,359,961	131.28
2007	\$3,565,615	\$4,197,880,161	\$1,632,711,609	\$ 5,834,157,385.00	2.09%	\$121,683,077	135.32
2006	\$3,629,360	\$4,056,366,351	\$1,601,918,801	\$ 5,661,914,512.00	2.08%	\$117,552,947	152.52

HIGH SCHOOL DISTRICT							
Fiscal Year Ended June 30	Forest and Agricultural Land	Residential	Commerical	Total Taxable Assessed Value	Taxable	Estimated Actual Value	Total Direct Rate
					Assessed Value as a Percentage of Estimated Actual Value		
2015	\$ 38,539,098.00	\$ 9,756,798,419.00	\$ 3,952,410,000.00	\$ 13,747,747,517.00	1.48%	\$ 203,948,304.00	69.82
2014	\$ 35,370,729.00	\$ 8,718,821,777.00	\$ 3,283,878,353.00	\$ 12,038,070,859.00	1.46%	\$ 175,897,177.00	71.44
2013	\$ 36,168,900.00	\$ 8,518,455,953.00	\$ 3,220,194,087.00	\$ 11,774,818,940.00	1.45%	\$ 171,115,813.00	70.40
2012	\$ 25,170,347.00	\$ 8,329,054,288.00	\$ 3,167,868,899.00	\$ 11,522,093,534.00	1.46%	\$ 167,972,135.00	71.10
2011	\$ 25,121,843.00	\$ 8,240,575,293.00	\$ 3,141,091,614.00	\$ 11,406,788,750.00	1.46%	\$ 166,280,833.00	70.92
2010	\$ 25,105,396.00	\$ 8,141,452,809.00	\$ 3,185,196,435.00	\$ 11,351,754,640.00	1.45%	\$ 164,819,503.00	70.42
2009	\$ 24,984,639.00	\$ 7,539,081,625.00	\$ 3,816,144,112.00	\$ 11,380,210,376.00	1.44%	\$ 163,809,089.00	70.31
2008	\$ 26,605,046.00	\$ 5,496,071,756.00	\$ 1,898,689,415.00	\$ 7,421,366,217.00	2.13%	\$ 157,765,607.00	71.68
2007	\$ 26,843,911.00	\$ 4,999,588,401.00	\$ 2,224,319,557.00	\$ 7,250,751,869.00	2.11%	\$ 152,931,034.00	65.51
2006	\$ 26,742,690.00	\$ 4,814,661,923.00	\$ 2,164,089,197.00	\$ 7,005,493,810.00	2.10%	\$ 146,908,008.00	72.47

Source: Montana Department of Revenue

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

Table 8

Taxpayer	2015			2006		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$17,147,283	1	8.81%	\$ -	-	0.00%
Northwestern Energy	8,530,319	2	4.38%	-	-	0.00%
Northwestern Energy - Trans & Dis	4,283,701	3	2.20%	9,293,793	2	6.08%
Bresnan Communications	3,743,863	4	1.92%	-	-	0.00%
Montana Dakota Utilities - Gas	2,328,118	5	1.20%	1,143,714	5	0.75%
Century Link, LLC	2,081,813	6	1.07%	-	-	0.00%
Phillips 66 Pipeline LLC	1,453,878	7	0.75%	-	-	0.00%
Rimrock Owner LP	918,977	8	0.47%	-	-	0.00%
Verizon Wireless	880,514	9	0.45%	-	-	0.00%
Western Sugar Co	874,323	10	0.45%	528,414	9	0.35%
ConocoPhillips	-	-	0.00%	10,035,262	1	6.57%
PPL Montana LLC	-	-	0.00%	3,527,192	3	2.31%
Quest Corporation	-	-	0.00%	2,238,259	4	1.46%
Macerich Rimrock Limited Partnership	-	-	0.00%	871,433	6	0.57%
Walmart Real Estate Business Trust	-	-	0.00%	607,832	7	0.40%
Conoco Pipe Line Co	-	-	0.00%	549,433	8	0.36%
Sky West Airlines	-	-	0.00%	471,185	10	0.31%
Total	\$42,242,789		21.71%	\$ 29,266,517		19.15%

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS

PRINCIPAL PROPERTY TAX PAYERS IN THE HIGH SCHOOL DISTRICT Current Year and Nine Years Ago

Table 8a

Taxpayer	2015			2006		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 17,147,283	1	7.29%	\$ -	-	0.00%
ExxonMobile Corporation	9,145,846	2	3.89%	-	-	0.00%
Northwestern Energy	8,530,319	3	3.62%	-	-	0.00%
Northwester Engery - Trans & Dis	6,361,621	4	2.70%	10,988,007	1	5.67%
Bresnan Communications LLC	3,743,863	5	1.59%	-	-	0.00%
Montana Dakota Utilities - Gas	2,817,209	6	1.20%	1,143,714	6	0.59%
Centurylink Inc	2,348,176	7	1.00%	-	-	0.00%
Phillips 66 Pipeline	2,031,419	8	0.86%	-	-	0.00%
Yellowstone Energy Limited Partnership	1,145,499	9	0.49%	-	-	0.00%
Verizon Wireless	1,049,280	10	0.45%	-	-	0.00%
ConocoPhillips Company	-	-	0.00%	10,035,262	2	5.18%
ExxonMobile Corporation	-	-	0.00%	5,508,050	3	2.84%
PPL Montana	-	-	0.00%	3,545,901	4	1.83%
Quest Coporation	-	-	0.00%	2,591,419	5	1.34%
Macerich Rimrock Limited Partnership	-	-	0.00%	871,433	7	0.45%
Conoco Pipeline Co	-	-	0.00%	651,215	8	0.34%
Walmart Real Estate Business Trust	-	-	0.00%	607,832	9	0.31%
Wells Fargo	-	-	0.00%	871,433	10	0.45%
Total	<u>\$ 54,320,515</u>		<u>23.08%</u>	<u>\$ 36,814,266</u>		<u>19.00%</u>

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2015
(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	\$ 47,163,854	27.06%
Tuition	510,432	0.29%
Interest	525,184	0.30%
Charges for service	2,754,793	1.58%
County retirement	15,458,169	8.87%
County transportation	855,769	0.49%
Miscellaneous	2,119,360	1.22%
Total revenue from local and intermediate sources	69,387,561	39.81%
Revenue from state sources:		
Direct state aid	43,371,905	24.89%
State quality educator	3,513,577	2.02%
State at risk	436,236	0.25%
State Indian education for all	343,984	0.20%
State American Indian achievement gap	356,800	0.20%
State special education allowable cost payment	5,116,540	2.94%
State Data for Achievement	252,930	0.15%
State Natural Resource Development	309,075	0.18%
State guaranteed tax base aid	20,749,034	11.91%
State transportation	855,769	0.49%
State Medicaid	2,869,277	1.65%
State school block grant	7,135,333	4.09%
State on-behalf payment	3,624,174	2.08%
State other	1,276,500	0.73%
Total revenue from state sources	90,211,134	51.78%
Revenue from federal sources:		
Federal grants	11,044,708	6.91%
Federal food service	3,644,826	2.09%
Total revenue from federal sources	14,689,534	9.00%
Total revenue	\$ 174,288,229	100.59%

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
2006	\$ 25,635,660	\$ 53,649,285	\$ -	\$ 221,849	\$ 61,706	\$ 16,955	\$ 79,585,455
2007	26,213,125	58,050,178	-	211,263	71,821	4,813	84,551,200
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

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
2006	\$ 25,936,170	\$ 53,649,285	\$ -	\$ 79,585,455	15,704	\$ 1,652	\$ 3,416	\$ -	\$ 5,068
2007	26,501,022	58,050,178	-	84,551,200	15,556	1,704	3,732	-	5,436
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	16,261	2,009	4,795	-	6,804

Source: District Records

BILLINGS PUBLIC SCHOOLS

Ratio of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita	Net G.O. Bonded Debt as a % of Per Capita Income
Elementary District						
2006	100,148	\$ 143,178,931	\$ 5,155,000	3.60%	\$ 51.47	0.23%
2007	101,650	147,991,032	2,615,000	1.77%	25.73	0.10%
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	2.52%	40.95	0.12%
2012	107,977	177,014,509	4,420,000	2.50%	40.93	0.11%
2013	107,857	176,069,203	14,784,502	8.40%	137.08	0.35%
2014	109,059	178,803,178	104,180,290	58.27%	955.27	2.24%
2015	110,248	175,238,138	102,289,421	58.37%	927.81	2.17%
High School District						
2006	110,550	\$ 181,865,729	\$ -	0.00%	-	0.00%
2007	111,650	188,925,557	-	0.00%	-	0.00%
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	3.27%	61.55	0.18%
2012	127,987	235,424,143	7,580,000	3.22%	59.22	0.15%
2013	127,011	235,345,707	11,360,000	4.83%	89.44	0.23%
2014	128,281	238,407,131	11,360,000	4.76%	88.56	0.21%
2015	130,625	235,586,169	11,360,000	4.82%	86.97	0.20%

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 (1)	Percentage of Personal Income (2)	Population	Debt Per Capita
Governmental Activities										
2006	\$ 5,155,000	\$ 1,345	\$ -	\$ -	\$ 367,209	\$ 5,523,554	0.22%	110,550	\$ 49.96	
2007	2,615,000	-	-	-	327,076	2,942,076	0.10%	111,650	26.35	
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	

(1) Includes Compensated absence, Service credit and termination pay, other postemployment benefits and the net pension liability starting fiscal year 20

(2) Personal income is disclosed on table 17

BILLINGS PUBLIC SCHOOLS
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended June 30, 2015

Table 14

	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Elementary District:											
Maximum debt limit	\$ 110,532,753	\$ 114,004,638	\$ 140,269,440	\$ 144,564,325	\$ 159,167,625	\$ 163,878,075	\$ 173,621,490	\$ 180,280,680	\$ 187,023,650	\$ 380,545,600	
Total net debt applicable to limit	5,405,616	2,834,141	447,685	357,139	259,758	5,167,666	5,006,523	15,232,536	96,021,502	94,547,252	
Legal debt margin	\$ 105,127,137	\$ 111,170,497	\$ 139,821,755	\$ 144,207,186	\$ 158,907,867	\$ 158,710,409	\$ 168,614,967	\$ 165,048,144	\$ 91,002,148	\$ 285,998,348	
Total net debt applicable to limit as a percentage of debt limit	4.89%	2.49%	0.32%	0.25%	0.16%	3.15%	2.88%	8.45%	51.34%	24.85%	
High School District:											
Maximum debt limit	\$ 127,979,393	\$ 131,491,917	\$ 153,391,170	\$ 163,003,680	\$ 178,979,580	\$ 174,945,980	\$ 186,698,955	\$ 190,562,190	\$ 199,032,120	\$ 411,396,870	
Total net debt applicable to limit	117,507	107,935	220,501	175,904	127,940	7,657,779	7,619,907	11,373,193	11,360,000	11,360,000	
Legal debt margin	\$ 127,861,886	\$ 131,383,982	\$ 153,170,669	\$ 162,827,776	\$ 178,851,640	\$ 167,288,201	\$ 179,079,048	\$ 179,188,997	\$ 187,672,120	\$ 400,036,870	
Total net debt applicable to limit as a percentage of debt limit	0.09%	0.08%	0.14%	0.11%	0.07%	4.38%	4.08%	5.97%	5.71%	2.76%	
Debt Limitation Calculation											
2014/15 Statewide Average Per ANB X FY15 ANB	\$ 32,800 11,602										
Total	380,545,600		411,396,870								
X Debt Limit Rate of 1.0	1.00		1.00								
Equals: Maximum Debt Capacity	380,545,600		411,396,870								
Less: bonded indebtedness	94,547,252		11,360,000								
Less: other indebtedness	-		-								
Estimated Debt Capacity Remaining	\$ 285,998,348		\$ 400,036,870								

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) 50% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 50%. The 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, 2015

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
		Percent	Amount	Percent	Amount
DIRECT BONDED INDEBTEDNESS					
Billings Elementary District:					
General Obligation Bonds	\$ 102,036,671	100.00%	\$ 102,036,671	0.00%	\$ -
Limited Obligation Bonds	252,750	100.00%	252,750	0.00%	-
Elementary District Total	<u>102,289,421</u>		<u>102,289,421</u>		<u>-</u>
Billings High School District:					
General Obligation Bonds	<u>11,360,000</u>	84.00%	<u>9,542,400</u>	16.00%	<u>1,817,600</u>
High School District Total	<u>11,360,000</u>		<u>9,542,400</u>		<u>1,817,600</u>
Total Direct Debt	<u>\$ 113,649,421</u>		<u>\$ 111,831,821</u>		<u>\$ 1,817,600</u>
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 3,525,000	60.14%	\$ 2,119,935	20.24%	\$ 713,460
City of Billings:					
Various Issues	<u>\$ 25,980,000</u>	49.78%	<u>\$ 12,870,492</u>	12.11%	<u>\$ 2,966,916</u>
Total Overlapping Debt	<u>29,505,000</u>		<u>\$ 14,990,427</u>		<u>\$ 3,680,376</u>
Total Direct and Overlapping Debt	<u>\$ 143,154,421</u>		<u>\$ 126,822,248</u>		<u>\$ 5,497,976</u>

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:					
2006	\$ 2,465,000	\$ 196,180	\$ 2,661,180	\$ 50,069,551	5.3%
2007	2,540,000	141,950	2,681,950	52,109,893	5.1%
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%
High School:					
2006	\$ -	\$ -	\$ -	\$ 30,779,438	0.0%
2007	-	-	-	32,026,517	0.0%
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%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Table 17

Year	Elementary		High School		Per Capita Income	Total Elementary		Total High School		Median Age	School Enrollment	Unemployment Rate
	District Population	District Population	District Population	District Population		District Personal Income (1)	District Personal Income (1)	District Personal Income (1)	District Personal Income (1)			
2006	100,148	110,550			\$ 22,316	\$ 2,234,902,768	\$ 2,467,033,800			36.8	15,704	3.5%
2007	101,650	111,650			26,491	2,692,810,150	2,957,720,150			39.3	15,556	2.6%
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	5,480,169,019			37.8	16,268	4.0%
2015	110,248	130,625			42,735	4,711,448,280	5,582,259,375			36.8	16,261	4.0%

Sources and other information:

Bureau of Business and Economic Research
 National Center for Education Statistics

(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

2015		2006	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Billings Clinic	9	Better Business Systems	9
St. Vincent Health Care	9	Billings Clinic Health System	9
Wal-Mart	9	St. Vincent Healthcare	9
Albertsons Food And Drug	8	First Interstate Bank	8
Charter Communications	8	Wal-Mart	8
First Interstate Bank	8	Wells Fargo	7
St. John's Lutheran Home	8	Albertson's Food & Drug	7
Wells Fargo	8	Billings Gazette	7
Advance Employment Services	7	CHS Inc. (Cenex)	7
Cabelas Wholesale	7	ConocoPhillips	7
CHS Inc. (Cenex)	7	Exxon Company	7
Costco	7	JTL Group Inc.	7
ExxonMobil	7	McDonalds	7
Phillips 66 Company	7	Rocky Mountain College	7
Sysco Food Services	7	St. Johns Lutheran Home	7
UPS	7	Sysco Food Services	7
Yellowstone Boys and Girls Ranch	7	Yellowstone Treatment Centers	7
Employee Benefit Management System	6	Food Services of America	6
Rocky Mountain College	6	Target	6
Target	6	UPS	6

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
OPERATING STATISTICS
 Last Ten Fiscal Years
 (accrual basis of accounting)

Table 19

Fiscal Year	Expenses (1)	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) (2)	Pupil/ Certified Staff Ratio
2006	\$ 120,534,145	15,704	\$ 7,675	7.28%	1,141.5	13.8
2007	127,668,852	15,556	8,207	6.93%	1,126.4	13.8
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	16,261	10,032	2.16%	1,137.3	14.3

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction										
Administrators										
Certified Staff	997.8	993.1	1,067.9	1,031.5	1,027.3	992.9	974.8	995.9	1,012.7	1,003.8
Classified Employees	191.8	192.1	191.6	196.5	194.6	196.6	202.5	202.9	202.4	196.8
Support Services										
Administrators	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	6.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Certified Staff	134.5	131.3	131.9	135.7	134.1	137.3	125.1	123.8	131.2	132.5
Classified Employees	64.1	63.3	65.6	64.3	63.2	64.2	65.6	64.9	64.2	59.9
General Administration										
Administrators	5.5	6.5	6.7	7.7	8.7	8.3	13.7	10.0	6.9	8.9
Administrative Support	13.5	13.5	12.5	11.5	11.5	10.5	10.5	10.5	10.5	14.5
Certified Staff	-	1.0	1.0	1.0	1.0	2.0	1.0	-	-	-
Classified Employees	23.3	23.1	22.5	21.4	19.4	21.6	20.8	19.4	19.2	19.0
Building Administration										
Administrators	49.0	42.5	48.0	46.0	45.9	45.9	45.0	45.0	48.0	48.0
Administrative Support	1.3	1.0	1.0	-	-	-	-	-	-	-
Certified Staff	15.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	83.0	81.8	81.3	80.2	79.4	79.7	81.4	80.6	80.9	78.5
Operations and Maintenance										
Administrators	1.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Classified Employees	123.7	123.7	142.9	144.8	143.2	144.7	143.1	142.8	142.5	142.8
Student Transportation										
Administrators	1.0	1.0	2.0	1.0	1.0	1.3	1.0	1.0	1.0	1.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Classified Employees	33.2	32.5	34.2	31.5	28.9	28.6	42.8	35.1	33.1	32.8
Extracurricular Activities										
Administrators	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	4.0	3.5	2.7	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Total	1,750.5	1,720.9	1,822.8	1,787.1	1,771.2	1,745.6	1,737.3	1,741.9	1,763.6	1,750.5
Summary				Admin	Admin Support	Certified Staff	Classified Employees	Total FTE		
Instruction				-	-	1,003.8	196.8	1,200.6		
Support Services				6.0	-	132.5	59.9	198.4		
General Administration				8.9	14.5	-	19.0	42.4		
Building Administration				48.0	-	1.0	78.5	127.5		
Operations and Maintenance				1.0	-	-	142.8	143.8		
Student Transportation				1.0	-	-	32.8	33.8		
Extracurricular Activities				1.0	-	-	3.0	4.0		
	65.9	14.5	532.8	1,137.3	1,750.5					

Source: District Records

BILLINGS PUBLIC SCHOOLS
CERTIFIED STAFF EDUCATION AND EXPERIENCE
November 1, 2013

Table 21

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	169.52	15%
Bachelor's Degree + 15 Credits	61.62	5%
Bachelor's Degree + 30 Credits	61.50	5%
Bachelor's Degree + 45 Credits	58.20	5%
Bachelor's Degree + 60 Credits	46.50	4%
Bachelor's Degree + 75 Credits	32.20	3%
Bachelor's Degree + 90 Credits	30.98	3%
Bachelor's Degree + 105 Credits	145.70	13%
Master's Degree	121.32	11%
Master's Degree + 15 Credits	55.10	5%
Master's Degree + 30 Credits	52.40	5%
Master's Degree + 45 Credits	299.24	26%
Doctorate's Degree	<u>3.00</u>	<u>0%</u>
Total	<u><u>1,137.28</u></u>	<u><u>100%</u></u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	425.23	37%
6-10	205.38	18%
11-15	225.25	20%
16-20	141.30	12%
21-25	85.50	8%
26 and Above	<u>54.62</u>	<u>5%</u>
Total	<u><u>1,137.28</u></u>	<u><u>100%</u></u>

Source: District Records

BILLINGS PUBLIC SCHOOLS
EDUCATIONAL BUILDING DATA
For the Fiscal Year Ended June 30, 2015

Table 22

	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	371	92.29%
Arrowhead	1978	-	41,728	466	475	101.93%
Beartooth	1974	1980	40,834	440	523	118.86%
Bench	1955	1974, 1978	35,413	352	406	115.34%
Big Sky	1986	-	42,853	412	444	107.77%
Bitterroot	1964	1965, 1970	31,710	352	375	106.53%
Boulder	1962	1971, 2007	41,688	352	444	126.14%
Broadwater	1910	1916, 1920, 1956	38,382	382	355	92.93%
Burlington	1956	1957	33,368	332	325	97.89%
Central Heights	1962	1965, 1979	35,592	314	416	132.48%
Eagle Cliffs	1986	-	46,634	470	426	90.64%
Highland	1947	1956	32,703	292	310	106.16%
McKinley	1906	1918, 1958	35,884	303	325	107.26%
Meadowlark	1964	1971, 2007	45,445	412	457	110.92%
Miles	1955	1957, 1965	31,443	294	307	104.42%
Newman	1953	1957	30,040	254	306	120.47%
Orchard	1960	1948, 1956, 1987, 2006	61,502	450	379	84.22%
Poly	1952	1955, 1960	34,388	322	353	109.63%
Ponderosa	1965	2007	41,500	382	318	83.25%
Rimrock	1952	1976, 1979	31,086	-	-	0.00%
Rose Park	1958	1962	31,576	294	280	95.24%
Sandstone	1978	-	41,621	464	520	112.07%
Washington	1948	1952, 1962	45,869	264	266	100.76%
<u>7-8 Schools</u>						
Castle Rock	1979	-	112,801	715	800	111.89%
Lewis & Clark	1956	1962	144,095	743	758	102.02%
Riverside	1963	1979	88,026	604	569	94.21%
Will James	1967	1974	106,500	664	677	101.96%
<u>High Schools:</u>						
Career Center	1975	-	137,230		N/A	N/A
Senior	1940	1953, 1967, 1974	229,895	1,445	1,717	118.82%
Skyview	1987	-	247,667	1,454	1,495	102.82%
West	1959	1962, 1966, 1975, 1976	239,887	1,484	1,864	125.61%
<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. - 37 acres						
Elem. - 10 acres						
M.S. - 16.6 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	22.2%	24.4%	20.1%	19.6%	19.2%	23.8%	23.6%	24.8%	24.1%	22.2%
Arrowhead	3.4%	4.2%	4.9%	5.2%	4.6%	5.3%	8.0%	7.3%	8.7%	8.2%
Beartooth (1) (2)	N/A	N/A	35.9%	41.8%	46.7%	40.1%	44.7%	45.8%	47.9%	45.4%
Bench	40.0%	49.2%	55.2%	60.3%	61.3%	59.0%	61.0%	61.7%	61.5%	66.4%
Big Sky	18.0%	18.5%	22.1%	22.7%	24.2%	27.5%	28.8%	32.9%	31.1%	33.4%
Bitterroot	37.8%	37.2%	35.1%	36.4%	42.3%	37.5%	41.0%	36.2%	36.1%	36.3%
Boulder	17.7%	19.2%	22.3%	23.7%	25.2%	23.8%	25.3%	22.0%	20.3%	21.7%
Broadwater	55.0%	45.5%	51.4%	57.1%	60.9%	61.0%	56.7%	59.3%	64.5%	63.6%
Burlington	38.8%	31.5%	35.8%	38.3%	40.6%	36.6%	37.1%	38.3%	38.8%	40.6%
Central Heights	33.0%	34.4%	32.8%	30.0%	35.7%	40.6%	44.9%	36.6%	36.4%	39.7%
Eagle Cliffs	18.5%	23.8%	21.5%	18.7%	19.0%	23.3%	26.2%	22.6%	23.1%	26.3%
Highland	25.7%	27.0%	31.0%	35.9%	35.2%	37.3%	41.2%	36.1%	36.4%	37.8%
McKinley	56.0%	60.1%	66.3%	65.1%	65.3%	65.3%	71.6%	65.0%	64.5%	68.3%
Meadowlark	20.6%	19.0%	28.8%	30.8%	33.8%	34.4%	34.3%	33.7%	33.1%	32.2%
Miles	44.5%	50.0%	46.3%	48.5%	53.1%	54.5%	56.1%	57.2%	55.8%	62.0%
Newman	62.6%	67.9%	75.0%	74.4%	74.1%	73.6%	73.8%	70.9%	72.4%	71.3%
Orchard	79.0%	78.7%	84.8%	85.6%	89.0%	83.3%	86.2%	85.7%	85.1%	100.0% *
Poly	16.6%	14.5%	17.2%	21.8%	24.5%	22.0%	21.0%	21.0%	20.7%	23.3%
Ponderosa	68.0%	71.8%	74.3%	73.4%	74.1%	71.7%	73.1%	74.8%	74.7%	72.8%
Rose Park	35.2%	27.7%	29.1%	23.3%	33.1%	33.9%	38.0%	38.1%	42.5%	43.6%
Sandstone	35.8%	34.5%	35.0%	37.3%	37.1%	38.2%	42.3%	44.4%	44.4%	44.4%
Washington	64.9%	72.7%	66.5%	64.7%	73.4%	77.0%	75.9%	77.9%	77.7%	94.1% *
<u>7-8 Schools:</u>										
Castle Rock	25.9%	28.3%	28.5%	27.6%	31.2%	31.6%	31.4%	30.8%	31.6%	35.2%
Lewis & Clark	35.1%	37.0%	32.9%	34.2%	42.1%	39.5%	38.6%	40.7%	41.8%	41.5%
Riverside	58.0%	54.0%	51.8%	49.4%	55.1%	54.0%	55.9%	56.6%	60.1%	63.4%
Will James	16.9%	17.1%	11.2%	15.4%	18.6%	22.1%	21.7%	19.8%	17.8%	18.2%
<u>High Schools:</u>										
Senior	25.6%	22.6%	23.1%	24.1%	27.9%	30.5%	32.3%	29.7%	29.8%	31.6%
Skyview	16.7%	17.6%	17.5%	17.9%	23.0%	25.7%	25.3%	23.4%	24.2%	23.1%
West	12.4%	16.0%	12.5%	13.6%	18.8%	19.9%	22.5%	22.8%	22.1%	19.6%

(1) School closed

(2) School reopened

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

All students eat free, and poverty percentages are calculated using their Direct Certification number multiplied by the 1.6 factor issued by the USDA Guidance on Community Eligibility.

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
2006	15,704	(0.15)	15,552	(0.45)	99.55
2007	15,556	(0.94)	15,529	(0.15)	99.85
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	1.83	100.30
2015	16,261	(0.04)	16,913	0.75	100.75

Source: District Records

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF INSURANCE IN FORCE

Table 25

I. Commercial Property	
A. Policy #:	KTk-CMB-545D602-3-15
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/15-7/1/16
D. Coverage:	Buildings/Contents
E. Limits:	\$436,604,366
II. Commercial General Liability	
A. Policy #:	GLA906348202
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/15-7/1/16
D. Coverage:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GLA906348202
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/15-7/1/16
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:	7/1/15-7/1/16
D. Limits:	Based on property values
V. Environmental Liability	
A. Policy #:	569605
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/15-7/1/16
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	AUC017456600
B. Carrier:	American Guarantee & Liability
C. Policy Period:	7/1/15-7/1/16
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/15-7/1/16
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	ELL906348302
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/15-7/1/16
D. Limits:	\$1,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/15-7/1/16
D. Limits:	\$1,000,000
X. Builders Risk Reporting Policy	
A. Policy #:	IMP448843503
B. Carrier:	Great American Insurance Company
C. Policy Period:	6/1/15-6/1/16
D. Limits:	\$1,800,000
XI. Workers' Compensation	
A. Policy #:	WC-16-31147
B. Carrier:	Montana Schools Group Insurance Authority
C. Policy Period:	7/1/15-6/30/2016
D. Limits:	\$1,500,000
XII. Builders Risk Policy - McKinley Elementary	
A. Policy #:	QT6607D7848474TIL14
B. Carrier:	Travelers Property Casualty Co of America
C. Policy Period:	6/7/14-12/9/15
D. Limits:	\$10,800,000
XIII. Builders Risk Policy - Broadwater Elementary	
A. Policy #:	QT6607D784837TIL14
B. Carrier:	Travelers Property Casualty Co of America
C. Policy Period:	6/7/14-12/7/15
D. Limits:	\$10,700,000
XIV. Builders Risk Policy - New Heights 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
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, 2015, 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 10, 2015.

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 opinions 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 yet been identified.

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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*.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Billings, Montana
December 10, 2015

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Trustees
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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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, 2015.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on the major federal program is not modified with respect to this matter.

The Billings Public Schools' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Billings Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. *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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control over compliance as described in the accompanying schedule of audit findings as items 2015-001 to be a significant deficiency.

The Billings Public Schools' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Billings Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Eide Bailly LLP

Billings, Montana
December 10, 2015

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BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

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, 2014	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2015
U.S. Department of Education:								
Direct programs:								
Indian Education-Grants to LEA's	84.060	S060A114167	\$ 264,323	\$ -	\$ 264,323	\$ (264,323)	\$ -	\$ -
<i>CFDA subtotal</i>				-	264,323	(264,323)	-	-
Total Direct Programs				-	264,323	(264,323)	-	-
Passed Through State Office of Public Instruction:								
Adult Education-State Grant Program	84.002	5609655615BG	187,710	-	187,710	(187,710)	-	-
<i>CFDA subtotal</i>				-	187,710	(187,710)	-	-
Title I Grants to LEA's	84.010	5609653114	4,381,814	(113,603)	410,625	(297,022)	-	-
Title I Grants to LEA's	84.010	5609653115	4,032,552	-	3,271,996	(3,291,499)	-	(19,503)
<i>CFDA subtotal</i>				(113,603)	3,682,621	(3,588,521)	-	(19,503)
Vo Ed-Basic Grants to States	84.048	5609668114BG	300,469	(33,122)	33,122	-	-	-
Vo Ed-Basic Grants to States	84.048	5609668115BG	308,477	-	276,605	(307,560)	-	(30,955)
<i>CFDA subtotal</i>				(33,122)	309,727	(307,560)	-	(30,955)
Special Education-Grants to States	84.027	5609657714ALLO	5,103,947	(91,784)	91,784	-	-	-
Special Education-Grants to States	84.027	5609657715ALLO	4,442,662	-	4,361,410	(4,371,995)	-	(10,585)
Special Education-Preschool Grants	84.173	5609657915ALLO	117,484	-	117,484	(117,484)	-	-
<i>CFDA subtotal</i>				(91,784)	4,570,678	(4,489,479)	-	(10,585)
Education for Homeless Children and Youth	84.196	5609655714	45,679	(4,275)	12,260	(7,985)	-	-
Education for Homeless Children and Youth	84.196	5609655715	57,644	-	38,550	(51,986)	-	(13,436)
<i>CFDA subtotal</i>				(4,275)	50,810	(59,971)	-	(13,436)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668114	9,045	(1,601)	1,601	-	-	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668115	7,690	-	3,920	(4,512)	-	(592)
<i>CFDA subtotal</i>				(1,601)	5,521	(4,512)	-	(592)
English Language Acquisition Grants	84.365	5609654114	30,250	(13,611)	13,611	-	-	-
English Language Acquisition Grants	84.365	5609654115	26,325	-	4,710	(5,349)	-	(639)
<i>CFDA subtotal</i>				(13,611)	18,321	(5,349)	-	(639)
Improving Teacher Quality State Grants	84.367	5609651414	997,869	(3,214)	20,429	(17,215)	-	-
Improving Teacher Quality State Grants	84.367	5609651415	1,061,953	-	896,600	(914,635)	-	(18,035)
<i>CFDA subtotal</i>				(3,214)	917,029	(931,850)	-	(18,035)
Passed Through Montana University System:								
Rigorous Career and Technical Education Programs of Study	84.051C	N/A	38,200	(18,702)	21,202	(2,500)	-	-
<i>CFDA subtotal</i>				(18,702)	21,202	(2,500)	-	-
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families	84.181	10-143-1800	154,170	-	154,170	(154,170)	-	-
<i>CFDA subtotal</i>				-	154,170	(154,170)	-	-
Total Pass Through Programs				(279,912)	9,917,789	(9,731,622)	-	(93,745)
Total U.S. Department of Education				\$ (279,912)	\$ 10,182,112	\$ (9,995,945)	\$ -	\$ (93,745)
U.S. Department of Health and Human Services:								
Passed Through State Department of Public Health and Human Services:								
Temporary Assistance for Needy Families	93.558	14-022-61008-0	119,994	\$ (31,078)	\$ 66,711	\$ (36,575)	\$ -	\$ (942)
<i>CFDA subtotal</i>				(31,078)	66,711	(36,575)	-	(942)
Total U.S. Department of Health and Human Services				\$ (31,078)	\$ 66,711	\$ (36,575)	\$ -	\$ (942)

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

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, 2014	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2015
U.S. Department of Agriculture:								
Passed Through State Office of Public Instruction:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch Program	10.555	N/A	302,473	\$ -	\$ 302,473	\$ (302,473)	\$ -	\$ -
Summer Food Service Program for Children	10.559	N/A	455	-	455	(455)	-	-
Non-Cash Assistance Subtotal				-	302,928	(302,928)	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	594,224	-	594,224	(594,224)	-	-
National School Lunch Program	10.555	N/A	2,431,309	-	2,431,309	(2,431,309)	-	-
Summer Food Service Program for Children	10.559	N/A	134,645	(29,354)	122,690	(134,645)	-	(41,309)
Cash Assistance Subtotal				(29,354)	3,148,223	(3,160,178)	-	(41,309)
CFDA subtotal				(29,354)	3,451,151	(3,463,106)	-	(41,309)
Team Nutrition Grants-Healthy U.S. Schools	10.574	5609662115	1,000	-	1,000	(100)	-	900
Healthier U.S. School Challenge Grant	10.574	5609662011HS	1,000	100	-	-	-	100
CFDA subtotal				100	1,000	(100)	-	1,000
Fresh Fruit and Vegetable Program	10.582	N/A	181,720	-	181,720	(181,720)	-	-
CFDA subtotal				-	181,720	(181,720)	-	-
Total U.S. Department of Agriculture				\$ (29,254)	\$ 3,633,871	\$ (3,644,926)	\$ -	\$ (40,309)
U.S. Department of Transportation								
Passed Through State Department of Transportation								
Safe Routes to School	20.205	N/A	39,236	\$ (24,954)	\$ 24,954	\$ -	\$ -	\$ -
CFDA subtotal				(24,954)	24,954	-	-	-
Total U.S. Department of Transportation				\$ (24,954)	\$ 24,954	\$ -	\$ -	\$ -
Total Federal Awards				\$ (365,198)	\$ 13,907,648	\$ (13,677,446)	\$ -	\$ (134,996)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Billings Public Schools and is presented on a modified cash basis (expenditures include accounts payable and encumbrances). The information in this schedule is presented in accordance the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profits Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SCHOOLWIDE TITLE I PROGRAM

Billings Public Schools operates a schoolwide Title I program. Since schoolwide programs are not a separate federal program as defined on OMB Circular A-133, 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	\$ 13,907,648
Revenue accrual adjustments	(230,202)
Federal revenues not subject to single audit	1,012,088
Federal revenues	<u>\$ 14,689,534</u>

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

Identification of major programs:	Name of Federal Program or Cluster
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CFDA Numbers(s)

10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs?	\$410,323
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2015-001

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Significant Deficiency in Internal Control over Compliance and Compliance

Criteria – “The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements, the objectives of internal control, and certain characteristics of internal control that, when present and operating effectively, may ensure compliance with program requirements. Circular A-133 defines internal control over federal programs as follows: Internal control pertaining to the compliance requirements for federal programs (internal control over federal programs) means a process – affected by an entity’s management and other personnel – designed to provide reasonable assurance for the achievement of the following objectives for federal programs:

- (1) Transactions are properly recorded and accounted for to:
 - (i) Permit the preparation of reliable financial statements and Federal reports;
 - (ii) Maintain accountability over assets; and
 - (iii) Demonstrate compliance with laws, regulations, and other compliance requirements;
- (2) Transactions are executed in compliance with:
 - (i) Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
 - (ii) Any other laws and regulations that are identified in the compliance supplements; and
- (3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.”

Condition – We tested 100 transactions in the IDEA grant. Of the 100 transactions tested, 1 transaction did not have the proper approval for wages paid and was found to be for an unallowable activity. This transaction relates to a manual timesheet that related to non-IDEA wages. This timesheet was paid with IDEA funds.

We also determined that 2 monthly stipend payments in the amount of \$346 each were overpaid to employees using IDEA funds. This transaction did not have the proper approval and was found to be an unallowable cost.

Questioned Costs - \$3,121

Effect – Ineffective controls will not detect or correct errors in a timely manner that could result in potential disallowed costs.

Cause – Management is not following or conveying the importance of effective internal controls to staff as noted in the payroll issues noted above.

Recommendations – We recommend the School District implement proper oversight and training to all individuals involved with federal grant expenditures to ensure that the appropriate approvals are being made on a timely basis.

Management Corrective Action Plan - The district will continue to require all time sheets to have a budget code and rate of pay when being submitting to payroll. The time sheets that do not have a budget code or rate of pay will be returned to its location for correct and proper information. The district will provide training for all payroll and approver staff in proper and allowable expenditures for grants. The district will also review with all administrators that oversee grant programs the appropriate spending procedures.

Section IV – Legal Compliance Findings and Questioned Costs

None

There were no findings in the prior year in relation to the major federal award programs audit

END OF REPORT

