



Billings Public Schools

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2014

Billings School District
415 North 30th Street
Billings, Montana 59101-1298

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BILLINGS SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Prepared by the Business Services Department
Leo Hudetz, 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 2013-2014

Elementary and High School
Single Member District

1	Travis Kemp Tanya Ludwig	Trustee (July 2013-May 2014) Trustee
2	Janna Hafer	Trustee
3	Dr. Greta Besch Moen	Trustee, Vice-Chair
4	Kathleen Aragon	Trustee
5	Lindy S. Graves Rob Rogers	Trustee (July 2013 - May 2014) Trustee
6	Allen J. Halter	Trustee, Chair
7	Kevin Toohill	Trustee

High School
Nominating District

A	Teresa Stroebe	Trustee
B	Travis Smith Susan Layton	Trustee (July 2013 - May 2014) Trustee

OFFICIALS

Terry Nelsen Bouck	Superintendent
Leo Hudetz	District Clerk

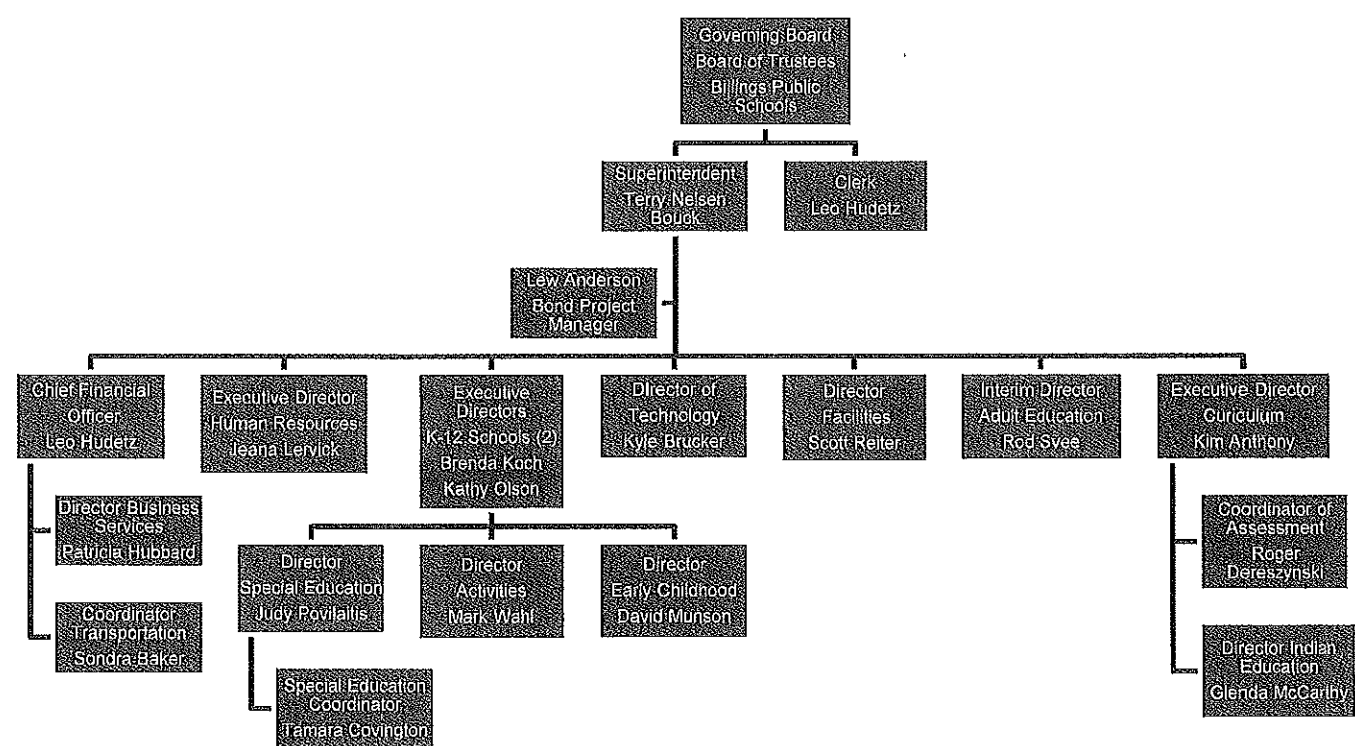
Elementary Single Member District Area:

- 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 June 30, 2014





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

December 8, 2014

Allen J. Halter, 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, 2014. 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 2014.

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

Generally Accepted Accounting Principles (GAAP) requires a Management Discussion and Analysis (MD&A) that includes a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the auditor's report in the financial section.

Billings Public Schools engaged Eide Bailly LLP, an independent auditor, to conduct the district's audit for the fiscal year ended June 30, 2014. 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 107,857. 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 127,011.

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. However, the last six years have seen resurgence in growth with over 900 additional students, most of who are enrolled in the elementary district. 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 493 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 16 school buildings currently running at over 100% current functional capacity. Because of the concerns regarding overcrowded classrooms and 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 to implement the first phase. This bond levy in the amount of \$122.3 million was approved by 54% of the voters. This bond will fund the construction of two new middle schools, complete renovation of two of the oldest elementary schools, as well as address deferred maintenance issues in the other elementary schools.

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.

The personal income base has expanded considerably since the early 1990's in the county, resulting in continuous economic expansion. 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. The U.S. Census data released in 2014 reports that Billings ranks in the top 15th percentile for fastest growing cities over 50,000 in population in the United States. Economic indicators for the region tend to follow national trends but without the volatility found in other parts of the country. In the past year the value of building permits increased over the previous year providing evidence of healthy rebound in the construction sector. In addition to a significant increase in new housing starts, commercial building on a large and small scale has increased. Large projects such as a super-sized sporting goods business being built as the anchor to the new Shiloh Crossing retail center, several new auto dealerships and the construction of a large transportation center for a national delivery service are evidence of the confidence national firms see in the Billings market. A new federal courthouse and a large federal building which houses a number of federal agencies serving Montana were opened recently. A new public library financed by a voter approved levy was completed during the year. 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.

Billings has avoided the economic and housing downturn that affected most of the nation 2008-2012. Based on research by the Montana Department of Revenue, the median price of a home in Yellowstone County increased 19.97% between 2008 and 2013. The unemployment rate has remained below the national average over this same period. The energy boom currently occurring along the Montana/North Dakota border, in the area known as the Bakken formation, continues to add business and jobs to the Billings economy. A boom in residential construction along with low interest rates, population growth and more jobs has helped strengthen the local housing market. Good transportation access contributes to the area's economic activity. Interstate highways intersect near the city, and the city is serviced by three major airline carriers. 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.

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

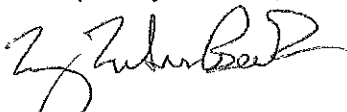
This report has been prepared following guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and the Association of School Business Officials (ASBO). The district has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA and the Certificate of Excellence by ASBO for fiscal years 2007 - 2013. The awards are valid for a period of one year only. We believe our current report continues to conform to the GFOA and ASBO requirements, and we will submit it for determination of its eligibility for a renewed award.

Acknowledgements


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

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

Respectfully Submitted,



Terry Nelsen Bouck
Superintendent



Leo Hudetz
Chief Financial Officer



Patricia Hubbard
Director of Business Services

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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, 2013

Executive Director/CBO

Association of School Business Officials International

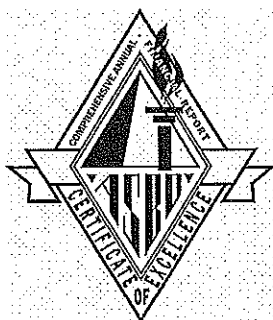


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Billings Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

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



A handwritten signature in cursive script, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in cursive script, reading 'John D. Musso'.

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, 2014, and the related notes to the financial statements, which collectively comprise the Billings Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Billings Public Schools, as of June 30, 2014, 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.

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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 and schedules of funding progress and employer contributions on pages 12 - 19 and 46 - 47 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, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 8, 2014, 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.

Handwritten signature of Eric Bailly in cursive script, followed by the text "LLP".

Billings, Montana
December 8, 2014

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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, 2014. 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 \$5.6 million (from 2013 to 2014) to \$161.1 million. This represents a 3.6% increase over the prior year.
- Governmental activity expenses increased \$6.1 million over 2013 to \$159.7 million. This represents a 3.9% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$115.6 million, an increase of \$81.7 million over the prior year.
- The district added a total of \$1.9 million to its general fund reserves.
- The 2014 general fund expenditure budget was \$109.1 million, an increase of \$4.3 million or 4.1% over the prior year.
- In fiscal 2014, the district continued 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 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 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**

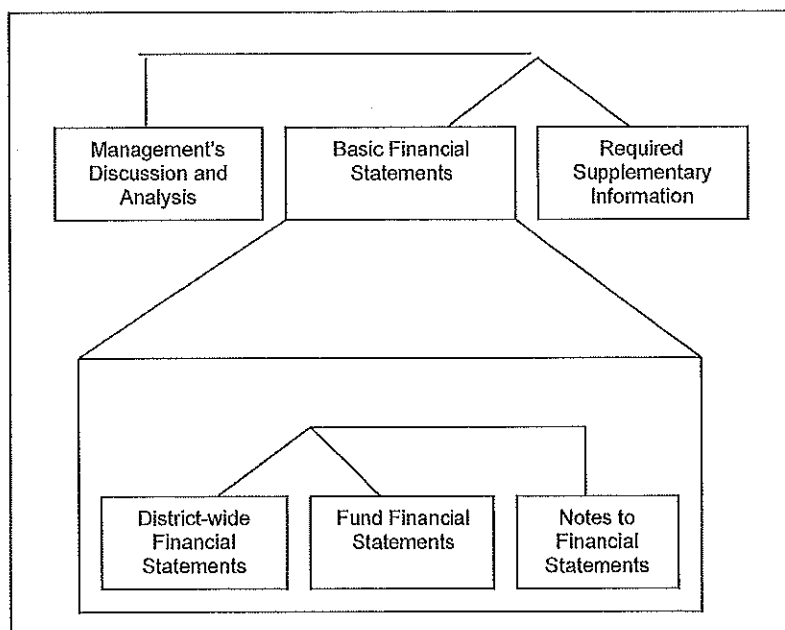


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

<p align="center">Figure A-2 Major Features of Government-Wide and Fund Financial Statements</p>			
	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 20 and 21) 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 and liabilities 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 liabilities - as one way to measure the district's financial health, or financial position. Over time, increases or decreases in net position is an indicator of whether the district's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the property tax base, economy, enrollment and the State's funding of educational costs to assess the district's overall health.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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

Governmental funds—Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements (pages 22 and 24) 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 23 and 25, 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 26, 27 and 29 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, 2014

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

NET POSITION:	2014	2013
Current and other assets	\$ 129,514,619	\$ 43,892,529
Capital assets	84,032,780	73,303,773
Total assets	213,547,399	117,196,302
Other liabilities	8,121,210	3,347,271
Long-term liabilities outstanding	150,905,881	60,681,926
Total Liabilities	159,027,091	64,029,197
Net Position:		
Net investment in capital assets	52,466,677	55,266,962
Restricted	10,916,571	10,730,765
Unrestricted	(8,862,940)	(12,830,622)
Total net position	54,520,308	53,167,105

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

CHANGE IN NET POSITION:	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 3,029,685	\$ 3,171,626
Operating grants and contributions	31,443,773	31,165,921
Capital grants and contributions	54,637	139,927
General revenues:		
Taxes	41,926,382	40,099,921
State sources	67,013,128	64,237,299
County sources	15,809,305	14,978,791
Interest	196,214	133,528
Contributions and donations	1,127,943	995,403
Miscellaneous	496,534	534,177
Total revenues	<u>161,097,601</u>	<u>155,456,593</u>
Expenses:		
Instruction	96,301,172	92,876,108
Support services:		
Students	12,203,272	11,518,499
Instructional staff	8,060,342	7,760,274
General administration	1,917,754	1,728,213
Administration	10,166,229	9,790,142
Business	2,103,298	2,002,743
Operation and maintenance	12,666,923	12,395,350
Student transportation	5,527,358	5,713,801
Food services	5,707,254	5,697,047
Community services	14,149	17,822
Extracurricular	2,553,595	2,563,371
Interest on long-term debt	2,523,052	1,625,782
Total expenses	<u>159,744,398</u>	<u>153,689,152</u>
Change in net position	1,353,203	1,767,441
Net position, beginning	<u>53,167,105</u>	<u>51,399,664</u>
Net position, ending	<u>54,520,308</u>	<u>53,167,105</u>

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 2014 revenues exceeded expenses by \$1.4 million.

	2014	2013	% Change
Revenues	\$ 161,097,601	\$ 155,456,593	3.63%
Expenses	159,744,398	153,689,152	3.94%
Surplus	<u>\$ 1,353,203</u>	<u>\$ 1,767,441</u>	

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

In 2014, net position increased \$1.4 million. Net position consists of the following:

	2014	2013	Change
Net investment in capital assets	\$ 52,466,677	\$ 55,266,962	\$ (2,800,285)
Restricted	10,916,571	10,730,765	185,806
Unrestricted	<u>(8,862,940)</u>	<u>(12,830,622)</u>	3,967,682
Total net position	<u>\$ 54,520,308</u>	<u>\$ 53,167,105</u>	<u>\$ 1,353,203</u>

The largest portion of the district's net position (\$52.5 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 and \$14.4 million in voter approved bonds in FY 2014 and FY 2013 respectively to address a portion of the deferred maintenance costs. Due to these bond related projects the district will reduce its estimated deferred maintenance costs to approximately \$73 million.

The 2014 net position restricted for debt service or other purposes totaling \$10.9 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 \$8.9 million and represents unfunded estimated future pension related liabilities. This deficit decreased by \$4 million, or 30.9%, in 2014 primarily due to amortization related to the service credit and termination pay benefits plan, compensated absences, and other postemployment benefits (See Note 4). The district expects this deficit to increase in future years unless the district begins funding these plans. The district historically has maintained a policy of pay-as-you-go for the service credit, termination pay benefits, compensated absences and other postemployment benefits. The district budgeted \$2.3 million to cover the estimated current costs in 2014. This obligation will be met using cash balances from different funding sources.

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

The district's unfunded liability for the service credit and termination pay benefits plan, compensated absences and other postemployment benefits (OPEB) in FY2014 was \$35.4 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 FY2013 were \$34 million, while FY2014 totals were \$115.6 million. The major funds were the general and elementary building funds. The general fund balance increased by \$2.35 million due to significant budget savings achieved by the district and the elementary building fund balance increased by \$76.7 million mainly due to 2014 bond proceeds.

The combined balance for all funds increased by \$81.7 million in FY2014. This is due to bond proceeds to be spent on new construction and deferred maintenance. The bond proceeds are spent on projects proposed when the voters approved the issuance. The unrestricted portion of these fund balances are generally an indicator of resources available for spending in the next fiscal year. The Board of Trustees and management set a procedure to maintain a minimum general fund reserve of 5% of budgeted general fund expenditures. The district reserves have increased 1.33% in the Elementary District to 6% in FY2014 and 2.17% in the High School District to 6.33%. All General Subfunds revenues increased by \$3.1 million in FY14 due to an increase in state funding as a result of student enrollment increases and tuition collections.

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 FY2014.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 \$6.85 million, an increase of \$1.90 million over the prior year.

The table below summarizes actual general fund revenues and expenditures for FY2014 and FY2013. Revenue increased by 4% due primarily to state aid and property taxes.

Expenditures were increased by 2.9% primarily due to increases in instruction and support services.

	2014	2013	Change
Revenues:			
Property taxes	\$ 33,357,543	\$ 32,307,421	\$ 1,050,122
State aid	60,037,050	56,692,190	3,344,860
State other	15,342,726	15,518,175	(175,449)
Tuition	215,980	243,312	(27,332)
Interest	19,098	9,632	9,466
Total revenues	<u>\$ 108,972,397</u>	<u>\$ 104,770,730</u>	<u>\$ 4,201,667</u>
Expenditures			
Instruction	\$ 68,011,115	\$ 66,777,286	\$ 1,233,829
Support Services			
Students	6,992,701	6,850,794	141,907
Instructional staff	6,063,526	5,865,148	198,378
General administration	1,562,697	1,419,132	143,565
School administration	8,095,258	7,435,562	659,696
Business services	1,786,921	1,692,700	94,221
Operation and maintenance	11,146,363	10,820,835	325,528
Student transportation	34,874	26,459	8,415
Extracurricular	2,124,122	2,133,334	(9,212)
Capital outlay	676,220	475,317	200,903
Debt service	124,426	166,963	(42,537)
Total expenditures	<u>\$ 106,618,223</u>	<u>\$ 103,663,530</u>	<u>\$ 2,954,693</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 \$2.1 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

NOTES TO BASIC FINANCIAL STATEMENTS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The district's 2014 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, 2014 of \$11.8 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, 2014 and 2013. The district had \$84 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.

	2014	2013	Change
Land	\$ 4,859,721	\$ 4,377,961	\$ 481,760
Construction in progress	11,812,913	8,555,361	3,257,552
Improvements other than buildings	853,354	896,652	(43,298)
Buildings and improvements	65,312,479	58,272,260	7,040,219
Machinery and equipment	1,194,313	1,201,539	(7,226)
Total	<u>\$ 84,032,780</u>	<u>\$ 73,303,773</u>	<u>\$ 10,729,007</u>

Debt Administration - A summary of the district's outstanding long-term debt for the years ended June 30, 2014 and 2013 is presented below:

	2014	2013	Change
General obligation bonds	\$ 107,044,502	\$ 26,144,502	\$ 80,900,000
Limited obligation bonds	337,000	421,250	(84,250)
Premium	8,158,788	-	8,158,788
Total bonds	115,540,290	26,565,752	88,974,538
Notes payable		39,977	(39,977)
Compensated absences	11,178,434	11,253,395	(74,961)
Service credit and term pay benefits	11,536,157	11,229,802	306,355
Other post-employment benefits	12,651,000	11,593,000	1,058,000
Total	<u>\$ 150,905,881</u>	<u>\$ 60,681,926</u>	<u>\$ 90,223,955</u>

At year end, the district had \$151 million in outstanding long-term debt/liabilities. The current portion which is due within one year is was equal to \$2.6 million. The total long-term liability increased \$90.2 million, or 149%. The change is due to the issuance of the 2014 general obligation bonds.

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, 2014 the district's total debt outstanding was well below the legal limit of \$386 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, Leo Hudetz, 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, 2014

ASSETS

Cash and cash equivalents	\$ 123,941,132
Receivables:	
Property taxes, net	3,970,665
Governments	693,330
Other	801,644
Prepays	107,848
Capital assets not being depreciated-land and construction in progress	16,672,634
Capital assets, net of accumulated depreciation	<u>67,360,146</u>
Total assets	<u>213,547,399</u>

LIABILITIES

Accounts payable and accrued expenses	6,607,734
Accrued interest payable	1,497,320
Unearned revenue	16,156
Noncurrent liabilities:	
Due within one year:	
Bonds	1,474,250
Compensated absences	1,117,843
Due in more than one year:	
Bonds	114,066,040
Compensated absences	10,060,591
Service credit and termination pay benefits payable	11,536,157
Other postemployment benefits	<u>12,651,000</u>
Total liabilities	<u>159,027,091</u>

NET POSITION

Net investment in capital assets	52,466,677
Restricted for:	
Instruction	5,850,669
Support services:	
Students	3,141
School administration	304,217
Operation and maintenance	489,693
Student transportation	1,027,118
Food services	205,030
Debt service	3,036,703
Unrestricted	<u>(8,862,940)</u>
Total net position	<u>\$ 54,520,308</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

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	\$ 96,301,172	\$ 745,180	\$ 20,169,423	\$ -	\$ (75,386,569)
Support services:					
Students	12,203,272	-	4,251,240	-	(7,952,032)
Instructional staff	8,060,342	-	269,260	-	(7,791,082)
General administration	1,917,754	-	5,350	-	(1,912,404)
School administration	10,166,229	-	546,294	-	(9,619,935)
Business services	2,103,298	-	4,922	-	(2,098,376)
Operation and maintenance	12,666,923	64,694	36,425	-	(12,565,804)
Student transportation	5,527,358	34,550	1,628,664	-	(3,864,144)
Food services	5,707,254	2,185,261	3,487,250	-	(34,743)
Community services	14,149	-	-	-	(14,149)
Extracurricular	2,553,595	-	31,765	54,637	(2,467,193)
Interest	2,523,052	-	1,013,180	-	(1,509,872)
Total	159,744,398	3,029,685	31,443,773	54,637	(125,216,303)
General revenues:					
Property taxes					41,926,382
Intergovernmental:					
State aid					60,768,215
State other					6,244,913
County					15,809,305
Interest					196,214
Contributions and donations					1,127,943
Miscellaneous					496,534
Total general revenues					126,569,506
Change in net position					1,353,203
Net position - beginning					53,167,105
Net position - ending					\$ 54,520,308

BILLINGS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,378,159	\$ 88,810,168	\$ 20,282,314	\$ 117,470,641
Receivables:				
Property taxes, net	3,188,123	-	782,542	3,970,665
Governments	-	-	693,330	693,330
Other	185,079	11,113	256,544	452,736
Total assets	<u>\$ 11,751,361</u>	<u>\$ 88,821,281</u>	<u>\$ 22,014,730</u>	<u>\$ 122,587,372</u>
LIABILITIES				
Accounts payable	\$ 2,056,750	\$ 2,081,312	\$ 985,834	\$ 5,123,896
Unearned revenue	151,786	2,612	12,433	166,831
Total liabilities	<u>2,208,536</u>	<u>2,083,924</u>	<u>998,267</u>	<u>5,290,727</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	1,433,129	-	247,453	1,680,582
Total deferred inflows of resources	<u>1,433,129</u>	<u>-</u>	<u>247,453</u>	<u>1,680,582</u>
FUND BALANCES				
Restricted	-	86,737,357	12,271,770	99,009,127
Committed	-	-	3,209,175	3,209,175
Assigned	1,261,432	-	5,288,065	6,549,497
Unassigned	6,848,264	-	-	6,848,264
Total fund balances	<u>8,109,696</u>	<u>86,737,357</u>	<u>20,769,010</u>	<u>115,616,063</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,751,361</u>	<u>\$ 88,821,281</u>	<u>\$ 22,014,730</u>	<u>\$ 122,587,372</u>

BILLINGS PUBLIC SCHOOLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2014

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

Total fund balances, governmental funds	\$ 115,616,063
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	84,032,780
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,834,980
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.	(7,267,581)
Long-term liabilities, including notes and bonds payable, compensated absences, and service credit and termination pay benefits 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	(107,044,502)
Issuance premium (to be amortized over life of debt)	(8,158,788)
Limited obligation bonds	(337,000)
Compensated absences	(11,122,167)
Accrued interest payable	(1,497,320)
Service credit and termination pay benefits	(11,536,157)
Net position of governmental activities	<u>\$ 54,520,308</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 33,357,543	\$ -	\$ 9,160,907	\$ 42,518,450
Intergovernmental:				
County	-	-	16,621,981	16,621,981
State aid	60,037,050	-	731,165	60,768,215
State other	15,342,726	-	6,956,829	22,299,555
Federal	-	-	14,576,455	14,576,455
Tuition	215,980	-	-	215,980
Charge for services	-	26,226	2,792,493	2,818,719
Interest	19,098	69,155	79,788	168,041
Miscellaneous	-	31,636	1,592,841	1,624,477
Total revenues	108,972,397	127,017	52,512,459	161,611,873
EXPENDITURES				
Current:				
Instruction	68,011,115	-	24,955,087	92,966,202
Support services:				
Students	6,992,701	-	4,975,863	11,968,564
Instructional staff	6,063,526	-	1,867,840	7,931,366
General administration	1,562,697	2,453	331,979	1,897,129
School administration	8,095,258	-	2,129,108	10,224,366
Business services	1,786,921	1,299	266,333	2,054,553
Operation and maintenance	11,146,363	64,663	1,264,507	12,475,533
Student transportation	34,289	-	5,476,959	5,511,248
Food services	-	-	5,606,418	5,606,418
Community services	585	-	13,564	14,149
Extracurricular	2,124,122	-	300,228	2,424,350
Capital outlay	676,220	12,056,951	1,484,763	14,217,934
Debt service:				
Principal	124,227	-	-	124,227
Interest and other charges	199	568,573	1,199,124	1,767,896
Total expenditures	106,618,223	12,693,939	49,871,773	169,183,935
Excess (deficiency) of revenues over expenditures	2,354,174	(12,566,922)	2,640,686	(7,572,062)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	80,900,000	-	80,900,000
Premium on long-term debt issued	-	8,332,379	-	8,332,379
Total other financing sources (uses)	-	89,232,379	-	89,232,379
Net change in fund balances	2,354,174	76,665,457	2,640,686	81,660,317
Fund balances - beginning	5,755,522	10,071,900	18,128,324	33,955,746
Fund balances - ending	\$ 8,109,696	\$ 86,737,357	\$ 20,769,010	\$ 115,616,063

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, 2014

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

Net change in fund balances - total governmental funds	\$ 81,660,317
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount by which capital outlay (\$14,217,934) exceeded depreciation (\$3,543,564) in the current period.	10,674,370
The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net assets.	54,637
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(597,082)
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:	
Issuance of long-term debt	(80,900,000)
Premium on long-term debt issued	(8,332,379)
Amortization of premium on long-term debt issued	173,591
Repayment of principal on long-term debt	124,227
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	(1,497,320)
Service credit and termination pay benefits	(306,355)
Compensated absences	72,554
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.	226,643
Change in net position of governmental activities	<u>\$ 1,353,203</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,470,491
Accounts receivable, net	348,908
Prepaid items	<u>107,848</u>
Total current assets	<u>6,927,247</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,483,838
Unearned revenue	3,723
Compensated absences	<u>5,627</u>
Total current liabilities	<u>1,493,188</u>
Noncurrent liabilities:	
Compensated absences	50,640
Other postemployment benefits	<u>12,651,000</u>
Total noncurrent liabilities	<u>12,701,640</u>
Total liabilities	<u>14,194,828</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(7,267,581)</u>
Total net position (deficit)	<u><u>\$ (7,267,581)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	<u>\$ 18,122,645</u>
Total operating revenues	<u>18,122,645</u>
OPERATING EXPENSES	
Personal services - salaries	254,231
Personal services - benefits	52,930
Purchased property services	104,334
Other purchased services	1,527,546
Supplies and materials	88,097
Insurance claims and expenses	14,839,037
Other postemployment benefits	<u>1,058,000</u>
Total operating expenses	<u>17,924,175</u>
Operating income	<u>198,470</u>
NONOPERATING REVENUES	
Interest revenue	<u>28,173</u>
Total nonoperating revenues	<u>28,173</u>
Change in net position	226,643
Net position (deficit) - beginning	<u>(7,494,224)</u>
Net position (deficit) - ending	<u><u>\$ (7,267,581)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from health insurance premiums	\$ 17,864,998
Cash received from interfund services	379,026
Medical claims paid	(14,843,373)
Cash paid to employees health insurance services	(102,020)
Cash paid to employees interfund services	(207,540)
Cash paid to suppliers for goods and services health insurance services	(1,547,518)
Cash paid to suppliers for goods and services interfund services	(178,125)
Net cash provided by operating activities	<u>1,365,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>28,173</u>
Net cash provided by investing activities	<u>28,173</u>
Change in cash and cash equivalents	1,393,621
Cash and cash equivalents - beginning	<u>5,076,870</u>
Cash and cash equivalents - ending	<u>\$ 6,470,491</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 198,470
Adjustment to reconcile operating income to net cash provided by operating activities:	
Other postemployment benefits	1,058,000
Decrease in accounts receivable	117,656
Decrease in prepaid items	836
Decrease in accounts payable	(10,830)
Increase in unearned revenue	3,723
Decrease in compensated absences	(2,407)
Net cash provided by operating activities	<u>\$ 1,365,448</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,454,869	\$ 592,705
Total assets	<u>2,454,869</u>	<u>592,705</u>
LIABILITIES		
Accounts payable	<u>60,508</u>	<u>592,705</u>
Total liabilities	<u>60,508</u>	<u>592,705</u>
NET POSITION		
Net position held in trust	<u>\$ 2,394,361</u>	<u>\$ -</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2014

	Private Purpose Trust Fund- Extracurricular
ADDITIONS	
Contributions:	
Student extracurricular activities	<u>\$ 2,927,659</u>
Total contributions	<u>2,927,659</u>
Investment earnings:	
Interest	<u>11,474</u>
Total net investment earnings	<u>11,474</u>
Total additions	<u>2,939,133</u>
DEDUCTIONS	
Student extracurricular activities	<u>2,888,173</u>
Total deductions	<u>2,888,173</u>
Change in net position	50,960
Net position - beginning	<u>2,343,401</u>
Net position - ending	<u><u>\$ 2,394,361</u></u>

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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'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.

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (fiduciary fund financial statements include agency funds, which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2014. The allowance at June 30, 2014, was \$253,449.

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.

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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The health insurance fund, an internal service fund, had a deficit net position of \$7,332,373 as of June 30, 2014. 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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2014, 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, 2014 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, 2014, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Claims incurred but not reported</u>	<u>Total</u>
General	\$ 1,608,394	\$ 448,356	\$ -	\$ 2,056,750
Elementary building	2,076,660	4,652	-	2,081,312
Internal service funds	28,472	8,908	1,446,458	1,483,838
Nonmajor governmental funds	794,516	191,318	-	985,834
	<u>\$ 4,508,042</u>	<u>\$ 653,234</u>	<u>\$ 1,446,458</u>	<u>\$ 6,607,734</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 4,377,961	\$ 481,760	\$ -	\$ 4,859,721
Construction in progress	8,555,361	9,541,062	(6,283,510)	11,812,913
Total capital assets, not being depreciated	<u>12,933,322</u>	<u>10,022,822</u>	<u>(6,283,510)</u>	<u>16,672,634</u>
Capital assets, being depreciated:				
Buildings/improvements	99,326,009	10,177,737	-	109,503,746
Improvements other than buildings	1,176,686	16,207	-	1,192,893
Machinery and equipment	9,135,218	339,315	(34,100)	9,440,433
Total capital assets, being depreciated	<u>109,637,913</u>	<u>10,533,259</u>	<u>(34,100)</u>	<u>120,137,072</u>
Less accumulated depreciation for:				
Buildings/improvements	(41,053,749)	(3,137,518)	-	(44,191,267)
Improvements other than buildings	(280,034)	(59,505)	-	(339,539)
Machinery and equipment	(7,933,679)	(346,541)	34,100	(8,246,120)
Total accumulated depreciation	<u>(49,267,462)</u>	<u>(3,543,564)</u>	<u>34,100</u>	<u>(52,776,926)</u>
Total capital assets, being depreciated, net	<u>60,370,451</u>	<u>6,989,695</u>	<u>-</u>	<u>67,360,146</u>
Total capital assets, net	<u>\$ 73,303,773</u>	<u>\$ 17,012,517</u>	<u>\$ (6,283,510)</u>	<u>\$ 84,032,780</u>

Depreciation expense was charged to district activities as follows:

Instruction	\$ 2,673,877
Support services-students	237,416
Support services-instructional staff	151,732
Support services-general administration	14,977
Support services-administration	44,261
Support services-business	22,297
Operation and maintenance	153,461
Student transportation	20,438
Food services	98,929
Extracurricular	126,176
	<u>\$ 3,543,564</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Long-Term Debt

During the year ended June 30, 2014, the following changes occurred in long-term debt:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 26,144,502	\$ 80,900,000	\$ -	\$ 107,044,502	\$ 1,390,000
Limited obligation bonds	421,250	-	(84,250)	337,000	84,250
Premium	-	8,332,379	(173,591)	8,158,788	-
Total bonds payable	26,565,752	89,232,379	(257,841)	115,540,290	1,474,250
Notes payable	39,977	-	(39,977)	-	-
Compensated absences	11,253,395	7,782,125	(7,857,086)	11,178,434	1,117,843
Service credit and termination pay benefits	11,229,802	3,445,493	(3,139,138)	11,536,157	-
Other post employment benefits	11,593,000	1,972,000	(914,000)	12,651,000	-
Total	\$ 60,681,926	\$ 102,431,997	\$ (12,208,042)	\$ 150,905,881	\$ 2,592,093

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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 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
2015	\$ 1,390,000	\$ 5,972,937	\$ 84,250	-
2016	2,785,000	4,575,574	84,250	-
2017	2,870,000	4,492,024	84,250	-
2018	2,955,000	4,405,924	84,250	-
2019	3,075,000	4,287,724	-	-
2020-2024	17,665,000	19,139,820	-	-
2025-2029	34,135,000	13,379,020	-	-
2030-2034	42,169,502	4,831,922	-	-
	<u>\$ 107,044,502</u>	<u>\$ 61,084,945</u>	<u>\$ 337,000</u>	<u>\$ -</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Fund Balances

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

	General Fund	Elementary Building Fund	Total Nonmajor Funds	Total Governmental Funds
Restricted:				
Instruction	\$ -	\$ -	\$ 5,767,876	\$ 5,767,876
Support services:				
Students	-	-	3,141	3,141
School administration	-	-	304,217	304,217
Operation and maintenance	-	-	487,081	487,081
Student transportation	-	-	880,803	880,803
Food services	-	-	205,030	205,030
Capital projects	-	83,866,243	107,944	83,974,187
Debt service	-	-	4,515,678	4,515,678
Committed:				
Instruction	-	-	1,290,503	1,290,503
Support services:				
Students	-	-	1,874,277	1,874,277
Operation and maintenance	-	-	201	201
Community services	-	-	44,194	44,194
Assigned:				
Instruction	172,669	-	2,063,550	2,236,219
Support services:				
Students	565	-	839,327	839,892
Instructional staff	-	2,165	896,663	898,828
General administration	-	-	294,123	294,123
School administration	651,623	-	143,106	794,729
Business services	-	4,494	297,899	302,393
Operation and maintenance	110,771	2,864,455	753,397	3,728,623
Capital projects	325,804	-	-	325,804
Unassigned	6,848,264	-	-	6,848,264
	<u>\$ 8,109,696</u>	<u>\$ 86,737,357</u>	<u>\$ 20,769,010</u>	<u>\$ 115,616,063</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.

Self-Insurance

During the year ended June 30, 2014, 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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 and aggregate loss by stop-loss coverage through Union Labor Life. Stop-loss coverage was in effect for individual claims exceeding \$160,000.

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, 2014, 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 2014 and 2013 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2012-13	\$ 1,134,000	\$ 14,370,231	\$ (14,057,773)	\$ 1,446,458
2013-14	1,446,458	14,839,037	(14,839,037)	1,446,458

Subsequent Events

The district has evaluated subsequent events through December 8, 2014 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 \$41.4 million is anticipated to be sold in FY16.

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$470,172, primarily for construction projects, equipment and supplies. The following schedule displays general fund encumbrances and nonmajor funds in the aggregate.

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Instruction	\$ -	\$ 2,398	\$ 2,398
Support services:			
Operation and maintenance	-	6,020	6,020
Capital outlay	-	14,200	14,200
Assigned:			
Instruction	10,414	-	10,414
Support services:			
Students	565	-	565
Operation and maintenance	110,771	-	110,771
Capital outlay	325,804	-	325,804
	<u>\$ 447,554</u>	<u>\$ 22,618</u>	<u>\$ 470,172</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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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

Teachers' Retirement System and Public Employee Retirement System Plans

The district participates in two statewide mandatory cost-sharing multiple employer defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers teaching employees, including principals and superintendents. The Public Employees Retirement System (PERS-DBRP) covers non-teaching employees. The plans are established under State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

The plans issue a publicly available financial report that includes financial statements and required supplementary information. The reports may be obtained from the Public Employees' Retirement Board, 100 North Park, P.O. Box 200131, Helena, Montana 59620-0131, (406) 444-3154.

Contribution rates for the plans are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll, were as follows:

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
TRS:			
Tier 1 member	8.470%	8.150%	16.620%
Tier 2 member	8.470%	8.150%	16.620%
PERS	7.800%	7.900%	15.700%

TRS:

A "tier 1 member" is a person who became a member before July 1, 2013 and who has not withdrawn his/her account balance. A "tier 2 member" is a person who became a member on or after July 1, 2013 or who, after withdrawing his/her account balance, became a member again on or after July 1, 2013. Effective July 1, 2013, the Tier 1 member supplemental contribution may be decreased, and a Tier 2 member may be required to contribute a supplemental contribution, under circumstances described in Section 19-20-608, MCA. Also, the employer supplemental contribution may be decreased under circumstances described in Section 19-20-609, MCA.

PERS:

On January 1 following an actuarial valuation, the employee contribution rate will be reduced to 6.9%, and the additional contributions by the employer (1%) and the State of Montana will terminate, if the actuarial valuation determines that these reductions and terminations would not cause the amortization period to exceed 25 years. Effective July 1, 2013, retired members who return to active service are subject to the above employee, employer, and state contributions. For retired members who return to work in a covered position, but who have not become active members, the employer and state shall contribute the amounts specified in Sections 19-3-316 and 319. (MCA 19-3-1113)

The State of Montana contributes 0.37% and 2.49% per year to the PERS and TRS plans, respectively, on behalf of the employer. Contributions made by the State of Montana were \$47,038 to PERS and \$1,850,680 to TRS. These amounts have been recorded in the financial statements.

The amounts contributed to the plans during the years ended June 30, 2014, 2013 and 2012, were equal to the required contributions for each year. The amounts contributed by both the district and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
TRS-regular	\$ 12,583,002	\$ 10,942,218	\$ 10,932,215
TRS-termination	3,593,382	3,219,235	3,553,042
Total TRS	<u>\$ 16,176,384</u>	<u>\$ 14,161,453</u>	<u>\$ 14,485,257</u>
PERS	<u>\$ 2,018,005</u>	<u>\$ 1,754,760</u>	<u>\$ 1,765,454</u>

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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.</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 SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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

Annual required contribution	\$ 3,314,479
Interest on net pension obligation	505,341
Adjustment to annual required contribution	<u>(374,327)</u>
Annual pension cost	3,445,493
Contributions made	<u>(3,139,138)</u>
Change in net pension obligation	306,355
Net pension obligation-beginning of year	<u>11,229,802</u>
Net pension obligation-end of year	<u>\$ 11,536,157</u>

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2013 actuarial valuation using the entry age actuarial cost method. This report was updated for 2014 with new population information; however, a full report will be generated again in 2015. 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 3.5% inflation factor in computing future salaries and a discount rate of 4.5% 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 4.5% annual rate increase in general wage levels, an annual discount rate of 4.5% per year and that 90% of TRS employees will elect TRS Option 1.

Three year trend information is as follows:

Year Ending June 30,	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
2012	\$ 3,436,339	70%	\$ 11,042,001
2013	3,428,060	95%	11,229,802
2014	3,445,493	91%	11,536,157

Following is the Schedule of Funding Progress:

Actuarial valuation date	June 30, 2014
Actuarial value of assets	\$ -
Actuarial value of liabilities	\$ 36,238,928
Unfunded actuarial accrued liabilities (UAAL)	\$ 36,238,928
Funded ratio	0%
Covered payroll	\$ 82,059,626
UAAL as a percentage of covered payroll	44%

Funded Status and Funding Progress. As of June 30, 2014, the Plan was 0% funded. The actuarial accrued liability for benefits was \$36,238,928, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$36,238,928.

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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	\$ 1,893,000
Interest on net OPEB obligation	522,000
Adjustment to annual required contribution	<u>(443,000)</u>
Annual OPEB cost (expense)	1,972,000
Contributions made	<u>(914,000)</u>
Increase in net OPEB obligation	1,058,000
Net OPEB obligation - beginning of year	<u>11,593,000</u>
Net OPEB obligation - end of year	<u>\$ 12,651,000</u>

The Billings Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 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)
2012	\$ 2,265,000	45%	\$ 10,522,000
2013	2,378,000	55%	11,593,000
2014	1,972,000	46%	12,651,000

Funded Status and Funding Progress. As of June 30, 2014, the Plan was 0% funded. The actuarial accrued liability for benefits was \$23,555,000, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$23,555,000. The covered payroll (annual payroll of active employees covered by the plan) was \$77,606,000 and the ratio of the UAAL to the covered payroll was 30.4%.

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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2014 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 9% 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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BILLINGS PUBLIC SCHOOLS

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

GENERAL FUND

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 33,677,961	\$ 33,665,132	\$ 33,357,543	\$ -	\$ 33,357,543
Intergovernmental:					
State aid	60,918,930	60,037,050	60,037,050	-	60,037,050
State other	15,365,958	15,307,991	15,342,726	-	15,342,726
Tuition	220,000	220,000	215,980	-	215,980
Interest	9,596	9,596	17,355	1,743	19,098
Total revenues	<u>110,192,445</u>	<u>109,239,769</u>	<u>108,970,654</u>	<u>1,743</u>	<u>108,972,397</u>
EXPENDITURES					
Current:					
Instructional	70,462,422	70,142,771	68,004,416	6,699	68,011,115
Support services:					
Students	7,063,871	7,078,749	6,993,266	(565)	6,992,701
Instructional staff	6,071,763	6,129,606	6,063,526	-	6,063,526
General administration	2,525,032	1,961,109	1,562,697	-	1,562,697
Administration	7,853,688	7,853,781	8,094,991	267	8,095,258
Business	1,441,453	1,446,620	1,749,176	37,745	1,786,921
Operation and maintenance	11,563,504	11,671,654	11,055,001	91,362	11,146,363
Student transportation	10,342	15,787	34,289	-	34,289
Community services	-	-	585	-	585
Extracurricular	2,166,889	2,166,889	2,124,122	-	2,124,122
Debt Service:					
Principal	125,478	125,478	124,227	-	124,227
Interest and other charges	509	509	199	-	199
Capital Outlay	907,494	546,816	916,647	(240,427)	676,220
Total expenditures	<u>110,192,445</u>	<u>109,139,769</u>	<u>106,723,142</u>	<u>(104,919)</u>	<u>106,618,223</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>100,000</u>	<u>2,247,512</u>	<u>106,662</u>	<u>2,354,174</u>
OTHER FINANCING USES					
Transfers out	-	(100,000)	(350,000)	350,000	-
Total other financing uses	<u>-</u>	<u>(100,000)</u>	<u>(350,000)</u>	<u>350,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,897,512</u>	<u>456,662</u>	<u>2,354,174</u>
Fund balances - beginning			4,950,752	804,770	5,755,522
Fund balances - ending			<u>\$ 6,848,264</u>	<u>\$ 1,261,432</u>	<u>\$ 8,109,696</u>

NOTES TO THE BUDGET AND ACTUAL SCHEDULES

State law requires budgets be prepared for certain funds - generally those supported by property tax revenues. Budgets are prepared on the modified accrual basis. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law. There were no budget amendments.

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.

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]
6/30/2013	\$ -	\$ 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%
6/30/2009	-	33,870,596	33,870,596	0%	77,474,064	43.7%

* 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]
6/30/2014	\$ -	\$ 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%
6/30/2012	-	25,682,000	25,682,000	0%	85,566,000	30.0%

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, 2014

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 5,059,533	\$ 3,318,626	\$ 8,378,159
Receivables:			
Property taxes, net	2,019,280	1,168,843	3,188,123
Other	173,710	11,369	185,079
Total assets	<u>\$ 7,252,523</u>	<u>\$ 4,498,838</u>	<u>\$ 11,751,361</u>
LIABILITIES			
Accounts payable	\$ 1,266,894	\$ 789,856	\$ 2,056,750
Unearned revenue	149,774	2,012	151,786
Total liabilities	<u>1,416,668</u>	<u>791,868</u>	<u>2,208,536</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>905,337</u>	<u>527,792</u>	<u>1,433,129</u>
Total deferred inflows of resources	<u>905,337</u>	<u>527,792</u>	<u>1,433,129</u>
FUND BALANCES			
Assigned	513,559	747,873	1,261,432
Unassigned	<u>4,416,959</u>	<u>2,431,305</u>	<u>6,848,264</u>
Total fund balances	<u>4,930,518</u>	<u>3,179,178</u>	<u>8,109,696</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,252,523</u>	<u>\$ 4,498,838</u>	<u>\$ 11,751,361</u>

BILLINGS PUBLIC SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2014

	Elementary General Subfund	High School General Subfund	Total
REVENUES			
Property taxes	\$ 20,889,566	\$ 12,467,977	\$ 33,357,543
Intergovernmental:			
State aid	39,408,194	20,628,856	60,037,050
State other	10,438,631	4,904,095	15,342,726
Tuition	176,601	39,379	215,980
Interest	12,564	6,534	19,098
Total revenues	70,925,556	38,046,841	108,972,397
EXPENDITURES			
Current:			
Instruction	45,905,057	22,106,058	68,011,115
Support services:			
Students	4,950,397	2,042,304	6,992,701
Instructional staff	4,049,901	2,013,625	6,063,526
General administration	1,054,819	507,878	1,562,697
School administration	5,008,228	3,087,030	8,095,258
Business services	1,194,039	592,882	1,786,921
Operation and maintenance	6,764,567	4,381,796	11,146,363
Student transportation	27,852	6,437	34,289
Community services	-	585	585
Extracurricular	503,057	1,621,065	2,124,122
Capital outlay	299,473	376,747	676,220
Debt service:			
Principal	111,034	13,193	124,227
Interest and other charges	134	65	199
Total expenditures	69,868,558	36,749,665	106,618,223
Net change in fund balances	1,056,998	1,297,176	2,354,174
Fund balances - beginning	3,873,520	1,882,002	5,755,522
Fund balances - ending	\$ 4,930,518	\$ 3,179,178	\$ 8,109,696

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ELEMENTARY GENERAL SUBFUND
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 21,116,015	\$ 21,103,186	\$ 20,889,566	\$ -	\$ 20,889,566
Intergovernmental:					
State aid	40,290,074	39,408,194	39,408,194	-	39,408,194
State other	10,473,709	10,415,742	10,438,631	-	10,438,631
Tuition	163,000	163,000	176,601	-	176,601
Interest	6,677	6,677	11,517	1,047	12,564
Total revenues	<u>72,049,475</u>	<u>71,096,799</u>	<u>70,924,509</u>	<u>1,047</u>	<u>70,925,556</u>
EXPENDITURES					
Current:					
Instructional	47,383,680	47,224,272	45,899,896	5,161	45,905,057
Support services:					
Students	5,012,075	5,013,096	4,950,397	-	4,950,397
Instructional staff	3,958,646	3,961,729	4,049,901	-	4,049,901
General administration	1,811,782	1,249,108	1,054,819	-	1,054,819
Administration	4,765,715	4,782,154	5,008,228	-	5,008,228
Business	943,624	948,665	1,167,617	26,422	1,194,039
Operation and maintenance	6,883,973	6,970,293	6,619,460	145,107	6,764,567
Student transportation	10,342	11,716	27,852	-	27,852
Extracurricular	527,588	527,588	503,057	-	503,057
Debt Service:					
Principal	112,285	112,285	111,034	-	111,034
Interest and other charges	341	341	134	-	134
Capital Outlay	639,424	225,552	310,562	(11,089)	299,473
Total expenditures	<u>72,049,475</u>	<u>71,026,799</u>	<u>69,702,957</u>	<u>165,601</u>	<u>69,868,558</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>70,000</u>	<u>1,221,552</u>	<u>(164,554)</u>	<u>1,056,998</u>
OTHER FINANCING USES					
Transfers out	-	(70,000)	(170,000)	170,000	-
Total other financing uses	<u>-</u>	<u>(70,000)</u>	<u>(170,000)</u>	<u>170,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,051,552</u>	<u>5,446</u>	<u>1,056,998</u>
Fund balances - beginning			<u>3,365,407</u>	<u>508,113</u>	<u>3,873,520</u>
Fund balances - ending			<u>\$ 4,416,959</u>	<u>\$ 513,559</u>	<u>\$ 4,930,518</u>

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 12,561,946	\$ 12,561,946	\$ 12,467,977	\$ -	\$ 12,467,977
Intergovernmental:					
State aid	20,628,856	20,628,856	20,628,856	-	20,628,856
State other	4,892,249	4,892,249	4,904,095	-	4,904,095
Tuition	57,000	57,000	39,379	-	39,379
Interest	2,919	2,919	5,838	696	6,534
Total revenues	38,142,970	38,142,970	38,046,145	696	38,046,841
EXPENDITURES					
Current:					
Instructional	23,078,742	22,918,499	22,104,520	1,538	22,106,058
Support services:					
Students	2,051,796	2,065,653	2,042,869	(565)	2,042,304
Instructional staff	2,113,117	2,167,877	2,013,625	-	2,013,625
General administration	713,250	712,001	507,878	-	507,878
Administration	3,087,973	3,071,627	3,086,763	267	3,087,030
Business	497,829	497,955	581,559	11,323	592,882
Operation and maintenance	4,679,531	4,701,361	4,435,541	(53,745)	4,381,796
Student transportation	-	4,071	6,437	-	6,437
Community services	-	-	585	-	585
Extracurricular	1,639,301	1,639,301	1,621,065	-	1,621,065
Debt Service:					
Principal	13,193	13,193	13,193	-	13,193
Interest and other charges	168	168	65	-	65
Capital Outlay	268,070	321,264	606,085	(229,338)	376,747
Total expenditures	38,142,970	38,112,970	37,020,185	(270,520)	36,749,665
Excess (deficiency) of revenues over expenditures	-	30,000	1,025,960	271,216	1,297,176
OTHER FINANCING USES					
Transfers out	-	(30,000)	(180,000)	180,000	-
Total other financing uses	-	(30,000)	(180,000)	180,000	-
Net change in fund balances	\$ -	\$ -	845,960	451,216	1,297,176
Fund balances - beginning			1,585,345	296,657	1,882,002
Fund balances - ending			<u>\$ 2,431,305</u>	<u>\$ 747,873</u>	<u>\$ 3,179,178</u>

Nonmajor Governmental Funds - By Fund Type

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,631,369	\$ 4,533,973	\$ 1,116,972	\$ 20,282,314
Receivables:				
Property taxes, net	729,339	53,203	-	782,542
Governments	693,330	-	-	693,330
Other	252,357	-	4,187	256,544
Total assets	<u>\$ 16,306,395</u>	<u>\$ 4,587,176</u>	<u>\$ 1,121,159</u>	<u>\$ 22,014,730</u>
LIABILITIES				
Accounts payable	\$ 907,413	\$ 53,153	\$ 25,268	\$ 985,834
Unearned revenue	12,433	-	-	12,433
Total liabilities	<u>919,846</u>	<u>53,153</u>	<u>25,268</u>	<u>998,267</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>229,108</u>	<u>18,345</u>	<u>-</u>	<u>247,453</u>
Total deferred inflows of resources	<u>229,108</u>	<u>18,345</u>	<u>-</u>	<u>247,453</u>
Total liabilities	<u>1,148,954</u>	<u>71,498</u>	<u>25,268</u>	<u>1,245,720</u>
FUND BALANCES				
Restricted	7,181,703	4,515,678	574,389	12,271,770
Committed	3,209,175	-	-	3,209,175
Assigned	4,766,563	-	521,502	5,288,065
Total fund balances	<u>15,157,441</u>	<u>4,515,678</u>	<u>1,095,891</u>	<u>20,769,010</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,306,395</u>	<u>\$ 4,587,176</u>	<u>\$ 1,121,159</u>	<u>\$ 22,014,730</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, 2014

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 8,100,724	\$ 1,060,183	\$ -	\$ 9,160,907
Intergovernmental:				
County	16,621,981	-	-	16,621,981
State aid	-	731,165	-	731,165
State other	6,956,829	-	-	6,956,829
Federal	13,563,275	1,013,180	-	14,576,455
Charges for services	2,754,325	-	38,168	2,792,493
Interest	63,511	8,774	7,503	79,788
Miscellaneous	1,577,738	-	15,103	1,592,841
Total revenues	49,638,383	2,813,302	60,774	52,512,459
EXPENDITURES				
Current:				
Instruction	24,955,087	-	-	24,955,087
Support services:				
Students	4,975,863	-	-	4,975,863
Instructional staff	1,867,840	-	-	1,867,840
General administration	331,979	-	-	331,979
School administration	2,129,108	-	-	2,129,108
Business services	264,001	-	2,332	266,333
Operation and maintenance	1,177,953	-	86,554	1,264,507
Student transportation	5,476,959	-	-	5,476,959
Food services	5,606,418	-	-	5,606,418
Community services	13,564	-	-	13,564
Extracurricular	300,228	-	-	300,228
Capital outlay	181,529	-	1,303,234	1,484,763
Debt service				
Interest and other charges	-	1,199,124	-	1,199,124
Total expenditures	47,280,529	1,199,124	1,392,120	49,871,773
Net change in fund balances	2,357,854	1,614,178	(1,331,346)	2,640,686
Fund balances - beginning	12,799,587	2,901,500	2,427,237	18,128,324
Fund balances - ending	\$ 15,157,441	\$ 4,515,678	\$ 1,095,891	\$ 20,769,010

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, 2014

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	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
ASSETS					
Cash and cash equivalents	\$ 569,646	\$ 523,008	\$ 176,628	\$ 34,489	\$ 115,250
Receivables:					
Property taxes, net	206,752	118,311	-	24,157	59,544
Governments	-	-	47,016	-	-
Other	-	-	123,388	-	-
Total assets	<u>\$ 776,398</u>	<u>\$ 641,319</u>	<u>\$ 347,032</u>	<u>\$ 58,646</u>	<u>\$ 174,794</u>
LIABILITIES					
Accounts payable	\$ 247,832	\$ 142,767	\$ 142,002	\$ 960	\$ 24,930
Unearned revenue	-	-	-	-	-
Total liabilities	247,832	142,767	142,002	960	24,930
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	87,667	58,648	-	4,132	15,282
Total deferred inflows of resources	<u>87,667</u>	<u>58,648</u>	<u>-</u>	<u>4,132</u>	<u>15,282</u>
FUND BALANCES					
Restricted	440,899	439,904	205,030	53,554	134,582
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>440,899</u>	<u>439,904</u>	<u>205,030</u>	<u>53,554</u>	<u>134,582</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 776,398</u>	<u>\$ 641,319</u>	<u>\$ 347,032</u>	<u>\$ 58,646</u>	<u>\$ 174,794</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2014

Page 2 of 4

	Elementary Retirement	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education
ASSETS					
Cash and cash equivalents	\$ 2,289,982	\$ 1,651,691	\$ 4,036,347	\$ 466,392	\$ 293,492
Receivables:					
Property taxes, net	-	-	-	-	95,234
Governments	-	-	435,172	104,979	-
Other	-	-	10,118	-	-
Total assets	<u>\$ 2,289,982</u>	<u>\$ 1,651,691</u>	<u>\$ 4,481,637</u>	<u>\$ 571,371</u>	<u>\$ 388,726</u>
LIABILITIES					
Accounts payable	\$ 40,181	\$ 39,662	\$ 101,648	\$ 16,761	\$ 4,470
Unearned revenue	-	-	5,100	7,333	-
Total liabilities	40,181	39,662	106,748	24,094	4,470
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	13,709
Total deferred inflows of resources	-	-	-	-	13,709
FUND BALANCES					
Restricted	2,249,801	1,612,029	20,958	134,645	370,547
Committed	-	-	-	-	-
Assigned	-	-	4,353,931	412,632	-
Total fund balances	<u>2,249,801</u>	<u>1,612,029</u>	<u>4,374,889</u>	<u>547,277</u>	<u>370,547</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,289,982</u>	<u>\$ 1,651,691</u>	<u>\$ 4,481,637</u>	<u>\$ 571,371</u>	<u>\$ 388,726</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2014

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	\$ 831,228	\$ 155,299	\$ 416	\$ 222,311	\$ 129,811
Receivables:					
Property taxes, net	196,201	-	-	9,605	19,535
Governments	-	106,163	-	-	-
Other	-	-	-	-	171
Total assets	<u>\$ 1,027,429</u>	<u>\$ 261,462</u>	<u>\$ 416</u>	<u>\$ 231,916</u>	<u>\$ 149,517</u>
LIABILITIES					
Accounts payable	\$ 79,171	\$ 13,182	\$ -	\$ 4,993	\$ 3,970
Unearned revenue	-	-	-	-	-
Total liabilities	79,171	13,182	-	4,993	3,970
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	35,516	-	-	2,753	11,401
Total deferred inflows of resources	<u>35,516</u>	<u>-</u>	<u>-</u>	<u>2,753</u>	<u>11,401</u>
FUND BALANCES					
Restricted	912,742	248,280	416	224,170	134,146
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>912,742</u>	<u>248,280</u>	<u>416</u>	<u>224,170</u>	<u>134,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,027,429</u>	<u>\$ 261,462</u>	<u>\$ 416</u>	<u>\$ 231,916</u>	<u>\$ 149,517</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2014

Page 4 of 4

	Elementary Flexibility	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
ASSETS					
Cash and cash equivalents	\$ 655,611	\$ 502,336	\$ 735,254	\$ 1,242,178	\$ 14,631,369
Receivables:					
Property taxes, net	-	-	-	-	729,339
Governments	-	-	-	-	693,330
Other	-	-	6,880	111,800	252,357
Total assets	<u>\$ 655,611</u>	<u>\$ 502,336</u>	<u>\$ 742,134</u>	<u>\$ 1,353,978</u>	<u>\$ 16,306,395</u>
LIABILITIES					
Accounts payable	\$ -	\$ 385	\$ 12,278	\$ 32,221	\$ 907,413
Unearned revenue	-	-	-	-	12,433
Total liabilities	-	385	12,278	32,221	919,846
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	229,108
Total deferred inflows of resources	-	-	-	-	229,108
FUND BALANCES					
Restricted	-	-	-	-	7,181,703
Committed	655,611	501,951	729,856	1,321,757	3,209,175
Assigned	-	-	-	-	4,766,563
Total fund balances	<u>655,611</u>	<u>501,951</u>	<u>729,856</u>	<u>1,321,757</u>	<u>15,157,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 655,611</u>	<u>\$ 502,336</u>	<u>\$ 742,134</u>	<u>\$ 1,353,978</u>	<u>\$ 16,306,395</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2014

Page 1 of 4

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
REVENUES					
Property taxes	\$ 2,359,841	\$ 1,442,700	\$ -	\$ 120,645	\$ 464,380
Intergovernmental:					
County	543,983	268,693	-	-	-
State other	714,166	327,082	17,662	-	-
Federal	-	-	3,469,588	-	-
Charges for services	33,337	1,213	2,185,261	-	-
Interest	1,000	1,412	942	478	474
Miscellaneous	6,071	-	-	-	-
Total revenues	3,658,398	2,041,100	5,673,453	121,123	464,854
EXPENDITURES					
Current:					
Instruction	-	-	-	158,590	330,680
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
General administration	90,985	142,136	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	5,732	5,201	-	-	-
Student transportation	3,453,438	1,866,078	-	-	-
Food services	-	-	5,606,242	-	-
Community services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	3,550,155	2,013,415	5,606,242	158,590	330,680
Net change in fund balances	108,243	27,685	67,211	(37,467)	134,174
Fund balances - beginning	332,656	412,219	137,819	91,021	408
Fund balances - ending	\$ 440,899	\$ 439,904	\$ 205,030	\$ 53,554	\$ 134,582

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF
 REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2014

Page 2 of 4

	Elementary Retirement	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 425,412
Intergovernmental:					
County	10,326,157	5,483,148	-	-	-
State other	1,308,156	605,280	3,130,652	161,694	-
Federal	-	-	9,777,005	316,682	-
Charges for services	-	-	-	-	-
Interest	8,841	4,917	22,241	-	1,490
Miscellaneous	-	-	137,052	190,577	7,691
Total revenues	11,643,154	6,093,345	13,066,950	668,953	434,593
EXPENDITURES					
Current:					
Instruction	8,317,164	3,983,670	8,707,792	523,679	306,436
Support services:					
Students	904,892	376,493	2,577,969	-	82,598
Instructional staff	635,993	299,765	239,275	22,733	90
General administration	56,913	41,645	-	-	-
School administration	887,615	532,323	177,791	527	96,586
Business services	151,431	112,568	-	2	-
Operation and maintenance	623,157	395,553	21,734	-	19,216
Student transportation	147,903	9,540	-	-	-
Food services	-	176	-	-	-
Community services	-	-	-	-	-
Extracurricular	94,641	204,698	-	-	-
Capital outlay	3,487	1,737	4,000	37,742	-
Total expenditures	11,823,196	5,958,168	11,728,561	584,683	504,926
Net change in fund balances	(180,042)	135,177	1,338,389	84,270	(70,333)
Fund balances - beginning	2,429,843	1,476,852	3,036,500	463,007	440,880
Fund balances - ending	\$ 2,249,801	\$ 1,612,029	\$ 4,374,889	\$ 547,277	\$ 370,547

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF
 REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2014

Page 3 of 4

	High School Adult Education	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology
REVENUES					
Property taxes	\$ 1,032,649	\$ -	\$ -	\$ 1,172,869	\$ 1,082,228
Intergovernmental:					
County	-	-	-	-	-
State other	-	106,163	-	135,830	73,560
Federal	-	-	-	-	-
Charges for services	306,839	227,375	-	-	-
Interest	3,569	831	2	2,313	2,784
Miscellaneous	-	146	-	-	-
Total revenues	1,343,057	334,515	2	1,311,012	1,158,572
EXPENDITURES					
Current:					
Instruction	588,558	356,372	-	779,823	819,764
Support services:					
Students	187,245	-	-	-	-
Instructional staff	410	-	-	326,744	302,298
General administration	300	-	-	-	-
School administration	434,266	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	103,904	-	-	-	-
Student transportation	-	-	-	-	-
Food services	-	-	-	-	-
Community services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	17,316	-	17,250	60,698
Total expenditures	1,314,683	373,688	-	1,123,817	1,182,760
Net change in fund balances	28,374	(39,173)	2	187,195	(24,188)
Fund balances - beginning	884,368	287,453	414	36,975	158,334
Fund balances - ending	<u>\$ 912,742</u>	<u>\$ 248,280</u>	<u>\$ 416</u>	<u>\$ 224,170</u>	<u>\$ 134,146</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2014

Page 4 of 4

	Elementary Flexibility	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,100,724
Intergovernmental:					
County	-	-	-	-	16,621,981
State other	174,759	201,825	-	-	6,956,829
Federal	-	-	-	-	13,563,275
Charges for services	-	-	300	-	2,754,325
Interest	2,280	1,411	3,143	5,383	63,511
Miscellaneous	-	-	460,394	775,807	1,577,738
Total revenues	177,039	203,236	463,837	781,190	49,638,383
EXPENDITURES					
Current:					
Instruction	-	-	31,412	51,147	24,955,087
Support services:					
Students	-	-	383,186	463,480	4,975,863
Instructional staff	-	-	9,544	30,988	1,867,840
General administration	-	-	-	-	331,979
School administration	-	-	-	-	2,129,108
Business services	-	-	-	-	264,001
Operation and maintenance	-	-	3,456	-	1,177,953
Student transportation	-	-	-	-	5,476,959
Food services	-	-	-	-	5,606,418
Community services	-	-	-	13,564	13,564
Extracurricular	-	-	-	889	300,228
Capital outlay	-	-	32,950	6,349	181,529
Total expenditures	-	-	460,548	566,417	47,280,529
Net change in fund balances	177,039	203,236	3,289	214,773	2,357,854
Fund balances - beginning	478,572	298,715	726,567	1,106,984	12,799,587
Fund balances - ending	\$ 655,611	\$ 501,951	\$ 729,856	\$ 1,321,757	\$ 15,157,441

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,398,502	\$ 2,398,502	\$ 2,359,841	\$ -	\$ 2,359,841
Intergovernmental:					
County	615,000	615,000	543,983	-	543,983
State other	785,183	785,183	714,166	-	714,166
Charges for services	37,000	37,000	33,337	-	33,337
Interest	-	-	1,000	-	1,000
Miscellaneous	-	-	6,071	-	6,071
Total revenues	<u>3,835,685</u>	<u>3,835,685</u>	<u>3,658,398</u>	<u>-</u>	<u>3,658,398</u>
EXPENDITURES					
Current:					
Support services:					
General administration	112,030	112,030	90,985	-	90,985
Operation and maintenance	7,812	7,812	5,732	-	5,732
Student transportation	<u>3,715,843</u>	<u>3,715,843</u>	<u>3,453,438</u>	<u>-</u>	<u>3,453,438</u>
Total expenditures	<u>3,835,685</u>	<u>3,835,685</u>	<u>3,550,155</u>	<u>-</u>	<u>3,550,155</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	108,243	-	108,243
Fund balances - beginning			<u>332,656</u>	<u>-</u>	<u>332,656</u>
Fund balances - ending			<u>\$ 440,899</u>	<u>\$ -</u>	<u>\$ 440,899</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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,469,242	\$ 1,469,242	\$ 1,442,700	\$ -	\$ 1,442,700
Intergovernmental:					
County	297,000	297,000	268,693	-	268,693
State other	355,389	355,389	327,082	-	327,082
Charges for services	-	-	1,213	-	1,213
Interest	-	-	1,412	-	1,412
Total revenues	2,121,631	2,121,631	2,041,100	-	2,041,100
EXPENDITURES					
Current:					
Support services:					
General administration	146,050	146,050	142,136	-	142,136
Operation and maintenance	4,096	4,096	5,201	-	5,201
Student transportation	1,971,485	1,971,485	1,866,078	-	1,866,078
Total expenditures	2,121,631	2,121,631	2,013,415	-	2,013,415
Net change in fund balances	\$ -	\$ -	27,685	-	27,685
Fund balances - beginning			412,219	-	412,219
Fund balances - ending			\$ 439,904	\$ -	\$ 439,904

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 108,979	\$ 108,979	\$ 120,645	\$ -	\$ 120,645
Interest	-	-	478	-	478
Total revenues	108,979	108,979	121,123	-	121,123
EXPENDITURES					
Current:					
Instruction	200,000	200,000	158,590	-	158,590
Total expenditures	200,000	200,000	158,590	-	158,590
Net change in fund balances	\$ (91,021)	\$ (91,021)	(37,467)	-	(37,467)
Fund balances - beginning			91,021	-	91,021
Fund balances - ending			\$ 53,554	\$ -	\$ 53,554

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 449,593	\$ 449,593	\$ 464,380	\$ -	\$ 464,380
Interest	-	-	474	-	474
Total revenues	449,593	449,593	464,854	-	464,854
EXPENDITURES					
Current:					
Instruction	450,000	450,000	330,680	-	330,680
Total expenditures	450,000	450,000	330,680	-	330,680
Net change in fund balances	\$ (407)	\$ (407)	134,174	-	134,174
Fund balances - beginning			408	-	408
Fund balances - ending			\$ 134,582	\$ -	\$ 134,582

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, 2014

	<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	\$ 10,326,157	\$ 10,326,157	\$ 10,326,157	\$ -	\$ 10,326,157
State other	-	-	-	1,308,156	1,308,156
Interest	-	-	8,841	-	8,841
Total revenues	<u>10,326,157</u>	<u>10,326,157</u>	<u>10,334,998</u>	<u>1,308,156</u>	<u>11,643,154</u>
EXPENDITURES					
Current:					
Instructional	7,648,721	7,089,111	7,279,618	1,037,546	8,317,164
Support services:					
Students	787,455	927,400	798,713	106,179	904,892
Instructional staff	521,948	669,886	578,714	57,279	635,993
General administration	81,818	50,167	53,444	3,469	56,913
School administration	715,966	967,334	811,655	75,960	887,615
Business services	111,479	125,169	148,468	2,963	151,431
Operation and maintenance	575,938	608,539	611,192	11,965	623,157
Student transportation	118,093	119,822	145,220	2,683	147,903
Extracurricular	68,582	72,572	84,529	10,112	94,641
Capital Outlay	-	-	3,487	-	3,487
Total expenditures	<u>10,630,000</u>	<u>10,630,000</u>	<u>10,515,040</u>	<u>1,308,156</u>	<u>11,823,196</u>
Net change in fund balances	<u>\$ (303,843)</u>	<u>\$ (303,843)</u>	(180,042)	-	(180,042)
Fund balances - beginning			<u>2,429,843</u>	-	<u>2,429,843</u>
Fund balances - ending			<u>\$ 2,249,801</u>	<u>\$ -</u>	<u>\$ 2,249,801</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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 5,483,148	\$ 5,483,148	\$ 5,483,148	\$ -	\$ 5,483,148
State other	-	-	-	605,280	605,280
Interest	-	-	4,917	-	4,917
Total revenues	<u>5,483,148</u>	<u>5,483,148</u>	<u>5,488,065</u>	<u>605,280</u>	<u>6,093,345</u>
EXPENDITURES					
Current:					
Instructional	3,972,526	3,838,321	3,524,799	458,871	3,983,670
Support services:					
Students	357,177	384,692	331,506	44,987	376,493
Instructional staff	237,477	261,192	276,754	23,011	299,765
General administration	51,275	36,959	39,764	1,881	41,645
School administration	617,798	640,086	487,736	44,587	532,323
Business services	110,640	113,559	110,611	1,957	112,568
Operation and maintenance	280,359	321,271	387,849	7,704	395,553
Student transportation	15,522	26,828	8,911	629	9,540
Food services	603	14,120	176	-	176
Extracurricular	156,623	162,972	183,045	21,653	204,698
Capital Outlay	-	-	1,737	-	1,737
Total expenditures	<u>5,800,000</u>	<u>5,800,000</u>	<u>5,352,888</u>	<u>605,280</u>	<u>5,958,168</u>
Net change in fund balances	<u>\$ (316,852)</u>	<u>\$ (316,852)</u>	135,177	-	135,177
Fund balances - beginning			<u>1,476,852</u>	<u>-</u>	<u>1,476,852</u>
Fund balances - ending			<u>\$ 1,612,029</u>	<u>\$ -</u>	<u>\$ 1,612,029</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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 367,501	\$ 367,501	\$ 425,412	\$ -	\$ 425,412
Interest	-	-	1,490	-	1,490
Miscellaneous	13,000	13,000	7,691	-	7,691
Total revenues	380,501	380,501	434,593	-	434,593
EXPENDITURES					
Current:					
Instructional	467,607	423,963	306,436	-	306,436
Support services:					
Students	83,308	86,817	82,598	-	82,598
Instructional staff	3,500	-	90	-	90
School administration	29,015	80,946	96,586	-	96,586
Operation and maintenance	25,000	16,704	19,216	-	19,216
Total expenditures	608,430	608,430	504,926	-	504,926
Net change in fund balances	\$ (227,929)	\$ (227,929)	(70,333)	-	(70,333)
Fund balances - beginning			440,880	-	440,880
Fund balances - ending			\$ 370,547	\$ -	\$ 370,547

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 935,632	\$ 935,632	\$ 1,032,649	\$ -	\$ 1,032,649
Charges for services	340,000	340,000	306,839	-	306,839
Interest	-	-	3,569	-	3,569
Total revenues	<u>1,275,632</u>	<u>1,275,632</u>	<u>1,343,057</u>	<u>-</u>	<u>1,343,057</u>
EXPENDITURES					
Current:					
Instructional	861,623	839,181	588,558	-	588,558
Support services:					
Students	159,179	159,370	187,245	-	187,245
Instructional staff	2,250	-	410	-	410
General administration	-	300	300	-	300
School administration	528,849	471,723	434,266	-	434,266
Operation and maintenance	-	81,327	103,904	-	103,904
Capital Outlay	48,099	48,099	6,020	(6,020)	-
Total expenditures	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,320,703</u>	<u>(6,020)</u>	<u>1,314,683</u>
Net change in fund balances	<u>\$ (324,368)</u>	<u>\$ (324,368)</u>	22,354	6,020	28,374
Fund balances - beginning			<u>884,368</u>	<u>-</u>	<u>884,368</u>
Fund balances - ending			<u>\$ 906,722</u>	<u>\$ 6,020</u>	<u>\$ 912,742</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, 2014

	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	\$ 1,172,869	\$ -	\$ 1,172,869
Intergovernmental:					
State other	\$ 138,488	\$ 138,488	\$ 135,830	\$ -	\$ 135,830
Interest	-	-	2,313	-	2,313
Total revenues	<u>1,338,488</u>	<u>1,338,488</u>	<u>1,311,012</u>	<u>-</u>	<u>1,311,012</u>
EXPENDITURES					
Current:					
Instructional	1,205,728	1,006,239	779,823	-	779,823
Support services:					
Instructional staff	169,735	351,974	326,744	-	326,744
Capital Outlay	-	17,250	17,250	-	17,250
Total expenditures	<u>1,375,463</u>	<u>1,375,463</u>	<u>1,123,817</u>	<u>-</u>	<u>1,123,817</u>
Net change in fund balances	<u>\$ (36,975)</u>	<u>\$ (36,975)</u>	187,195	-	187,195
Fund balances - beginning			<u>36,975</u>	<u>-</u>	<u>36,975</u>
Fund balances - ending			<u>\$ 224,170</u>	<u>\$ -</u>	<u>\$ 224,170</u>

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUND HIGH SCHOOL TECHNOLOGY FUND For the Year Ended June 30, 2014

	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	\$ 1,082,228	\$ -	\$ 1,082,228
Intergovernmental:					
State other	73,560	73,560	73,560	-	73,560
Interest	-	-	2,784	-	2,784
Total revenues	<u>1,173,019</u>	<u>1,173,019</u>	<u>1,158,572</u>	<u>-</u>	<u>1,158,572</u>
EXPENDITURES					
Current:					
Instructional	1,019,889	898,470	819,764	-	819,764
Support services:					
Instructional staff	311,464	355,176	302,298	-	302,298
Capital Outlay	-	77,707	60,698	-	60,698
Total expenditures	<u>1,331,353</u>	<u>1,331,353</u>	<u>1,182,760</u>	<u>-</u>	<u>1,182,760</u>
Net change in fund balances	<u>\$ (158,334)</u>	<u>\$ (158,334)</u>	(24,188)	-	(24,188)
Fund balances - beginning			<u>158,334</u>	<u>-</u>	<u>158,334</u>
Fund balances - ending			<u>\$ 134,146</u>	<u>\$ -</u>	<u>\$ 134,146</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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 174,759	\$ 174,759	\$ 174,759	\$ -	\$ 174,759
Interest	-	-	2,280	-	2,280
Total revenues	174,759	174,759	177,039	-	177,039
EXPENDITURES					
Current:					
Instructional	653,330	653,330	-	-	-
Total expenditures	653,330	653,330	-	-	-
Net change in fund balances	\$ (478,571)	\$ (478,571)	177,039	-	177,039
Fund balances - beginning			478,572	-	478,572
Fund balances - ending			\$ 655,611	\$ -	\$ 655,611

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 201,825	\$ 201,825	\$ 201,825	\$ -	\$ 201,825
Interest	-	-	1,411	-	1,411
Total revenues	201,825	201,825	203,236	-	203,236
EXPENDITURES					
Current:					
Instructional	450,058	450,058	-	-	-
Support services:					
Instructional staff	50,482	50,482	-	-	-
Total expenditures	500,540	500,540	-	-	-
Net change in fund balances	<u>\$ (298,715)</u>	<u>\$ (298,715)</u>	203,236	-	203,236
Fund balances - beginning			298,715	-	298,715
Fund balances - ending			<u>\$ 501,951</u>	<u>\$ -</u>	<u>\$ 501,951</u>

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, 2014

	Elementary Debt Service	High School Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 2,447,994	\$ 2,085,979	\$ 4,533,973
Receivables:			
Property taxes, net	47,711	5,492	53,203
Total assets	<u>\$ 2,495,705</u>	<u>\$ 2,091,471</u>	<u>\$ 4,587,176</u>
LIABILITIES			
Accounts payable	\$ 27,395	\$ 25,758	\$ 53,153
Total liabilities	<u>27,395</u>	<u>25,758</u>	<u>53,153</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	16,862	1,483	18,345
Total deferred inflows of resources	<u>16,862</u>	<u>1,483</u>	<u>18,345</u>
FUND BALANCES			
Restricted	2,451,448	2,064,230	4,515,678
Total fund balances	<u>2,451,448</u>	<u>2,064,230</u>	<u>4,515,678</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,495,705</u>	<u>\$ 2,091,471</u>	<u>\$ 4,587,176</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2014

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 562,687	\$ 497,496	\$ 1,060,183
Intergovernmental:			
State aid	451,948	279,217	731,165
Federal	527,745	485,435	1,013,180
Interest	5,824	2,950	8,774
Total revenues	1,548,204	1,265,098	2,813,302
EXPENDITURES			
Debt service:			
Interest and other charges	628,104	571,020	1,199,124
Total expenditures	628,104	571,020	1,199,124
Net change in fund balances	920,100	694,078	1,614,178
Fund balances - beginning	1,531,348	1,370,152	2,901,500
Fund balances - ending	\$ 2,451,448	\$ 2,064,230	\$ 4,515,678

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 572,926	\$ 572,926	\$ 562,687	\$ -	\$ 562,687
Intergovernmental:					
State aid	-	-	451,948	-	451,948
Federal	568,690	568,690	527,745	-	527,745
Interest	-	-	5,824	-	5,824
Total revenues	<u>1,141,616</u>	<u>1,141,616</u>	<u>1,548,204</u>	<u>-</u>	<u>1,548,204</u>
EXPENDITURES					
Debt Service:					
Principal	856,671	856,671	-	-	-
Interest and other charges	<u>682,018</u>	<u>682,018</u>	<u>628,104</u>	<u>-</u>	<u>628,104</u>
Total expenditures	<u>1,538,689</u>	<u>1,538,689</u>	<u>628,104</u>	<u>-</u>	<u>628,104</u>
Net change in fund balances	<u>\$ (397,073)</u>	<u>\$ (397,073)</u>	920,100	-	920,100
Fund balances - beginning			<u>1,531,348</u>	<u>-</u>	<u>1,531,348</u>
Fund balances - ending			<u>\$ 2,451,448</u>	<u>\$ -</u>	<u>\$ 2,451,448</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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 520,883	\$ 520,883	\$ 497,496	\$ -	\$ 497,496
Intergovernmental:					
State aid	-	-	279,217	-	279,217
Federal	523,098	523,098	485,435	-	485,435
Interest	-	-	2,950	-	2,950
Total revenues	<u>1,043,981</u>	<u>1,043,981</u>	<u>1,265,098</u>	<u>-</u>	<u>1,265,098</u>
EXPENDITURES					
Debt Service:					
Principal	659,791	659,791	-	-	-
Interest and other charges	<u>617,842</u>	<u>617,842</u>	<u>571,020</u>	<u>-</u>	<u>571,020</u>
Total expenditures	<u>1,277,633</u>	<u>1,277,633</u>	<u>571,020</u>	<u>-</u>	<u>571,020</u>
Net change in fund balances	<u>\$ (233,652)</u>	<u>\$ (233,652)</u>	694,078	-	694,078
Fund balances - beginning			<u>1,370,152</u>	<u>-</u>	<u>1,370,152</u>
Fund balances - ending			<u>\$ 2,064,230</u>	<u>\$ -</u>	<u>\$ 2,064,230</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, 2014

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 627,840	\$ 266,207	\$ 222,925	\$ 1,116,972
Receivables:				
Other	4,187	-	-	4,187
Total assets	<u>\$ 632,027</u>	<u>\$ 266,207</u>	<u>\$ 222,925</u>	<u>\$ 1,121,159</u>
LIABILITIES				
Accounts payable	\$ 22,801	\$ -	\$ 2,467	\$ 25,268
Total liabilities	<u>22,801</u>	<u>-</u>	<u>2,467</u>	<u>25,268</u>
FUND BALANCES				
Restricted	87,724	266,207	220,458	574,389
Assigned	521,502	-	-	521,502
Total fund balances	<u>609,226</u>	<u>266,207</u>	<u>220,458</u>	<u>1,095,891</u>
Total liabilities and fund balances	<u>\$ 632,027</u>	<u>\$ 266,207</u>	<u>\$ 222,925</u>	<u>\$ 1,121,159</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2014

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
REVENUES				
Charges for services	\$ 38,168	\$ -	\$ -	\$ 38,168
Interest	3,680	1,078	2,745	7,503
Miscellaneous	4,943	-	10,160	15,103
Total revenues	46,791	1,078	12,905	60,774
EXPENDITURES				
Current:				
Business services	2,332	-	-	2,332
Operation and maintenance	86,554	-	-	86,554
Capital outlay	1,293,074	-	10,160	1,303,234
Total expenditures	1,381,960	-	10,160	1,392,120
Net change in fund balances	(1,335,169)	1,078	2,745	(1,331,346)
Fund balances - beginning	1,944,395	265,129	217,713	2,427,237
Fund balances - ending	\$ 609,226	\$ 266,207	\$ 220,458	\$ 1,095,891

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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 1,078	\$ -	\$ 1,078
Total revenues	-	-	1,078	-	1,078
EXPENDITURES					
Capital Outlay	265,129	265,129	-	-	-
Total expenditures	265,129	265,129	-	-	-
Net change in fund balances	<u>\$ (265,129)</u>	<u>\$ (265,129)</u>	1,078	-	1,078
Fund balances - beginning			265,129	-	265,129
Fund balances - ending			<u>\$ 266,207</u>	<u>\$ -</u>	<u>\$ 266,207</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, 2014

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 2,745	\$ -	\$ 2,745
Total revenues	-	-	12,905	-	12,905
EXPENDITURES					
Capital Outlay	217,713	217,713	10,160	-	10,160
Total expenditures	217,713	217,713	10,160	-	10,160
Net change in fund balances	<u>\$ (217,713)</u>	<u>\$ (217,713)</u>	2,745	-	2,745
Fund balances - beginning			217,713	-	217,713
Fund balances - ending			<u>\$ 220,458</u>	<u>\$ -</u>	<u>\$ 220,458</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, 2014

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 103,542	\$ 6,366,599	\$ 350	\$ 6,470,491
Accounts receivables, net	-	348,908	-	348,908
Prepaid items	-	107,848	-	107,848
Total current assets	103,542	6,823,355	350	6,927,247
LIABILITIES				
Current Liabilities:				
Accounts payable	10,942	1,472,896	-	1,483,838
Unearned revenue	-	3,723	-	3,723
Compensated absences	2,816	2,811	-	5,627
Total current liabilities	13,758	1,479,430	-	1,493,188
Noncurrent liabilities:				
Compensated absences	25,342	25,298	-	50,640
Other postemployment benefits	-	12,651,000	-	12,651,000
Total noncurrent liabilities	25,342	12,676,298	-	12,701,640
Total liabilities	39,100	14,155,728	-	14,194,828
NET POSITION (DEFICIT)				
Unrestricted	64,442	(7,332,373)	350	(7,267,581)
Total net position (deficit)	\$ 64,442	\$ (7,332,373)	\$ 350	\$ (7,267,581)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
ALL INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2014

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 379,026	\$ 17,743,619	\$ -	\$ 18,122,645
Total operating revenues	379,026	17,743,619	-	18,122,645
OPERATING EXPENSES				
Personal services - salaries	158,657	95,574	-	254,231
Personal services - benefits	44,261	8,669	-	52,930
Purchased property services	84,867	19,467	-	104,334
Other purchased services	70	1,527,476	-	1,527,546
Supplies and materials	86,686	1,411	-	88,097
Insurance claims and expenses	-	14,839,037	-	14,839,037
Other postemployment benefits	-	1,058,000	-	1,058,000
Total operating expenses	374,541	17,549,634	-	17,924,175
Operating income	4,485	193,985	-	198,470
NONOPERATING REVENUES				
Interest revenue	1,473	26,700	-	28,173
Total nonoperating revenues	1,473	26,700	-	28,173
Change in net position	5,958	220,685	-	226,643
Net position - beginning	58,484	(7,553,058)	350	(7,494,224)
Net position - ending	\$ 64,442	\$ (7,332,373)	\$ 350	\$ (7,267,581)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2014

	Warehouse	Self-Insurance Health	Self- Insurance Property	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from health insurance premiums	\$ -	\$ 17,864,998	\$ -	\$ 17,864,998
Cash received from interfund services	379,026	-	-	379,026
Medical claims paid	-	(14,843,373)	-	(14,843,373)
Cash paid to employees health insurance services	-	(102,020)	-	(102,020)
Cash paid to employees for interfund services	(207,540)	-	-	(207,540)
Cash paid to suppliers for goods and services health insurance services	-	(1,547,518)	-	(1,547,518)
Cash paid to suppliers for goods and services interfund services	(178,125)	-	-	(178,125)
Net cash provided (used) by operating activities	(6,639)	1,372,087	-	1,365,448
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,473	26,700	-	28,173
Net cash provided by investing activities	1,473	26,700	-	28,173
Change in cash and cash equivalents	(5,166)	1,398,787	-	1,393,621
Cash and cash equivalents - beginning	108,708	4,967,812	350	5,076,870
Cash and cash equivalents - ending	\$ 103,542	\$ 6,366,599	\$ 350	\$ 6,470,491
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 4,485	\$ 193,985	\$ -	\$ 198,470
Adjustment to reconcile operating income to net cash provided by operating activities:				
Other postemployment benefits	-	1,058,000	-	1,058,000
Decrease in accounts receivable	-	117,656	-	117,656
Decrease in prepaid items	-	836	-	836
Decrease in accounts payable	(6,494)	(4,336)	-	(10,830)
Increase in unearned revenue	-	3,723	-	3,723
Increase (decrease) in compensated absences	(4,630)	2,223	-	(2,407)
Net cash provided (used) by operating activities	\$ (6,639)	\$ 1,372,087	\$ -	\$ 1,365,448

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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, 2014

	Elementary Extracurricular	High School Extracurricular	Total
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 507,576	\$ 2,420,083	\$ 2,927,659
Investment earnings:			
Interest	2,374	9,100	11,474
Total additions	509,950	2,429,183	2,939,133
DEDUCTIONS			
Student extracurricular activities	477,519	2,410,654	2,888,173
Total deductions	477,519	2,410,654	2,888,173
Change in net position	32,431	18,529	50,960
Net position - beginning	481,404	1,861,997	2,343,401
Net position - ending	\$ 513,835	\$ 1,880,526	\$ 2,394,361

BILLINGS PUBLIC SCHOOLS
 COMBINING STATEMENT OF NET POSITION
 ALL PRIVATE-PURPOSE TRUST FUNDS
 June 30, 2014

	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 526,118	\$ 1,928,751	\$ 2,454,869
Total assets	526,118	1,928,751	2,454,869
LIABILITIES			
Accounts payable	12,283	48,225	60,508
Total liabilities	12,283	48,225	60,508
NET POSITION			
Net position held in trust	\$ 513,835	\$ 1,880,526	\$ 2,394,361

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
PAYROLL CLEARING FUND				
ASSETS				
Cash	\$ 3,601,550	\$ 110,100,490	\$ 113,358,302	\$ 343,738
Total assets	<u>3,601,550</u>	<u>110,100,490</u>	<u>113,358,302</u>	<u>343,738</u>
LIABILITIES				
Accounts payable	<u>3,601,550</u>	<u>113,358,302</u>	<u>110,100,490</u>	<u>343,738</u>
Total liabilities	<u>3,601,550</u>	<u>113,358,302</u>	<u>110,100,490</u>	<u>343,738</u>
CAFETERIA/FLEX PLAN FUND				
ASSETS				
Cash	<u>209,916</u>	<u>1,110,064</u>	<u>1,071,013</u>	<u>248,967</u>
Total assets	<u>209,916</u>	<u>1,110,064</u>	<u>1,071,013</u>	<u>248,967</u>
LIABILITIES				
Accounts payable	<u>209,916</u>	<u>1,071,013</u>	<u>1,110,064</u>	<u>248,967</u>
Total liabilities	<u>209,916</u>	<u>1,071,013</u>	<u>1,110,064</u>	<u>248,967</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	<u>3,811,466</u>	<u>111,210,554</u>	<u>114,429,315</u>	<u>592,705</u>
Total assets	<u>3,811,466</u>	<u>111,210,554</u>	<u>114,429,315</u>	<u>592,705</u>
LIABILITIES				
Accounts payable	<u>3,811,466</u>	<u>114,429,315</u>	<u>111,210,554</u>	<u>592,705</u>
Total liabilities	<u>\$ 3,811,466</u>	<u>\$ 114,429,315</u>	<u>\$ 111,210,554</u>	<u>\$ 592,705</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, 2014

Location	Balance July 1, 2013	Revenues	Expenditures	Balance June 30, 2014
Career Center	\$ 113,595	\$ 104,551	\$ 109,298	\$ 108,848
Senior High School	541,396	729,771	787,168	483,999
West High School	423,671	686,765	688,182	422,254
Skyview High School	308,214	630,776	639,869	299,121
Middle Schools-Athletics	344,232	115,107	96,651	362,688
Lewis & Clark Middle School	11,919	58,415	60,131	10,203
Lincoln Education Center	-	677	438	239
Riverside Middle School	24,765	45,693	40,245	30,213
Will James Middle School	25,208	110,555	103,196	32,567
Castlerock Middle School	39,548	70,179	75,385	34,342
Arrowhead Elementary	3,981	12,101	10,931	5,151
Beartooth Elementary	1,732	7,057	6,377	2,412
Bench Elementary	935	4,763	4,134	1,564
Bitterroot Elementary	254	1	91	164
Boulder Elementary	560	790	1,212	138
Broadwater Elementary	271	1,724	1,617	378
Burlington Elementary	3,579	14,845	11,487	6,937
Central Heights Elementary	847	7,112	6,120	1,839
Highland Elementary	936	1,130	922	1,144
McKinley Elementary	1,068	5,729	2,893	3,904
Meadowlark Elementary	2,271	5,676	4,580	3,367
Miles Elementary	2,645	8,832	8,644	2,833
Newman Elementary	4,131	1,775	1,678	4,228
Orchard Elementary	123	377	120	380
Poly Elementary	3,058	10,831	11,253	2,636
Ponderosa Elementary	2,273	4,782	3,561	3,494
Special Olympics	-	54	-	54
Rose Park Elementary	116	693	84	725
Sandstone Elementary	3,622	261	3,622	261
Adult Education	1,081	4	253	832
Washington Elementary	557	1,911	1,861	607
Big Sky Elementary	2,445	3,700	5,042	1,103
Exec Director of Activities	463,301	226,282	141,983	547,600
Coordinator of Music	11,067	66,214	59,145	18,136
	<u>\$ 2,343,401</u>	<u>\$ 2,939,133</u>	<u>\$ 2,888,173</u>	<u>\$ 2,394,361</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, 2014

	Per Enrollment Reports	Audit Per District Records	Difference
Fall Enrollment - October 2013			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,290	1,290	-
(b) Kindergarten (enrolled 181-719 hours per year)	20	20	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,386	7,386	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	1	1	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,399	2,399	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	2	2	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,098	11,098	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,120	5,120	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	49	49	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	1	1	-
(n) Total High School (add lines k through m)	5,170	5,170	-
(o) 19 Year-olds included on line k	5	5	-
(p) Job Corp	4	4	-
(q) Montana Youth Challenge	23	23	-
Winter Enrollment - December 2013			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,287	1,287	-
(b) Kindergarten (enrolled 181-719 hours per year)	22	22	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,345	7,345	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	1	1	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,401	2,401	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	3	3	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,059	11,059	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,026	5,026	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	55	55	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	1	1	-
(n) Total High School (add lines k through m)	5,082	5,082	-
(o) 19 Year-olds included on line k	5	5	-
(p) Job Corp	4	4	-
(q) Montana Youth Challenge	7	7	-
Spring Enrollment - February 2014			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,276	1,276	-
(b) Kindergarten (enrolled 181-719 hours per year)	20	20	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,338	7,338	-
(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)	2,387	2,387	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	3	3	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,024	11,024	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	4,975	4,975	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	52	52	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	-	-	-
(n) Total High School (add lines k through m)	5,027	5,027	-
(o) 19 Year-olds included on line k	5	5	-
(p) Job Corp	4	4	-
(q) Montana Youth Challenge	27	27	-

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	<u>Page</u>
Financial Trends	90-94
<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	95-101
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	102-106
<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	107-108
<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	109-115
<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)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net investment in capital assets	\$ 50,433,854	\$ 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
Restricted	13,671,645	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
Unrestricted (deficit)	(9,760,795)	(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)
Total net position	\$ 54,344,704	\$ 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

1

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.

Table 2

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Instruction	\$ 69,408,652	\$ 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
Support services:										
Students	7,502,320	8,245,532	9,117,020	9,298,820	9,601,125	10,394,550	10,978,889	11,562,508	11,518,499	12,203,272
Instructional staff	5,354,675	5,992,695	5,878,241	6,555,906	6,945,475	7,115,837	7,541,224	7,768,857	7,760,274	8,050,342
General administration	1,471,734	1,238,774	1,354,664	1,476,711	1,312,581	1,607,281	1,559,394	2,183,458	1,728,213	1,917,754
School administration	7,432,014	8,130,808	8,248,789	9,003,814	9,089,215	9,642,520	10,149,144	10,076,339	9,790,142	10,186,229
Business services	1,408,610	1,769,612	1,842,122	2,019,626	1,890,984	1,946,020	2,258,772	2,321,858	2,002,743	2,103,298
Operation and maintenance	9,395,802	10,270,658	10,713,640	12,421,095	12,140,124	12,232,630	12,244,035	12,055,231	12,395,350	12,666,923
Student transportation	4,128,160	4,310,389	4,375,271	4,688,373	5,136,849	5,037,035	5,220,799	5,550,126	5,713,801	5,527,368
Food services	4,216,117	4,113,008	4,180,626	4,701,734	5,146,099	5,253,191	5,872,264	5,893,493	5,697,047	5,707,254
Community services	11,094	15,178	14,953	14,050	19,891	26,363	30,563	16,681	17,822	14,149
Extracurricular	1,802,211	1,909,711	1,920,491	2,291,969	2,328,064	2,351,072	2,458,540	2,399,701	2,563,371	2,563,595
Other current charges	-	-	-	-	11,479	12,350	12,874	13,693	-	-
Interest	308,478	221,475	177,913	117,618	29,399	46,167	316,332	670,408	1,625,782	2,523,052
Total expenses	112,439,867	120,534,145	125,875,948	138,371,755	141,785,530	146,951,576	152,743,590	151,509,190	153,889,152	159,744,398
Program revenues:										
Charges for services:										
Instruction	656,235	665,848	612,530	626,047	712,110	782,219	733,494	714,937	796,991	745,180
Support services:										
Operation and maintenance	75,529	82,717	70,401	41,025	41,494	33,608	32,415	50,315	64,230	64,694
Student transportation	45,119	40,991	44,857	43,180	42,381	42,288	38,379	39,704	39,393	34,550
Food services	2,141,650	2,187,887	2,253,548	2,305,026	2,367,209	2,378,896	2,362,415	2,452,515	2,271,012	2,185,261
Operating grants and contributions	19,621,440	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
Capital grants and contributions	-	564,375	240,298	628,251	892,912	77,138	77,586	48,665	139,927	54,637
Total program revenues	22,539,973	24,994,069	30,386,107	32,571,623	30,586,249	37,295,082	41,165,255	33,379,968	34,477,474	34,528,095
Net expense	(89,899,894)	(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)
General revenues:										
Property taxes	32,898,784	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
Unrestricted intergovernmental:										
State aid	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278	60,788,215
State other	6,195,386	6,298,034	6,173,289	5,714,923	5,724,066	5,678,388	5,721,040	5,720,810	6,484,021	6,244,913
County	12,307,903	10,606,494	11,252,174	11,946,780	13,211,358	12,124,782	13,526,559	13,656,532	14,978,791	16,809,305
Interest	710,566	924,471	1,050,145	1,064,579	681,026	411,620	293,422	217,250	133,528	196,214
Contributions and donations	444,283	538,494	1,146,785	581,134	835,415	937,984	1,146,735	988,900	995,403	1,127,943
Miscellaneous	233,776	177,871	209,184	271,266	235,112	459,324	269,744	1,038,092	534,177	496,534
Gain on disposal of capital assets	-	-	242,559	2,475,779	-	-	-	-	-	-
Total general revenues	96,618,661	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
Change in net position	\$ 6,718,767	\$ 3,108,915	\$ 3,847,689	\$ (87,808)	\$ (5,173,997)	\$ (4,358,946)	\$ (4,059,963)	\$ (2,526,227)	\$ 1,767,441	\$ 1,353,203

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 81,413	\$ 150,314	\$ 401,505	\$ 28,815	\$ 362,860	\$ 293,025	\$ -	\$ -	\$ -	\$ -
Unreserved	4,619,133	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
Unassigned	-	-	-	-	-	-	3,792,265	4,015,233	4,950,752	6,848,264
Total general fund	\$ 4,700,546	\$ 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
All other governmental funds										
Reserved	\$ 1,031,166	\$ 1,496,849	\$ 1,299,601	\$ 264,236	\$ 224,169	\$ 102,655	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	5,769,299	8,900,453	11,762,496	10,557,303	16,060,472	15,374,310	-	-	-	-
Capital projects funds	15,111,333	4,368,356	2,822,725	4,266,136	1,181,569	1,167,397	-	-	-	-
Restricted	-	-	-	-	-	-	17,959,108	12,268,876	18,773,122	99,009,127
Committed	-	-	-	-	-	-	2,085,667	2,319,633	2,610,838	3,209,175
Assigned	-	-	-	-	-	-	7,020,122	6,024,273	6,816,264	5,288,085
Total all other governmental funds	\$ 21,911,798	\$ 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

1

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

Table 4

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 32,790,871	\$ 34,811,435	\$ 32,619,080	\$ 35,073,362	\$ 35,782,062	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352	\$ 40,006,403	\$ 42,518,450
Intergovernmental:										
County	13,048,693	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
State aid	43,827,961	45,208,006	46,174,525	48,966,800	50,341,181	49,784,090	48,028,784	54,645,845	57,753,278	60,768,215
State other	12,751,938	13,365,372	19,476,346	21,492,469	19,256,945	21,216,653	19,694,027	20,936,835	22,328,332	22,296,555
Federal	12,324,098	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
Tuition	250,649	221,849	211,263	195,405	148,290	201,019	216,974	144,228	243,312	215,980
Charges for services	2,709,121	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
Interest	660,337	866,885	985,219	975,588	577,704	358,384	259,395	188,638	116,722	168,041
Miscellaneous	678,061	1,612,007	1,915,554	1,451,927	1,708,205	1,397,308	1,417,179	1,301,766	1,529,590	1,624,477
Total revenues	119,041,729	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
Expenditures										
Instruction	67,456,999	72,234,049	75,118,883	81,669,804	80,508,374	85,968,472	90,169,831	87,668,280	90,187,253	92,966,202
Support services:										
Students	7,309,457	8,028,019	8,585,269	9,057,352	9,101,550	10,028,276	10,774,961	11,420,156	11,286,445	11,968,564
Instructional staff	5,204,476	5,873,420	5,992,282	6,445,953	6,656,922	6,934,825	7,370,245	7,860,634	7,596,063	7,931,366
General administration	1,505,556	1,336,483	1,238,727	1,372,481	1,270,351	1,561,130	1,470,957	2,095,956	1,785,985	1,897,129
School administration	7,875,293	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
Business services	1,252,813	1,611,884	1,734,354	1,896,926	1,888,771	1,791,715	2,208,878	2,234,008	1,960,014	2,054,553
Operations and maintenance	9,467,402	10,158,638	10,529,579	12,311,325	11,749,344	11,946,381	12,025,975	12,166,696	12,164,592	12,475,533
Student transportation	4,105,306	4,269,820	4,338,968	4,636,606	5,049,102	4,961,862	5,177,545	5,518,265	5,707,029	5,511,248
Food services	4,158,542	4,057,221	4,117,271	4,629,179	5,068,481	5,109,148	5,786,739	5,807,668	5,598,212	5,606,418
Community services	11,094	15,178	14,953	14,050	19,891	26,363	30,563	17,822	17,822	14,149
Extracurricular	1,800,017	1,890,779	1,848,502	2,213,481	2,225,258	2,340,782	2,410,349	2,248,253	2,435,096	2,424,350
Other current charges	-	-	-	-	11,479	12,350	12,874	13,693	-	-
Capital outlay	6,815,946	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
Debt service	4,003,685	2,477,521	2,576,269	2,682,454	150,143	229,595	236,253	198,015	165,203	124,227
Principal	284,018	197,156	163,967	93,796	64,196	42,301	515,521	653,852	1,412,218	1,767,896
Interest	121,250,604	132,179,514	127,656,767	138,932,377	134,654,182	143,025,260	150,966,092	154,455,718	160,707,167	169,183,935
Total expenditures	(2,208,875)	(3,706,810)	1,266,595	(2,850,195)	2,271,237	(1,159,023)	(3,260,971)	(6,114,582)	(5,481,630)	(7,572,052)
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Transfers in	1,193,489	-	-	322,502	370,545	181,725	-	-	9,845	-
Transfers out	(1,193,489)	-	-	(322,502)	(349,511)	(188,362)	-	-	(9,845)	-
Premium on long-term debt issued	-	-	-	-	-	-	-	-	-	8,332,379
Insurance	-	-	-	-	112,617	-	281,206	284,904	41,615	-
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	5,000	247,559	2,608,187	5,000	5,000	65,000	-	-	-
Total other financing sources (uses)	5,000	367,000	247,559	3,016,731	911,901	(1,637)	12,348,206	284,904	14,186,117	89,232,379
Net change in fund balances	\$ (2,203,875)	\$ (3,339,810)	\$ 1,534,154	\$ 166,536	\$ 3,183,138	\$ (1,160,560)	\$ 9,085,235	\$ (5,829,678)	\$ 8,704,487	\$ 81,660,317
Debt service as a percentage of non-capital expenditures	3.75%	2.23%	2.20%	2.04%	0.15%	0.16%	0.51%	0.58%	1.05%	1.22%

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

Year	Instruction	Support Services						
		Students	Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	Student Transportation
2005	\$ 48,546,841	\$ 5,106,089	\$ 3,742,092	\$ 1,434,044	\$ 5,881,820	\$ 932,628	\$ 8,431,212	\$ 4,738
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
Community Services	Year	Extracurricular	Capital Outlay	Debt Service	Total			
	2005	\$ 6,600	\$ 1,451,951	\$ 170,615	\$ 111,714	\$ 75,820,344		
	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	106,618,223			

Table 6

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

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Taxes Levied	Collected within the Fiscal Year of the Levy		Tax Collections after Levy Year	Total Collections to Date		
						Amount Collected*	Percent of Levy		Amount Collected	Percent of Levy	
Elementary District:											
2005	\$ 136,732,413	\$ 4,476,606,150	3.05%	151.35	\$ 20,694,451	\$ 20,411,068	98.63%	\$ -	\$ 20,411,068	98.63%	
2006	143,178,931	4,774,317,553	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%	-	25,064,410	97.28%	
High School District:											
2005	\$ 173,527,878	\$ 5,648,849,952	3.07%	71.53	\$ 12,412,449	\$ 12,306,074	99.14%	\$ -	\$ 12,306,074	99.14%	
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%	-	16,462,130	96.66%	

* 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
PROPERTY TAX RATES AND TAX LEVIES
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Tax Rates (per \$1000 of taxable value)					Total
	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	
2005	151.35	71.53	113.73	126.43	46.00	509.04
2006	152.52	72.47	132.81	130.82	46.00	534.62
2007	135.32	65.51	141.58	140.49	46.00	528.90
2008	131.28	71.68	157.53	146.86	46.00	553.35
2009	121.87	70.31	163.65	139.69	46.00	541.52
2010	123.45	70.42	171.28	140.58	46.00	551.73
2011	128.81	70.92	171.42	156.75	46.00	573.90
2012	128.09	71.10	168.73	157.45	46.00	571.37
2013	134.13	70.40	174.58	161.22	46.00	586.33
2014	144.10	71.44	178.70	162.51	46.00	602.75

Fiscal Year	Taxes Levied					Total
	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	
2005	\$ 20,694,451	\$ 12,412,449	\$ 13,774,151	\$ 21,854,305	\$ 7,146,050	\$ 75,881,406
2006	21,837,651	13,179,809	16,740,890	23,922,136	7,706,215	83,386,701
2007	20,026,146	12,376,513	18,622,292	27,029,907	8,284,181	86,339,039
2008	20,688,132	14,469,477	23,538,963	29,429,209	8,905,495	97,031,276
2009	20,232,861	15,076,394	25,058,182	32,564,353	12,183,812	105,115,602
2010	20,722,375	15,530,232	27,195,578	33,631,241	13,020,417	110,099,843
2011	22,569,869	16,435,048	27,591,420	37,597,973	13,086,356	117,280,666
2012	22,673,788	16,738,657	28,011,546	38,584,654	13,376,984	119,385,629
2013	23,616,162	16,568,338	27,889,673	39,953,424	13,768,444	121,796,041
2014	25,765,538	17,031,805	27,818,662	41,320,238	13,843,700	125,779,943

Source: Yellowstone County Finance Department
 Source: City of Billings, Montana

Table 8

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

Taxpayer	2014			2005		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 16,632,046	1	9.45%	\$ -	-	0.00%
Northwestern Energy	13,023,735	2	7.40%	10,501,837	1	7.93%
Exxon Mobil Corporation	9,029,598	3	5.13%	4,095,989	3	3.09%
Bresnan Communications LLC	2,869,999	4	1.63%	-	-	0.00%
Montana Dakota Utilities	2,449,730	5	1.39%	1,091,012	6	0.82%
CenturyLink	2,336,680	6	1.33%	-	-	0.00%
PPL Montana LLC	1,389,466	7	0.79%	3,517,625	4	2.66%
Phillips 66 Pipeline LLC	1,221,716	8	0.69%	-	-	0.00%
Verizon Wireless	979,969	9	0.56%	-	-	0.00%
Wal-Mart Real Estate Business Trust	875,909	10	0.50%	590,003	9	0.45%
Conoco Phillips Company	-	-	0.00%	7,041,708	2	5.32%
Quest Corporation	-	-	0.00%	2,011,883	5	1.52%
Macerich Rimrock Limited Partnership	-	-	0.00%	865,404	7	0.65%
Yellowstone Energy Limited Partnership	-	-	0.00%	616,769	8	0.47%
Conoco Pipeline Co	-	-	0.00%	543,387	10	0.41%
Total	<u>\$ 50,808,848</u>		<u>28.86%</u>	<u>\$ 30,875,617</u>		<u>23.31%</u>

Source: Montana Department of Revenue

Table 8a

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

Taxpayer	2014			2005		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Northwestern Energy	\$ 7,385,474	1	3.14%	\$ 5,725,631	1	3.42%
Bresnan Communication	2,535,803	2	1.08%	-	-	0.00%
CenturyLink	1,901,156	3	0.81%	-	-	0.00%
Montana Dakota Utilities	1,862,262	4	0.79%	1,091,012	3	0.65%
Walmart Real Estate Business Trust	875,909	5	0.37%	590,003	5	0.35%
Western Sugar Company	849,273	6	0.36%	501,998	6	0.30%
Verizon Wireless	726,656	7	0.31%	-	-	0.00%
Rimrock Owner LP	619,395	8	0.26%	-	-	0.00%
United Airlines	502,370	9	0.21%	-	-	0.00%
MED-MAP LLC	360,810	10	0.15%	376,214	9	0.22%
Quest Corporation	-	-	0.00%	1,558,043	2	0.93%
Macerich Rimrock Limited Partnership	-	-	0.00%	865,404	4	0.52%
ACG West Park Plaza Investors	-	-	0.00%	403,390	7	0.24%
Sysco Food Services of Montana Inc	-	-	0.00%	381,534	8	0.23%
Skywest Airlines	-	-	0.00%	339,283	10	0.20%
Total	<u>\$ 17,619,108</u>		<u>7.49%</u>	<u>\$ 11,832,512</u>		<u>7.06%</u>

Source: Montana Department of Revenue

Table 9

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2014
(modified accrual basis of accounting)

<u>Source</u>	<u>Actual Revenue</u>	<u>Percent of Total Revenue</u>
Revenue from local and intermediate sources:		
Property taxes	\$ 42,518,450	26.31%
Tuition	215,980	0.13%
Interest	168,041	0.10%
Charges for service	2,818,719	1.74%
County retirement	15,809,305	9.78%
County transportation	812,676	0.50%
Miscellaneous	1,624,477	1.01%
Total revenue from local and intermediate sources	63,967,648	39.57%
Revenue from state sources:		
Direct state aid	42,361,384	26.21%
State quality educator	3,416,516	2.11%
State at risk	427,869	0.26%
State Indian education for all	343,066	0.21%
State American Indian achievement gap	369,000	0.23%
State special education allowable cost payment	5,239,598	3.24%
State Data for Achievement	168,170	0.10%
State guaranteed tax base aid	18,406,831	11.39%
State transportation	812,676	0.50%
State Medicaid	2,343,651	1.45%
State school block grant	5,948,928	3.68%
State on-behalf payment	1,913,436	1.18%
State other	1,316,645	0.81%
Total revenue from state sources	83,067,770	51.37%
Revenue from federal sources:		
Federal grants	11,106,867	6.91%
Federal food service	3,469,588	2.15%
Total revenue from federal sources	14,576,455	9.06%
Total revenue	\$ 161,611,873	100.00%

Source: District Financial Records

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

Table 10

Year	Property Taxes	State of Montana	Federal	Tuition	Interest	Miscellaneous	Total
2005	\$ 24,607,135	\$ 50,841,647	\$ -	\$ 250,649	\$ 56,738	\$ 11,341	\$ 75,567,510
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

Table 11

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

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student			
						District	State	Federal	Total
2005	\$ 24,925,863	\$ 50,641,647	\$ -	\$ 75,567,510	15,728	\$ 1,585	\$ 3,220	\$ -	\$ 4,805
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

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						
2005	99,198	\$ 136,732,413	\$ 7,620,000	5.57%	\$ 76.82	0.32%
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	107,857	178,803,178	96,021,502	53.70%	890.27	2.08%
High School District						
2005	109,450	\$ 173,527,878	\$ -	0.00%	-	0.00%
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	127,987	235,345,707	11,360,000	4.83%	88.76	0.23%
2014	127,987	238,407,131	11,360,000	4.76%	88.76	0.21%

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								
2005	\$ 7,620,000	\$ 13,866	\$ -	\$ 15,690	\$ 26,133,918	1.00%	109,450	\$ 238.77
2006	5,155,000	1,345	-	367,209	18,641,381	0.76%	110,550	168.62
2007	2,615,000	-	-	327,076	18,015,683	0.61%	111,650	161.36
2008	-	-	-	668,186	19,344,467	0.60%	113,000	171.19
2009	-	-	758,250	533,043	25,554,706	0.69%	121,700	209.98
2010	-	-	674,000	387,698	30,185,545	0.74%	125,000	241.48
2011	12,000,000	-	589,750	235,695	44,197,109	1.08%	123,145	358.90
2012	12,000,000	-	505,500	120,930	45,951,430	0.93%	127,987	359.03
2013	26,144,502	-	421,250	39,977	60,681,926	1.21%	127,011	477.77
2014	115,203,290	-	337,000	-	150,905,881	2.78%	127,011	1,188.13

(1) Includes Compensated absence, Service credit and termination pay, Other postemployment benefits

(2) Personal income is disclosed on table 17

Table 14

BILLINGS PUBLIC SCHOOLS
COMPUTATION OF LEGAL DEBT MARGIN
 For the Year Ended June 30, 2014

Elementary District:	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Maximum debt limit	\$ 106,789,744	\$ 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
Total net debt applicable to limit	9,639,803	5,405,616	2,834,141	447,685	357,139	259,758	5,167,666	5,006,523	15,232,536	96,021,502
Legal debt margin	\$ 96,149,941	\$ 105,127,137	\$ 111,170,497	\$ 139,821,755	\$ 144,207,185	\$ 158,907,867	\$ 158,710,409	\$ 168,614,967	\$ 185,048,144	\$ 91,002,148
Total net debt applicable to limit as a percentage of debt limit	9.11%	4.89%	2.49%	0.32%	0.25%	0.16%	3.15%	2.88%	8.46%	51.34%
High School District:										
Maximum debt limit	\$ 122,633,836	\$ 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
Total net debt applicable to limit	1,009,753	117,507	107,935	220,501	175,904	127,940	7,657,779	7,619,907	11,373,193	11,380,000
Legal debt margin	\$ 121,624,085	\$ 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
Total net debt applicable to limit as a percentage of debt limit	0.82%	0.09%	0.08%	0.14%	0.11%	0.07%	4.38%	4.08%	5.97%	5.71%
Debt Limitation Calculation	Elementary	High School								
2013/14 Statewide Average Per ANB	\$ 32,540	\$ 75,220								
X FY14 ANB	11,495	5,292								
Total	374,047,300	398,064,240								
X Debt Limit Rate of .50	0.50	0.50								
Equals: Maximum Debt Capacity	187,023,650	199,032,120								
Less: bonded indebtedness	96,021,502	11,380,000								
Less: other indebtedness	-	-								
Estimated Debt Capacity Remaining	\$ 91,002,148	\$ 187,672,120								

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.

Table 15

BILLINGS PUBLIC SCHOOLS

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
For the Year Ended June 30, 2014

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
		Percent	Amount	Percent	Amount
DIRECT BONDED INDEBTEDNESS					
Billings Elementary District:					
General Obligation Bonds	\$ 95,684,502	100.00%	\$ 95,684,502	0.00%	\$ -
Limited Obligation Bonds	337,000	100.00%	337,000	0.00%	-
Elementary District Total	<u>96,021,502</u>		<u>96,021,502</u>		<u>-</u>
Billings High School District:					
General Obligation Bonds	11,360,000	84.00%	9,542,400	16.00%	1,817,600
High School District Total	<u>11,360,000</u>		<u>9,542,400</u>		<u>1,817,600</u>
Total Direct Debt	<u>\$ 107,381,502</u>		<u>\$ 105,563,902</u>		<u>\$ 1,817,600</u>
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 4,040,000	60.14%	\$ 2,429,656	20.24%	\$ 817,696
City of Billings:					
Various Issues	<u>28,716,650</u>	49.78%	<u>\$ 14,295,148</u>	12.11%	<u>\$ 3,477,586</u>
Total Overlapping Debt	<u>32,756,650</u>		<u>\$ 16,724,804</u>		<u>\$ 4,295,282</u>
Total Direct and Overlapping Debt	<u>\$ 140,138,152</u>		<u>\$ 122,288,706</u>		<u>\$ 6,112,882</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
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL SUBFUND EXPENDITURES
 Last Ten Fiscal Years
 (budget basis of accounting)

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Subfund Expenditures	Percentage of Debt Service to General Subfund Expenditures
Elementary:					
2005	\$ 2,380,000	\$ 248,400	\$ 2,628,400	\$ 46,320,009	5.7%
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%
High School:					
2005	\$ 1,510,000	\$ 31,870	\$ 1,541,870	\$ 29,453,050	5.2%
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%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Year	Elementary		High School		Per Capita Income	Total Elementary		Total High School		Median Age	School Enrollment	Unemployment Rate
	District	Population	District	Population		District	Personal Income (1)	District	Personal Income (1)			
2005	99,198		109,450		\$ 23,884	\$ 2,369,245,032	\$	2,614,103,800		36.9	15,716	3.3%
2006	100,148		110,550		22,316	2,234,902,768		2,457,033,800		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	106,500		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	107,857		127,011		42,720	4,607,651,040		5,425,909,920		37.8	16,268	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.

Table 18

BILLINGS PUBLIC SCHOOLS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2014		2005	
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
First Interstate Bank	8	Wal-Mart	8
St. John's Lutheran Home	8	Wells Fargo	7
Wells Fargo	8	Albertson's Food & Drug	7
Advanced Employment Services	7	Billings Gazette	7
CHS Inc. (Cenex)	7	CHS Inc. (Cenex)	7
Costco	7	ConocoPhillips	7
ExxonMobil	7	Exxon Company	7
Rocky Mountain College	7	JTL Group Inc.	7
Sysco Food Service	7	McDonalds	7
Target	7	Rocky Mountain College	7
Yellowstone Boys and Girls Ranch	7	St. Johns Lutheran Home	7
Phillips 66 Company	6	Sysco Food Services	7
Employee Benefits Management Services (EBMS)	6	Yellowstone Treatment Centers	7
Food Services of America	6	Food Services of America	6
Cabelas Wholesale	6	Target	6
UPS	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

Table 19

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

Fiscal Year	Expenses (1)	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) (2)	Pupil/ Certified Staff Ratio
2005	\$ 112,439,867	15,716	\$ 7,154	2.05%	1,136.2	13.8
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

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.

Table 20

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Administrators	0.9	-	-	-	-	-	-	-	-	-
Certified Staff	988.3	997.8	993.1	1,067.9	1,031.5	1,027.3	992.9	974.8	995.9	1,012.7
Classified Employees	205.1	191.8	192.1	191.6	196.5	194.6	196.6	202.5	202.9	202.4
Support Services										
Administrators	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Certified Staff	134.3	134.5	131.3	131.9	135.7	134.1	137.3	125.1	123.8	131.2
Classified Employees	50.4	64.1	63.3	65.6	64.3	63.2	64.2	65.6	64.9	64.2
General Administration										
Administrators	4.1	5.5	6.5	6.7	7.7	8.7	8.3	13.7	10.0	6.9
Administrative Support	14.2	13.5	13.5	12.5	11.5	11.5	10.5	10.5	10.5	10.5
Certified Staff	-	-	1.0	1.0	1.0	1.0	2.0	1.0	-	-
Classified Employees	23.2	23.3	23.1	22.5	21.4	19.4	21.6	20.8	19.4	19.2
Building Administration										
Administrators	49.5	49.0	42.5	48.0	46.0	45.9	45.9	45.0	45.0	48.0
Administrative Support	1.6	1.3	1.0	1.0	-	-	-	-	-	-
Certified Staff	15.8	15.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	83.3	83.0	81.8	81.3	80.2	79.4	79.7	81.4	80.6	80.9
Operations and Maintenance										
Administrators	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Classified Employees	125.4	123.7	123.7	142.9	144.8	143.2	144.7	143.1	142.8	142.5
Student Transportation										
Administrators	1.3	1.0	1.0	2.0	1.0	1.0	1.3	1.0	1.0	1.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Classified Employees	32.8	33.2	32.5	34.2	31.5	28.9	28.6	42.8	35.1	33.1
Extracurricular Activities										
Administrators	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	5.5	4.0	3.5	2.7	2.0	2.0	2.0	2.0	3.0	3.0
Total	1,744.7	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
	Summary		Admin		Admin		Certified Staff		Classified Employees	
Instruction							1,012.7		202.4	
Support Services							131.2		64.2	
General Administration					10.5		-		19.2	
Building Administration							1.0		80.9	
Operations and Maintenance							-		142.5	
Student Transportation							-		33.1	
Extracurricular Activities							-		4.0	
					62.9		1,144.9		545.3	
									1,763.6	

Sources: District Records

Table 21

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

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	160.08	14%
Bachelor's Degree + 15 Credits	56.92	5%
Bachelor's Degree + 30 Credits	54.50	5%
Bachelor's Degree + 45 Credits	59.59	5%
Bachelor's Degree + 60 Credits	48.47	4%
Bachelor's Degree + 75 Credits	42.13	4%
Bachelor's Degree + 90 Credits	40.31	4%
Bachelor's Degree + 105 Credits	150.67	13%
Master's Degree	109.27	10%
Master's Degree + 15 Credits	63.33	6%
Master's Degree + 30 Credits	64.57	6%
Master's Degree + 45 Credits	292.06	26%
Doctorate's Degree	3.00	0%
Total	<u>1,144.90</u>	<u>100%</u>

<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	320.27	28%
6-10	260.49	23%
11-15	226.82	20%
16-20	138.99	12%
21-25	115.90	10%
26 and Above	82.43	7%
Total	<u>1,144.90</u>	<u>100%</u>

Source: District Records

Table 22

BILLINGS PUBLIC SCHOOLS
EDUCATIONAL BUILDING DATA
For the Fiscal Year Ended June 30, 2014

	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	393	97.76%
Arrowhead	1978	-	41,728	466	451	96.78%
Beartooth	1974	1980	40,834	440	522	118.64%
Bench	1955	1974, 1978	35,413	352	401	113.92%
Big Sky	1986	-	42,853	412	492	119.42%
Bitterroot	1964	1965, 1970	31,710	352	352	100.00%
Boulder	1962	1971, 2007	41,688	352	452	128.41%
Broadwater	1910	1916, 1920, 1956	38,382	382	356	93.19%
Burlington	1956	1957	33,368	332	298	89.76%
Central Heights	1962	1965, 1979	35,592	314	389	123.89%
Eagle Cliffs	1986	-	46,634	470	450	95.74%
Highland	1947	1956	32,703	292	302	103.42%
McKinley	1906	1918, 1958	35,884	303	313	103.30%
Meadowlark	1964	1971, 2007	45,445	412	507	123.06%
Miles	1955	1957, 1965	31,443	294	323	109.86%
Newman	1953	1957	30,040	254	254	100.00%
Orchard	1960	1948, 1956, 1987, 2006	61,502	450	404	89.78%
Poly	1952	1955, 1960	34,388	322	354	109.94%
Ponderosa	1965	2007	41,500	382	379	99.21%
Rimrock	1952	1976, 1979	31,086	-	-	0.00%
Rose Park	1958	1962	31,576	294	268	91.16%
Sandstone	1978	-	41,621	464	473	101.94%
Washington	1948	1952, 1962	45,869	264	260	98.48%
<u>7-8 Schools</u>						
Castle Rock	1979	-	112,801	715	779	108.95%
Lewis & Clark	1956	1962	144,095	743	698	93.94%
Riverside	1963	1979	88,026	604	560	92.72%
Will James	1967	1974	106,500	664	668	100.60%
<u>High Schools:</u>						
Career Center	1975	-	137,230		N/A	N/A
Senior	1940	1953, 1967, 1974	229,895	1,445	1,730	119.72%
Skyview	1987	-	247,667	1,454	1,557	107.08%
West	1959	1962, 1966, 1975, 1976	239,887	1,484	1,883	126.89%
<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

Table 23

BILLINGS PUBLIC SCHOOLS

PERCENTAGE OF STUDENTS WHO QUALIFIED FOR FREE AND REDUCED LUNCH

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	15.9%	22.2%	24.4%	20.1%	19.6%	19.2%	23.8%	23.6%	24.8%	24.1%
Arrowhead	1.9%	3.4%	4.2%	4.9%	5.2%	4.6%	5.3%	8.0%	7.3%	8.7%
Beartooth (1) (2)	N/A	N/A	N/A	35.9%	41.8%	46.7%	40.1%	44.7%	45.8%	47.9%
Bench	40.9%	40.0%	49.2%	55.2%	60.3%	61.3%	59.0%	61.0%	61.7%	61.5%
Big Sky	17.3%	18.0%	18.5%	22.1%	22.7%	24.2%	27.5%	28.8%	32.9%	31.1%
Bitterroot	31.8%	37.8%	37.2%	35.1%	36.4%	42.3%	37.5%	41.0%	36.2%	36.1%
Boulder	11.2%	17.7%	19.2%	22.3%	23.7%	25.2%	23.8%	25.3%	22.0%	20.3%
Broadwater	41.5%	55.0%	45.5%	51.4%	57.1%	60.9%	61.0%	56.7%	59.3%	64.5%
Burlington	37.2%	38.8%	31.5%	35.8%	38.3%	40.6%	36.6%	37.1%	38.3%	38.8%
Central Heights	26.4%	33.0%	34.4%	32.8%	30.0%	35.7%	40.6%	44.9%	36.6%	36.4%
Eagle Cliffs	14.7%	18.5%	23.8%	21.5%	18.7%	19.0%	23.3%	26.2%	22.6%	23.1%
Highland	24.4%	25.7%	27.0%	31.0%	35.9%	35.2%	37.3%	41.2%	36.1%	36.4%
McKinley	49.8%	56.0%	60.1%	66.3%	65.1%	65.3%	65.3%	71.6%	65.0%	64.5%
Meadowlark	21.1%	20.6%	19.0%	28.8%	30.8%	33.8%	34.4%	34.3%	33.7%	33.1%
Miles	43.7%	44.5%	50.0%	46.3%	48.5%	53.1%	54.5%	56.1%	57.2%	55.8%
Newman	67.7%	62.6%	67.9%	75.0%	74.4%	74.1%	73.6%	73.8%	70.9%	72.4%
Orchard	78.0%	79.0%	78.7%	84.8%	85.6%	89.0%	83.3%	86.2%	85.7%	85.1%
Poly	14.2%	16.6%	14.5%	17.2%	21.8%	24.5%	22.0%	21.0%	21.0%	20.7%
Ponderosa	65.3%	68.0%	71.8%	74.3%	73.4%	74.1%	71.7%	73.1%	74.8%	74.7%
Rose Park	27.4%	35.2%	27.7%	29.1%	23.3%	33.1%	33.9%	38.0%	38.1%	42.5%
Sandstone	32.3%	35.8%	34.5%	35.0%	37.3%	37.1%	38.2%	42.3%	44.4%	44.4%
Washington	58.9%	64.9%	72.7%	66.5%	64.7%	73.4%	77.0%	75.9%	77.9%	77.7%
<u>7-8 Schools:</u>										
Castle Rock	23.8%	25.9%	28.3%	28.5%	27.6%	31.2%	31.6%	31.4%	30.8%	31.6%
Lewis & Clark	29.8%	35.1%	37.0%	32.9%	34.2%	42.1%	39.5%	38.6%	40.7%	41.8%
Riverside	45.0%	58.0%	54.0%	51.8%	49.4%	55.1%	54.0%	55.9%	56.6%	60.1%
Will James	11.8%	16.9%	17.1%	11.2%	15.4%	18.6%	22.1%	21.7%	19.8%	17.8%
<u>High Schools:</u>										
Senior	16.3%	25.6%	22.6%	23.1%	24.1%	27.9%	30.5%	32.3%	29.7%	29.8%
Skyview	14.5%	16.7%	17.6%	17.5%	17.9%	23.0%	25.7%	25.3%	23.4%	24.2%
West	11.0%	12.4%	16.0%	12.5%	13.6%	18.8%	19.9%	22.5%	22.8%	22.1%

(1) School closed

(2) School reopened

Source: District Records

Table 24

BILLINGS PUBLIC SCHOOLS
ATTENDANCE DATA
Last Ten Fiscal Years

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
2005	15,728	(0.06)	15,622	(0.32)	99.68
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	0.30	100.30

Source: District Records

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF INSURANCE IN FORCE

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-13
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/13-7/1/14
D. Coverage:	Buildings/Contents
E. Limits:	\$428,126,728
II. Commercial General Liability	
A. Policy #:	GLA906348200
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Coverage:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GLA906348200
B. Carrier:	American Zurich Insurance Company
C. Policy Period:	7/1/13-7/1/14
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:	7/1/13-7/1/14
D. Limits:	Equipment Breakdown Limit is \$60,000,000
V. Environmental Liability	
A. Policy #:	569603
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	UMB906348400
B. Carrier:	American Guarantee & Liability Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Company of America
C. Policy Period:	7/1/13-7/1/15
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	ELL906348300
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$1,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	EONG24871873005
B. Carrier:	Illinois Union Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$1,000,000
X. Builders Risk Reporting Policy	
A. Policy #:	IMP448843501
B. Carrier:	Great American Insurance Company
C. Policy Period:	6/1/13-6/1/14
D. Limits:	\$1,800,000
XI. Workers' Compensation	
A. Policy #:	WC-13-31147
B. Carrier:	Montana Schools Group Insurance Authority
C. Policy Period:	7/1/13-6/30/14
D. Limits:	\$1,500,000

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, 2014, 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 8, 2014.

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.

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.

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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.

Eide Bailly LLP

Billings, Montana
December 8, 2014

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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, 2014. 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, 2014.

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.

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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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Eide Bailly LLP

Billings, Montana
December 8, 2014

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BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Deferred or Fund Balance July 1, 2013	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2014
<u>U.S. Department of Education:</u>								
Direct programs:								
Indian Education-Grants to LEA's	84.060	S060A114167	273,764	-	273,764	(273,764)	-	-
CFDA subtotal				-	273,764	(273,764)	-	-
Total Direct Programs				-	273,764	(273,764)	-	-
Passed Through State Office of Public Instruction:								
Adult Education-State Grant Program	84.002	5609655613BG	207,323	(11,206)	11,206	-	-	-
Adult Education-State Grant Program	84.002	5609655613BG	198,915	-	198,915	(198,915)	-	-
CFDA subtotal				(11,206)	210,121	(198,915)	-	-
Title I Grants to LEA's	84.010	5609653113	4,238,339	(306,747)	368,641	(61,894)	-	-
Title I Grants to LEA's	84.010	5609653114	4,381,814	-	3,514,010	(3,827,613)	-	(113,603)
Title I Improvement Award Grant to LEA's	84.010	N/A	4,000	12	-	(12)	-	-
CFDA subtotal				(306,735)	3,882,651	(3,889,519)	-	(113,603)
Vo Ed-Basic Grants to States	84.048	5609668114BG	300,469	-	258,522	(291,644)	-	(33,122)
CFDA subtotal				-	258,522	(291,644)	-	(33,122)
Special Education-Grants to States	84.027	5609657713ALLO	5,926,070	(23,415)	23,415	-	-	-
Special Education-Grants to States	84.027	5609657714ALLO	5,103,947	-	4,263,190	(4,354,974)	-	(91,784)
Special Education-Preschool Grants	84.173	5609657914ALLO	117,238	-	117,238	(117,238)	-	-
CFDA subtotal				(23,415)	4,403,843	(4,472,212)	-	(91,784)
Education for Homeless Children and Youth	84.196	5609655713	45,679	(7,309)	10,669	(3,360)	-	-
Education for Homeless Children and Youth	84.196	5609655714	41,560	-	29,300	(33,575)	-	(4,275)
CFDA subtotal				(7,309)	39,969	(36,935)	-	(4,275)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668114	9,045	-	1,300	(2,901)	-	(1,601)
CFDA subtotal				-	1,300	(2,901)	-	(1,601)
English Language Acquisition Grants	84.365	5609654113	22,994	(10,428)	12,688	(2,260)	-	-
English Language Acquisition Grants	84.365	5609654114	30,250	-	3,130	(16,741)	-	(13,611)
English Language Acquisition Grants	84.365	5609654113	4,320	(3,127)	4,320	(1,193)	-	-
CFDA subtotal				(13,555)	20,138	(20,194)	-	(13,611)
Improving Teacher Quality State Grants	84.367	5609651413	966,805	(23,687)	43,328	(19,641)	-	-
Improving Teacher Quality State Grants	84.367	5609651414	997,869	-	782,300	(785,514)	-	(3,214)
CFDA subtotal				(23,687)	825,628	(805,155)	-	(3,214)
Passed Through Montana University System:								
Rigorous Career and Technical Education Programs of Study	84.051C	N/A	38,200	(11,311)	30,715	(38,106)	-	(18,702)
CFDA subtotal				(11,311)	30,715	(38,106)	-	(18,702)
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families	84.181	10-143-1800	186,783	-	186,783	(186,783)	-	-
CFDA subtotal				-	186,783	(186,783)	-	-
Total Pass Through Programs				(397,218)	9,859,570	(9,742,364)	-	(279,912)
Total U.S. Department of Education				\$ (397,218)	\$ 10,133,434	\$ (10,016,128)	\$ -	\$ (279,912)
<u>U.S. Department of Health and Human Services:</u>								
Passed Through State Department of Public Health and Human Services:								
Temporary Assistance for Needy Families	93.558	14-022-61008-0	53,592	\$ -	\$ 5,592	\$ (36,670)	\$ -	\$ (31,078)
CFDA subtotal				-	5,592	(36,670)	-	(31,078)
Total U.S. Department of Health and Human Services				\$ -	\$ 5,592	\$ (36,670)	\$ -	\$ (31,078)

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Deferred or Fund Balance July 1, 2013	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2014
<u>U.S. Department of Agriculture:</u>								
Passed Through State Office of Public Instruction:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch Program	10.555	N/A	261,513	\$ -	\$ 261,513	\$ (261,513)	\$ -	\$ -
Summer Food Service Program for Children	10.559	N/A	417	-	417	(417)	-	-
Non-Cash Assistance Subtotal				-	261,930	(261,930)	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	548,052	-	548,052	(548,052)	-	-
National School Lunch Program	10.555	N/A	2,397,093	-	2,397,093	(2,397,093)	-	-
Summer Food Service Program for Children	10.559	N/A	99,628	(35,620)	105,894	(99,628)	-	(29,354)
Cash Assistance Subtotal				(35,620)	3,051,039	(3,044,773)	-	(29,354)
CFDA subtotal				(35,620)	3,312,969	(3,306,703)	-	(29,354)
Team Nutrition Grants-Healthy U.S. Schools	10.574	5609662112	500	500	-	-	(500)	-
Healthier U.S. School Challenge Grant	10.574	N/A	2,000	-	2,000	(2,000)	-	-
Healthier U.S. School Challenge Grant	10.574	5609662011HS	1,000	-	1,000	(900)	-	100
CFDA subtotal				500	3,000	(2,900)	(500)	100
Fresh Fruit and Vegetable Program	10.582	N/A	162,885	-	162,885	(162,885)	-	-
CFDA subtotal				-	162,885	(162,885)	-	-
Total U.S. Department of Agriculture				\$ (35,120)	\$ 3,478,854	\$ (3,472,488)	\$ (500)	\$ (29,254)
<u>U.S. Department of Transportation</u>								
Passed Through State Department of Transportation								
Safe Routes to School	20.205	N/A	38,200	\$ (19,850)	\$ 19,850	\$ -	\$ -	\$ -
Safe Routes to School	20.205	N/A	39,236	-	13,035	(37,989)	-	(24,954)
CFDA subtotal				(19,850)	32,885	(37,989)	-	(24,954)
Total U.S. Department of Transportation				\$ (19,850)	\$ 32,885	\$ (37,989)	\$ -	\$ (24,954)
Total Federal Awards				\$ (452,188)	\$ 13,850,765	\$ (13,563,275)	\$ (500)	\$ (365,198)

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 with 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	\$ 13,850,765
Returned to grantor	(500)
Revenue accrual adjustments	(86,990)
Federal revenues not subject to single audit	1,013,180
Federal revenues	<u>\$ 14,576,455</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)? None reported

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)? No

Identification of major programs: Name of Federal Program or Cluster

CFDA Numbers(s)

 84.010 Title I, Part A

 84.367 Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and
 Type B programs? \$406,898

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Legal Compliance Findings and Questioned Costs

None

Finding #2013-A – Enrollment Count

Finding: – It was noted that during the Spring Enrollment count that one student was absent for more than 10 consecutive school days prior to the count date. This student did not meet any of the exceptions set forth in MCA Section 20-9-311 (11) (a) – (g) and was incorrectly included in the School District's ANB count. The School District's internal control system had identified this condition shortly after its occurrence and communicated the issue to the Office of Public Instruction. This was the only student miscounted out of a total enrollment of 16,063. The Office of Public Instruction did not deem an adjustment necessary since there was zero financial impact.

Status: – The School District has fully implemented procedures for student enrollment counts.

Auditor Response: – Fully implemented.