

# Billings Public Schools

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2012

Billings School District  
415 North 30<sup>th</sup> Street  
Billings, Montana 59101-1298

**BILLINGS SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2012**

**Prepared by the Business Services Department**  
**Leo Hudetz, Chief Financial Officer**

**Billings Public Schools**  
**415 North 30<sup>th</sup> 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 2011-2012

Elementary and High School  
Single Member District

1	Travis Kemp	Trustee
2	Pam Ellis	Trustee
3	Greta Besch Moen	Trustee
4	Kathleen Aragon	Trustee, Vice-Chair
5	Lindy S. Graves	Trustee
6	Barbara Bryan Allen Halter	Trustee, Chair (July-October 2011) Trustee (December 2011-June 2012)
7	Connie Wardell	Trustee

High School  
Nominating District

A	Teresa Stroebe	Trustee, Chair (October 2011-June 2012)
B	Travis Smith	Trustee

OFFICIALS

Jack Copps	Interim Superintendent
Leo Hudetz	District Clerk

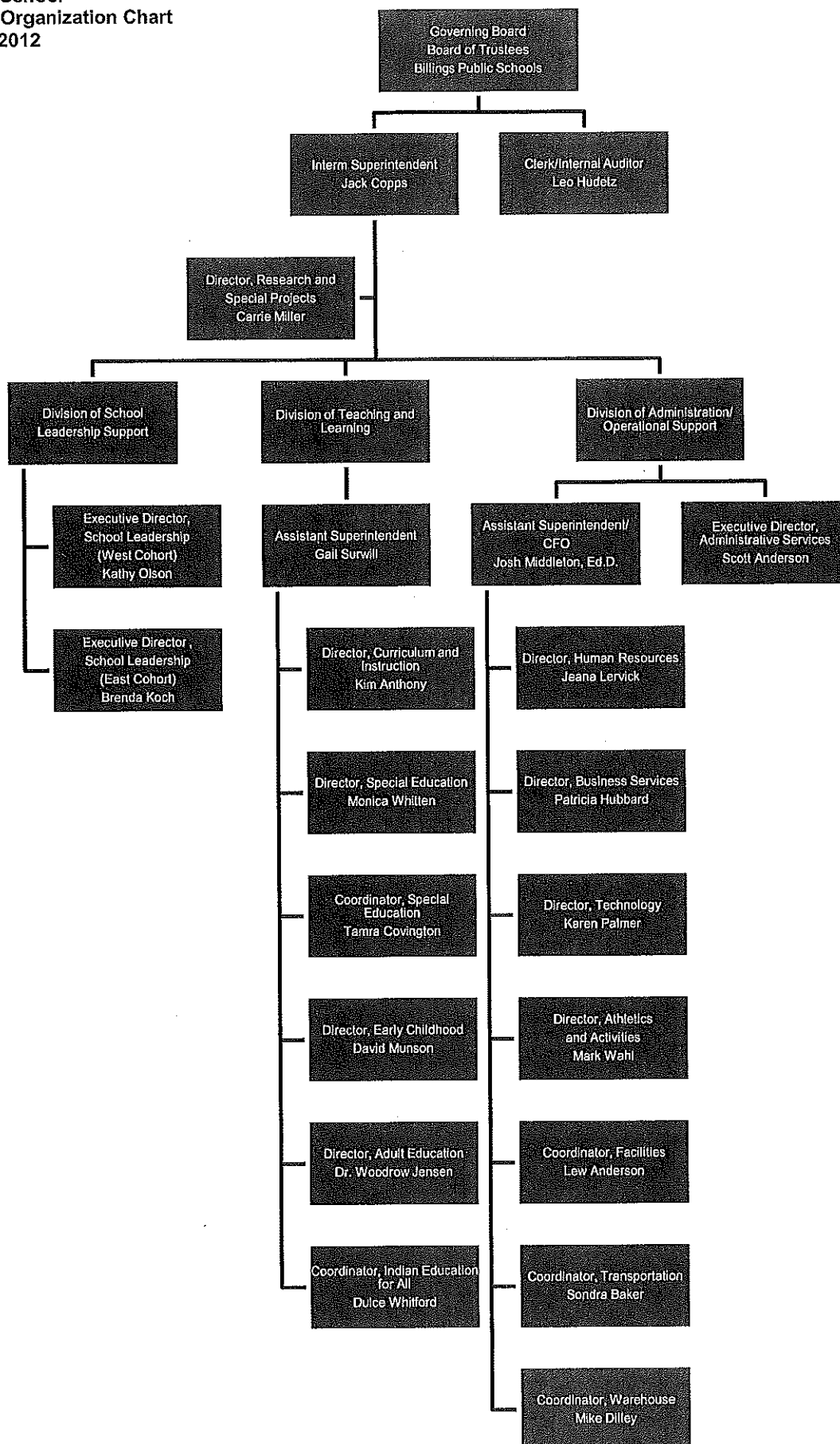
Elementary Single Member District Area:

- 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, 2012**





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

December 17, 2012

Teresa Stroebe, Chair  
Members of the Board of Trustees and Billings Community  
Billings Public Schools  
415 North 30<sup>th</sup> 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, 2012. 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 2012.

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 EideBailly LLP, an independent auditor, to conduct the district's audit for the fiscal year ended June 30, 2012. The auditors' 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 93 square miles and has an estimated population of 107,977. 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 127,987.

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. Dr. Keith Beeman was the superintendent during the period examined in this report. He and the Billings Board of Trustees reached a mutual contract release effective November 1, 2011. Mr. Jack Copps, the retired superintendent who served previous to Dr. Beeman, returned to the Billings School District assuming interim superintendent duties for the duration of the 2011-12 school year. Another change in leadership occurred at the board level with the resignation of Board Chair Barb Bryan in October 2011. Trustee Teresa Stroebe was elected as the new Board Chair to serve until 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 12<sup>th</sup> 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 two years have seen a resurgence in growth with over 650 additional students, most of whom are enrolled in the elementary district. Consistent with other AA school districts in the state, the Billings Board of Trustees will monitor this growth and related financial implications.

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 17 school buildings currently running at over 100% current functional capacity. Because of the concerns regarding overcrowded classrooms and increasing enrollments, the district has contracted with two national consulting companies and one local architectural firm to complete a comprehensive strategic master plan for all of its facilities along with a demographic study. The facilities master plan will be based on a complete professional analysis of all facilities and input from the community, Board of Trustees and administration. This plan is projected to be completed by February 2013.

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 25<sup>th</sup> immediately preceding the school year. 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

In 2012, the district garnered community support with the passage of a \$14.1 million bond levy, specifically federally subsidized Qualified Zone Academy Bonds (QZAB) and Quality Energy Conservation Bonds (QECB) in the amounts of \$10.3 million for the elementary district and \$3.8 million for the high school district. These bonds, when added to the 12 million bond levy approved in 2010, will provide significant upgrades and improvements to district facilities.

## **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 county has more than 15.03% of the State's population and has grown by almost 12% over the last 10 years.

The personal income base has expanded considerably since the early 1990's in the county, resulting in continuous economic expansion. Industries that markedly impact the local economy include those industries associated with trade center activities, agriculture, energy, and tourism and travel. The Billings area is a regional center for the energy industry with three major oil refineries located within the county. The energy boom currently occurring along the Montana/North Dakota border, in the area known as the Bakken formation, has also added business and jobs to the Billings economy. 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. Trade center activities are anchored by the city's status as a regional medical center. Agriculture is a significant economic force in the county. Another important component of the area's economy is tourism and conventions with a nearby national park and three winter ski areas. The newly renovated Rimrock Auto Arena is a multi-use facility that seats 12,000 people and contains a large area for exhibitions. Three higher education facilities are located in the city. These institutions offer both two-year and four-year degrees, as well as graduate programs.

### Financial Information

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

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

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

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

1. Management Section: report on compliance with laws and regulations and report on the internal control structure.
2. Financial Section: report on financial statements in accordance with GAAP.
3. Single Audit Section (Revised OMB A-133): report on financial statements, internal control, compliance, audit findings and questioned costs.

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

### Certificates of Excellence

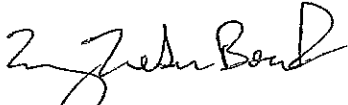
This report has been prepared following guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and the Associations of School Business Officials (ASBO). The district has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for fiscal years 2007, 2008, 2009, 2010 and 2011. 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

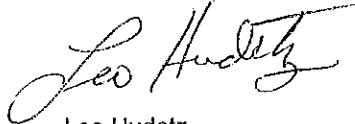
The preparation of the annual financial report was made possible by the dedicated efforts of the Business Services Department.

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

# 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, 2011

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



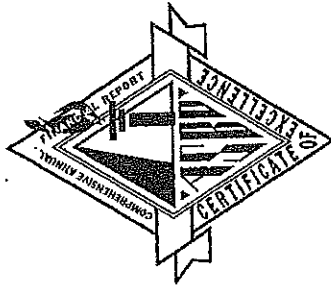
*Linda C. Davidson*

President

*Jeffrey R. Egan*

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

*is presented to*

**Billings Public Schools**



For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

upon recommendation of the Association's Panel of Review  
which has judged that the Report substantially conforms  
to principles and standards of ASBO's Certificate of Excellence

*Bruce Mason*

President

*John D. Messer*

Executive Director

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## **SECTION II - FINANCIAL SECTION**

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## Independent Auditor's Report

To the Board of Trustees  
Billings Public Schools  
Billings, Montana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Billings Public Schools, Billings, Montana, as of and for the year ended June 30, 2012, which collectively comprise the Billings Public School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Billings Public School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Billings Public Schools, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the Billings Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress and employer contributions on pages 12 through 20 and 45 through 46 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Billings Public School's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, supporting schedules, and State of Montana mandated schedule of changes in fiduciary net assets (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, the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Eide Bailly LLP*

Billings, Montana  
December 17, 2012

## BILLINGS PUBLIC SCHOOLS

### MANAGEMENT DISCUSSION & ANALYSIS

The following discussion and analysis of Billings Public Schools' (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, 2012. 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 governmental activities increased \$199,000 (from 2011 to 2012) to \$148.9 million. This represents a 0.1% increase compared to the prior year.
- Governmental activity expenses decreased \$1.2 million over 2011 to \$151.5 million. This represents a 0.8% decrease over the prior year.
- At year-end, the governmental funds reported total fund balances of \$25.3 million, a decrease of \$5.8 million over the prior year.
- The 2012 general fund expenditure budget was \$101.5 million, a decrease of \$1.1 million or 1.1% over the prior year.
- In 2011 the district began renovation and energy upgrades in specific buildings as a result of issuing \$12 million in bonds. The projects continue during fiscal year 2012. Approximately \$4.9 million of the bond proceeds remain.
- In July 2012 additional bonds in the amount of \$14.1 million were issued to continue building improvements.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

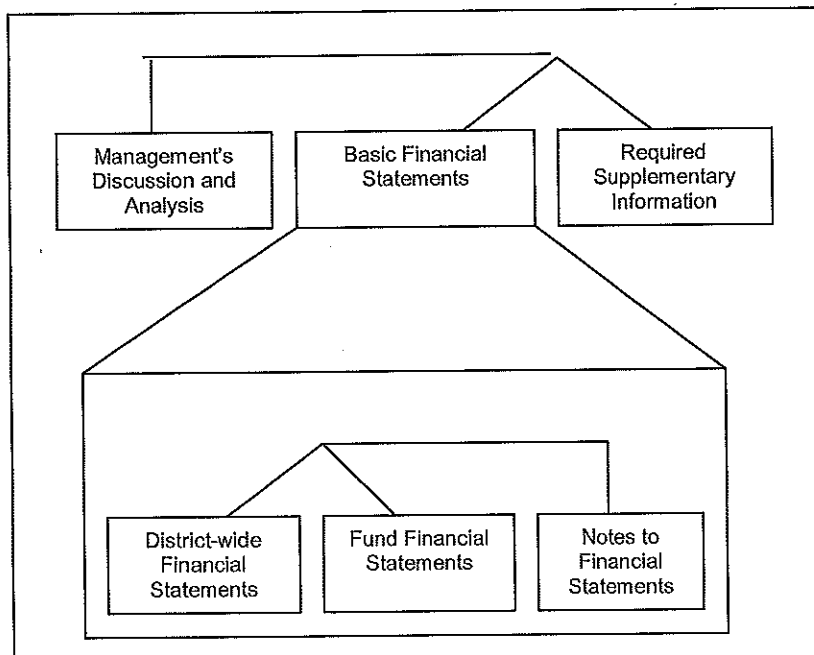


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**BILLINGS PUBLIC SCHOOLS**  
**MANAGEMENT DISCUSSION & ANALYSIS**

<p>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 assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of fiduciary net assets Statement of changes in fiduciary net assets
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 Assets and the Statement of Activities (pages 21 and 22) 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 the net assets and changes in them. You can think of net assets—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 assets are one indicator of whether the district's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the property tax base, economy, enrollment and the State's funding of educational costs to assess the district's overall health.

**BILLINGS PUBLIC SCHOOLS**  
**MANAGEMENT DISCUSSION & ANALYSIS**

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

**Governmental funds**—Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements (pages 23 and 25) 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 Assets and the Statement of Activities) and governmental funds in reconciliations (pages 24 and 26, 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 27, 28 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, 2012**

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

NET ASSETS:	Governmental Activities	
	2012	2011
Current and other assets	\$35,422,489	\$ 41,000,860
Capital assets	65,461,723	61,732,136
Total assets	100,884,212	102,732,996
Other liabilities	3,533,118	4,509,996
Long-term liabilities outstanding	45,951,430	44,197,109
Total liabilities	49,484,548	48,707,105
Net assets:		
Invested in capital assets, net of related debt	57,733,805	59,798,909
Restricted	7,793,006	7,457,520
Unrestricted	(14,127,147)	(13,230,538)
	\$51,399,664	\$ 54,025,891

**BILLINGS PUBLIC SCHOOLS**  
**MANAGEMENT DISCUSSION & ANALYSIS**

CHANGE IN NET ASSETS:	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 3,257,471	\$ 3,166,703
Operating grants and contributions	30,073,832	37,940,966
Capital grants and contributions	48,665	77,586
General revenues:		
Taxes	39,255,766	38,512,088
State sources	60,366,455	53,750,824
County sources	13,636,532	13,525,559
Interest	217,250	293,422
Contributions and donations	988,900	1,146,735
Miscellaneous	1,038,092	269,744
Gain on disposal of capital assets	-	-
Total revenues	<u>148,882,963</u>	<u>148,683,627</u>
Expenses:		
Instruction	90,996,777	94,100,760
Support services:		
Students	11,562,508	10,978,889
Instructional staff	7,768,857	7,541,224
General administration	2,183,458	1,559,394
Administration	10,076,339	10,149,144
Business	2,321,858	2,258,772
Operation and maintenance	12,055,291	12,244,035
Student transportation	5,550,126	5,220,799
Food services	5,893,493	5,872,264
Community services	16,681	30,563
Extracurricular	2,399,701	2,458,540
Other current charges	13,693	12,874
Interest on long-term debt	670,408	316,332
Total expenses	<u>151,509,190</u>	<u>152,743,590</u>
Change in net assets before transfers	(2,626,227)	(4,059,963)
Transfers	<u>-</u>	<u>-</u>
Change in net assets	(2,626,227)	(4,059,963)
Net assets, beginning	<u>54,025,891</u>	<u>58,085,854</u>
Net assets, ending	<u>\$ 51,399,664</u>	<u>\$ 54,025,891</u>

**BILLINGS PUBLIC SCHOOLS**  
**MANAGEMENT DISCUSSION & ANALYSIS**

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the district's net assets and changes in net assets. The 2012 expenses exceeded revenues by \$2.6 million.

	2012	2011	% Change
Revenues	\$ 148,882,963	\$ 148,683,627	0.1%
Expenses	151,509,190	152,743,590	-0.8%
Surplus/Deficit	<u>\$ (2,626,227)</u>	<u>\$ (4,059,963)</u>	<u>35.3%</u>

A 0.1% increase occurred in revenues from FY2011 to FY2012. Expenses continue to exceed revenues in 2012 for the eighth consecutive year. The district will continue to work on a plan to address this growth of expenses.

Net assets consist of cash and cash equivalents and capital assets net of liabilities. In 2012, net assets decreased by the \$2.6 million operating deficit.

	2012	2011	Change
Invested in capital assets, net of related debt	\$57,733,805	\$59,798,909	\$(2,065,104)
Restricted for:			
Debt service	1,054,416	118,322	936,094
Other purposes	6,738,590	7,339,198	(600,608)
Unrestricted (deficit)	(14,127,147)	(13,230,538)	(896,609)
Total governmental activities net assets	<u>\$51,399,664</u>	<u>\$54,025,891</u>	<u>\$(2,626,227)</u>

The district uses its assets to provide services to students and the community. At the close of the 2012 fiscal year the district had \$51.4 million in net assets.

The largest portion of the district's net assets (\$57.7 million) are capital assets which include investments in land, buildings, equipment, improvements, and infrastructure 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 has an estimated \$114 million in deferred maintenance costs due to the FY2011 bond projects that have been completed to date. The district budgeted \$500,000 in elementary general fund and \$204,000 in high school general fund for on-going maintenance in FY 2012 and \$0 dollars for elementary general fund and \$36,523 for high school general fund for FY2013. The district issued \$12.0 million in bonds for FY2011 to address a portion of the deferred maintenance costs. In FY2013 an additional \$14.1 million was issued due to voter approval in May of 2012.

The 2012 net assets restricted for debt service or other purposes totaling \$7.8 million cannot be reallocated to cover other district expenses.

Unrestricted net assets 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 \$14.1 million and represents unfunded estimated future pension related liabilities. This deficit increased by \$896,609, or 6.8%, in 2012 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

## **BILLINGS PUBLIC SCHOOLS**

### **MANAGEMENT DISCUSSION & ANALYSIS**

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postemployment benefits. The district budgeted \$3.2 million to cover the estimated current costs in 2012 (See Note 4). This obligation will be met using cash balances from different funding sources.

The district's unfunded liability for the service credit and termination pay benefits plan, compensated absences and other postemployment benefits (OPEB) in FY2012 was \$33.3 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 FY2011 were \$31.1 million, while FY2012 totals were \$25.3 million. The major funds were the general and building funds.

The combined balance for all funds decreased by \$5.9 million in FY2012. This is due to bond proceeds being spent on deferred maintenance. The bond proceeds have been 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 expenditures. The district reserves have increased to 4.04% in the Elementary District from 4.01% in FY2011 and 3.44% in the High School District from 3.24% in FY2011. On August 2012 the Board of Trustees suspended the 5% reserve budget procedure as it was not met. All General Subfunds revenues increased by \$486,177 in FY12 due to borrowing from protested taxes.

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 FY2012.

**BILLINGS PUBLIC SCHOOLS**  
**MANAGEMENT DISCUSSION & ANALYSIS**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund is always reported as a major fund (See Note 1). This fund reported an unreserved fund balance of \$4.6 million, an increase of \$622,000 over the prior year.

The table below summarizes general fund revenues and expenditures for FY2012 and FY2011. Revenue increased by 0.48% due primarily to property taxes and state funds. The district chose to borrow protested taxes in FY2012 to maintain cash flow. The state used federal funds in FY2011 to fund general operations to the district that were typically funded by state dollars. In FY2012 that revenue once again came from the state versus federal funding.

Expenditures were reduced by 1.4% primarily due to decreases in instruction and support services.

	2012	2011	Change
<b>Revenues</b>			
Property taxes	\$ 32,602,150	\$ 31,890,655	\$ 711,495
State aid	54,070,208	47,974,195	\$ 6,096,013
State other	14,786,383	14,316,666	\$ 469,717
Federal	45,406	6,755,483	\$ (6,710,077)
Tuition	144,228	216,974	\$ (72,746)
Interest	18,796	32,234	\$ (13,438)
Miscellaneous	5,213	0	\$ 5,213
Total revenues	<u>\$ 101,672,384</u>	<u>\$ 101,186,207</u>	<u>\$ 486,177</u>
<b>Expenditures</b>			
Instruction	\$ 64,228,160	\$ 65,096,669	\$ (868,509)
Support services:			
Students	6,865,200	7,187,725	(322,525)
Instructional staff	5,743,805	5,803,981	(60,176)
General administration	1,696,286	1,311,896	384,390
School administration	7,640,231	7,535,626	104,605
Business services	1,623,144	1,782,780	(159,636)
Operation and maintenance	10,593,673	10,828,842	(235,169)
Student transportation	20,604	47,398	(26,794)
Community services	0	6,600	(6,600)
Extracurricular	1,973,861	2,108,957	(135,096)
Capital outlay	461,616	567,459	(105,843)
Debt service	203,367	243,574	(40,207)
Total expenditures	<u>\$ 101,049,947</u>	<u>\$ 102,521,507</u>	<u>\$ (1,471,560)</u>

**BILLINGS PUBLIC SCHOOLS**  
MANAGEMENT DISCUSSION & ANALYSIS

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets* - The district's 2012 capital project budget was used to complete the projects funded by the general fund and bond funds authorized by the voters in September 2010. Construction in progress as of June 30, 2012 of \$5,554,119 consists primarily of projects funded by the FY2011 QZAB or QSCB bond proceeds.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2012 and 2011. The district had \$65.5 million invested in a broad range of capital assets, including technology, equipment and school buildings. Additional information on the district's capital assets can be found in Note 3 of this report.

	2012	2011	Change
Land	\$ 4,377,961	\$ 4,377,961	\$ -
Improvements other than buildings	912,212	953,445	(41,233)
Building and improvements	53,229,533	53,989,785	(760,252)
Machinery and equipment	1,387,898	1,569,957	(182,059)
Construction in progress	5,554,119	840,988	4,713,131
Total	<u>\$ 65,461,723</u>	<u>\$ 61,732,136</u>	<u>\$ 3,729,587</u>

*Debt Administration* - A summary of the district's outstanding long-term debt for the years ended June 30, 2012 and 2011 is presented below:

	2012	2011	Change
General obligation bonds	\$ 12,000,000	\$ 12,000,000	\$ -
Limited obligation bonds	505,500	589,750	(84,250)
Notes payable	120,930	235,695	(114,765)
Compensated absences	11,760,999	12,104,593	(343,594)
Service credit and termination pay benefits	11,042,001	9,998,071	1,043,930
Other postemployment benefits	10,522,000	9,269,000	1,253,000
Total	<u>\$ 45,951,430</u>	<u>\$ 44,197,109</u>	<u>\$ 1,754,321</u>

At year end, the district had \$46 million in outstanding other long-term debt/liabilities. The current portion which is due within one year is equal to \$1.3 million. The total long-term liability increased \$1.8 million, or 4%. The change is due to an increase of OPEB, and the service credit and termination pay benefits liabilities.

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, 2012 the district's total debt outstanding was well below the legal limit of \$344.8 million. In July 2012 the district has received an AA- rating from Standard & Poor's Ratings Services for general obligation debt.

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

**ECONOMIC CONDITION AND OUTLOOK**

The district serves students who live within the city of Billings and specific, adjacent areas in Yellowstone County. Billings benefits from a diverse economy as a regional center for agriculture, retail, energy, medical services, transportation, education, law and government services. Nevertheless, 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, housing starts increased over the previous year but are still less than pre-2008 levels. Unemployment in Billings has decreased over the last year and still remains at a much lower rate than the national average. Pay freezes or small increases in wages are not uncommon within the region. The construction industry is still below pre-2008 levels, however there is evidence of commercial building including small to large retail construction and the completion of a new federal courthouse. Also, construction of a new public library financed by a voter approved bond was started during 2012. Montana's tourism business continues to provide opportunities to visitors to the region and state. There are some government stimulus projects still under way as a result of the American Recovery and Reinvestment Act. Medical services in Billings continue to expand at the two hospitals and other health related facilities and clinics. Higher education opportunities in Billings continue to grow at MSU-Billings, MSU-Billings College of Technology, and Rocky Mountain College as evidenced in steady enrollment at all three institutions.

## **BILLINGS PUBLIC SCHOOLS**

### **MANAGEMENT DISCUSSION & ANALYSIS**

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The 2011 Montana Legislature funded K-12 public education with an increase of 1% for FY 12 and 1.6% for FY 13. This level of funding does not provide the necessary resources for sustaining personnel and programs at their current levels. For FY 12 the district relied on reimbursements funds from Medicaid and Medicaid Administrative Claiming (MAC) program. While an increase in enrollment will help support the FY 13 budget, the district will not be able to rely on reimbursement funds as sustainable sources of revenue. The Montana School Boards Association anticipates that the result of the Legislature's failure to fund the impact of inflation will result in a "lasting, compounding effect furthering the state's compliance with its own definition of the Basic System of Free Quality Schools 20-9-309, MCA." The district has been meeting with state legislators in anticipation of the upcoming 2013 biennial legislative session. The State of Montana currently has a strong financial position with over \$400 million in reserves and increased projected revenues from the energy boom taking place in the eastern part of the state. The district believes it is crucial that the legislature provides adequate funding to equitably fund education.

#### **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 30<sup>th</sup> Street, Billings, Montana, 59101.

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## **BASIC FINANCIAL STATEMENTS**

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**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF NET ASSETS**  
June 30, 2012

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 30,805,079
Receivables:	
Taxes, net	2,736,433
Governments	828,652
Other	734,708
Prepaid items	104,053
Deferred charges	213,564
Capital assets:	
Land and construction in progress	9,932,080
Depreciable capital assets, net	<u>55,529,643</u>
 Total assets	 <u>100,884,212</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	3,445,576
Unearned revenue	87,542
Long-term liabilities:	
Due within one year:	
Bonds and notes	165,204
Compensated absences	1,176,099
Due in more than one year:	
Bonds and notes	12,461,226
Compensated absences	10,584,900
Service credit and termination pay benefits payable	11,042,001
Other postemployment benefits	<u>10,522,000</u>
 Total liabilities	 <u>49,484,548</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	57,733,805
Restricted for:	
Instruction	4,880,775
Support services:	
Students	2,431
General administration	9,637
School administration	292,425
Operation and maintenance	557,158
Student transportation	902,643
Food services	93,521
Debt service	1,054,416
Unrestricted	<u>(14,127,147)</u>
 Total net assets	 <u>\$ 51,399,664</u>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 90,996,777	\$ 714,937	\$ 19,287,509	\$ -	\$ (70,994,331)
Support services:					
Students	11,562,508	-	3,765,242	-	(7,797,266)
Instructional staff	7,768,857	-	483,820	-	(7,285,037)
General administration	2,183,458	-	152,450	-	(2,031,008)
School administration	10,076,339	-	576,088	-	(9,500,251)
Business services	2,321,858	-	32,594	-	(2,289,264)
Operation and maintenance	12,055,291	50,315	36,659	-	(11,968,317)
Student transportation	5,550,126	39,704	1,694,344	-	(3,816,078)
Food services	5,893,493	2,452,515	3,366,711	-	(74,267)
Community services	16,681	-	-	-	(16,681)
Extracurricular	2,399,701	-	30,415	48,665	(2,320,621)
Other current charges	13,693	-	-	-	(13,693)
Interest	670,408	-	648,000	-	(22,408)
<b>Total</b>	<b>151,509,190</b>	<b>3,257,471</b>	<b>30,073,832</b>	<b>48,665</b>	<b>(118,129,222)</b>
General revenues:					
Property taxes					39,255,766
Intergovernmental:					
State aid					54,645,645
State other					5,720,810
County					13,636,532
Interest					217,250
Contributions and donations					988,900
Miscellaneous					1,038,092
<b>Total general revenues</b>					<b>115,502,995</b>
<b>Change in net assets</b>					<b>(2,626,227)</b>
<b>Net assets - beginning</b>					<b>54,025,891</b>
<b>Net assets - ending</b>					<b>\$ 51,399,664</b>

**BILLINGS PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2012

	General	Elementary Building	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,590,058	\$ 4,831,998	\$ 3,686,715	\$ 11,911,428	\$ 26,020,199
Receivables:					
Taxes, net	2,214,119	-	-	522,314	2,736,433
Governments	-	-	-	828,652	828,652
Other	196,951	13,729	4,086	100,256	315,022
<b>Total assets</b>	<b>\$ 8,001,128</b>	<b>\$ 4,845,727</b>	<b>\$ 3,690,801</b>	<b>\$ 13,362,650</b>	<b>\$ 29,900,306</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,430,166	\$ 47,070	\$ 110,912	\$ 681,635	\$ 2,269,783
Deferred revenue	1,932,485	2,612	-	444,167	2,379,264
<b>Total liabilities</b>	<b>3,362,651</b>	<b>49,682</b>	<b>110,912</b>	<b>1,125,802</b>	<b>4,649,047</b>
Fund balances:					
Restricted	-	1,783,141	3,115,371	7,370,364	12,268,876
Committed	-	-	-	2,319,633	2,319,633
Assigned	623,244	3,012,904	464,518	2,546,851	6,647,517
Unassigned	4,015,233	-	-	-	4,015,233
<b>Total fund balances</b>	<b>4,638,477</b>	<b>4,796,045</b>	<b>3,579,889</b>	<b>12,236,848</b>	<b>25,251,259</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,001,128</b>	<b>\$ 4,845,727</b>	<b>\$ 3,690,801</b>	<b>\$ 13,362,650</b>	<b>\$ 29,900,306</b>

# BILLINGS PUBLIC SCHOOLS

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS June 30, 2012

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Total fund balance, governmental funds	\$ 25,251,259
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	65,461,723
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	2,357,739
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The internal service funds are used by management to charge the costs 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 assets.	(6,507,770)
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Some liabilities, including notes payable, limited obligation bonds, compensated absences, and service credit and termination pay benefits, are not due and payable in the current period and therefore are not included in the funds. The details of these balances follows:

Deferred charges	213,564
Notes payable	(120,930)
General obligation bonds	(12,000,000)
Limited obligation bonds	(505,500)
Compensated absences	(11,708,420)
Service credit and termination pay benefits	(11,042,001)

Net assets of governmental activities	<u>\$ 51,399,664</u>
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# **BILLINGS PUBLIC SCHOOLS**

## **STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

### **GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	General	Elementary Building	High School Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 32,602,150	\$ -	\$ -	\$ 6,916,202	\$ 39,518,352
Intergovernmental:					
County	-	-	-	14,480,834	14,480,834
State aid	54,070,208	-	-	575,437	54,645,645
State other	14,786,383	-	-	6,150,452	20,936,835
Federal	45,406	-	-	13,968,099	14,013,505
Tuition	144,228	-	-	-	144,228
Charge for services	-	14,462	35,853	3,061,018	3,111,333
Interest	18,796	36,390	27,384	106,068	188,638
Miscellaneous	5,213	21,161	14,941	1,260,451	1,301,766
<b>Total revenues</b>	<b>101,672,384</b>	<b>72,013</b>	<b>78,178</b>	<b>46,518,561</b>	<b>148,341,136</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	64,228,160	21,769	-	23,408,351	87,658,280
Support services:					
Students	6,865,200	159,722	65,856	4,329,378	11,420,156
Instructional staff	5,743,805	482	237	1,916,110	7,660,634
General administration	1,696,286	38,903	19,161	341,608	2,095,958
School administration	7,640,231	-	313	2,555,988	10,196,532
Business services	1,623,144	-	-	610,864	2,234,008
Operation and maintenance	10,593,673	419,275	79,131	1,074,617	12,166,696
Student transportation	20,604	-	-	5,497,661	5,518,265
Food services	-	-	-	5,807,668	5,807,668
Community services	-	-	-	16,681	16,681
Extracurricular	1,973,861	-	-	274,392	2,248,253
Other current charges	-	-	-	13,693	13,693
Capital outlay	461,616	1,991,843	4,023,536	89,032	6,566,027
Debt service:					
Principal	199,015	-	-	-	199,015
Interest and other charges	4,352	-	-	649,500	653,852
<b>Total expenditures</b>	<b>101,049,947</b>	<b>2,631,994</b>	<b>4,188,234</b>	<b>46,585,543</b>	<b>154,455,718</b>
Excess (deficiency) of revenues over (under) expenditures	622,437	(2,559,981)	(4,110,056)	(66,982)	(6,114,582)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance	-	243,219	38,075	3,610	284,904
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>243,219</b>	<b>38,075</b>	<b>3,610</b>	<b>284,904</b>
<b>Net change in fund balances</b>	<b>622,437</b>	<b>(2,316,762)</b>	<b>(4,071,981)</b>	<b>(63,372)</b>	<b>(5,829,678)</b>
Fund balances - beginning	4,016,040	7,112,807	7,651,870	12,300,220	31,080,937
Fund balances - ending	\$ 4,638,477	\$ 4,796,045	\$ 3,579,889	\$ 12,236,848	\$ 25,251,259

# 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, 2012

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Net change in fund balances - total governmental funds \$ (5,829,678)

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

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

This is the amount by which capital outlay (\$6,566,027) exceeded depreciation (\$2,847,380) in the current period. 3,718,647

The net effect of various transactions involving capital assets (i.e., sales, donations and trade-ins) is to increase net assets. 1,360,999

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. (260,676)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these transactions follows:

Amortization of deferred charges (16,556)  
Repayment of principal on long-term debt 199,015

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:

Service credit and termination pay benefits (1,043,930)  
Compensated absences 300,117

The internal service fund is used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with the governmental activities.

(1,054,165)

Change in net assets of governmental activities \$ (2,626,227)

BILLINGS PUBLIC SCHOOLS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2012

---

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,784,880
Accounts receivable, net	419,686
Prepaid items	<u>104,053</u>
Total current assets	<u>5,308,619</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,175,793
Unearned revenue	66,017
Compensated absences	<u>5,258</u>
Total current liabilities	<u>1,247,068</u>
Non-current liabilities:	
Compensated absences	47,321
Other postemployment benefits	<u>10,522,000</u>
Total non-current liabilities	<u>10,569,321</u>
Total liabilities	<u>11,816,389</u>
NET ASSETS	
Unrestricted	<u>(6,507,770)</u>
Total net assets	<u>\$ (6,507,770)</u>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2012

	Internal Service Funds
<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 16,784,057</u>
Total operating revenues	<u>16,784,057</u>
<b>OPERATING EXPENSES</b>	
Personal services - salaries	80,897
Personal services - benefits	7,468
Purchased professional and technical services	8,492
Purchased property services	76,361
Other purchased services	1,254,509
Supplies and materials	762,792
Insurance claims and expenses	13,791,957
Other postemployment benefits	1,253,000
Miscellaneous	6,525
Depreciation	<u>37,725</u>
Total operating expenses	<u>17,279,726</u>
Operating loss	<u>(495,669)</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>	
Interest revenue	28,612
Miscellaneous revenue	725,226
Capital assets reassigned to governmental activities	<u>(1,312,334)</u>
Total non-operating revenues and expenses	<u>(558,496)</u>
Change in net assets	(1,054,165)
Net assets - beginning	<u>(5,453,605)</u>
Net assets - ending	<u><u>\$ (6,507,770)</u></u>

BILLINGS PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2012

	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATIONS:</b>	
Cash received from health insurance premiums	\$ 15,823,623
Cash received from interfund services	953,605
Medical claims paid	(13,957,957)
Cash paid to employees health insurance services	(86,902)
Cash paid to employees interfund services	(44,940)
Cash paid to suppliers for goods and services health insurance services	(1,248,050)
Cash paid to suppliers for goods and services interfund services	(764,552)
Net cash provided by operating activities	<u>674,827</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Miscellaneous cash received	725,226
Cash paid-interfund payable	(85,000)
Net cash provided by noncapital financing activities	<u>640,226</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>28,612</u>
Net cash provided by investing activities	<u>28,612</u>
Change in cash and cash equivalents	1,343,665
Cash and cash equivalents - beginning	<u>3,441,215</u>
Cash and cash equivalents - ending	<u>\$ 4,784,880</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (495,669)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Depreciation	37,725
Other postemployment benefits	1,253,000
Increase in accounts receivable	(11,394)
Decrease in inventory	81,243
Increase in prepaid items	(8,367)
Decrease in accounts payable	(142,799)
Increase in unearned revenue	4,565
Decrease in compensated absences	(43,477)
Net cash provided by operating activities	<u>\$ 674,827</u>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2012

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	Private Purpose Trust Fund- Extracurricular	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 2,267,094</u>	<u>\$ 6,484,073</u>
Total assets	<u>2,267,094</u>	<u>6,484,073</u>
<b>LIABILITIES</b>		
Accounts payable	<u>77,841</u>	<u>6,484,073</u>
Total liabilities	<u>77,841</u>	<u>6,484,073</u>
<b>NET ASSETS</b>		
Held in trust	<u>\$ 2,189,253</u>	<u>\$ -</u>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
For the Year Ended June 30, 2012

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	Private Purpose Trust Fund- Extracurricular
<b>ADDITIONS</b>	
Contributions:	
Student extracurricular activities	<u>\$ 3,066,837</u>
Total contributions	<u>3,066,837</u>
Investment earnings:	
Interest	<u>15,885</u>
Total net investment earnings	<u>15,885</u>
Total additions	<u>3,082,722</u>
<b>DEDUCTIONS</b>	
Student extracurricular activities	<u>2,984,306</u>
Total deductions	<u>2,984,306</u>
Change in net assets	98,416
Net assets - beginning	<u>2,090,837</u>
Net assets - ending	<u><u>\$ 2,189,253</u></u>

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# BILLINGS PUBLIC SCHOOLS

## NOTES TO BASIC FINANCIAL STATEMENTS

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### 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). Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The district's significant accounting policies are described below.

#### Reporting Entity

The district was established under Montana law to provide educational services below the college and university level to residents of the district. The district consists of two legally separate entities: an elementary district and a high school district. Both are managed by a central Board of Trustees and by a central administration appointed by and responsible to the Board.

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 assets 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.

## BILLINGS PUBLIC SCHOOLS

### NOTES TO BASIC FINANCIAL STATEMENTS

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the internal service fund's principal ongoing operations. Operating revenues are charges for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The district reports the following major governmental funds:

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

The elementary and high school building funds account 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 and Net Assets or Equity

##### 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, 2012. The allowance at June 30, 2012, was \$174,664.

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 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,

## BILLINGS PUBLIC SCHOOLS

### NOTES TO BASIC FINANCIAL STATEMENTS

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individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

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

#### Collections Not Capitalized

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

#### Compensated Absences

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

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

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

#### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

#### Fund Equity

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

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - consists of net assets 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 net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

## BILLINGS PUBLIC SCHOOLS

### NOTES TO BASIC FINANCIAL STATEMENTS

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

Assigned fund balance - amounts the district 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.

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 assets balance of \$6,549,586 as of June 30, 2012. The deficit exists in the health insurance fund because of the unfunded liability for other postemployment benefits. The district is in the process of reviewing the funding of the health insurance fund in order to reduce or eliminate the deficit.

#### NOTE 3. DETAILED NOTES ON ALL FUNDS

##### Equity in Pooled Cash and Investments

As discussed in Note 1, the district participates in the County's investment pool. The pooled cash is invested by the County Treasurer in accordance with State statute. Interest earnings are distributed to the district based on average daily balances. The County Treasurer withdraws funds as needed to pay warrants. Investment risk related to the district's share of the pool is not determinable. Information related to the pool can be obtained from the County. Demand and savings accounts held outside of the County pool were covered by FDIC insurance. The uninsured portion was covered by collateral held by financial institutions or by their departments or agents, but not in the district's name. The amount of collateral held for the district's deposits as of June 30, 2012, 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, 2012 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.

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

Disaggregation of Payable Balances

Payables as of June 30, 2012, were as follows:

	Vendors	Salaries and Benefits	Claims incurred but not reported	Total
General	\$ 805,131	\$ 625,035	\$ -	\$ 1,430,166
Elementary building	46,391	679	-	47,070
High school building	110,651	261	-	110,912
Internal service funds	40,321	1,472	1,134,000	1,175,793
Nonmajor governmental funds	376,543	305,092	-	681,635
	<u>\$ 1,379,037</u>	<u>\$ 932,539</u>	<u>\$ 1,134,000</u>	<u>\$ 3,445,576</u>

Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 4,377,961	\$ -	\$ -	\$ 4,377,961
Construction in progress	840,988	5,239,683	(526,552)	5,554,119
Total capital assets, not being depreciated	<u>5,218,949</u>	<u>5,239,683</u>	<u>(526,552)</u>	<u>9,932,080</u>
Capital assets, being depreciated:				
Buildings/improvements	90,071,102	1,583,364	-	91,654,466
Improvements other than buildings	1,118,443	15,323	-	1,133,766
Machinery and equipment	8,828,146	302,874	(207,115)	8,923,905
Total capital assets, being depreciated	<u>100,017,691</u>	<u>1,901,561</u>	<u>(207,115)</u>	<u>101,712,137</u>
Less accumulated depreciation for:				
Buildings/improvements	(36,081,317)	(2,343,616)	-	(38,424,933)
Improvements other than buildings	(164,998)	(56,556)	-	(221,554)
Machinery and equipment	(7,258,189)	(484,933)	207,115	(7,536,007)
Total accumulated depreciation	<u>(43,504,504)</u>	<u>(2,885,105)</u>	<u>207,115</u>	<u>(46,182,494)</u>
Total capital assets, being depreciated, net	<u>56,513,187</u>	<u>(983,544)</u>	<u>-</u>	<u>55,529,643</u>
Total capital assets, net	<u>\$ 61,732,136</u>	<u>\$ 4,256,139</u>	<u>\$ (526,552)</u>	<u>\$ 65,461,723</u>

Depreciation expense was charged to district activities as follows:

Instruction	\$ 2,065,137
Support services-students	173,766
Support services-instructional staff	107,415
Support services-general administration	14,917
Support services-administration	34,041
Support services-business	66,934
Operation and maintenance	161,031
Student transportation	20,438
Food services	85,825
Extracurricular	117,876
Internal service fund	37,725
	<u>\$ 2,885,105</u>

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

Operating Leases

The district leases equipment under noncancelable operating leases. Total rental expenses for operating leases were \$5,394 for the year ended June 30, 2012. Scheduled minimum rental payments for the years ending June 30, 2013, 2014 and 2015 are \$6,314, \$3,579 and \$920, respectively.

Long-Term Debt

During the year ended June 30, 2012, the following changes occurred in long-term debt:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
General obligation bonds	\$ 12,000,000	\$ -	\$ -	\$ 12,000,000	\$ -
Limited obligation bonds	589,750	-	(84,250)	505,500	84,250
Notes payable	235,695	-	(114,765)	120,930	80,954
Compensated absences	12,104,593	7,658,689	(8,002,283)	11,760,999	1,176,099
Service credit and termination pay benefits	9,998,071	3,436,339	(2,392,409)	11,042,001	-
Other post employment benefits	9,269,000	2,265,000	(1,012,000)	10,522,000	-
	<u>\$ 44,197,109</u>	<u>\$ 13,360,028</u>	<u>\$ (11,605,707)</u>	<u>\$ 45,951,430</u>	<u>\$ 1,341,303</u>

A substantial portion of compensated absences and the service credit and termination pay benefits are paid from the General Fund. 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.

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.

Notes Payable-State Board of Investments

During June 2008, the district borrowed an additional \$408,564 on a refinanced note from the State Board of Investments. Proceeds from the borrowing were used to purchase 20 new vehicles. Interest and principal payments are due semi-annually. The interest rate on the notes was 1.25% at June 30, 2012. The interest rate is adjusted February of each year and cannot exceed 15% per annum. The elementary and high school general funds service 100% of the notes payable debt.

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

Annual debt service requirements to maturity for the limited obligation bonds and notes payable are as follows:

Year ending June 30,	General Obligation Bonds		Limited Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ -	\$ 648,000	\$ 84,250	-	\$ 80,954	1,263
2014	-	648,000	84,250	-	39,976	248
2015	-	648,000	84,250	-	-	-
2016	-	648,000	84,250	-	-	-
2017	-	648,000	84,250	-	-	-
2018-2022	-	3,240,000	84,250	-	-	-
2023-2027	12,000,000	3,240,000	-	-	-	-
	<u>\$ 12,000,000</u>	<u>\$ 9,720,000</u>	<u>\$ 505,500</u>	<u>\$ -</u>	<u>\$ 120,930</u>	<u>\$ 1,511</u>

**Fund Balances**

As of June 30, 2012, fund balances are comprised of the following:

	General Fund	Elementary Building Fund	High School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:					
Instruction	\$ -	\$ -	\$ -	\$ 4,645,200	\$ 4,645,200
Support services:					
Students	-	-	-	2,431	2,431
General administration	-	-	-	9,637	9,637
School administration	-	-	-	292,425	292,425
Operation and maintenance	-	-	-	557,158	557,158
Student transportation	-	-	-	721,354	721,354
Food services	-	-	-	93,521	93,521
Capital projects	-	1,783,141	3,115,371	-	4,898,512
Debt service	-	-	-	1,048,638	1,048,638
Committed:					
Instruction	-	-	-	737,875	737,875
Support services:					
Students	-	-	-	1,502,146	1,502,146
Community services	-	-	-	79,612	79,612
Assigned:					
Instruction	182,218	-	-	983,093	1,165,311
Support services:					
Students	-	-	-	651,604	651,604
Instructional staff	6,281	-	-	324,558	330,839
General administration	-	-	-	162,494	162,494
School administration	3,786	-	-	156,398	160,184
Business services	479	-	-	120,266	120,745
Operation and maintenance	188,095	3,012,904	464,518	148,438	3,813,955
Capital projects	242,385	-	-	-	242,385
Unassigned	4,015,233	-	-	-	4,015,233
	<u>\$ 4,638,477</u>	<u>\$ 4,796,045</u>	<u>\$ 3,579,889</u>	<u>\$ 12,236,848</u>	<u>\$ 25,251,259</u>

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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, 2012, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$597 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Claims were paid by a third party administrator acting on behalf of the district.

The administrative contract between the district and the third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. The district was protected against unanticipated catastrophic individual 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, 2012, 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 2012 and 2011 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2010-11	\$ 1,300,000	\$ 13,376,004	\$ (13,376,004)	\$ 1,300,000
2011-12	1,300,000	13,791,957	(13,957,957)	1,134,000

**Subsequent Events**

The district has evaluated subsequent events through December 17, 2012 the date which the financial statements were available to be issued.

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$685,654, primarily for construction projects, equipment and supplies. The following schedule displays encumbrances by major funds and nonmajor funds in the aggregate.

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assigned:			
Instruction	\$ 182,218	\$ 62,410	\$ 244,628
Support services:			
Instructional staff	6,281	-	6,281
School administration	3,786	-	3,786
Business services	479	-	479
Operation and maintenance	188,095	-	188,095
Capital projects	242,385	-	242,385
	<u>\$ 623,244</u>	<u>\$ 62,410</u>	<u>\$ 685,654</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.

The district settled outstanding lawsuits during FY2012. 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.

On May 8, 2012, the voters passed a \$14,144,502 bond issue consisting of \$5,811,000 in Qualified Zone Academy Bonds (QZAB) and \$8,333,502 in Qualified Energy Conservation Bonds (QECB). The bonds were issued July 26, 2012. The QZAB bonds will be used for deferred maintenance in the elementary district. QZAB bonds can be used to repair and rehabilitate existing schools where at least 35% of the students qualify for free or reduced lunch. The QECB bonds will be used for rehabilitating and improving two middle schools (\$4,553,502) and one of the high schools (\$3,780,000). QCEB projects are expected to reduce energy consumption in publicly-owned buildings by at least 20%. Interest on the bonds is at 4.25%. A portion of the interest expense is paid by the federal government. The district will make annual payments to a sinking fund for twenty years in order to provide for repayment of the bonds at maturity.

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.

Beginning in fiscal year 2002, eligible members of PERS had a 12-month window to choose between the PERS-defined benefit retirement plan (DBRP) or the PERS-defined contribution retirement plan (DCRP). Eligible new hires will have a 12-month window during which they may choose to remain in the current PERS-DBRP or join the PERS-DCRP. Members may not be active in both the defined contribution and defined benefit retirement plans. The choice is irrevocable. For members that choose to join the PERS-DCRP, a percentage of the employer contribution will be used to maintain the funding of the defined benefit plan.

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.

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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	7.47%	7.15%	14.62%
PERS	6.80%	6.90%	13.70%

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 \$47,415 to PERS and \$1,847,433 to TRS. These amounts have been recorded in the financial statements.

The amounts contributed to the plans during the years ended June 30, 2012, 2011 and 2010, 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>2012</u>	<u>2011</u>	<u>2010</u>
TRS-regular	\$ 10,932,215	\$ 11,153,328	\$ 10,779,984
TRS-termination	3,553,042	3,937,949	1,848,904
Total TRS	<u>\$ 14,485,257</u>	<u>\$ 15,091,277</u>	<u>\$ 12,628,888</u>
PERS	<u>\$ 1,765,454</u>	<u>\$ 1,729,736</u>	<u>\$ 1,682,557</u>

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	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.  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.  BCEA, MPEA and Administrative Support: 2 1/2 days of pay for each full year of service.
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.

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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TRS Option 1 Benefit

Eligibility	Employees who are eligible for retirement with TRS at 25 years of service or age 60 and 5 years of service for Normal Retirement, or age 50 and 5 years of service for Early Retirement.
Benefit	<p>TRS Employees may increase their monthly retirement benefit by including their Termination Pay (service credit, sick leave, and vacation leave) in the calculation of their Average Final Compensation. This option is also available to beneficiaries of eligible TRS employees who had not yet retired.</p> <p>As of October 1, 2011, administrators' vacation pay will be frozen for the purpose of payment within the district's severance package. As of July 1, 2011, no newly employed administrator will be 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 School's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	\$ 3,319,695
Interest on net pension obligation	449,913
Adjustment to annual required contribution	<u>(333,269)</u>
Annual pension cost	3,436,339
Contributions made	<u>(2,392,409)</u>
Change in net pension obligation	1,043,930
Net pension obligation-beginning of year	<u>9,998,071</u>
Net pension obligation-end of year	<u>\$ 11,042,001</u>

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. This report was updated for 2012 with new population information; however a full report will be generated again in 2013. 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 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.

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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)
2010	\$ 3,571,832	49%	\$ 8,996,358
2011	3,418,619	71%	9,998,071
2012	3,436,339	70%	11,042,001

Following is the Schedule of Funding Progress:

Actuarial valuation date	June 30, 2011
Actuarial value of assets	\$ -
Actuarial value of liabilities	\$ 36,843,296
Unfunded actuarial accrued liabilities (UAAL)	\$ 36,843,296
Funded ratio	0%
Covered payroll	\$ 82,307,548
UAAL as a percentage of covered payroll	45%

*Funded Status and Funding Progress.* As of June 30, 2011, the Plan was 0% funded. The actuarial accrued liability for benefits was \$36,843,296, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$36,843,296.

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	\$ 2,202,000
Interest on net OPEB obligation	417,000
Adjustment to annual required contribution	(354,000)
Annual OPEB cost (expense)	2,265,000
Contributions made	(1,012,000)
Increase in net OPEB obligation	1,253,000
Net OPEB obligation - beginning of year	9,269,000
Net OPEB obligation - end of year	\$ 10,522,000

**BILLINGS PUBLIC SCHOOLS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

The Billings Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 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)
2010	\$ 4,272,000	46%	\$ 7,721,000
2011	3,245,000	52%	9,269,000
2012	2,265,000	45%	10,522,000

*Funded Status and Funding Progress.* As of June 30, 2012, the Plan was 0% funded. The actuarial accrued liability for benefits was \$25,682,000, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$25,682,000. The covered payroll (annual payroll of active employees covered by the plan) was \$85,566,000 and the ratio of the UAAL to the covered payroll was 30% percent.

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

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the July 1, 2010 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 10% 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 32,422,018	\$ 32,422,018	\$ 32,602,150	\$ -	\$ 32,602,150
Intergovernmental:					
County	-	-	-	-	-
State aid	54,070,208	54,070,208	54,070,208	-	54,070,208
State other	14,761,737	14,761,737	14,786,383	-	14,786,383
Federal	45,406	45,406	45,406	-	45,406
Tuition	200,000	200,000	144,228	-	144,228
Interest	32,028	32,028	18,796	-	18,796
Miscellaneous	-	-	5,213	-	5,213
Total revenues	<u>101,531,397</u>	<u>101,531,397</u>	<u>101,672,384</u>	<u>-</u>	<u>101,672,384</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	64,178,723	64,413,215	64,265,373	(37,213)	64,228,160
Support services:					
Students	6,475,855	6,588,062	6,865,147	53	6,865,200
Instructional staff	6,090,099	6,036,110	5,737,487	6,318	5,743,805
General administration	2,372,500	1,805,852	1,696,286	-	1,696,286
Administration	7,483,437	7,472,536	7,644,017	(3,786)	7,640,231
Business	1,315,220	1,331,347	1,623,623	(479)	1,623,144
Operation and maintenance	10,585,785	10,725,015	10,747,095	(153,422)	10,593,673
Student transportation	5,682	16,740	20,604	-	20,604
Community services	6,600	6,600	-	-	-
Extracurricular	1,933,175	1,933,176	1,967,966	5,895	1,973,861
Debt Service:					
Principal	199,664	199,664	199,015	-	199,015
Interest and other charges	4,352	4,352	4,352	-	4,352
Capital Outlay	<u>880,305</u>	<u>998,728</u>	<u>678,451</u>	<u>(216,835)</u>	<u>461,616</u>
Total expenditures	<u>101,531,397</u>	<u>101,531,397</u>	<u>101,449,416</u>	<u>(399,469)</u>	<u>101,049,947</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>222,968</u>	<u>399,469</u>	<u>622,437</u>
Fund balances - beginning			<u>3,792,265</u>	<u>223,775</u>	<u>4,016,040</u>
Fund balances - ending			<u>\$ 4,015,233</u>	<u>\$ 623,244</u>	<u>\$ 4,638,477</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 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]
6/30/2011	\$ -	\$ 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%
6/30/2007	-	31,543,138	31,543,138	0%	72,919,464	43.3%

\* 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]
6/30/2012	\$ -	\$ 25,682,000	\$ 25,682,000	0%	\$ 85,566,000	30.0%
6/30/2011	-	34,530,000	34,530,000	0%	80,627,000	42.8%
6/30/2010	-	40,349,000	40,349,000	0%	72,522,000	55.6%

## **OTHER SUPPLEMENTARY INFORMATION**

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## **General Fund**

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

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**BILLINGS PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**ALL GENERAL SUBFUNDS**  
**June 30, 2012**

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 3,657,347	\$ 1,932,711	\$ 5,590,058
Receivables:			
Taxes, net	1,380,866	833,253	2,214,119
Other	187,260	9,691	196,951
Total assets	<u>\$ 5,225,473</u>	<u>\$ 2,775,655</u>	<u>\$ 8,001,128</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 854,250	\$ 575,916	\$ 1,430,166
Deferred revenue	1,301,958	630,527	1,932,485
Total liabilities	<u>2,156,208</u>	<u>1,206,443</u>	<u>3,362,651</u>
Fund balances:			
Assigned	328,543	294,701	623,244
Unassigned	2,740,722	1,274,511	4,015,233
Total fund balances	<u>3,069,265</u>	<u>1,569,212</u>	<u>4,638,477</u>
Total liabilities and fund balances	<u>\$ 5,225,473</u>	<u>\$ 2,775,655</u>	<u>\$ 8,001,128</u>

# BILLINGS PUBLIC SCHOOLS

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2012

	Elementary General Subfund	High School General Subfund	Total
<b>REVENUES</b>			
Property taxes	\$ 19,919,618	\$ 12,682,532	\$ 32,602,150
Intergovernmental:			
State aid	34,977,576	19,092,632	54,070,208
State other	10,150,941	4,635,442	14,786,383
Federal	28,656	16,750	45,406
Tuition	122,254	21,974	144,228
Interest	12,439	6,357	18,796
Miscellaneous	-	5,213	5,213
<b>Total revenues</b>	<b>65,211,484</b>	<b>36,460,900</b>	<b>101,672,384</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	42,265,590	21,962,570	64,228,160
Support services:			
Students	4,794,036	2,071,164	6,865,200
Instructional staff	3,691,913	2,051,892	5,743,805
General administration	1,054,116	642,170	1,696,286
School administration	4,531,881	3,108,350	7,640,231
Business services	1,073,250	549,894	1,623,144
Operation and maintenance	6,451,009	4,142,664	10,593,673
Student transportation	20,604	-	20,604
Extracurricular	457,964	1,515,897	1,973,861
Capital outlay	315,901	145,715	461,616
Debt service:			
Principal	161,143	37,872	199,015
Interest and other charges	3,081	1,271	4,352
<b>Total expenditures</b>	<b>64,820,488</b>	<b>36,229,459</b>	<b>101,049,947</b>
<b>Net change in fund balances</b>	<b>390,996</b>	<b>231,441</b>	<b>622,437</b>
<b>Fund balances - beginning</b>	<b>2,678,269</b>	<b>1,337,771</b>	<b>4,016,040</b>
<b>Fund balances - ending</b>	<b>\$ 3,069,265</b>	<b>\$ 1,569,212</b>	<b>\$ 4,638,477</b>

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
ELEMENTARY GENERAL SUBFUND  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 19,788,071	\$ 19,788,071	\$ 19,919,618	\$ -	\$ 19,919,618
Intergovernmental:					
State aid	34,977,576	34,977,576	34,977,576	-	34,977,576
State other	10,141,088	10,141,088	10,150,941	-	10,150,941
Federal	28,656	28,656	28,656	-	28,656
Tuition	150,000	150,000	122,254	-	122,254
Interest	23,113	23,113	12,439	-	12,439
Total revenues	65,108,504	65,108,504	65,211,484	-	65,211,484
<b>EXPENDITURES</b>					
Current:					
Instructional	42,140,341	42,333,867	42,355,087	(89,497)	42,265,590
Support services:					
Students	4,615,844	4,661,202	4,793,983	53	4,794,036
Instructional staff	3,907,821	3,863,442	3,687,047	4,866	3,691,913
General administration	1,447,287	1,108,419	1,054,116	-	1,054,116
Administration	4,547,522	4,567,702	4,531,881	-	4,531,881
Business	855,279	866,862	1,073,250	-	1,073,250
Operation and maintenance	6,379,920	6,470,194	6,503,435	(52,426)	6,451,009
Student transportation	5,682	16,740	20,604	-	20,604
Community services	4,400	4,400	-	-	-
Extracurricular	457,966	457,967	457,964	-	457,964
Debt Service:					
Principal	161,442	161,442	161,143	-	161,143
Interest and other charges	3,081	3,081	3,081	-	3,081
Capital Outlay	581,919	593,186	442,102	(126,201)	315,901
Total expenditures	65,108,504	65,108,504	65,083,693	(263,205)	64,820,488
Net change in fund balances	\$ -	\$ -	127,791	263,205	390,996
Fund balances - beginning			2,612,931	65,338	2,678,269
Fund balances - ending			\$ 2,740,722	\$ 328,543	\$ 3,069,265

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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 12,633,947	\$ 12,633,947	\$ 12,682,532	\$ -	\$ 12,682,532
Intergovernmental:					
State aid	19,092,632	19,092,632	19,092,632	-	19,092,632
State other	4,620,649	4,620,649	4,635,442	-	4,635,442
Federal	16,750	16,750	16,750	-	16,750
Tuition	50,000	50,000	21,974	-	21,974
Interest	8,915	8,915	6,357	-	6,357
Miscellaneous	-	-	5,213	-	5,213
<b>Total revenues</b>	<b>36,422,893</b>	<b>36,422,893</b>	<b>36,460,900</b>	<b>-</b>	<b>36,460,900</b>
<b>EXPENDITURES</b>					
Current:					
Instructional	22,038,382	22,079,348	21,910,286	52,284	21,962,570
Support services:					
Students	1,860,011	1,926,860	2,071,164	-	2,071,164
Instructional staff	2,182,278	2,172,668	2,050,440	1,452	2,051,892
General administration	925,213	697,433	642,170	-	642,170
Administration	2,935,915	2,904,834	3,112,136	(3,786)	3,108,350
Business	459,941	464,485	550,373	(479)	549,894
Operation and maintenance	4,205,865	4,254,821	4,243,660	(100,996)	4,142,664
Community services	2,200	2,200	-	-	-
Extracurricular	1,475,209	1,475,209	1,510,002	5,895	1,515,897
Debt Service:					
Principal	38,222	38,222	37,872	-	37,872
Interest and other charges	1,271	1,271	1,271	-	1,271
Capital Outlay	298,386	405,542	236,349	(90,634)	145,715
<b>Total expenditures</b>	<b>36,422,893</b>	<b>36,422,893</b>	<b>36,365,723</b>	<b>(136,264)</b>	<b>36,229,459</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>95,177</b>	<b>136,264</b>	<b>231,441</b>
Fund balances - beginning			1,179,334	158,437	1,337,771
Fund balances - ending			<u>\$ 1,274,511</u>	<u>\$ 294,701</u>	<u>\$ 1,569,212</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, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,294,363	\$ 1,056,047	\$ 561,018	\$ 11,911,428
Receivables:				
Taxes, net	511,287	11,027	-	522,314
Governments	828,652	-	-	828,652
Other	100,256	-	-	100,256
Total assets	<u>\$ 11,734,558</u>	<u>\$ 1,067,074</u>	<u>\$ 561,018</u>	<u>\$ 13,362,650</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 664,704	\$ 12,658	\$ 4,273	\$ 681,635
Deferred revenue	438,389	5,778	-	444,167
Total liabilities	<u>1,103,093</u>	<u>18,436</u>	<u>4,273</u>	<u>1,125,802</u>
Fund balances:				
Restricted	5,764,981	1,048,638	556,745	7,370,364
Committed	2,319,633	-	-	2,319,633
Assigned	2,546,851	-	-	2,546,851
Total fund balances	<u>10,631,465</u>	<u>1,048,638</u>	<u>556,745</u>	<u>12,236,848</u>
Total liabilities and fund balances	<u>\$ 11,734,558</u>	<u>\$ 1,067,074</u>	<u>\$ 561,018</u>	<u>\$ 13,362,650</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, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 6,523,688	\$ 392,506	\$ 8	\$ 6,916,202
Intergovernmental:				
County	14,480,834	-	-	14,480,834
State aid	30,430	545,007	-	575,437
State other	6,150,452	-	-	6,150,452
Federal	13,320,099	648,000	-	13,968,099
Charges for services	3,061,018	-	-	3,061,018
Interest	100,540	949	4,579	106,068
Miscellaneous	1,260,451	-	-	1,260,451
Total revenues	44,927,512	1,586,462	4,587	46,518,561
<b>EXPENDITURES</b>				
Current:				
Instruction	23,408,351	-	-	23,408,351
Support services:				
Students	4,329,378	-	-	4,329,378
Instructional staff	1,916,110	-	-	1,916,110
General administration	341,608	-	-	341,608
School administration	2,555,988	-	-	2,555,988
Business services	610,864	-	-	610,864
Operation and maintenance	1,067,524	-	7,093	1,074,617
Student transportation	5,497,661	-	-	5,497,661
Food services	5,807,668	-	-	5,807,668
Community services	16,681	-	-	16,681
Extracurricular	274,392	-	-	274,392
Other current charges	13,693	-	-	13,693
Capital outlay	50,544	-	38,488	89,032
Debt service				
Interest and other charges	-	649,500	-	649,500
Total expenditures	45,890,462	649,500	45,581	46,585,543
Excess (deficiency) of revenues over (under) expenditures	(962,950)	936,962	(40,994)	(66,982)
<b>OTHER FINANCING SOURCES</b>				
Insurance	3,610	-	-	3,610
Total other financing sources	3,610	-	-	3,610
Net change in fund balances	(959,340)	936,962	(40,994)	(63,372)
Fund balances - beginning	11,590,805	111,676	597,739	12,300,220
Fund balances - ending	\$ 10,631,465	\$ 1,048,638	\$ 556,745	\$ 12,236,848

## **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.

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

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, 2012

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	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	Elementary Retirement
<b>ASSETS</b>						
Cash and cash equivalents	\$ 204,016	\$ 497,895	\$ 21,021	\$ 120,227	\$ 7,764	\$ 2,200,035
Receivables:						
Taxes, net	145,940	86,810	-	8,326	23,414	-
Governments	-	-	38,318	-	-	-
Other	16,050	-	68,996	-	-	-
<b>Total assets</b>	<u>\$ 366,006</u>	<u>\$ 584,705</u>	<u>\$ 128,335</u>	<u>\$ 128,553</u>	<u>\$ 31,178</u>	<u>\$ 2,200,035</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 40,601	\$ 7,467	\$ 34,814	\$ -	\$ 11,120	\$ 49,191
Deferred revenue	115,522	65,767	-	8,326	19,419	-
<b>Total liabilities</b>	<u>156,123</u>	<u>73,234</u>	<u>34,814</u>	<u>8,326</u>	<u>30,539</u>	<u>49,191</u>
Fund balances:						
Restricted	209,883	511,471	93,521	120,227	639	2,150,844
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<u>209,883</u>	<u>511,471</u>	<u>93,521</u>	<u>120,227</u>	<u>639</u>	<u>2,150,844</u>
<b>Total liabilities and fund balances</b>	<u>\$ 366,006</u>	<u>\$ 584,705</u>	<u>\$ 128,335</u>	<u>\$ 128,553</u>	<u>\$ 31,178</u>	<u>\$ 2,200,035</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2012**

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	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	School Traffic Education
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,098,639	\$ 1,884,446	\$ 250,573	\$ 283,710	\$ 1,034,295	\$ 192,615
Receivables:						
Taxes, net	-	-	-	54,629	124,060	-
Governments	-	584,239	86,290	-	-	119,805
Other	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,098,639</u>	<u>\$ 2,468,685</u>	<u>\$ 336,863</u>	<u>\$ 338,339</u>	<u>\$ 1,158,355</u>	<u>\$ 312,420</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 41,955	\$ 146,486	\$ 20,737	\$ 4,695	\$ 218,905	\$ 17,980
Deferred revenue	-	21,525	-	48,948	107,396	-
<b>Total liabilities</b>	<u>41,955</u>	<u>168,011</u>	<u>20,737</u>	<u>53,643</u>	<u>326,301</u>	<u>17,980</u>
Fund balances:						
Restricted	1,056,684	20,721	104,630	229,294	832,054	294,440
Committed	-	-	-	-	-	-
Assigned	-	2,279,953	211,496	55,402	-	-
<b>Total fund balances</b>	<u>1,056,684</u>	<u>2,300,674</u>	<u>316,126</u>	<u>284,696</u>	<u>832,054</u>	<u>294,440</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,098,639</u>	<u>\$ 2,468,685</u>	<u>\$ 336,863</u>	<u>\$ 338,339</u>	<u>\$ 1,158,355</u>	<u>\$ 312,420</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2012

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	High School Lease Rental	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility
<b>ASSETS</b>						
Cash and cash equivalents	\$ 413	\$ 208	\$ 9,637	\$ 12,325	\$ 111,006	\$ 410,662
Receivables:						
Taxes, net	-	-	-	-	68,108	-
Governments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total assets	<u>\$ 413</u>	<u>\$ 208</u>	<u>\$ 9,637</u>	<u>\$ 12,325</u>	<u>\$ 179,114</u>	<u>\$ 410,662</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,638	\$ 5,235
Deferred revenue	-	-	-	-	51,486	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,124</u>	<u>5,235</u>
Fund balances:						
Restricted	413	208	9,637	12,325	117,990	-
Committed	-	-	-	-	-	405,427
Assigned	-	-	-	-	-	-
Total fund balances	<u>413</u>	<u>208</u>	<u>9,637</u>	<u>12,325</u>	<u>117,990</u>	<u>405,427</u>
Total liabilities and fund balances	<u>\$ 413</u>	<u>\$ 208</u>	<u>\$ 9,637</u>	<u>\$ 12,325</u>	<u>\$ 179,114</u>	<u>\$ 410,662</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2012

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	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 228,676	\$ 633,246	\$ 1,092,954	\$ 10,294,363
Receivables:				
Taxes, net	-	-	-	511,287
Governments	-	-	-	828,652
Other	-	15,210	-	100,256
Total assets	<u>\$ 228,676</u>	<u>\$ 648,456</u>	<u>\$ 1,092,954</u>	<u>\$ 11,734,558</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,843	\$ 36,662	\$ 13,375	\$ 664,704
Deferred revenue	-	-	-	438,389
Total liabilities	<u>5,843</u>	<u>36,662</u>	<u>13,375</u>	<u>1,103,093</u>
Fund balances:				
Restricted	-	-	-	5,764,981
Committed	222,833	611,794	1,079,579	2,319,633
Assigned	-	-	-	2,546,851
Total fund balances	<u>222,833</u>	<u>611,794</u>	<u>1,079,579</u>	<u>10,631,465</u>
Total liabilities and fund balances	<u>\$ 228,676</u>	<u>\$ 648,456</u>	<u>\$ 1,092,954</u>	<u>\$ 11,734,558</u>

# BILLINGS PUBLIC SCHOOLS

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## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2012

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	Elementary Retirement
<b>REVENUES</b>						
Property taxes	\$ 2,417,639	\$ 1,471,137	\$ -	\$ 2,501	\$ 150,532	\$ -
Intergovernmental:						
County	572,500	271,802	-	-	-	8,627,331
State aid	-	-	-	-	30,430	-
State other	719,733	312,368	5,204	-	-	1,298,020
Federal	-	-	3,361,507	-	-	-
Charges for services	38,296	1,408	2,452,515	-	-	-
Interest	291	1,801	568	1,362	769	14,670
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,748,459</b>	<b>2,058,516</b>	<b>5,819,794</b>	<b>3,863</b>	<b>181,731</b>	<b>9,940,021</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	-	-	-	90,700	294,400	7,127,192
Support services:						
Students	-	-	-	-	-	881,941
Instructional staff	-	-	-	-	-	549,765
General administration	-	-	-	-	-	99,775
School administration	194,621	58,697	-	-	-	792,316
Business services	-	-	-	-	-	160,290
Operation and maintenance	-	-	-	-	-	553,952
Student transportation	3,477,030	1,848,872	-	-	-	154,591
Food services	-	-	5,807,668	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	77,853
Other current charges	-	-	-	-	-	-
Capital outlay	-	-	5,390	-	-	-
<b>Total expenditures</b>	<b>3,671,651</b>	<b>1,907,569</b>	<b>5,813,058</b>	<b>90,700</b>	<b>294,400</b>	<b>10,397,675</b>
Excess (deficiency) of revenues over (under) expenditures	76,808	150,947	6,736	(86,837)	(112,669)	(457,654)
<b>OTHER FINANCING SOURCES</b>						
Insurance	-	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	76,808	150,947	6,736	(86,837)	(112,669)	(457,654)
Fund balances - beginning	133,075	360,524	86,785	207,064	113,308	2,608,498
Fund balances - ending	\$ 209,883	\$ 511,471	\$ 93,521	\$ 120,227	\$ 639	\$ 2,150,844

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2012**

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	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	High School Traffic Education
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 393,352	\$ 988,902	\$ -
Intergovernmental:						
County	5,009,201	-	-	-	-	-
State aid	-	-	-	-	-	-
State other	596,830	2,430,059	226,114	-	-	119,811
Federal	-	9,630,995	327,597	-	-	-
Charges for services	-	-	-	-	349,115	219,684
Interest	6,294	42,196	5,870	2,074	5,113	1,449
Miscellaneous	-	23,636	207,358	12,914	-	1,727
Total revenues	<u>5,612,325</u>	<u>12,126,886</u>	<u>766,939</u>	<u>408,340</u>	<u>1,343,130</u>	<u>342,671</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	3,730,334	8,917,281	612,480	379,964	821,103	335,187
Support services:						
Students	352,498	2,195,828	64	67,436	22,161	-
Instructional staff	311,451	546,500	72,976	-	2,641	-
General administration	41,839	199,843	151	-	-	-
School administration	562,944	453,881	5,218	22,112	437,199	-
Business services	85,604	296,918	68,052	-	-	-
Operation and maintenance	352,297	161,071	204	-	-	-
Student transportation	14,257	2,911	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	195,171	-	-	-	-	-
Other current charges	13,693	-	-	-	-	-
Capital outlay	-	4,288	13,743	-	-	-
Total expenditures	<u>5,660,088</u>	<u>12,778,521</u>	<u>772,888</u>	<u>469,512</u>	<u>1,283,104</u>	<u>335,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,763)</u>	<u>(651,635)</u>	<u>(5,949)</u>	<u>(61,172)</u>	<u>60,026</u>	<u>7,484</u>
<b>OTHER FINANCING SOURCES</b>						
Insurance	-	-	-	-	-	3,610
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,610</u>
Net change in fund balances	<u>(47,763)</u>	<u>(651,635)</u>	<u>(5,949)</u>	<u>(61,172)</u>	<u>60,026</u>	<u>11,094</u>
Fund balances - beginning	<u>1,104,447</u>	<u>2,952,309</u>	<u>322,075</u>	<u>345,868</u>	<u>772,028</u>	<u>283,346</u>
Fund balances - ending	<u>\$ 1,056,684</u>	<u>\$ 2,300,674</u>	<u>\$ 316,126</u>	<u>\$ 284,696</u>	<u>\$ 832,054</u>	<u>\$ 294,440</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2012**

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	High School Lease Rental	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,099,625	\$ -
Intergovernmental:						
County	-	-	-	-	-	-
State aid	-	-	-	-	-	-
State other	-	-	-	65,527	36,589	170,203
Federal	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	3	192	63	644	2,724	2,529
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>3</b>	<b>192</b>	<b>63</b>	<b>66,171</b>	<b>1,138,938</b>	<b>172,732</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	-	-	-	155,666	656,922	130,407
Support services:						
Students	-	-	-	-	-	-
Instructional staff	-	-	-	17,689	409,528	-
General administration	-	-	-	-	-	-
School administration	-	29,000	-	-	-	-
Business services	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	-
Other current charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	11,800	-
<b>Total expenditures</b>	<b>-</b>	<b>29,000</b>	<b>-</b>	<b>173,355</b>	<b>1,078,250</b>	<b>130,407</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3</b>	<b>(28,808)</b>	<b>63</b>	<b>(107,184)</b>	<b>60,688</b>	<b>42,325</b>
<b>OTHER FINANCING SOURCES</b>						
Insurance	-	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3</b>	<b>(28,808)</b>	<b>63</b>	<b>(107,184)</b>	<b>60,688</b>	<b>42,325</b>
<b>Fund balances - beginning</b>	<b>410</b>	<b>29,016</b>	<b>9,574</b>	<b>119,509</b>	<b>57,302</b>	<b>363,102</b>
<b>Fund balances - ending</b>	<b>\$ 413</b>	<b>\$ 208</b>	<b>\$ 9,637</b>	<b>\$ 12,325</b>	<b>\$ 117,990</b>	<b>\$ 405,427</b>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2012**

Page 4 of 4

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 6,523,688
Intergovernmental:				
County	-	-	-	14,480,834
State aid	-	-	-	30,430
State other	169,994	-	-	6,150,452
Federal	-	-	-	13,320,099
Charges for services	-	-	-	3,061,018
Interest	588	4,107	7,233	100,540
Miscellaneous	-	456,036	558,780	1,260,451
<b>Total revenues</b>	<b>170,582</b>	<b>460,143</b>	<b>566,013</b>	<b>44,927,512</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	19,165	84,471	53,079	23,408,351
Support services:				
Students	-	344,271	465,179	4,329,378
Instructional staff	-	2,292	3,268	1,916,110
General administration	-	-	-	341,608
School administration	-	-	-	2,555,988
Business services	-	-	-	610,864
Operation and maintenance	-	-	-	1,067,524
Student transportation	-	-	-	5,497,661
Food services	-	-	-	5,807,668
Community services	-	346	16,335	16,681
Extracurricular	-	-	1,368	274,392
Other current charges	-	-	-	13,693
Capital outlay	-	15,323	-	50,544
<b>Total expenditures</b>	<b>19,165</b>	<b>446,703</b>	<b>539,229</b>	<b>45,890,462</b>
Excess (deficiency) of revenues over (under) expenditures	151,417	13,440	26,784	(962,950)
<b>OTHER FINANCING SOURCES</b>				
Insurance	-	-	-	3,610
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,610</b>
Net change in fund balances	151,417	13,440	26,784	(959,340)
Fund balances - beginning	71,416	598,354	1,052,795	11,590,805
Fund balances - ending	\$ 222,833	\$ 611,794	\$ 1,079,579	\$ 10,631,465

# 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 2,407,023	\$ 2,407,023	\$ 2,417,639	\$ -	\$ 2,417,639
Intergovernmental:					
County	572,500	572,500	572,500	-	572,500
State other	719,733	719,733	719,733	-	719,733
Charges for services	39,000	39,000	38,296	-	38,296
Interest	2,000	2,000	291	-	291
Total revenues	<u>3,740,256</u>	<u>3,740,256</u>	<u>3,748,459</u>	<u>-</u>	<u>3,748,459</u>
<b>EXPENDITURES</b>					
Current:					
Support services:					
School administration	156,247	157,796	194,621	-	194,621
Student transportation	<u>3,584,009</u>	<u>3,582,460</u>	<u>3,462,965</u>	<u>14,065</u>	<u>3,477,030</u>
Total expenditures	<u>3,740,256</u>	<u>3,740,256</u>	<u>3,657,586</u>	<u>14,065</u>	<u>3,671,651</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	90,873	(14,065)	76,808
Fund balances - beginning			119,010	14,065	133,075
Fund balances - ending			<u>\$ 209,883</u>	<u>\$ -</u>	<u>\$ 209,883</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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 1,473,125	\$ 1,473,125	\$ 1,471,137	\$ -	\$ 1,471,137
Intergovernmental:					
County	285,000	285,000	271,802	-	271,802
State other	325,566	325,566	312,368	-	312,368
Charges for services	-	-	1,408	-	1,408
Interest	-	-	1,801	-	1,801
Total revenues	<u>2,083,691</u>	<u>2,083,691</u>	<u>2,058,516</u>	<u>-</u>	<u>2,058,516</u>
<b>EXPENDITURES</b>					
Current:					
Support services:					
School administration	116,531	118,322	58,697	-	58,697
Student transportation	1,867,160	1,865,369	1,846,872	2,000	1,848,872
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,083,691</u>	<u>2,083,691</u>	<u>1,905,569</u>	<u>2,000</u>	<u>1,907,569</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	152,947	(2,000)	150,947
Fund balances - beginning			<u>358,524</u>	<u>2,000</u>	<u>360,524</u>
Fund balances - ending			<u>\$ 511,471</u>	<u>\$ -</u>	<u>\$ 511,471</u>

# BILLINGS PUBLIC SCHOOLS

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUND ELEMENTARY TUITION FUND For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 2,501	\$ -	\$ 2,501
Interest	-	-	1,362	-	1,362
Total revenues	-	-	3,863	-	3,863
EXPENDITURES					
Current:					
Instruction	205,484	205,484	90,700	-	90,700
Total expenditures	205,484	205,484	90,700	-	90,700
Net change in fund balances	<u>\$ (205,484)</u>	<u>\$ (205,484)</u>	(86,837)	-	(86,837)
Fund balances - beginning			207,064	-	207,064
Fund balances - ending			<u>\$ 120,227</u>	<u>\$ -</u>	<u>\$ 120,227</u>

# BILLINGS PUBLIC SCHOOLS

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUND HIGH SCHOOL TUITION FUND For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 154,861	\$ 154,861	\$ 150,532	\$ -	\$ 150,532
Intergovernmental:					
State aid	30,430	30,430	30,430	-	30,430
Interest	1,400	1,400	769	-	769
Total revenues	186,691	186,691	181,731	-	181,731
EXPENDITURES					
Current:					
Instruction	300,000	300,000	294,400	-	294,400
Total expenditures	300,000	300,000	294,400	-	294,400
Net change in fund balances	<u>\$ (113,309)</u>	<u>\$ (113,309)</u>	(112,669)	-	(112,669)
Fund balances - beginning			113,308	-	113,308
Fund balances - ending			<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 639</u>

# BILLINGS PUBLIC SCHOOLS

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUND ELEMENTARY RETIREMENT FUND For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
County	\$ 9,070,000	\$ 9,070,000	\$ 8,627,331	\$ -	\$ 8,627,331
State other	-	-	-	1,298,020	1,298,020
Interest	30,000	30,000	14,670	-	14,670
Total revenues	9,100,000	9,100,000	8,642,001	1,298,020	9,940,021
<b>EXPENDITURES</b>					
Current:					
Instructional	6,149,973	6,118,722	6,104,159	1,023,033	7,127,192
Support services:					
Students	785,921	787,455	782,619	99,322	881,941
Instructional staff	521,502	521,948	485,413	64,352	549,765
General administration	53,960	81,818	93,441	6,334	99,775
School administration	715,966	715,966	715,020	77,296	792,316
Business services	111,426	111,479	157,460	2,830	160,290
Operation and maintenance	575,576	575,938	542,023	11,929	553,952
Student transportation	117,210	118,093	151,370	3,221	154,591
Extracurricular	68,466	68,581	68,150	9,703	77,853
Total expenditures	9,100,000	9,100,000	9,099,655	1,298,020	10,397,675
Net change in fund balances	\$ -	\$ -	(457,654)	-	(457,654)
Fund balances - beginning			2,608,498	-	2,608,498
Fund balances - ending			\$ 2,150,844	\$ -	\$ 2,150,844

# 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
County	\$ 5,285,000	\$ 5,285,000	\$ 5,009,201	\$ -	\$ 5,009,201
State other	-	-	-	596,830	596,830
Interest	15,000	15,000	6,294	-	6,294
Total revenues	5,300,000	5,300,000	5,015,495	596,830	5,612,325
<b>EXPENDITURES</b>					
Current:					
Instructional	3,718,003	3,690,508	3,276,787	453,547	3,730,334
Support services:					
Students	340,180	357,177	310,114	42,384	352,498
Instructional staff	233,896	237,477	286,395	25,056	311,451
General administration	45,295	51,276	37,859	3,980	41,839
School administration	399,815	399,815	522,427	40,517	562,944
Business services	110,403	110,640	82,788	2,816	85,604
Operation and maintenance	280,060	280,359	344,928	7,369	352,297
Student transportation	15,150	15,522	13,808	449	14,257
Food services	603	603	-	-	-
Extracurricular	156,595	156,623	174,459	20,712	195,171
Other current charges	-	-	13,693	-	13,693
Total expenditures	5,300,000	5,300,000	5,063,258	596,830	5,660,088
Net change in fund balances	\$ -	\$ -	(47,763)	-	(47,763)
Fund balances - beginning			1,104,447	-	1,104,447
Fund balances - ending			\$ 1,056,684	\$ -	\$ 1,056,684

# 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 418,413	\$ 418,413	\$ 393,352	\$ -	\$ 393,352
Interest	3,600	3,600	2,074	-	2,074
Miscellaneous	13,000	13,000	12,914	-	12,914
Total revenues	<u>435,013</u>	<u>435,013</u>	<u>408,340</u>	<u>-</u>	<u>408,340</u>
EXPENDITURES					
Current:					
Instructional	508,988	477,877	435,366	(55,402)	379,964
Support services:					
Students	16,269	74,353	67,436	-	67,436
Instructional staff	4,000	3,500	-	-	-
School administration	49,173	22,700	22,112	-	22,112
Total expenditures	<u>578,430</u>	<u>578,430</u>	<u>524,914</u>	<u>(55,402)</u>	<u>469,512</u>
Net change in fund balances	<u>\$ (143,417)</u>	<u>\$ (143,417)</u>	(116,574)	55,402	(61,172)
Fund balances - beginning			345,868	-	345,868
Fund balances - ending			<u>\$ 229,294</u>	<u>\$ 55,402</u>	<u>\$ 284,696</u>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR SPECIAL REVENUE FUND

### HIGH SCHOOL ADULT EDUCATION FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 1,043,452	\$ 1,043,452	\$ 988,902	\$ -	\$ 988,902
Charges for services	340,000	340,000	349,115	-	349,115
Interest	8,000	8,000	5,113	-	5,113
Total revenues	<u>1,391,452</u>	<u>1,391,452</u>	<u>1,343,130</u>	<u>-</u>	<u>1,343,130</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	992,271	1,030,195	818,043	3,060	821,103
Support services:					
Students	126,049	55,567	22,161	-	22,161
Instructional staff	5,531	4,170	2,641	-	2,641
School administration	457,332	481,401	436,779	420	437,199
Operation and maintenance	2,600	-	-	-	-
Capital Outlay	16,217	28,667	-	-	-
Total expenditures	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,279,624</u>	<u>3,480</u>	<u>1,283,104</u>
Net change in fund balances	<u>\$ (208,548)</u>	<u>\$ (208,548)</u>	63,506	(3,480)	60,026
Fund balances - beginning			<u>768,548</u>	<u>3,480</u>	<u>772,028</u>
Fund balances - ending			<u>\$ 832,054</u>	<u>\$ -</u>	<u>\$ 832,054</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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
State other	\$ 65,527	\$ 65,527	\$ 65,527	\$ -	\$ 65,527
Interest	-	-	644	-	644
Total revenues	65,527	65,527	66,171	-	66,171
<b>EXPENDITURES</b>					
Current:					
Instructional	185,036	185,036	155,666	-	155,666
Support services:					
Instructional staff	-	-	17,689	-	17,689
Total expenditures	185,036	185,036	173,355	-	173,355
Net change in fund balances	\$ (119,509)	\$ (119,509)	(107,184)	-	(107,184)
Fund balances - beginning			119,509	-	119,509
Fund balances - ending			\$ 12,325	\$ -	\$ 12,325

# 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, 2012

	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	\$ 1,099,625	\$ -	\$ 1,099,625
Intergovernmental:					
State other	36,589	36,589	36,589	-	36,589
Interest	-	-	2,724	-	2,724
Total revenues	<u>1,136,048</u>	<u>1,136,048</u>	<u>1,138,938</u>	<u>-</u>	<u>1,138,938</u>
EXPENDITURES					
Current:					
Instructional	751,984	687,336	656,922	-	656,922
Support services:					
Instructional staff	439,537	492,385	409,528	-	409,528
Capital Outlay	<u>1,829</u>	<u>13,629</u>	<u>11,800</u>	<u>-</u>	<u>11,800</u>
Total expenditures	<u>1,193,350</u>	<u>1,193,350</u>	<u>1,078,250</u>	<u>-</u>	<u>1,078,250</u>
Net change in fund balances	<u>\$ (57,302)</u>	<u>\$ (57,302)</u>	60,688	-	60,688
Fund balances - beginning			<u>57,302</u>	<u>-</u>	<u>57,302</u>
Fund balances - ending			<u>\$ 117,990</u>	<u>\$ -</u>	<u>\$ 117,990</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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
State other	\$ 170,203	\$ 170,203	\$ 170,203	\$ -	\$ 170,203
Interest	-	-	2,529	-	2,529
Total revenues	<u>170,203</u>	<u>170,203</u>	<u>172,732</u>	<u>-</u>	<u>172,732</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	498,305	498,305	130,407	-	130,407
Capital Outlay	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>533,305</u>	<u>533,305</u>	<u>130,407</u>	<u>-</u>	<u>130,407</u>
Net change in fund balances	<u>\$ (363,102)</u>	<u>\$ (363,102)</u>	42,325	-	42,325
Fund balances - beginning			<u>363,102</u>	<u>-</u>	<u>363,102</u>
Fund balances - ending			<u>\$ 405,427</u>	<u>\$ -</u>	<u>\$ 405,427</u>

# BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUND  
 HIGH SCHOOL FLEXIBILITY FUND  
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 169,994	\$ 169,994	\$ 169,994	\$ -	\$ 169,994
Interest	-	-	588	-	588
Total revenues	<u>169,994</u>	<u>169,994</u>	<u>170,582</u>	<u>-</u>	<u>170,582</u>
EXPENDITURES					
Current:					
Instructional	190,928	190,928	19,165	-	19,165
Support services:					
Instructional staff	<u>50,482</u>	<u>50,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>241,410</u>	<u>241,410</u>	<u>19,165</u>	<u>-</u>	<u>19,165</u>
Net change in fund balances	<u>\$ (71,416)</u>	<u>\$ (71,416)</u>	151,417	-	151,417
Fund balances - beginning			<u>71,416</u>	<u>-</u>	<u>71,416</u>
Fund balances - ending			<u>\$ 222,833</u>	<u>\$ -</u>	<u>\$ 222,833</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, 2012

	Elementary Debt Service	High School Debt Service	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 406,462	\$ 649,585	\$ 1,056,047
Receivables:			
Taxes, net	5,144	5,883	11,027
Total assets	<u>\$ 411,606</u>	<u>\$ 655,468</u>	<u>\$ 1,067,074</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 12,658	\$ 12,658
Deferred revenue	4,354	1,424	5,778
Total liabilities	<u>4,354</u>	<u>14,082</u>	<u>18,436</u>
Fund balances:			
Restricted	<u>407,252</u>	<u>641,386</u>	<u>1,048,638</u>
Total fund balances	<u>407,252</u>	<u>641,386</u>	<u>1,048,638</u>
Total liabilities and fund balances	<u>\$ 411,606</u>	<u>\$ 655,468</u>	<u>\$ 1,067,074</u>

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

For the Year Ended June 30, 2012

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	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 62,235	\$ 330,271	\$ 392,506
Intergovernmental:			
State aid	233,392	311,615	545,007
Federal	238,680	409,320	648,000
Interest	949	-	949
	<u>535,256</u>	<u>1,051,206</u>	<u>1,586,462</u>
Total revenues			
	<u>535,256</u>	<u>1,051,206</u>	<u>1,586,462</u>
EXPENDITURES			
Debt service:			
Interest and other charges	239,680	409,820	649,500
	<u>239,680</u>	<u>409,820</u>	<u>649,500</u>
Total expenditures			
	<u>239,680</u>	<u>409,820</u>	<u>649,500</u>
Net change in fund balances	295,576	641,386	936,962
Fund balances - beginning	111,676	-	111,676
Fund balances - ending	<u>\$ 407,252</u>	<u>\$ 641,386</u>	<u>\$ 1,048,638</u>

# 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 60,170	\$ 60,170	\$ 62,235	\$ -	\$ 62,235
Intergovernmental:					
State aid	-	-	233,392	-	233,392
Federal	344,084	344,084	238,680	-	238,680
Interest	-	-	949	-	949
Total revenues	<u>404,254</u>	<u>404,254</u>	<u>535,256</u>	<u>-</u>	<u>535,256</u>
EXPENDITURES					
Debt Service:					
Principal	276,250	276,250	-	-	-
Interest and other charges	<u>239,680</u>	<u>239,680</u>	<u>239,680</u>	<u>-</u>	<u>239,680</u>
Total expenditures	<u>515,930</u>	<u>515,930</u>	<u>239,680</u>	<u>-</u>	<u>239,680</u>
Net change in fund balances	<u>\$ (111,676)</u>	<u>\$ (111,676)</u>	295,576	-	295,576
Fund balances - beginning			<u>111,676</u>	<u>-</u>	<u>111,676</u>
Fund balances - ending			<u>\$ 407,252</u>	<u>\$ -</u>	<u>\$ 407,252</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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 333,159	\$ 333,159	\$ 330,271	\$ -	\$ 330,271
Intergovernmental:					
State aid	-	-	311,615	-	311,615
Federal	550,411	550,411	409,320	-	409,320
Total revenues	883,570	883,570	1,051,206	-	1,051,206
EXPENDITURES					
Debt Service:					
Principal	473,750	473,750	-	-	-
Interest and other charges	409,820	409,820	409,820	-	409,820
Total expenditures	883,570	883,570	409,820	-	409,820
Net change in fund balances	\$ -	\$ -	641,386	-	641,386
Fund balances - beginning			-	-	-
Fund balances - ending			\$ 641,386	\$ -	\$ 641,386

## **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.

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BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2012

	Elementary Building Reserve	High School Building Reserve	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 273,294	\$ 287,724	\$ 561,018
Total assets	<u>\$ 273,294</u>	<u>\$ 287,724</u>	<u>\$ 561,018</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 4,273	\$ -	\$ 4,273
Total liabilities	<u>4,273</u>	<u>-</u>	<u>4,273</u>
Fund balances:			
Restricted	<u>269,021</u>	<u>287,724</u>	<u>556,745</u>
Total fund balances	<u>269,021</u>	<u>287,724</u>	<u>556,745</u>
Total liabilities and fund balances	<u>\$ 273,294</u>	<u>\$ 287,724</u>	<u>\$ 561,018</u>

**BILLINGS PUBLIC SCHOOLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2012

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	Elementary Building Reserve	High School Building Reserve	Total
REVENUES			
Property taxes	\$ 6	\$ 2	\$ 8
Interest	2,011	2,568	4,579
Total revenues	2,017	2,570	4,587
EXPENDITURES			
Current:			
Support services:			
Operation and maintenance	7,093	-	7,093
Capital outlay	35,771	2,717	38,488
Total expenditures	42,864	2,717	45,581
Net change in fund balances	(40,847)	(147)	(40,994)
Fund balances - beginning	309,868	287,871	597,739
Fund balances - ending	\$ 269,021	\$ 287,724	\$ 556,745

# 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 6	\$ -	\$ 6
Interest	-	-	2,011	-	2,011
Total revenues	-	-	2,017	-	2,017
EXPENDITURES					
Current:					
Operation and maintenance	-	9,689	7,093	-	7,093
Capital Outlay	309,868	300,179	35,771	-	35,771
Total expenditures	309,868	309,868	42,864	-	42,864
Net change in fund balances	\$ (309,868)	\$ (309,868)	(40,847)	-	(40,847)
Fund balances - beginning			309,868	-	309,868
Fund balances - ending			\$ 269,021	\$ -	\$ 269,021

# 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, 2012

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 2	\$ -	\$ 2
Interest	-	-	2,568	-	2,568
Total revenues	-	-	2,570	-	2,570
EXPENDITURES					
Current:					
Operation and maintenance	-	4,772	-	-	-
Capital Outlay	287,871	283,099	2,717	-	2,717
Total expenditures	287,871	287,871	2,717	-	2,717
Net change in fund balances	<u>\$ (287,871)</u>	<u>\$ (287,871)</u>	(147)	-	(147)
Fund balances - beginning			287,871	-	287,871
Fund balances - ending			<u>\$ 287,724</u>	<u>\$ -</u>	<u>\$ 287,724</u>

## **PROPRIETARY FUNDS**

### **Internal Service Funds:**

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

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 ASSETS-ALL INTERNAL SERVICE FUNDS

June 30, 2012

	Warehouse	Self-Insurance Health	Self- Insurance Property	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 88,708	\$ 4,695,822	\$ 350	\$ 4,784,880
Accounts receivables, net	2,868	416,818	-	419,686
Prepaid items	-	104,053	-	104,053
Total current assets	91,576	5,216,693	350	5,308,619
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	22,338	1,153,455	-	1,175,793
Unearned revenue	-	66,017	-	66,017
Compensated absences	2,777	2,481	-	5,258
Total current liabilities	25,115	1,221,953	-	1,247,068
Non-current liabilities:				
Compensated absences	24,995	22,326	-	47,321
Other postemployment benefits	-	10,522,000	-	10,522,000
Total non-current liabilities	24,995	10,544,326	-	10,569,321
Total liabilities	50,110	11,766,279	-	11,816,389
<b>NET ASSETS</b>				
Unrestricted	41,466	(6,549,586)	350	(6,507,770)
Total net assets	\$ 41,466	\$ (6,549,586)	\$ 350	\$ (6,507,770)

# BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS-  
ALL INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2012

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 953,856	\$ 15,830,201	\$ -	\$ 16,784,057
Total operating revenues	953,856	15,830,201	-	16,784,057
<b>OPERATING EXPENSES</b>				
Personal services - salaries	-	80,897	-	80,897
Personal services - benefits	-	7,468	-	7,468
Purchased professional and technical services	-	-	8,492	8,492
Purchased property services	74,888	826	647	76,361
Other purchased services	18	1,254,491	-	1,254,509
Supplies and materials	762,001	791	-	762,792
Insurance claims and expenses	-	13,791,957	-	13,791,957
Other postemployment benefits	-	1,253,000	-	1,253,000
Miscellaneous	6,525	-	-	6,525
Depreciation	37,725	-	-	37,725
Total operating expenses	881,157	16,389,430	9,139	17,279,726
Operating income (loss)	72,699	(559,229)	(9,139)	(495,669)
<b>NONOPERATING REVENUES AND EXPENSES</b>				
Interest revenue	901	27,679	32	28,612
Miscellaneous revenue	-	725,226	-	725,226
Capital assets reassigned to governmental activities	(1,312,334)	-	-	(1,312,334)
Total non-operating revenues and expenses	(1,311,433)	752,905	32	(558,496)
Change in net assets	(1,238,734)	193,676	(9,107)	(1,054,165)
Net assets - beginning	1,280,200	(6,743,262)	9,457	(5,453,605)
Net assets - ending	\$ 41,466	\$ (6,549,586)	\$ 350	\$ (6,507,770)

# BILLINGS PUBLIC SCHOOLS

## COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2012

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
<b>CASH FLOWS FROM OPERATIONS:</b>				
Cash received from health insurance premiums	\$ -	\$ 15,823,623	\$ -	\$ 15,823,623
Cash received from interfund services	953,605	-	-	953,605
Medical claims paid	-	(13,957,957)	-	(13,957,957)
Cash paid to employees health insurance services	-	(86,902)	-	(86,902)
Cash paid to employees for interfund services	(44,940)	-	-	(44,940)
Cash paid to suppliers for goods and services health insurance services	-	(1,248,050)	-	(1,248,050)
Cash paid to suppliers for goods and services interfund services	(755,413)	-	(9,139)	(764,552)
Net cash provided (used) by operating activities	153,252	530,714	(9,139)	674,827
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Miscellaneous cash received	-	725,226	-	725,226
Cash paid-interfund payable	(85,000)	-	-	(85,000)
Net cash provided (used) by noncapital financing activities	(85,000)	725,226	-	640,226
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	901	27,679	32	28,612
Net cash provided by investing activities	901	27,679	32	28,612
Change in cash and cash equivalents	69,153	1,283,619	(9,107)	1,343,665
Cash and cash equivalents - beginning	19,555	3,412,203	9,457	3,441,215
Cash and cash equivalents - ending	\$ 88,708	\$ 4,695,822	\$ 350	\$ 4,784,880
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 72,699	\$ (559,229)	\$ (9,139)	\$ (495,669)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	37,725	-	-	37,725
Other postemployment benefits	-	1,253,000	-	1,253,000
(Increase ) decrease in accounts receivable	(251)	(11,143)	-	(11,394)
Decrease in inventory	81,243	-	-	81,243
Increase in prepaid items	-	(8,367)	-	(8,367)
Increase (decrease) in accounts payable	6,776	(149,575)	-	(142,799)
Increase in unearned revenue	-	4,565	-	4,565
Increase (decrease) in compensated absences	(44,940)	1,463	-	(43,477)
Net cash provided (used) by operating activities	\$ 153,252	\$ 530,714	\$ (9,139)	\$ 674,827

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## **Fiduciary Funds**

### **Private-Purpose Trust Funds:**

Extracurricular Fund (Elementary and High School) - To account for revenue 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 FIDUCIARY NET ASSETS  
 ALL PRIVATE-PURPOSE TRUST FUNDS  
 June 30, 2012

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	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 501,971	\$ 1,765,123	\$ 2,267,094
Total assets	501,971	1,765,123	2,267,094
LIABILITIES			
Accounts payable	28,085	49,756	77,841
Total liabilities	28,085	49,756	77,841
NET ASSETS			
Held in trust	\$ 473,886	\$ 1,715,367	\$ 2,189,253

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**ALL PRIVATE-PURPOSE TRUST FUNDS**  
For the Year Ended June 30, 2012

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	Elementary Extracurricular	High School Extracurricular	Total
<b>ADDITIONS</b>			
Contributions:			
Student extracurricular activities	\$ 492,784	\$ 2,574,053	\$ 3,066,837
Investment earnings:			
Interest	3,654	12,231	15,885
Total additions	496,438	2,586,284	3,082,722
<b>DEDUCTIONS</b>			
Student extracurricular activities	531,890	2,452,416	2,984,306
Total deductions	531,890	2,452,416	2,984,306
Change in net assets	(35,452)	133,868	98,416
Net assets - beginning	509,338	1,581,499	2,090,837
Net assets - ending	\$ 473,886	\$ 1,715,367	\$ 2,189,253

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>PAYROLL CLEARING FUND</b>				
<b>ASSETS</b>				
Cash	\$ 378,119	\$ 107,827,522	\$ 101,911,453	\$ 6,294,188
Other receivables	453	1,120	1,573	-
Total assets	<u>378,572</u>	<u>107,828,642</u>	<u>101,913,026</u>	<u>6,294,188</u>
<b>LIABILITIES</b>				
Accounts payable	<u>378,572</u>	<u>101,913,026</u>	<u>107,828,642</u>	<u>6,294,188</u>
Total liabilities	<u>378,572</u>	<u>101,913,026</u>	<u>107,828,642</u>	<u>6,294,188</u>
<b>CAFETERIA/FLEX PLAN FUND</b>				
<b>ASSETS</b>				
Cash	222,310	1,374,535	1,406,960	189,885
Total assets	<u>222,310</u>	<u>1,374,535</u>	<u>1,406,960</u>	<u>189,885</u>
<b>LIABILITIES</b>				
Accounts payable	<u>222,310</u>	<u>1,406,960</u>	<u>1,374,535</u>	<u>189,885</u>
Total liabilities	<u>222,310</u>	<u>1,406,960</u>	<u>1,374,535</u>	<u>189,885</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	600,429	109,202,057	103,318,413	6,484,073
Other receivables	453	1,120	1,573	-
Total assets	<u>600,882</u>	<u>109,203,177</u>	<u>103,319,986</u>	<u>6,484,073</u>
<b>LIABILITIES</b>				
Accounts payable	<u>600,882</u>	<u>103,319,986</u>	<u>109,203,177</u>	<u>6,484,073</u>
Total liabilities	<u>\$ 600,882</u>	<u>\$ 103,319,986</u>	<u>\$ 109,203,177</u>	<u>\$ 6,484,073</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 FIDUCIARY NET ASSETS - EXTRACURRICULAR**  
For the Year Ended June 30, 2012

Location	Balance July 1, 2011	Revenues	Expenditures	Balance June 30, 2012
Career Center	\$ 115,080	\$ 96,564	\$ 101,535	\$ 110,109
Senior High School	459,628	707,353	619,901	547,080
West High School	362,961	753,128	726,934	389,155
Skyview High School	285,377	715,997	718,231	283,143
Middle Schools-Athletics	352,095	108,923	140,233	320,785
Lewis & Clark Middle School	11,613	44,795	51,108	5,300
Riverside Middle School	35,916	57,837	53,461	40,292
Will James Middle School	29,969	98,702	102,888	25,783
Castlerock Middle School	36,259	73,638	72,704	37,193
Arrowhead Elementary	4,560	9,257	4,323	9,494
Beartooth Elementary	2,915	6,713	7,324	2,304
Bench Elementary	303	4,875	4,178	1,000
Bitterroot Elementary	740	749	910	579
Boulder Elementary	921	6	836	91
Broadwater Elementary	1,385	1,274	2,477	182
Burlington Elementary	5,538	19,653	19,639	5,552
Central Heights Elementary	2,961	515	2,107	1,369
Highland Elementary	-	1,446	1,076	370
McKinley Elementary	1,843	7,033	7,070	1,806
Meadowlark Elementary	1,696	5,973	5,142	2,527
Miles Elementary	4,647	6,775	8,311	3,111
Newman Elementary	2,017	4,931	4,388	2,560
Poly Elementary	855	7,516	6,892	1,479
Ponderosa Elementary	3,083	8,078	8,997	2,164
Rose Park Elementary	7	486	288	205
Sandstone Elementary	3,304	3,597	4,104	2,797
Adult Education	60	1,005	329	736
Washington Elementary	725	1,860	1,662	923
Big Sky Elementary	1,778	6,844	5,562	3,060
Eagle Cliffs Elementary	3	-	-	3
Exec Director of Activities	342,384	233,112	203,489	372,007
Coordinator of Music	20,214	94,087	98,207	16,094
	<u>\$ 2,090,837</u>	<u>\$ 3,082,722</u>	<u>\$ 2,984,306</u>	<u>\$ 2,189,253</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, 2012

	Per Enrollment Reports	Audit Per District Records	Difference
<u>Fall Enrollment - October, 2011</u>			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,297	1,297	-
(b) Kindergarten (enrolled 181-719 hours per year)	1	1	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,150	7,150	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,343	2,343	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	3	3	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	<u>10,794</u>	<u>10,794</u>	<u>-</u>
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,130	5,130	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	37	37	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	4	4	-
(n) Total High School (add lines k through m)	<u>5,171</u>	<u>5,171</u>	<u>-</u>
(o) 19 Year-olds included on line k	<u>15</u>	<u>15</u>	<u>-</u>
(p) Job Corp	<u>2</u>	<u>2</u>	<u>-</u>
(q) Montana Youth Challenge	<u>12</u>	<u>12</u>	<u>-</u>
<u>Spring Enrollment - February 2012</u>			
Elementary School District			
K - 6:			
(r) Kindergarten (enrolled 720+ hours per year)	1,300	1,300	-
(s) Kindergarten (enrolled 181-719 hours per year)	5	5	-
(t) Grades 1-6 (enrolled 720+ hours per year)	7,154	7,154	-
(u) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(v) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(w) Grades 7-8 (enrolled 720+ hours per year)	2,321	2,321	-
(x) Grades 7-8 (enrolled 181-719 hours per year)	8	8	-
(y) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(z) Total Elementary (add lines r through y)	<u>10,788</u>	<u>10,788</u>	<u>-</u>
High School District:			
(aa) Grades 9-12 (enrolled 720+ hours per year)	4,998	4,998	-
(bb) Grades 9-12 (enrolled 181-719 hours per year)	60	60	-
(cc) Grades 9 - 12 (enrolled < 181 hours per year)	5	5	-
(dd) Total High School (add lines aa through cc)	<u>5,063</u>	<u>5,063</u>	<u>-</u>
(ee) 19 Year-olds included on line aa	<u>14</u>	<u>14</u>	<u>-</u>
(ff) Early Graduates	<u>18</u>	<u>18</u>	<u>-</u>

## **SECTION III - STATISTICAL SECTION**

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## SECTION III - STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	89-93
<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	94-100
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	101-104
<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	105-106
<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	107-113
<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

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

Table 1

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Invested in capital assets, net of related debt	39,421,682	43,934,804	50,433,854	56,020,328	\$ 58,767,183	\$ 61,191,582	\$ 60,569,790	\$ 60,775,788	\$ 59,798,909	\$ 57,733,805
Restricted	11,771,136	12,564,845	13,671,645	13,686,410	13,266,250	12,533,071	14,612,086	13,131,943	7,457,520	7,793,006
Unrestricted (deficit)	(8,131,599)	(8,873,712)	(9,760,795)	(12,253,119)	(4,326,828)	(6,105,856)	(12,737,076)	(15,821,877)	(13,230,538)	(14,127,147)
Total governmental activities net assets	\$ 43,061,219	\$ 47,625,937	\$ 54,344,704	\$ 57,453,619	\$ 67,706,605	\$ 67,618,797	\$ 62,444,800	\$ 58,085,854	\$ 54,025,891	\$ 51,399,664

1

1 Unrestricted (deficit) net assets 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 ASSETS - GOVERNMENTAL ACTIVITIES**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses:</b>										
Instruction	\$ 63,928,039	\$ 68,603,766	\$ 69,408,652	\$ 74,316,304	\$ 78,052,218	\$ 85,812,039	\$ 88,164,245	\$ 91,294,560	\$ 94,100,760	\$ 90,996,777
Support services:										
Students	6,547,994	7,318,577	7,502,320	8,245,532	9,117,020	9,298,820	9,601,125	10,384,550	10,978,889	11,562,508
Instructional staff	5,487,455	5,326,663	5,354,675	5,992,695	5,878,241	6,595,906	6,945,475	7,115,837	7,541,224	7,768,857
General administration	2,016,253	1,429,577	1,471,734	1,238,774	1,354,664	1,476,711	1,312,581	1,607,281	1,559,394	2,183,458
School administration	6,856,382	7,322,209	7,432,014	8,130,808	8,248,789	9,003,814	9,069,215	9,642,520	10,149,144	10,076,339
Business services	906,263	1,333,322	1,408,610	1,769,612	1,842,122	2,019,626	1,880,984	1,948,020	2,258,772	2,321,858
Operation and maintenance	8,302,190	9,463,421	9,395,802	10,270,658	10,713,840	12,421,095	12,140,124	12,232,630	12,244,035	12,055,291
Student transportation	3,683,039	3,844,736	4,128,160	4,310,389	4,375,271	4,658,373	5,136,849	5,037,035	5,220,799	5,550,126
Food services	3,721,168	3,805,629	4,216,117	4,113,009	4,180,626	4,701,734	5,146,099	5,253,191	5,872,264	5,893,493
Community services	46,577	14,729	11,094	15,178	14,953	14,050	19,891	26,363	30,563	18,661
Extracurricular	1,768,576	1,754,424	1,802,211	1,909,711	1,920,491	2,281,969	2,328,064	2,351,072	2,458,540	2,399,701
Other current charges	-	-	-	-	-	-	11,479	12,350	12,874	13,693
Interest	142,364	91,488	308,478	221,475	177,913	117,618	29,399	46,167	316,332	670,408
Total expenses	103,406,300	110,308,541	112,439,867	120,534,145	125,875,948	138,371,755	141,785,530	146,951,576	152,743,590	151,509,190
<b>Program revenues</b>										
Charges for services:										
Instruction	659,646	655,977	656,235	665,848	612,530	626,047	712,110	782,219	733,494	714,937
Support services:										
Operation and maintenance	41,565	87,491	75,529	82,717	70,401	41,025	41,494	33,606	32,415	50,315
Student transportation	48,096	43,013	45,119	40,991	44,857	43,180	42,381	42,288	36,379	39,704
Food services	1,832,753	1,968,901	2,141,650	2,187,687	2,253,548	2,305,026	2,367,209	2,378,896	2,362,415	2,452,515
Operating grants and contributions	16,534,038	18,749,300	19,621,440	21,432,451	27,164,473	28,928,094	26,530,143	33,980,895	37,940,966	30,073,832
Capital grants and contributions	-	-	-	584,375	240,298	628,251	892,912	77,188	77,586	48,665
Total program revenues	19,116,098	21,504,682	22,539,973	24,994,069	30,386,107	32,571,623	30,586,249	37,295,082	41,185,255	33,379,968
Net expense	(84,290,202)	(88,803,859)	(89,899,894)	(95,540,076)	(95,489,841)	(105,800,132)	(111,199,281)	(109,656,494)	(111,558,335)	(118,129,222)
<b>General revenues:</b>										
Property taxes	31,197,984	32,763,840	32,898,784	34,895,621	33,088,889	34,701,063	34,991,351	35,921,360	38,512,088	39,255,766
Unrestricted intergovernmental:										
State aid	39,843,254	41,255,716	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645
State other	6,959,433	5,919,009	6,195,366	6,298,034	6,173,289	5,714,923	5,724,096	5,678,398	5,721,040	5,720,810
County	10,640,000	11,950,586	12,307,903	10,606,494	11,252,174	11,946,780	13,211,358	12,124,782	13,525,559	13,636,532
Federal	-	170,621	-	-	-	-	-	-	-	-
Interest	497,331	322,613	710,566	924,471	1,050,145	1,064,579	681,026	411,620	293,422	217,250
Contributions and donations	303,722	391,433	444,283	538,494	1,146,765	581,134	835,415	937,984	1,146,735	988,900
Miscellaneous	463,292	502,667	233,778	177,871	209,184	271,266	235,112	459,324	269,744	1,038,092
Gain on disposal of capital assets	156,925	92,092	-	-	242,559	2,475,779	-	-	-	-
Transfers	-	-	-	-	-	-	5,745	-	-	-
Total general revenues	90,061,941	93,368,577	96,618,661	98,648,991	99,337,530	105,712,324	106,025,284	105,297,548	107,498,372	115,502,895
Change in net assets	\$ 5,771,739	\$ 4,564,718	\$ 6,718,767	\$ 3,108,915	\$ 3,847,689	\$ (87,808)	\$ (5,173,997)	\$ (4,358,946)	\$ (4,059,963)	\$ (2,626,227)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 959,078	\$ 149,804	\$ 81,413	\$ 150,314	\$ 401,505	\$ 28,815	\$ 362,860	\$ 293,025	\$ -	\$ -
Unreserved	4,175,707	4,803,576	4,619,133	3,356,762	3,520,361	4,856,734	5,327,292	5,058,315	-	-
Assigned	-	-	-	-	-	-	-	-	223,775	623,244
Unassigned	-	-	-	-	-	-	-	-	3,792,265	4,015,233
Total general fund	\$ 5,134,785	\$ 4,953,380	\$ 4,700,546	\$ 3,507,076	\$ 3,921,866	\$ 4,885,549	\$ 5,690,152	\$ 5,351,340	\$ 4,016,040	\$ 4,638,477
All other governmental funds										
Reserved	\$ 965,631	\$ 1,767,133	\$ 1,031,166	\$ 1,496,649	\$ 1,299,601	\$ 264,236	\$ 224,169	\$ 102,655	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,099,584	8,396,891	5,769,299	8,900,453	11,762,496	10,557,303	16,060,472	15,374,310	-	-
Capital projects funds	3,722,143	13,698,815	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
Committed	-	-	-	-	-	-	-	-	2,085,667	2,319,633
Assigned	-	-	-	-	-	-	-	-	7,020,122	6,024,273
Total all other governmental funds	\$ 11,787,358	\$ 23,862,839	\$ 21,911,798	\$ 14,765,458	\$ 15,884,822	\$ 15,087,675	\$ 17,466,210	\$ 16,644,362	\$ 27,064,897	\$ 20,612,782

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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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$ 30,486,682	\$ 33,056,359	\$ 32,790,871	\$ 34,811,435	\$ 32,619,080	\$ 35,073,362	\$ 35,782,052	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352
Intergovernmental:										
County	11,115,370	12,608,117	13,048,693	11,391,515	12,037,153	12,709,341	13,970,410	12,883,209	14,285,342	14,480,834
State aid	44,269,638	45,393,256	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645
State other	8,137,778	7,919,070	12,751,938	13,365,372	19,476,346	21,482,469	19,256,945	21,216,653	19,694,027	20,936,835
Federal	10,453,929	12,124,789	12,324,098	13,243,826	12,740,171	12,387,987	12,177,195	17,684,193	22,964,040	14,013,505
Tuition	219,254	231,686	250,649	221,849	211,263	195,406	148,290	201,019	216,974	144,228
Charges for services	2,334,735	2,516,770	2,709,121	2,752,809	2,784,051	2,839,302	2,963,437	3,034,287	2,968,423	3,111,333
Interest	425,420	282,869	660,337	865,885	985,219	975,588	577,704	358,384	259,395	188,638
Miscellaneous	798,801	885,768	678,061	1,612,007	1,915,554	1,451,927	1,708,205	1,397,308	1,417,179	1,301,766
<b>Total revenues</b>	<b>108,241,607</b>	<b>115,018,684</b>	<b>119,041,729</b>	<b>123,472,704</b>	<b>128,943,362</b>	<b>136,082,182</b>	<b>136,925,419</b>	<b>141,866,237</b>	<b>147,705,121</b>	<b>148,341,136</b>
<b>Expenditures</b>										
Instruction	63,050,018	66,203,971	67,456,999	72,234,049	75,118,883	81,669,804	80,508,374	85,968,472	90,169,831	87,658,280
Support services:										
Students	6,718,144	7,009,749	7,309,457	8,028,019	8,585,269	9,057,352	9,101,560	10,028,276	10,774,961	11,420,156
Instructional staff	5,318,025	5,156,607	5,204,476	5,873,420	5,992,282	6,445,953	6,656,922	6,934,825	7,370,246	7,680,634
General administration	2,033,929	1,473,573	1,505,556	1,336,483	1,238,727	1,372,481	1,270,351	1,561,130	1,470,957	2,095,958
School administration	6,708,546	7,257,844	7,875,293	7,745,131	7,969,204	8,984,368	8,554,701	9,274,540	10,048,181	10,196,532
Business services	833,476	1,248,703	1,252,813	1,611,884	1,734,354	1,896,926	1,888,771	1,791,715	2,208,878	2,234,008
Operations and maintenance	8,284,436	9,371,228	9,487,402	10,158,558	10,529,579	12,311,325	11,749,344	11,946,381	12,025,975	12,166,696
Student transportation	3,649,286	3,791,755	4,105,306	4,269,620	4,338,968	4,636,606	5,049,102	4,961,862	5,177,545	5,618,265
Food services	3,674,460	3,751,990	4,158,542	4,057,221	4,117,271	4,629,179	5,068,481	5,109,148	5,788,739	5,807,668
Community services	46,577	14,729	11,094	15,178	14,953	14,050	19,891	26,363	30,563	16,681
Extracurricular	1,776,710	1,733,646	1,800,017	1,990,779	1,846,502	2,213,481	2,225,258	2,340,782	2,410,349	2,248,253
Other current charges	5,545,731	3,724,644	6,815,946	12,284,515	3,440,539	2,924,602	2,535,609	2,797,520	2,725,219	6,566,027
Capital outlay										
Debt service	2,133,062	2,205,003	4,003,685	2,477,521	2,576,269	2,682,454	150,143	229,595	236,253	199,015
Principal	140,609	186,166	284,018	197,156	153,967	93,796	64,196	42,301	515,521	653,852
Interest										
<b>Total expenditures</b>	<b>109,913,009</b>	<b>113,129,608</b>	<b>121,250,804</b>	<b>132,179,514</b>	<b>127,666,767</b>	<b>138,932,377</b>	<b>134,654,182</b>	<b>143,025,260</b>	<b>150,966,092</b>	<b>154,455,718</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,671,402)</b>	<b>1,889,076</b>	<b>(2,208,875)</b>	<b>(8,706,810)</b>	<b>1,286,595</b>	<b>(2,850,195)</b>	<b>2,271,237</b>	<b>(1,159,023)</b>	<b>(3,260,971)</b>	<b>(6,114,582)</b>
<b>Other financing sources (uses)</b>										
Transfers in	41,766	30,043	1,193,489	-	-	322,502	370,545	181,725	-	-
Transfers out	(41,766)	(30,043)	(1,193,489)	-	-	(322,502)	(349,511)	(188,362)	-	-
Capital lease obligations	42,606	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	112,617	-	281,206	284,904
Long-term debt issued	-	10,000,000	-	362,000	-	408,564	773,250	-	12,000,000	-
Sale of capital assets	153,500	5,000	5,000	5,000	247,559	2,608,167	5,000	5,000	65,000	-
<b>Total other financing sources (uses)</b>	<b>196,106</b>	<b>10,005,000</b>	<b>5,000</b>	<b>367,000</b>	<b>247,559</b>	<b>3,016,731</b>	<b>911,901</b>	<b>(1,637)</b>	<b>12,346,206</b>	<b>284,904</b>
<b>Net change in fund balances</b>	<b>\$ (1,475,296)</b>	<b>\$ 11,894,076</b>	<b>\$ (2,203,875)</b>	<b>\$ (8,339,810)</b>	<b>\$ 1,534,154</b>	<b>\$ 166,536</b>	<b>\$ 3,183,138</b>	<b>\$ (1,160,660)</b>	<b>\$ 9,085,235</b>	<b>\$ (5,829,678)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>2.18%</b>	<b>2.19%</b>	<b>3.75%</b>	<b>2.23%</b>	<b>2.20%</b>	<b>2.04%</b>	<b>0.16%</b>	<b>0.19%</b>	<b>0.51%</b>	<b>0.58%</b>

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

Table 5

Year	Instruction	Students	Support Services					Student Transportation
			Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	
2003	\$ 46,596,265	\$ 4,727,253	\$ 4,044,487	\$ 1,924,062	\$ 5,399,080	\$ 665,047	\$ 7,374,586	\$ 12,478
2004	48,003,555	5,189,837	3,785,081	1,432,635	5,628,907	956,151	8,370,452	182
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

Year	Community Services	Extracurricular	Capital Outlay	Debt Service	Total	
2003	\$ 33,521	\$ 1,574,117	\$ 1,037,963	\$ 219,068	\$ 73,607,927	
2004	6,600	1,535,336	304,404	215,241	75,428,381	
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	

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	Tax Collections*	Tax Levy Collections after Levy Year	Percent of Tax Collections To Taxes Levied
<b>Elementary District:</b>								
2003	\$ 130,715,146	\$ 3,880,213,213	3.37%	142.74	\$ 18,658,280	\$ 18,008,740	\$ -	96.52%
2004	132,441,976	4,004,963,619	3.31%	142.98	18,936,554	19,204,919	-	101.42%
2005	136,732,413	4,476,606,150	3.05%	151.35	20,694,451	20,411,068	-	98.63%
2006	143,178,931	5,110,110,578	2.80%	152.52	21,837,651	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%
2008	157,587,840	5,498,218,964	2.87%	131.28	20,688,132	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%
2010	167,860,468	5,335,244,057	3.15%	123.45	20,722,375	19,532,418	1,146,354	99.79%
2011	175,218,296	6,623,402,263	2.65%	128.81	22,569,869	21,435,922	409,402	96.79%
2012	177,014,509	5,985,087,238	2.96%	128.09	22,673,788	22,336,226	-	98.51%
<b>High School District:</b>								
2003	\$ 160,993,951	\$ 4,892,349,410	3.29%	77.62	\$ 12,496,350	\$ 12,388,988	\$ -	99.14%
2004	167,565,854	5,071,568,445	3.30%	81.35	13,631,482	13,736,169	-	100.77%
2005	173,527,878	5,648,849,952	3.07%	71.53	12,412,449	12,306,074	-	99.14%
2006	181,865,729	6,458,283,952	2.82%	72.47	13,179,809	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%
2008	201,862,127	6,986,260,379	2.89%	71.68	14,469,477	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%
2010	220,537,239	7,075,610,744	3.12%	70.42	15,530,232	14,601,758	1,017,249	100.00%
2011	231,740,662	8,623,253,538	2.69%	70.92	16,435,048	15,662,531	374,106	97.58%
2012	235,424,143	7,974,802,129	2.95%	71.10	16,738,657	16,322,166	-	97.51%

\* Tax collection Effective July 1, 2009, tax collections include only current year tax collections

Source: Montana Department of Revenue

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

Table 7

Tax Rates (per \$1000 of taxable value)						
Fiscal Year	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	Total
2003	142.74	77.62	110.23	107.42	46.00	484.01
2004	142.98	81.35	110.23	120.74	46.00	501.30
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

Taxes Levied						
Fiscal Year	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	Total
2003	\$ 18,658,280	\$ 12,496,350	\$ 12,188,312	\$ 17,514,194	\$ 6,163,014	\$ 67,020,150
2004	18,936,554	13,631,482	12,858,681	20,675,536	6,663,547	72,765,800
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

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

Table 8

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

Taxpayer	2012			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
ConocoPhillips Company	\$ 14,980,618	1	8.55%	\$ 11,955,831	2	7.59%
Northwestern Corp	10,547,495	2	6.02%	15,896,720	1	10.09%
Bresnan Broadband Holdings LLC	4,938,050	3	2.82%	-	-	0.00%
PPL Montana LLC	3,307,272	4	1.89%	3,551,959	5	2.25%
Qwest Corporation	2,703,039	5	1.54%	4,323,442	4	2.74%
MDU - Gas	1,899,879	6	1.08%	1,558,143	8	0.99%
Verizon	1,059,758	7	0.60%	-	-	0.00%
Conoco Pipeline Company	886,260	8	0.51%	959,883	-	0.61%
Walmart	812,083	9	0.46%	614,805	-	0.39%
Western Sugar Company	657,960	10	0.38%	706,608	-	0.45%
AT&T Mobility LLC	-	-	0.00%	-	-	0.00%
Burlington Northern/Santa Fe RR	-	-	0.00%	2,108,985	7	1.34%
Exxon Mobil Corporation	-	-	0.00%	6,725,354	3	4.28%
Macerich	-	-	0.00%	881,286	-	0.56%
Pudget Sound Energy Incorporated	-	-	0.00%	2,274,353	6	1.44%
WWC Holdings CO (ALLTEL)	-	-	0.00%	1,054,760	9	0.67%
Portland General Electric Company	-	-	0.00%	1,011,118	10	0.64%
<b>Total</b>	<b>\$ 41,792,414</b>		<b>23.85%</b>	<b>\$ 53,623,247</b>		<b>34.04%</b>

Source: Montana Department of Revenue

# BILLINGS PUBLIC SCHOOLS

Table 8a

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

Taxpayer	2012			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
ConocoPhillips Company	\$ 14,980,618	1	6.46%	\$ -	-	0.00%
Northwestern Corp	12,345,675	2	5.33%	615,665	3	0.30%
Exxon Mobile Corporation	10,336,775	3	4.46%	5,534,741	1	2.74%
Bresnan Broadband	4,938,050	4	2.13%	-	-	0.00%
PPL Montana LLC	3,347,488	5	1.44%	-	-	0.00%
Qwest Corporation	2,984,591	6	1.29%	143,503	9	0.07%
MDU Company	1,899,879	7	0.82%	-	-	0.00%
Verizon Wireless	1,281,133	8	0.55%	-	-	0.00%
Conoco Pipe Line	1,057,547	9	0.46%	-	-	0.00%
AT&T Mobility LLC	887,778	10	0.38%	-	-	0.00%
Burlington Northern/Santa Fe RR	-	-	0.00%	-	-	0.00%
WWC Holdings Co (ALLTEL)	-	-	0.00%	756,177	2	0.37%
Yellowstone Energy LMTD Partnership	-	-	0.00%	528,791	4	0.26%
Aspen Air US Corp	-	-	0.00%	438,662	5	0.22%
Montana Sulphur & Chemical Company	-	-	0.00%	253,849	6	0.13%
H&E Equipment Services	-	-	0.00%	179,137	7	0.09%
Transbas Inc	-	-	0.00%	144,945	8	0.07%
Montana Rail Link Inc	-	-	0.00%	117,591	10	0.06%
Total	<u>\$ 54,059,534</u>		<u>23.33%</u>	<u>\$ 8,713,061</u>		<u>4.31%</u>

Source: Montana Department of Revenue

**BILLINGS PUBLIC SCHOOLS**  
**REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES**  
For the Fiscal Year Ended June 30, 2012  
(modified accrual basis of accounting)

Table 9

<u>Source</u>	<u>Actual Revenue</u>	<u>Percent of Total Revenue</u>
Revenue from local and intermediate sources:		
Property taxes	\$ 39,518,352	26.62%
Tuition	144,228	0.10%
Interest	188,638	0.13%
Charges for service	3,111,333	2.10%
County retirement	13,636,532	9.19%
County transportation	844,302	0.57%
Miscellaneous	1,301,766	0.88%
Total revenue from local and intermediate sources	58,745,151	39.59%
Revenue from state sources:		
Direct state aid	38,745,527	26.12%
State quality educator	3,501,825	2.36%
State at risk	434,005	0.29%
State Indian education for all	329,481	0.22%
State American Indian achievement gap	276,400	0.19%
State special ed allowable cost payment	5,217,673	3.52%
State guaranteed tax base aid	15,900,118	10.72%
State transportation	844,302	0.57%
State school block grant	5,530,349	3.73%
State on-behalf payment	1,894,850	1.28%
State other	2,907,950	1.96%
Total revenue from state sources	75,582,480	50.96%
Revenue from federal sources:		
Federal grants	10,651,998	7.18%
Federal food service	3,361,507	2.27%
Total revenue from federal sources	14,013,505	9.45%
Total revenue	\$ 148,341,136	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
2003	\$ 23,726,005	\$ 49,249,288	\$ -	\$ 219,254	\$ 105,265	\$ 10,699	\$ 73,310,511
2004	24,899,505	49,883,497	-	231,686	53,162	179,142	75,246,992
2005	24,607,135	50,641,647	-	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

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

Table 11

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student			
						District	State	Federal	Total
2003	\$ 24,061,223	\$ 49,249,288	\$ -	\$ 73,310,511	15,778	\$ 1,525	\$ 3,121	\$ -	\$ 4,646
2004	25,363,495	49,883,497	-	75,246,992	15,737	1,612	3,170	-	4,782
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

Source: District Records

# BILLINGS PUBLIC SCHOOLS

Ratio of General Obligation Bonded Debt Outstanding  
Last Ten Fiscal Years

Table 12

Fiscal Year	Population	Assessed Value	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita
Elementary District					
2003	93,388	\$ 130,715,146	\$ -	0.00%	-
2004	97,253	132,441,976	10,000,000	7.55%	102.82
2005	99,198	136,732,413	7,620,000	5.57%	76.82
2006	100,148	143,178,931	5,155,000	3.60%	51.47
2007	101,650	147,991,032	2,615,000	1.77%	25.73
2008	102,000	157,587,840	-	0.00%	-
2009	102,500	166,020,027	-	0.00%	-
2010	105,500	167,860,468	-	0.00%	-
2011	107,934	175,218,296	4,420,000	2.52%	40.95
2012	107,977	177,014,509	4,420,000	2.50%	40.93
High School District					
2003	107,250	\$ 160,993,951	\$ 3,505,000	2.18%	32.68
2004	108,350	167,565,854	1,510,000	0.90%	13.94
2005	109,450	173,527,878	-	0.00%	-
2006	110,550	181,865,729	-	0.00%	-
2007	111,650	188,925,557	-	0.00%	-
2008	113,000	201,862,127	-	0.00%	-
2009	121,700	214,427,450	-	0.00%	-
2010	125,000	220,537,239	-	0.00%	-
2011	123,145	231,740,662	7,580,000	3.27%	61.55
2012	127,987	235,424,143	7,580,000	3.22%	59.22

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**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
For the Year Ended June 30, 2012

Table 13

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary District:										
Maximum debt limit	\$ 87,139,890	\$ 103,784,976	\$ 105,789,744	\$ 110,532,753	\$ 114,004,638	\$ 140,269,440	\$ 144,564,325	\$ 159,167,625	\$ 163,878,075	\$ 173,621,490
Total net debt applicable to limit	6,234,649	14,104,638	9,639,803	540,5616	2,834,141	447,685	357,139	259,758	5,167,666	5,006,523
Legal debt margin	\$ 80,905,241	\$ 89,680,338	\$ 96,149,941	\$ 105,127,137	\$ 111,170,497	\$ 139,821,755	\$ 144,207,186	\$ 158,907,867	\$ 158,710,409	\$ 168,614,967
Total net debt applicable to limit as a percentage of debt limit	7.15%	13.59%	9.11%	4.89%	2.49%	0.32%	0.25%	0.16%	3.15%	2.88%
High School District:										
Maximum debt limit	\$ 101,717,847	\$ 121,384,386	\$ 122,633,838	\$ 127,979,393	\$ 131,491,917	\$ 153,391,170	\$ 163,003,680	\$ 178,979,580	\$ 174,945,980	\$ 186,698,955
Total net debt applicable to limit	6,615,423	3,559,241	1,009,753	117,507	107,935	220,501	175,904	127,940	7,657,779	7,619,907
Legal debt margin	\$ 95,102,424	\$ 117,825,145	\$ 121,624,085	\$ 127,861,886	\$ 131,383,982	\$ 153,170,669	\$ 162,827,776	\$ 178,851,640	\$ 167,288,201	\$ 179,079,048
Total net debt applicable to limit as a percentage of debt limit	6.50%	2.93%	0.82%	0.09%	0.08%	0.14%	0.11%	0.07%	4.38%	4.08%
DEBT LIMITATION CALCULATION		Elementary		High School						
2011/12 Statewide Average Per ANB	\$	32,170		\$	72,210					
X FY12 ANB		10,794			5,171					
Total		347,242,980		373,397,910						
X Debt Limit Rate of .50		0.50		0.50						
Equals: Maximum Debt Capacity		173,621,490		186,698,955						
Less: Bonds Outstanding		5,006,523		7,619,907						
General Obligation Debt		-		-						
Estimated Debt Capacity Remaining		\$ 168,614,967		\$ 179,079,048						
Note: ANB, Average Number Belonging, is calculated by averaging the previous year's fall and spring enrollment figures.										
Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 50% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 50%. The District used the statewide average taxable value method.										

# BILLINGS PUBLIC SCHOOLS

Table 14

## COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT For the Year Ended June 30, 2012

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
		Percent	Amount	Percent	Amount
Billings Elementary District:	\$ 4,925,500	100.00%	\$ 4,925,500	0.00%	\$ -
General Obligation Bonds	4,338,977	88.10%	\$ 3,822,639	0.00%	\$ -
Limited Obligation Bonds	505,500	10.26%	\$ 51,864	0.00%	\$ -
Notes Payable	81,023	1.64%	\$ 1,329	0.00%	\$ -
Billings High School District:	7,580,000	88.00%	\$ 6,670,400	12.00%	909,600
General Obligation Bonds	7,540,093	87.00%	\$ 6,635,282	11.00%	904,811
Notes Payable	39,907	1.00%	\$ 35,118	1.00%	4,789
Totals	<u>\$ 12,505,500</u>		<u>\$ 11,595,900</u>		<u>\$ 909,600</u>

### OVERLAPPING BONDED INDEBTEDNESS

#### Yellowstone County:

Various Issues	\$ 6,465,000	60.60%	\$ 3,917,790	39.40%	\$ 2,547,210
City of Billings:					
Various Issues	<u>22,520,945</u>	79.80%	<u>19,744,417</u>	20.20%	<u>3,566,583</u>
Totals	<u>\$ 41,491,445</u>		<u>\$ 35,258,107</u>		<u>\$ 7,023,393</u>

#### Source and other information:

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

Finance Department, Yellowstone County, Montana.

City of Billings, Montana

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

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

# BILLINGS PUBLIC SCHOOLS

Table 15

## 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:					
2003	\$ -	\$ -	\$ -	\$ 45,470,168	0.0%
2004	-	-	-	45,634,306	0.0%
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%
High School:					
2003	\$ 1,930,000	\$ 119,925	\$ 2,049,925	\$ 28,498,543	7.2%
2004	1,995,000	78,575	2,073,575	28,975,354	7.2%
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%

Source: District Financial Records

**BILLINGS PUBLIC SCHOOLS**  
**DEMOGRAPHIC STATISTICS**  
 Last Ten Fiscal Years

Year	Elementary District		High School District		Per Capita Income	Total Elementary District		Total High School District		Personal Income	Median Age	School Enrollment	Unemployment Rate
	Population		Population			Personal Income (1)		Personal Income (1)					
2003	93,388		107,250		\$ 25,323	\$	2,364,864,324	\$	2,715,891,750	\$ 4,062,019	36.9	15,778	3.4%
2004	97,253		108,350		26,057		2,534,121,421		2,823,275,950	4,339,764	36.9	15,737	3.1%
2005	99,198		109,450		23,884		2,369,245,032		2,614,103,800	4,636,500	36.9	15,716	3.3%
2006	100,148		110,550		22,316		2,234,902,768		2,467,033,800	5,030,800	36.8	15,704	3.5%
2007	101,650		111,650		26,491		2,692,810,150		2,957,720,150	5,393,800	39.3	15,556	2.6%
2008	102,000		113,000		28,427		2,899,554,000		3,212,251,000	5,551,000	37.5	15,503	3.1%
2009	102,500		121,700		30,427		3,118,767,500		3,702,965,900	5,906,264	36.8	15,481	4.4%
2010	105,500		125,000		32,427		3,421,048,500		4,053,375,000	6,284,265	38.1	15,676	5.8%
2011	107,934		123,145		33,289		3,593,014,926		4,099,373,905	6,686,458	38.3	15,714	5.6%
2012	107,977		127,987		38,488		4,155,818,776		4,925,963,656	7,114,391	38.5	15,965	4.9%

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.

Personal income for 2002-2004 and 2009-2011 based on 6.4% average growth

**BILLINGS PUBLIC SCHOOLS**  
**PRINCIPAL EMPLOYERS**  
 Current Year and Ten Years Ago

Table 17

2012		2003	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Avitus Group	9	Better Business Systems	9
Billings Clinic	9	Billings Clinic Health System	9
St. Vincent Health Care	9	St. Vincent Healthcare	9
Walmart	9	First Interstate Bank	8
Albertsons Food And Drug	8	Wal-Mart	8
First Interstate Bank	8	Wells Fargo	8
St. John's Lutheran Home	8	Albertson's Food & Drug	7
Wells Fargo	8	Billings Gazette	7
Advanced Employment Services	7	CHS Inc. (Cenex)	7
CHS Inc. (Cenex)	7	ConocoPhillips	7
Conoco Phillips	7	Exxon Company	7
Costco	7	JTL Group Inc.	7
Employee Benefits Management Services (EBMS)	7	McDonalds	7
ExxonMobil	7	Rocky Mountain College	7
McDonalds	7	St. Johns Lutheran Home	7
Sysco Food Service	7	Sysco Food Services	7
Yellowstone Boys and Girls Ranch	7	Yellowstone Treatment Centers	7
Food Service of America	6	Food Services of America	6
Rocky Mountain College	6	Interstate Brands/Sweetheart Bakery	6
Target	6	UPS	6

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

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

Source: Montana Department of Labor & Industry (Research and Analysis Bureau)  
 Based on Yellowstone County

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

Table 18

Fiscal Year	Expenses	<sup>1</sup> Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE)	<sup>2</sup> Pupil/ Certified Staff Ratio
2003	\$ 103,406,300	15,778	\$ 6,554	NA	1,134.2	13.9
2004	110,308,541	15,737	7,010	7%	1,133.5	13.9
2005	112,439,867	15,716	7,154	2%	1,136.2	13.8
2006	120,534,145	15,704	7,675	7%	1,141.5	13.8
2007	127,668,852	15,556	8,207	6%	1,126.4	13.8
2008	138,371,755	15,503	8,925	8%	1,201.8	12.9
2009	141,785,530	15,481	9,159	3%	1,169.2	13.2
2010	147,171,358	15,676	9,388	2%	1,163.4	13.5
2011	152,743,590	15,714	9,720	3%	1,133.2	13.9
2012	151,509,190	15,965	9,490	-2%	1,101.9	14.5

1 Expenses are from Statement of Activities

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

# BILLINGS PUBLIC SCHOOLS

## EMPLOYEE FULL TIME EQUIVALENCY (FTE) BY FUNCTION

Last Ten Fiscal Years

Table 19

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Instruction</b>										
Administrators	-	-	0.9	-	-	-	-	-	-	-
Certified Staff	1,012.9	1,009.1	988.3	997.8	993.1	1,067.9	1,031.5	1,027.3	992.9	974.8
Classified Employees	199.2	208.6	205.1	191.8	192.1	191.6	196.5	194.6	196.6	202.5
<b>Support Services</b>										
Administrators	5.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Certified Staff	131.1	132.7	134.3	134.5	131.3	131.9	135.7	134.1	137.3	125.1
Classified Employees	53.3	47.6	50.4	64.1	63.3	65.6	64.3	63.2	64.2	65.6
<b>General Administration</b>										
Administrators	5.7	4.7	4.1	5.5	6.5	6.7	7.7	8.7	8.3	13.7
Administrative Support	14.7	14.2	14.2	13.5	13.5	12.5	11.5	11.5	10.5	10.5
Certified Staff	-	-	-	-	1.0	1.0	1.0	1.0	2.0	1.0
Classified Employees	21.8	21.1	23.2	23.3	23.1	22.5	21.4	19.4	21.6	20.8
<b>Building Administration</b>										
Administrators	52.0	52.0	49.5	49.0	42.5	48.0	46.0	45.9	45.9	45.0
Administrative Support	0.5	1.5	1.6	1.3	1.0	1.0	-	-	-	-
Certified Staff	1.0	7.4	15.8	15.8	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	81.3	83.5	83.3	83.0	81.8	81.3	80.2	79.4	79.7	81.4
<b>Operations and Maintenance</b>										
Administrators	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Classified Employees	131.1	124.6	125.4	123.7	123.7	142.9	144.8	143.2	144.7	143.1
<b>Student Transportation</b>										
Administrators	1.3	1.3	1.3	1.0	1.0	2.0	1.0	1.0	1.3	1.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Classified Employees	29.3	31.3	32.8	33.2	32.5	34.2	31.5	28.9	28.6	42.8
<b>Extracurricular Activities</b>										
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0
Classified Employees	3.6	6.6	5.5	4.0	3.5	2.7	2.0	2.0	2.0	2.0
<b>Total</b>	<b>1,747.8</b>	<b>1,754.2</b>	<b>1,744.7</b>	<b>1,750.5</b>	<b>1,720.9</b>	<b>1,822.8</b>	<b>1,787.1</b>	<b>1,771.2</b>	<b>1,745.6</b>	<b>1,737.3</b>
<b>Fiscal 2012 Summary</b>										
					Admin	Admin Support	Certified Staff	Classified Employees	Total	
Instruction					-	-	974.8	202.5	1,177.3	
Support Services					4.0	-	125.1	65.6	194.7	
General Administration					13.7	10.5	1.0	20.8	46.0	
Building Administration					45.0	-	1.0	81.4	127.4	
Operations and Maintenance					2.0	-	-	143.1	145.1	
Student Transportation					1.0	-	-	42.8	43.8	
Extracurricular Activities					1.0	-	-	2.0	3.0	
<b>Total</b>	<b>66.7</b>	<b>10.5</b>	<b>1,101.9</b>	<b>558.2</b>	<b>1,737.3</b>					

Source: District Records

**BILLINGS PUBLIC SCHOOLS**  
**CERTIFIED STAFF EDUCATION AND EXPERIENCE**  
November 1, 2011

Table 20

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	113.22	10%
Bachelor's Degree + 15 Credits	55.10	5%
Bachelor's Degree + 30 Credits	68.77	6%
Bachelor's Degree + 45 Credits	59.30	5%
Bachelor's Degree + 60 Credits	43.94	4%
Bachelor's Degree + 75 Credits	41.30	4%
Bachelor's Degree + 90 Credits	41.17	4%
Bachelor's Degree + 105 Credits	149.87	14%
Master's Degree	118.13	11%
Master's Degree + 15 Credits	54.87	5%
Master's Degree + 30 Credits	49.20	4%
Master's Degree + 45 Credits	303.31	28%
Doctorate's Degree	<u>3.80</u>	<u>0%</u>
Total	<u><u>1,101.98</u></u>	<u><u>100%</u></u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	312.48	28%
6-10	215.18	20%
11-15	192.20	17%
16-20	180.10	16%
21-25	80.25	7%
26 and Above	<u>121.77</u>	<u>11%</u>
Total	<u><u>1,101.98</u></u>	<u><u>100%</u></u>

Source: District Records

BILLINGS PUBLIC SCHOOLS  
EDUCATIONAL BUILDING DATA  
For the Fiscal Year Ended June 30, 2012

Table 21

	Year Built	Year Additions Built	Square Footage	Functional Capacity	Enrollment	Percentage of Capacity Used
<u>Elementary</u>						
<u>K-6 Schools:</u>						
Alkali Creek	1979	-	41,710	400	397	99.25%
Arrowhead	1978	-	41,728	474	538	113.50%
Beartooth	1974	1980	40,834	440	455	103.41%
Bench	1955	1974, 1978	35,413	392	362	92.35%
Big Sky	1986	-	42,853	412	443	107.52%
Bitterroot	1964	1965, 1970	31,710	352	347	98.58%
Boulder	1962	1971, 2007	41,688	432	450	104.17%
Broadwater	1910	1916, 1920, 1956	38,382	380	378	99.47%
Burlington	1956	1957	33,368	302	344	113.91%
Central Heights	1962	1965, 1979	35,592	352	377	107.10%
Eagle Cliffs	1986	-	46,634	528	441	83.52%
Highland	1947	1956	32,703	292	314	107.53%
McKinley	1906	1918, 1958	35,884	292	326	111.64%
Meadowlark	1964	1971, 2007	45,445	472	498	105.51%
Miles	1955	1957, 1965	31,443	352	338	96.02%
Newman	1953	1957	30,040	252	258	102.38%
Orchard	1960	1948, 1956, 1987, 2006	61,502	425	463	108.94%
Poly	1952	1955, 1960	34,388	322	322	100.00%
Ponderosa	1965	2007	41,500	382	391	102.36%
Rose Park	1958	1962	31,576	284	242	85.21%
Sandstone	1978	-	41,621	488	477	97.75%
Washington	1948	1952, 1962	45,869	264	287	108.71%
<u>7-8 Schools</u>						
Castle Rock	1979	-	112,801	715	746	104.34%
Lewis & Clark	1956	1962	144,095	743	552	74.29%
Riverside	1963	1979	88,026	442	539	121.95%
Will James	1967	1974	106,500	664	509	76.66%
<u>High Schools:</u>						
Career Center	1975	-	137,230		N/A	N/A
Senior	1940	1953, 1967, 1974	229,895	1,686	1,666	98.81%
Skyview	1987	-	247,667	1,684	1,545	91.75%
West	1959	1962, 1966, 1975, 1976	239,887	1,731	1,960	113.23%
<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. - 35 acres						
Elem. - 10 acres						
H.S. - 40 acres						

Source: District Records

# BILLINGS PUBLIC SCHOOLS

Table 22

PERCENTAGE OF STUDENTS WHO QUALIFIED FOR FREE AND REDUCED LUNCH  
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	17.4%	19.0%	15.9%	22.2%	24.4%	20.1%	19.6%	19.2%	23.8%	23.6%
Arrowhead	2.3%	1.6%	1.9%	3.4%	4.2%	4.9%	5.2%	4.6%	5.3%	8.0%
Beartooth (1) (2)	N/A	N/A	N/A	N/A	N/A	35.9%	41.8%	46.7%	40.1%	44.7%
Bench	52.2%	49.9%	40.9%	40.0%	49.2%	55.2%	60.3%	61.3%	59.0%	61.0%
Big Sky	20.7%	18.8%	17.3%	18.0%	18.5%	22.1%	22.7%	24.2%	27.5%	28.8%
Bitterroot	34.8%	38.6%	31.8%	37.8%	37.2%	35.1%	36.4%	42.3%	37.5%	41.0%
Boulder	20.1%	17.2%	11.2%	17.7%	19.2%	22.3%	23.7%	25.2%	23.8%	25.3%
Broadwater	45.1%	55.2%	41.5%	55.0%	45.5%	51.4%	57.1%	60.9%	61.0%	56.7%
Burlington	34.2%	38.9%	37.2%	38.8%	31.5%	35.8%	38.3%	40.6%	36.6%	37.1%
Central Heights	24.3%	36.4%	26.4%	33.0%	34.4%	32.8%	30.0%	35.7%	40.6%	44.9%
Eagle Cliffs	18.0%	14.9%	14.7%	18.5%	23.8%	21.5%	18.7%	19.0%	23.3%	26.2%
Highland	22.3%	26.2%	24.4%	25.7%	27.0%	31.0%	35.9%	35.2%	37.3%	41.2%
McKinley	69.3%	55.1%	49.8%	56.0%	60.1%	66.3%	65.1%	65.3%	65.3%	71.6%
Meadowlark	16.3%	20.0%	21.1%	20.6%	19.0%	28.8%	30.8%	33.8%	34.4%	34.3%
Miles	40.4%	38.7%	43.7%	44.5%	50.0%	46.3%	48.5%	53.1%	54.5%	56.1%
Newman	67.7%	77.3%	67.7%	62.6%	67.9%	75.0%	74.4%	74.1%	73.6%	73.8%
Orchard	88.3%	78.3%	78.0%	79.0%	78.7%	84.8%	85.6%	89.0%	83.3%	86.2%
Poly	14.0%	11.4%	14.2%	16.6%	14.5%	17.2%	21.8%	24.5%	22.0%	21.0%
Ponderosa	70.5%	63.6%	65.3%	68.0%	71.8%	74.3%	73.4%	74.1%	71.7%	73.1%
Rose Park	31.3%	26.9%	27.4%	35.2%	27.7%	29.1%	23.3%	33.1%	33.9%	38.0%
Sandstone	27.8%	30.5%	32.3%	35.8%	34.5%	35.0%	37.3%	37.1%	38.2%	42.3%
Washington	59.7%	56.8%	58.9%	64.9%	72.7%	66.5%	64.7%	73.4%	77.0%	75.9%
<u>7-8 Schools:</u>										
Castle Rock	22.4%	27.9%	23.8%	25.9%	28.3%	28.5%	27.6%	31.2%	31.6%	31.4%
Lewis & Clark	34.5%	31.7%	29.8%	35.1%	37.0%	32.9%	34.2%	42.1%	39.5%	38.6%
Riverside	52.2%	49.5%	45.0%	58.0%	54.0%	51.8%	49.4%	55.1%	54.0%	55.9%
Will James	13.2%	15.0%	11.8%	16.9%	17.1%	11.2%	15.4%	18.6%	22.1%	21.7%
<u>High Schools:</u>										
Senior	18.3%	21.7%	16.3%	25.6%	22.6%	23.1%	24.1%	27.9%	30.5%	32.3%
Skyview	14.3%	16.8%	14.5%	16.7%	17.6%	17.5%	17.9%	23.0%	25.7%	25.3%
West	10.3%	13.0%	11.0%	12.4%	16.0%	12.5%	13.6%	18.8%	19.9%	22.5%

(1) School closed

(2) School reopened

Source: District Records

BILLINGS PUBLIC SCHOOLS  
ATTENDANCE DATA  
Last Ten Fiscal Years

Table 23

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
2003	15,778	0.29	15,604	(0.86)	99.14
2004	15,737	(0.26)	15,672	0.44	100.44
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

Source: District Records

**BILLINGS PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE IN FORCE**

Table 24

---

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-11
B. Carrier:	The Travelers Insurance Companies
C. Policy Period:	7/1/11-7/1/12
D. Coverages:	Buildings/Contents Incl Daylis Turf
E. Limits:	\$417,379,228
II. Commercial General Liability	
A. Policy #:	GLA399387206
B. Carrier:	American Zurich Insurance Company
C. Policy Period:	7/1/11-7/1/12
D. Coverages:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GLA399387206
B. Carrier:	American Zurich Insurance Company
C. Policy Period:	7/1/11-7/1/12
D. Coverages:	Automobile Liability and Physical Damage
E. Limits:	\$1,000,000
IV. Boiler and Machinery Policy	
A. Policy #:	BNS 2702117
B. Carrier:	The Cincinnati Insurance Company
C. Policy Period:	7/1/09-7/1/12
D. Limits:	Based on property values
V. Environmental Liability	
A. Policy #:	569601
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/11-7/1/12
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	82A2UB0000023-06
B. Carrier:	American Alternative Insurance Corporation
C. Policy Period:	7/1/11-7/1/12
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	St. Paul Travelers
C. Policy Period:	7/1/11-7/1/13
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	21566296
B. Carrier:	National Union Fire Insurance Company of Pittsburgh
C. Policy Period:	7/1/11-7/1/12
D. Limits:	\$4,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	EONG24871873003
B. Carrier:	Illinois Union Insurance Company
C. Policy Period:	12/10/11-7/1/12
D. Limits:	\$1,000,000
X. Workers' Compensation	
A. Policy #:	WC-12-31147
B. Carrier:	Montana Schools Group Insurance Association
C. Policy Period:	7/1/11-6/30/12
D. Limits:	\$1,500,000

## **SINGLE AUDIT SECTION**

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**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***

Board of Trustees  
Billings Public School District  
Billings, Montana

We have audited the financial statements of Billings Public School District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of Billings Public School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Billings Public School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Billings Public School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Billings Public School District's internal control over financial reporting.

*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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Billings Public School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Management, the Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Billings, Montana  
December 17, 2012



CPAs & BUSINESS ADVISORS

**Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133**

Board of Trustees  
Billings Public School District  
Billings, Montana

**Compliance**

We have audited Billings Public School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Billings Public School District's major federal programs for the year ended June 30, 2012. Billings Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Billings Public School District's management. Our responsibility is to express an opinion on Billings Public School District's compliance based on our audit.

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

In our opinion, Billings Public School District 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, 2012.

**Internal Control over Compliance**

Management of Billings Public School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing our audit, we considered Billings Public School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Billings Public School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item #12-1. 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.

Billings Public School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Billings Public School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of Management, The Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

*Erin Bailey LLP*

Billings, Montana  
December 17, 2012

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

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, 2011	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2012
<b>U.S. Department of Education:</b>								
<b>Direct programs:</b>								
Indian Education-Grants to LEA's	84.060	S060A112167	\$ 276,571	\$ -	\$ 246,138	\$ (275,571)	\$ -	\$ (29,433)
<i>CFDA subtotal</i>				-	246,138	(275,571)	-	(29,433)
Fund for the Improvement of Education	84.215	U215K100152	100,000	-	941	(941)	-	-
<i>CFDA subtotal</i>				-	941	(941)	-	-
Total Direct Programs				-	247,079	(276,512)	-	(29,433)
<b>Passed Through State Office of Public Instruction:</b>								
Adult Education-State Grant Program	84.002	5609655612BG	192,245	-	144,000	(192,245)	-	(48,245)
<i>CFDA subtotal</i>				-	144,000	(192,245)	-	(48,245)
Title I Grants to LEA's	84.010	5609653111	4,182,602	(154,622)	223,229	(68,607)	-	-
Title I Grants to LEA's	84.010	5609653112	4,558,370	-	3,504,500	(3,601,639)	-	(97,139)
Title I Improvement Award Grant to LEA's	84.010	n/a	4,000	4,000	-	(3,988)	-	12
Title I Grants to LEA's, Recovery Act	84.389	5609659110	2,926,737	(175,675)	175,907	(232)	-	-
<i>CFDA subtotal</i>				(326,297)	3,903,636	(3,674,466)	-	(97,127)
Vo Ed-Basic Grants to States	84.048	5609668111BG	331,120	(17,637)	17,637	-	-	-
Vo Ed-Basic Grants to States	84.048	5609668112BG	314,708	-	279,916	(314,708)	-	(34,792)
<i>CFDA subtotal</i>				(17,637)	297,553	(314,708)	-	(34,792)
Special Education-Grants to States	84.027	5609657711ALLO	4,494,257	(272,072)	272,072	-	-	-
Special Education-Grants to States	84.027	5609657712ALLO	6,138,127	-	3,881,370	(3,962,933)	-	(81,563)
Special Education-Preschool Grants	84.173	5609657911ALLO	123,019	(15,019)	15,019	-	-	-
Special Education-Preschool Grants	84.173	5609657912ALLO	123,093	-	123,093	(123,093)	-	-
Special Education-Grants to States, Recovery Act	84.391	5609659210	3,953,288	(281,689)	284,360	(2,671)	-	-
Special Education-Preschool Grants, Recovery Act	84.392	5609659510	123,782	(19,266)	19,266	-	-	-
<i>CFDA subtotal</i>				(588,046)	4,595,180	(4,088,697)	-	(81,563)
Safe and Drug Free Schools and Communities-State Grants	84.186	5609651611	37,175	(16,123)	17,975	(1,852)	-	-
<i>CFDA subtotal</i>				(16,123)	17,975	(1,852)	-	-
Education for Homeless Children and Youth	84.196	5609655711	59,000	(12,010)	12,010	-	-	-
Education for Homeless Children and Youth	84.196	5609655712	65,000	-	52,800	(54,829)	-	(2,029)
<i>CFDA subtotal</i>				(12,010)	64,810	(54,829)	-	(2,029)
Educational Technology State Grants	84.318	5609656011	21,371	(6,030)	6,057	(27)	-	-
<i>CFDA subtotal</i>				(6,030)	6,057	(27)	-	-
English Language Acquisition Grants	84.365	5609654111	23,837	(12,083)	19,550	(7,467)	-	-
English Language Acquisition Grants	84.365	5609654112	23,837	-	3,700	(19,920)	-	(16,220)
<i>CFDA subtotal</i>				(12,083)	23,250	(27,387)	-	(16,220)
Mathematics and Science Partnerships	84.366	5609651511	50,000	(27,944)	29,900	(1,956)	-	-
Mathematics and Science Partnerships	84.366	5609651511	50,000	(18,367)	29,800	(11,433)	-	-
Mathematics and Science Partnerships	84.366	5609651512	130,688	-	60,000	(115,136)	-	(55,136)
<i>CFDA subtotal</i>				(46,311)	119,700	(128,525)	-	(55,136)
Improving Teacher Quality State Grants	84.367	5609651411	1,207,263	(284,376)	293,646	(9,270)	-	-
Improving Teacher Quality State Grants	84.367	5609651412	991,079	-	913,000	(934,254)	-	(21,254)
<i>CFDA subtotal</i>				(284,376)	1,206,646	(943,524)	-	(21,254)
Education Jobs Fund, Recovery Act	84.410	N/A	45,406	-	45,406	(45,406)	-	-
<i>CFDA subtotal</i>				-	45,406	(45,406)	-	-
<b>Passed Through Montana University System Office of the Commissioner of Higher Education:</b>								
Career and Technical Education -- National Programs	84.051	N/A	42,000	-	7,049	(17,170)	-	(10,121)
				-	7,049	(17,170)	-	(10,121)
<b>Passed Through State Department of Public Health and Human Services:</b>								
Special Education-Grants for Infants and Families	84.181	10-143-1800	220,012	-	220,012	(220,012)	-	-
<i>CFDA subtotal</i>				-	220,012	(220,012)	-	-
Total Pass Through Programs				(1,308,913)	10,651,274	(9,708,848)	-	(366,487)

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

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, 2011	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2012
Total U.S. Department of Education				\$ (1,308,913)	\$ 10,898,353	\$ (9,985,360)	\$ -	\$ (395,920)
<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	242,599	\$ -	\$ 242,599	\$ (242,599)	\$ -	\$ -
Summer Food Service Program for Children	10.559	N/A	416	-	416	(416)	-	-
Non-Cash Assistance Subtotal				-	243,015	(243,015)	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	548,532	-	548,532	(548,532)	-	-
National School Lunch Program	10.555	N/A	2,258,186	(13,285)	2,271,471	(2,258,186)	-	-
Summer Food Service Program for Children	10.559	N/A	131,498	-	98,384	(131,498)	-	(33,114)
Cash Assistance Subtotal				(13,285)	2,918,387	(2,938,216)	-	(33,114)
CFDA subtotal				(13,285)	3,161,402	(3,181,231)	-	(33,114)
Team Nutrition Grants	10.574	5609662111SW	5,000	-	4,540	(4,541)	-	(1)
Team Nutrition Grants	10.574	5609662112	500	-	-	(500)	-	(500)
CFDA subtotal				-	4,540	(5,041)	-	(501)
Fresh Fruit and Vegetable Program	10.582	N/A	180,276	-	180,276	(180,276)	-	-
CFDA subtotal				-	180,276	(180,276)	-	-
Total U.S. Department of Agriculture				\$ (13,285)	\$ 3,346,218	\$ (3,366,548)	\$ -	\$ (33,615)
<u>U.S. Department of Transportation</u>								
Passed Through State Department of Transportation:								
Safe Routes to School	20.205	N/A	16,490	\$ -	\$ 6,990	\$ (13,597)	\$ -	\$ (6,607)
CFDA subtotal				-	6,990	(13,597)	-	(6,607)
Total U.S. Department of Transportation				\$ -	\$ 6,990	\$ (13,597)	\$ -	\$ (6,607)
Total Federal Awards				\$ (1,322,198)	\$ 14,251,561	\$ (13,365,505)	\$ -	\$ (436,142)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SCHOOLWIDE TITLE I PROGRAM

Billings Public Schools operates a schoolwide Title I program. Since schoolwide programs are not a separate federal program as defined on OMB Circular A-133, amounts used in the schoolwide programs are included in the total expenditures of the program contributing the funds in the accompanying schedule of expenditures of federal awards. The programs included in Billings Public Schools schoolwide Title I program include Title I, Title II, Title IV Competitive, and Title IX.

NOTE C - FOOD DISTRIBUTION

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

NOTE D - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

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

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

Cash receipts	\$ 14,251,561
Revenue accrual adjustments	(886,058)
Federal revenues not subject to single audit	648,000

Billings Public School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

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**Section I—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

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

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

84.010, 84.389	Title I, Part A (Title I)
84.367	Improving Teacher Quality State Grants (Title II)
84.410	Education Jobs Fund (Ed Jobs)
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs?	\$400,965
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings – N/A None**

**Section III – Schedule of Findings and Questioned Costs**

**Finding #12-1                      Eligibility Determination for Child Nutrition Cluster**

**CFDA 10.553, 10.555, 10.559; Child Nutrition Cluster; Grant Year 2012**

Criteria: A child's eligibility for free or reduced price meals under the Child Nutrition Cluster program is established by the submission of an annual application or statement which furnishes such information as family income and family size. The School District determines eligibility by comparing the data reported by the child's household to published income eligibility guidelines.

Condition: It was noted while testing applications for free and reduced meal prices that 1 in 40 individuals tested was incorrectly denied free or reduced price meals as a result of the household count being incorrectly counted on the form.

Questioned costs: None

Effect: Based on the number of household members listed by the applicant, the student was eligible for reduced price meals, but was denied free or reduced price meals.

Cause: The School District does not have an effective system of internal controls for ensuring the proper determination of eligibility for free or reduced price meals. This is considered to be a significant deficiency in internal control.

Recommendation: The School District should establish an effective system of internal controls which requires review of staff determination of applicant eligibility. The School District should provide sufficient training to ensure that all staff and supervisors are aware of the importance of internal controls surrounding eligibility determination.

Management Corrective Action Plan: The district will work Sodexo to ensure proper training of all personnel that check application eligibility. The district will put in place internal controls that check the applications again for verification. Administration will work with staff and supervisors to provide additional information and training on proper verification. The district offers online submission of the forms so this will help reduce the calculation errors in the future.

**#11-1 Pledge Receivable Audit Adjustment**

Finding: Pledge receivables totaling approximately \$80,000 related to various projects were considered to be uncollectable were included as receivables to the district.

Status: The School District has fully implemented procedures for writing off uncollectible pledge receivables

Auditor Response: Fully implemented

**#11-2 New Hire Reporting**

Finding: The School District had not followed the requirement of reporting employees hired and rehired to the Montana State Department of Revenue.

Status: The School District has fully implemented procedures for reporting employees hired and rehired to the Montana State Department of Revenue.

Auditor Response: Fully implemented

**#11-3 Commitment of Fund Balance Resources for Special Revenue Funds**

Finding: The School District did not have an approved resolution for committing fund balance resources for special revenue funds prior to the end of the fiscal year.

Status: The School District has implemented procedures to obtain board approval for committing fund balance resources for special revenue funds prior to the end of the fiscal year.

Auditor Response: Fully implemented

**#11-4 Approval of Salaries in State Fiscal Stabilization Fund (SFSF) Grant**

Finding: There was no documented approval of allocation of employees whose salaries were paid for with SFSF Funds.

Status: The School District did not receive any SFSF Grants in the current year. The School District has fully implemented procedures for approving salaries paid for with other federal funds tested.

Auditor Response: Fully implemented

**#11-5                      Documentation of Time and Effort in Title II Grant**

Finding: Documentation time and effort was not being kept for teachers paid with Title II grant amounts.

Status: The School District has fully implemented procedures for documenting Time and effort in the Title II grant.

Auditor Response: Fully implemented