



# **BILLINGS PUBLIC SCHOOLS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2008**

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, 2008**

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

**Billings Public Schools**  
**415 N. 30<sup>th</sup> Street**  
**Billings, Montana 59101-1298**

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BILLINGS PUBLIC SCHOOLS

ORGANIZATION

June 30, 2008

BOARD OF TRUSTEES

High School and Elementary  
Single Member District

1	Dawn Achten	Trustee
2	Sandra Mossman	Trustee
3	Mary Jo Fox	Trustee
4	Kathleen Aragon	Trustee
5	Peter Gesuale	Trustee
6	Katharin Kelker	Trustee, Chair
7	Malcolm Goodrich	Trustee

High School  
Nominating District

A	Tim Trafford	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 30<sup>th</sup> Street Billings MT 59101-1298

[www.billingspublicschools.org](http://www.billingspublicschools.org)



December 11, 2008

Katharin Kelker, Chair  
Members of the Board of Trustees  
Billings Public Schools (School District #2)  
415 North 30<sup>th</sup> 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, 2008. 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 2008.

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's 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, 2008. 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 15,556 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.

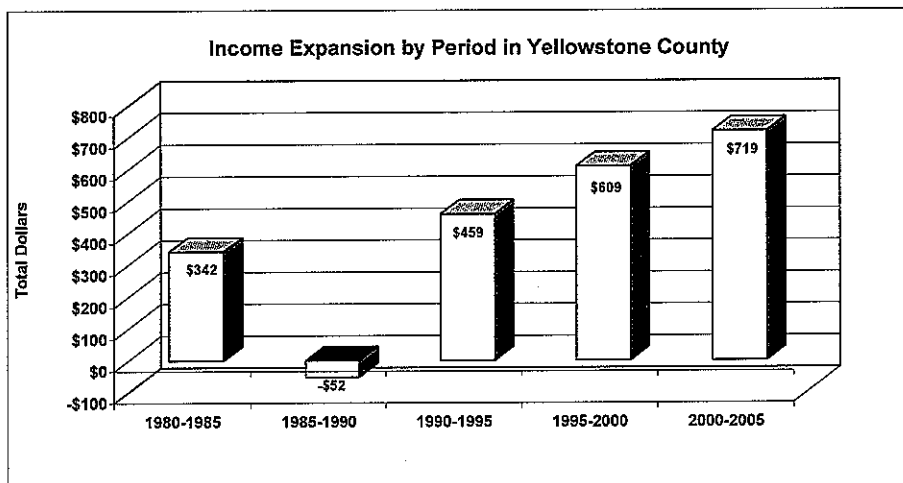
The districts are required by state law to annually adopt budgets for certain funds, generally those supported by property taxes. The elementary and high school board of trustees must meet to legally adopt final budgets on or before August 15<sup>th</sup> immediately preceding the school year. The primary building blocks of the district's overall financial planning include appropriated governmental funds for: General, Transportation, Tuition, Retirement, 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.

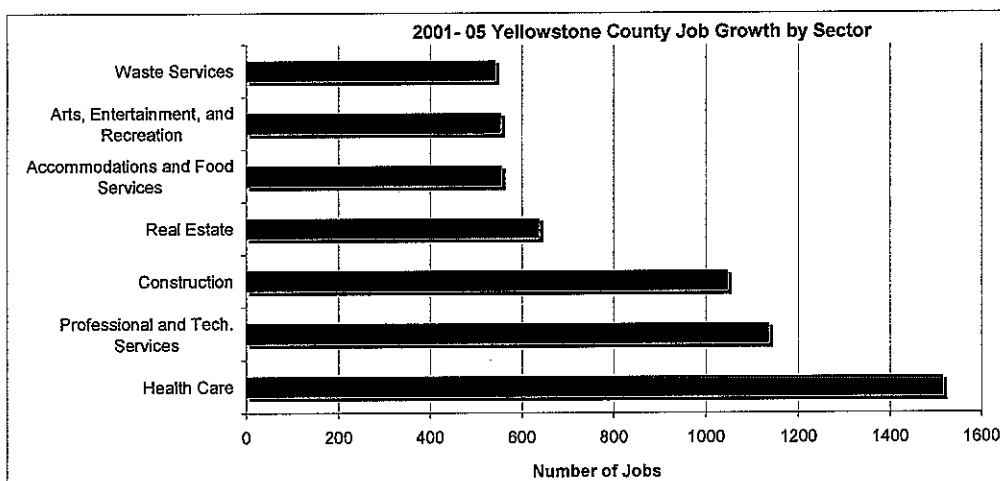
## ECONOMIC CONDITION AND OUTLOOK

### 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' 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 preliminary decision was issued denying supplemental relief.

### 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 Generally Accepted Accounting Principles (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 Generally Accepted Accounting Principles.
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 rise during 2008 as higher yielding securities replaced matured investments at lower rates. This resulted in interest earnings exceeding the budget.

### 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 and 2008 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 second year that Billings Public Schools has submitted its report to these organizations. The school district was recognized by both organizations for last year's submission. 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 Schools  
Montana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



President

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, 2007

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

*Gromé G. Brendel*

President

*John D. Mason*

Executive Director

## **SECTION II - FINANCIAL SECTION**



CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

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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, 2008, 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, 2008, 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 11, 2008 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.

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The management's discussion and analysis and budgetary comparison information 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 "Eric Bailey LLP". The signature is written in dark ink on a light-colored background.

Billings, Montana  
December 11, 2008



## 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, 2008. We encourage the readers to consider the information presented here in conjunction with additional information presented in the financial statements and footnotes.

### FINANCIAL HIGHLIGHTS

- Government-wide revenues increased \$8.6 million over 2007 to \$138.3 million. This represents a 7% increase over the prior year.
- Government-wide expenditures increased \$12.5 million over 2007 to \$138.4 million. This represents a 10% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$20.0 million, an increase of \$200,000 over the prior year. Total unreserved fund balance increased \$1.6 million to \$19.7 million.
- The 2008 general fund expenditure budget was \$92.7 million, an increase of \$8.6 million or 10% 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 three internal service funds used to provide services to all other district funds: purchasing and self-insurance.
- *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 for the year.

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

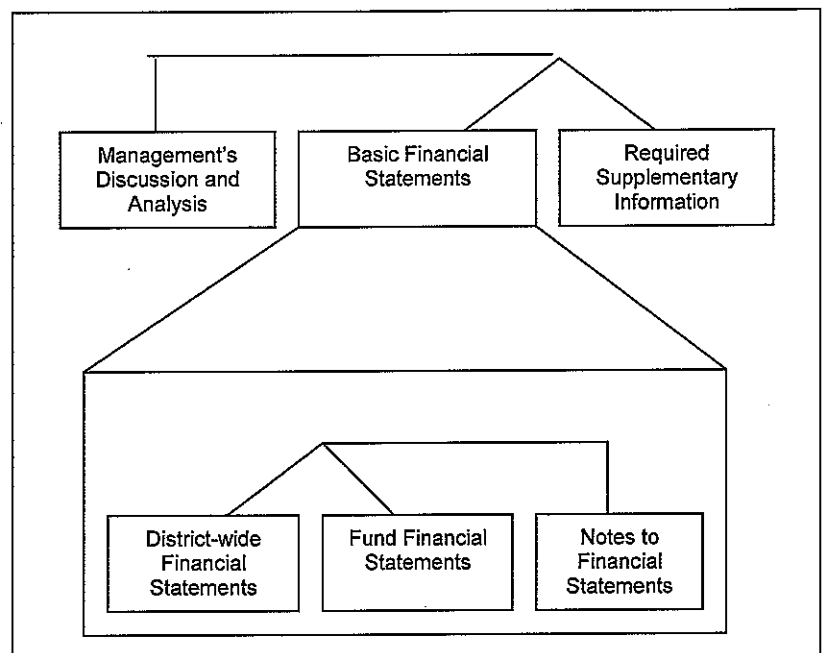


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-2**  
**Major Features of District-Wide and Fund Financial Statements**

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

## BILLINGS PUBLIC SCHOOLS

### MANAGEMENT DISCUSSION & ANALYSIS

---

**Fund financial statements** The fund financial statements (pages 26 and 28) 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 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. 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 29,002,623	\$ 27,759,887	\$ -	\$ -	\$ 29,002,623	\$ 27,759,887
Capital assets	61,859,768	61,685,437	-	-	61,859,768	61,685,437
Total assets	90,862,391	89,445,324	-	-	90,862,391	89,445,324
Other liabilities	3,899,127	3,723,036	43,775	-	3,942,902	3,723,036
Long-term liabilities outstanding	19,344,467	18,015,683	10,117	-	19,354,584	18,015,683
Total liabilities	23,243,594	21,738,719	53,892	-	23,297,486	21,738,719
Net assets:						
Invested in capital assets, net of related debt	61,191,582	58,767,183	-	-	61,191,582	58,767,183
Restricted	12,533,071	13,266,250	-	-	12,533,071	13,266,250
Unrestricted	(6,105,856)	(4,326,828)	(53,892)	-	(6,159,748)	(4,326,828)
	<u>\$ 67,618,797</u>	<u>\$ 67,706,605</u>	<u>\$ (53,892)</u>	<u>\$ -</u>	<u>\$ 67,564,905</u>	<u>\$ 67,706,605</u>
CHANGE IN NET ASSETS:	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 3,015,278	\$ 2,981,336	\$ 265,857	\$ 1,065	\$ 3,281,135	\$ 2,982,401
Operating grants and contributions	28,928,094	27,164,473	-	-	28,928,094	27,164,473
Capital grants and contributions	628,251	240,298	-	-	628,251	240,298
General revenues:						
Taxes	34,701,063	33,088,889	-	-	34,701,063	33,088,889
State sources	54,671,723	52,347,814	-	-	54,671,723	52,347,814
County sources	11,946,780	11,252,174	-	-	11,946,780	11,252,174
Interest	1,064,579	1,050,145	3	1	1,064,582	1,050,146
Contributions and donations	581,134	1,146,765	7,568	-	588,702	1,146,765
Miscellaneous	271,266	209,184	-	-	271,266	209,184
Gain on disposal of capital assets	2,475,779	242,559	-	-	2,475,779	242,559
Total revenues	138,283,947	129,723,637	273,428	1,066	138,557,375	129,724,703
Expenses:						
Instruction	85,812,039	78,052,218	-	-	85,812,039	78,052,218
Support services:						
Students	9,298,820	9,117,020	-	-	9,298,820	9,117,020
Instructional staff	6,555,906	5,878,241	-	-	6,555,906	5,878,241
General administration	1,476,711	1,354,664	-	-	1,476,711	1,354,664
Administration	9,003,814	8,248,789	-	-	9,003,814	8,248,789
Business	2,019,626	1,842,122	-	-	2,019,626	1,842,122
Operation and maintenance	12,421,095	10,713,640	-	-	12,421,095	10,713,640
Student transportation	4,658,373	4,375,271	-	-	4,658,373	4,375,271
Food services	4,701,734	4,180,626	-	-	4,701,734	4,180,626
Community services	14,050	14,953	-	-	14,050	14,953
Extracurricular	2,291,969	1,920,491	-	-	2,291,969	1,920,491
Daycare	-	-	327,884	502	327,884	502
Interest	117,618	177,913	-	-	117,618	177,913
Total expenses	138,371,755	125,875,948	327,884	502	138,699,639	125,876,450
Change in net assets	(87,808)	3,847,689	(54,456)	564	(142,264)	3,848,253
Net assets, beginning	67,706,605	57,453,619	564	-	67,707,169	57,453,619
Prior period adjustment	-	6,405,297	-	-	-	6,405,297
Net assets, ending	<u>\$ 67,618,797</u>	<u>\$ 67,706,605</u>	<u>\$ (53,892)</u>	<u>\$ 564</u>	<u>\$ 67,564,905</u>	<u>\$ 67,707,169</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 2008 expenses exceeded revenue by \$87,808. A similar deficit was avoided in 2007 in large part to one time operating grants and contributions that resulted in total revenues that exceeded expenses by \$3.8 million.

	2008	2007	% Change
Revenue	\$ 138,283,947	\$ 129,723,637	6.6%
Expenses	138,371,755	125,875,948	9.9%
Surplus/Deficit	\$ (87,808)	\$ 3,847,689	-102.3%

Net assets consist of cash and cash equivalents and capital assets net of liabilities. In 2008, net assets decreased by the \$87,808 operating deficit.

	2008	2007	Change
<b>NET ASSETS:</b>			
Current and other assets	\$ 29,002,623	\$ 27,759,887	\$ 1,242,736
Capital assets	61,859,768	61,685,437	174,331
Total assets	90,862,391	89,445,324	1,417,067
Other liabilities	3,899,127	3,723,036	176,091
Long-term liabilities outstanding	19,344,467	18,015,683	1,328,784
Total liabilities	23,243,594	21,738,719	1,504,875
<b>Net assets:</b>			
Invested in capital assets, net of related debt	61,191,582	58,767,183	2,424,399
Restricted for debt service	140,053	1,350,978	(1,210,925)
Restricted for other purposes	12,393,018	11,915,272	477,746
Unrestricted deficit	(6,105,856)	(4,326,828)	(1,779,028)
Total net assets	\$ 67,618,797	\$ 67,706,605	\$ (87,808)

The district uses its assets to provide services to students and the community. At the close of the 2008 fiscal year the district had \$67.6 million in net assets.

The largest portion of the district's net assets (\$61.2 million) are capital assets which include investments in land, building, 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.

The \$12.5 million in net assets are restricted for debt service or other purposes and 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 \$6.1 million and represents unfunded estimated future pension related liabilities. This deficit increased by \$1.8 million, or 41% in 2008 due to increases in amortization of the service credit and termination pay benefits plan, compensated absences, and other post employee benefits (See Note 4). The district historically has maintained a policy of pay-as-you-go for the service credit, compensated absences, and termination pay benefits and other post employment benefits. The district has budgeted \$3.3 million to cover the estimated current costs in 2009 (See Note 2). This obligation will be met using unreserved funds from different funding sources.

## BILLINGS PUBLIC SCHOOLS

### MANAGEMENT DISCUSSION & ANALYSIS

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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 is currently under evaluation with a planned shutdown in 2009.

#### 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 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 2008 and 2007.

	2008	2007	Change	% Change
General Fund	\$ 4,856,734	\$ 3,520,361	\$ 1,336,373	38.0%
Miscellaneous Fund	2,172,040	1,991,506	180,534	9.1%
Special Revenue Funds	8,385,263	6,921,316	1,463,947	21.2%
Capital Projects	4,266,136	2,822,725	1,443,411	51.1%
Others	-	2,849,674	(2,849,674)	-100.0%
Total	\$ 19,680,173	\$ 18,105,582	\$ 1,574,591	8.7%

The combined unreserved balance for all funds of \$19.7 million increased by \$1.6 million in 2008. 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 debt retirement and infrastructure projects in 2009 and only \$12.5 million has been reserved for use in future years.

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 2008.

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

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**General Fund Budgetary Highlights**

The general fund is always reported as a major fund (See Note 1). This fund (see balance sheet on page 26) reported an unreserved fund balance of \$4.9 million, an increase of \$1.3 million over the prior year.

The table below summarizes general fund revenues and expenditures for fiscal year 2008 and 2007. Revenue increased by 10.8% due primarily to increases in operating mill levies totaling \$4.3 million, funding increases resulting from full-day kindergarten of \$2.8 million and the normal inflationary increase from the State. Expenditures increased by 10.2% primarily due to opening two schools to allow implementation of full-day kindergarten and expected increases in on-going costs of existing programs.

	2008	2007	Percent Change
<b>Revenues</b>			
Property taxes	\$ 29,915,283	\$ 26,213,125	14.1%
State aid	48,893,387	44,938,154	8.8%
State other	14,557,474	13,112,024	11.0%
Tuition	195,406	211,263	-7.5%
Miscellaneous	134,441	76,634	75.4%
Total revenues	<u>\$ 93,695,991</u>	<u>\$ 84,551,200</u>	10.8%
<b>Expenditures</b>			
Instruction	\$ 60,765,662	\$ 55,197,847	10.1%
Support services:			
Students	6,242,820	5,740,609	8.7%
Instructional staff	5,050,350	4,636,544	8.9%
General administration	1,299,542	1,132,599	14.7%
School administration	7,237,252	6,386,532	13.3%
Business services	1,080,768	969,121	11.5%
Operation and maintenance	8,717,531	8,316,670	4.8%
Student transportation	17,616	13,657	29.0%
Community services	6,600	6,600	0.0%
Extracurricular	1,936,752	1,618,881	19.6%
Capital outlay	294,915	69,834	322.3%
Debt service	82,500	47,516	73.6%
Total expenditures	<u>\$ 92,732,308</u>	<u>\$ 84,136,410</u>	10.2%

**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 2008 capital project budget of \$1.5 million was used to complete the projects funded by bonds and building reserves authorized by voters in 2001 and 2004. Construction in progress as of June 30, 2008 of \$262,000 consists primarily of projects funded by one time money or donations.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2008 and 2007. The district had \$61.9 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.

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Land	\$ 4,177,961	\$ 4,275,461	\$ (97,500)
Improvements other than bldgs	273,924	285,459	(11,535)
Building and improvements	54,874,739	54,479,873	394,866
Machinery and equipment	2,270,537	1,991,362	279,175
Construction in progress	262,607	653,282	(390,675)
Total	<u>\$ 61,859,768</u>	<u>\$ 61,685,437</u>	<u>\$ 174,331</u>

*Debt Administration* - A summary of the district's outstanding long-term debt for the years ended June 30, 2008 and 2007 is presented below:

	<u>2008</u>	<u>2007</u>	<u>Change</u>
General obligation bonds	\$ -	\$ 2,615,000	\$ (2,615,000)
Notes payables	668,186	327,076	341,110
Compensated absences	10,840,280	10,188,899	651,381
Service Credit and termination pay benefits	4,783,001	3,393,708	1,389,293
Other postemployment benefits	3,053,000	1,491,000	1,562,000
Total	<u>\$ 19,344,467</u>	<u>\$ 18,015,683</u>	<u>\$ 1,328,784</u>

The final payment on the general obligation debt was made as scheduled on June 30, 2008. At year end the district had \$19.3 million in outstanding other long-term debt/liabilities. The current portion which is due within one year is equal to \$1.2 million. The total long-term liability increased \$1.3 million, or 7%. Long term liabilities had previously decreased by \$7.0 million in 2007 due to the district properly accounting for the service credit and termination pay benefits (see Note 2).

Under current state statutes, district general obligation bonded debt issuances are subject to a legal limitation based on taxable value. As of June 30, 2008 the district's total debt outstanding was well below the legal limit of \$293 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. The economic indicators for the region are weakening. In recent years the region has shown an increase in home sales, an increase in retail activity, increased personal income and decreased unemployment. In addition, there are numerous construction projects – both government and private sector – that are in progress or anticipated to begin soon.

The 2009 expenditures for district funds were budgeted at over \$118 million. The 2009 property tax rate of \$192.23 per thousand dollars of assessed value was used to collect the budgeted funds. For further details see charts on pages 19 and 20.

The district anticipates a decline in student enrollment for 2009 due to demographic elements (even though the general population is growing, there are fewer children, and the population is older). In 2009 the revenue impact of this decline will be partially offset by two factors: 1) a significant increase in enrollment due to implementation of all-day kindergarten in 2008; and, 2) the ability to use a three-year rolling average to calculate enrollment numbers used for revenue allocations.

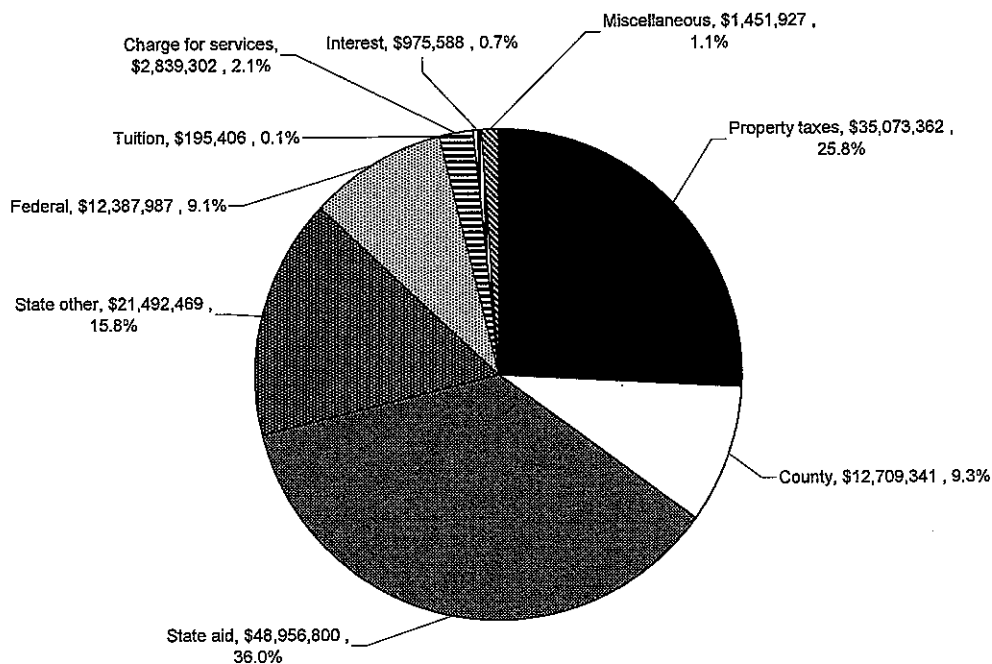
Recognizing that continued declines in enrollment decreases allocated state funding, the school board and management have set an objective to maintain a minimum general fund reserve of 5% of budgeted general expenditures. The board and management will also continue to keep staff and community involved in the budget process of the district and will seek an increase in the local mill levy if allocations do not cover normal operating expenses.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

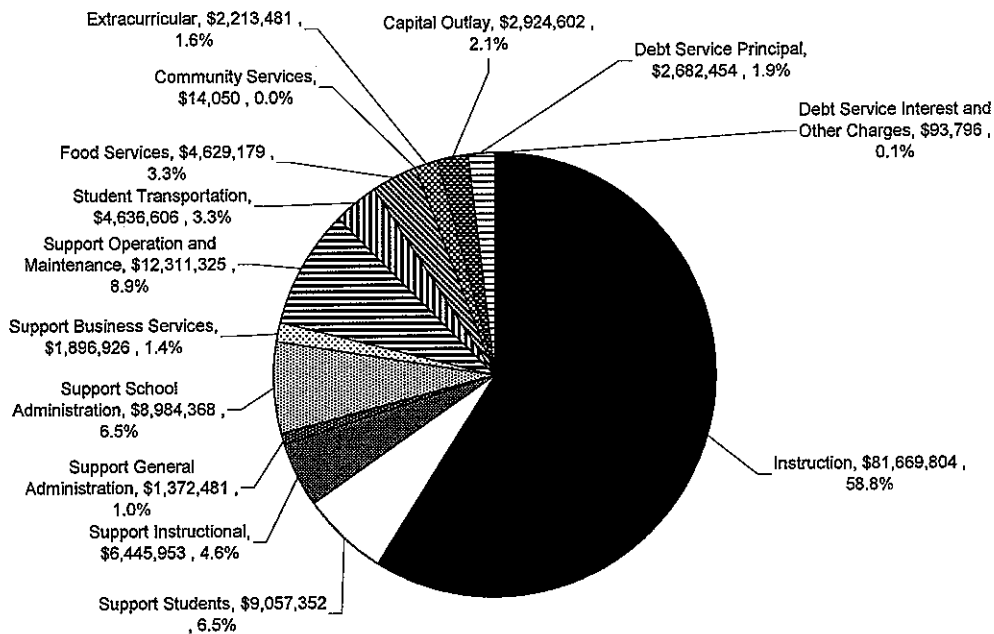
This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the resources it receives. If you have questions about this report or need additional information, contact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

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

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

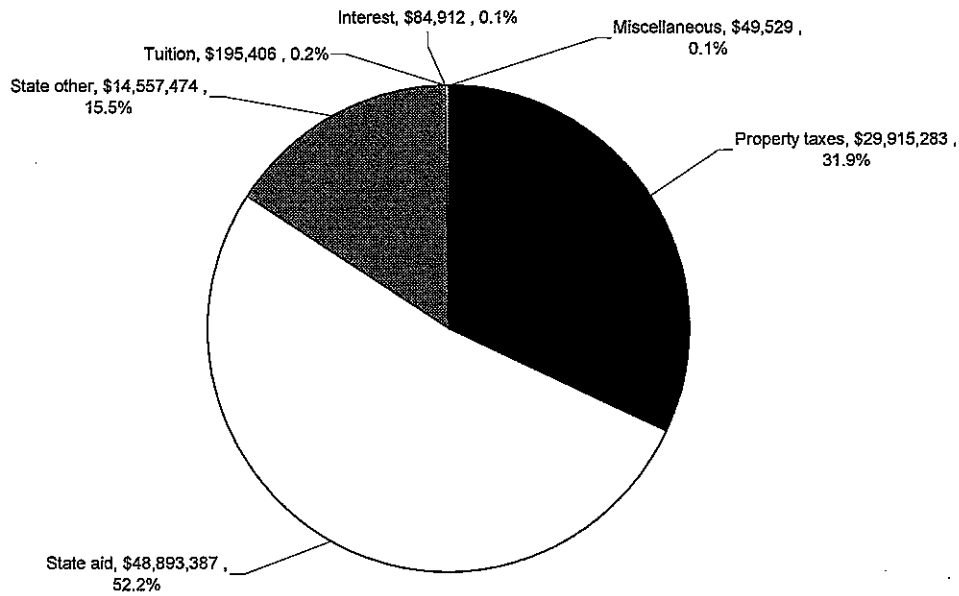


**GAAP Basis Expenditures by Function - Total Governmental Funds (pg. 28)**

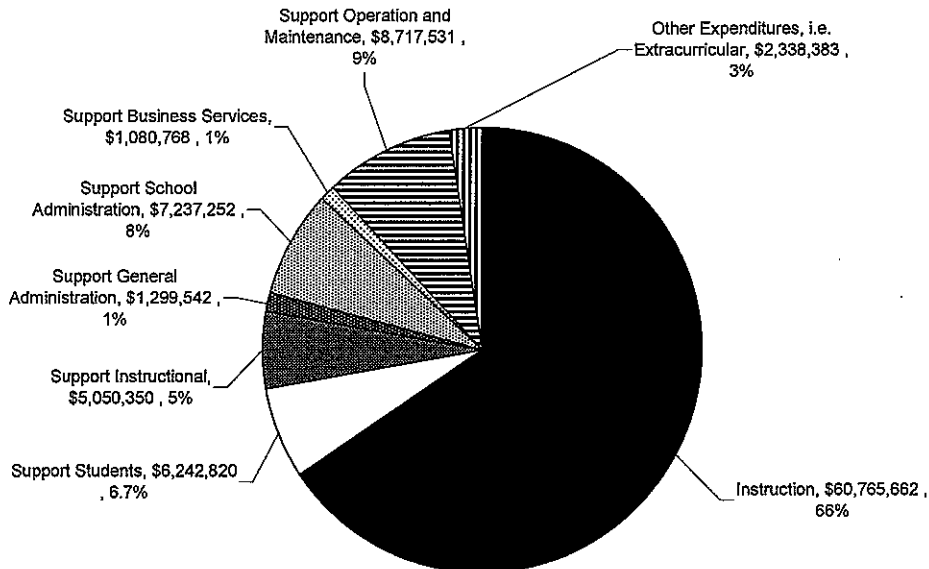


**BILLINGS PUBLIC SCHOOLS**  
**MANAGEMENT DISCUSSION & ANALYSIS**

**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, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,512,653	\$ -	\$ 23,512,653
Receivables:			
Taxes, net	3,428,026	-	3,428,026
Governments	678,559	-	678,559
Other	1,112,267	-	1,112,267
Inventories	175,111	-	175,111
Prepaid items	96,007	-	96,007
Capital assets:			
Land and construction in progress	4,440,568	-	4,440,568
Depreciable capital assets, net	57,419,200	-	57,419,200
<b>Total assets</b>	<b>90,862,391</b>	<b>-</b>	<b>90,862,391</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	3,802,640	18,429	3,821,069
Cash overdraft	-	25,346	25,346
Due to other governmental agencies	25,469	-	25,469
Deferred revenues	71,018	-	71,018
Long-term liabilities:			
Due within one year:			
Notes	135,143	-	135,143
Compensated absences	1,084,028	1,012	1,085,040
Due in more than one year:			
Notes	533,043	-	533,043
Compensated absences	9,756,252	9,105	9,765,357
Service credit and termination pay benefits payable	4,783,001	-	4,783,001
Other postemployment benefits	3,053,000	-	3,053,000
<b>Total liabilities</b>	<b>23,243,594</b>	<b>53,892</b>	<b>23,297,486</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	61,191,582	-	61,191,582
Restricted for:			
Debt service	140,053	-	140,053
Capital outlay	4,390,059	-	4,390,059
Student transportation	508,275	-	508,275
Support programs	2,809,550	-	2,809,550
Payroll tax related	3,574,709	-	3,574,709
Miscellaneous trust funds	1,110,425	-	1,110,425
Unrestricted	(6,105,856)	(53,892)	(6,159,748)
<b>Total net assets</b>	<b>\$ 67,618,797</b>	<b>\$ (53,892)</b>	<b>\$ 67,564,905</b>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 85,812,039	\$ 626,047	\$ 19,188,202	\$ -	\$ (65,997,790)	\$ -	\$ (65,997,790)
Support services:							
Students	9,298,820	-	3,215,943	-	(6,082,877)	-	(6,082,877)
Instructional staff	6,555,906	-	573,554	-	(5,982,352)	-	(5,982,352)
General administration	1,476,711	-	3,715	-	(1,472,996)	-	(1,472,996)
School administration	9,003,814	-	455,555	-	(8,548,259)	-	(8,548,259)
Business services	2,019,626	-	35,430	-	(1,984,196)	-	(1,984,196)
Operation and maintenance	12,421,095	41,025	1,566,153	543,180	(10,270,737)	-	(10,270,737)
Student transportation	4,658,373	43,180	1,528,948	-	(3,086,245)	-	(3,086,245)
Food services	4,701,734	2,305,026	2,335,504	-	(61,204)	-	(61,204)
Community services	14,050	-	-	-	(14,050)	-	(14,050)
Extracurricular	2,291,969	-	25,090	85,071	(2,181,808)	-	(2,181,808)
Interest	117,618	-	-	-	(117,618)	-	(117,618)
Total governmental activities	138,371,755	3,015,278	28,928,094	628,251	(105,800,132)	-	(105,800,132)
Business-type activities							
Day Care	327,884	265,857	-	-	-	(62,027)	(62,027)
Total business-type activities	327,884	265,857	-	-	-	(62,027)	(62,027)
Total	\$ 138,699,639	\$ 3,281,135	\$ 28,928,094	\$ 628,251	(105,800,132)	(62,027)	(105,862,159)
General revenues:							
Property taxes					34,701,063	-	34,701,063
Intergovernmental:							
State aid					48,956,800	-	48,956,800
State other					5,714,923	-	5,714,923
County					11,946,780	-	11,946,780
Interest					1,064,579	3	1,064,582
Contributions and donations					581,134	7,568	588,702
Miscellaneous					271,266	-	271,266
Gain on disposal of capital assets					2,475,779	-	2,475,779
Total general revenues					105,712,324	7,571	105,719,895
Change in net assets					(87,808)	(54,456)	(142,264)
Net assets - beginning					67,706,605	564	67,707,169
Net assets - ending					\$ 67,618,797	\$ (53,892)	\$ 67,564,905

See notes to basic financial statements.

# BILLINGS PUBLIC SCHOOLS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

June 30, 2008

	General	Elementary Miscellaneous Programs	Elementary Building	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,452,476	\$ 2,186,225	\$ 3,516,589	\$ 9,539,331	\$ 19,694,621
Receivables:					
Taxes, net	2,847,271	-	-	580,755	3,428,026
Governments	-	505,146	-	173,413	678,559
Other	231,206	-	77,612	172,532	481,350
Due from other funds	7,971	-	-	-	7,971
Inventories	-	-	-	44,743	44,743
Prepaid items	-	374	-	184	558
<b>Total assets</b>	<b>\$ 7,538,924</b>	<b>\$ 2,691,745</b>	<b>\$ 3,594,201</b>	<b>\$ 10,510,958</b>	<b>\$ 24,335,828</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 883,706	\$ 348,301	\$ 186,910	\$ 677,059	\$ 2,095,976
Due to other funds	-	-	-	7,971	7,971
Payable to other governments	-	25,469	-	-	25,469
Deferred revenue	1,769,669	19,945	77,612	365,962	2,233,188
<b>Total liabilities</b>	<b>2,653,375</b>	<b>393,715</b>	<b>264,522</b>	<b>1,050,992</b>	<b>4,362,604</b>
Fund balances:					
Reserved for:					
Inventories	-	-	-	44,743	44,743
Encumbrances	28,815	125,616	-	43,221	197,652
Prepaid items	-	374	-	184	558
Debt service	-	-	-	50,098	50,098
Unreserved	4,856,734	2,172,040	3,329,679	-	10,358,453
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	8,385,263	8,385,263
Capital projects funds	-	-	-	936,457	936,457
<b>Total fund balances</b>	<b>4,885,549</b>	<b>2,298,030</b>	<b>3,329,679</b>	<b>9,459,966</b>	<b>19,973,224</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,538,924</b>	<b>\$ 2,691,745</b>	<b>\$ 3,594,201</b>	<b>\$ 10,510,958</b>	<b>\$ 24,335,828</b>

## BILLINGS PUBLIC SCHOOLS

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS June 30, 2008

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Total fund balance, governmental funds	\$ 19,973,224
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.	60,416,548
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	2,213,243
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.	1,237,229
Some liabilities, including notes payable, compensated absences, bonds payable and service credit and termination pay benefits, are not due and payable in the current period and therefore are not included in the funds.	<u>(16,221,447)</u>
Net assets of governmental activities	<u>\$ 67,618,797</u>

# BILLINGS PUBLIC SCHOOLS

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

### GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	General	Elementary Miscellaneous Programs	Elementary Building	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 29,915,283	\$ -	\$ -	\$ 5,158,079	\$ 35,073,362
Intergovernmental:					
County	-	-	-	12,709,341	12,709,341
State aid	48,893,387	-	-	63,413	48,956,800
State other	14,557,474	3,661,341	-	3,273,654	21,492,469
Federal	-	9,179,256	-	3,208,731	12,387,987
Tuition	195,406	-	-	-	195,406
Charge for services	-	-	13,656	2,825,646	2,839,302
Interest	84,912	238,558	336,739	315,379	975,588
Miscellaneous	49,529	22,994	546,180	833,224	1,451,927
<b>Total revenues</b>	<b>93,695,991</b>	<b>13,102,149</b>	<b>896,575</b>	<b>28,387,467</b>	<b>136,082,182</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	60,765,662	8,699,920	489	12,203,733	81,669,804
Support services:					
Students	6,242,820	1,215,816	106	1,598,610	9,057,352
Instructional staff	5,050,350	572,850	4,798	817,955	6,445,953
General administration	1,299,542	108	-	72,831	1,372,481
School administration	7,237,252	67,358	-	1,679,758	8,984,368
Business services	1,080,768	436,260	-	379,898	1,896,926
Operation and maintenance	8,717,531	1,298,516	141,957	2,153,321	12,311,325
Student transportation	17,616	2,994	-	4,615,996	4,636,606
Food services	-	4,183	-	4,624,996	4,629,179
Community services	6,600	-	-	7,450	14,050
Extracurricular	1,936,752	-	-	276,729	2,213,481
Capital outlay	294,915	621,208	755,994	1,252,485	2,924,602
Debt service:					
Principal	67,454	-	-	2,615,000	2,682,454
Interest and other charges	15,046	-	-	78,750	93,796
<b>Total expenditures</b>	<b>92,732,308</b>	<b>12,919,213</b>	<b>903,344</b>	<b>32,377,512</b>	<b>138,932,377</b>
Excess (deficiency) of revenues over (under) expenditures	963,683	182,936	(6,769)	(3,990,045)	(2,850,195)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	123,588	150,150	134,826	408,564
Sale of capital assets	-	-	2,129,537	478,630	2,608,167
Transfers in	-	26,502	-	296,000	322,502
Transfers out	-	(26,502)	-	(296,000)	(322,502)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>123,588</b>	<b>2,279,687</b>	<b>613,456</b>	<b>3,016,731</b>
<b>Net change in fund balances</b>	<b>963,683</b>	<b>306,524</b>	<b>2,272,918</b>	<b>(3,376,589)</b>	<b>166,536</b>
<b>Fund balances - beginning</b>	<b>3,921,866</b>	<b>1,991,506</b>	<b>1,056,761</b>	<b>12,836,555</b>	<b>19,806,688</b>
<b>Fund balances - ending</b>	<b>\$ 4,885,549</b>	<b>\$ 2,298,030</b>	<b>\$ 3,329,679</b>	<b>\$ 9,459,966</b>	<b>\$ 19,973,224</b>

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, 2008

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Net change in fund balances - total governmental funds	\$ 166,536
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount by which capital outlays (\$2,924,602) exceeded depreciation (\$2,617,057) in the current period.	307,545
The net effect of various transactions involving capital assets (i.e., sales, donations and trade-ins) is to increase net assets.	(90,528)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(396,729)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these transactions follows:	
Amortization of deferred charges	(23,822)
Issuance of long-term debt	(408,564)
Repayment of principal on long-term debt	2,682,454
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Service credit and termination pay benefits	(1,389,293)
Compensated absences	(664,207)
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.	
	<u>(271,200)</u>
Change in net assets of governmental activities	<u>\$ (87,808)</u>

# BILLINGS PUBLIC SCHOOLS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

June 30, 2008

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Day Care	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 3,818,032
Accounts receivable, net	-	310,917
Due from fiduciary funds	-	320,000
Prepaid items	-	95,449
Inventories	-	130,368
Total current assets	-	4,674,766
Non-current assets:		
Capital assets:		
Land and improvements	-	122,700
Buildings	-	1,691,183
Equipment and furniture	-	613,509
Less accumulated depreciation	-	(984,172)
Total non-current assets	-	1,443,220
Total assets	-	6,117,986
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	18,429	1,706,664
Cash overdraft	25,346	-
Deferred revenue	-	51,073
Compensated absences	1,012	7,002
Total current liabilities	44,787	1,764,739
Non-current liabilities:		
Compensated absences	9,105	63,018
Other postemployment benefits	-	3,053,000
Total non-current liabilities	9,105	3,116,018
Total liabilities	53,892	4,880,757
<b>NET ASSETS</b>		
Invested in capital assets	-	1,443,220
Unrestricted	(53,892)	(205,991)
Total net assets	\$ (53,892)	\$ 1,237,229

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, 2008

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Day Care	
<b>OPERATING REVENUES</b>		
Charges for services	\$ 265,857	\$ 15,542,668
Total operating revenues	265,857	15,542,668
<b>OPERATING EXPENSES</b>		
Personal services - salaries	275,321	276,897
Personal services - benefits	13,133	55,064
Purchased professional and technical services	2,308	52,228
Purchased property services	424	105,315
Other purchased services	8,326	637,331
Supplies and materials	28,372	1,699,660
Insurance claims and expenses	-	11,465,554
Other postemployment benefits	-	1,562,000
Miscellaneous	-	129
Depreciation	-	40,545
Total operating expenses	327,884	15,894,723
Operating loss	(62,027)	(352,055)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest revenue	3	88,991
Loss on disposal of capital assets	-	(8,136)
Miscellaneous revenue	7,568	-
Total non-operating revenues (expenses)	7,571	80,855
Change in net assets	(54,456)	(271,200)
Net assets - beginning	564	1,508,429
Net assets - ending	\$ (53,892)	\$ 1,237,229

BILLINGS PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2008

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Day Care	
<b>CASH FLOWS FROM OPERATIONS:</b>		
Cash received from customers	\$ 265,857	\$ -
Cash received from health insurance premiums	-	13,597,281
Cash received from interfund services	-	2,098,954
Medical claims paid	-	(11,465,554)
Cash paid to employees health insurance services	-	(78,643)
Cash paid to employees interfund services	-	(266,144)
Cash paid to employees day care services	(252,991)	-
Cash paid to suppliers for goods and services	(21,118)	-
Cash paid to suppliers for goods and services health insurance services	-	(548,025)
Cash paid to suppliers for goods and services interfund services	-	(1,832,664)
Net cash provided (used) by operating activities	(8,252)	1,505,205
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Contributions received	7,568	-
Cash paid for interfund receivable	-	(45,000)
Net cash provided (used) by noncapital financing activities	7,568	(45,000)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchase of capital assets	-	(5,995)
Net cash used by capital financing activities	-	(5,995)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	3	88,991
Net cash provided by investing activities	3	88,991
Change in cash and cash equivalents	(681)	1,543,201
Cash and cash equivalents - beginning	681	2,274,831
Cash and cash equivalents - ending	\$ -	\$ 3,818,032
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (62,027)	\$ (352,055)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	-	40,545
Other postemployment benefits	-	1,562,000
Decrease in accounts receivable	-	151,616
Decrease in inventory	-	13,159
Increase in prepaid expenses	-	(12,504)
Increase in accounts payable	43,658	113,319
Increase in deferred revenue	-	1,951
Increase (decrease) in compensated absences	10,117	(12,826)
Net cash provided by operating activities	\$ (8,252)	\$ 1,505,205

See notes to basic financial statements.

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2008

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	Private Purpose Trust Fund- Extracurricular	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,812,857	\$ 2,082,115
Other receivables	-	13,678
Total assets	<u>1,812,857</u>	<u>2,095,793</u>
<b>LIABILITIES</b>		
Accounts payable	60,830	1,775,793
Due to internal service funds	-	320,000
Total liabilities	<u>60,830</u>	<u>2,095,793</u>
<b>NET ASSETS</b>		
Held in trust	<u>\$ 1,752,027</u>	<u>\$ -</u>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
For the Year Ended June 30, 2008

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	Private Purpose Trust Fund- Extracurricular
<b>ADDITIONS</b>	
Contributions:	
Student extracurricular activities	\$ 2,696,643
Investment earnings:	
Interest	<u>45,569</u>
Total additions	<u>2,742,212</u>
<b>DEDUCTIONS</b>	
Student extracurricular activities	<u>2,476,838</u>
Total deductions	<u>2,476,838</u>
Change in net assets	265,374
Net assets - beginning	<u>1,486,653</u>
Net assets - ending	<u><u>\$ 1,752,027</u></u>

# **BILLINGS PUBLIC SCHOOLS**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 fund 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 miscellaneous programs fund (a non-budgeted fund) accounts for federal, state and local grants and indirect cost monies received by the district.

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 in the pool are reported at fair value. Fair value is determined annually, based on 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, 2008. The allowance at June 30, 2008, was \$218,806.

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

##### Inventories and Prepaid items

All inventories are valued at cost. Inventories are recorded as expenditures in the fund financial statements. Inventories are recorded as



# BILLINGS PUBLIC SCHOOLS

## NOTES TO BASIC FINANCIAL STATEMENTS

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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.

### Warrants Payable

The district pays expenditures by means of warrants. These warrants are orders to the County Treasurer to pay a specified sum to the person named or to the bearer. Warrants not redeemed by the County Treasurer as of June 30, 2008, are reported on the statement of fiduciary net assets as accounts payable.

### Compensated Absences

Accrued 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 generally accepted accounting principles 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, and the day care fund, an enterprise fund, had deficit net assets balances of \$389,247 and \$53,892, respectively, as of June 30, 2008. The deficit occurred in the health insurance fund because of the implementation of GASB Statement 45 in 2007. The district is in the process of reviewing the funding of the health insurance fund in order to eliminate the deficit. The deficit in the day care fund occurred because revenues were less than projections. The district is in the process of reviewing its pricing structure.

**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, 2008, exceeded the amount required by State statute.

Disaggregation of Payable Balances

Payables as of June 30, 2008, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Claims incurred but not reported</u>	<u>Total</u>
General	\$ 340,357	\$ 543,349	\$ -	\$ 883,706
Elementary miscellaneous programs	244,027	104,274	-	348,301
Elementary building fund	186,356	554	-	186,910
Enterprise fund-Day care	3,171	15,258	-	18,429
Internal service funds	26,377	19,715	1,660,572	1,706,664
Nonmajor governmental funds	387,263	289,796	-	677,059
	<u>\$ 1,187,551</u>	<u>\$ 972,946</u>	<u>\$ 1,660,572</u>	<u>\$ 3,821,069</u>

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

Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, not being depreciated				
Land	\$ 4,275,461	\$ -	\$ (97,500)	\$ 4,177,961
Construction in progress	653,282	262,607	(653,282)	262,607
Total capital assets, not being depreciated	<u>4,928,743</u>	<u>262,607</u>	<u>(750,782)</u>	<u>4,440,568</u>
Capital assets, being depreciated				
Buildings/improvements	82,142,183	2,355,918	-	84,498,101
Improvements other than buildings	344,049	5,888	-	349,937
Machinery and equipment	7,026,609	988,190	(477,822)	7,536,977
Total capital assets, being depreciated	<u>89,512,841</u>	<u>3,349,996</u>	<u>(477,822)</u>	<u>92,385,015</u>
Less accumulated depreciation for:				
Buildings/improvements	(27,662,310)	(1,961,052)	-	(29,623,362)
Improvements other than buildings	(58,590)	(17,423)	-	(76,013)
Machinery and equipment	(5,035,247)	(679,127)	447,934	(5,266,440)
Total accumulated depreciation	<u>(32,756,147)</u>	<u>(2,657,602)</u>	<u>447,934</u>	<u>(34,965,815)</u>
Total capital assets, being depreciated, net	<u>56,756,694</u>	<u>692,394</u>	<u>(29,888)</u>	<u>57,419,200</u>
Total capital assets, net	<u>\$ 61,685,437</u>	<u>\$ 955,001</u>	<u>\$ (780,670)</u>	<u>\$ 61,859,768</u>

Depreciation expense was charged to district activities as follows:

Instruction	\$ 2,037,550
Support services-students	147,869
Support services-instructional staff	83,831
Support services-general administration	23,432
Support services-administration	27,519
Support services-business	87,449
Operation and maintenance	48,572
Student transportation	11,705
Food services	72,555
Extracurricular	76,575
Internal service fund depreciation	40,545
	<u>\$ 2,657,602</u>

Activity Between Primary Government and Fiduciary Fund

Interfund receivables and payables consisted of the flex plan fund, a fiduciary fund type, owing the health insurance fund, an internal service fund, \$320,000. The interfund balances are due to the timing of cash flows. Interfund transfers consisted of the elementary miscellaneous programs fund transferring money (\$26,502) between project reporter codes and the high school adult education fund transferring \$296,000 to the high school flexibility fund to fund the flexibility fund's budget.

Operating Leases

The district leases equipment under noncancelable operating leases. Total rental expenses for operating leases were \$34,586 for the year ended June 30, 2008. Scheduled minimum rental payments for succeeding years ending June 30, are as follows:

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

<u>Year Ended June 30,</u>	
2009	\$ 44,587
2010	38,911
2011	32,753
2012	3,186
	<u>\$ 119,437</u>

Long-Term Debt

During the year ended June 30, 2008, the following changes occurred in long-term debt:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
General obligation debt	\$ 2,615,000	\$ -	\$ (2,615,000)	\$ -	\$ -
Notes payable	327,076	408,564	(67,454)	668,186	135,143
Compensated absences	10,188,899	4,044,149	(3,392,768)	10,840,280	1,084,028
Service credit and termination pay benefits	3,393,708	4,016,296	(2,627,003)	4,783,001	-
Other post employment benefits	1,491,000	2,736,000	(1,174,000)	3,053,000	-
	<u>\$ 18,015,683</u>	<u>\$ 11,205,009</u>	<u>\$ (9,876,225)</u>	<u>\$ 19,344,467</u>	<u>\$ 1,219,171</u>

Notes Payable-State Board of Investments

During June 2008, the district refinanced an existing note for an additional \$408,564 from the State Board of Investments to purchase 20 new vehicles. Interest and principal payments are due semi-annually. The interest rate on the notes was 4.25% at June 30, 2008. The interest rate is adjusted February of each year and cannot exceed 15% per annum.

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

<u>Year ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 135,143	\$ 25,035
2010	145,345	21,113
2011	152,003	14,866
2012	114,764	8,397
2013	80,954	4,295
2014	39,977	843
	<u>\$ 668,186</u>	<u>\$ 74,549</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, 2008, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$465 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 \$150,000.

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 of the medical self-insurance plan includes incurred but not reported claims. The liability as of June 30, 2008, is based on the requirements of Governmental Accounting Standards No. 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 necessarily result in an exact amount.

Changes in the claims liability amount during fiscal year 2008 and 2007 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2006-07	\$ 1,300,000	\$ 10,400,763	\$ (10,135,645)	\$ 1,565,118
2007-08	1,565,118	10,879,942	(10,784,488)	1,660,572

### Interlocal Cooperative Agreement

In September 1983, the district, the City of Billings and Yellowstone 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/printing fund, an internal service fund.

### Subsequent Events

In November 2008, the elementary district was allocated \$773,250 in Qualified Zone Academy Bonds (QZAB). The QZAB bonds will be repaid over a ten year period commencing at the end of fiscal year 2009. This is a federal program that lends interest free money to qualified schools for: 1) renovation and repair of facilities, 2) equipment and technology, 3) curricula development, and 4) teacher training.

### Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$197,652, 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.

# BILLINGS PUBLIC SCHOOLS

## NOTES TO BASIC FINANCIAL STATEMENTS

### Retirement Plans

#### Teachers' Retirement System and Public Employee Retirement System Plans

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

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

The plans issue a publicly available financial report that 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. The on behalf contributions made by the State of Montana were \$26,734 to PERS and \$1,449,879 to TRS. These amounts have been recorded in the financial statements.

The amounts contributed to the plans during the years ended June 30, 2008, 2007 and 2006, 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>2008</u>	<u>2007</u>	<u>2006</u>
TRS-regular	\$ 10,115,233	\$ 9,567,648	\$ 9,263,508
TRS-termination	3,006,106	2,691,619	2,412,209
Total TRS	<u>\$ 13,121,339</u>	<u>\$ 12,259,267</u>	<u>\$ 11,675,717</u>
PERS	<u>\$ 1,553,337</u>	<u>\$ 1,433,372</u>	<u>\$ 1,363,358</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.

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

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Following is a summary of Plan benefit provisions:

Service Credit

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

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 year of Creditable Service
Employer Cost	Termination Pay x Employer Rate x Total year 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	\$ 3,054,269
Interest on net Pension obligation	207,416
Adjustment to annual required contribution	<u>(148,060)</u>
Annual pension cost	3,113,625
Contributions made	<u>(2,478,943)</u>
Change in net pension obligation	634,682
Net pension obligation-beginning of year	<u>4,148,319</u>
Net pension obligation-end of year	<u>\$ 4,783,001</u>

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2008, 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

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

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 payments 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, this was until 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 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 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)
2006	\$ 2,395,944	90%	\$ 3,856,535
2007	2,884,456	90%	4,148,319
2008	3,113,625	90%	4,783,001

Following is the Schedule of Funding Progress:

Actuarial valuation date	June 30, 2007
Actuarial value of assets	\$ -
Actuarial accrued liabilities	\$ 28,864,208
Unfunded actuarial accrued liabilities (UAAL)	\$ 28,864,208
Funded ratio	0%
Covered payroll	\$ 72,919,464
UAAL as a percentage of covered payroll	40%

## Post-Retirement Healthcare Plan

**Plan Description.** Billings Public Schools Post-Retirement Healthcare Plan (BPSPHP) is a single-employer defined benefit healthcare plan administered by Employee Benefit Management Services (EBMS). BPSPHP provides medical, dental, prescription drug, life, and AD&D insurance benefits to eligible retirees and their eligible dependents. A retiree who retires in accordance with state law is eligible to keep the health insurance as a retiree. Retirement eligibility is determined based on the minimum of (1) reaching age 50 with at least 5 years of membership service or (2) reaching 25 years of membership at any age. Eligible retirees receive health care coverage through one of three medical plans: Plan B, Plan C and the Medicare Supplement Plan. Plans B and C are available to those under age 65, while the Medicare Supplement Plan is only available to those 65 and older.

**Funding Policy.** The contribution requirements of plan members are established by the district's insurance committee in conjunction with Gallagher Benefit Services, Inc. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008, the district contributed \$9.5 million to the plan for current premiums or approximately 71 percent of total premiums. Plan members receiving benefits contributed \$3.9 million or approximately 29 percent of the total premiums. Retirees are required to pay 100% of the premiums for both the retiree and dependent coverage. Monthly contribution rates in effect for retirees under age 65 during fiscal year 2008 were as follows:

Rate Tier	Plan B	Plan C
Retiree only	\$ 597	\$ 423
Retiree plus 1	1,068	674
Retiree plus children	1,121	700
Retiree plus family	1,313	816

The monthly contribution rate for retirees 65 and over participating in the Medicare Supplement Plan was \$305 for fiscal year 2008.



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

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*Annual OPEB Cost and Net OPEB Obligation.* The district's annual other post-employment 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 normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the district's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB obligation to BPSHP:

Annual required contribution	\$ 2,604,000
Interest on net OPEB obligation	75,000
Adjustment to annual required contribution	<u>57,000</u>
Annual OPEB cost (expense)	2,736,000
Contributions made	<u>(1,174,000)</u>
Increase in net OPEB obligation	1,562,000
Net OPEB obligation - beginning of year	<u>1,491,000</u>
Net OPEB obligation - end of year	<u>\$ 3,053,000</u>

Three year trend information of the district's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation will be presented in fiscal year 2009 when three years' information is available.

*Funded Status and Funding Progress.* As of January 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was \$33.5 million. The district's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded, the AAL and UAAL are equal. The covered payroll (annual payroll of active employees covered by the plan) was \$67,380,002, and the ratio of the UAAL to the covered payroll was 49.7 percent.

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

*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 include 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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2007, actuarial valuation, the unit credit method was used. The actuarial assumptions included a 5 percent discount rate assuming the district will fund the retirement benefit on a pay as you go basis, 85 percent of all employees and their dependents who are eligible for retiree benefits will actually participate in the retiree medical benefit, and an annual healthcare cost trend rate of 11 percent initially, decreasing .5 percent per year until reaching an ultimate rate of 5 percent. It was assumed salary increases will be 4 percent per annum. The UAAL is being amortized as a level percentage of projected payrolls over a thirty year time period.

## **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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 30,066,770	\$ 30,066,770	\$ 29,915,283	\$ -	\$ 29,915,283
Intergovernmental:					
State aid	48,893,387	48,893,387	48,893,387	-	48,893,387
State other	14,513,193	14,513,193	14,546,615	10,859	14,557,474
Tuition	182,028	182,028	195,406	-	195,406
Interest	71,821	71,821	84,912	-	84,912
Miscellaneous	8,175	8,175	49,529	-	49,529
<b>Total revenues</b>	<b>93,735,374</b>	<b>93,735,374</b>	<b>93,685,132</b>	<b>10,859</b>	<b>93,695,991</b>
<b>EXPENDITURES</b>					
Current:					
Instructional	60,354,384	60,407,487	60,432,324	333,338	60,765,662
Support services:					
Students	6,411,338	6,489,252	6,243,610	(790)	6,242,820
Instructional staff	5,370,025	5,175,238	5,050,481	(131)	5,050,350
General administration	2,875,572	2,460,573	1,299,542	-	1,299,542
Administration	7,042,570	7,165,422	7,237,287	(35)	7,237,252
Business	1,088,976	1,143,715	1,082,170	(1,402)	1,080,768
Operation and maintenance	8,401,379	8,640,989	8,664,853	52,678	8,717,531
Student transportation	5,000	17,616	17,616	-	17,616
Community services	6,600	6,600	6,600	-	6,600
Extracurricular	2,071,448	1,941,712	1,936,861	(109)	1,936,752
Debt Service:					
Principal	70,791	68,654	67,454	-	67,454
Interest and other charges	15,046	15,046	15,046	-	15,046
Capital Outlay	22,245	203,070	294,915	-	294,915
<b>Total expenditures</b>	<b>93,735,374</b>	<b>93,735,374</b>	<b>92,348,759</b>	<b>383,549</b>	<b>92,732,308</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,336,373</b>	<b>(372,690)</b>	<b>963,683</b>
<b>Fund balances - beginning</b>			<b>3,520,361</b>	<b>401,505</b>	<b>3,921,866</b>
<b>Fund balances - ending</b>			<b>\$ 4,856,734</b>	<b>\$ 28,815</b>	<b>\$ 4,885,549</b>

### 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 above 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.

## **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, 2008**

	Elementary General Subfund	High School General Subfund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,847,943	\$ 1,604,533	\$ 4,452,476
Receivables:			
Taxes, net	1,658,397	1,188,874	2,847,271
Other	201,143	30,063	231,206
Due from other funds	7,971	-	7,971
<b>Total assets</b>	<b>\$ 4,715,454</b>	<b>\$ 2,823,470</b>	<b>\$ 7,538,924</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 441,661	\$ 442,045	\$ 883,706
Deferred revenue	1,103,659	666,010	1,769,669
<b>Total liabilities</b>	<b>1,545,320</b>	<b>1,108,055</b>	<b>2,653,375</b>
Fund balances:			
Reserved for:			
Encumbrances	8,450	20,365	28,815
Unreserved	3,161,684	1,695,050	4,856,734
<b>Total fund balances</b>	<b>3,170,134</b>	<b>1,715,415</b>	<b>4,885,549</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,715,454</b>	<b>\$ 2,823,470</b>	<b>\$ 7,538,924</b>

# BILLINGS PUBLIC SCHOOLS

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

### ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2008

	Elementary General Subfund	High School General Subfund	Total
<b>REVENUES</b>			
Property taxes	\$ 17,425,691	\$ 12,489,592	\$ 29,915,283
Intergovernmental:			
State aid	30,001,852	18,891,535	48,893,387
State other	9,801,266	4,756,208	14,557,474
Tuition	175,442	19,964	195,406
Interest	62,306	22,606	84,912
Miscellaneous	43,897	5,632	49,529
<b>Total revenues</b>	<b>57,510,454</b>	<b>36,185,537</b>	<b>93,695,991</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	38,035,318	22,730,344	60,765,662
Support services:			
Students	4,174,200	2,068,620	6,242,820
Instructional staff	3,055,467	1,994,883	5,050,350
General administration	794,908	504,634	1,299,542
School administration	4,380,884	2,856,368	7,237,252
Business services	633,700	447,068	1,080,768
Operation and maintenance	5,412,537	3,304,994	8,717,531
Student transportation	17,616	-	17,616
Community services	4,400	2,200	6,600
Extracurricular	484,566	1,452,186	1,936,752
Capital outlay	-	294,915	294,915
Debt service:			
Principal	45,194	22,260	67,454
Interest and other charges	10,081	4,965	15,046
<b>Total expenditures</b>	<b>57,048,871</b>	<b>35,683,437</b>	<b>92,732,308</b>
<b>Net change in fund balances</b>	<b>461,583</b>	<b>502,100</b>	<b>963,683</b>
Fund balances - beginning	2,708,551	1,213,315	3,921,866
Fund balances - ending	<u>\$ 3,170,134</u>	<u>\$ 1,715,415</u>	<u>\$ 4,885,549</u>

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
ELEMENTARY GENERAL SUBFUND  
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 17,485,294	\$ 17,485,294	\$ 17,425,691	\$ -	\$ 17,425,691
Intergovernmental:					
State aid	30,001,852	30,001,852	30,001,852	-	30,001,852
State other	9,838,780	9,838,780	9,790,407	10,859	9,801,266
Tuition	182,028	182,028	175,442	-	175,442
Interest	52,232	52,232	62,306	-	62,306
Miscellaneous	5,877	5,877	43,897	-	43,897
<b>Total revenues</b>	<b>57,566,063</b>	<b>57,566,063</b>	<b>57,499,595</b>	<b>10,859</b>	<b>57,510,454</b>
<b>EXPENDITURES</b>					
Current:					
Instructional	38,054,723	37,914,554	37,996,438	38,880	38,035,318
Support services:					
Students	4,291,418	4,430,996	4,174,200	-	4,174,200
Instructional staff	3,148,985	3,065,798	3,056,148	(681)	3,055,467
General administration	1,258,529	1,059,849	794,908	-	794,908
Administration	4,299,958	4,384,426	4,380,919	(35)	4,380,884
Business	610,904	636,104	634,401	(701)	633,700
Operation and maintenance	5,352,979	5,521,081	5,384,562	27,975	5,412,537
Student transportation	5,000	17,616	17,616	-	17,616
Community services	4,400	4,400	4,400	-	4,400
Extracurricular	474,406	474,457	484,574	(8)	484,566
Debt Service:					
Principal	47,773	45,636	45,194	-	45,194
Interest and other charges	10,081	10,081	10,081	-	10,081
Capital Outlay	6,907	1,065	-	-	-
<b>Total expenditures</b>	<b>57,566,063</b>	<b>57,566,063</b>	<b>56,983,441</b>	<b>65,430</b>	<b>57,048,871</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>516,154</b>	<b>(54,571)</b>	<b>461,583</b>
<b>Fund balances - beginning</b>			<b>2,645,530</b>	<b>63,021</b>	<b>2,708,551</b>
<b>Fund balances - ending</b>			<b>\$ 3,161,684</b>	<b>\$ 8,450</b>	<b>\$ 3,170,134</b>



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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 12,581,476	\$ 12,581,476	\$ 12,489,592	\$ -	\$ 12,489,592
Intergovernmental:					
State aid	18,891,535	18,891,535	18,891,535	-	18,891,535
State other	4,674,413	4,674,413	4,756,208	-	4,756,208
Tuition	-	-	19,964	-	19,964
Interest	19,589	19,589	22,606	-	22,606
Miscellaneous	2,298	2,298	5,632	-	5,632
<b>Total revenues</b>	<b>36,169,311</b>	<b>36,169,311</b>	<b>36,185,537</b>	<b>-</b>	<b>36,185,537</b>
<b>EXPENDITURES</b>					
Current:					
Instructional	22,299,661	22,492,933	22,435,886	294,458	22,730,344
Support services:					
Students	2,119,920	2,058,256	2,069,410	(790)	2,068,620
Instructional staff	2,221,040	2,109,440	1,994,333	550	1,994,883
General administration	1,617,043	1,400,724	504,634	-	504,634
Administration	2,742,612	2,780,996	2,856,368	-	2,856,368
Business	478,072	507,611	447,769	(701)	447,068
Operation and maintenance	3,048,400	3,119,908	3,280,291	24,703	3,304,994
Community services	2,200	2,200	2,200	-	2,200
Extracurricular	1,597,042	1,467,255	1,452,287	(101)	1,452,186
Debt Service:					
Principal	23,018	23,018	22,260	-	22,260
Interest and other charges	4,965	4,965	4,965	-	4,965
Capital Outlay	15,338	202,005	294,915	-	294,915
<b>Total expenditures</b>	<b>36,169,311</b>	<b>36,169,311</b>	<b>35,365,318</b>	<b>318,119</b>	<b>35,683,437</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>820,219</b>	<b>(318,119)</b>	<b>502,100</b>
<b>Fund balances - beginning</b>			<b>874,831</b>	<b>338,484</b>	<b>1,213,315</b>
<b>Fund balances - ending</b>			<b>\$ 1,695,050</b>	<b>\$ 20,365</b>	<b>\$ 1,715,415</b>

## **Nonmajor Governmental Funds - By Fund Type**

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
June 30, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,491,678	\$ 12,658	\$ 1,034,995	\$ 9,539,331
Receivables:				
Taxes, net	389,384	148,024	43,347	580,755
Governments	173,413	-	-	173,413
Other	169,532	-	3,000	172,532
Inventories	44,743	-	-	44,743
Prepaid items	184	-	-	184
<b>Total assets</b>	<b>\$ 9,268,934</b>	<b>\$ 160,682</b>	<b>\$ 1,081,342</b>	<b>\$ 10,510,958</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 565,827	\$ 12,658	\$ 98,574	\$ 677,059
Due to other funds	-	7,971	-	7,971
Deferred revenue	229,696	89,955	46,311	365,962
<b>Total liabilities</b>	<b>795,523</b>	<b>110,584</b>	<b>144,885</b>	<b>1,050,992</b>
Fund balances:				
Reserved for:				
Inventories	44,743	-	-	44,743
Encumbrances	43,221	-	-	43,221
Prepaid items	184	-	-	184
Debt service	-	50,098	-	50,098
Unreserved	8,385,263	-	936,457	9,321,720
<b>Total fund balances</b>	<b>8,473,411</b>	<b>50,098</b>	<b>936,457</b>	<b>9,459,966</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,268,934</b>	<b>\$ 160,682</b>	<b>\$ 1,081,342</b>	<b>\$ 10,510,958</b>

# 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, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 3,691,316	\$ 1,444,907	\$ 21,856	\$ 5,158,079
Intergovernmental:				
County	12,709,341	-	-	12,709,341
State aid	63,413	-	-	63,413
State other	3,268,306	5,348	-	3,273,654
Federal	3,208,731	-	-	3,208,731
Charges for services	2,801,277	-	24,369	2,825,646
Interest	235,034	45,807	34,538	315,379
Miscellaneous	748,153	-	85,071	833,224
<b>Total revenues</b>	<b>26,725,571</b>	<b>1,496,062</b>	<b>165,834</b>	<b>28,387,467</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	12,203,493	-	240	12,203,733
Support services:				
Students	1,598,385	-	225	1,598,610
Instructional staff	815,590	-	2,365	817,955
General administration	72,831	-	-	72,831
School administration	1,679,758	-	-	1,679,758
Business services	379,898	-	-	379,898
Operation and maintenance	1,529,082	-	624,239	2,153,321
Student transportation	4,615,996	-	-	4,615,996
Food services	4,624,996	-	-	4,624,996
Community services	7,450	-	-	7,450
Extracurricular	276,729	-	-	276,729
Capital outlay	331,628	-	920,857	1,252,485
Debt service				
Principal	-	2,615,000	-	2,615,000
Interest and other charges	-	78,750	-	78,750
<b>Total expenditures</b>	<b>28,135,836</b>	<b>2,693,750</b>	<b>1,547,926</b>	<b>32,377,512</b>
Excess (deficiency) of revenues over (under) expenditures	(1,410,265)	(1,197,688)	(1,382,092)	(3,990,045)
<b>OTHER FINANCING SOURCES</b>				
Long-term debt issued	60,871	-	73,955	134,826
Sale of capital assets	-	-	478,630	478,630
Transfers in	296,000	-	-	296,000
Transfers out	(296,000)	-	-	(296,000)
<b>Total other financing sources</b>	<b>60,871</b>	<b>-</b>	<b>552,585</b>	<b>613,456</b>
<b>Net change in fund balances</b>	<b>(1,349,394)</b>	<b>(1,197,688)</b>	<b>(829,507)</b>	<b>(3,376,589)</b>
Fund balances - beginning	9,822,805	1,247,786	1,765,964	12,836,555
Fund balances - ending	\$ 8,473,411	\$ 50,098	\$ 936,457	\$ 9,459,966

## **Nonmajor Special Revenue Funds**

### **Budgeted:**

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

Tuition Fund – (Elementary and High School) To account for tuition payments for pupils who are residents of the district but attend school outside the district.

Retirement Fund – (Elementary and High School) To account for the employer's contribution to the Teachers' Retirement System, the Public Employees' Retirement System, Unemployment Compensation, and the employer's share of Social Security.

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

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

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

### **Non-Budgeted:**

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

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

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

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

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, 2008

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	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	Elementary Retirement
<b>ASSETS</b>						
Cash and cash equivalents	\$ 261,264	\$ 249,249	\$ 13,294	\$ 129,369	\$ 105,748	\$ 2,422,552
Receivables:						
Taxes, net	141,237	93,997	-	23,454	20,499	-
Governments	-	-	4,371	-	-	-
Other	7,367	-	162,005	-	-	156
Inventories	-	-	44,743	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 409,868</b>	<b>\$ 343,246</b>	<b>\$ 224,413</b>	<b>\$ 152,823</b>	<b>\$ 126,247</b>	<b>\$ 2,422,708</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 158,603	\$ 86,236	\$ 225	\$ -	\$ 460	\$ 44,202
Deferred revenue	83,079	52,685	-	15,033	11,737	-
<b>Total liabilities</b>	<b>241,682</b>	<b>138,921</b>	<b>225</b>	<b>15,033</b>	<b>12,197</b>	<b>44,202</b>
Fund balances:						
Reserved for:						
Inventories	-	-	44,743	-	-	-
Encumbrances	22,845	19,950	-	-	-	-
Prepaid items	-	-	-	-	-	-
Unreserved	145,341	184,375	179,445	137,790	114,050	2,378,506
<b>Total fund balances</b>	<b>168,186</b>	<b>204,325</b>	<b>224,188</b>	<b>137,790</b>	<b>114,050</b>	<b>2,378,506</b>
<b>Total liabilities and fund balances</b>	<b>\$ 409,868</b>	<b>\$ 343,246</b>	<b>\$ 224,413</b>	<b>\$ 152,823</b>	<b>\$ 126,247</b>	<b>\$ 2,422,708</b>

BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2008

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	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	High School Traffic Education	High School Lease Rental
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,246,844	\$ 629,962	\$ 266,423	\$ 850,178	\$ 329,853	\$ 389
Receivables:						
Taxes, net	-	-	22,106	88,091	-	-
Governments	-	124,322	-	-	44,720	-
Other	4	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	184	-	-	-	-
<b>Total assets</b>	<u>\$ 1,246,848</u>	<u>\$ 754,468</u>	<u>\$ 288,529</u>	<u>\$ 938,269</u>	<u>\$ 374,573</u>	<u>\$ 389</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 50,645	\$ 57,877	\$ 1,945	\$ 22,772	\$ 95,412	\$ -
Deferred revenue	-	-	13,838	53,324	-	-
<b>Total liabilities</b>	<u>50,645</u>	<u>57,877</u>	<u>15,783</u>	<u>76,096</u>	<u>95,412</u>	<u>-</u>
Fund balances:						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	-	317	109	-	-
Prepaid items	-	184	-	-	-	-
Unreserved	1,196,203	696,407	272,429	862,064	279,161	389
<b>Total fund balances</b>	<u>1,196,203</u>	<u>696,591</u>	<u>272,746</u>	<u>862,173</u>	<u>279,161</u>	<u>389</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,246,848</u>	<u>\$ 754,468</u>	<u>\$ 288,529</u>	<u>\$ 938,269</u>	<u>\$ 374,573</u>	<u>\$ 389</u>

BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2008

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	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility	High School Flexibility
<b>ASSETS</b>						
Cash and cash equivalents	\$ 95	\$ 3,073	\$ 136,481	\$ 65,231	\$ 298,821	\$ 345,079
Receivables:						
Taxes, net	-	-	-	-	-	-
Governments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 95</u>	<u>\$ 3,073</u>	<u>\$ 136,481</u>	<u>\$ 65,231</u>	<u>\$ 298,821</u>	<u>\$ 345,079</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 3,049	\$ 3,049	\$ 7,271	\$ 6,733
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,049</u>	<u>3,049</u>	<u>7,271</u>	<u>6,733</u>
Fund balances:						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Unreserved	95	3,073	133,432	62,182	291,550	338,346
Total fund balances	<u>95</u>	<u>3,073</u>	<u>133,432</u>	<u>62,182</u>	<u>291,550</u>	<u>338,346</u>
Total liabilities and fund balances	<u>\$ 95</u>	<u>\$ 3,073</u>	<u>\$ 136,481</u>	<u>\$ 65,231</u>	<u>\$ 298,821</u>	<u>\$ 345,079</u>



BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2008

Page 4 of 4

	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 499,370	\$ 638,403	\$ 8,491,678
Receivables:			
Taxes, net	-	-	389,384
Governments	-	-	173,413
Other	-	-	169,532
Inventories	-	-	44,743
Prepaid items	-	-	184
<b>Total assets</b>	<u>\$ 499,370</u>	<u>\$ 638,403</u>	<u>\$ 9,268,934</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 13,554	\$ 13,794	\$ 565,827
Deferred revenue	-	-	229,696
<b>Total liabilities</b>	<u>13,554</u>	<u>13,794</u>	<u>795,523</u>
Fund balances:			
Reserved for:			
Inventories	-	-	44,743
Encumbrances	-	-	43,221
Prepaid items	-	-	184
Unreserved	485,816	624,609	8,385,263
<b>Total fund balances</b>	<u>485,816</u>	<u>624,609</u>	<u>8,473,411</u>
<b>Total liabilities and fund balances</b>	<u>\$ 499,370</u>	<u>\$ 638,403</u>	<u>\$ 9,268,934</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, 2008

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	Elementary Retirement
<b>REVENUES</b>						
Property taxes	\$ 1,390,275	\$ 955,428	\$ -	\$ 202,024	\$ 209,873	\$ -
Intergovernmental:						
County	500,906	261,655	-	-	-	7,669,467
State aid	-	-	-	-	63,413	-
State other	649,907	305,152	4,371	740	855	854,197
Federal	-	-	2,327,924	-	-	-
Charges for services	41,510	1,670	2,305,026	-	-	-
Interest	5,966	4,716	5,573	3,806	4,282	58,344
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>2,588,564</u>	<u>1,528,621</u>	<u>4,642,894</u>	<u>206,570</u>	<u>278,423</u>	<u>8,582,008</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	-	-	-	169,288	221,206	6,237,794
Support services:						
Students	-	-	-	-	-	730,978
Instructional staff	-	-	-	-	-	439,508
General administration	-	-	-	-	-	34,302
School administration	-	-	-	-	-	711,313
Business services	19,319	9,448	-	-	-	135,565
Operation and maintenance	-	-	-	-	-	513,120
Student transportation	2,892,854	1,586,151	-	-	-	121,991
Food services	-	-	4,580,330	-	-	44,666
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	83,939
Capital outlay	5,888	-	59,651	-	-	-
Total expenditures	<u>2,918,061</u>	<u>1,595,599</u>	<u>4,639,981</u>	<u>169,288</u>	<u>221,206</u>	<u>9,053,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(329,497)</u>	<u>(66,978)</u>	<u>2,913</u>	<u>37,282</u>	<u>57,217</u>	<u>(471,168)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	-	-	-	-	-
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	<u>(329,497)</u>	<u>(66,978)</u>	<u>2,913</u>	<u>37,282</u>	<u>57,217</u>	<u>(471,168)</u>
Fund balances - beginning	<u>497,683</u>	<u>271,303</u>	<u>221,275</u>	<u>100,508</u>	<u>56,833</u>	<u>2,849,674</u>
Fund balances - ending	<u>\$ 168,186</u>	<u>\$ 204,325</u>	<u>\$ 224,188</u>	<u>\$ 137,790</u>	<u>\$ 114,050</u>	<u>\$ 2,378,506</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended June 30, 2008

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	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	High School Traffic Education	High School Lease Rental
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ 189,650	\$ 744,066	\$ -	\$ -
Intergovernmental:						
County	4,277,313	-	-	-	-	-
State aid	-	-	-	-	-	-
State other	494,067	475,288	682	2,914	58,476	-
Federal	-	880,807	-	-	-	-
Charges for services	-	-	-	242,868	210,203	-
Interest	29,350	42,387	7,836	18,849	6,349	10
Miscellaneous	-	178,302	12,166	-	306	-
<b>Total revenues</b>	<b>4,800,730</b>	<b>1,576,784</b>	<b>210,334</b>	<b>1,008,697</b>	<b>275,334</b>	<b>10</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	3,480,225	854,792	232,572	410,934	240,153	-
Support services:						
Students	339,644	35,320	9,521	67,576	-	-
Instructional staff	236,458	134,756	1,629	35	-	-
General administration	38,379	-	-	-	-	-
School administration	466,058	63,945	42,177	396,265	-	-
Business services	107,232	108,334	-	-	-	-
Operation and maintenance	294,646	715,709	-	3,212	-	-
Student transportation	15,000	-	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	192,790	-	-	-	-	-
Capital outlay	-	256,195	-	-	-	-
<b>Total expenditures</b>	<b>5,170,432</b>	<b>2,169,051</b>	<b>285,899</b>	<b>878,022</b>	<b>240,153</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(369,702)	(592,267)	(75,565)	130,675	35,181	10
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	60,871	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(296,000)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>60,871</b>	<b>-</b>	<b>(296,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(369,702)</b>	<b>(531,396)</b>	<b>(75,565)</b>	<b>(165,325)</b>	<b>35,181</b>	<b>10</b>
Fund balances - beginning	1,565,905	1,227,987	348,311	1,027,498	243,980	379
Fund balances - ending	<u>\$ 1,196,203</u>	<u>\$ 696,591</u>	<u>\$ 272,746</u>	<u>\$ 862,173</u>	<u>\$ 279,161</u>	<u>\$ 389</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended June 30, 2008

Page 3 of 4

	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility	High School Flexibility
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
County	-	-	-	-	-	-
State aid	-	-	-	-	-	-
State other	-	-	54,882	34,219	166,380	166,176
Federal	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	2	76	3,454	1,313	6,170	9,039
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>2</b>	<b>76</b>	<b>58,336</b>	<b>35,532</b>	<b>172,550</b>	<b>175,215</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	-	-	19,486	22,173	45,784	159,747
Support services:						
Students	-	-	-	-	-	855
Instructional staff	-	-	-	-	-	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business services	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	-
Capital outlay	-	-	-	3,732	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>19,486</b>	<b>25,905</b>	<b>45,784</b>	<b>160,602</b>
Excess (deficiency) of revenues over (under) expenditures	2	76	38,850	9,627	126,766	14,613
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	296,000
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296,000</b>
<b>Net change in fund balances</b>	<b>2</b>	<b>76</b>	<b>38,850</b>	<b>9,627</b>	<b>126,766</b>	<b>310,613</b>
Fund balances - beginning	93	2,997	94,582	52,555	164,784	27,733
Fund balances - ending	\$ 95	\$ 3,073	\$ 133,432	\$ 62,182	\$ 291,550	\$ 338,346

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2008**

Page 4 of 4

	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ 3,691,316
Intergovernmental:			
County	-	-	12,709,341
State aid	-	-	63,413
State other	-	-	3,268,306
Federal	-	-	3,208,731
Charges for services	-	-	2,801,277
Interest	12,839	14,673	235,034
Miscellaneous	218,099	339,280	748,153
<b>Total revenues</b>	<b>230,938</b>	<b>353,953</b>	<b>26,725,571</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	56,660	52,679	12,203,493
Support services:			
Students	199,238	215,253	1,598,385
Instructional staff	2,047	1,157	815,590
General administration	50	100	72,831
School administration	-	-	1,679,758
Business services	-	-	379,898
Operation and maintenance	1,332	1,063	1,529,082
Student transportation	-	-	4,615,996
Food services	-	-	4,624,996
Community services	-	7,450	7,450
Extracurricular	-	-	276,729
Capital outlay	2,772	3,390	331,628
<b>Total expenditures</b>	<b>262,099</b>	<b>281,092</b>	<b>28,135,836</b>
Excess (deficiency) of revenues over (under) expenditures	(31,161)	72,861	(1,410,265)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	60,871
Transfers in	-	-	296,000
Transfers out	-	-	(296,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>60,871</b>
<b>Net change in fund balances</b>	<b>(31,161)</b>	<b>72,861</b>	<b>(1,349,394)</b>
<b>Fund balances - beginning</b>	<b>516,977</b>	<b>551,748</b>	<b>9,822,805</b>
<b>Fund balances - ending</b>	<b>\$ 485,816</b>	<b>\$ 624,609</b>	<b>\$ 8,473,411</b>

# 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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,372,542	\$ 1,372,542	\$1,390,275	\$ -	\$ 1,390,275
Intergovernmental:					
County	561,314	561,314	500,906	-	500,906
State other	718,426	718,426	649,907	-	649,907
Charges for services	36,000	36,000	41,510	-	41,510
Interest	837	837	5,966	-	5,966
Total revenues	<u>2,689,119</u>	<u>2,689,119</u>	<u>2,588,564</u>	<u>-</u>	<u>2,588,564</u>
EXPENDITURES					
Current:					
Support services:					
Business	26,220	26,220	19,319	-	19,319
Student transportation	2,908,797	2,908,797	2,915,699	(22,845)	2,892,854
Capital Outlay	-	-	-	5,888	5,888
Total expenditures	<u>2,935,017</u>	<u>2,935,017</u>	<u>2,935,018</u>	<u>(16,957)</u>	<u>2,918,061</u>
Net change in fund balances	<u>\$ (245,898)</u>	<u>\$ (245,898)</u>	<u>(346,454)</u>	<u>16,957</u>	<u>(329,497)</u>
Fund balances - beginning			<u>491,795</u>	<u>5,888</u>	<u>497,683</u>
Fund balances - ending			<u>\$ 145,341</u>	<u>\$ 22,845</u>	<u>\$ 168,186</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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 953,450	\$ 953,450	\$ 955,428	\$ -	\$ 955,428
Intergovernmental:					
County	334,591	334,591	261,655	-	261,655
State other	374,246	374,246	305,152	-	305,152
Charges for services	-	-	1,670	-	1,670
Interest	-	-	4,716	-	4,716
Total revenues	<u>1,662,287</u>	<u>1,662,287</u>	<u>1,528,621</u>	<u>-</u>	<u>1,528,621</u>
<b>EXPENDITURES</b>					
Current:					
Support services:					
Business	8,764	8,764	9,448	-	9,448
Student transportation	<u>1,653,523</u>	<u>1,653,523</u>	<u>1,606,101</u>	<u>(19,950)</u>	<u>1,586,151</u>
Total expenditures	<u>1,662,287</u>	<u>1,662,287</u>	<u>1,615,549</u>	<u>(19,950)</u>	<u>1,595,599</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(86,928)	19,950	(66,978)
Fund balances - beginning			<u>271,303</u>	<u>-</u>	<u>271,303</u>
Fund balances - ending			<u>\$ 184,375</u>	<u>\$ 19,950</u>	<u>\$ 204,325</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, 2008**

	<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	\$ 199,492	\$ 199,492	\$ 202,024	\$ -	\$ 202,024
Intergovernmental:					
State other	-	-	740	-	740
Interest	-	-	3,806	-	3,806
Total revenues	<u>199,492</u>	<u>199,492</u>	<u>206,570</u>	<u>-</u>	<u>206,570</u>
EXPENDITURES					
Current:					
Instruction	<u>300,000</u>	<u>300,000</u>	<u>169,288</u>	<u>-</u>	<u>169,288</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>169,288</u>	<u>-</u>	<u>169,288</u>
Net change in fund balances	<u>\$ (100,508)</u>	<u>\$ (100,508)</u>	<u>37,282</u>	<u>-</u>	<u>37,282</u>
Fund balances - beginning			<u>100,508</u>	<u>-</u>	<u>100,508</u>
Fund balances - ending			<u>\$ 137,790</u>	<u>\$ -</u>	<u>\$ 137,790</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, 2008**

	<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	\$ 212,889	\$ 212,889	\$ 209,873	\$ -	\$ 209,873
Intergovernmental:					
State aid	22,500	22,500	63,413	-	63,413
State other	1,479	1,479	855	-	855
Interest	6,300	6,300	4,282	-	4,282
Total revenues	<u>243,168</u>	<u>243,168</u>	<u>278,423</u>	<u>-</u>	<u>278,423</u>
EXPENDITURES					
Current:					
Instruction	<u>300,000</u>	<u>300,000</u>	<u>221,206</u>	<u>-</u>	<u>221,206</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>221,206</u>	<u>-</u>	<u>221,206</u>
Net change in fund balances	<u>\$ (56,832)</u>	<u>\$ (56,832)</u>	57,217	-	57,217
Fund balances - beginning			<u>56,833</u>	<u>-</u>	<u>56,833</u>
Fund balances - ending			<u>\$ 114,050</u>	<u>\$ -</u>	<u>\$ 114,050</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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
County	\$ 7,890,326	\$ 7,890,326	\$7,669,467	\$ -	\$7,669,467
State other	-	-	-	854,197	854,197
Interest	60,000	60,000	58,344	-	58,344
Total revenues	<u>7,950,326</u>	<u>7,950,326</u>	<u>7,727,811</u>	<u>854,197</u>	<u>8,582,008</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	5,981,692	5,742,716	5,576,573	661,221	6,237,794
Support services:					
Students	548,176	535,710	648,993	81,985	730,978
Instructional staff	323,204	346,179	400,505	39,003	439,508
General administration	32,349	31,872	32,121	2,181	34,302
Administration	506,418	723,418	660,005	51,308	711,313
Business	101,560	139,940	133,871	1,694	135,565
Operation and maintenance	366,486	516,836	505,723	7,397	513,120
Student transportation	82,115	103,865	120,662	1,329	121,991
Food services	-	-	44,666	-	44,666
Extracurricular	58,000	59,464	75,860	8,079	83,939
Total expenditures	<u>8,000,000</u>	<u>8,200,000</u>	<u>8,198,979</u>	<u>854,197</u>	<u>9,053,176</u>
Net change in fund balances	<u>\$ (49,674)</u>	<u>\$ (249,674)</u>	(471,168)	-	(471,168)
Fund balances - beginning			<u>2,849,674</u>	-	<u>2,849,674</u>
Fund balances - ending			<u>\$2,378,506</u>	<u>\$ -</u>	<u>\$2,378,506</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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
County	\$ 4,416,595	\$ 4,416,595	\$4,277,313	\$ -	\$4,277,313
State other	-	-	-	494,067	494,067
Interest	25,000	25,000	29,350	-	29,350
Total revenues	4,441,595	4,441,595	4,306,663	494,067	4,800,730
<b>EXPENDITURES</b>					
Current:					
Instructional	3,259,206	3,182,794	3,095,943	384,282	3,480,225
Support services:					
Students	260,762	243,608	303,982	35,662	339,644
Instructional staff	162,723	213,118	220,072	16,386	236,458
General administration	26,344	35,515	36,845	1,534	38,379
Administration	364,201	449,901	432,756	33,302	466,058
Business	82,071	127,702	105,638	1,594	107,232
Operation and maintenance	213,388	307,478	290,550	4,096	294,646
Student transportation	7,673	14,772	14,800	200	15,000
Extracurricular	73,632	125,112	175,779	17,011	192,790
Total expenditures	4,450,000	4,700,000	4,676,365	494,067	5,170,432
Net change in fund balances	\$ (8,405)	\$ (258,405)	(369,702)	-	(369,702)
Fund balances - beginning			1,565,905	-	1,565,905
Fund balances - ending			\$1,196,203	\$ -	\$1,196,203

**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, 2008

	<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	\$ 183,630	\$ 183,630	\$ 189,650	\$ -	\$ 189,650
State other	900	900	682	-	682
Interest	3,000	3,000	7,836	-	7,836
Miscellaneous	15,000	15,000	12,166	-	12,166
Total revenues	<u>202,530</u>	<u>202,530</u>	<u>210,334</u>	<u>-</u>	<u>210,334</u>
EXPENDITURES					
Current:					
Instructional	294,691	297,671	232,889	(317)	232,572
Support services:					
Students	12,219	12,394	9,521	-	9,521
Instructional staff	3,500	3,100	1,629	-	1,629
Administration	97,620	94,865	42,177	-	42,177
Total expenditures	<u>408,030</u>	<u>408,030</u>	<u>286,216</u>	<u>(317)</u>	<u>285,899</u>
Net change in fund balances	<u>\$ (205,500)</u>	<u>\$ (205,500)</u>	<u>(75,882)</u>	<u>317</u>	<u>(75,565)</u>
Fund balances - beginning			<u>348,311</u>	<u>-</u>	<u>348,311</u>
Fund balances - ending			<u>\$ 272,429</u>	<u>\$ 317</u>	<u>\$ 272,746</u>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR SPECIAL REVENUE FUND

### HIGH SCHOOL ADULT EDUCATION FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 722,173	\$ 722,173	\$ 744,066	\$ -	\$ 744,066
Intergovernmental:					
State other	10,000	10,000	2,914	-	2,914
Charges for services	225,000	225,000	242,868	-	242,868
Interest	19,000	19,000	18,849	-	18,849
<b>Total revenues</b>	<b>976,173</b>	<b>976,173</b>	<b>1,008,697</b>	<b>-</b>	<b>1,008,697</b>
<b>EXPENDITURES</b>					
Current:					
Instructional	621,711	586,136	410,984	(50)	410,934
Support services:					
Students	99,522	72,956	67,576	-	67,576
Instructional staff	2,250	2,250	35	-	35
General administration	10	10	-	-	-
Administration	420,418	425,253	395,503	762	396,265
Operation and maintenance	39,747	39,747	496	2,716	3,212
Capital Outlay	15,976	59,230	-	-	-
<b>Total expenditures</b>	<b>1,199,634</b>	<b>1,185,582</b>	<b>874,594</b>	<b>3,428</b>	<b>878,022</b>
Excess (deficiency) of revenues over expenditures	(223,461)	(209,409)	134,103	(3,428)	130,675
<b>OTHER FINANCING USES</b>					
Transfers out	(281,948)	(296,000)	(296,000)	-	(296,000)
<b>Total other financing uses</b>	<b>(281,948)</b>	<b>(296,000)</b>	<b>(296,000)</b>	<b>-</b>	<b>(296,000)</b>
<b>Net change in fund balances</b>	<b>\$ (505,409)</b>	<b>\$ (505,409)</b>	<b>(161,897)</b>	<b>(3,428)</b>	<b>(165,325)</b>
Fund balances - beginning			1,023,961	3,537	1,027,498
Fund balances - ending			<u>\$ 862,064</u>	<u>\$ 109</u>	<u>\$ 862,173</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, 2008**

	<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>
<b>REVENUES</b>					
Intergovernmental:					
State other	\$ 54,866	\$ 54,866	\$ 54,882	\$ -	\$ 54,882
Interest	-	-	3,454	-	3,454
Total revenues	<u>54,866</u>	<u>54,866</u>	<u>58,336</u>	<u>-</u>	<u>58,336</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	-	16,467	19,486	-	19,486
Support services:					
Instructional staff	<u>149,448</u>	<u>132,981</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>149,448</u>	<u>149,448</u>	<u>19,486</u>	<u>-</u>	<u>19,486</u>
Net change in fund balances	<u>\$ (94,582)</u>	<u>\$ (94,582)</u>	38,850	-	38,850
Fund balances - beginning			<u>94,582</u>	<u>-</u>	<u>94,582</u>
Fund balances - ending			<u>\$ 133,432</u>	<u>\$ -</u>	<u>\$ 133,432</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, 2008

	<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>
<b>REVENUES</b>					
Intergovernmental:					
State other	\$ 34,208	\$ 34,208	\$ 34,219	\$ -	\$ 34,219
Interest	-	-	1,313	-	1,313
Total revenues	<u>34,208</u>	<u>34,208</u>	<u>35,532</u>	<u>-</u>	<u>35,532</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	30,288	38,288	22,173	-	22,173
Support services:					
Instructional staff	4,228	4,228	-	-	-
Capital Outlay	<u>52,248</u>	<u>44,248</u>	<u>3,732</u>	<u>-</u>	<u>3,732</u>
Total expenditures	<u>86,764</u>	<u>86,764</u>	<u>25,905</u>	<u>-</u>	<u>25,905</u>
Net change in fund balances	<u>\$ (52,556)</u>	<u>\$ (52,556)</u>	9,627	-	9,627
Fund balances - beginning			<u>52,555</u>	<u>-</u>	<u>52,555</u>
Fund balances - ending			<u>\$ 62,182</u>	<u>\$ -</u>	<u>\$ 62,182</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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
State other	\$ 166,380	\$ 166,380	\$ 166,380	\$ -	\$ 166,380
Interest	-	-	6,170	-	6,170
Total revenues	<u>166,380</u>	<u>166,380</u>	<u>172,550</u>	<u>-</u>	<u>172,550</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	<u>331,164</u>	<u>331,164</u>	<u>45,784</u>	<u>-</u>	<u>45,784</u>
Total expenditures	<u>331,164</u>	<u>331,164</u>	<u>45,784</u>	<u>-</u>	<u>45,784</u>
Net change in fund balances	<u>\$ (164,784)</u>	<u>\$ (164,784)</u>	126,766	-	126,766
Fund balances - beginning			<u>164,784</u>	<u>-</u>	<u>164,784</u>
Fund balances - ending			<u>\$ 291,550</u>	<u>\$ -</u>	<u>\$ 291,550</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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
State other	\$ 166,176	\$ 166,176	\$ 166,176	\$ -	\$ 166,176
Interest	-	-	9,039	-	9,039
Total revenues	<u>166,176</u>	<u>166,176</u>	<u>175,215</u>	<u>-</u>	<u>175,215</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	489,909	485,634	159,747	-	159,747
Support services:					
Students	-	4,275	855	-	855
Total expenditures	<u>489,909</u>	<u>489,909</u>	<u>160,602</u>	<u>-</u>	<u>160,602</u>
Excess (deficiency) of revenues over expenditures	<u>(323,733)</u>	<u>(323,733)</u>	<u>14,613</u>	<u>-</u>	<u>14,613</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>296,000</u>	<u>296,000</u>	<u>296,000</u>	<u>-</u>	<u>296,000</u>
Total other financing sources	<u>296,000</u>	<u>296,000</u>	<u>296,000</u>	<u>-</u>	<u>296,000</u>
Net change in fund balances	<u>\$ (27,733)</u>	<u>\$ (27,733)</u>	310,613	-	310,613
Fund balances - beginning			<u>27,733</u>	<u>-</u>	<u>27,733</u>
Fund balances - ending			<u>\$ 338,346</u>	<u>\$ -</u>	<u>\$ 338,346</u>

## **Nonmajor Debt Service Funds**

### **Budgeted:**

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

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	Elementary Debt Service	High School Debt Service	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 12,658	\$ 12,658
Receivables:			
Taxes, net	148,024	-	148,024
<b>Total assets</b>	<b>\$ 148,024</b>	<b>\$ 12,658</b>	<b>\$ 160,682</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 12,658	\$ 12,658
Due to other funds	7,971	-	7,971
Deferred revenue	89,955	-	89,955
<b>Total liabilities</b>	<b>97,926</b>	<b>12,658</b>	<b>110,584</b>
Fund balances:			
Reserved for:			
Debt service	50,098	-	50,098
<b>Total fund balances</b>	<b>50,098</b>	<b>-</b>	<b>50,098</b>
<b>Total liabilities and fund balances</b>	<b>\$ 148,024</b>	<b>\$ 12,658</b>	<b>\$ 160,682</b>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR DEBT SERVICE FUNDS

For the Year Ended June 30, 2008

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 1,444,907	\$ -	\$ 1,444,907
Intergovernmental:			
State other	5,348	-	5,348
Interest	45,807	-	45,807
Total revenues	1,496,062	-	1,496,062
EXPENDITURES			
Debt service			
Principal	2,615,000	-	2,615,000
Interest and other charges	78,750	-	78,750
Total expenditures	2,693,750	-	2,693,750
Net change in fund balances	(1,197,688)	-	(1,197,688)
Fund balances - beginning	1,247,786	-	1,247,786
Fund balances - ending	\$ 50,098	\$ -	\$ 50,098

**BILLINGS PUBLIC SCHOOLS****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL****NONMAJOR DEBT SERVICE FUND****ELEMENTARY DEBT SERVICE FUND**

For the Year Ended June 30, 2008

	<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	\$ 1,445,964	\$ 1,445,964	\$1,444,907	\$ -	\$ 1,444,907
Intergovernmental:					
State other	-	-	5,348	-	5,348
Interest	-	-	45,807	-	45,807
Total revenues	<u>1,445,964</u>	<u>1,445,964</u>	<u>1,496,062</u>	<u>-</u>	<u>1,496,062</u>
EXPENDITURES					
Debt Service:					
Principal	2,615,000	2,615,000	2,615,000	-	2,615,000
Interest and other charges	<u>78,750</u>	<u>78,750</u>	<u>78,750</u>	<u>-</u>	<u>78,750</u>
Total expenditures	<u>2,693,750</u>	<u>2,693,750</u>	<u>2,693,750</u>	<u>-</u>	<u>2,693,750</u>
Net change in fund balances	<u>\$ (1,247,786)</u>	<u>\$ (1,247,786)</u>	(1,197,688)	-	(1,197,688)
Fund balances - beginning			<u>1,247,786</u>	<u>-</u>	<u>1,247,786</u>
Fund balances - ending			<u>\$ 50,098</u>	<u>\$ -</u>	<u>\$ 50,098</u>

## Nonmajor Capital Projects Funds

### **Budgeted:**

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

### **Nonbudgeted:**

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

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2008**

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 244,250	\$ 373,810	\$ 416,935	\$ 1,034,995
Receivables:				
Taxes, net	-	24,805	18,542	43,347
Other	3,000	-	-	3,000
<b>Total assets</b>	<b>\$ 247,250</b>	<b>\$ 398,615</b>	<b>\$ 435,477</b>	<b>\$ 1,081,342</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 852	\$ 63,561	\$ 34,161	\$ 98,574
Deferred revenue	3,000	24,781	18,530	46,311
<b>Total liabilities</b>	<b>3,852</b>	<b>88,342</b>	<b>52,691</b>	<b>144,885</b>
Fund balances:				
Unreserved	243,398	310,273	382,786	936,457
<b>Total fund balances</b>	<b>243,398</b>	<b>310,273</b>	<b>382,786</b>	<b>936,457</b>
<b>Total liabilities and fund balances</b>	<b>\$ 247,250</b>	<b>\$ 398,615</b>	<b>\$ 435,477</b>	<b>\$ 1,081,342</b>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2008

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ 12,341	\$ 9,515	\$ 21,856
Charges for services	24,369	-	-	24,369
Interest	9,030	6,872	18,636	34,538
Miscellaneous	85,071	-	-	85,071
Total revenues	118,470	19,213	28,151	165,834
<b>EXPENDITURES</b>				
Current:				
Instruction	240	-	-	240
Support services:				
Students	225	-	-	225
Instructional staff	2,365	-	-	2,365
Operation and maintenance	273,053	29,523	321,663	624,239
Capital outlay	173,727	516,976	230,154	920,857
Total expenditures	449,610	546,499	551,817	1,547,926
Excess (deficiency) of revenues over (under) expenditures	(331,140)	(527,286)	(523,666)	(1,382,092)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	73,955	-	-	73,955
Sale of capital assets	478,630	-	-	478,630
Total other financing sources (uses)	552,585	-	-	552,585
Net change in fund balances	221,445	(527,286)	(523,666)	(829,507)
Fund balances - beginning	21,953	837,559	906,452	1,765,964
Fund balances - ending	\$ 243,398	\$ 310,273	\$ 382,786	\$ 936,457



# 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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 12,341	\$ -	\$ 12,341
Interest	13,000	13,000	6,872	-	6,872
Total revenues	13,000	13,000	19,213	-	19,213
EXPENDITURES					
Current:					
Operation and maintenance	-	850,559	29,523	-	29,523
Capital Outlay	850,559	-	516,976	-	516,976
Total expenditures	850,559	850,559	546,499	-	546,499
Net change in fund balances	\$ (837,559)	\$ (837,559)	(527,286)	-	(527,286)
Fund balances - beginning			837,559	-	837,559
Fund balances - ending			\$ 310,273	\$ -	\$ 310,273

# 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, 2008

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 9,515	\$ -	\$ 9,515
Interest	12,500	12,500	18,636	-	18,636
Total revenues	12,500	12,500	28,151	-	28,151
EXPENDITURES					
Current:					
Operation and maintenance	-	237,743	321,663	-	321,663
Capital Outlay	918,952	681,209	230,154	-	230,154
Total expenditures	918,952	918,952	551,817	-	551,817
Net change in fund balances	\$ (906,452)	\$ (906,452)	(523,666)	-	(523,666)
Fund balances - beginning			906,452	-	906,452
Fund balances - ending			\$ 382,786	\$ -	\$ 382,786

## 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, 2008

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 52	\$ 3,671,551	\$ 146,429	\$ 3,818,032
Accounts receivables, net	2,873	308,044	-	310,917
Due from fiduciary funds	-	320,000	-	320,000
Inventories	130,368	-	-	130,368
Prepaid items	-	95,449	-	95,449
Total current assets	133,293	4,395,044	146,429	4,674,766
Non-current assets:				
Capital Assets:				
Land and improvements	122,700	-	-	122,700
Buildings	1,691,183	-	-	1,691,183
Equipment and Furniture	613,509	-	-	613,509
Less accumulated depreciation	(984,172)	-	-	(984,172)
Total non-current assets	1,443,220	-	-	1,443,220
Total assets	1,576,513	4,395,044	146,429	6,117,986
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	44,505	1,662,095	64	1,706,664
Deferred revenue	-	51,073	-	51,073
Compensated absences	5,190	1,812	-	7,002
Total current liabilities	49,695	1,714,980	64	1,764,739
Non-current liabilities:				
Compensated absences	46,707	16,311	-	63,018
Other postemployment benefits	-	3,053,000	-	3,053,000
Total non-current liabilities	46,707	3,069,311	-	3,116,018
Total liabilities	96,402	4,784,291	64	4,880,757
<b>NET ASSETS</b>				
Invested in capital assets	1,443,220	-	-	1,443,220
Unrestricted	36,891	(389,247)	146,365	(205,991)
Total net assets	\$ 1,480,111	\$ (389,247)	\$ 146,365	\$ 1,237,229

# BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS-  
ALL INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2008

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,100,709	\$ 13,441,959	\$ -	\$ 15,542,668
Total operating revenues	2,100,709	13,441,959	-	15,542,668
<b>OPERATING EXPENSES</b>				
Personal services - salaries	201,031	75,866	-	276,897
Personal services - benefits	48,917	6,147	-	55,064
Purchased professional and technical services	-	-	52,228	52,228
Purchased property services	100,513	618	4,184	105,315
Other purchased services	9,230	628,101	-	637,331
Supplies and materials	1,696,422	2,280	958	1,699,660
Insurance claims and expenses	-	11,465,554	-	11,465,554
Other postemployment benefits	-	1,562,000	-	1,562,000
Miscellaneous	129	-	-	129
Depreciation	40,545	-	-	40,545
Total operating expenses	2,096,787	13,740,566	57,370	15,894,723
Operating income (loss)	3,922	(298,607)	(57,370)	(352,055)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	11,892	72,440	4,659	88,991
Loss on disposal of capital assets	(8,136)	-	-	(8,136)
Total non-operating revenues (expenses)	3,756	72,440	4,659	80,855
Change in net assets	7,678	(226,167)	(52,711)	(271,200)
Net assets - beginning	1,472,433	(163,080)	199,076	1,508,429
Net assets - ending	\$ 1,480,111	\$ (389,247)	\$ 146,365	\$ 1,237,229

# BILLINGS PUBLIC SCHOOLS

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

For the Year Ended June 30, 2008

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total
<b>CASH FLOWS FROM OPERATIONS:</b>				
Cash received from health insurance premiums	\$ -	\$ 13,597,281	\$ -	\$ 13,597,281
Cash received from interfund services	2,098,954	-	-	2,098,954
Medical claims paid	-	(11,465,554)	-	(11,465,554)
Cash paid to employees health insurance services	-	(78,643)	-	(78,643)
Cash paid to employees interfund services	(266,144)	-	-	(266,144)
Cash paid to suppliers for goods and services health insurance services	-	(548,025)	-	(548,025)
Cash paid to suppliers for goods and services interfund services	(1,773,626)	-	(59,038)	(1,832,664)
Net cash provided (used) by operating activities	59,184	1,505,059	(59,038)	1,505,205
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash paid for interfund receivable	-	(45,000)	-	(45,000)
Net cash used by noncapital financing activities	-	(45,000)	-	(45,000)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(5,995)	-	-	(5,995)
Net cash used by capital financing activities	(5,995)	-	-	(5,995)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	11,892	72,440	4,659	88,991
Net cash provided by investing activities	11,892	72,440	4,659	88,991
Change in cash and cash equivalents	65,081	1,532,499	(54,379)	1,543,201
Cash and cash equivalents - beginning	(65,029)	2,139,052	200,808	2,274,831
Cash and cash equivalents - ending	\$ 52	\$ 3,671,551	\$ 146,429	\$ 3,818,032
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 3,922	\$ (298,607)	\$ (57,370)	\$ (352,055)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	40,545	-	-	40,545
Other postemployment benefits	-	1,562,000	-	1,562,000
(Increase) decrease in accounts receivable	(1,755)	153,371	-	151,616
Decrease in inventory	13,159	-	-	13,159
Increase in prepaid items	-	(12,504)	-	(12,504)
Increase (decrease) in accounts payable	19,509	95,478	(1,668)	113,319
Increase in deferred revenue	-	1,951	-	1,951
Increase (decrease) in compensated absences	(16,196)	3,370	-	(12,826)
Net cash provided (used) by operating activities	\$ 59,184	\$ 1,505,059	\$ (59,038)	\$ 1,505,205

## Fiduciary Funds

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

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

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**ALL PRIVATE-PURPOSE TRUST FUNDS**  
June 30, 2008

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	Elementary Extracurricular	High School Extracurricular	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 433,728	\$ 1,379,129	\$ 1,812,857
Total assets	<u>433,728</u>	<u>1,379,129</u>	<u>1,812,857</u>
<b>LIABILITIES</b>			
Accounts payable	<u>15,743</u>	<u>45,087</u>	<u>60,830</u>
Total liabilities	<u>15,743</u>	<u>45,087</u>	<u>60,830</u>
<b>NET ASSETS</b>			
Held in trust	<u>\$ 417,985</u>	<u>\$ 1,334,042</u>	<u>\$ 1,752,027</u>



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

For the Year Ended June 30, 2008

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	<u>Elementary Extracurricular</u>	<u>High School Extracurricular</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 504,729	\$ 2,191,914	\$ 2,696,643
Investment earnings:			
Interest	<u>10,852</u>	<u>34,717</u>	<u>45,569</u>
Total additions	<u>515,581</u>	<u>2,226,631</u>	<u>2,742,212</u>
DEDUCTIONS			
Student extracurricular activities	<u>461,569</u>	<u>2,015,269</u>	<u>2,476,838</u>
Total deductions	<u>461,569</u>	<u>2,015,269</u>	<u>2,476,838</u>
Change in net assets	<u>54,012</u>	<u>211,362</u>	<u>265,374</u>
Net assets - beginning	<u>363,973</u>	<u>1,122,680</u>	<u>1,486,653</u>
Net assets - ending	<u>\$ 417,985</u>	<u>\$ 1,334,042</u>	<u>\$ 1,752,027</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, 2008

Location	Balance July 1, 2007	Revenues	Expenditures	Balance June 30, 2008
Elementary and Middle School Curriculum	\$ 9,967	\$ 2,969	\$ 3,466	\$ 9,470
High School Curriculum	12,067	8,305	18,158	2,214
Career Center	59,891	95,455	67,429	87,917
Senior High School	285,035	583,430	540,561	327,904
West High School	257,270	712,141	667,106	302,305
Skyview High School	246,260	530,837	510,792	266,305
Middle Schools-Athletics	182,841	99,310	33,110	249,041
Lewis & Clark Middle School	24,204	56,589	64,436	16,357
Lincoln Education Center - Vending & Misc	1,621	42	-	1,663
Riverside Middle School	31,627	95,350	92,457	34,520
Will James Middle School	47,583	100,648	100,268	47,963
Castlerock Middle School	18,781	87,769	78,609	27,941
Arrowhead Elementary	2,616	2,446	4,427	635
Beartooth Elementary	100	1,042	424	718
Bench Elementary	27	-	27	-
Bitterroot	-	2,272	513	1,759
Broadwater Elementary	178	2,573	2,352	399
Burlington Elementary	9,366	6,271	10,935	4,702
Central Heights Elementary	1,723	7,936	9,071	588
Crossroads Alternative High School	44	1	-	45
McKinley Elementary	2,146	5,767	6,066	1,847
Meadowlark Elementary	3,362	4,438	4,597	3,203
Miles Elementary	1,798	1,387	836	2,349
Newman Elementary	879	169	740	308
Poly Elementary	7	-	-	7
Ponderosa	873	6,176	5,030	2,019
Sandstone Elementary	482	7,068	5,679	1,871
Adult Education	900	17	454	463
Big Sky Library Enrichment	3,912	10,907	7,418	7,401
Eagle Cliffs Elementary	788	949	1,189	548
Middle Schools-Stipends	15,730	-	15,730	-
Exec Director of Activities	241,871	220,278	123,891	338,258
Coordinator of Music	22,704	89,670	101,067	11,307
	<u>\$ 1,486,653</u>	<u>\$2,742,212</u>	<u>\$2,476,838</u>	<u>\$ 1,752,027</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, 2008

	Per Enrollment Reports	Audit Per District Records	Difference
<b>Fall Enrollment - October, 2007</b>			
Elementary School District			
Pre K - 6:			
(a) Pre-Kindergarten	116	116	-
(b) Kindergarten (enrolled 720+ hours per year)	1,121	1,121	-
(c) Kindergarten (enrolled 181-719 hours per year)	5	5	-
(d) Grades 1-6 (enrolled 720+ hours per year)	6,514	6,514	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(f) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,276	2,276	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	4	4	-
(i) Grades 7-8 (enrolled < 181 hours per year)	1	1	-
(j) Total Elementary (add lines a through i)	<u>10,037</u>	<u>10,037</u>	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,430	5,430	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	36	36	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	-	-	-
(n) Total High School (add lines k through m)	<u>5,466</u>	<u>5,466</u>	-
(o) 19 Year-olds included on line k	<u>21</u>	<u>21</u>	-
<b>Spring Enrollment - February 2008</b>			
Elementary School District			
Pre K - 6:			
(p) Pre-Kindergarten	152	152	-
(q) Kindergarten (enrolled 720+ hours per year)	1,113	1,113	-
(r) Kindergarten (enrolled 181-719 hours per year)	6	6	-
(s) Grades 1-6 (enrolled 720+ hours per year)	6,469	6,469	-
(t) Grades 1-6 (enrolled 181-719 hours per year)	-	-	-
(u) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(v) Grades 7-8 (enrolled 720+ hours per year)	2,277	2,277	-
(w) Grades 7-8 (enrolled 181-719 hours per year)	5	5	-
(x) Grades 7-8 (enrolled < 181 hours per year)	1	1	-
(y) Total Elementary (add lines p through x)	<u>10,023</u>	<u>10,023</u>	-
High School District:			
(z) Grades 9-12 (enrolled 720+ hours per year)	5,261	5,261	-
(aa) Grades 9-12 (enrolled 181-719 hours per year)	53	53	-
(bb) Grades 9 - 12 (enrolled < 181 hours per year)	-	-	-
(cc) Total High School (add lines z through bb)	<u>5,314</u>	<u>5,314</u>	-
(dd) 19 Year-olds included on line z	<u>20</u>	<u>20</u>	-
(ee) Early Graduates	<u>15</u>	<u>15</u>	-

## **SECTION III - STATISTICAL SECTION**

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

Table 1

	Fiscal Year				
	2004	2005	2006	2007	2008
Invested in capital assets, net of related debt	\$ 43,934,804	\$ 50,433,854	\$ 56,020,328	\$ 58,767,183	\$ 61,191,582
Restricted for:					
Debt service	1,794,068	961,384	1,287,030	1,350,978	140,053
Other purposes	10,770,777	12,710,261	12,399,380	11,915,272	12,393,018
Unrestricted (deficit)	<u>(8,873,712)</u>	<u>(9,760,795)</u>	<u>(12,253,119)</u>	<u>(4,326,828)</u>	<u>(6,105,856)</u>
Total governmental activities net assets	<u>\$ 47,625,937</u>	<u>\$ 54,344,704</u>	<u>\$ 57,453,619</u>	<u>\$ 67,706,605</u>	<u>\$ 67,618,797</u>

1

1 Unrestricted (deficit) net assets for years prior to 2007 included an accrual for service credit pay 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				
	2004	2005	2006	2007	2008
Expenses:					
Instruction	\$ 68,603,766	\$ 69,408,652	\$ 74,316,304	\$ 78,052,218	\$ 85,812,039
Support services:					
Students	7,318,577	7,502,320	8,245,532	9,117,020	9,298,820
Instructional staff	5,326,663	5,354,675	5,992,695	5,878,241	6,555,906
General administration	1,429,577	1,471,734	1,238,774	1,354,664	1,476,711
School administration	7,322,209	7,432,014	8,130,808	8,248,789	9,003,814
Business services	1,333,322	1,408,610	1,769,612	1,842,122	2,019,626
Operation and maintenance	9,463,421	9,395,802	10,270,658	10,713,640	12,421,095
Student transportation	3,844,736	4,128,160	4,310,389	4,375,271	4,658,373
Food services	3,805,629	4,216,117	4,113,009	4,180,626	4,701,734
Community services	14,729	11,094	15,178	14,953	14,050
Extracurricular	1,754,424	1,802,211	1,909,711	1,920,491	2,291,969
Interest	91,488	308,478	221,475	177,913	117,618
Total expenses	110,308,541	112,439,867	120,534,145	125,875,948	138,371,755
Program revenues					
Charges for services:					
Instruction	655,977	656,235	665,848	612,530	626,047
Support services:					
Operations and maintenance	87,491	75,529	82,717	70,401	41,025
Student transportation	43,013	45,119	40,991	44,857	43,180
Food services	1,968,901	2,141,650	2,187,687	2,253,548	2,305,026
Operating grants and contributions	18,749,300	19,621,440	21,432,451	27,164,473	28,928,094
Capital grants and contributions	-	-	584,375	240,298	628,251
Total program revenues	21,504,682	22,539,973	24,994,069	30,386,107	32,571,623
Net expense	(88,803,859)	(89,899,894)	(95,540,076)	(95,489,841)	(105,800,132)
General revenues:					
Property taxes	32,763,840	32,898,784	34,895,621	33,088,889	34,701,063
Intergovernmental:					
State aid	41,255,716	43,827,961	45,208,006	46,174,525	48,956,800
State other	5,919,009	6,195,386	6,298,034	6,173,289	5,714,923
County	11,950,586	12,307,903	10,606,494	11,252,174	11,946,780
Federal	170,621	-	-	-	-
Interest	322,613	710,566	924,471	1,050,145	1,064,579
Contributions and donations	391,433	444,283	538,494	1,146,765	581,134
Miscellaneous	502,667	233,778	177,871	209,184	271,266
Gain on disposal of capital assets	92,092	-	-	242,559	2,475,779
Total general revenues	93,368,577	96,618,661	98,648,991	99,337,530	105,712,324
Change in net assets	\$ 4,564,718	\$ 6,718,767	\$ 3,108,915	\$ 3,847,689	\$ (87,808)

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

Table 3

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund					
Reserved	\$ 149,804	\$ 81,413	\$ 150,314	\$ 401,505	\$ 28,815
Unreserved	4,803,576	4,619,133	3,356,762	3,520,361	4,856,734
Total general fund	<u>\$ 4,953,380</u>	<u>\$ 4,700,546</u>	<u>\$ 3,507,076</u>	<u>\$ 3,921,866</u>	<u>\$ 4,885,549</u>
All other governmental funds					
Reserved	\$ 1,767,133	\$ 1,031,166	\$ 1,496,649	\$ 1,299,601	\$ 264,236
Unreserved, reported in:					
Special revenue funds	8,396,891	5,769,299	8,900,453	11,762,496	10,557,303
Capital projects funds	13,698,815	15,111,333	4,368,356	2,822,725	4,266,136
Total all other governmental funds	<u>\$ 23,862,839</u>	<u>\$ 21,911,798</u>	<u>\$ 14,765,458</u>	<u>\$ 15,884,822</u>	<u>\$ 15,087,675</u>



# BILLINGS PUBLIC SCHOOLS

Table 4

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Five Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Property taxes	\$ 33,056,359	\$ 32,790,871	\$ 34,811,435	\$ 32,619,080	\$ 35,073,362
Intergovernmental:					
County	12,608,117	13,048,693	11,391,515	12,037,153	12,709,341
State aid	45,393,256	43,827,961	45,208,006	46,174,525	48,956,800
State other	7,919,070	12,751,938	13,365,372	19,476,346	21,492,469
Federal	12,124,789	12,324,098	13,243,826	12,740,171	12,387,987
Tuition	231,686	250,649	221,849	211,263	195,406
Charges for services	2,516,770	2,709,121	2,752,809	2,784,051	2,839,302
Interest	282,869	660,337	865,885	985,219	975,588
Miscellaneous	885,768	678,061	1,612,007	1,915,554	1,451,927
Total revenues	115,018,684	119,041,729	123,472,704	128,943,362	136,082,182
Expenditures					
Instruction	66,203,971	67,456,999	72,234,049	75,118,883	81,669,804
Support services:					
Students	7,009,749	7,309,457	8,028,019	8,585,269	9,057,352
Instructional staff	5,156,607	5,204,476	5,873,420	5,992,282	6,445,953
General administration	1,473,573	1,505,556	1,336,483	1,238,727	1,372,481
School administration	7,257,844	7,875,293	7,745,131	7,969,204	8,984,368
Business services	1,248,703	1,252,813	1,611,884	1,734,354	1,896,926
Operations and maintenance	9,371,228	9,467,402	10,158,538	10,529,579	12,311,325
Student transportation	3,791,755	4,105,306	4,269,620	4,338,968	4,636,606
Food services	3,751,990	4,158,542	4,057,221	4,117,271	4,629,179
Community services	14,729	11,094	15,178	14,953	14,050
Extracurricular	1,733,646	1,800,017	1,890,779	1,846,502	2,213,481
Capital outlay	3,724,644	6,815,946	12,284,515	3,440,539	2,924,602
Debt service					
Principal	2,205,003	4,003,685	2,477,521	2,576,269	2,682,454
Interest	186,166	284,018	197,156	153,967	93,796
Total expenditures	113,129,608	121,250,604	132,179,514	127,656,767	138,932,377
Excess of revenues over (under) expenditures	1,889,076	(2,208,875)	(8,706,810)	1,286,595	(2,850,195)
Other financing sources (uses)					
Operating transfers in	30,043	1,193,489	-	-	322,502
Operating transfers out	(30,043)	(1,193,489)	-	-	(322,502)
Long-term debt issued	10,000,000	-	362,000	-	408,564
Sale of capital assets	5,000	5,000	5,000	247,559	2,608,167
Total other financing sources (uses)	10,005,000	5,000	367,000	247,559	3,016,731
Net change in fund balances	\$ 11,894,076	\$ (2,203,875)	\$ (8,339,810)	\$ 1,534,154	\$ 166,536
Debt service as a percentage of non-capital expenditures	2.19%	3.75%	2.23%	2.20%	2.04%

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

Table 5

Year	Instruction	Support Services					
		Students	Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance
2004	\$ 48,003,555	\$ 5,189,837	\$ 3,785,081	\$ 1,432,635	\$ 5,628,907	\$ 956,151	\$ 8,370,452
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

Year	Support Services						
	Student Transportation	Food Services	Community Services	Extracurricular	Capital Outlay	Debt Service	Total
2004	\$ 182	\$ -	\$ 6,616	\$ 1,535,336	\$ 304,404	\$ 215,241	\$ 75,428,397
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

**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:					
1999	\$ 147,705,470	112.96	\$ 16,684,810	\$ 16,434,664	98.50%
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%
High School District:					
1999	182,585,023	55.62	10,155,379	9,988,842	98.36%
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%

\* Total tax collections include delinquent taxes from prior years.

# BILLINGS PUBLIC SCHOOLS

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

Table 7

Fiscal Year	Assessed Value	*Estimated Actual Value	Percent of Assessed Value to Est. Actual Value
Elementary District:			
1999	\$ 147,705,470	\$ -	N/A
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%
High School District:			
1999	182,585,023	-	N/A
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%

Source: Montana Department of Revenue

\*Estimated Actual Value not available for 1999-2001

**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
1999	112.96	55.62	89.00	77.67	46.00	381.25
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

Tax Levies						
Fiscal Year	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	Total
1999	\$ 16,684,810	\$ 10,155,379	\$ 10,484,620	\$ 14,991,619	\$ 5,421,425	\$ 57,737,853
2000	15,984,468	10,935,455	10,319,873	14,542,965	5,455,298	57,238,060
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

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 Four Years Ago

Table 9

Taxpayer	2008			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Northwestern Corp Transmission	\$ 15,896,720	1	10.09%	\$ 4,737,850	1	1.58%
ConocoPhillips Company	11,955,831	2	7.59%	-		
Qwest Corporation	4,323,442	4	2.74%	1,795,527	2	0.60%
PPL Montana LLC	3,551,959	5	2.25%	-		-
Montana Dakota Utilities Company	1,558,143	8	0.99%	1,071,236	3	0.36%
Puget Sound Energy Incorporated	2,274,353	6	1.44%	-		-
Yellowstone Valley Electric Coop	-		-	-		-
Macerich Rimrock Limited Partnership	881,286		0.56%	857,344	4	0.29%
Conoco Pipe Line Co	959,883		0.61%	-		-
Wal-Mart Real Estate Business Trust	614,805		0.39%	587,725	5	0.20%
Med-Map LLC	-		-	548,451	6	0.18%
Western Sugar Company	706,608		0.45%	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%
Exxon Mobil Corporation	6,752,354	3	4.28%			
Burlington Northern/Santa Fe RR	2,108,985	7	1.34%			
WWC Holdings Co (ALLTEL)	1,054,760	9	0.67%			
Portland General Electric Company	1,011,118	10	0.64%			
Total	<u>\$ 53,650,247</u>		<u>34.04%</u>	<u>\$ 11,094,437</u>		<u>3.70%</u>

Source: Montana Department of Revenue

\* 2004 is the oldest data available

# BILLINGS PUBLIC SCHOOLS

Table 9a

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

Taxpayer	2008			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Northwestern Corp Transmission	\$ 615,665	3	0.30%	\$ 4,737,850	1	1.58%
ConocoPhillips Company	-		-	-		-
Qwest Corporation	143,503	9	0.07%	1,795,527	2	0.60%
Exxon Mobile Corporation	5,534,741	1	2.74%	-		-
PPL Montana LLC	-		-	-		-
Montana Dakota Utilities Company	-		-	1,071,236	3	0.36%
Puget Sound Energy Incorporated	-		-	-		-
Yellowstone Valley Electric Coop	-		-	-		-
Macerich Rimrock Limited Partnership	-		-	857,344	4	0.29%
Conoco Pipe Line Co	-		-	-		-
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%
WWC Holdings Co (ALLTEL)	756,177	2	0.37%			
Yellowstone Energy LMTD Partnership	528,791	4	0.26%			
Aspen Air US Corp	438,662	5	0.22%			
Montana Sulphur & Chemical Company	253,849	6	0.13%			
H&E Equipment Services	179,137	7	0.09%			
Transbas Inc	144,945	8	0.07%			
Montana Rail Link Inc	117,591	10	0.06%			
Total	<u>\$ 8,713,061</u>		<u>4.32%</u>	<u>\$ 11,094,437</u>		<u>3.70%</u>

Source: Montana Department of Revenue

\* 2004 is the oldest data available

**BILLINGS PUBLIC SCHOOLS**  
**REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES**  
For the Fiscal Year Ended June 30, 2008  
(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	\$ 35,073,362	25.77%
Tuition	195,406	0.14%
Interest	975,588	0.72%
Charges for service	2,839,302	2.09%
County retirement	11,946,780	8.78%
County transportation	762,561	0.57%
Miscellaneous	1,451,927	1.07%
Total revenue from local and intermediate sources	53,244,926	39.14%
Revenue from state sources:		
Direct state aid	35,710,782	26.24%
State quality educator	3,640,234	2.68%
State at risk student	428,996	0.32%
State Indian education for all	482,560	0.35%
State American Indian achievement gap	235,200	0.17%
State special ed allowable cost payment	4,867,850	3.58%
State guaranteed tax base aid	13,246,018	9.73%
State transportation	762,561	0.56%
State technology grant	89,101	0.07%
State personal property tax reimbursement	134,827	0.10%
State school block grant	5,406,149	3.97%
State capital investment and deferred maintenance	1,476,737	1.09%
State full time kindergarten	1,074,071	0.79%
State on-behalf payment	1,476,613	1.09%
State other	1,417,570	1.04%
Total revenue from state sources	70,449,269	51.78%
Revenue from federal sources:		
Federal grants	10,060,063	7.39%
Federal food service	2,327,924	1.71%
Total revenue from federal sources	12,387,987	9.10%
Total revenue	\$ 136,082,182	100.02%

Source: District Financial Records



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

Table 11

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Year	Property Taxes	State of Montana	Tuition	Interest	Miscellaneous	Total
2004	\$ 24,899,505	\$ 49,883,497	\$ 231,686	\$ 53,162	\$ 179,142	\$ 75,246,992
2005	24,607,135	50,641,647	250,649	56,738	11,341	75,567,510
2006	25,635,660	53,649,285	221,849	61,706	16,955	79,585,455
2007	26,213,125	58,050,178	211,263	71,821	4,813	84,551,200
2008	29,915,283	63,450,861	195,406	84,912	49,529	93,695,991

**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
2004	\$ 25,363,495	\$ 49,883,497	\$ 75,246,992	15,737	\$ 1,612	\$ 3,170	\$ 4,782
2005	24,925,863	50,641,647	75,567,510	15,728	1,585	3,220	4,805
2006	25,936,170	53,649,285	79,585,455	15,704	1,652	3,416	5,068
2007	26,501,022	58,050,178	84,551,200	15,556	1,704	3,732	5,436
2008	30,245,130	63,450,861	93,695,991	15,503	1,951	4,093	6,044

Source: District Records

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

Table 13

Fiscal Year	Property Value 1, 6	Bank Deposits (in thousands) 2	Construction 3			
			Commercial		Residential 4	
			Number of Permits	Value	Number of Permits	Value
2004	\$ 5,648,849,952	\$ 1,645,937	129	\$ 44,527,113	569	\$ 91,458,054
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

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.
- 7 A medical center had permits that totaled \$27 million. Other large projects included a senior living center, motel, office building, retail stores, bank processing center and church additions.

# 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					
1999	91,750	\$ 147,705,470	\$ 190,000	0.13%	\$ 2.07
2000	92,988	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%	-
High School District					
1999	102,850	\$ 182,585,023	\$ 10,455,000	5.73%	\$ 101.65
2000	103,950	174,883,343	8,865,000	5.07%	85.28
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%	-

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, 2008

Table 15

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Elementary District:						
Maximum debt limit	\$ 87,139,890	\$ 103,784,976	\$ 105,789,744	\$ 110,532,753	\$ 114,004,638	\$ 140,269,440
Total net debt applicable to limit	6,234,649	14,104,638	9,639,803	5,405,616	2,834,141	447,685
Legal debt margin	\$ 80,905,241	\$ 89,680,338	\$ 96,149,941	\$ 105,127,137	\$ 111,170,497	\$ 139,821,755
Total net debt applicable to limit as a percentage of debt limit	7.15%	13.59%	9.11%	4.89%	2.49%	0.32%
High School District:						
Maximum debt limit	\$101,717,847	\$ 121,384,386	\$ 122,633,838	\$ 127,979,393	\$ 131,491,917	\$ 153,391,170
Total net debt applicable to limit	6,615,423	3,559,241	1,009,753	117,507	107,935	220,501
Legal debt margin	\$ 95,102,424	\$ 117,825,145	\$ 121,624,085	\$ 127,861,886	\$ 131,383,982	\$ 153,170,669
Total net debt applicable to limit as a percentage of debt limit	6.50%	2.93%	0.82%	0.09%	0.08%	0.14%

DEBT LIMITATION CALCULATION	Elementary	High School
2007/08 Statewide Average Per ANB	27,520	54,030
X FY08 ANB	10,194	5,678
Total	280,538,880	306,782,340
X Debt Limit Rate of .50	0.50	0.50
Equals: Maximum Debt Capacity	140,269,440	153,391,170
Less: Bonds Outstanding	-	-
General Obligation Debt	447,685	220,501
Estimated Debt Capacity Remaining	139,821,755	153,170,669

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, 2008

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	\$ 7,155,000	60.60%	\$ 4,335,930	39.40%	\$ 2,819,070
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### City of Billings:

Various Issues	<u>18,395,000</u>	84.70%	<u>15,580,565</u>	15.30%	<u>2,814,435</u>
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Totals	<u>\$ 25,550,000</u>		<u>\$ 19,916,495</u>		<u>\$ 5,633,505</u>
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### 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:					
1999	\$ 790,000	\$ 59,690	\$ 849,690	\$ 40,552,135	2.1%
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%
High School:					
1999	\$ 1,600,000	\$ 614,600	\$ 2,214,600	\$ 23,204,761	9.5%
2000	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%

Source: District Financial Records

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

Table 18

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Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
1999	91,195	\$ 22,235	33.5	15,910	5.4%
2000	91,750	22,647	35.8	15,877	4.3%
2001	92,988	24,425	35.8	15,690	3.7%
2002	89,847	25,253	36.9	15,732	3.7%
2003	91,195	25,632	36.9	15,778	4.5%
2004	93,388	25,323	36.9	15,737	3.4%
2005	97,253	26,057	36.9	15,716	3.1%
2006	99,198	29,421	36.9	15,704	3.3%
2007	100,148	31,220	36.9	15,556	3.5%
2008	101,650	35,068	39.3	15,503	2.6%

Source: Bureau of Business and Economic Research



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

Table 19

Employer	2008			1999		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	*Percentage of Total City Employment
Billings Clinic	3,500		4.3%	1,835	2	N/A
St. Vincent Health Care	2,200		2.7%	1,425	3	N/A
School District #2	2,017		2.5%	2,017	1	N/A
Stillwater Mining Company	1,622		2.0%	825	7	N/A
Yellowstone County	1,054		1.3%	1,020	4	N/A
Montana State University-Billings	1,010		1.2%	901	5	N/A
Walmart	925		1.1%	-	-	N/A
Wells Fargo Bank & Operations	869		1.1%	444	12	N/A
City of Billings	825		1.0%	750	6	N/A
Avitus Group	690		0.8%	-	-	N/A
Supervalue	-		-	612	8	N/A
U. S. Postal Service	-		-	552	9	N/A
Buttrey Food-Drug stores	-		-	523	10	N/A
Total	<u>14,712</u>		<u>18.1%</u>	<u>10,904</u>		

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

\*Total City Employment not available for 1998.

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

Table 20

Fiscal Year	Expenses	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE)	<sup>2</sup>	Pupil/ Certified Staff Ratio
2004	\$ 110,308,541	15,737	\$ 7,010	7%	1,134.2		13.9
2005	112,439,867	15,728	7,149	2%	1,136.2		13.8
2006	120,534,145	15,704	7,675	7%	1,141.5		13.8
2007	127,668,852	15,556	8,207	6%	1,126.4		13.8
2008	138,371,755	15,503	8,925	8%	1,201.8		12.9

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				
	2004	2005	2006	2007	2008
Instruction					
Administrators	-	0.9	-	-	-
Certified Staff	1,009.1	988.3	997.8	993.1	1,067.9
Classified Employees	208.6	205.1	191.8	192.1	191.2
Support Services					
Administrators	4.0	5.0	5.0	5.0	5.0
Administrative Support	1.0	1.0	1.0	1.0	1.0
Certified Staff	132.7	134.3	134.5	131.3	131.9
Classified Employees	47.6	50.4	64.1	63.3	65.6
General Administration					
Administrators	4.7	4.1	5.5	6.5	6.7
Administrative Support	14.2	14.2	13.5	13.5	12.5
Certified Staff	-	-	-	1.0	1.0
Classified Employees	21.1	23.2	23.3	23.1	25.8
Building Administration					
Administrators	52.0	49.5	49.0	42.5	48.0
Administrative Support	1.5	1.6	1.3	1.0	1.0
Certified Staff	7.4	15.8	15.8	1.0	1.0
Classified Employees	83.5	83.3	83.0	81.8	82.4
Operations and Maintenance					
Administrators	1.0	1.0	1.0	2.0	2.0
Classified Employees	124.6	125.4	123.7	123.7	142.9
Student Transportation					
Administrators	1.3	1.3	1.0	1.0	2.0
Administrative Support	1.0	1.0	1.0	1.0	1.0
Classified Employees	31.3	32.8	33.2	32.5	34.2
Extracurricular Activities					
Administrators	1.0	1.0	1.0	1.0	1.0
Classified Employees	6.6	5.5	4.0	3.5	2.6
<b>Total</b>	<b>1,754.1</b>	<b>1,743.9</b>	<b>1,750.6</b>	<b>1,720.8</b>	<b>1,826.7</b>
<b>Fiscal 2008 Summary</b>	<b>Admin.</b>	<b>Admin Support</b>	<b>Certified Staff</b>	<b>Classified Employees</b>	<b>Total FTE</b>
Instruction	-	-	1,067.9	191.2	1,259.1
Support Services	5.0	1.0	131.9	65.6	203.5
General Administration	6.7	12.5	1.0	25.8	46.0
Building Administration	48.0	1.0	1.0	82.4	132.4
Operations and Maintenance	2.0	-	-	142.9	144.9
Student Transportation	2.0	1.0	-	34.2	37.2
Extracurricular Activities	1.0	-	-	2.6	3.6
<b>Total</b>	<b>64.7</b>	<b>15.5</b>	<b>1,201.8</b>	<b>544.7</b>	<b>1,826.7</b>

Source: District Records

**BILLINGS PUBLIC SCHOOLS**  
**CERTIFIED STAFF EDUCATION AND EXPERIENCE**  
November 1, 2007

Table 22

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	168.0	14%
Bachelor's Degree + 15 Credits	76.5	6%
Bachelor's Degree + 30 Credits	70.3	6%
Bachelor's Degree + 45 Credits	83.1	7%
Bachelor's Degree + 60 Credits	62.8	5%
Bachelor's Degree + 75 Credits	55.0	5%
Bachelor's Degree + 90 Credits	35.0	3%
Bachelor's Degree + 105 Credits	134.6	11%
Master's Degree	110.2	9%
Master's Degree + 15 Credits	46.5	4%
Master's Degree + 30 Credits	50.9	4%
Master's Degree + 45 Credits	303.1	25%
Doctorate's Degree	5.8	0%
Total	<u>1,201.8</u>	<u>100%</u>

<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	337.4	28%
6-10	252.9	21%
11-15	190.5	16%
16 and Over	421.0	35%
Total	<u>1,201.8</u>	<u>100%</u>

Source: District Records

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

Table 23

	<u>Year Built</u>	<u>Square Footage</u>	<u>Functional Capacity</u>	<u>Enrollment</u>	<u>Percentage of Capacity Used</u>
<u>Elementary Schools:</u>					
<u>K-6 Schools</u>					
Alkali Creek	1979	43,591	391	367	93.86%
Arrowhead	1978	41,714	437	427	97.71%
Beartooth	1974	40,330	370	351	94.86%
Bench	1955	39,817	368	330	89.67%
Big Sky	1986	45,000	391	413	105.63%
Bitterroot	1964	31,690	322	315	97.83%
Boulder	1962	36,917	414	391	94.44%
Broadwater	1910	34,429	322	321	99.69%
Burlington	1956	32,868	322	302	93.79%
Central Heights	1962	38,785	322	292	90.68%
Eagle Cliffs	1986	46,600	437	401	91.76%
Highland	1947	30,994	253	289	114.23%
McKinley	1906	30,072	322	291	90.37%
Meadowlark	1964	33,808	414	482	116.43%
Miles	1955	32,072	322	325	100.93%
Newman	1953	29,808	276	267	96.74%
Orchard	1918	57,933	414	352	85.02%
Poly	1952	35,209	299	300	100.33%
Ponderosa	1965	32,000	437	376	86.04%
Rimrock	1952	31,086	250	179	71.60%
Rose Park	1958	30,276	299	264	88.29%
Sandstone	1978	41,714	437	452	103.43%
Washington	1948	36,064	276	269	97.46%
<u>7-8 Schools</u>					
Castle Rock	1979	107,500	820	695	84.76%
Lewis & Clark	1956	156,712	900	540	60.00%
Riverside	1963	87,844	640	404	63.13%
Will James	1967	94,120	690	541	78.41%
<u>High Schools:</u>					
Career Center	1975	135,200	650	N/A	N/A
Senior	1940	232,789	1,600	1,932	120.75%
Skyview	1987	239,000	1,575	1,518	96.38%
West	1959	219,662	1,690	2,016	119.29%

Source: District Records

# BILLINGS PUBLIC SCHOOLS

Table 24

## PERCENTAGE OF STUDENTS WHO QUALIFIED FOR FREE AND REDUCED LUNCH

Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Elementary Schools:</b>										
<u><b>K-6 Schools</b></u>										
Alkali Creek	13.4%	9.5%	12.9%	9.2%	17.4%	19.0%	15.9%	22.2%	24.4%	20.1%
Arrowhead	1.6%	2.8%	1.2%	2.6%	2.3%	1.6%	1.9%	3.4%	4.2%	4.9%
Beartooth (1) (2)	23.7%	22.5%	27.0%	N/A	N/A	N/A	N/A	N/A	N/A	35.9%
Bench	48.1%	45.4%	48.2%	51.7%	52.2%	49.9%	40.9%	40.0%	49.2%	55.2%
Big Sky	19.0%	16.7%	17.5%	20.5%	20.7%	18.8%	17.3%	18.0%	18.5%	22.1%
Bitterroot	38.5%	39.4%	41.3%	34.9%	34.8%	38.6%	31.8%	37.8%	37.2%	35.1%
Boulder	22.5%	18.8%	16.0%	13.3%	20.1%	17.2%	11.2%	17.7%	19.2%	22.3%
Broadwater	57.1%	58.6%	56.3%	46.7%	45.1%	55.2%	41.5%	55.0%	45.5%	51.4%
Burlington	36.3%	34.7%	31.6%	27.8%	34.2%	38.9%	37.2%	38.8%	31.5%	35.8%
Central Heights	24.3%	25.5%	20.0%	28.2%	24.3%	36.4%	26.4%	33.0%	34.4%	32.8%
Eagle Cliffs	11.9%	13.1%	15.2%	13.2%	18.0%	14.9%	14.7%	18.5%	23.8%	21.5%
Garfield (1)	96.4%	80.3%	101.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highland	40.9%	44.9%	42.9%	38.9%	22.3%	26.2%	24.4%	25.7%	27.0%	31.0%
McKinley	60.9%	53.0%	62.8%	42.3%	69.3%	55.1%	49.8%	56.0%	60.1%	66.3%
Meadowlark	17.9%	21.2%	22.4%	20.8%	16.3%	20.0%	21.1%	20.6%	19.0%	28.8%
Miles	35.4%	38.7%	43.7%	35.7%	40.4%	38.7%	43.7%	44.5%	50.0%	46.3%
Newman	64.9%	61.7%	68.8%	66.2%	67.7%	77.3%	67.7%	62.6%	67.9%	75.0%
Orchard	82.4%	78.8%	93.2%	71.3%	88.3%	78.3%	78.0%	79.0%	78.7%	84.8%
Poly	11.4%	10.4%	10.0%	12.8%	14.0%	11.4%	14.2%	16.6%	14.5%	17.2%
Ponderosa	50.6%	41.9%	54.0%	30.4%	70.5%	63.6%	65.3%	68.0%	71.8%	74.3%
Rimrock (1) (2)	15.1%	11.2%	11.4%	N/A	N/A	N/A	N/A	N/A	N/A	36.8%
Rose Park	25.3%	27.8%	29.3%	23.5%	31.3%	26.9%	27.4%	35.2%	27.7%	29.1%
Sandstone	24.1%	28.0%	28.2%	27.6%	27.8%	30.5%	32.3%	35.8%	34.5%	35.0%
Washington	69.0%	69.6%	63.4%	66.1%	59.7%	56.8%	58.9%	64.9%	72.7%	66.5%
<u><b>7-8 Schools</b></u>										
Castle Rock	19.2%	24.6%	23.4%	22.0%	22.4%	27.9%	23.8%	25.9%	28.3%	28.5%
Lewis & Clark	32.5%	30.3%	31.7%	32.9%	34.5%	31.7%	29.8%	35.1%	37.0%	32.9%
Riverside	54.0%	50.9%	50.9%	51.3%	52.2%	49.5%	45.0%	58.0%	54.0%	51.8%
Will James	12.7%	13.1%	11.6%	12.3%	13.2%	15.0%	11.8%	16.9%	17.1%	11.2%
<u><b>High Schools</b></u>										
Senior	15.7%	17.4%	17.7%	16.9%	18.3%	21.7%	16.3%	25.6%	22.6%	23.1%
Skyview	12.2%	12.8%	12.6%	12.9%	14.3%	16.8%	14.5%	16.7%	17.6%	17.5%
West	12.2%	11.1%	10.7%	9.6%	10.3%	13.0%	11.0%	12.4%	16.0%	12.5%

(1) School closed

(2) School reopened

Source: District Records

**BILLINGS PUBLIC SCHOOLS**  
**ATTENDENCE 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
1999	15,910	(0.34)	15,936	(0.34)	99.66
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

Source: District Records

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

Table 26

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-07
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/07-7/1/08
D. Coverages:	Buildings/Contents Incl Daylis Turf
E. Limits:	\$301,031,400 or 120% of individual stated value for such property
II. Commercial General Liability	
A. Policy #:	CPO 3993872-01
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/07-7/1/08
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 3993872-01
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/07-7/1/08
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:	7/1/07-7/1/08
D. Limits:	Based on property values
V. Storage Tank System 3rd Party Liability & Corrective Action	
A. Policy #:	USC3834053-05
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/07-7/1/08
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:	7/1/07-7/1/08
D. Limits:	\$9,000,000
VII. Crime	
A. Policy #:	104123769
B. Carrier:	St. Paul Travelers
C. Policy Period:	7/1/07-7/1/08
D. Limits:	\$100,000 and \$300,000
VIII. Educators Legal Liability	
A. Policy #:	659-63-82
B. Carrier:	National Union Fire Insurance Company of Pittsburgh, PA.
C. Policy Period:	7/1/07-7/1/08
D. Limits:	\$5,000,000 aggregate
IX. Worker' Compensation	
A. Policy #:	31147
B. Carrier:	Workers' Compensation Risk Retention Program
C. Policy Period:	7/1/07-7/1/08



## **SINGLE AUDIT SECTION**



CPAs & BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S 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, 2008, which collectively comprise the Schools' basic financial statements and have issued our report thereon dated December 11, , 2008. 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 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.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency, Finding 08-1, described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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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.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not consider the significant deficiency described in the schedule of findings and questioned costs (Finding #08-1) to be a material weaknesses.

#### *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 material noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Billings Public Schools'** response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit this response and, accordingly, we express no opinion on it.

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.

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

Billings, Montana  
December 11, 2008



CPAs & BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S 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, 2008. **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, 2008.

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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 and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

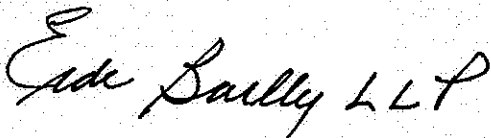
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the School's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items #08-2 and #08-3 to be significant deficiencies.

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 any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

**Billings Public Schools'** responses to the findings 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 black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Billings, Montana  
December 11, 2008

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008

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, 2007	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2008
<b>U.S. Department of Education:</b>								
<b>Direct programs:</b>								
Indian Education-Grants to LEA's	84.060	S060A062167	\$ 221,440	\$ (46,255)	\$ 46,255	\$ -	\$ -	\$ -
Indian Education-Grants to LEA's	84.060	S060A072167	170,495	-	161,909	(170,495)	-	(8,586)
Fund for the Improvement of Education	84.215	V215L042142	1,250,000	(39,494)	119,184	(111,106)	-	(31,416)
Total Direct Programs				(85,749)	327,348	(281,601)	-	(40,002)
<b>Passed Through State Office of Public Instruction:</b>								
Adult Education-State Grant Program	84.002	5609655607BG	151,500	-	151,500	(151,500)	-	-
CFDA subtotal				-	151,500	(151,500)	-	-
Title I Grants to LEA's	84.010	5609653107	3,056,883	(213,236)	426,706	(213,470)	-	-
Title I Grants to LEA's	84.010	5609653107	510,416	(51,209)	55,988	(4,779)	-	-
Title I Grants to LEA's	84.010	5609653108	2,862,741	-	2,459,291	(2,554,789)	-	(95,498)
Title I Grants to LEA's	84.010	5609653108	432,822	-	357,000	(391,092)	-	(34,092)
Title I Grants to LEA's	84.010	5609653707	20,000	(5,464)	20,000	(14,536)	-	-
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	3,837	-	(3,792)	-	45
CFDA subtotal				(266,072)	3,318,985	(3,217,449)	-	(164,536)
Vo Ed-Basic Grants to States	84.048	5609668107BG	320,654	-	320,654	(320,654)	-	-
CFDA subtotal				-	320,654	(320,654)	-	-
Special Education-Grants to States	84.027	5609657707ALLO	3,607,796	(101,444)	101,444	-	-	-
Special Education-Grants to States	84.027	5609657708ALLO	3,783,011	-	3,609,754	(3,584,285)	-	25,469
Special Education-Preschool Grants	84.173	5609657907ALLO	130,487	26,073	-	-	(26,073)	-
Special Education-Preschool Grants	84.173	5609657908ALLO	164,832	-	164,832	(164,832)	-	-
CFDA subtotal				(75,371)	3,876,030	(3,749,117)	(26,073)	25,469
Safe and Drug Free Schools and Communities-State Grants	84.186	5609651607	187,517	(7,377)	13,342	(5,965)	-	-
Safe and Drug Free Schools and Communities-State Grants	84.186	5609651608	188,300	-	104,645	(127,654)	-	(23,009)
CFDA subtotal				(7,377)	117,987	(133,619)	-	(23,009)
Education for Homeless Children and Youth	84.196	5609655707	62,458	(9,990)	11,058	(1,068)	-	-
Education for Homeless Children and Youth	84.196	5609655708	58,791	-	54,000	(56,059)	-	(2,059)
CFDA subtotal				(9,990)	65,058	(57,127)	-	(2,059)
State Grants for Innovative Programs	84.298	5609653907	51,330	2,108	3,577	(5,685)	-	-
State Grants for Innovative Programs	84.298	5609653908	59,053	-	36,487	(35,404)	-	1,083
CFDA subtotal				2,108	40,064	(41,089)	-	1,083
Educational Technology State Grants	84.318	5609656007	80,311	(10,224)	11,200	(976)	-	-
Educational Technology State Grants	84.318	5609656008	70,127	-	70,127	(70,127)	-	-
CFDA subtotal				(10,224)	81,327	(71,103)	-	-
Advanced Placement Program	84.330	5609664007	17,249	(1,307)	17,249	(15,942)	-	-
CFDA subtotal				(1,307)	17,249	(15,942)	-	-
Reading First State Grants	84.357	5609653507	206,336	(1,785)	4,740	(2,955)	-	-
Reading First State Grants	84.357	5609653508	150,000	-	116,000	(135,788)	-	(19,788)
CFDA subtotal				(1,785)	120,740	(138,743)	-	(19,788)
English Language Acquisition Grants	84.365	5609654107	19,334	(10,334)	10,334	-	-	-
English Language Acquisition Grants	84.365	5609654108	24,652	-	24,652	(21,288)	-	3,364
English Language Acquisition Grants	84.365	5609654107	1,767	-	1,767	(1,767)	-	-
CFDA subtotal				(10,334)	36,753	(23,055)	-	3,364
Mathematics and Science Partnerships	84.366	5609651507	75,000	15,568	10,000	(25,568)	-	-
Mathematics and Science Partnerships	84.366	5609651507	151,175	(4,205)	26,354	(22,149)	-	-
Mathematics and Science Partnerships	84.366	5609651508	53,990	-	47,990	(32,537)	-	15,453
Mathematics and Science Partnerships	84.366	5609651508	153,444	-	105,000	(134,481)	-	(29,481)
CFDA subtotal				11,363	189,344	(214,735)	-	(14,028)
Improving Teacher Quality State Grants	84.367	5609651407	1,256,693	(29)	56,510	(56,481)	-	-
Improving Teacher Quality State Grants	84.367	5609651408	1,285,255	-	1,148,585	(1,193,377)	-	(44,792)
CFDA subtotal				(29)	1,205,095	(1,249,858)	-	(44,792)

**BILLINGS PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2008

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, 2007	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2008
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families with Disabilities	84.181	140400018	238,824	-	238,824	(238,824)	-	-
CFDA subtotal				-	238,824	(238,824)	-	-
Total Pass Through Programs				(369,018)	9,779,610	(9,622,815)	(26,073)	(238,296)
Total U.S. Department of Education				\$ (454,767)	\$ 10,106,958	\$ (9,904,416)	\$ (26,073)	\$ (278,298)
<u>U.S. Department of Agriculture:</u>								
Passed Through State Office of Public Instruction:								
School Breakfast Program	10.553	N/A	345,865	\$ -	\$ 345,865	\$ (345,865)	\$ -	\$ -
National School Lunch Program	10.555	N/A	1,625,178	-	1,625,178	(1,625,178)	-	-
Nutrition Education and Training Program	10.564	5609652507	500	-	500	(500)	-	-
Summer Food Service Program for Children	10.559	N/A	66,799	-	66,799	(66,799)	-	-
CFDA subtotal				-	2,038,342	(2,038,342)	-	-
Food Donation	10.550	N/A	289,582	-	289,582	(289,582)	-	-
CFDA subtotal				-	289,582	(289,582)	-	-
Total U.S. Department of Agriculture				\$ -	\$ 2,327,924	\$ (2,327,924)	\$ -	\$ -
<u>Federal Highway Administration</u>								
Passed Through Montana Department of Transportation:								
Community Transportation Enhancement Program	20.205	SRTS 1099(58)	49,495	\$ -	\$ -	\$ (5,087)	\$ -	\$ (5,087)
<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	140400018	24,944	\$ -	\$ 24,944	\$ (24,944)	\$ -	\$ -
Total Federal Awards				\$ (454,767)	\$ 12,459,826	\$ (12,387,987)	\$ (26,073)	\$ (409,001)

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SCHOOLWIDE TITLE I PROGRAM**

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

**NOTE C - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and disbursed. At June 30, 2008, Billings Public Schools had food commodities on hand totaling \$110,777.

**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	\$ 12,459,826
Returned to grantor	(26,073)
Revenue accrual adjustments	(45,766)
Federal sources	<u>\$ 12,387,987</u>

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditors report expresses an unqualified opinion of the basic financial statements of **Billings Public Schools**.
2. One control deficiency considered to be a significant deficiency was disclosed during the audit of the financial statements is 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*. We do not consider this significant deficiency to be a material weakness.
3. No instances of noncompliance material to the financial statements of **Billings Public Schools** were disclosed during the audit.
4. Two control deficiencies considered to be significant deficiencies were disclosed during the audit of internal control over major federal award programs are reported in the Schedule of Findings and Questioned Costs.
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 Title II, CFDA #84.367.
8. The threshold for distinguishing a Type A program was \$371,640 (3% of total Federal Expenditures).
9. **Billings Public Schools** was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

See Finding #08-1

**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

See Findings #08-2 and #08-3



BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

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Finding #08-1                      Financial Statement Audit  
Internal Control over Significant Accounts  
Fiscal Year Ending June 30, 2008

**Condition**

During the performance of our audit procedures, several audit adjustments were identified and not recorded by the District's internal control. These audit adjustments were significant, either individually or in the aggregate, to the District's financial statements.

**Criteria**

The Internal Controls of the District did not detect all adjustments necessary to properly record all year-end balances.

**Effect**

As a result the following adjustments were identified during our audit.

Increase in claims expense and increase in estimate of claims incurred by not reported	\$100,000
Increase in prior year equity and decrease in tax revenues	\$527,948
Net increase in capital assets and decrease in operating expense	\$211,000

**Cause**

The claims incurred but not reported balance was estimated by reviewing actual claims paid subsequent to year-end. It was estimated that an additional \$100,000 liability would provide a reasonable estimate. It was noted during the audit that the District was not following their approved revenue recognition policy, which states that that revenues are recognized if they are collected within 60 days of the end of the current fiscal period. It was also noted that the District was not following their approved capitalization policy, which states that capital expenditures over \$5,000 should be capitalized and depreciated over the estimated useful life of the asset.

**Recommendation**

We recommend that the District take steps to insure that all year-end adjustments are identified and properly made for financial reporting purposes. We also recommend the School District take steps to ensure that the Districts' board approved policies are being followed, particularly with respect to revenue recognition and capitalization of fixed assets.

**Response**

The Department of Revenue sent the personal property tax information to the counties too late to get the tax statements mailed on time. As a result, tax revenues were understated this year. We made the appropriate adjustment to our financial statements and will continue to follow the policy in the future. We agree with Finding #08-1 with the following exceptions: 1) the claims incurred liability was adjusted using information we had available at the time we issued the draft financial statements. In the future, if necessary, we will reserve the right to adjust the claims incurred liability as better information becomes available; and, 2) we were aware that our revenue recognition policy had not been followed in the past with respect to deferred tax revenues. In previous years the adjustment was not significant.

In September 2003, we changed the way we recorded capital improvements to reflect the higher costs of repairs and maintenance. Carpeting was only recorded as a capital improvement if it was part of a major project. All of our financial policies and procedures are being reviewed and updated. We expect this process to be completed by June 30, 2009.

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

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Finding #08-2

Title I  
CFDA #84.010  
Grant Years Ending 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 District implement proper oversight and training to all individuals involved with federal grant expenditures as to what is allowable under the Title I Grant.

**Response**

The \$138 of questioned costs were for sand bags for soccer goals, winter boots and snow pants and a food gift card for a needy family. The soccer goals were donated, but needed the sand bags to hold them in place. This is to be used for K-6 recess and PE classes. The winter clothes and boots were bought so the children would come to school. The food gift card was for a family that wouldn't send their kids to school unless they had some food. OPI (Office of Public Instruction) approved these expenditures. The District will conduct additional training for staff in regards to legitimate expenditures paid out of grants. On questionable issues, we will check with both OPI (Office of Public Instruction) and the non-federal audit team office of the Inspector General (U.S. Department of Education)

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

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Finding #08-3

Title I  
CFDA #84.010  
Grant Years Ending 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.

**Response**

The request for carpeting started with an email to Facility Services from the principal of a school-wide Title I school on May 29, 2008. The rooms to be carpeted were the Parent Resource Coordinator's room, a K-2 classroom for students with significant disabilities, principal & secretary's office, and a third grade classroom. Facility Services called the principal and he told them he'd probably have \$5,000 left in his Title I budget to pay for part of the carpet project. The total carpet replacement cost \$7,839 which was coded to One Time Only Deferred Maintenance. On June 6, 2008, journal #508456 was posted reclassifying \$5,000 from OTO Deferred Maintenance to the Title I grant (the email requesting the reclassification was copied to the principal). On June 25, 2008, journal #508529 was posted reclassifying \$619 from Title I to another source of funds at that school. The net amount charged to Title I for the carpeting was \$4,381. The District will conduct additional training for staff in regards to requirements for documentation.



CPAs & BUSINESS ADVISORS

Board of Trustees  
**Billings Public Schools**  
Billings, Montana

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We have audited the basic financial statements of the **Billings Public Schools (the District), Billings, Montana** for the year ended June 30, 2008, and have issued our report thereon dated December 11, 2008. 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, 2008, 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, 2008.

**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, 2008. 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, compensated absences liability 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). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the District, either individually or in the aggregate, indicate matters that could have a significant effect on the District's financial reporting process.

During our audit we identified the following misstatements which were not corrected by management:

Increase in claims expense and increase in estimate of claims incurred by not reported	\$100,000
Increase in prior year equity and decrease in tax revenues	\$527,948
Net increase in capital assets and decrease in operating expense	\$211,000

There were no corrected financial statement misstatements identified 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.



Billings, Montana  
December 11, 2008