



BILLINGS PUBLIC SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2009

Billings School District No. 2
415 N 30th Street
Billings, Montana 59101-1298

BILLINGS SCHOOL DISTRICT NO. 2
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

**Prepared by the Financial Services Department
Thomas L. Harper, Chief Financial Officer**

**Billings Public Schools
415 N. 30th Street
Billings, Montana 59101-1298**

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BILLINGS PUBLIC SCHOOLS

ORGANIZATION

June 30, 2009

BOARD OF TRUSTEES

High School and Elementary
Single Member District

1	Dawn Achten	Trustee
2	Joyce Weber	Trustee
3	Mary Jo Fox	Trustee
4	Kathleen Aragon	Trustee
5	Peter Gesuale	Trustee
6	Barbara Bryan	Trustee
7	Malcolm Goodrich	Trustee, Chair

High School
Nominating District

A	Teresa Stroebe	Trustee
B	Joel Guthals	Trustee, Vice-Chair

OFFICIALS

Jack Copps	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

Board of Trustees

Superintendent
Jack Copps

Internal Auditor/Clerk
Leo Hudetz

Executive Director
David Munson

- Special Education
- Student Services
- Nursing

Executive Director
Kathy Olson

- Elementary Education
- Special Education
- Music

Executive Director
C. Scott Anderson

- Secondary Education
- Adult Education
- Truancy Center

Executive Director
Dan Martin

- Human Resources
- Technology
- Parent & Student Assistance
- Federal Programs

Executive Director
Dave Williams

- Activities
- Driver Education
- Office of Development and Advancement

Executive Director
Gail Surwill

- Grades K-12 Curriculum
- Librarians

Executive Director
Rich Whitney

- Facilities Services

Chief Financial Officer
Thomas Harper

- Financial/Accounting Operations
- Transportation
- Warehouse/Purchasing
- Food Service

Billings Public Schools

Financial Services

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



December 16, 2009

Malcolm Goodrich, Chair
Members of the Board of Trustees
Billings Public Schools (School District #2)
415 North 30th Street
Billings, Montana 59101

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for Billings Public Schools for the fiscal year ended June 30, 2009. 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 2009.

Responsibility for the accuracy of the presentation, including all disclosures, rests with the school district's management. The district's Financial Services Department 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) require 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, 2009. The auditors' report is presented as the first component of the financial section of this report.

To improve readability, the Comprehensive Annual Financial Report is presented in three sections as described below:

The **Introductory Section** includes a table of contents, the transmittal letter, an organization chart, and a directory of school district officials. This section is intended to provide a summary of financial transactions, an overview of the school district as one entity, and a summary of other significant facts or trends related to the district.

The **Financial Section** includes the MD&A, government-wide and fund financial statements, fiduciary fund financial statements, notes to the financial statements, required supplemental information (RSI), supplemental information other than MD&A, as well as the independent auditor's report on the financial statements.

The **Statistical Section** includes selected financial and demographic information, presented on a multi-year basis where possible. This section is intended to provide additional financial and non-financial information relevant to the school district. This section is unaudited.

PROFILE OF THE DISTRICT

Geographically, Billings Public Schools covers an area greater than the city of Billings. The school system includes two legally separate districts, Elementary District No. 2 and High School District No. 2. The Elementary District covers approximately 33 square miles and has an estimated population of 101,000. The High School District covers approximately 100 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 120,000.

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.

All funds of the district are included in this report. The district serves approximately 15,481 students and provides a full range of educational services appropriate to grade levels pre-K through 12, as well as adult education. These include regular and enriched academic education, special education, and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics.

The activities of the Billings Education Foundation, Yes for Kids, 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.

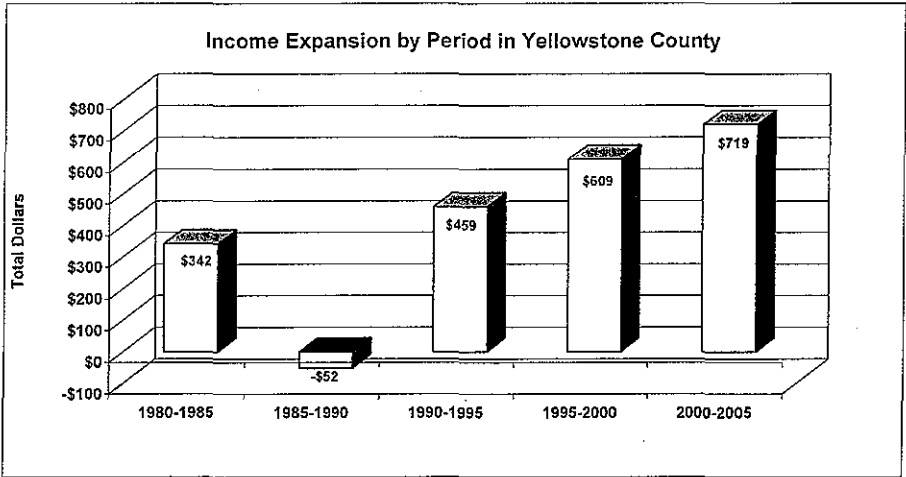
The district is required by state law to annually adopt budgets for certain funds, generally those supported by property taxes. The elementary and high school board of trustees must meet to legally adopt final budgets on or before August 15th immediately preceding the school year. The primary building blocks of the district's overall financial planning include appropriated governmental funds for: General, Transportation, Tuition, Retirement, Technology Acquisition, Adult Education, Flexibility, Debt Service, and Building Reserve.

The district initially gained voters' support for educational program maintenance and operations levies with passage of general fund mill levies in May of 2007, but support for an additional operating mill levy failed to gain voter approval in 2008 and 2009.

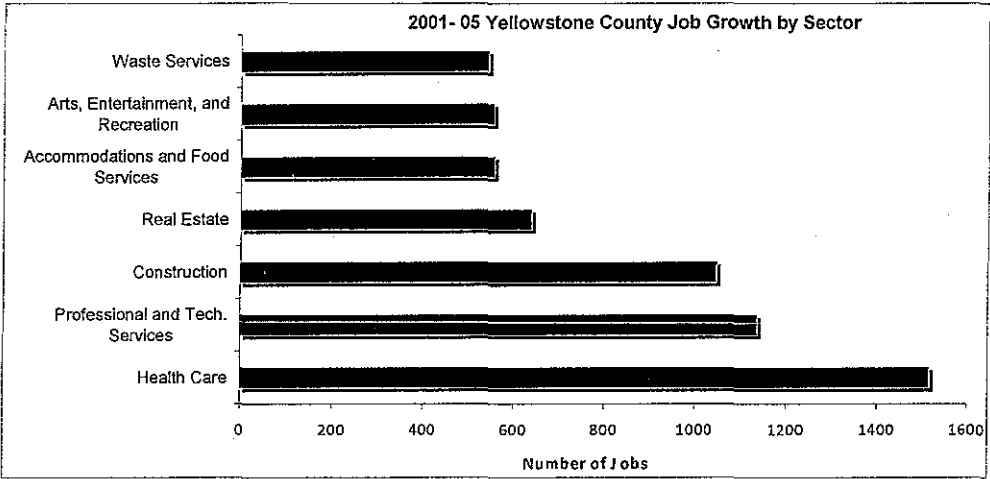
ECONOMIC CONDITION AND OUTLOOK

Local Economy

The district is located in south-central Montana. The major city within the district is Billings, the largest city in Montana, which also serves as the county seat of Yellowstone County. Since the late 1980's, the city of Billings has experienced a steady growth in population. The personal income base has also expanded considerably since the early 1990's in Yellowstone County, resulting in continuous economic expansion. This stable economy can be attributed to Billings's base economies which include; energy, health care, and professional and technical services.



Health Care has experienced the biggest increase in jobs in Yellowstone County between the years 2001 and 2005 with an increase of 1,571 jobs. The second largest increase occurred in the professional and technical services sector with major growth in demand for engineers, accountants, and computer technicians. The third largest growth sector was in construction related jobs.



Major Initiatives

In 2004, a consortium of school districts and associations supporting schools successfully brought suit against the state of Montana attesting inadequate funding of public schools. The state legislature responded by meeting in special sessions in 2005 and 2007 and provided increased state funding. In May of 2005, the Legislature also established the following language to define the basic system of funding free quality education:

20-0-309(4) By July 1, 2007, the Legislature shall:

- (a) determine the costs of providing the basic system of free quality public elementary and secondary schools;
- (b) establish a funding formula that:
 - (i) is based on the definition of a basic system of free quality public elementary and secondary schools and reflects the costs associated with providing that system as determined in subsection (4)(a);
 - (ii) allows the legislature to adjust the funding formula based on the educationally relevant factors identified in this section;
 - (iii) is self-executing and includes a mechanism for annual inflationary adjustments;
 - (iv) is based on state laws;
 - (v) is based on federal education laws consistent with Montana's constitution and laws; and
 - (vi) distributes to school districts in an equitable manner the state's share of the costs of the basic system of free quality public elementary and secondary schools; and
- (c) consolidate the budgetary fund structure to create the number and types of funds necessary to provide school districts with the greatest budgetary flexibility while ensuring accountability and efficiency.

The Montana Quality Education Coalition (MQEC), comprised of school districts and educational organizations throughout Montana, does not believe that the state has satisfied the expectations established in the 2004 court decision.

The consortium returned to court in the fall of 2008 to argue that an adequate level of funding is not being provided to Montana schools, and a final decision issued by the court stated the state substantially complied with the 2004 decision. No legal action is contemplated at this time.

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.

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

Budgetary Control

Trustees adopt budgets for all governmental funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

Cash Management

Cash in excess of current expenditures is invested during the year in the Yellowstone County Investment Pool. The investment pool yield continued to decline during 2009 as lower yielding securities replaced matured investments at lower rates. Because of the flight to quality our interest income has declined significantly, and we don't see this trend changing in the near future.

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. 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.

Certificates of Excellence

The Association of School Business Officials International (ASBO) has awarded the Meritorious Budget Award for excellence in the preparation and issuance of Billings Public Schools annual budgets for the fiscal 2007, 2008, and 2009 years.


This report has been prepared following guidelines recommended by the Government Finance Office Association (GFOA) of the United States for its Certificate of Achievement for Excellence in Financial Reporting program and also following guidelines recommended by ASBO for its certificate of Excellence in Financial Reporting. This is the third year that Billings Public Schools has submitted its report to these organizations. The school district was recognized by both organizations for the fiscal 2007 and 2008 submissions. Both awards are valid for a period of one year only. We believe our current report continues to conform to the ASBO and GFOA requirements, and we will submit it for determination of its eligibility for renewed awards.


Acknowledgements

The preparation of the annual financial report was made possible by the dedicated efforts of the Financial 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,


Jack Copps
Superintendent


Thomas Harper, CPA, CMA, CFM, CIA
CFO/Business Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Billings Public School
Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



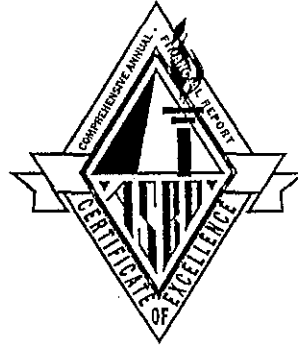
A handwritten signature in black ink, appearing to read "K. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen", is written above the title "Executive Director".

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, 2008

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 Program

Angela Petrucci

President

John D. Musso

Executive Director

SECTION II - FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Billings Public Schools
Billings, Montana

We have audited the accompanying financial statements of the governmental activities, business-type 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, 2009, which collectively comprise the school's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Billings Public Schools' management. Our responsibility is to express an opinion 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 the 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 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, business-type activities, each major fund, and the aggregate remaining fund information of Billings Public Schools, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, 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 issued our report dated December 16, 2009 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

PEOPLE. PRINCIPLES. POSSIBILITIES.

www.eidebailly.com

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress and employer contributions as found in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Billings Public Schools' basic financial statements. The introductory section, combining and individual non-major fund financial statements, supporting schedules, statistical data listed in the table of contents and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Billings Public Schools. Such information, except for the statistical data marked as unaudited and the introductory section, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Billings, Montana
December 16, 2009

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, 2009. 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 decreased \$1.7 million (from 2008 to 2009) to \$136.6 million. This represents a 1.2% decrease compared to the prior year.
- Governmental activity expenditures increased \$3.4 million over 2008 to \$141.8 million. This represents a 2.5% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$23.2 million, an increase of \$3.2 million over the prior year. Total unreserved fund balance increased \$2.9 million to \$22.6 million over the prior year.
- The 2009 general fund expenditure budget was \$94.6 million, an increase of \$1.9 million or 2.0% over the prior year.

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 *district-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 district-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

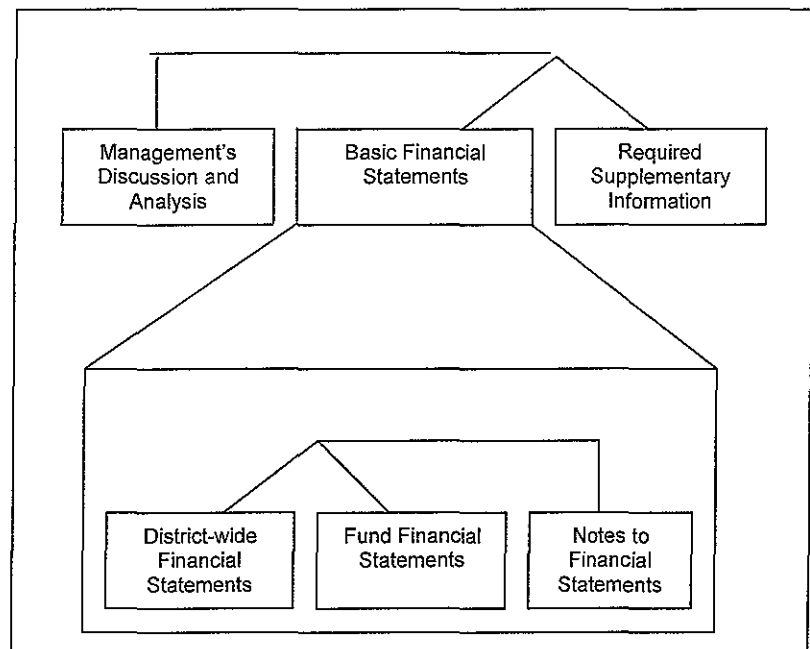


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

<p>Figure A-2 Major Features of District-Wide and Fund Financial Statements</p>			
	<p>District-wide Statements</p>	<p>Fund Financial Statements</p>	
		<p>Governmental Funds</p>	<p>Fiduciary Funds</p>
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 the 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 24 and 25) 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. We utilize 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 26 and 28) 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 27 and 29, 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 30, 31 and 32 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. We exclude these activities from the other financial statements because we cannot use these assets to finance our operations. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

THE DISTRICT AS A WHOLE

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

NET ASSETS:	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 31,214,750	\$ 29,002,623	\$ 13,455	\$ -	\$ 31,228,205	\$ 29,002,623
Capital assets	61,826,286	61,859,768	-	-	61,826,286	61,859,768
Total assets	93,041,036	90,862,391	13,455	-	93,054,491	90,862,391
Other liabilities	5,041,530	3,899,127	13,455	43,775	5,054,985	3,942,902
Long-term liabilities outstanding	25,554,706	19,344,467	-	10,117	25,554,706	19,354,584
Total liabilities	30,596,236	23,243,594	13,455	53,892	30,609,691	23,297,486
Net assets:						
Invested in capital assets, net of related debt	60,569,790	61,191,582	-	-	60,569,790	61,191,582
Restricted	14,612,086	12,533,071	-	-	14,612,086	12,533,071
Unrestricted	(12,737,076)	(6,105,856)	-	(53,892)	(12,737,076)	(6,159,748)
	<u>\$ 62,444,800</u>	<u>\$ 67,618,797</u>	<u>\$ -</u>	<u>\$ (53,892)</u>	<u>\$ 62,444,800</u>	<u>\$ 67,564,905</u>
CHANGE IN NET ASSETS:	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 3,163,194	\$ 3,015,278	\$ 364,732	\$ 265,857	\$ 3,527,926	\$ 3,281,135
Operating grants and contributions	26,530,143	28,928,094	-	-	26,530,143	28,928,094
Capital grants and contributions	892,912	628,251	-	-	892,912	628,251
General revenues:						
Taxes	34,991,351	34,701,063	-	-	34,991,351	34,701,063
State sources	56,065,277	54,671,723	-	-	56,065,277	54,671,723
County sources	13,211,358	11,946,780	-	-	13,211,358	11,946,780
Interest	681,026	1,064,579	615	3	681,641	1,064,582
Contributions and donations	835,415	581,134	21,940	7,568	857,355	588,702
Miscellaneous	235,112	271,266	-	-	235,112	271,266
Gain on disposal of capital assets	-	2,475,779	-	-	-	2,475,779
Total revenues	136,605,788	138,283,947	387,287	273,428	136,993,075	138,557,375
Expenses:						
Instruction	88,164,245	85,812,039	-	-	88,164,245	85,812,039
Support services:						
Students	9,601,125	9,298,820	-	-	9,601,125	9,298,820
Instructional staff	6,945,475	6,555,906	-	-	6,945,475	6,555,906
General administration	1,312,581	1,476,711	-	-	1,312,581	1,476,711
Administration	9,069,215	9,003,814	-	-	9,069,215	9,003,814
Business	1,880,984	2,019,626	-	-	1,880,984	2,019,626
Operation and maintenance	12,140,124	12,421,095	-	-	12,140,124	12,421,095
Student transportation	5,136,849	4,658,373	-	-	5,136,849	4,658,373
Food services	5,146,099	4,701,734	-	-	5,146,099	4,701,734
Community services	19,891	14,050	-	-	19,891	14,050
Extracurricular	2,328,064	2,291,969	-	-	2,328,064	2,291,969
Daycare	-	-	333,395	327,884	333,395	327,884
Other current charges	11,479	-	-	-	11,479	-
Interest	29,399	117,618	-	-	29,399	117,618
Total expenses	141,785,530	138,371,755	333,395	327,884	142,118,925	138,699,639
Change in net assets before transfers	(5,179,742)	(87,808)	53,892	(54,456)	(5,125,850)	(142,264)
Transfers	5,745	-	-	-	5,745	-
Change in net assets	(5,173,997)	(87,808)	53,892	(54,456)	(5,120,105)	(142,264)
Net assets, beginning	67,618,797	67,706,605	(53,892)	564	67,564,905	67,707,169
Net assets, ending	<u>\$ 62,444,800</u>	<u>\$ 67,618,797</u>	<u>\$ -</u>	<u>\$ (53,892)</u>	<u>\$ 62,444,800</u>	<u>\$ 67,564,905</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.

DISTRICT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the district's net assets and changes in net assets. The 2009 expenses exceeded revenue by \$5.2 million.

	2009	2008	% Change
Revenue	\$ 136,605,788	\$ 135,808,168 *	0.6%
Expenses	141,785,530	138,371,755	2.5%
Surplus/Deficit	<u>\$ (5,179,742)</u>	<u>\$ (2,563,587)</u>	-102.1%

* 2008 revenue adjusted for one-time gain on sales of capital assets of \$2.5 million. Total revenues actually increase by .6% after adjusting for gain on sales of capital assets in 2009 compared to 2008. Expenditures continue to exceed revenue in 2009. This continues a trend that the district needs to address.

Net assets consist of cash and cash equivalents and capital assets net of liabilities. In 2009, net assets decreased by the \$5.2 million operating deficit.

NET ASSETS:	2009	2008	Change
Current and other assets	\$ 31,214,750	\$ 29,002,623	\$ 2,212,127
Capital assets	61,826,286	61,859,768	(33,482)
Total assets	<u>93,041,036</u>	<u>90,862,391</u>	<u>2,178,645</u>
Other liabilities	5,041,530	3,899,127	1,142,403
Long-term liabilities outstanding	25,554,706	19,344,467	6,210,239
Total liabilities	<u>30,596,236</u>	<u>23,243,594</u>	<u>7,352,642</u>
Net assets:	2009	2008	Change
Invested in capital assets, net of related debt	60,569,790	61,191,582	(621,792)
Restricted for debt service	145,341	140,053	5,288
Restricted for other purposes	14,466,745	12,393,018	2,073,727
Unrestricted deficit	<u>(12,737,076)</u>	<u>(6,105,856)</u>	<u>(6,631,220)</u>
Total net assets	<u>\$ 62,444,800</u>	<u>\$ 67,618,797</u>	<u>\$ (5,173,997)</u>

The district uses its assets to provide services to students and the community. At the close of the 2009 fiscal year the district had \$62.4 million in net assets.

The largest portion of the district's net assets (\$60.6 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. 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. There are no budgeted funds for the estimated deferred maintenance cost of \$121 million.

The 2009 net assets restricted for debt service or other purposes totaling \$14.6 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 asset balance is a deficit of \$12.7 million and represents unfunded estimated future pension related liabilities. This deficit increased by \$6.6 million, or 108.6% in 2009 due to increases in amortization related to the service credit and termination pay benefits plan, compensated absences, and other postemployment benefits (See Note 4). We expect this deficit to continue to increase in future years unless the District begins funding it. The district historically has

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

maintained a policy of pay-as-you-go for the service credit, compensated absences, and termination pay benefits and other postemployment benefits. The district budgeted \$2.8 million to cover the estimated current costs in 2009 (See Note 3). This obligation will be met using unreserved funds 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) is \$81.5 million. The district's retirement plans are unsustainable at current benefit levels because of the following:

- 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.
- Employee contribution rates are insufficient to fund the liability without significant employer contributions. The employer must make up the difference.
- Operating budget revenue limitations mandated under state law, combined with a tendency toward inflationary retirement benefit increases.
- Declining constituent population base is coupled with generous and unfunded legacy retirement benefits.
- There is no limit on benefits (i.e., no dollar or consumer price index cap).

The district will need to devise a strategy that addresses the sustainability of these benefits programs and consider the on-going financial health of the district.

Net assets from business-type activities was a deficit of \$53,892 in 2008. This deficit was primarily due to the start-up cost of our after school program. The program was transitioned to United Way of Yellowstone County at no cost to the district at year end.

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 element total (assets, liabilities, etc.) for all funds. Individual funds are generally allocated or awarded for special purposes and in some instances have a mix of reserved funding (for the purpose of the fund) and unreserved amounts. The following table shows the unreserved balances for all funds for 2009 and 2008.

	2009	2008	Change	% Change
General Fund	\$ 5,327,292	\$ 4,856,734	\$ 470,558	9.7%
Miscellaneous Fund	-	2,172,040	(2,172,040)	-100.0%
Retirement Fund	3,511,324	-	3,511,324	0.0%
Special Revenue Funds	9,056,190	8,385,263	670,927	8.0%
Capital Projects	4,674,527	4,266,136	408,391	9.6%
Total	<u>\$ 22,569,333</u>	<u>\$ 19,680,173</u>	<u>\$ 2,889,160</u>	<u>14.7%</u>

The combined unreserved balance for all funds of \$22.6 million increased by \$2.9 million in 2009. These fund balances are generally an indicator of resources available for spending in the next fiscal year. Most of the fund balances have been budgeted to support infrastructure projects in 2009 and \$17.9 million has been reserved for use in future years. The Board of Trustees and management have set an objective to maintain a minimum general fund reserve of 5% of budgeted general expenditures.

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 revised or supplemental budget expenditures after a public hearing that can be held at any time during the fiscal year. There were no Board adopted revisions (amendments) during 2009.

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 \$5.3 million, an increase of \$0.5 million over the prior year.

The table below summarizes general fund revenues and expenditures for fiscal year 2009 and 2008. Revenue increased by 2.2% due primarily to increases in direct state aid of \$1.3 million and the state pass through funds of \$0.7 million. Expenditures increased by 2.0% primarily due to moving operation and maintenance costs back into the general fund from one-time money sources.

	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>
Revenues			
Property taxes	\$ 30,661,819	\$ 29,915,283	2.5%
State aid	50,287,803	48,893,387	2.9%
State other	14,556,414	14,557,474	0.0%
Tuition	148,290	195,406	-24.1%
Miscellaneous	85,242	134,441	-36.6%
Total revenues	<u>\$ 95,739,568</u>	<u>\$ 93,695,991</u>	2.2%
Expenditures			
Instruction	\$ 60,197,185	\$ 60,765,662	-0.9%
Support services:			
Students	6,270,596	6,242,820	0.4%
Instructional staff	5,132,096	5,050,350	1.6%
General administration	1,207,359	1,299,542	-7.1%
School administration	6,854,511	7,237,252	-5.3%
Business services	1,402,720	1,080,768	29.8%
Operation and maintenance	10,639,761	8,717,531	22.1%
Student transportation	47,181	17,616	167.8%
Community services	6,600	6,600	0.0%
Extracurricular	1,984,423	1,936,752	2.5%
Capital outlay	653,694	294,915	121.7%
Debt service	213,839	82,500	159.2%
Total expenditures	<u>\$ 94,609,965</u>	<u>\$ 92,732,308</u>	2.0%

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - In the spring of 2001 the district passed a mill levy for 5 years totaling \$15 million to address the district backlog of deferred maintenance. In the spring of 2004, the district issued another \$10 million of general obligation bonds to finance the construction of various district projects including the renovation of several elementary schools.

The district's 2009 capital project budget of \$1.4 million was used to complete the projects funded by the general fund and one-time funds authorized by the state in the 2005 and 2007 biennium. Construction in progress as of June 30, 2009 of \$0.7 million consists primarily of projects funded by one-time money or donations.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2009 and 2008. The district had \$61.6 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.

	2009	2008	Change
Land	\$ 4,377,961	\$ 4,177,961	\$ 200,000
Improvements other than buildings	296,660	273,924	22,736
Building and improvements	54,127,770	54,874,739	(746,969)
Machinery and equipment	2,302,422	2,270,537	31,885
Construction in progress	721,473	262,607	458,866
Total	<u>\$ 61,826,286</u>	<u>\$ 61,859,768</u>	<u>\$ (33,482)</u>

Debt Administration -- A summary of the district's outstanding long-term debt for the years ended June 30, 2009 and 2008 is presented below:

	2009	2008	Change
Limited obligation bonds	\$ 758,250	\$ -	\$ 758,250
Notes payables	533,043	668,186	(135,143)
Compensated absences	11,645,154	10,840,280	804,874
Service credit and termination pay benefits	7,190,259	4,783,001	2,407,258
Other postemployment benefits	5,428,000	3,053,000	2,375,000
Total	<u>\$ 25,554,706</u>	<u>\$ 19,344,467</u>	<u>\$ 6,210,239</u>

The final payment on the general obligation debt was made as scheduled on June 30, 2008. At year end the district had \$25.6 million in outstanding other long-term debt/liabilities. The current portion which is due within one year is equal to \$1.4 million. The total long-term liability increased \$6.2 million, or 32.1%. The change is due to \$3.6 million of OPEB, service credit and termination pay benefits, and compensated absences liabilities. Long term liabilities had previously increased by \$1.3 million in 2008 due to the district properly accounting for the service credit and termination pay benefits (see Note 4).

Under current state statutes, district general obligation bonded debt issuances are subject to a legal limitation based on taxable value. As of June 30, 2009 the district's total debt outstanding was well below the legal limit of \$308 million. Historically the district has received an A-1 rating from Moody's Financial 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 the city of Billings and some adjacent areas in Yellowstone County. Billings benefits from a diverse economy as a regional center for agriculture, retail, petroleum, medical services, transportation, education, law, and government services. Nevertheless, economic indicators for the region continue to weaken along with the national economy. In the past year, housing starts have leveled off from their decline but are still considerably less than 2008 levels. Housing sales also continued to decline. During the third quarter of 2009 there was a small increase in home sales, driven in part by the \$8,000 first time home buyers tax credit. Sales on foreclosed houses have hit a ten year high and are projected to continue to rise as unemployment continues to rise and housing prices fall. The addition of a new shopping complex, the remodel of a shopping mall, and the addition of two major big box stores indicate the Billings' retail business should weather the current economic downturn. Unemployment continues to climb in Billings but is still well below the national average. National unemployment is expected to continue to increase into 2010 before it levels off and starts to decline. Even with the reduced cost of oil and gas during the summer of 2009, Montana's tourism business continued to see a decline of over 4% in visitors to the state. Lower petroleum costs were a mixed blessing for area farmers and ranchers. Although fuel, feed and fertilizer costs were lower, so too were the prices of their goods going to market. In Billings, an early freeze in October 2009 is expected to negatively impact the sugar beet industry. Wheat prices and production are expected to remain low. Beef prices and consumption have dropped over the last few years. There are some government stimulus projects under way and some projects will be forthcoming. Medical services in Billings continue to expand.

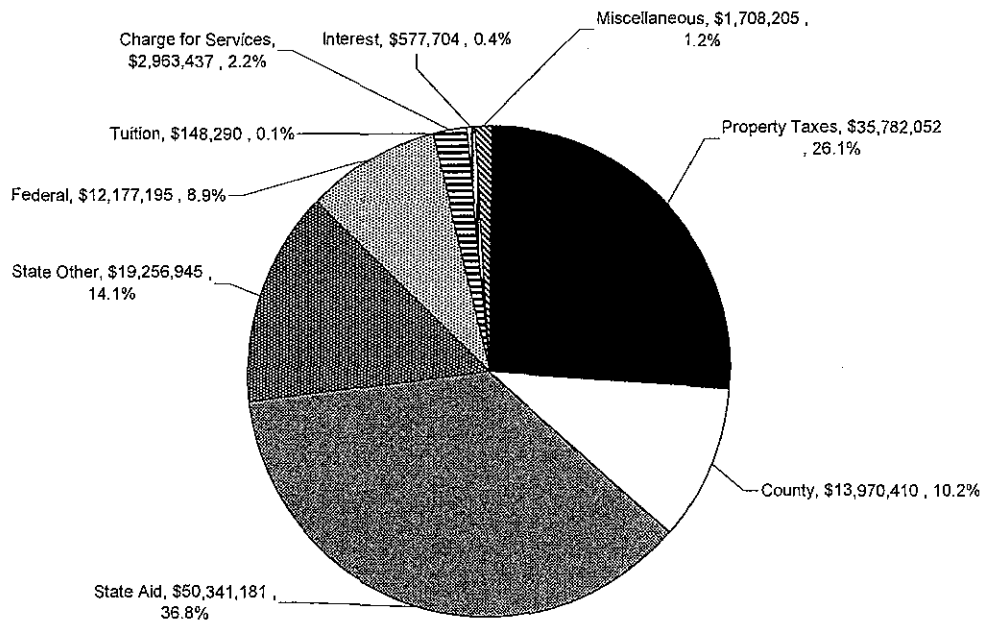
In upcoming years the district anticipates difficulty in obtaining the funding needed to maintain its current level of service. Although the State of Montana distributed \$15.9 million in American Recovery Reinvestment Act funds (ARRA) to the district in the current biennium, there was a corresponding decrease in direct state aid for the same period. In order to balance the general fund budget in 2010 the district funded \$2.8 million in ongoing costs with one-time district and federal funds. The proposed 2011 budget also relies significantly on one time federal and district funds to fund ongoing costs. Given the current economic climate and well reported decreases in 2009 state tax revenues, there is no guarantee that the state legislature will be able or willing to replace federal stimulus money with recurring revenues for the 2012 biennium. To increase available funding, the district is considering running local levies in 2010. However, the district has successfully passed only two local mill levies since 2002. The district anticipates some growth in the K-6 enrollment for 2010 which will have a positive impact on direct state aid in 2011. Overall the district expects to see a decline in middle and high school enrollment for the foreseeable future. The revenue impact of the decline will be partially offset by growth in K-6 enrollment and the ability to use a three-year rolling average to calculate enrollment numbers used for revenue allocations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

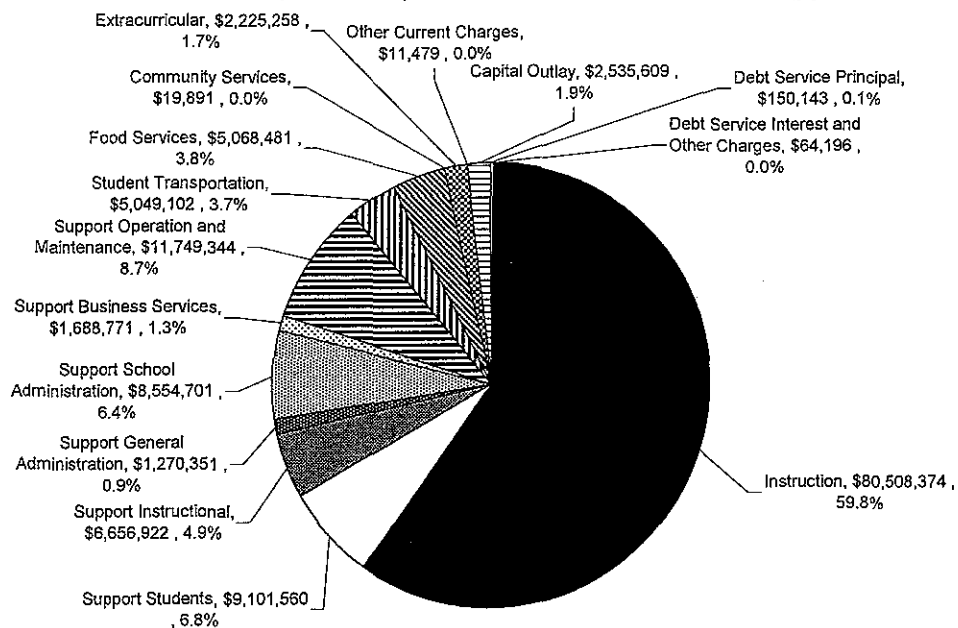
This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the resources it receives. If you have questions about this report or need additional information, contact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

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

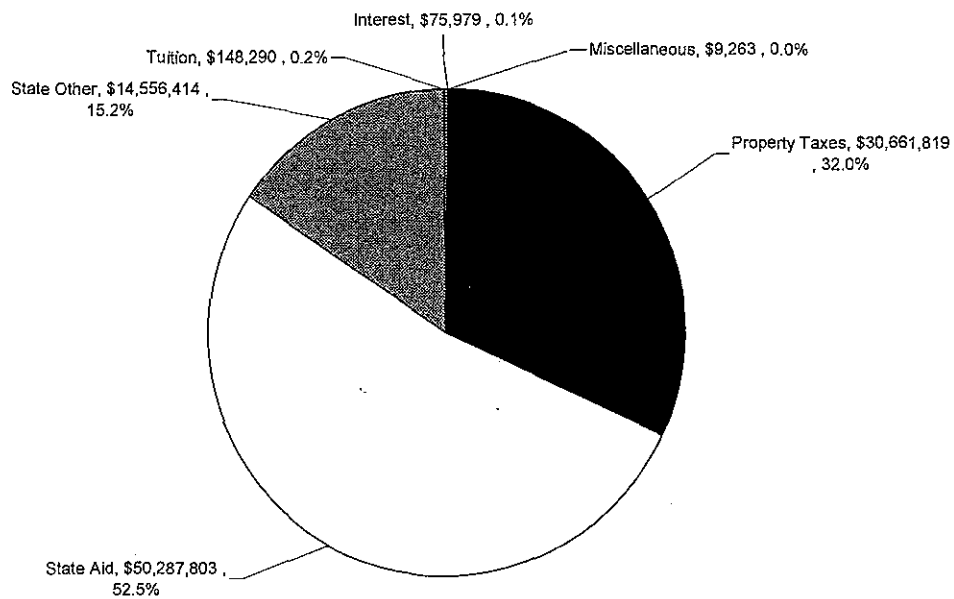
GAAP Basis Revenues by Source-Total Governmental Funds (pg. 28)



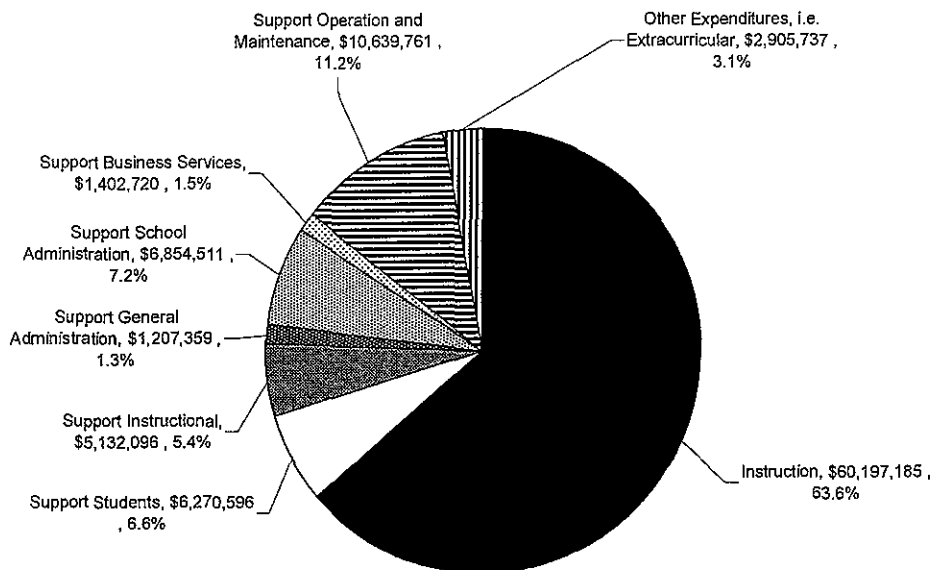
GAAP Basis Expenditures by Function - Total Governmental Funds (pg. 28)



GAAP Basis Revenues by Source - General Fund (Major Fund see page 28)



GAAP Basis Expenditures by Function - General Fund (Major Fund see page 28)



Note items combined

BILLINGS PUBLIC SCHOOLS

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,655,187	\$ 13,455	\$ 25,668,642
Receivables:			
Taxes, net	2,568,972	-	2,568,972
Governments	1,399,882	-	1,399,882
Other	1,331,730	-	1,331,730
Inventories	124,256	-	124,256
Prepaid items	99,926	-	99,926
Deferred charges	34,797	-	34,797
Capital assets:			
Land and construction in progress	5,099,434	-	5,099,434
Depreciable capital assets, net	56,726,852	-	56,726,852
Total assets	93,041,036	13,455	93,054,491
LIABILITIES			
Accounts payable and accrued expenses	4,978,998	13,455	4,992,453
Deferred revenues	62,532	-	62,532
Long-term liabilities:			
Due within one year:			
Bonds and notes	229,595	-	229,595
Compensated absences	1,164,515	-	1,164,515
Due in more than one year:			
Bonds and notes	1,061,698	-	1,061,698
Compensated absences	10,480,639	-	10,480,639
Service credit and termination pay benefits payable	7,190,259	-	7,190,259
Other postemployment benefits	5,428,000	-	5,428,000
Total liabilities	30,596,236	13,455	30,609,691
NET ASSETS			
Invested in capital assets, net of related debt	60,569,790	-	60,569,790
Restricted for:			
Debt service	145,341	-	145,341
Capital outlay	4,754,035	-	4,754,035
Student transportation	726,171	-	726,171
Support programs	2,620,072	-	2,620,072
Payroll tax related	5,078,654	-	5,078,654
Miscellaneous trust funds	1,287,813	-	1,287,813
Unrestricted	(12,737,076)	-	(12,737,076)
Total net assets	\$ 62,444,800	\$ -	\$ 62,444,800

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction	\$ 88,164,245	\$ 712,110	\$ 18,103,462	\$ 513,242	\$ (68,835,431)	\$ -	\$ (68,835,431)
Support services:							
Students	9,601,125	-	2,876,250	-	(6,724,875)	-	(6,724,875)
Instructional staff	6,945,475	-	710,544	-	(6,234,931)	-	(6,234,931)
General administration	1,312,581	-	3,782	-	(1,308,799)	-	(1,308,799)
School administration	9,069,215	-	442,731	-	(8,626,484)	-	(8,626,484)
Business services	1,880,984	-	3,323	-	(1,877,661)	-	(1,877,661)
Operation and maintenance	12,140,124	41,494	247,230	-	(11,851,400)	-	(11,851,400)
Student transportation	5,136,849	42,381	1,609,936	-	(3,484,532)	-	(3,484,532)
Food services	5,146,099	2,367,209	2,509,137	-	(269,753)	-	(269,753)
Community services	19,891	-	-	-	(19,891)	-	(19,891)
Extracurricular	2,328,064	-	23,748	379,670	(1,924,646)	-	(1,924,646)
Other current charges	11,479	-	-	-	(11,479)	-	(11,479)
Interest	29,399	-	-	-	(29,399)	-	(29,399)
Total governmental activities	141,785,530	3,163,194	26,530,143	892,912	(111,199,281)	-	(111,199,281)
Business-type activities							
Day Care	333,395	364,732	21,940	-	-	53,277	53,277
Total business-type activities	333,395	364,732	21,940	-	-	53,277	53,277
Total	\$ 142,118,925	\$ 3,527,926	\$ 26,552,083	\$ 892,912	(111,199,281)	53,277	(111,146,004)
General revenues:							
Property taxes					34,991,351	-	34,991,351
Intergovernmental:							
State aid					50,341,181	-	50,341,181
State other					5,724,096	-	5,724,096
County					13,211,358	-	13,211,358
Interest					681,026	615	681,641
Contributions and donations					835,415	-	835,415
Miscellaneous					235,112	-	235,112
Transfers					5,745	-	5,745
Total general revenues and transfers					106,025,284	615	106,025,899
Change in net assets					(5,173,997)	53,892	(5,120,105)
Net assets - beginning					67,618,797	(53,892)	67,564,905
Net assets - ending					\$ 62,444,800	\$ -	\$ 62,444,800

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	General	Elementary Retirement	Elementary Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,844,422	\$ 3,569,995	\$ 4,049,602	\$ 9,242,600	\$ 22,706,619
Receivables:					
Taxes, net	2,189,510	-	-	379,462	2,568,972
Governments	-	-	-	1,399,882	1,399,882
Other	324,102	-	72,612	247,096	643,810
Inventories	-	-	-	25,167	25,167
Total assets	<u>\$ 8,358,034</u>	<u>\$ 3,569,995</u>	<u>\$ 4,122,214</u>	<u>\$ 11,294,207</u>	<u>\$ 27,344,450</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,459,494	\$ 58,671	\$ 556,644	\$ 634,815	\$ 2,709,624
Deferred revenue	1,208,388	-	72,612	197,464	1,478,464
Total liabilities	<u>2,667,882</u>	<u>58,671</u>	<u>629,256</u>	<u>832,279</u>	<u>4,188,088</u>
Fund balances:					
Reserved for:					
Inventories	-	-	-	25,167	25,167
Encumbrances	362,860	-	-	77,313	440,173
Debt service	-	-	-	121,689	121,689
Unreserved	5,327,292	3,511,324	3,492,958	-	12,331,574
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	9,056,190	9,056,190
Capital projects funds	-	-	-	1,181,569	1,181,569
Total fund balances	<u>5,690,152</u>	<u>3,511,324</u>	<u>3,492,958</u>	<u>10,461,928</u>	<u>23,156,362</u>
Total liabilities and fund balances	<u>\$ 8,358,034</u>	<u>\$ 3,569,995</u>	<u>\$ 4,122,214</u>	<u>\$ 11,294,207</u>	<u>\$ 27,344,450</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

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

June 30, 2009

Total fund balance, governmental funds	\$ 23,156,362
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.	60,421,497
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	1,469,009
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.	(2,595,322)
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	34,797
Notes payable	(533,043)
Limited obligation bonds	(758,250)
Compensated absences	(11,559,991)
Service credit and termination pay benefits	(7,190,259)
Net assets of governmental activities	<u>\$ 62,444,800</u>

BILLINGS PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	General	Elementary Retirement	Elementary Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 30,661,819	\$ -	\$ -	\$ 5,120,233	\$ 35,782,052
Intergovernmental:					
County	-	8,400,387	-	5,570,023	13,970,410
State aid	50,287,803	-	-	53,378	50,341,181
State other	14,556,414	865,313	-	3,835,218	19,256,945
Federal	-	-	-	12,177,195	12,177,195
Tuition	148,290	-	-	-	148,290
Charge for services	-	-	15,240	2,948,197	2,963,437
Interest	75,979	51,447	105,233	345,045	577,704
Miscellaneous	9,263	-	528,027	1,170,915	1,708,205
Total revenues	95,739,568	9,317,147	648,500	31,220,204	136,925,419
EXPENDITURES					
Current:					
Instruction	60,197,185	5,655,231	-	14,655,958	80,508,374
Support services:					
Students	6,270,596	655,986	-	2,174,978	9,101,560
Instructional staff	5,132,096	400,345	-	1,124,481	6,656,922
General administration	1,207,359	36,389	-	26,603	1,270,351
School administration	6,854,511	620,578	-	1,079,612	8,554,701
Business services	1,402,720	110,427	-	175,624	1,688,771
Operation and maintenance	10,639,761	475,929	161,757	471,897	11,749,344
Student transportation	47,181	125,734	-	4,876,187	5,049,102
Food services	-	41,588	-	5,026,893	5,068,481
Community services	6,600	-	-	13,291	19,891
Extracurricular	1,984,423	62,122	-	178,713	2,225,258
Other current charges	-	-	-	11,479	11,479
Capital outlay	653,694	-	1,136,082	745,833	2,535,609
Debt service:					
Principal	150,143	-	-	-	150,143
Interest and other charges	63,696	-	500	-	64,196
Total expenditures	94,609,965	8,184,329	1,298,339	30,561,549	134,654,182
Excess (deficiency) of revenues over (under) expenditures	1,129,603	1,132,818	(649,839)	658,655	2,271,237
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	773,250	-	773,250
Sale of capital assets	-	-	5,000	-	5,000
Insurance	-	-	-	112,617	112,617
Transfers in	-	-	34,868	335,677	370,545
Transfers out	(325,000)	-	-	(24,511)	(349,511)
Total other financing sources (uses)	(325,000)	-	813,118	423,783	911,901
Net change in fund balances	804,603	1,132,818	163,279	1,082,438	3,183,138
Fund balances - beginning	4,885,549	2,378,506	3,329,679	9,379,490	19,973,224
Fund balances - ending	\$ 5,690,152	\$ 3,511,324	\$ 3,492,958	\$ 10,461,928	\$ 23,156,362

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 3,183,138

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 depreciation (\$2,785,844) exceeded capital outlay (\$2,535,609) in the current period. (250,235)

The net effect of various transactions involving capital assets (i.e., sales, donations and trade-ins) is to increase net assets. 255,184

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. (744,234)

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:

Capitalize debt issuance costs	38,663
Amortization of deferred charges	(3,866)
Issuance of long-term debt	(773,250)
Repayment of principal on long-term debt	150,143

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	(2,407,258)
Compensated absences	(789,731)

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. (3,832,551)

Change in net assets of governmental activities \$ (5,173,997)

BILLINGS PUBLIC SCHOOLS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Day Care	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,455	\$ 2,948,568
Accounts receivable, net	-	687,920
Prepaid items	-	99,926
Inventories	-	99,089
Total current assets	13,455	3,835,503
Non-current assets:		
Capital assets:		
Land and improvements	-	122,700
Buildings	-	1,691,183
Equipment and furniture	-	606,514
Less accumulated depreciation	-	(1,015,608)
Total non-current assets	-	1,404,789
Total assets	13,455	5,240,292
LIABILITIES		
Current Liabilities:		
Accounts payable	13,455	2,269,374
Deferred revenue	-	53,077
Compensated absences	-	8,516
Total current liabilities	13,455	2,330,967
Non-current liabilities:		
Compensated absences	-	76,647
Other postemployment benefits	-	5,428,000
Total non-current liabilities	-	5,504,647
Total liabilities	13,455	7,835,614
NET ASSETS		
Invested in capital assets	-	2,809,578
Unrestricted	-	(5,404,900)
Total net assets	\$ -	\$ (2,595,322)

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Day Care	
OPERATING REVENUES		
Charges for services	\$ 364,732	\$ 15,418,282
Total operating revenues	364,732	15,418,282
OPERATING EXPENSES		
Personal services - salaries	262,523	369,672
Personal services - benefits	41,057	64,850
Purchased professional and technical services	2,044	-
Purchased property services	524	83,198
Other purchased services	10,201	699,582
Supplies and materials	17,046	1,611,785
Insurance claims and expenses	-	14,096,348
Other postemployment benefits	-	2,375,000
Depreciation	-	38,431
Total operating expenses	333,395	19,338,866
Operating income (loss)	31,337	(3,920,584)
NON-OPERATING REVENUES		
Interest revenue	615	103,322
Operating grants and contributions	21,940	-
Total non-operating revenues	22,555	103,322
Income (loss) before transfers	53,892	(3,817,262)
Transfers out	-	(15,289)
Change in net assets	53,892	(3,832,551)
Net assets - beginning	(53,892)	1,237,229
Net assets - ending	\$ -	\$ (2,595,322)

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Day Care	
CASH FLOWS FROM OPERATIONS:		
Cash received from customers	\$ 364,732	\$ -
Cash received from health insurance premiums	-	13,014,968
Cash received from interfund services	-	2,028,315
Medical claims paid	-	(13,522,557)
Cash paid to employees health insurance services	-	(81,205)
Cash paid to employees interfund services	-	(338,174)
Cash paid to employees day care services	(313,697)	-
Cash paid to suppliers for goods and services	(73,590)	-
Cash paid to suppliers for goods and services health insurance services	-	(699,145)
Cash paid to suppliers for goods and services interfund services	-	(1,680,587)
Net cash used by operating activities	(22,555)	(1,278,385)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Contributions received	21,940	-
Transfers out	-	(14,401)
Net cash provided (used) by noncapital financing activities	21,940	(14,401)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	615	103,322
Net cash provided by investing activities	615	103,322
Change in cash and cash equivalents	-	(1,189,464)
Cash and cash equivalents - beginning	-	4,138,032
Cash and cash equivalents - ending	\$ -	\$ 2,948,568
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 31,337	\$ (3,920,584)
Adjustment to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	-	38,431
Other postemployment benefits	-	2,375,000
Increase in accounts receivable	-	(377,003)
Decrease in inventory	-	31,279
Increase in prepaid items	-	(4,477)
Increase (decrease) in accounts payable	(43,775)	561,822
Increase in deferred revenue	-	2,004
Increase (decrease) in compensated absences	(10,117)	15,143
Net cash used by operating activities	\$ (22,555)	\$ (1,278,385)

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,880,922	\$ 3,534,682
Other receivables	26	-
Total assets	<u>1,880,948</u>	<u>3,534,682</u>
LIABILITIES		
Accounts payable	<u>92,655</u>	<u>3,534,682</u>
Total liabilities	<u>92,655</u>	<u>3,534,682</u>
NET ASSETS		
Held in trust	<u>\$ 1,788,293</u>	<u>\$ -</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2009

	Private Purpose Trust Fund- Extracurricular
ADDITIONS	
Contributions:	
Student extracurricular activities	\$ 2,962,647
Investment earnings:	
Interest	<u>50,113</u>
Total additions	<u>3,012,760</u>
DEDUCTIONS	
Transfers out	5,745
Student extracurricular activities	<u>2,970,749</u>
Total deductions	<u>2,976,494</u>
Change in net assets	36,266
Net assets - beginning	<u>1,752,027</u>
Net assets - ending	<u><u>\$ 1,788,293</u></u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the district are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB Board. Governments also have the option of following subsequent private-sector guidance for their proprietary funds, subject to this same limitation. The district 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 are 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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds 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.

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

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 retirement fund accounts for the financing of the district's contribution to the Teachers' Retirement System, the Public Employees Retirement System, Unemployment and Social Security.

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

Additionally, the district reports the following fund types:

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

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

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

Assets, Liabilities 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, and as such, uses amortized cost to report unit values.

Investments are reported at fair value. Fair value is determined annually, based on fiscal year-end market values. Short-term investments are reported at cost, which approximates fair 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, 2009. The allowance at June 30, 2009, was \$163,978.

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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Inventories and Prepaid Items

All inventories are valued at cost. Inventories are recorded as expenditures in the fund financial statements. Inventories are recorded as expenses in the government-wide and internal service fund financial statements when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at 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 are 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 fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reservations include encumbrances, inventories, and debt service.

Miscellaneous Revenue

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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 \$4,166,696 as of June 30, 2009. 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 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, 2009, exceeded the amount required by State statute.

Disaggregation of Payable Balances

Payables as of June 30, 2009, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Claims incurred but not reported</u>	<u>Total</u>
General	\$ 702,651	\$ 756,843	\$ -	\$ 1,459,494
Elementary retirement	-	58,671	-	58,671
Elementary building	556,188	456	-	556,644
Enterprise fund-Day care	2,276	11,179	-	13,455
Internal service funds	17,135	13,075	2,238,864	2,269,074
Nonmajor governmental funds	445,095	190,020	-	635,115
	<u>\$ 1,723,345</u>	<u>\$ 1,030,244</u>	<u>\$ 2,238,864</u>	<u>\$ 4,992,453</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 4,177,961	\$ 200,000	\$ -	\$ 4,377,961
Construction in progress	262,607	721,473	(262,607)	721,473
Total capital assets, not being depreciated	<u>4,440,568</u>	<u>921,473</u>	<u>(262,607)</u>	<u>5,099,434</u>
Capital assets, being depreciated:				
Buildings/improvements	84,498,101	1,304,461	-	85,802,562
Improvements other than buildings	349,937	41,087	-	391,024
Machinery and equipment	7,536,977	789,179	(70,850)	8,255,306
Total capital assets, being depreciated	<u>92,385,015</u>	<u>2,134,727</u>	<u>(70,850)</u>	<u>94,448,892</u>
Less accumulated depreciation for:				
Buildings/improvements	(29,623,362)	(2,051,430)	-	(31,674,792)
Improvements other than buildings	(76,013)	(18,351)	-	(94,364)
Machinery and equipment	(5,266,440)	(754,494)	68,050	(5,952,884)
Total accumulated depreciation	<u>(34,965,815)</u>	<u>(2,824,275)</u>	<u>68,050</u>	<u>(37,722,040)</u>
Total capital assets, being depreciated, net	<u>57,419,200</u>	<u>(689,548)</u>	<u>(2,800)</u>	<u>56,726,852</u>
Total capital assets, net	<u>\$ 61,859,768</u>	<u>\$ 231,925</u>	<u>\$ (265,407)</u>	<u>\$ 61,826,286</u>

Depreciation expense was charged to district activities as follows:

Instruction	\$ 2,095,258
Support services-students	154,393
Support services-instructional staff	107,473
Support services-general administration	17,266
Support services-administration	30,033
Support services-business	119,607
Operation and maintenance	87,694
Student transportation	8,384
Food services	77,618
Extracurricular	88,118
Internal service fund	38,431
	<u>\$ 2,824,275</u>

Interfund Activity

The general funds transferred money (\$325,000) to the compensated absences funds to pay for accumulated sick and vacation leave that a nonteaching or administrative employee is owed upon termination of employment. The remaining nonrecurring transfers were made to more accurately reflect the financial nature of the funds moved.

Operating Leases

The district leases equipment under noncancelable operating leases. Total rental expenses for operating leases were \$47,306 for the year ended June 30, 2009. Scheduled minimum rental payments for succeeding years ending June 30, are as follows:

Year	
2010	\$ 36,615
2011	<u>5,760</u>
	<u>\$ 42,375</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Long-Term Debt

During the year ended June 30, 2009, the following changes occurred in long-term debt:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
Limited obligation bonds	\$ -	\$ 773,250	\$ (15,000)	\$ 758,250	\$ 84,250
Notes payable	668,186	-	(135,143)	533,043	145,345
Compensated absences	10,840,280	5,400,355	(4,595,481)	11,645,154	1,164,515
Service credit and termination pay benefits	4,783,001	2,407,258	-	7,190,259	-
Other post employment benefits	3,053,000	2,375,000	-	5,428,000	-
	<u>\$ 19,344,467</u>	<u>\$ 10,955,863</u>	<u>\$ (4,745,624)</u>	<u>\$ 25,554,706</u>	<u>\$ 1,394,110</u>

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 are being 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 will be servicing 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 3.25% at June 30, 2009. The interest rate is adjusted February of each year and cannot exceed 15% per annum. The elementary and high general funds will service 100% of the notes payable debt.

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

Year ending June 30,	Notes Payable		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 145,345	\$ 16,145	\$ 84,250	-
2011	152,003	11,368	84,250	-
2012	114,764	6,421	84,250	-
2013	80,954	3,285	84,250	-
2014	39,977	645	84,250	-
2015-2019	-	-	337,000	-
	<u>\$ 533,043</u>	<u>\$ 37,864</u>	<u>\$ 758,250</u>	<u>\$ -</u>

NOTE 4. OTHER INFORMATION

Risk Management

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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

Self-Insurance

During the year ended June 30, 2009, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$476 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, 2009, 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 2009 and 2008 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2007-08	\$ 1,565,118	\$ 10,879,942	\$ (10,784,488)	\$ 1,660,572
2008-09	1,660,572	14,096,348	(13,518,056)	2,238,864

Interlocal Cooperative Agreement

In September 1983, the district, the City of Billings and the County entered into an agreement to coordinate their purchasing activities to promote efficiency in purchasing and recognized substantial savings of public funds by utilizing volume buying. In April 1987, a supplement to the agreement was signed to include other public agencies located in the area. The financial activities are recorded within the district's financial statements in the purchasing fund, an internal service fund.

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$440,173, primarily for construction projects and equipment.

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 is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the district's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the district.

Retirement Plans

Teachers' Retirement System and Public Employee Retirement System Plans

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

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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
TRS	7.47%	7.15%	14.62%
PERS	6.80%	6.90%	13.70%

The State of Montana contributes .235% and 2.11% per year to the PERS and TRS plans, respectively, on behalf of the employer. Contributions made by the State of Montana were \$28,094 to PERS and \$1,466,400 to TRS. These amounts have been recorded in the financial statements.

The amounts contributed to the plans during the years ended June 30, 2009, 2008 and 2007, 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>2009</u>	<u>2008</u>	<u>2007</u>
TRS-regular	\$ 10,273,177	\$ 10,115,233	\$ 9,567,648
TRS-termination	815,528	3,006,106	2,691,619
Total TRS	<u>\$ 11,088,705</u>	<u>\$ 13,121,339</u>	<u>\$ 12,259,267</u>
PERS	<u>\$ 1,602,331</u>	<u>\$ 1,553,337</u>	<u>\$ 1,433,372</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	<p>A single amount is payable upon termination or retirement. The amount is dependent on the employee group; the number of years of service credit and the rate of pay.</p> <p>BEA and Administrators; \$100 per year of service prior to June 30, 1986 plus 2 1/2 days of pay for each full year of service after July 1, 1986. No service credit is paid to any teacher or administrator with more than 35 years of service.</p> <p>BCEA, MPEA and Administrative Support: 2 1/2 days of pay for each full year of service.</p>
Rate of Pay	BEA and Administrators: Highest daily rate. BCEA, MPEA and Administrative Support: Most recent daily rate.
Form of Benefit	Lump sum upon termination
Death Benefit	Full value of the service credit benefit as if the date of death had been the employee's date of termination

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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	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.
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	\$ 3,209,209
Interest on net pension obligation	215,235
Adjustment to annual required contribution	<u>(159,433)</u>
Annual pension cost	3,265,011
Contributions made	<u>(857,753)</u>
Change in net pension obligation	2,407,258
Net pension obligation-beginning of year	<u>4,783,001</u>
Net pension obligation-end of year	<u><u>\$ 7,190,259</u></u>

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. 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 assume 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. 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 5% per year and that 90% of TRS employees will elect TRS Option 1.

Three year trend information is as follows:

Year Ending June 30,	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
2007	\$ 2,884,456	92%	\$4,148,319
2008	3,113,625	81%	4,783,001
2009	3,265,011	27%	7,190,259

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Following is the Schedule of Funding Progress:

Actuarial valuation date	June 30, 2009
Actuarial value of assets	\$ -
Actuarial value of liabilities	\$ 33,870,596
Unfunded actuarial accrued liabilities (UAAL)	\$ 33,870,596
Funded ratio	0%
Covered payroll	\$ 77,474,064
UAAL as a percentage of covered payroll	44%

Funded Status and Funding Progress. As of June 30, 2009, the Plan was 0% funded. The actuarial accrued liability for benefits was \$33,870,596, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$33,870,596.

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	\$ 3,776,000
Interest on net OPEB obligation	137,000
Adjustment to annual required contribution	(117,000)
Annual OPEB cost (expense)	3,796,000
Contributions made	(1,421,000)
Increase in net OPEB obligation	2,375,000
Net OPEB obligation - beginning of year	3,053,000
Net OPEB obligation - end of year	\$ 5,428,000

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 2009 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)
2007	\$ 2,533,000	41%	\$1,491,000
2008	2,736,000	43%	3,053,000
2009	3,796,000	37%	5,428,000

Funded Status and Funding Progress. As of July 1, 2008, the Plan was 0% funded. The actuarial accrued liability for benefits was \$35,998,000, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$35,998,000.

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, 2008 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 11% 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.

REQUIRED SUPPLEMENTARY INFORMATION

BILLINGS PUBLIC SCHOOLS

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 29,532,100	\$ 30,319,979	\$ 30,661,819	\$ -	\$ 30,661,819
Intergovernmental:					
State aid	51,008,657	50,287,803	50,287,803	-	50,287,803
State other	14,679,589	14,518,273	14,554,843	1,571	14,556,414
Tuition	226,599	229,599	148,290	-	148,290
Interest	-	84,912	75,979	-	75,979
Miscellaneous	-	6,379	9,263	-	9,263
Total revenues	95,446,945	95,446,945	95,737,997	1,571	95,739,568
EXPENDITURES					
Current:					
Instructional	60,933,245	60,986,992	60,234,824	(37,639)	60,197,185
Support services:					
Students	6,434,284	6,461,898	6,269,662	934	6,270,596
Instructional staff	5,264,397	5,330,851	5,174,858	(42,762)	5,132,096
General administration	1,923,840	1,474,948	1,207,359	-	1,207,359
Administration	7,030,788	7,037,132	6,855,788	(1,277)	6,854,511
Business	1,285,422	1,319,329	1,401,318	1,402	1,402,720
Operation and maintenance	10,355,162	10,342,281	10,716,395	(76,634)	10,639,761
Student transportation	5,135	13,081	47,181	-	47,181
Community services	6,600	8,014	6,600	-	6,600
Extracurricular	1,836,130	1,812,880	1,984,614	(191)	1,984,423
Debt Service:					
Principal	136,481	135,877	150,143	-	150,143
Interest and other charges	25,033	25,033	63,696	-	63,696
Capital Outlay	210,428	498,629	830,001	(176,307)	653,694
Total expenditures	95,446,945	95,446,945	94,942,439	(332,474)	94,609,965
Excess (deficiency) of revenues over expenditures	-	-	795,558	334,045	1,129,603
OTHER FINANCING USES					
Transfers out	-	-	(325,000)	-	(325,000)
Total other financing uses	-	-	(325,000)	-	(325,000)
Net change in fund balances	\$ -	\$ -	470,558	334,045	804,603
Fund balances - beginning			4,856,734	28,815	4,885,549
Fund balances - ending			\$ 5,327,292	\$ 362,860	\$ 5,690,152

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 during the year.

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 and the on-behalf payments made by the state of Montana for the Public Employees Retirement System and the Teachers Retirement System.

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL ELEMENTARY RETIREMENT FUND For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 8,345,000	\$ 8,345,000	\$ 8,400,387	\$ -	\$ 8,400,387
State other	-	-	-	865,313	865,313
Interest	55,000	55,000	51,447	-	51,447
Total revenues	8,400,000	8,400,000	8,451,834	865,313	9,317,147
EXPENDITURES					
Current:					
Instructional	5,847,203	5,840,832	4,977,699	677,532	5,655,231
Support services:					
Students	549,103	549,103	583,948	72,038	655,986
Instructional staff	354,834	355,211	361,735	38,610	400,345
General administration	32,668	33,040	34,020	2,369	36,389
Administration	741,503	741,503	562,587	57,991	620,578
Business	143,438	143,438	108,709	1,718	110,427
Operation and maintenance	529,757	529,757	468,678	7,251	475,929
Student transportation	106,461	106,461	124,226	1,508	125,734
Food services	35,106	40,728	41,588	-	41,588
Extracurricular	59,927	59,927	55,826	6,296	62,122
Total expenditures	8,400,000	8,400,000	7,319,016	865,313	8,184,329
Net change in fund balances	\$ -	\$ -	1,132,818	-	1,132,818
Fund balances - beginning			2,378,506	-	2,378,506
Fund balances - ending			\$ 3,511,324	\$ -	\$ 3,511,324

SEE NOTES TO THE BUDGET AND ACTUAL SCHEDULE ON PREVIOUS PAGE

BILLINGS PUBLIC SCHOOLS
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

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]
6/30/2009	\$ -	\$ 33,870,596	\$ 33,870,596	\$ -	\$ 77,474,064	44%
6/30/2008	na	na	na	na	na	na
6/30/2007	-	33,870,596	33,870,596	-	72,919,464	46%
6/30/2006	na	na	na	na	na	na
6/30/2005	na	na	na	na	na	na
6/30/2004	na	na	na	na	na	na

SCHEDULE OF EMPLOYER CONTRIBUTIONS-SERVICE CREDIT AND TERMINATION PAY BENEFIT PLAN

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 3,209,209	27%
2008	3,054,269	81%
2007	2,829,275	92%
2006	2,314,314	93%
2005	2,219,134	86%
2004	2,132,458	87%

na = not available

OTHER SUPPLEMENTARY INFORMATION

General Fund

The General fund is the general operation fund of the district. All general tax revenue and other receipts that are not allocated by law to another fund are accounted for in this fund. General operating expenditures, instructional expenditures and capital outlay are paid from the General fund. Because 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.

BILLINGS PUBLIC SCHOOLS

COMBINING BALANCE SHEET

ALL GENERAL SUBFUNDS

June 30, 2009

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 3,620,798	\$ 2,223,624	\$ 5,844,422
Receivables:			
Taxes, net	1,234,639	954,871	2,189,510
Other	259,284	64,818	324,102
Total assets	<u>\$ 5,114,721</u>	<u>\$ 3,243,313</u>	<u>\$ 8,358,034</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 820,063	\$ 639,431	\$ 1,459,494
Deferred revenue	750,396	457,992	1,208,388
Total liabilities	<u>1,570,459</u>	<u>1,097,423</u>	<u>2,667,882</u>
Fund balances:			
Reserved for:			
Encumbrances	184,083	178,777	362,860
Unreserved	3,360,179	1,967,113	5,327,292
Total fund balances	<u>3,544,262</u>	<u>2,145,890</u>	<u>5,690,152</u>
Total liabilities and fund balances	<u>\$ 5,114,721</u>	<u>\$ 3,243,313</u>	<u>\$ 8,358,034</u>

BILLINGS PUBLIC SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2009

	Elementary General Subfund	High School General Subfund	Total
REVENUES			
Property taxes	\$ 17,852,686	\$ 12,809,133	\$ 30,661,819
Intergovernmental:			
State aid	30,983,346	19,304,457	50,287,803
State other	9,845,228	4,711,186	14,556,414
Tuition	142,055	6,235	148,290
Interest	51,133	24,846	75,979
Miscellaneous	7,312	1,951	9,263
Total revenues	58,881,760	36,857,808	95,739,568
EXPENDITURES			
Current:			
Instruction	37,827,474	22,369,711	60,197,185
Support services:			
Students	4,257,677	2,012,919	6,270,596
Instructional staff	3,011,219	2,120,877	5,132,096
General administration	721,137	486,222	1,207,359
School administration	4,094,319	2,760,192	6,854,511
Business services	985,678	417,042	1,402,720
Operation and maintenance	6,459,061	4,180,700	10,639,761
Student transportation	43,966	3,215	47,181
Community services	4,400	2,200	6,600
Extracurricular	413,620	1,570,803	1,984,423
Capital outlay	228,100	425,594	653,694
Debt service:			
Principal	105,546	44,597	150,143
Interest and other charges	55,435	8,261	63,696
Total expenditures	58,207,632	36,402,333	94,609,965
Excess (deficiency) of revenues over (under) expenditures	674,128	455,475	1,129,603
OTHER FINANCING USES			
Transfers out	(300,000)	(25,000)	(325,000)
Total other financing uses	(300,000)	(25,000)	(325,000)
Net change in fund balances	374,128	430,475	804,603
Fund balances - beginning	3,170,134	1,715,415	4,885,549
Fund balances - ending	\$ 3,544,262	\$ 2,145,890	\$ 5,690,152

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ELEMENTARY GENERAL SUBFUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 17,191,044	\$ 17,621,951	\$ 17,852,686	\$ -	\$ 17,852,686
Intergovernmental:					
State aid	31,409,125	30,983,346	30,983,346	-	30,983,346
State other	9,907,500	9,832,288	9,843,657	1,571	9,845,228
Tuition	176,599	179,599	142,055	-	142,055
Interest	-	62,306	51,133	-	51,133
Miscellaneous	-	4,778	7,312	-	7,312
Total revenues	58,684,268	58,684,268	58,880,189	1,571	58,881,760
EXPENDITURES					
Current:					
Instructional	38,253,768	38,275,236	37,834,737	(7,263)	37,827,474
Support services:					
Students	4,263,464	4,307,574	4,257,533	144	4,257,677
Instructional staff	3,060,270	3,092,226	3,041,993	(30,774)	3,011,219
General administration	1,154,851	848,415	721,137	-	721,137
Administration	4,226,253	4,228,492	4,094,284	35	4,094,319
Business	841,523	862,533	984,977	701	985,678
Operation and maintenance	6,426,947	6,365,330	6,516,519	(57,458)	6,459,061
Student transportation	5,135	13,081	43,966	-	43,966
Community services	4,400	5,814	4,400	-	4,400
Extracurricular	336,460	336,460	413,612	8	413,620
Debt Service:					
Principal	91,126	90,872	105,546	-	105,546
Interest and other charges	16,772	16,772	55,435	-	55,435
Capital Outlay	3,299	241,463	307,555	(79,455)	228,100
Total expenditures	58,684,268	58,684,268	58,381,694	(174,062)	58,207,632
Excess (deficiency) of revenues over expenditures	-	-	498,495	175,633	674,128
OTHER FINANCING USES					
Transfers out	-	-	(300,000)	-	(300,000)
Total other financing uses	-	-	(300,000)	-	(300,000)
Net change in fund balances	\$ -	\$ -	198,495	175,633	374,128
Fund balances - beginning			3,161,684	8,450	3,170,134
Fund balances - ending			\$ 3,360,179	\$ 184,083	\$ 3,544,262

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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 12,341,056	\$ 12,698,028	\$ 12,809,133	\$ -	\$ 12,809,133
Intergovernmental:					
State aid	19,599,532	19,304,457	19,304,457	-	19,304,457
State other	4,772,089	4,685,985	4,711,186	-	4,711,186
Tuition	50,000	50,000	6,235	-	6,235
Interest	-	22,606	24,846	-	24,846
Miscellaneous	-	1,601	1,951	-	1,951
Total revenues	<u>36,762,677</u>	<u>36,762,677</u>	<u>36,857,808</u>	<u>-</u>	<u>36,857,808</u>
EXPENDITURES					
Current:					
Instructional	22,679,477	22,711,756	22,400,087	(30,376)	22,369,711
Support services:					
Students	2,170,820	2,154,324	2,012,129	790	2,012,919
Instructional staff	2,204,127	2,238,625	2,132,865	(11,988)	2,120,877
General administration	768,989	626,533	486,222	-	486,222
Administration	2,804,535	2,808,640	2,761,504	(1,312)	2,760,192
Business	443,899	456,796	416,341	701	417,042
Operation and maintenance	3,928,215	3,976,951	4,199,876	(19,176)	4,180,700
Student transportation	-	-	3,215	-	3,215
Community services	2,200	2,200	2,200	-	2,200
Extracurricular	1,499,670	1,476,420	1,571,002	(199)	1,570,803
Debt Service:					
Principal	45,355	45,005	44,597	-	44,597
Interest and other charges	8,261	8,261	8,261	-	8,261
Capital Outlay	207,129	257,166	522,446	(96,852)	425,594
Total expenditures	<u>36,762,677</u>	<u>36,762,677</u>	<u>36,560,745</u>	<u>(158,412)</u>	<u>36,402,333</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>297,063</u>	<u>158,412</u>	<u>455,475</u>
OTHER FINANCING USES					
Transfers out	-	-	(25,000)	-	(25,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>272,063</u>	<u>158,412</u>	<u>430,475</u>
Fund balances - beginning			<u>1,695,050</u>	<u>20,365</u>	<u>1,715,415</u>
Fund balances - ending			<u>\$ 1,967,113</u>	<u>\$ 178,777</u>	<u>\$ 2,145,890</u>

Nonmajor Governmental Funds - By Fund Type

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 June 30, 2009

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,927,233	\$ 133,599	\$ 1,181,768	\$ 9,242,600
Receivables:				
Taxes, net	350,850	24,400	4,212	379,462
Governments	1,399,882	-	-	1,399,882
Other	244,096	-	3,000	247,096
Inventories	25,167	-	-	25,167
Total assets	<u>\$ 9,947,228</u>	<u>\$ 157,999</u>	<u>\$ 1,188,980</u>	<u>\$ 11,294,207</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 621,642	\$ 12,658	\$ 515	\$ 634,815
Deferred revenue	166,916	23,652	6,896	197,464
Total liabilities	<u>788,558</u>	<u>36,310</u>	<u>7,411</u>	<u>832,279</u>
Fund balances:				
Reserved for:				
Inventories	25,167	-	-	25,167
Encumbrances	77,313	-	-	77,313
Debt service	-	121,689	-	121,689
Unreserved	9,056,190	-	1,181,569	10,237,759
Total fund balances	<u>9,158,670</u>	<u>121,689</u>	<u>1,181,569</u>	<u>10,461,928</u>
Total liabilities and fund balances	<u>\$ 9,947,228</u>	<u>\$ 157,999</u>	<u>\$ 1,188,980</u>	<u>\$ 11,294,207</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, 2009

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 5,015,455	\$ 69,246	\$ 35,532	\$ 5,120,233
Intergovernmental:				
County	5,570,023	-	-	5,570,023
State aid	53,378	-	-	53,378
State other	3,835,218	-	-	3,835,218
Federal	12,177,195	-	-	12,177,195
Charges for services	2,921,943	-	26,254	2,948,197
Interest	310,020	2,345	32,680	345,045
Miscellaneous	1,041,882	-	129,033	1,170,915
Total revenues	30,925,114	71,591	223,499	31,220,204
EXPENDITURES				
Current:				
Instruction	14,654,688	-	1,270	14,655,958
Support services:				
Students	2,174,212	-	766	2,174,978
Instructional staff	1,124,481	-	-	1,124,481
General administration	26,603	-	-	26,603
School administration	1,079,612	-	-	1,079,612
Business services	175,624	-	-	175,624
Operation and maintenance	405,922	-	65,975	471,897
Student transportation	4,876,187	-	-	4,876,187
Food services	5,026,893	-	-	5,026,893
Community services	13,291	-	-	13,291
Extracurricular	178,713	-	-	178,713
Other current charges	11,479	-	-	11,479
Capital outlay	717,908	-	27,925	745,833
Total expenditures	30,465,613	-	95,936	30,561,549
Excess (deficiency) of revenues over (under) expenditures	459,501	71,591	127,563	658,655
OTHER FINANCING SOURCES (USES)				
Insurance	-	-	112,617	112,617
Transfers in	330,745	-	4,932	335,677
Transfers out	(24,511)	-	-	(24,511)
Total other financing sources (uses)	306,234	-	117,549	423,783
Net change in fund balances	765,735	71,591	245,112	1,082,438
Fund balances - beginning	8,392,935	50,098	936,457	9,379,490
Fund balances - ending	\$ 9,158,670	\$ 121,689	\$ 1,181,569	\$ 10,461,928

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 – (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.

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

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	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	High School Retirement
ASSETS						
Cash and cash equivalents	\$ 250,578	\$ 248,677	\$ 4,805	\$ 177,758	\$ 32,982	\$ 1,621,873
Receivables:						
Taxes, net	136,094	86,757	-	13,019	12,795	-
Governments	-	-	9,139	-	-	-
Other	16,079	-	185,875	-	-	4
Inventories	-	-	25,167	-	-	-
Total assets	<u>\$ 402,751</u>	<u>\$ 335,434</u>	<u>\$ 224,986</u>	<u>\$ 190,777</u>	<u>\$ 45,777</u>	<u>\$ 1,621,877</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 8,321	\$ 3,693	\$ 164,899	\$ -	\$ 3,959	\$ 54,547
Deferred revenue	61,616	37,336	-	7,078	6,232	-
Total liabilities	<u>69,937</u>	<u>41,029</u>	<u>164,899</u>	<u>7,078</u>	<u>10,191</u>	<u>54,547</u>
Fund balances:						
Reserved for:						
Inventories	-	-	25,167	-	-	-
Encumbrances	-	-	-	-	-	-
Unreserved	332,814	294,405	34,920	183,699	35,586	1,567,330
Total fund balances	<u>332,814</u>	<u>294,405</u>	<u>60,087</u>	<u>183,699</u>	<u>35,586</u>	<u>1,567,330</u>
Total liabilities and fund balances	<u>\$ 402,751</u>	<u>\$ 335,434</u>	<u>\$ 224,986</u>	<u>\$ 190,777</u>	<u>\$ 45,777</u>	<u>\$ 1,621,877</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

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	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	High School Traffic Education	High School Lease Rental
ASSETS						
Cash and cash equivalents	\$ 1,159,980	\$ 551,484	\$ 295,640	\$ 850,376	\$ 174,035	\$ 399
Receivables:						
Taxes, net	-	-	25,142	77,043	-	-
Governments	1,245,584	54,944	-	-	90,215	-
Other	40,733	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 2,446,297</u>	<u>\$ 606,428</u>	<u>\$ 320,782</u>	<u>\$ 927,419</u>	<u>\$ 264,250</u>	<u>\$ 399</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 240,634	\$ 16,542	\$ 1,783	\$ 30,054	\$ 30,536	\$ -
Deferred revenue	9,455	-	11,187	34,012	-	-
Total liabilities	<u>250,089</u>	<u>16,542</u>	<u>12,970</u>	<u>64,066</u>	<u>30,536</u>	<u>-</u>
Fund balances:						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	-	2,234	63,338	-	-
Unreserved	2,196,208	589,886	305,578	800,015	233,714	399
Total fund balances	<u>2,196,208</u>	<u>589,886</u>	<u>307,812</u>	<u>863,353</u>	<u>233,714</u>	<u>399</u>
Total liabilities and fund balances	<u>\$ 2,446,297</u>	<u>\$ 606,428</u>	<u>\$ 320,782</u>	<u>\$ 927,419</u>	<u>\$ 264,250</u>	<u>\$ 399</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

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	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility	High School Flexibility
ASSETS						
Cash and cash equivalents	\$ 300,097	\$ 28,155	\$ 32,965	\$ 45,773	\$ 465,282	\$ 361,526
Receivables:						
Taxes, net	-	-	-	-	-	-
Governments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 300,097</u>	<u>\$ 28,155</u>	<u>\$ 32,965</u>	<u>\$ 45,773</u>	<u>\$ 465,282</u>	<u>\$ 361,526</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 42	\$ 13,000	\$ 79	\$ 15,113
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>42</u>	<u>13,000</u>	<u>79</u>	<u>15,113</u>
Fund balances:						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	-	11,741	-	-	-
Unreserved	<u>300,097</u>	<u>28,155</u>	<u>21,182</u>	<u>32,773</u>	<u>465,203</u>	<u>346,413</u>
Total fund balances	<u>300,097</u>	<u>28,155</u>	<u>32,923</u>	<u>32,773</u>	<u>465,203</u>	<u>346,413</u>
Total liabilities and fund balances	<u>\$ 300,097</u>	<u>\$ 28,155</u>	<u>\$ 32,965</u>	<u>\$ 45,773</u>	<u>\$ 465,282</u>	<u>\$ 361,526</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

Page 4 of 4

	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
ASSETS			
Cash and cash equivalents	\$ 576,694	\$ 748,154	\$ 7,927,233
Receivables:			
Taxes, net	-	-	350,850
Governments	-	-	1,399,882
Other	1,405	-	244,096
Inventories	-	-	25,167
Total assets	<u>\$ 578,099</u>	<u>\$ 748,154</u>	<u>\$ 9,947,228</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 19,246	\$ 19,194	\$ 621,642
Deferred revenue	-	-	166,916
Total liabilities	<u>19,246</u>	<u>19,194</u>	<u>788,558</u>
Fund balances:			
Reserved for:			
Inventories	-	-	25,167
Encumbrances	-	-	77,313
Unreserved	558,853	728,960	9,056,190
Total fund balances	<u>558,853</u>	<u>728,960</u>	<u>9,158,670</u>
Total liabilities and fund balances	<u>\$ 578,099</u>	<u>\$ 748,154</u>	<u>\$ 9,947,228</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, 2009

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	High School Retirement
REVENUES						
Property taxes	\$ 2,064,481	\$ 1,191,303	\$ -	\$ 169,633	\$ 160,682	\$ -
Intergovernmental:						
County	490,105	268,947	-	-	-	4,810,971
State aid	-	-	-	-	53,378	-
State other	635,126	308,903	8,453	-	-	511,617
Federal	-	-	2,500,684	-	-	-
Charges for services	41,018	1,363	2,367,209	-	-	-
Interest	906	2,258	1,495	4,791	4,958	21,445
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>3,231,636</u>	<u>1,772,774</u>	<u>4,877,841</u>	<u>174,424</u>	<u>219,018</u>	<u>5,344,033</u>
EXPENDITURES						
Current:						
Instruction	-	-	-	128,515	297,482	3,350,014
Support services:						
Students	-	-	-	-	-	321,495
Instructional staff	-	-	-	-	-	242,562
General administration	-	-	-	-	-	26,113
School administration	-	-	-	-	-	430,962
Business services	19,063	9,319	-	-	-	99,946
Operation and maintenance	-	-	-	-	-	284,891
Student transportation	3,047,945	1,673,375	-	-	-	26,731
Food services	-	-	5,026,893	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	178,713
Other current charges	-	-	-	-	-	11,479
Capital outlay	-	-	15,049	-	-	-
Total expenditures	<u>3,067,008</u>	<u>1,682,694</u>	<u>5,041,942</u>	<u>128,515</u>	<u>297,482</u>	<u>4,972,906</u>
Excess (deficiency) of revenues over (under) expenditures	<u>164,628</u>	<u>90,080</u>	<u>(164,101)</u>	<u>45,909</u>	<u>(78,464)</u>	<u>371,127</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	164,628	90,080	(164,101)	45,909	(78,464)	371,127
Fund balances - beginning	<u>168,186</u>	<u>204,325</u>	<u>224,188</u>	<u>137,790</u>	<u>114,050</u>	<u>1,196,203</u>
Fund balances - ending	<u>\$ 332,814</u>	<u>\$ 294,405</u>	<u>\$ 60,087</u>	<u>\$ 183,699</u>	<u>\$ 35,586</u>	<u>\$ 1,567,330</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

Page 2 of 4

	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	High School Traffic Education	High School Lease Rental
REVENUES						
Property taxes	\$ -	\$ -	\$ 386,221	\$ 1,043,135	\$ -	\$ -
Intergovernmental:						
County	-	-	-	-	-	-
State aid	-	-	-	-	-	-
State other	1,520,530	222,569	-	-	99,420	-
Federal	9,352,414	324,097	-	-	-	-
Charges for services	-	-	-	303,682	208,671	-
Interest	152,308	39,727	7,919	15,603	5,779	10
Miscellaneous	41,280	169,039	16,790	-	232	-
Total revenues	11,066,532	755,432	410,930	1,362,420	314,102	10
EXPENDITURES						
Current:						
Instruction	8,455,209	466,045	311,862	627,110	359,549	-
Support services:						
Students	1,236,508	-	16,509	128,311	-	-
Instructional staff	677,166	174,957	2,701	11,244	-	-
General administration	328	162	-	-	-	-
School administration	146,844	4,199	44,792	452,815	-	-
Business services	3,590	43,706	-	-	-	-
Operation and maintenance	111,090	9,342	-	599	-	-
Student transportation	128,136	-	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	-
Other current charges	-	-	-	-	-	-
Capital outlay	384,972	163,726	-	141,161	-	-
Total expenditures	11,143,843	862,137	375,864	1,361,240	359,549	-
Excess (deficiency) of revenues over (under) expenditures	(77,311)	(106,705)	35,066	1,180	(45,447)	10
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(24,511)	-	-	-	-	-
Total other financing sources (uses)	(24,511)	-	-	-	-	-
Net change in fund balances	(101,822)	(106,705)	35,066	1,180	(45,447)	10
Fund balances - beginning	2,298,030	696,591	272,746	862,173	279,161	389
Fund balances - ending	<u>\$ 2,196,208</u>	<u>\$ 589,886</u>	<u>\$ 307,812</u>	<u>\$ 863,353</u>	<u>\$ 233,714</u>	<u>\$ 399</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

Page 3 of 4

	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility	High School Flexibility
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
County	-	-	-	-	-	-
State aid	-	-	-	-	-	-
State other	-	-	119,441	74,075	167,645	167,439
Federal	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	2	82	3,513	2,665	6,008	7,768
Miscellaneous	-	-	-	-	-	-
Total revenues	2	82	122,954	76,740	173,653	175,207
EXPENDITURES						
Current:						
Instruction	-	-	223,463	93,149	-	167,140
Support services:						
Students	-	-	-	-	-	-
Instructional staff	-	-	-	-	-	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business services	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	-
Other current charges	-	-	-	-	-	-
Capital outlay	-	-	-	13,000	-	-
Total expenditures	-	-	223,463	106,149	-	167,140
Excess (deficiency) of revenues over (under) expenditures	2	82	(100,509)	(29,409)	173,653	8,067
OTHER FINANCING SOURCES (USES)						
Transfers in	300,000	25,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	300,000	25,000	-	-	-	-
Net change in fund balances	300,002	25,082	(100,509)	(29,409)	173,653	8,067
Fund balances - beginning	95	3,073	133,432	62,182	291,550	338,346
Fund balances - ending	\$ 300,097	\$ 28,155	\$ 32,923	\$ 32,773	\$ 465,203	\$ 346,413

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

Page 4 of 4

	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
REVENUES			
Property taxes	\$ -	\$ -	\$ 5,015,455
Intergovernmental:			
County	-	-	5,570,023
State aid	-	-	53,378
State other	-	-	3,835,218
Federal	-	-	12,177,195
Charges for services	-	-	2,921,943
Interest	14,148	18,635	310,020
Miscellaneous	369,360	445,181	1,041,882
Total revenues	383,508	463,816	30,925,114
EXPENDITURES			
Current:			
Instruction	111,655	63,495	14,654,688
Support services:			
Students	191,839	279,550	2,174,212
Instructional staff	9,794	6,057	1,124,481
General administration	-	-	26,603
School administration	-	-	1,079,612
Business services	-	-	175,624
Operation and maintenance	-	-	405,922
Student transportation	-	-	4,876,187
Food services	-	-	5,026,893
Community services	250	13,041	13,291
Extracurricular	-	-	178,713
Other current charges	-	-	11,479
Capital outlay	-	-	717,908
Total expenditures	313,538	362,143	30,465,613
Excess (deficiency) of revenues over (under) expenditures	69,970	101,673	459,501
OTHER FINANCING SOURCES (USES)			
Transfers in	3,067	2,678	330,745
Transfers out	-	-	(24,511)
Total other financing sources (uses)	3,067	2,678	306,234
Net change in fund balances	73,037	104,351	765,735
Fund balances - beginning	485,816	624,609	8,392,935
Fund balances - ending	\$ 558,853	\$ 728,960	\$ 9,158,670

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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,060,340	\$ 2,060,340	\$2,064,481	\$ -	\$ 2,064,481
Intergovernmental:					
County	561,000	561,000	490,105	-	490,105
State other	706,021	706,021	635,126	-	635,126
Charges for services	36,000	36,000	41,018	-	41,018
Interest	837	837	906	-	906
Total revenues	<u>3,364,198</u>	<u>3,364,198</u>	<u>3,231,636</u>	<u>-</u>	<u>3,231,636</u>
EXPENDITURES					
Current:					
Support services:					
Business	21,728	21,728	19,063	-	19,063
Student transportation	<u>3,342,470</u>	<u>3,342,470</u>	<u>3,025,100</u>	<u>22,845</u>	<u>3,047,945</u>
Total expenditures	<u>3,364,198</u>	<u>3,364,198</u>	<u>3,044,163</u>	<u>22,845</u>	<u>3,067,008</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	187,473	(22,845)	164,628
Fund balances - beginning			<u>145,341</u>	<u>22,845</u>	<u>168,186</u>
Fund balances - ending			<u>\$ 332,814</u>	<u>\$ -</u>	<u>\$ 332,814</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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,187,218	\$ 1,187,218	\$ 1,191,303	\$ -	\$ 1,191,303
Intergovernmental:					
County	302,500	302,500	268,947	-	268,947
State other	342,456	342,456	308,903	-	308,903
Charges for services	-	-	1,363	-	1,363
Interest	-	-	2,258	-	2,258
Total revenues	<u>1,832,174</u>	<u>1,832,174</u>	<u>1,772,774</u>	<u>-</u>	<u>1,772,774</u>
EXPENDITURES					
Current:					
Support services:					
Business	8,822	8,822	9,319	-	9,319
Student transportation	<u>1,823,352</u>	<u>1,823,352</u>	<u>1,653,425</u>	<u>19,950</u>	<u>1,673,375</u>
Total expenditures	<u>1,832,174</u>	<u>1,832,174</u>	<u>1,662,744</u>	<u>19,950</u>	<u>1,682,694</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	110,030	(19,950)	90,080
Fund balances - beginning			<u>184,375</u>	<u>19,950</u>	<u>204,325</u>
Fund balances - ending			<u>\$ 294,405</u>	<u>\$ -</u>	<u>\$ 294,405</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Property taxes	\$ 162,210	\$ 162,210	\$ 169,633	\$ -	\$ 169,633
Interest	-	-	4,791	-	4,791
Total revenues	<u>162,210</u>	<u>162,210</u>	<u>174,424</u>	<u>-</u>	<u>174,424</u>
EXPENDITURES					
Current:					
Instruction	<u>300,000</u>	<u>300,000</u>	<u>128,515</u>	<u>-</u>	<u>128,515</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>128,515</u>	<u>-</u>	<u>128,515</u>
Net change in fund balances	<u>\$ (137,790)</u>	<u>\$ (137,790)</u>	45,909	-	45,909
Fund balances - beginning			<u>137,790</u>	<u>-</u>	<u>137,790</u>
Fund balances - ending			<u>\$ 183,699</u>	<u>\$ -</u>	<u>\$ 183,699</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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 159,898	\$ 157,150	\$ 160,682	\$ -	\$ 160,682
Intergovernmental:					
State aid	22,500	22,500	53,378	-	53,378
Interest	6,300	6,300	4,958	-	4,958
Total revenues	188,698	185,950	219,018	-	219,018
EXPENDITURES					
Current:					
Instruction	300,000	300,000	297,482	-	297,482
Total expenditures	300,000	300,000	297,482	-	297,482
Net change in fund balances	<u>\$(111,302)</u>	<u>\$ (114,050)</u>	(78,464)	-	(78,464)
Fund balances - beginning			114,050	-	114,050
Fund balances - ending			<u>\$ 35,586</u>	<u>\$ -</u>	<u>\$ 35,586</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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 8,345,000	\$ 8,345,000	\$8,400,387	\$ -	\$8,400,387
State other	-	-	-	865,313	865,313
Interest	55,000	55,000	51,447	-	51,447
Total revenues	<u>8,400,000</u>	<u>8,400,000</u>	<u>8,451,834</u>	<u>865,313</u>	<u>9,317,147</u>
EXPENDITURES					
Current:					
Instructional	5,847,203	5,840,832	4,977,699	677,532	5,655,231
Support services:					
Students	549,103	549,103	583,948	72,038	655,986
Instructional staff	354,834	355,211	361,735	38,610	400,345
General administration	32,668	33,040	34,020	2,369	36,389
Administration	741,503	741,503	562,587	57,991	620,578
Business	143,438	143,438	108,709	1,718	110,427
Operation and maintenance	529,757	529,757	468,678	7,251	475,929
Student transportation	106,461	106,461	124,226	1,508	125,734
Food services	35,106	40,728	41,588	-	41,588
Extracurricular	59,927	59,927	55,826	6,296	62,122
Total expenditures	<u>8,400,000</u>	<u>8,400,000</u>	<u>7,319,016</u>	<u>865,313</u>	<u>8,184,329</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,132,818	-	1,132,818
Fund balances - beginning			<u>2,849,674</u>	<u>(471,168)</u>	<u>2,378,506</u>
Fund balances - ending			<u>\$3,982,492</u>	<u>\$ (471,168)</u>	<u>\$3,511,324</u>

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL RETIREMENT FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 4,774,475	\$ 4,774,475	\$4,810,971	\$ -	\$4,810,971
State other	-	-	-	511,617	511,617
Interest	25,525	25,525	21,445	-	21,445
Total revenues	4,800,000	4,800,000	4,832,416	511,617	5,344,033
EXPENDITURES					
Current:					
Instructional	3,250,933	3,249,552	2,951,915	398,099	3,350,014
Support services:					
Students	248,723	248,729	283,815	37,680	321,495
Instructional staff	217,593	217,948	225,076	17,486	242,562
General administration	36,261	36,261	24,700	1,413	26,113
Administration	459,349	459,349	397,513	33,449	430,962
Business	130,383	130,383	98,341	1,605	99,946
Operation and maintenance	313,935	313,935	280,680	4,211	284,891
Student transportation	15,083	15,083	26,509	222	26,731
Extracurricular	127,740	128,760	161,261	17,452	178,713
Other current charges	-	-	11,479	-	11,479
Total expenditures	4,800,000	4,800,000	4,461,289	511,617	4,972,906
Net change in fund balances	\$ -	\$ -	371,127	-	371,127
Fund balances - beginning			1,196,203	-	1,196,203
Fund balances - ending			\$1,567,330	\$ -	\$1,567,330

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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 392,263	\$ 387,405	\$ 386,221	\$ -	\$ 386,221
Interest	3,000	3,000	7,919	-	7,919
Miscellaneous	12,165	12,165	16,790	-	16,790
Total revenues	407,428	402,570	410,930	-	410,930
EXPENDITURES					
Current:					
Instructional	297,670	416,804	313,779	(1,917)	311,862
Support services:					
Students	12,395	19,408	16,509	-	16,509
Instructional staff	3,100	3,100	2,701	-	2,701
Administration	50,338	50,688	44,792	-	44,792
Operation and maintenance	10,000	10,000	-	-	-
Total expenditures	373,503	500,000	377,781	(1,917)	375,864
Net change in fund balances	\$ (92,572)	\$ (97,430)	33,149	1,917	35,066
Fund balances - beginning			272,429	317	272,746
Fund balances - ending			\$ 305,578	\$ 2,234	\$ 307,812

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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,054,827	\$ 1,032,935	\$ 1,043,135	\$ -	\$ 1,043,135
Charges for services	250,000	250,000	303,682	-	303,682
Interest	15,000	15,000	15,603	-	15,603
Total revenues	<u>1,319,827</u>	<u>1,297,935</u>	<u>1,362,420</u>	<u>-</u>	<u>1,362,420</u>
EXPENDITURES					
Current:					
Instructional	766,222	769,760	635,528	(8,418)	627,110
Support services:					
Students	75,226	109,779	128,311	-	128,311
Instructional staff	2,250	13,030	11,244	-	11,244
General administration	10	10	-	-	-
Administration	423,253	454,907	452,815	-	452,815
Operation and maintenance	39,747	16,367	2,282	(1,683)	599
Capital Outlay	59,230	199,013	194,289	(53,128)	141,161
Total expenditures	<u>1,365,938</u>	<u>1,562,866</u>	<u>1,424,469</u>	<u>(63,229)</u>	<u>1,361,240</u>
Excess (deficiency) of revenues over expenditures	<u>(46,111)</u>	<u>(264,931)</u>	<u>(62,049)</u>	<u>63,229</u>	<u>1,180</u>
OTHER FINANCING USES					
Transfers out	<u>(234,062)</u>	<u>(37,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(234,062)</u>	<u>(37,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (280,173)</u>	<u>\$ (302,065)</u>	<u>(62,049)</u>	<u>63,229</u>	<u>1,180</u>
Fund balances - beginning			<u>862,064</u>	<u>109</u>	<u>862,173</u>
Fund balances - ending			<u>\$ 800,015</u>	<u>\$ 63,338</u>	<u>\$ 863,353</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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 119,441	\$ 119,441	\$ 119,441	\$ -	\$ 119,441
Interest	-	-	3,513	-	3,513
Total revenues	<u>119,441</u>	<u>119,441</u>	<u>122,954</u>	<u>-</u>	<u>122,954</u>
EXPENDITURES					
Current:					
Instructional	<u>252,873</u>	<u>252,873</u>	<u>235,204</u>	<u>(11,741)</u>	<u>223,463</u>
Total expenditures	<u>252,873</u>	<u>252,873</u>	<u>235,204</u>	<u>(11,741)</u>	<u>223,463</u>
Net change in fund balances	<u>\$ (133,432)</u>	<u>\$ (133,432)</u>	<u>(112,250)</u>	<u>11,741</u>	<u>(100,509)</u>
Fund balances - beginning			<u>133,432</u>	<u>-</u>	<u>133,432</u>
Fund balances - ending			<u>\$ 21,182</u>	<u>\$ 11,741</u>	<u>\$ 32,923</u>

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL TECHNOLOGY FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 74,075	\$ 74,075	\$ 74,075	\$ -	\$ 74,075
Interest	-	-	2,665	-	2,665
Total revenues	<u>74,075</u>	<u>74,075</u>	<u>76,740</u>	<u>-</u>	<u>76,740</u>
EXPENDITURES					
Current:					
Instructional	24,288	123,257	93,149	-	93,149
Support services:					
Instructional staff	4,228	-	-	-	-
Capital Outlay	<u>107,741</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
Total expenditures	<u>136,257</u>	<u>136,257</u>	<u>106,149</u>	<u>-</u>	<u>106,149</u>
Net change in fund balances	<u>\$ (62,182)</u>	<u>\$ (62,182)</u>	(29,409)	-	(29,409)
Fund balances - beginning			<u>62,182</u>	<u>-</u>	<u>62,182</u>
Fund balances - ending			<u>\$ 32,773</u>	<u>\$ -</u>	<u>\$ 32,773</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Intergovernmental:					
State other	\$ 167,645	\$ 167,645	\$ 167,645	\$ -	\$ 167,645
Interest	-	-	6,008	-	6,008
Total revenues	<u>167,645</u>	<u>167,645</u>	<u>173,653</u>	<u>-</u>	<u>173,653</u>
EXPENDITURES					
Current:					
Instructional	<u>459,195</u>	<u>459,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>459,195</u>	<u>459,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (291,550)</u>	<u>\$ (291,550)</u>	173,653	-	173,653
Fund balances - beginning			<u>291,550</u>	<u>-</u>	<u>291,550</u>
Fund balances - ending			<u>\$ 465,203</u>	<u>\$ -</u>	<u>\$ 465,203</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Intergovernmental:					
State other	\$ 167,439	\$ 167,439	\$ 167,439	\$ -	\$ 167,439
Interest	-	-	7,768	-	7,768
Total revenues	<u>167,439</u>	<u>167,439</u>	<u>175,207</u>	<u>-</u>	<u>175,207</u>
EXPENDITURES					
Current:					
Instructional	500,785	500,785	167,140	-	167,140
Support services:					
Students	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>505,785</u>	<u>505,785</u>	<u>167,140</u>	<u>-</u>	<u>167,140</u>
Net change in fund balances	<u>\$ (338,346)</u>	<u>\$ (338,346)</u>	8,067	-	8,067
Fund balances - beginning			<u>338,346</u>	<u>-</u>	<u>338,346</u>
Fund balances - ending			<u>\$ 346,413</u>	<u>\$ -</u>	<u>\$ 346,413</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.

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 June 30, 2009

	Elementary Debt Service	High School Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 120,941	\$ 12,658	\$ 133,599
Receivables:			
Taxes, net	24,400	-	24,400
Total assets	<u>\$ 145,341</u>	<u>\$ 12,658</u>	<u>\$ 157,999</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 12,658	\$ 12,658
Deferred revenue	23,652	-	23,652
Total liabilities	<u>23,652</u>	<u>12,658</u>	<u>36,310</u>
Fund balances:			
Reserved for:			
Debt service	121,689	-	121,689
Total fund balances	<u>121,689</u>	<u>-</u>	<u>121,689</u>
Total liabilities and fund balances	<u>\$ 145,341</u>	<u>\$ 12,658</u>	<u>\$ 157,999</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2009

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 69,246	\$ -	\$ 69,246
Interest	2,345	-	2,345
Total revenues	71,591	-	71,591
EXPENDITURES			
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	-	-	-
Net change in fund balances	71,591	-	71,591
Fund balances - beginning	50,098	-	50,098
Fund balances - ending	\$ 121,689	\$ -	\$ 121,689

Nonmajor Capital Projects Funds

Budgeted:

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

Nonbudgeted:

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

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 June 30, 2009

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$472,843	\$ 310,229	\$ 398,696	\$ 1,181,768
Receivables:				
Taxes, net	-	2,887	1,325	4,212
Other	3,000	-	-	3,000
Total assets	\$475,843	\$ 313,116	\$ 400,021	\$ 1,188,980
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 515	\$ -	\$ -	\$ 515
Deferred revenue	3,000	2,769	1,127	6,896
Total liabilities	3,515	2,769	1,127	7,411
Fund balances:				
Unreserved	472,328	310,347	398,894	1,181,569
Total fund balances	472,328	310,347	398,894	1,181,569
Total liabilities and fund balances	\$475,843	\$ 313,116	\$ 400,021	\$ 1,188,980

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2009

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
REVENUES				
Property taxes	\$ -	\$ 23,870	\$ 11,662	\$ 35,532
Charges for services	26,254	-	-	26,254
Interest	14,038	7,984	10,658	32,680
Miscellaneous	129,033	-	-	129,033
Total revenues	169,325	31,854	22,320	223,499
EXPENDITURES				
Current:				
Instruction	1,270	-	-	1,270
Support services:				
Students	766	-	-	766
Operation and maintenance	55,908	3,855	6,212	65,975
Capital outlay	-	27,925	-	27,925
Total expenditures	57,944	31,780	6,212	95,936
Excess (deficiency) of revenues over (under) expenditures	111,381	74	16,108	127,563
OTHER FINANCING SOURCES				
Sale of capital assets	112,617	-	-	112,617
Transfers in	4,932	-	-	4,932
Total other financing sources	117,549	-	-	117,549
Net change in fund balances	228,930	74	16,108	245,112
Fund balances - beginning	243,398	310,273	382,786	936,457
Fund balances - ending	\$472,328	\$ 310,347	\$ 398,894	\$ 1,181,569

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, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 23,870	\$ -	\$ 23,870
Interest	-	-	7,984	-	7,984
Total revenues	-	-	31,854	-	31,854
EXPENDITURES					
Current:					
Operation and maintenance	310,272	310,272	3,855	-	3,855
Capital Outlay	-	-	27,925	-	27,925
Total expenditures	310,272	310,272	31,780	-	31,780
Net change in fund balances	<u>\$ (310,272)</u>	<u>\$ (310,272)</u>	74	-	74
Fund balances - beginning			310,273	-	310,273
Fund balances - ending			<u>\$ 310,347</u>	<u>\$ -</u>	<u>\$ 310,347</u>

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR CAPITAL PROJECTS FUND

HIGH SCHOOL BUILDING RESERVE FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 11,662	\$ -	\$ 11,662
Interest	-	-	10,658	-	10,658
Total revenues	-	-	22,320	-	22,320
EXPENDITURES					
Current:					
Operation and maintenance	-	6,212	6,212	-	6,212
Capital Outlay	382,785	376,573	-	-	-
Total expenditures	382,785	382,785	6,212	-	6,212
Net change in fund balances	<u>\$ (382,785)</u>	<u>\$ (382,785)</u>	16,108	-	16,108
Fund balances - beginning			382,786	-	382,786
Fund balances - ending			<u>\$ 398,894</u>	<u>\$ -</u>	<u>\$ 398,894</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.

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF NET ASSETS-ALL INTERNAL SERVICE FUNDS

June 30, 2009

	Warehouse	Self- Insurance Health	Self- Insurance Property	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 23,320	\$ 2,790,435	\$ 134,813	\$ 2,948,568
Accounts receivables, net	2,607	685,313	-	687,920
Inventories	99,089	-	-	99,089
Prepaid items	-	99,926	-	99,926
Total current assets	125,016	3,575,674	134,813	3,835,503
Non-current assets:				
Capital Assets:				
Land and improvements	122,700	-	-	122,700
Buildings	1,691,183	-	-	1,691,183
Equipment and Furniture	606,514	-	-	606,514
Less accumulated depreciation	(1,015,608)	-	-	(1,015,608)
Total non-current assets	1,404,789	-	-	1,404,789
Total assets	1,529,805	3,575,674	134,813	5,240,292
LIABILITIES				
Current Liabilities:				
Accounts payable	28,059	2,240,363	952	2,269,374
Deferred revenue	-	53,077	-	53,077
Compensated absences	6,423	2,093	-	8,516
Total current liabilities	34,482	2,295,533	952	2,330,967
Non-current liabilities:				
Compensated absences	57,810	18,837	-	76,647
Other postemployment benefits	-	5,428,000	-	5,428,000
Total non-current liabilities	57,810	5,446,837	-	5,504,647
Total liabilities	92,292	7,742,370	952	7,835,614
NET ASSETS				
Invested in capital assets	1,404,789	-	-	1,404,789
Unrestricted	32,724	(4,166,696)	133,861	(4,000,111)
Total net assets	\$ 1,437,513	\$ (4,166,696)	\$ 133,861	\$ (2,595,322)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS-
ALL INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2009

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
OPERATING REVENUES				
Charges for services	\$ 2,028,049	\$ 13,390,233	\$ -	\$ 15,418,282
Total operating revenues	2,028,049	13,390,233	-	15,418,282
OPERATING EXPENSES				
Personal services - salaries	291,855	77,817	-	369,672
Personal services - benefits	58,655	6,195	-	64,850
Purchased property services	82,593	605	-	83,198
Other purchased services	2,499	697,083	-	699,582
Supplies and materials	1,610,328	1,457	-	1,611,785
Insurance claims and expenses	-	14,096,348	-	14,096,348
Other postemployment benefits	-	2,375,000	-	2,375,000
Depreciation	38,431	-	-	38,431
Total operating expenses	2,084,361	17,254,505	-	19,338,866
Operating loss	(56,312)	(3,864,272)	-	(3,920,584)
NONOPERATING REVENUES				
Interest revenue	13,714	86,823	2,785	103,322
Total non-operating revenues	13,714	86,823	2,785	103,322
Income (loss) before transfers	(42,598)	(3,777,449)	2,785	(3,817,262)
Transfers out	-	-	(15,289)	(15,289)
Change in net assets	(42,598)	(3,777,449)	(12,504)	(3,832,551)
Net assets - beginning	1,480,111	(389,247)	146,365	1,237,229
Net assets - ending	\$ 1,437,513	\$ (4,166,696)	\$ 133,861	\$ (2,595,322)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2009

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
CASH FLOWS FROM OPERATIONS:				
Cash received from health insurance premiums	\$ -	\$ 13,014,968	\$ -	\$ 13,014,968
Cash received from interfund services	2,028,315	-	-	2,028,315
Medical claims paid	-	(13,522,557)	-	(13,522,557)
Cash paid to employees health insurance services	-	(81,205)	-	(81,205)
Cash paid to employees interfund services	(338,174)	-	-	(338,174)
Cash paid to suppliers for goods and services health insurance services	-	(699,145)	-	(699,145)
Cash paid to suppliers for goods and services interfund services	(1,680,587)	-	-	(1,680,587)
Net cash provided (used) by operating activities	9,554	(1,287,939)	-	(1,278,385)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	-	-	(14,401)	(14,401)
Net cash used by noncapital financing activities	-	-	(14,401)	(14,401)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	13,714	86,823	2,785	103,322
Net cash provided by investing activities	13,714	86,823	2,785	103,322
Change in cash and cash equivalents	23,268	(1,201,116)	(11,616)	(1,189,464)
Cash and cash equivalents - beginning	52	3,991,551	146,429	4,138,032
Cash and cash equivalents - ending	\$ 23,320	\$ 2,790,435	\$ 134,813	\$ 2,948,568
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating loss	\$ (56,312)	\$ (3,864,272)	\$ -	\$ (3,920,584)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	38,431	-	-	38,431
Other postemployment benefits	-	2,375,000	-	2,375,000
(Increase) decrease in accounts receivable	266	(377,269)	-	(377,003)
Decrease in inventory	31,279	-	-	31,279
Increase in prepaid items	-	(4,477)	-	(4,477)
Increase (decrease) in accounts payable	(16,446)	578,268	-	561,822
Increase in deferred revenue	-	2,004	-	2,004
Increase in compensated absences	12,336	2,807	-	15,143
Net cash provided (used) by operating activities	\$ 9,554	\$ (1,287,939)	\$ -	\$ (1,278,385)

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.

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL PRIVATE-PURPOSE TRUST FUNDS
June 30, 2009

	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 443,254	\$ 1,437,668	\$ 1,880,922
Other receivables	-	26	26
Total assets	<u>443,254</u>	<u>1,437,694</u>	<u>1,880,948</u>
LIABILITIES			
Accounts payable	<u>37,192</u>	<u>55,463</u>	<u>92,655</u>
Total liabilities	<u>37,192</u>	<u>55,463</u>	<u>92,655</u>
NET ASSETS			
Held in trust	<u>\$ 406,062</u>	<u>\$ 1,382,231</u>	<u>\$ 1,788,293</u>

BILLINGS PUBLIC SCHOOLS**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****ALL PRIVATE-PURPOSE TRUST FUNDS**

For the Year Ended June 30, 2009

	<u>Elementary Extracurricular</u>	<u>High School Extracurricular</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 479,717	\$ 2,482,930	\$ 2,962,647
Investment earnings:			
Interest	<u>11,518</u>	<u>38,595</u>	<u>50,113</u>
Total additions	<u>491,235</u>	<u>2,521,525</u>	<u>3,012,760</u>
DEDUCTIONS			
Transfers out	3,067	2,678	5,745
Student extracurricular activities	<u>500,091</u>	<u>2,470,658</u>	<u>2,970,749</u>
Total deductions	<u>503,158</u>	<u>2,473,336</u>	<u>2,976,494</u>
Change in net assets	<u>(11,923)</u>	<u>48,189</u>	<u>36,266</u>
Net assets - beginning	<u>417,985</u>	<u>1,334,042</u>	<u>1,752,027</u>
Net assets - ending	<u>\$ 406,062</u>	<u>\$ 1,382,231</u>	<u>\$ 1,788,293</u>

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
PAYROLL CLEARING FUND				
ASSETS				
Cash	\$ 235,688	\$ 112,243,249	\$109,151,150	\$ 3,327,787
Accounts receivable	13,678	-	13,678	-
Total assets	<u>249,366</u>	<u>112,243,249</u>	<u>109,164,828</u>	<u>3,327,787</u>
LIABILITIES				
Accounts payable	<u>249,366</u>	<u>115,533,932</u>	<u>112,455,511</u>	<u>3,327,787</u>
Total liabilities	<u>249,366</u>	<u>115,533,932</u>	<u>112,455,511</u>	<u>3,327,787</u>
CAFETERIA/FLEX PLAN FUND				
ASSETS				
Cash	<u>202,726</u>	<u>1,293,387</u>	<u>1,289,218</u>	<u>206,895</u>
Total assets	<u>202,726</u>	<u>1,293,387</u>	<u>1,289,218</u>	<u>206,895</u>
LIABILITIES				
Accounts payable	<u>202,726</u>	<u>1,293,387</u>	<u>1,289,218</u>	<u>206,895</u>
Total liabilities	<u>202,726</u>	<u>1,293,387</u>	<u>1,289,218</u>	<u>206,895</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	438,414	113,536,636	110,440,368	3,534,682
Accounts receivable	<u>13,678</u>	<u>-</u>	<u>13,678</u>	<u>-</u>
Total assets	<u>452,092</u>	<u>113,536,636</u>	<u>110,454,046</u>	<u>3,534,682</u>
LIABILITIES				
Accounts payable	<u>452,092</u>	<u>116,827,319</u>	<u>113,744,729</u>	<u>3,534,682</u>
Total liabilities	<u>\$ 452,092</u>	<u>\$ 116,827,319</u>	<u>\$113,744,729</u>	<u>\$ 3,534,682</u>

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

BILLINGS PUBLIC SCHOOLS

SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - EXTRACURRICULAR

For the Year Ended June 30, 2009

Location	Balance July 1, 2008	Revenues	Expenditures	Transfers In (Out)	Balance June 30, 2009
Elementary and Middle School Curriculum	\$ 9,470	\$ 2,520	\$ 6,460	\$ -	\$ 5,530
High School Curriculum	2,214	11,730	374	-	13,570
Career Center	87,917	105,252	88,992	-	104,177
Senior High School	327,904	717,931	658,284	(2,678)	384,873
West High School	302,305	741,337	709,532	-	334,110
Skyview High School	266,305	670,353	691,648	-	245,010
Middle Schools-Athletics	249,041	97,300	116,542	-	229,799
Lewis & Clark Middle School	16,357	61,592	63,101	-	14,848
Lincoln Education Center - Vending & Misc	1,663	44	-	-	1,707
Riverside Middle School	34,520	74,534	72,620	-	36,434
Will James Middle School	47,963	78,370	81,504	(2,582)	42,247
Castlerock Middle School	27,941	81,721	73,720	(485)	35,457
Arrowhead Elementary	635	10,217	4,502	-	6,350
Beartooth Elementary	718	689	780	-	627
Bench Elementary	-	1,309	392	-	917
Bitterroot	1,759	646	830	-	1,575
Broadwater Elementary	399	1,980	1,592	-	787
Burlington Elementary	4,702	10,080	9,864	-	4,918
Central Heights Elementary	588	4,829	4,467	-	950
Crossroads Alternative High School	45	-	-	(45)	-
McKinley Elementary	1,847	11,573	11,408	-	2,012
Meadowlark Elementary	3,203	4,232	5,994	-	1,441
Miles Elementary	2,349	59	300	-	2,108
Newman Elementary	308	583	244	-	647
Poly Elementary	7	-	7	-	-
Ponderosa	2,019	14,112	10,952	-	5,179
Special Olympics	-	2,662	2,214	45	493
Rose Park	-	178	49	-	129
Sandstone Elementary	1,871	15,416	13,919	-	3,368
Adult Education	463	1,007	788	-	682
Big Sky Library Enrichment	7,401	5,712	7,798	-	5,315
Eagle Cliffs Elementary	548	1,517	1,851	-	214
Exec Director of Activities	338,258	219,872	273,891	-	284,239
Coordinator of Music	11,307	63,403	56,130	-	18,580
	<u>\$ 1,752,027</u>	<u>\$3,012,760</u>	<u>\$2,970,749</u>	<u>\$ (5,745)</u>	<u>\$ 1,788,293</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, 2009

<u>Fall Enrollment - October, 2008</u>	<u>Per Enrollment Reports</u>	<u>Audit Per District Records</u>	<u>Difference</u>
Elementary School District			
Pre K - 6:			
(a) Pre-Kindergarten	111	111	-
(b) Kindergarten (enrolled 720+ hours per year)	1,205	1,205	-
(c) Kindergarten (enrolled 181-719 hours per year)	4	4	-
(d) Kindergarten (enrolled < 181 hours per year)	6	6	-
(e) Grades 1-6 (enrolled 720+ hours per year)	6,505	6,505	-
(f) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(g) Grades 1-6 (enrolled < 181 hours per year)	2	2	-
7-8:			
(h) Grades 7-8 (enrolled 720+ hours per year)	2,365	2,365	-
(i) Grades 7-8 (enrolled 181-719 hours per year)	2	2	-
(j) Grades 7-8 (enrolled < 181 hours per year)	1	1	-
(k) Total Elementary (add lines a through j)	<u>10,201</u>	<u>10,201</u>	<u>-</u>
High School District:			
(l) Grades 9-12 (enrolled 720+ hours per year)	5,257	5,257	-
(m) Grades 9-12 (enrolled 181-719 hours per year)	23	23	-
(n) Grades 9 - 12 (enrolled < 181 hours per year)	-	-	-
(o) Total High School (add lines l through n)	<u>5,280</u>	<u>5,280</u>	<u>-</u>
(p) 19 Year-olds included on line l	<u>18</u>	<u>18</u>	<u>-</u>
<u>Spring Enrollment - February 2009</u>			
Elementary School District			
Pre K - 6:			
(q) Pre-Kindergarten	143	143	-
(r) Kindergarten (enrolled 720+ hours per year)	1,216	1,216	-
(s) Kindergarten (enrolled 181-719 hours per year)	7	7	-
(t) Grades 1-6 (enrolled 720+ hours per year)	6,518	6,518	-
(u) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(v) Grades 1-6 (enrolled < 181 hours per year)	2	2	-
7-8:			
(w) Grades 7-8 (enrolled 720+ hours per year)	2,351	2,351	-
(x) Grades 7-8 (enrolled 181-719 hours per year)	2	2	-
(y) Grades 7-8 (enrolled < 181 hours per year)	1	1	-
(z) Total Elementary (add lines q through y)	<u>10,240</u>	<u>10,240</u>	<u>-</u>
High School District:			
(aa) Grades 9-12 (enrolled 720+ hours per year)	5,135	5,135	-
(bb) Grades 9-12 (enrolled 181-719 hours per year)	31	31	-
(cc) Grades 9 - 12 (enrolled < 181 hours per year)	-	-	-
(dd) Total High School (add lines z through bb)	<u>5,166</u>	<u>5,166</u>	<u>-</u>
(ee) 19 Year-olds included on line aa	<u>15</u>	<u>15</u>	<u>-</u>
(ff) Early Graduates	<u>15</u>	<u>15</u>	<u>-</u>

SECTION III - STATISTICAL SECTION

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

Contents	<u>Page</u>
Financial Trends	88-92
<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	93-101
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	102-105
<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	106-107
<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	108-114
<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 Five Fiscal Years
 (accrual basis of accounting)

Table 1

	Fiscal Year				
	2005	2006	2007	2008	2009
Invested in capital assets, net of related debt	\$ 50,433,854	\$ 56,020,328	\$ 58,767,183	\$ 61,191,582	\$ 60,569,790
Restricted for:					
Debt service	961,384	1,287,030	1,350,978	140,053	145,341
Other purposes	12,710,261	12,399,380	11,915,272	12,393,018	14,466,745
Unrestricted (deficit)	<u>(9,760,795)</u>	<u>(12,253,119)</u>	<u>(4,326,828)</u>	<u>(6,105,856)</u>	<u>(12,737,076)</u>
Total governmental activities net assets	<u>\$ 54,344,704</u>	<u>\$ 57,453,619</u>	<u>\$ 67,706,605</u>	<u>\$ 67,618,797</u>	<u>\$ 62,444,800</u>

1

1 Unrestricted (deficit) net assets for years prior to 2007 included an accrual for service credit and termination pay benefits and was recorded in accordance with GASB Statement 16. Starting in 2007 the service credit and termination pay benefits were recorded in accordance with GASB Statement 27.

BILLINGS PUBLIC SCHOOLS

Table 2

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses:					
Instruction	\$ 69,408,652	\$ 74,316,304	\$ 78,052,218	\$ 85,812,039	\$ 88,164,245
Support services:					
Students	7,502,320	8,245,532	9,117,020	9,298,820	9,601,125
Instructional staff	5,354,675	5,992,695	5,878,241	6,555,906	6,945,475
General administration	1,471,734	1,238,774	1,354,664	1,476,711	1,312,581
School administration	7,432,014	8,130,808	8,248,789	9,003,814	9,069,215
Business services	1,408,610	1,769,612	1,842,122	2,019,626	1,880,984
Operation and maintenance	9,395,802	10,270,658	10,713,640	12,421,095	12,140,124
Student transportation	4,128,160	4,310,389	4,375,271	4,658,373	5,136,849
Food services	4,216,117	4,113,009	4,180,626	4,701,734	5,146,099
Community services	11,094	15,178	14,953	14,050	19,891
Extracurricular	1,802,211	1,909,711	1,920,491	2,291,969	2,328,064
Other current charges	-	-	-	-	11,479
Interest	308,478	221,475	177,913	117,618	29,399
Total expenses	112,439,867	120,534,145	125,875,948	138,371,755	141,785,530
Program revenues					
Charges for services:					
Instruction	656,235	665,848	612,530	626,047	712,110
Support services:					
Operations and maintenance	75,529	82,717	70,401	41,025	41,494
Student transportation	45,119	40,991	44,857	43,180	42,381
Food services	2,141,650	2,187,687	2,253,548	2,305,026	2,367,209
Operating grants and contributions	19,621,440	21,432,451	27,164,473	28,928,094	26,530,143
Capital grants and contributions	-	584,375	240,298	628,251	892,912
Total program revenues	22,539,973	24,994,069	30,386,107	32,571,623	30,586,249
Net expense	(89,899,894)	(95,540,076)	(95,489,841)	(105,800,132)	(111,199,281)
General revenues:					
Property taxes	32,898,784	34,895,621	33,088,889	34,701,063	34,991,351
Intergovernmental:					
State aid	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181
State other	6,195,386	6,298,034	6,173,289	5,714,923	5,724,096
County	12,307,903	10,606,494	11,252,174	11,946,780	13,211,358
Interest	710,566	924,471	1,050,145	1,064,579	681,026
Contributions and donations	444,283	538,494	1,146,765	581,134	835,415
Miscellaneous	233,778	177,871	209,184	271,266	235,112
Gain on disposal of capital assets	-	-	242,559	2,475,779	-
Transfers	-	-	-	-	5,745
Total general revenues	96,618,661	98,648,991	99,337,530	105,712,324	106,025,284
Change in net assets	\$ 6,718,767	\$ 3,108,915	\$ 3,847,689	\$ (87,808)	\$ (5,173,997)

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

Table 3

	Fiscal Year				
	2005	2006	2007	2008	2009
General fund					
Reserved	\$ 81,413	\$ 150,314	\$ 401,505	\$ 28,815	\$ 362,860
Unreserved	4,619,133	3,356,762	3,520,361	4,856,734	5,327,292
Total general fund	<u>\$ 4,700,546</u>	<u>\$ 3,507,076</u>	<u>\$ 3,921,866</u>	<u>\$ 4,885,549</u>	<u>\$ 5,690,152</u>
All other governmental funds					
Reserved	\$ 1,031,166	\$ 1,496,649	\$ 1,299,601	\$ 264,236	\$ 224,169
Unreserved, reported in:					
Special revenue funds	5,769,299	8,900,453	11,762,496	10,557,303	16,060,472
Capital projects funds	15,111,333	4,368,356	2,822,725	4,266,136	1,181,569
Total all other governmental funds	<u>\$ 21,911,798</u>	<u>\$ 14,765,458</u>	<u>\$ 15,884,822</u>	<u>\$ 15,087,675</u>	<u>\$ 17,466,210</u>

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

Table 4

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Property taxes	\$ 32,790,871	\$ 34,811,435	\$ 32,619,080	\$ 35,073,362	\$ 35,782,052
Intergovernmental:					
County	13,048,693	11,391,515	12,037,153	12,709,341	13,970,410
State aid	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181
State other	12,751,938	13,365,372	19,476,346	21,492,469	19,256,945
Federal	12,324,098	13,243,826	12,740,171	12,387,987	12,177,195
Tuition	250,649	221,849	211,263	195,406	148,290
Charges for services	2,709,121	2,752,809	2,784,051	2,839,302	2,963,437
Interest	660,337	865,885	985,219	975,588	577,704
Miscellaneous	678,061	1,612,007	1,915,554	1,451,927	1,708,205
Total revenues	119,041,729	123,472,704	128,943,362	136,082,182	136,925,419
Expenditures					
Instruction	67,456,999	72,234,049	75,118,883	81,669,804	80,508,374
Support services:					
Students	7,309,457	8,028,019	8,585,269	9,057,352	9,101,560
Instructional staff	5,204,476	5,873,420	5,992,282	6,445,953	6,656,922
General administration	1,505,556	1,336,483	1,238,727	1,372,481	1,270,351
School administration	7,875,293	7,745,131	7,969,204	8,984,368	8,554,701
Business services	1,252,813	1,611,884	1,734,354	1,896,926	1,688,771
Operations and maintenance	9,467,402	10,158,538	10,529,579	12,311,325	11,749,344
Student transportation	4,105,306	4,269,620	4,338,968	4,636,606	5,049,102
Food services	4,158,542	4,057,221	4,117,271	4,629,179	5,068,481
Community services	11,094	15,178	14,953	14,050	19,891
Extracurricular	1,800,017	1,890,779	1,846,502	2,213,481	2,225,258
Other current charges	-	-	-	-	11,479
Capital outlay	6,815,946	12,284,515	3,440,539	2,924,602	2,535,609
Debt service					
Principal	4,003,685	2,477,521	2,576,269	2,682,454	150,143
Interest	284,018	197,156	153,967	93,796	64,196
Total expenditures	121,250,604	132,179,514	127,656,767	138,932,377	134,654,182
Excess of revenues over (under) expenditures	(2,208,875)	(8,706,810)	1,286,595	(2,850,195)	2,271,237
Other financing sources (uses)					
Transfers in	1,193,489	-	-	322,502	370,545
Transfers out	(1,193,489)	-	-	(322,502)	(349,511)
Insurance	-	-	-	-	112,617
Long-term debt issued	-	362,000	-	408,564	773,250
Sale of capital assets	5,000	5,000	247,559	2,608,167	5,000
Total other financing sources (uses)	5,000	367,000	247,559	3,016,731	911,901
Net change in fund balances	\$ (2,203,875)	\$ (8,339,810)	\$ 1,534,154	\$ 166,536	\$ 3,183,138
Debt service as a percentage of non-capital expenditures	3.75%	2.23%	2.20%	2.04%	0.16%

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

Table 5

Year	Support Services						
	Instruction	Students	Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance
2005	\$ 48,546,841	\$ 5,106,089	\$ 3,742,092	\$ 1,434,044	\$ 5,881,820	\$ 932,628	\$ 8,431,212
2006	52,136,474	5,415,414	4,038,827	1,249,372	6,203,024	1,070,846	8,801,763
2007	55,197,847	5,740,609	4,636,544	1,132,599	6,386,532	969,121	8,316,670
2008	60,765,662	6,242,820	5,050,350	1,299,542	7,237,252	1,080,768	8,717,531
2009	60,197,185	6,270,596	5,132,096	1,207,359	6,854,511	1,402,720	10,639,761

Year	Support Services					
	Student Transportation	Community Services	Extracurricular	Capital Outlay	Debt Service	Total
2005	\$ 4,738	\$ 6,600	\$ 1,451,951	\$ 170,615	\$ 111,714	\$ 75,820,344
2006	7,392	6,600	1,680,764	157,569	10,880	80,778,925
2007	13,657	6,600	1,618,881	69,834	47,516	84,136,410
2008	17,616	6,600	1,936,752	294,915	82,500	92,732,308
2009	47,181	6,600	1,984,423	653,694	150,143	94,546,269

BILLINGS PUBLIC SCHOOLS
PROPERTY TAX ASSESSMENT AND COLLECTIONS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 6

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Taxes Levied</u>	<u>Tax Collections*</u>	<u>Percent of Tax Collections To Taxes Levied</u>
Elementary District:					
2000	\$ 139,298,199	114.75	\$ 15,984,468	\$ 15,856,397	99.20%
2001	128,672,973	111.91	14,399,792	14,507,842	100.75%
2002	128,868,579	127.86	16,477,137	16,431,385	99.72%
2003	130,715,146	142.74	18,658,280	18,008,740	96.52%
2004	132,441,976	142.98	18,936,554	19,204,919	101.42%
2005	136,732,413	151.35	20,694,451	20,411,068	98.63%
2006	143,178,931	152.52	21,837,651	21,625,072	99.03%
2007	147,991,032	135.32	20,026,146	20,140,046	100.57%
2008	157,587,840	131.28	20,688,132	20,664,888	99.89%
2009	166,020,027	121.87	20,232,861	20,566,137	101.65%
High School District:					
2000	174,883,343	62.53	10,935,455	10,762,070	98.41%
2001	159,258,592	54.01	8,601,557	8,672,406	100.82%
2002	160,982,681	71.03	11,434,600	11,392,222	99.63%
2003	160,993,951	77.62	12,496,350	12,388,988	99.14%
2004	167,565,854	81.35	13,631,482	13,736,169	100.77%
2005	173,527,878	71.53	12,412,449	12,306,074	99.14%
2006	181,865,729	72.47	13,179,809	13,102,976	99.42%
2007	188,925,557	65.51	12,376,513	12,398,385	100.18%
2008	201,862,127	71.68	14,469,477	14,408,474	99.58%
2009	214,427,450	70.31	15,076,394	15,215,915	100.93%

* Total tax collections include delinquent taxes from prior years.

Prior to July 1, 2009 taxes collections were accounted for in one revenue account. Effective July 1, 2009, the district will account for taxes collected by year.

BILLINGS PUBLIC SCHOOLS

Table 7

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Assessed Value	*Estimated Actual Value	Percent of Assessed Value to Est. Actual Value
Elementary District:			
2000	\$ 139,298,199	\$ -	N/A
2001	128,672,973	-	N/A
2002	128,868,579	3,694,399,704	3.49%
2003	130,715,146	3,880,213,213	3.37%
2004	132,441,976	4,004,963,619	3.31%
2005	136,732,413	4,476,606,150	3.05%
2006	143,178,931	5,110,110,578	2.80%
2007	147,991,032	5,110,110,578	2.90%
2008	157,587,840	5,498,218,964	2.87%
2009	166,020,027	5,114,046,567	3.25%
High School District:			
2000	174,883,343	-	N/A
2001	159,258,592	-	N/A
2002	160,982,681	4,632,064,119	3.48%
2003	160,993,951	4,892,349,410	3.29%
2004	167,565,854	5,071,568,445	3.30%
2005	173,527,878	5,648,849,952	3.07%
2006	181,865,729	6,458,283,952	2.82%
2007	188,925,557	6,458,283,952	2.93%
2008	201,862,127	6,986,260,379	2.89%
2009	214,427,450	6,659,116,956	3.22%

Source: Montana Department of Revenue

*Estimated Actual Value not available for 2000-2001

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

Table 8

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
2000	114.75	62.53	94.00	80.74	46.00	398.02
2001	111.91	54.01	100.34	90.63	46.00	402.89
2002	127.86	71.03	105.34	99.54	46.00	449.77
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

Tax Levies						
Fiscal Year	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	Total
2000	\$ 15,984,468	\$ 10,935,455	\$ 10,319,873	\$ 14,542,965	\$ 5,455,298	\$ 57,238,059
2001	14,399,792	8,601,557	10,905,259	14,772,928	5,453,536	54,133,072
2002	16,477,137	11,434,600	11,484,409	15,359,804	5,714,104	60,470,054
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	36,171,218	8,905,495	103,773,285
2009	20,232,861	15,076,394	25,058,182	36,999,906	12,183,812	109,551,155

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

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

Table 9

Taxpayer	2009			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Northwestern Corp Transmission	\$ 11,163,700	1	6.61%	\$ 4,737,850	1	1.58%
ConocoPhillips Company	9,686,739	2	5.73%	-		
Qwest Corporation	3,762,652	3	2.23%	1,795,527	2	0.60%
PPL Montana LLC	3,537,524	4	2.09%	-		-
Montana Dakota Utilities Company	1,620,237	6	0.96%	1,071,236	3	0.36%
Bresnam Broadband Holdings LLC	2,429,538	5	1.44%	-		-
SH Network LLC	1,599,957	7	0.95%	857,344	4	0.29%
WWC Holding Co (Alltel)	1,535,936	8	0.91%	-		-
Puget Sound Energy Incorporated	1,049,818	9	0.0	587,725	5	0.20%
Med-Map LLC	-		-	548,451	6	0.18%
Western Sugar Company	-		-	427,398	7	0.14%
ACG West Park Plaza Investors LLC	-		-	403,366	8	0.13%
Sysco Food Services of Montana Inc.	-		-	348,154	9	0.12%
United Parcel Service Co	-		-	317,386	10	0.11%
Total	\$ 36,386,101		21.53%	\$ 11,094,437		3.70%

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS

Table 9a

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

Taxpayer	2009			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Northwestern Corp Transmission	\$ 5,038,492	3	2.27%	\$ 4,737,850	1	1.58%
ConocoPhillips Company	9,636,861	1	4.34%	-		
Qwest Corporation	626,187	7	0.28%	1,795,527	2	0.60%
Exxon Mobile Corporation	6,473,395	2	2.92%	-		-
PPL Montana LLC	3,537,524	4	1.59%	-		-
SH Network LLC	1,594,838	5	0.72%	1,071,236	3	0.36%
WWC Holding Co (Alltel)	1,221,581	6	0.55%	-		-
Yellowstone Valley Electric Coop	528,828	8	0.24%	-		-
Rocky Mountain Pipeline System LLC	576,911	9	0.26%	857,344	4	0.29%
Conoco Pipe Line Co	931,729	10	0.42%	-		-
Wal-Mart Real Estate Business Trust	-		-	587,725	5	0.20%
Med-Map LLC	-		-	548,451	6	0.18%
Western Sugar Company	-		-	427,398	7	0.14%
ACG West Park Plaza Investors LLC	-		-	403,366	8	0.13%
Sysco Food Services of Montana Inc.	-		-	348,154	9	0.12%
United Parcel Service Co	-		-	317,386	10	0.11%
Total	<u>\$ 30,166,346</u>		<u>13.59%</u>	<u>\$ 11,094,437</u>		<u>3.70%</u>

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2009
(modified accrual basis of accounting)

Table 10

<u>Source</u>	<u>Actual Revenue</u>	<u>Percent of Total Revenue</u>
Revenue from local and intermediate sources:		
Property taxes	\$ 35,782,052	26.13%
Tuition	148,290	0.11%
Interest	577,704	0.42%
Charges for service	2,963,437	2.16%
County retirement	759,052	0.55%
County transportation	13,211,358	9.65%
Miscellaneous	1,708,205	1.25%
Total revenue from local and intermediate sources	55,150,098	40.27%
Revenue from state sources:		
Direct state aid	36,565,603	26.71%
State quality educator	3,640,732	2.66%
State at risk student	445,761	0.33%
State Indian education for all	324,829	0.24%
State American Indian achievement gap	243,800	0.18%
State special ed allowable cost payment	4,935,977	3.60%
State guaranteed tax base aid	13,775,578	10.06%
State transportation	759,052	0.55%
State technology grant	193,516	0.14%
State school block grant	5,112,151	3.73%
State on-behalf payment	1,494,494	1.09%
State other	2,106,633	1.54%
Total revenue from state sources	69,598,126	50.83%
Revenue from federal sources:		
Federal grants	9,676,511	7.07%
Federal food service	2,500,684	1.83%
Total revenue from federal sources	12,177,195	8.90%
Total revenue	\$ 136,925,419	100.00%

Source: District Financial Records

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

Table 11

Year	Property Taxes	State of Montana	Tuition	Interest	Miscellaneous	Total
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

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

Table 12

Year	District Revenue	State Revenue	Total Revenue	October Enrollment	Revenue Per Student		
					District	State	Total
2005	\$ 24,925,863	\$ 50,641,647	\$ 75,567,510	15,728	\$ 1,585	\$ 3,220	\$ 4,805
2006	25,936,170	53,649,285	79,585,455	15,704	1,652	3,416	5,068
2007	26,501,022	58,050,178	84,551,200	15,556	1,704	3,732	5,436
2008	30,245,130	63,450,861	93,695,991	15,503	1,951	4,093	6,044
2009	30,895,351	64,844,217	95,739,568	15,481	1,996	4,189	6,185

Source: District Records

BILLINGS PUBLIC SCHOOLS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last Five Fiscal Years

Table 13

Fiscal Year	Property Value 1	Bank Deposits (in thousands) 2	Construction 3			
			Commercial		Residential 4	
			Number of Permits	Value	Number of Permits	Value
2005	\$ 6,038,666,505	\$ 1,720,366	112	\$ 52,378,039	560	\$ 92,302,312
2006	6,458,283,952	1,930,591	113	47,749,028	503	93,464,621
2007	6,986,260,379	2,222,151	88	87,937,071 5	496	89,502,065
2008	6,659,116,956	2,451,699	69	107,949,910 7	388	71,378,452
2009	7,075,610,744	3,144,622	71	63,332,381	227	38,331,029

Sources and other information:

- 1 State of Montana Department of Revenue.
- 2 Individual Banks.
- 3 Building Department (new construction permits), City of Billings, Montana.
- 4 Single family only.
- 5 Commercial values increased although the number of permits issued decreased because a new commercial area is being developed, which includes hotels, a hospital and an educational facility. Other large projects in the City include a new parking garage and trauma care center.
- 6 For fiscal years beginning in 2006, the property value includes the Tax Increment District.

BILLINGS PUBLIC SCHOOLS

Table 14

Ratio of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita
Elementary District					
2000	91,750	\$ 139,298,199	\$ -	0.00%	\$ -
2001	89,847	128,672,973	-	0.00%	-
2002	91,195	128,868,579	-	0.00%	-
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%	-
High School District					
2000	102,850	\$ 174,883,343	\$ 8,865,000	5.07%	\$ 86.19
2001	105,050	159,258,592	7,175,000	4.51%	68.30
2002	106,150	160,982,681	5,435,000	3.38%	51.20
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%	-

Source and other information:

- 1 Census taken every ten years. Actual census figures given for 2001.
- 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, 2009

Table 15

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Elementary District:						
Maximum debt limit	\$103,784,976	\$ 105,789,744	\$ 110,532,753	\$ 114,004,638	\$ 140,269,440	\$ 144,564,325
Total net debt applicable to limit	14,104,638	9,639,803	5,405,616	2,834,141	447,685	357,139
Legal debt margin	\$ 89,680,338	\$ 96,149,941	\$ 105,127,137	\$ 111,170,497	\$ 139,821,755	\$ 144,207,186
Total net debt applicable to limit as a percentage of debt limit	13.59%	9.11%	4.89%	2.49%	0.32%	0.25%
High School District:						
Maximum debt limit	\$121,384,386	\$ 122,633,838	\$ 127,979,393	\$ 131,491,917	\$ 153,391,170	\$ 163,003,680
Total net debt applicable to limit	3,559,241	1,009,753	117,507	107,935	220,501	175,904
Legal debt margin	\$117,825,145	\$ 121,624,085	\$ 127,861,886	\$ 131,383,982	\$ 153,170,669	\$ 162,827,776
Total net debt applicable to limit as a percentage of debt limit	2.93%	0.82%	0.09%	0.08%	0.14%	0.11%

DEBT LIMITATION CALCULATION

	Elementary	High School
2008/09 Statewide Average Per ANB	28,150	57,680
X FY09 ANB	10,271	5,652
Total	289,128,650	326,007,360
X Debt Limit Rate of .50	0.50	0.50
Equals: Maximum Debt Capacity	144,564,325	163,003,680
Less: Bonds Outstanding	-	-
General Obligation Debt	357,139	175,904
Estimated Debt Capacity Remaining	144,207,186	162,827,776

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 16

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT For the Year Ended June 30, 2009

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:	\$ -	0.00%	\$ -	0.00%	\$ -
Billings High School District:	-	0.00%	-	0.00%	-
Totals	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 7,429,000	60.60%	\$ 4,501,974	39.40%	\$ 2,927,026
City of Billings:					
Various Issues	<u>23,019,723</u>	84.70%	<u>19,497,705</u>	15.30%	<u>3,522,018</u>
Totals	<u>\$ 30,448,723</u>		<u>\$ 23,999,679</u>		<u>\$ 6,449,044</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 17

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:					
2000	\$ 190,000	\$ 13,395	\$ 203,395	\$ 41,388,850	0.5%
2001	195,944	1,715	197,659	42,957,024	0.5%
2002	64,110	890	65,000	42,797,761	0.2%
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%
High School:					
1999	\$ 1,590,000	\$ 540,573	\$ 2,130,573	\$ 24,640,281	8.6%
2001	1,690,000	460,215	2,150,215	25,767,133	8.3%
2002	8,140,000	305,089	8,445,089	26,042,112	32.4%
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%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Table 18

Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2000	102,850	24,425	35.8	15,877	3.7%
2001	105,050	25,253	36.9	15,690	3.7%
2002	106,150	25,632	36.9	15,732	4.5%
2003	107,250	25,323	36.9	15,778	3.4%
2004	108,350	26,057	36.9	15,737	3.1%
2005	109,450	29,421	36.9	15,716	3.3%
2006	110,550	31,220	36.8	15,704	3.5%
2007	111,650	35,068	39.3	15,556	2.6%
2008	113,000	37,247	37.5	15,503	3.1%
2009	121,700	38,124	36.8	15,481	4.4%

Source: Bureau of Business and Economic Research

BILLINGS PUBLIC SCHOOLS

Table 19

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2009			2000		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	*Percentage of Total City Employment
Billings Clinic	3,500		4.4%	1,835	-	N/A
Billings Public Schools	2,258		2.8%	2,241	-	N/A
St. Vincent Health Care	2,200		2.7%	1,425	-	N/A
Stillwater Mining Company	1,622		2.0%	825	-	N/A
Yellowstone County	1,054		1.3%	1,020	-	N/A
Montana State University-Billings	1,010		1.3%	901	-	N/A
Walmart	925		1.2%	-	-	N/A
Wells Fargo Bank & Operations	869		1.1%	444	-	N/A
City of Billings	825		1.0%	750	-	N/A
Avitus Group	690		0.9%	-	-	N/A
Supervalu	-		-	612	-	N/A
U. S. Postal Service	-		-	552	-	N/A
Buttrey Food-Drug stores	-		-	523	-	N/A
Total	<u>14,953</u>		<u>18.7%</u>	<u>11,128</u>		

Source: Montana Research and Analysis Bureau-State of Montana, and individual employers.

*Total City Employment not available for 1998.

BILLINGS PUBLIC SCHOOLS

Table 20

OPERATING STATISTICS

Last Five Fiscal Years

(accrual basis of accounting)

Fiscal Year	Expenses	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE)	Pupil/ Certified Staff Ratio
2005	\$ 112,439,867	15,728	\$ 7,149	2%	1,159.1	13.6
2006	120,534,145	15,704	7,675	7%	1,163.5	13.5
2007	127,668,852	15,556	8,207	6%	1,144.4	13.6
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

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 Five Fiscal Years
(accrual basis of accounting)

Table 21

	Fiscal Year				
	2005	2006	2007	2008	2009
Instruction					
Administrators	0.9	-	-	-	-
Certified Staff	1,001.2	1,002.5	1,007.0	1,067.9	1,031.5
Classified Employees	205.1	195.8	192.1	191.6	196.5
Support Services					
Administrators	5.0	5.0	5.0	5.0	5.0
Administrative Support	1.0	1.0	1.0	1.0	1.0
Certified Staff	141.4	144.5	135.4	131.9	135.7
Classified Employees	50.4	64.1	65.1	65.6	64.3
General Administration					
Administrators	4.1	5.5	6.5	6.7	7.7
Administrative Support	14.2	13.5	13.5	12.5	11.5
Certified Staff	-	-	1.0	1.0	1.0
Classified Employees	23.2	23.9	23.1	22.5	21.4
Building Administration					
Administrators	49.5	49.0	42.5	48.0	46.0
Administrative Support	1.6	1.3	1.0	1.0	-
Certified Staff	16.5	16.5	1.0	1.0	1.0
Classified Employees	85.3	84.3	79.2	81.3	80.2
Operations and Maintenance					
Administrators	1.0	1.0	2.0	2.0	2.0
Classified Employees	125.4	123.7	122.1	142.9	144.8
Student Transportation					
Administrators	1.3	1.0	1.0	2.0	1.0
Administrative Support	1.0	1.0	1.0	1.0	1.0
Classified Employees	35.5	33.2	32.5	34.2	31.5
Extracurricular Activities					
Administrators	1.0	1.0	1.0	1.0	2.0
Classified Employees	5.5	4.0	3.5	2.7	2.0
Total	1,769.3	1,771.8	1,736.5	1,822.8	1,787.1
Fiscal 2009 Summary	Admin.	Admin Support	Certified Staff	Classified Employees	Total FTE
Instruction	-	-	1,031.5	196.5	1,228.0
Support Services	5.0	1.0	135.7	64.3	206.0
General Administration	7.7	11.5	1.0	21.4	41.6
Building Administration	46.0	-	1.0	80.2	127.2
Operations and Maintenance	2.0	-	-	144.8	146.8
Student Transportation	1.0	1.0	-	31.5	33.5
Extracurricular Activities	2.0	-	-	2.0	4.0
Total	63.7	13.5	1,169.2	540.7	1,787.1

Source: District Records

BILLINGS PUBLIC SCHOOLS
 CERTIFIED STAFF EDUCATION AND EXPERIENCE
 November 1, 2009

Table 22

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	143.25	12%
Bachelor's Degree + 15 Credits	76.97	7%
Bachelor's Degree + 30 Credits	69.57	6%
Bachelor's Degree + 45 Credits	66.29	6%
Bachelor's Degree + 60 Credits	67.85	6%
Bachelor's Degree + 75 Credits	46.82	4%
Bachelor's Degree + 90 Credits	46.56	4%
Bachelor's Degree + 105 Credits	131.57	11%
Master's Degree	109.47	9%
Master's Degree + 15 Credits	47.50	4%
Master's Degree + 30 Credits	51.51	4%
Master's Degree + 45 Credits	307.84	26%
Doctorate's Degree	4.00	0%
Total	<u>1,169.20</u>	<u>100%</u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	300.48	26%
6-10	265.55	23%
11-15	177.20	15%
16-20	197.84	17%
21-25	75.63	6%
26 and Above	152.50	13%
Total	<u>1,169.20</u>	<u>100%</u>

Source: District Records

BILLINGS PUBLIC SCHOOLS
EDUCATIONAL BUILDING DATA
For the Fiscal Year Ended June 30, 2008

Table 23

	Year Built	Square Footage	Functional Capacity	Enrollment	Percentage of Capacity Used
<u>Elementary Schools:</u>					
<u>K-6 Schools</u>					
Alkali Creek	1979	43,591	391	375	95.91%
Arrowhead	1978	41,714	437	452	103.43%
Beartooth	1974	40,330	370	382	103.24%
Bench	1955	39,817	368	324	88.04%
Big Sky	1986	45,000	391	422	107.93%
Bitterroot	1964	31,690	322	316	98.14%
Boulder	1962	36,917	414	417	100.72%
Broadwater	1910	34,429	322	331	102.80%
Burlington	1956	32,868	322	291	90.37%
Central Heights	1962	38,785	322	334	103.73%
Eagle Cliffs	1986	46,600	437	395	90.39%
Highland	1947	30,994	253	298	117.79%
McKinley	1906	30,072	322	303	94.10%
Meadowlark	1964	33,808	414	466	112.56%
Miles	1955	32,072	322	371	115.22%
Newman	1953	29,808	276	277	100.36%
Orchard	1918	57,933	414	325	78.50%
Poly	1952	35,209	299	298	99.67%
Ponderosa	1965	32,000	437	402	91.99%
Rose Park	1958	30,276	299	273	91.30%
Sandstone	1978	41,714	437	416	95.19%
Washington	1948	36,064	276	289	104.71%
<u>7-8 Schools</u>					
Castle Rock	1979	107,500	820	727	88.66%
Lewis & Clark	1956	156,712	900	591	65.67%
Riverside	1963	87,844	640	506	79.06%
Will James	1967	94,120	690	544	78.84%
<u>High Schools:</u>					
Career Center	1975	135,200	650	N/A	N/A
Senior	1940	232,789	1,600	1,833	114.56%
Skyview	1987	239,000	1,575	1,451	92.13%
West	1959	219,662	1,690	1,996	118.11%

Source: District Records

BILLINGS PUBLIC SCHOOLS

Table 24

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Elementary Schools:										
<u>K-6 Schools</u>										
Alkali Creek	9.5%	12.9%	9.2%	17.4%	19.0%	15.9%	22.2%	24.4%	20.1%	19.6%
Arrowhead	2.8%	1.2%	2.6%	2.3%	1.6%	1.9%	3.4%	4.2%	4.9%	5.2%
Beartooth (1) (2)	22.5%	27.0%	N/A	N/A	N/A	N/A	N/A	N/A	35.9%	41.8%
Bench	45.4%	48.2%	51.7%	52.2%	49.9%	40.9%	40.0%	49.2%	55.2%	60.3%
Big Sky	16.7%	17.5%	20.5%	20.7%	18.8%	17.3%	18.0%	18.5%	22.1%	22.7%
Bitterroot	39.4%	41.3%	34.9%	34.8%	38.6%	31.8%	37.8%	37.2%	35.1%	36.4%
Boulder	18.8%	16.0%	13.3%	20.1%	17.2%	11.2%	17.7%	19.2%	22.3%	23.7%
Broadwater	58.6%	56.3%	46.7%	45.1%	55.2%	41.5%	55.0%	45.5%	51.4%	57.1%
Burlington	34.7%	31.6%	27.8%	34.2%	38.9%	37.2%	38.8%	31.5%	35.8%	38.3%
Central Heights	25.5%	20.0%	28.2%	24.3%	36.4%	26.4%	33.0%	34.4%	32.8%	30.0%
Eagle Cliffs	13.1%	15.2%	13.2%	18.0%	14.9%	14.7%	18.5%	23.8%	21.5%	18.7%
Garfield (1)	80.3%	101.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highland	44.9%	42.9%	38.9%	22.3%	26.2%	24.4%	25.7%	27.0%	31.0%	35.9%
McKinley	53.0%	62.8%	42.3%	69.3%	55.1%	49.8%	56.0%	60.1%	66.3%	65.1%
Meadowlark	21.2%	22.4%	20.8%	16.3%	20.0%	21.1%	20.6%	19.0%	28.8%	30.8%
Miles	38.7%	43.7%	35.7%	40.4%	38.7%	43.7%	44.5%	50.0%	46.3%	48.5%
Newman	61.7%	68.8%	66.2%	67.7%	77.3%	67.7%	62.6%	67.9%	75.0%	74.4%
Orchard	78.8%	93.2%	71.3%	88.3%	78.3%	78.0%	79.0%	78.7%	84.8%	85.6%
Poly	10.4%	10.0%	12.8%	14.0%	11.4%	14.2%	16.6%	14.5%	17.2%	21.8%
Ponderosa	41.9%	54.0%	30.4%	70.5%	63.6%	65.3%	68.0%	71.8%	74.3%	73.4%
Rimrock (1) (2)	11.2%	11.4%	N/A	N/A	N/A	N/A	N/A	N/A	36.8%	N/A
Rose Park	27.8%	29.3%	23.5%	31.3%	26.9%	27.4%	35.2%	27.7%	29.1%	23.3%
Sandstone	28.0%	28.2%	27.6%	27.8%	30.5%	32.3%	35.8%	34.5%	35.0%	37.3%
Washington	69.6%	63.4%	66.1%	59.7%	56.8%	58.9%	64.9%	72.7%	66.5%	64.7%
<u>7-8 Schools</u>										
Castle Rock	24.6%	23.4%	22.0%	22.4%	27.9%	23.8%	25.9%	28.3%	28.5%	27.6%
Lewis & Clark	30.3%	31.7%	32.9%	34.5%	31.7%	29.8%	35.1%	37.0%	32.9%	34.2%
Riverside	50.9%	50.9%	51.3%	52.2%	49.5%	45.0%	58.0%	54.0%	51.8%	49.4%
Will James	13.1%	11.6%	12.3%	13.2%	15.0%	11.8%	16.9%	17.1%	11.2%	15.4%
<u>High Schools</u>										
Senior	17.4%	17.7%	16.9%	18.3%	21.7%	16.3%	25.6%	22.6%	23.1%	24.1%
Skyview	12.8%	12.6%	12.9%	14.3%	16.8%	14.5%	16.7%	17.6%	17.5%	17.9%
West	11.1%	10.7%	9.6%	10.3%	13.0%	11.0%	12.4%	16.0%	12.5%	13.6%

(1) School closed

(2) School reopened

Source: District Records

BILLINGS PUBLIC SCHOOLS
ATTENDANCE DATA
Last Ten Fiscal Years

Table 25

Year Ended June 30	October Enrollment	Percent Increase (Decrease)	Average Number Belonging (ANB)		
			ANB	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
2000	15,877	(0.21)	15,815	(0.76)	99.24
2001	15,690	(1.18)	15,818	0.02	100.02
2002	15,732	0.27	15,740	(0.49)	99.51
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

Source: District Records

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF INSURANCE IN FORCE

Table 26

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-08
B. Carrier:	The Travelers Insurance Companies
C. Policy Period:	7/1/08-7/1/09
D. Coverages:	Buildings/Contents Incl Daylis Turf
E. Limits:	\$323,197,900
II. Commercial General Liability	
A. Policy #:	CPO 3993872-02
B. Carrier:	American Zurich Insurance Company
C. Policy Period:	7/1/08-7/1/09
D. Coverages:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	CPO 3993872-02
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/08-7/1/09
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:	7/1/08-7/1/09
D. Limits:	Based on property values
V. Storage Tank System 3rd Party Liability & Corrective Action	
A. Policy #:	USC3834053-06
B. Carrier:	Zurich Insurance Company
C. Policy Period:	7/1/08-7/1/09
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	82A2UB0000023-02
B. Carrier:	American Alternative Insurance Corporation
C. Policy Period:	7/1/08-7/1/09
D. Limits:	\$9,000,000
VII. Crime	
A. Policy #:	104123769
B. Carrier:	St. Paul Travelers
C. Policy Period:	7/1/08-7/1/09
D. Limits:	\$100,000 and \$300,000
VIII. Educators Legal Liability	
A. Policy #:	6237039
B. Carrier:	National Union Fire Insurance Company of Pittsburgh, PA.
C. Policy Period:	7/1/08-7/1/09
D. Limits:	\$5,000,000 aggregate
IX. Workers' Compensation	
A. Policy #:	
B. Carrier:	Workers' Compensation Risk Retention Program
C. Policy Period:	7/1/08-7/1/09

SINGLE AUDIT SECTION



CPAs & BUSINESS ADVISORS

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

The Board of Trustees,
Billings Public Schools
Billings, Montana

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of **Billings Public Schools**, as of and for the year ended June 30, 2009, which collectively comprise the Schools' basic financial statements and have issued our report thereon dated December 16, 2009. 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

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

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Billings Public Schools'** basic financial statements are free of material misstatement, we performed tests of the School's 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 the audit committee, Board of Trustees, management, state agencies, the federal cognizant audit agency and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Billings, Montana
December 16, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board Trustees
Billings Public Schools
Billings, Montana

Compliance

We have audited the compliance of **Billings Public Schools**, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. **Billings Public Schools'** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Billings Public Schools'** management. Our responsibility is to express an opinion on **Billings Public Schools'** 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 Schools'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **Billings Public Schools'** compliance with those requirements.

In our opinion, **Billings Public Schools**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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Internal Control Over Compliance

The management of **Billings Public Schools'** 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 Schools'** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the School's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in the School's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items #09-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Billings Public Schools' response to the finding identified in our audit are described in the accompanying schedule of findings. We did not audit these responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Billings, Montana
December 16, 2009

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

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, 2008	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2009
<u>U.S. Department of Education:</u>								
Direct programs:								
Indian Education-Grants to LEA's	84.060	S060A072167	\$ 170,495	\$ (8,586)	\$ 8,586	\$ -	\$ -	\$ -
Indian Education-Grants to LEA's	84.060	S060A082167	236,976	-	201,095	(236,976)	-	(35,881)
Fund for the Improvement of Education	84.215	V215L042142	1,250,000	(31,416)	31,416	-	-	-
Total Direct Programs				(40,002)	241,097	(236,976)	-	(35,881)
Passed Through State Office of Public Instruction:								
Adult Education-State Grant Program	84.002	5609655607BG	149,076	-	149,076	(149,076)	-	-
CFDA subtotal				-	149,076	(149,076)	-	-
Title I Grants to LEA's	84.010	5609653108	2,862,741	(95,498)	141,684	(46,186)	-	-
Title I Grants to LEA's	84.010	5609653108	432,822	(34,092)	45,000	(10,908)	-	-
Title I Grants to LEA's	84.010	5609653109	4,383,650	-	3,129,526	(3,733,714)	-	(604,188)
Title I Grants to LEA's	84.010	5609653708	34,991	(34,991)	34,991	-	-	-
Title I Grants to LEA's	84.010	N/A	45,000	45	-	(23)	-	22
CFDA subtotal				(164,536)	3,351,201	(3,790,831)	-	(604,166)
Vo Ed-Basic Grants to States	84.048	5609668109BG	313,189	-	313,189	(313,189)	-	-
CFDA subtotal				-	313,189	(313,189)	-	-
Special Education-Grants to States	84.027	5609657708ALLO	3,783,011	25,469	-	-	(25,469)	-
Special Education-Grants to States	84.027	5609657709ALLO	3,771,800	-	2,835,100	(3,225,438)	-	(390,338)
Special Education-Preschool Grants	84.173	5609657909ALLO	122,701	-	122,701	(122,701)	-	-
CFDA subtotal				25,469	2,957,801	(3,348,139)	(25,469)	(390,338)
Safe and Drug Free Schools and Communities-State Grants	84.186	5609651608	188,300	(23,009)	49,423	(26,414)	-	-
Safe and Drug Free Schools and Communities-State Grants	84.186	5609651609	160,221	-	80,904	(117,412)	-	(36,508)
CFDA subtotal				(23,009)	130,327	(143,826)	-	(36,508)
Education for Homeless Children and Youth	84.196	5609655708	58,791	(2,059)	4,791	(2,732)	-	-
Education for Homeless Children and Youth	84.196	5609655709	61,076	-	60,000	(60,087)	-	(87)
CFDA subtotal				(2,059)	64,791	(62,819)	-	(87)
State Grants for Innovative Programs	84.298	5609653908	59,053	1,083	10,366	(11,449)	-	-
CFDA subtotal				1,083	10,366	(11,449)	-	-
Educational Technology State Grants	84.318	5609656009	64,122	-	47,100	(62,298)	-	(15,198)
CFDA subtotal				-	47,100	(62,298)	-	(15,198)
Reading First State Grants	84.357	5609653508	150,000	(19,788)	26,330	(6,542)	-	-
Reading First State Grants	84.357	5609653509	109,305	-	40,000	(52,883)	-	(12,883)
CFDA subtotal				(19,788)	66,330	(59,425)	-	(12,883)
English Language Acquisition Grants	84.365	5609654108	24,652	3,364	-	(154)	(3,210)	-
English Language Acquisition Grants	84.365	5609654109	23,837	-	-	(14,788)	-	(14,788)
English Language Acquisition Grants	84.365	5609654109	1,499	-	-	(1,402)	-	(1,402)
CFDA subtotal				3,364	-	(16,344)	(3,210)	(16,190)
Mathematics and Science Partnerships	84.366	5609651508	53,990	15,453	1,815	(17,268)	-	-
Mathematics and Science Partnerships	84.366	5609651508	153,444	(29,481)	48,444	(18,963)	-	-
Mathematics and Science Partnerships	84.366	5609651509	50,000	-	39,000	(42,779)	-	(3,779)
Mathematics and Science Partnerships	84.366	5609651509	50,000	-	50,000	(40,567)	-	9,433
CFDA subtotal				(14,028)	139,259	(119,577)	-	5,654
Improving Teacher Quality State Grants	84.367	5609651408	1,285,255	(44,792)	76,806	(32,014)	-	-
Improving Teacher Quality State Grants	84.367	5609651409	1,207,263	-	983,588	(1,023,825)	-	(40,237)
CFDA subtotal				(44,792)	1,060,394	(1,055,839)	-	(40,237)
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families with Disabilities	84.181	8002900205	257,627	-	257,627	(257,627)	-	-
CFDA subtotal				-	257,627	(257,627)	-	-
Special Education-Technical Assistance on State Data Collection	84.373	326X040037	9,000	-	9,000	(9,000)	-	-
CFDA subtotal				-	9,000	(9,000)	-	-
Total Pass Through Programs				(238,296)	8,556,461	(9,399,439)	(28,679)	(1,109,953)
Total U.S. Department of Education				\$ (278,298)	\$ 8,797,558	\$ (9,636,415)	\$ (28,679)	\$ (1,145,834)

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

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, 2008	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2009
<u>U.S. Department of Agriculture:</u>								
Passed Through State Office of Public Instruction:								
School Breakfast Program	10.553	N/A	391,529	\$ -	\$ 391,529	\$ (391,529)	\$ -	\$ -
National School Lunch Program	10.555	N/A	1,739,607	-	1,739,607	(1,739,607)	-	-
Summer Food Service Program for Children	10.559	N/A	73,603	-	73,603	(73,603)	-	-
CFDA subtotal				-	2,204,739	(2,204,739)	-	-
Fresh Fruit and Vegetable Program	10.564	5609652508	101,201	-	101,201	(101,201)	-	-
CFDA subtotal				-	101,201	(101,201)	-	-
Food Donation	10.550	N/A	194,744	-	194,744	(194,744)	-	-
CFDA subtotal				-	194,744	(194,744)	-	-
Total U.S. Department of Agriculture				\$ -	\$ 2,500,684	\$ (2,500,684)	\$ -	\$ -
<u>Federal Highway Administration</u>								
Passed Through Montana Department of Transportation:								
Community Transportation Enhancement Program	20.205	SRTS 1099(58)	49,495	\$ (5,087)	\$ -	\$ (13,188)	\$ -	\$ (18,275)
<u>U.S. Department of the Interior</u>								
Passed Through the Environmental Protection Agency:								
Clean School Bus USA	66.036	SB-97864601-0	145,804	\$ (125,616)	\$ 125,616	\$ -	\$ -	\$ -
<u>U.S. Department of Health and Human Services:</u>								
Passed Through State Department of Public Health and Human Services:								
Social Services Block Grant	93.667	8002900205	26,908	\$ -	\$ 26,908	\$ (26,908)	\$ -	\$ -
Total Federal Awards				\$ (409,001)	\$ 11,450,766	\$ (12,177,195)	\$ (28,679)	\$ (1,164,109)

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. At June 30, 2009, Billings Public Schools had food commodities on hand totaling \$109,969.

NOTE D - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

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

Cash receipts	\$ 11,450,766
Returned to grantor	(28,679)
Revenue accrual adjustments	755,108
Federal sources	<u>\$ 12,177,195</u>

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors report expresses an unqualified opinion of the basic financial statements of **Billings Public Schools**.
2. No significant deficiencies were reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **Billings Public Schools** were disclosed during the audit.
4. One significant deficiency was disclosed during the audit of internal controls over major federal award programs is reported in the Schedule of Findings and Questioned Costs. We do not consider this significant deficiency to be a material weakness.
5. The auditor's report on compliance of the major federal award programs for **Billings Public Schools** expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for **Billings Public Schools** are reported in Part C of the schedule.
7. The programs tested as major programs included: Title I, CFDA #84.010 and Special Education Cluster, CFDA #84.027 and #84.173.
8. The threshold for distinguishing a Type A program was \$365,316 (3% of total Federal Expenditures).
9. **Billings Public Schools** was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

See Finding #09-1

**BILLINGS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Finding #09-1 Title I
CFDA #84.010
Grant Year Ended June 30, 2009

Condition

It was noted while testing expenditures for Title I and the IDEA grant that three out of forty expenditures did not have proper approval.

Criteria

OMB Circular A-87 requires that amounts charged to federal grants must be approved by the appropriate personnel. The Internal Controls of the District were not followed related to approval of expenditures being charged to federal grants.

Effect

Due to a lack of internal controls over approval and monitoring the appropriateness of expenditures, errors could be made and not detected timely.

Cause

Three expenditures made by using a procurement card were charged to federal grants without proper approval by the appropriate personnel.

Recommendation

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

Response

The district has completed training with supervisors involved with federal grants and will continue this training on a semi-annual basis. The district will develop and implement a more rigorous process for follow-up on procurement card approvals, which will include written and signed authorization by appropriate personnel when electronic approval is unavailable. The business office will conduct random reviews of the approvals to ensure appropriate and timely approvals in the future.

**BILLINGS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Finding #08-2 Title I
CFDA #84.010
Grant Year Ended June 30, 2008

Condition

It was noted during the testing of expenditures in the Title I grant, that three out of thirty expenditures tested were not allowable under the Title I Grant.

Criteria

The Title I Grant application did not specifically address the purchasing of sports equipment for the schools and purchasing of clothing and food gift cards for specific individuals and their families.

Effect

There is \$138 of questioned costs associated with the Title I Grant. We consider this control deficiency to be a significant deficiency.

Cause

Three expenditures for sporting equipment, clothing for a student, and a food gift card for a family were not specifically allowed under the grant.

Recommendation

We recommend the School implement proper oversight and training to all individuals involved with federal grant expenditures as to what is allowable under the Title I Grant.

Resolution

Corrective action taken.

**BILLINGS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Finding #08-3 Title I
CFDA #84.010
Grant Year Ended June 30, 2008

Condition

It was noted during the testing of expenditures in the Title I grant, that one out of thirty expenditures tested did not have adequate documentation. There was no evidence of a cost allocation plan documenting the expenditure in the Grant.

Criteria

The Office of Public Instruction (OPI) State and Federal Grants Handbook and Office of Management and Budget (OMB) Circular A-87 require a cost allocation plan for Grant expenditures. Guidelines require that costs charged to a federal program must be adequately documented prior to disbursement of funds.

Effect

There is \$5,000 of questioned costs associated with the Title I Grant. We consider this control deficiency to be a significant deficiency.

Cause

One expenditure tested related to carpet replacement had no documentation of a cost allocation plan.

Recommendation

We recommend monitoring and reviewing the allocation of costs to ensure compliance with state and federal laws.

Resolution

Corrective action taken.



Board of Trustees
Billings Public Schools
Billings, Montana

We have audited the basic financial statements of the **Billings Public Schools (the District), Billings, Montana** for the year ended June 30, 2009, and have issued our report thereon dated December 16, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 30, 2009, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you and management in our engagement letter dated June 30, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the determination of incurred but not reported (IBNR) insurance claims, service credit and compensated absences payable, other post employment benefits, and taxes receivable allowance. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Corrected and Uncorrected Misstatements

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). There were no corrected or uncorrected misstatements found during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This report is intended solely for the information and use of the Audit Committee, Board of Trustees and management of **Billings Public Schools** and is not intended to be and should not be used by anyone other than these specified parties.

As always, we would be pleased to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the cooperation we received during the course of our audit.

A handwritten signature in cursive script that reads "Erik Sully LLP".

Billings, Montana
December 16, 2009