



# 2019

July 1, 2018 through June 30, 2019



# Comprehensive Annual Financial Report

415 North 30<sup>th</sup> Street Billings, Montana 59101

[BillingsSchools.org](http://BillingsSchools.org)



BILLINGS SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

Prepared by the Business Services Department  
Craig Van Nice, Chief Financial Officer

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

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## **SECTION I – INTRODUCTORY**

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BILLINGS  
PUBLIC SCHOOLS

ORGANIZATION

BOARD OF TRUSTEES  
For Fiscal Year 2018-2019

Elementary and High School  
Single Member District

1	Tanya Ludwig	Trustee
2	Janna Hafer	Trustee
3	Dr. Greta Besch Moen	Trustee, Chair
4	Joseph Raffiani	Trustee, Vice Chair
5	Bruce MacIntyre Scott McCulloch	Trustee (May 2017 – October 2018)
6	Mike Leo	Trustee
7	Brian Yates	Trustee

High School  
Nominating District

A	Vacant	Trustee
B	Russell Hall	Trustee

OFFICIALS

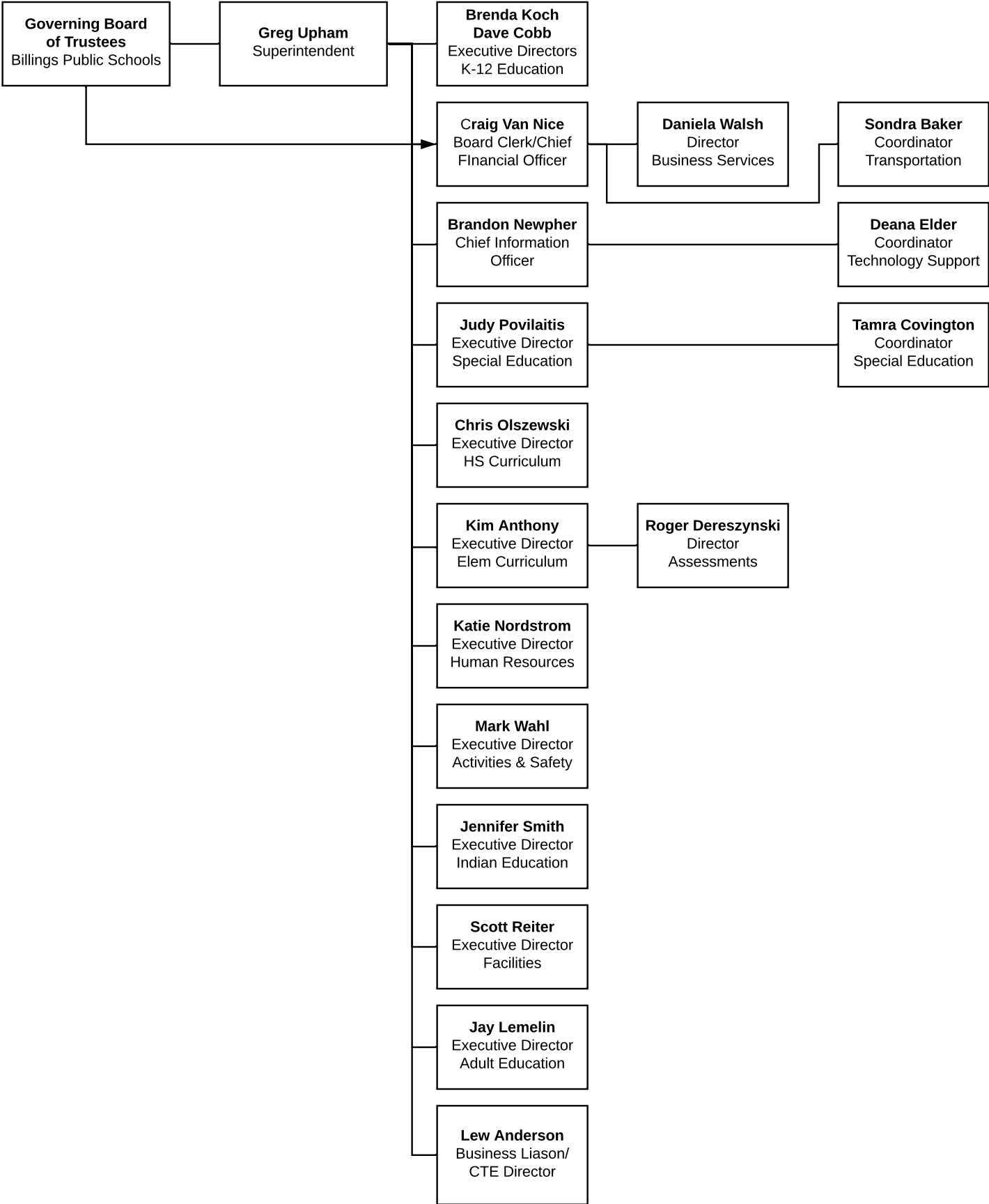
Greg Upham	Superintendent
Michael Arnold Craig VanNice	District Clerk (until August 2018)

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:

Encompasses elementary single district areas 1-7 and outlying Elementary Districts of Elder Grove, Elysian, Canyon Creek, Morin, Yellowstone Academy, Independent, and Blue Creek





December 16, 2019

Greta Besch Moen, Ph.D, Chair  
Members of the Board of Trustees and Billings Community  
Billings Public Schools  
415 North 30<sup>th</sup> Street  
Billings, Montana 59101

Dear Board Members and Billings Community:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for Billings Public Schools for the fiscal year ended June 30, 2019. 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 2019.

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

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

Billings Public Schools engaged Eide Bailly LLP, an independent auditor, to conduct the district's audit for the fiscal year ended June 30, 2019. The auditor's report is presented as the first component of the financial section of this report.

## **PROFILE OF THE DISTRICT**

Geographically, Billings Public Schools covers an area greater than the city of Billings. The school system includes two legally separate districts, Elementary District No. 2 and High School District No. 2. The Elementary District covers approximately 33 square miles and has an estimated population of 111,902. The High School District covers approximately 703 square miles, and encompasses eight elementary districts including; Billings, Elder Grove, Elysian, Canyon Creek, Morin, Yellowstone Academy, Independent, and Blue Creek. The estimated population of the High School District is 126,154. In May 2018, voters from Lockwood passed a bond to build a new high school and separate from the Billings School District. The establishment of Lockwood as a K-12 district was effective immediately. The new school is expected to be completed prior to the 2021 school year, initially enrolling only freshman students to avoid pulling older students out of schools they already attend in Billings. The staggered enrollment approach means approximately 400 Lockwood students will vacate Billings schools by FY24. Demographic studies show the student population elsewhere in the district will increase enough to offset the Lockwood impact. The FY18 student population totaled 16,658 while projections for FY20 total 16,934. Projections for FY24, when Lockwood students will have fully vacated the district, total 16,744.

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. The leadership at the board level remained the same with the annual reorganization meeting in May.

All funds of the district are included in this report. The district serves nearly 17,000 students and provides a full range of educational services appropriate to grade levels from pre-kindergarten through 12<sup>th</sup> grade, as well as adult education.

These include regular and enriched academic education, special education, and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts, athletics, and other specific student-based clubs.

The district has aging buildings with the oldest building constructed in 1910 and most recent built in 2017. There have been additions made to the buildings over the years and bond proceeds are being used currently to update various facilities. The Board of Trustees conducted a successful bond levy election in November of 2013 in the amount of \$122.3 million with a voter approval rate of 54%. In January 2014, the District sold the first installment of the \$122.3 million bond issuance. The \$80.9 million sold in January has been used to fund deferred maintenance, Broadwater and McKinley renovations, technology infrastructure and a new middle school in the heights (Medicine Crow Middle School). The second installation of the 2013 bonds were sold in September 2015 to finish the deferred maintenance projects and complete the second new middle school on the west end (Ben Steele Middle School). The district is on the final stretch of utilizing a \$122 million bond project. The final piece was completed in July 2017 with the opening of our second new middle school. With that opening, the district was able to complete the transition to a grade 6-8 model. By moving 6<sup>th</sup> graders to the middle school, it has given the district additional capacity in the elementary buildings to alleviate over-crowding issues. A 2<sup>nd</sup> Facility Master Plan was completed in April 2018 and identifies planning goals to prioritize future facility improvements. With many of the previous elementary school issues having been addressed in recent years, the focus now shifts to deferred maintenance and addressing educational adequacy in the high schools. A student population bubble on target to graduate in 2021 and 2022 has passed through the elementary schools and has now entered the high schools, causing over-crowding issues. The Career Center, which serves in preparing students for career ready jobs out of high school, is also in need of substantial renovations and new construction.

The Billings Education Foundation and the various parent organizations are separate legal entities. The impacts of these individual entities are considered immaterial to the overall financial status of the district and, as such, are not included in these financial statements. The State of Montana does not provide for Public Charter schools as of yet, but we do have private schools. It is the goal of the school district to work with all schools in the area to be sure that all student's academic achievements are at the fore front of all goals and objectives.

## **ECONOMIC CONDITION AND OUTLOOK**

### Local Economy

The Billings School District is located in south-central Montana within Yellowstone County. Billings is the largest city in Montana and serves as the county seat.

Billings benefits from a diverse economy as a regional center for agriculture, retail, medical services, transportation, education, law, and government services. The Billings area is a regional center for the energy industry with three major oil refineries located within the county. Billings has seen significant growth in industries that serve rural areas including professional and technical services, wholesale trade, finance and insurance. Yellowstone County's economy continues to grow fueled by rising consumer demand and retail trade. Despite a collapse in oil prices because of oversupply, production remained relatively steady through the last few years, and Yellowstone County's economy preserved through brisk construction and other healthy sectors. The state is near full employment and seeing wage growth in the retail sector. Montana's tourism business continues to provide opportunities to Billings, which has adopted the nickname, "Montana's trailhead." Billings serves as a major starting point for visitors to Yellowstone and Grand Teton national parks. Healthcare remains a bright spot in the Billings economy. In the next decade, hospitals, clinics and other facilities will add 16,000 jobs in Yellowstone County just to meet needs of an aging Baby Boomer population and other growth. Growth in the sector slowed over the last five years but is expected to return to previous levels. Higher education opportunities continue to grow at MSU-Billings, City College and Rocky Mountain College as evidenced by steady enrollment at all three institutions. The city is a major trade center for eastern Montana and northern Wyoming. The absence of a sales tax attracts customers from northern Wyoming.

### Major Initiatives

Our continual long-range strategic planning initiative has helped to identify major areas in need of enhancement within our district and the Billings community. We recognize that when we all work together to implement the elements of our strategic plan the results will be closing the achievement gap between students, increasing graduations rates and preparing our students for career, college and life in an ever-changing world. In May 2019, the Billings community approved a high school general fund levy designated to update curriculum materials and prioritize Career and Technical Education. The district's focus is to introduce career awareness and exploration beginning in middle school and supporting those career interest areas in high school through course preparation and work-based learning placements. As a result of the passing of the levy, we will be placing Career Counselors in each of our high schools and the Career Center. The objective of the Career Counselor will be to connect students to real life careers by developing relationships with parents, business owners, industry representatives and post-secondary learning institutions. Another major initiative for the district is mitigating an unbalanced elementary general fund which has been in a deficit since the end of the FY18 school year. The district is using one-time money previously set-aside in the multi-district fund to supplement the budget, but revenue growth and cost savings actions are needed to fully alleviate the imbalance. District leadership is in the early stages of implementing a 3-year strategic plan to erase the deficit and bring spending back in line with revenues. The strategic plan for the Business Office continues to include a commitment to transparency with our stakeholders, collaboration in assessing curriculum programs, student achievement to produce an academic return on investment, and establishing accurate 5-year outward projections for the district.

### Financial Information

The district is required by state law to annually adopt budgets for certain funds, generally those supported by property taxes. The elementary and high school board of trustees must meet to legally adopt final budgets on or before August 25<sup>th</sup> immediately preceding the school year. The Board of Trustees has the legal authority to establish budgets for the districts within the parameters established by the State of Montana. The primary building blocks of the district's overall financial planning include appropriated governmental funds for: General, Transportation, Tuition, Retirement, Adult Education, Technology Acquisition, Flexibility, Debt Service, and Building Reserve. The budgetary control is at the fund level as required by Montana Law.

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

As a recipient of federal and state financial assistance, the district is also required to undergo an audit in conformity with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

The district is in compliance with the above requirements, and the auditor's opinion has been included in this report.

### Certificates of Excellence


This report has been prepared following guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and the Association of School Business Officials (ASBO). The district has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA and the Certificate of Excellence by ASBO for fiscal years 2007 - 2018. The awards are valid for a period of one year only. We believe our current report continues to conform to the GFOA and ASBO requirements, and we will submit it for determination of its eligibility for a renewed award.

### Acknowledgements

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

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

Respectfully Submitted,

  
Greg Upham  
Superintendent

  
Craig Van Nice  
Chief Financial Officer

  
Daniela Walsh  
Dir. of Business Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Billings Public Schools  
Montana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The 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, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE  
Chief Operating Officer

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## **SECTION II – FINANCIAL SECTION**

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## Independent Auditor's Report

To the Board of Trustees of  
Billings Public Schools  
Billings, Montana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Billings Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Billings Public Schools' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Billings Public Schools, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedules of changes in total pension liability and total pension liability, schedule of proportionate share of the net pension liability teachers and public employees retirement system of Montana, and schedule of contributions teachers and public employees retirement systems of Montana on pages 11 through 17 and 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Billings Public Schools' financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, State of Montana mandated schedule of changes in fiduciary net position (extracurricular) and enrollment schedule and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the financial statements.

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The combining and individual nonmajor fund financial statements, budgetary schedules, State of Montana mandated schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, State of Montana mandated schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2019, our consideration of Billings Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of Billings Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Billings Public Schools' internal control over financial reporting and compliance.

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

Billings, Montana  
December 12, 2019

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# BILLINGS PUBLIC SCHOOLS

## MANAGEMENT DISCUSSION & ANALYSIS

The following discussion and analysis of Billings Public School's (referred to as the "the district" or the "government") financial performance provides an overview of the district's financial activities for the year ended June 30, 2019. We encourage the readers to consider the information presented here in conjunction with additional information presented in the financial statements and footnotes.

### FINANCIAL HIGHLIGHTS

- Revenues from government wide activities increased \$11.82 million (from 2018 to 2019) to \$198.1 million. This represents a 6.35% increase over the prior year.
- Governmental activity expenses increased \$9.07 million over 2018 to \$199.1 million. This represents a 4.8% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$55.9 million, a decrease of \$1 million over the prior year, mainly due to the construction projects.
- General fund reserves decreased \$2.5 million.
- The 2019 general fund expenditure budget was \$121.5 million, an increase of \$2.5 million or 2.1% 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 *government-wide financial statements* that provide both short-term and long-term information about the district's overall financial status.

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

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

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

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

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

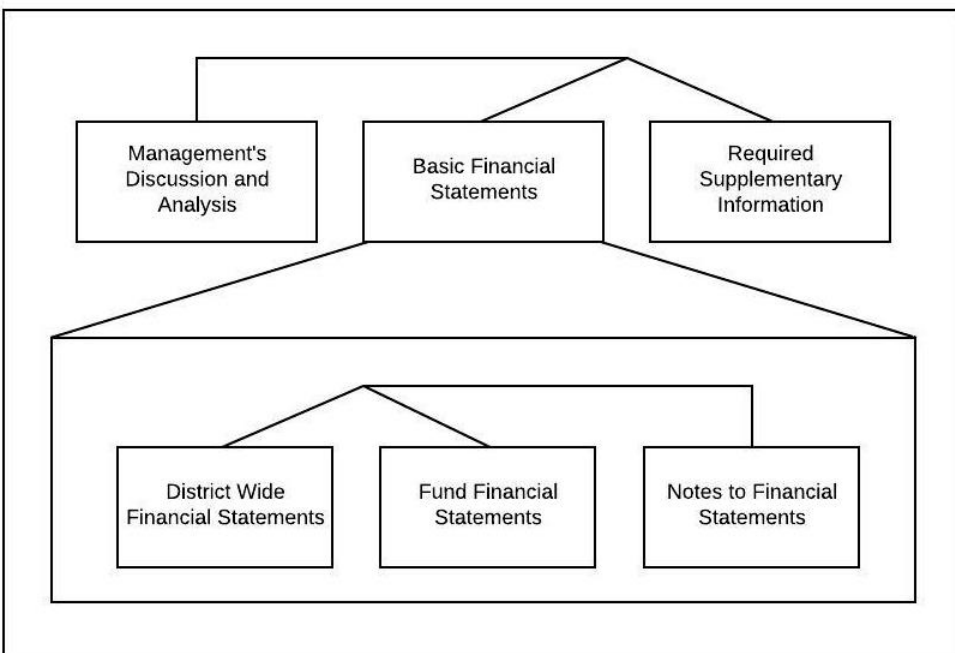


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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

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

Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Government-wide financial statements** One of the most important questions asked about the district's finances is, "Is the government, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities (pages 18 and 19) 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, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report net position and the changes in it. You can think of net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure the district's financial health, or financial position. Over time, increases or decreases in net position is an indicator of whether the district's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the property tax base, economy, enrollment and the State's funding of educational costs to assess the district's overall health.

# BILLINGS PUBLIC SCHOOLS

## MANAGEMENT DISCUSSION & ANALYSIS

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

**Governmental funds**—Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements (pages 20 and 22) provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations (pages 23 and 23, respectively).

**Proprietary funds**—The district maintains one proprietary fund type which contains internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the district's various functions. When the district charges customers for the services it provides, whether to outside customers or to other departments of the district, these services are generally reported in proprietary funds. The district uses three internal service funds (two insurance funds and one purchasing fund) to account for services provided to the other funds of the district. The internal service funds use the same accounting method as the government-wide statements and are included with the governmental activities shown on those statements.

The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 24, 25 and 26 of this report. The district has no material business-type activities.

**Fiduciary funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds use the accrual basis of accounting. The district excludes these activities from the other financial statements because it cannot use these assets to finance its operations. The district is responsible for ensuring that the assets are used for their intended purposes.

### THE DISTRICT AS A WHOLE

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

NET POSITION:	2019	2018
Current and other assets	\$ 71,748,124	\$ 71,036,309
Capital assets	182,773,769	185,206,012
Total assets	254,521,893	256,242,321
Deferred outflows of resources	29,006,174	17,032,292
Other liabilities	5,394,614	5,002,312
Long-term liabilities outstanding	335,004,574	328,011,380
Total Liabilities	340,399,188	333,013,692
Deferred inflows of resources	7,718,521	3,821,009
Net Position:		
Net investment in capital assets	50,535,448	51,101,069
Restricted	22,958,641	18,731,717
Unrestricted	(138,083,731)	(133,392,874)
Total net position	\$ (64,589,642)	\$ (63,560,088)

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

CHANGE IN NET POSITION:	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 3,658,925	\$ 3,053,271
Operating grants and contributions	38,061,642	34,920,643
Capital grants and contributions	164,404	320,499
General revenues:		
Taxes	61,058,675	58,103,653
State sources	73,900,887	69,667,229
County sources	18,525,340	17,735,249
Interest	1,326,947	872,224
Contributions and donations	304,256	528,760
Miscellaneous	1,107,143	1,083,140
Total revenues	<u>198,108,219</u>	<u>186,284,668</u>
Expenses:		
Instruction	118,621,733	111,758,344
Support services:		
Students	15,671,822	14,041,977
Instructional staff	10,225,276	10,138,104
General administration	1,943,138	1,964,370
Administration	12,318,998	11,915,815
Business	2,772,612	2,528,926
Operation and maintenance	15,573,888	15,707,111
Student transportation	6,527,449	6,674,494
Food services	6,798,120	6,728,995
Extracurricular	3,422,143	3,180,993
Interest on long-term debt	5,262,594	5,424,464
Total expenses	<u>199,137,773</u>	<u>190,063,593</u>
Change in net position	(1,029,554)	(3,778,925)
Net position, beginning	<u>(63,560,088)</u>	<u>(59,781,163)</u>
Net position, ending	<u><u>(64,589,642)</u></u>	<u><u>(63,560,088)</u></u>

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the district's net position and changes in net position. The 2019 expenses exceeded revenues by \$1.1 million.

	2019	2018
Revenues	\$ 198,108,219	\$ 186,284,668
Expenses	<u>199,137,773</u>	<u>190,063,593</u>
Change in net position	<u><u>\$ (1,029,554)</u></u>	<u><u>\$ (3,778,925)</u></u>

In 2019, net position (deficit) decreased \$1.1 million.

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

	2019	2018	Change
Net investment in capital assets	\$ 50,535,448	\$ 51,101,069	\$ (565,621)
Restricted	22,958,641	18,731,717	4,226,924
Unrestricted	<u>(138,083,731)</u>	<u>(133,392,874)</u>	<u>(4,690,857)</u>
Total net position (deficit)	<u>\$ (64,589,642)</u>	<u>\$ (63,560,088)</u>	<u>\$ (1,029,554)</u>

The largest portion of the district's net position (\$50.5 million) is capital assets which include investments in land, buildings, equipment, and improvements less any outstanding debt used to acquire the assets. Most of these capital assets do not generate revenue and instead generate future liabilities because of the associated maintenance costs. Under state law the facilities and equipment which are used to provide services to students and the community can only be sold if the asset is declared to be surplus property. Future funding to complete the required maintenance of assets and to retire the remaining debt related to acquisition of these assets must be provided from unreserved amounts from the district's different funding sources. The district issued \$33 million in voter approved bonds in 2016 to build a new middle school and to address a portion of deferred maintenance costs. Due to bond related projects, the district has reduced its estimated deferred maintenance costs to approximately \$70 million.

The 2019 net position restricted for debt service and other purposes totaling \$22.96 million cannot be reallocated to cover other district expenses.

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants, legislative restrictions, or other legal requirements. The current unrestricted balance is a deficit of \$138.1 million.

The district's unfunded liability for the total pension liability-service credit and termination pay benefits plan, compensated absences and other postemployment benefits (OPEB) in 2019 was \$66.5 million. The liability is funded on a pay-as-you-go basis rather than an actuarial basis with the reasonable expectation that projected benefits disbursements will increase substantially. The financial statement amortization of this liability disregards the average number of years before retirement of the district's employees. The district's retirement plans may be unsustainable at current benefit levels. The district will need to address the sustainability of these benefits programs.

#### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the most significant sources of funds. To be reported as a major fund, total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of an individual fund must contribute at least 10 percent of the corresponding total (assets, liabilities, etc.) for all funds. Individual funds are generally allocated or designated for special purposes and in some instances have a mix of restricted, committed, assigned and unassigned fund balances. Total fund balances for 2018 were \$56.9 million, while 2019 totals were \$55.9 million. The major funds were the general, elementary miscellaneous programs, elementary debt service and elementary building funds. The general fund fund balance decreased by \$2.5 million mainly due to a raises and capital projects. The elementary miscellaneous programs fund fund balance increased \$442,273 due to indirect cost, MAC, Medicaid, and ECI revenues exceeding expenditures. The elementary debt service fund fund balance increased \$1.27 million due to levying for QSCB and QZAB sinking fund requirements. The elementary building fund fund balance decreased by \$3.1 million due to bond proceeds being spent on deferred maintenance.

The combined fund balance for all funds decreased by \$1 million in 2019.

A budget must be adopted by the Board of Trustees prior to the expenditure of governmental funds. If budgeted expenditures are not recognized during the fiscal year, authorization for the expenditure of unused funds lapses at the end of the fiscal year. If projected expenditures are insufficient to meet district requirements, the Board can adopt a budget amendment after a public hearing that can be held at any time during the fiscal year. The general funds budget was amended and increased \$800,965 due to increased enrollment. The amendment was funded with additional state aid.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund is always reported as a major fund (See Note 1). This fund reported a total fund balance of \$13.2 million, a decrease of \$2.5 million over the prior year.

The table below summarizes actual general fund revenues and expenditures for 2019 and 2018. Revenue increased by 3.3% due to a combination of enrollment increases and state mandated inflationary increases.

A major portion of the 3.8% increase in expenditures was due to increased employment costs. The district also receives an annual increase in budget authority as per state law, which is used to fund increased employment and instructional expenses.

	2019	2018	Change
Revenues:			
Property taxes	\$ 36,340,558	\$ 39,050,117	\$ (2,709,559)
State aid	73,746,916	69,043,951	4,702,965
State other	15,201,519	13,577,674	1,623,845
Tuition	747,032	336,731	410,301
Interest	194,044	148,107	45,937
Total revenues	<u>\$ 126,230,069</u>	<u>\$ 122,156,580</u>	<u>\$ 4,073,489</u>
Expenditures			
Instruction	\$ 82,836,991	\$ 79,163,807	\$ 3,673,184
Support Services			
Students	8,234,720	7,492,513	742,207
Instructional staff	7,169,843	7,384,705	(214,862)
General administration	1,856,733	1,894,009	(37,276)
School administration	9,630,170	9,289,126	341,044
Business services	1,968,641	1,683,725	284,916
Operation and maintenance	13,419,996	13,200,719	219,277
Student transportation	51,131	118,420	(67,289)
Food services	1,402	1,140	262
Extracurricular	2,839,163	2,633,238	205,925
Capital outlay	724,591	1,068,645	(344,054)
Debt service	-	84,800	(84,800)
Total expenditures	<u>\$ 128,733,381</u>	<u>\$ 124,014,847</u>	<u>\$ 4,718,534</u>

There were no significant budget and actual general fund revenue or expenditure variances in 2019.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets* - The district's 2019 capital project budget was used to complete the projects funded by the general fund and bond funds authorized by the voters. Construction in progress as of June 30, 2019 of \$2.36 million consists primarily of projects funded by bond proceeds.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2019 and 2018. The district had \$182.8 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.

	2019	2018	Change
Land	\$ 4,659,721	\$ 4,659,721	\$ -
Construction in progress	2,356,887	2,580,206	(223,319)
Improvements other than buildings	3,507,509	3,543,613	(36,104)
Buildings and improvements	165,863,394	167,751,138	(1,887,744)
Machinery and equipment	6,386,258	6,671,334	(285,076)
Total	<u>\$ 182,773,769</u>	<u>\$ 185,206,012</u>	<u>\$ (2,432,243)</u>

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

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*Debt Administration* – A summary of the district's outstanding long-term debt for the years ended June 30, 2019 and 2018 is presented below:

	2019	2018	Change
General obligation bonds	\$ 123,374,502	\$ 127,689,502	\$ (4,315,000)
Premium	10,235,438	10,908,041	(672,603)
Total bonds	133,609,940	138,597,543	(4,987,603)
Capital leases	435,195	536,276	(101,081)
Compensated absences	10,683,361	10,504,359	179,002
Pension related debt	171,035,596	160,481,598	10,553,998
Other postemployment benefits	19,240,482	17,891,604	1,348,878
Total	<u>\$ 335,004,574</u>	<u>\$ 328,011,380</u>	<u>\$ 6,993,194</u>

At year-end, the district had \$133.6 million in outstanding bonds. The current portion, which is due within one year, is equal to \$4.5 million. The remainder of the Billings Public School's long-term obligations is comprised of pension related debt and OPEB.

Under current state statutes, a district's general obligation bonded debt issuances are subject to a legal limitation based on taxable value. As of June 30, 2019, the district's total debt outstanding was well below the legal limit of \$879 million. The district has a AA- rating from Standard & Poor's Ratings Services for general obligation debt and a Aa3 from Moody's Investor Service.

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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## **BASIC FINANCIAL STATEMENTS**

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# BILLINGS PUBLIC SCHOOLS

## STATEMENT OF NET POSITION

June 30, 2019

### ASSETS

Cash and cash equivalents	\$ 68,387,194
Receivables:	
Property taxes, net	1,449,915
Governments	1,048,785
Other	621,158
Prepays	241,072
Capital assets not being depreciated-land and construction in progress	7,016,608
Capital assets, net of accumulated depreciation	<u>175,757,161</u>
 Total assets	 <u>254,521,893</u>

### DEFERRED OUTFLOWS OF RESOURCES

Service credit and termination pay benefits pension plan	31,708
Teachers' and public employees' retirement systems pension plans	28,199,335
Other postemployment benefits	<u>775,131</u>
 Total deferred outflows of resources	 <u>29,006,174</u>

### LIABILITIES

Accounts payable and accrued expenses	5,139,103
Accrued interest payable	238,774
Unearned revenue	16,737
Noncurrent liabilities:	
Due within one year:	
Bonds and capital leases	4,609,078
Compensated absences	1,068,336
Due in more than one year:	
Bonds and capital leases	129,436,057
Compensated absences	9,615,025
Total other postemployment benefits liability	19,240,482
Total pension liability-service credit and termination pay benefits payable	36,614,805
Net pension liability-teachers' and public employees' retirement systems	<u>134,420,791</u>
 Total liabilities	 <u>340,399,188</u>

### DEFERRED INFLOWS OF RESOURCES

Service credit and termination pay benefits pension plan	2,750,732
Teachers' and public employees' retirement systems pension plans	4,481,457
Other postemployment benefits	<u>486,332</u>
 Total deferred inflows of resources	 <u>7,718,521</u>

### NET POSITION (DEFICIT)

Net investment in capital assets	50,535,448
Restricted for:	
Instruction	8,464,162
Support services:	
Students	3,087
School administration	133,972
Business services	10,374
Operation and maintenance	1,192,646
Student transportation	627,366
Food services	124,711
Capital projects	825,975
Debt service	11,576,348
Unrestricted	<u>(138,083,731)</u>
 Total net position (deficit)	 <u>\$ (64,589,642)</u>

See notes to basic financial statements.

# BILLINGS PUBLIC SCHOOLS

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 118,621,733	\$ 1,373,797	\$ 23,114,980	\$ -	\$ (94,132,956)
Support services:					
Students	15,671,822	-	5,922,087	-	(9,749,735)
Instructional staff	10,225,276	-	831,245	-	(9,394,031)
General administration	1,943,138	-	15,535	-	(1,927,603)
School administration	12,318,998	-	810,617	-	(11,508,381)
Business services	2,772,612	-	41,108	-	(2,731,504)
Operation and maintenance	15,573,888	78,734	210,685	-	(15,284,469)
Student transportation	6,527,449	70,783	1,440,017	-	(5,016,649)
Food services	6,798,120	2,135,611	4,569,093	-	(93,416)
Extracurricular	3,422,143	-	82,177	164,404	(3,175,562)
Interest	5,262,594	-	1,024,098	-	(4,238,496)
Total	199,137,773	3,658,925	38,061,642	164,404	(157,252,802)
General revenues:					
Property taxes					61,058,675
Intergovernmental:					
State aid					73,746,916
State other					153,971
County					18,525,340
Interest					1,326,947
Contributions and donations not restricted for specific programs					304,256
Miscellaneous					1,092,444
Gain on disposal of capital assets					14,699
Total general revenues					156,223,248
Change in net position					(1,029,554)
Net position (deficit) - beginning					(63,560,088)
Net position (deficit) - ending					\$ (64,589,642)

See notes to basic financial statements.

# BILLINGS PUBLIC SCHOOLS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

June 30, 2019

	General	Elementary Miscellaneous Programs	Elementary Debt Service	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,299,990	\$ 8,582,575	\$ 6,411,774	\$ 5,473,705	\$ 22,355,117	\$ 56,123,161
Receivables:						
Property taxes, net	868,862	-	244,760	-	336,293	1,449,915
Governments	-	713,937	-	-	334,848	1,048,785
Other	318,560	3,167	-	2,612	47,904	372,243
Prepaid items	30,000	70,350	-	-	44,650	145,000
Total assets	<u>\$ 14,517,412</u>	<u>\$ 9,370,029</u>	<u>\$ 6,656,534</u>	<u>\$ 5,476,317</u>	<u>\$ 23,118,812</u>	<u>\$ 59,139,104</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,023,839	\$ 702,798	\$ -	\$ 335,212	\$ 709,434	\$ 2,771,283
Unearned revenue	-	3,486	-	-	10,000	13,486
Total liabilities	<u>1,023,839</u>	<u>706,284</u>	<u>-</u>	<u>335,212</u>	<u>719,434</u>	<u>2,784,769</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	<u>268,999</u>	<u>-</u>	<u>50,579</u>	<u>-</u>	<u>103,925</u>	<u>423,503</u>
<b>FUND BALANCES</b>						
Nonspendable	30,000	70,350	-	-	44,650	145,000
Restricted	-	52,265	6,605,955	1,806,814	16,384,691	24,849,725
Committed	-	-	-	-	5,164,372	5,164,372
Assigned	30,000	8,541,130	-	3,334,291	701,740	12,607,161
Unassigned	<u>13,164,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,164,574</u>
Total fund balances	<u>13,224,574</u>	<u>8,663,745</u>	<u>6,605,955</u>	<u>5,141,105</u>	<u>22,295,453</u>	<u>55,930,832</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,517,412</u>	<u>\$ 9,370,029</u>	<u>\$ 6,656,534</u>	<u>\$ 5,476,317</u>	<u>\$ 23,118,812</u>	<u>\$ 59,139,104</u>

# BILLINGS PUBLIC SCHOOLS

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

June 30, 2019

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

Total fund balances, governmental funds	\$ 55,930,832
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	182,773,769
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	423,503
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	28,231,043
Deferred inflows of resources related to pensions	(7,232,189)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(8,765,511)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of these balances follows:	
General obligation bonds	(123,374,502)
Capital leases	(435,195)
Issuance premium (to be amortized over life of debt)	(10,235,438)
Compensated absences	(10,631,584)
Accrued interest payable	(238,774)
Total pension liability - service credit and termination pay benefits	(36,614,805)
Net pension liability-teachers' and public employees' retirement systems	(134,420,791)
Net position (deficit) of governmental activities	<u>\$ (64,589,642)</u>

# BILLINGS PUBLIC SCHOOLS

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

### GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019

	General	Elementary Miscellaneous Programs	Elementary Debt Service	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 36,340,558	\$ -	\$ 10,250,242	\$ -	\$ 14,310,665	\$ 60,901,465
Intergovernmental:						
County	-	-	-	-	19,275,036	19,275,036
State aid	73,746,916	-	-	-	-	73,746,916
State other	15,201,519	4,715,423	-	-	1,079,888	20,996,830
Federal	-	10,283,837	533,432	-	5,638,218	16,455,487
Tuition	747,032	-	-	-	-	747,032
Charges for services	-	-	-	50,479	2,861,414	2,911,893
Interest	194,044	228,223	148,911	149,458	420,293	1,140,929
Miscellaneous	-	386,731	5,307	6,687	1,011,575	1,410,300
Total revenues	126,230,069	15,614,214	10,937,892	206,624	44,597,089	197,585,888
<b>EXPENDITURES</b>						
Current:						
Instruction	82,836,991	9,066,127	-	-	18,362,736	110,265,854
Support services:						
Students	8,234,720	4,660,287	-	-	2,049,971	14,944,978
Instructional staff	7,169,843	333,343	-	-	2,399,266	9,902,452
General administration	1,856,733	-	-	-	51,043	1,907,776
School administration	9,630,170	241,740	-	-	2,167,095	12,039,005
Business services	1,968,641	436,751	-	11,500	297,042	2,713,934
Operation and maintenance	13,419,996	59,201	-	419,432	1,300,226	15,198,855
Student transportation	51,131	12,439	-	-	6,499,802	6,563,372
Food services	1,402	-	-	-	6,588,417	6,589,819
Extracurricular	2,839,163	-	-	-	325,686	3,164,849
Capital outlay	724,591	362,053	-	2,916,818	1,060,320	5,063,782
Debt service:						
Principal	-	-	4,315,000	-	-	4,315,000
Interest and other charges	-	-	5,355,904	-	571,370	5,927,274
Total expenditures	128,733,381	15,171,941	9,670,904	3,347,750	41,672,974	198,596,950
Excess (deficiency) of revenues over expenditures	(2,503,312)	442,273	1,266,988	(3,141,126)	2,924,115	(1,011,062)
<b>OTHER FINANCING SOURCES</b>						
Sale of capital assets	-	-	-	10,099	5,049	15,148
Total other financing sources	-	-	-	10,099	5,049	15,148
Net change in fund balances	(2,503,312)	442,273	1,266,988	(3,131,027)	2,929,164	(995,914)
Fund balances - beginning	15,727,886	8,221,472	5,338,967	8,272,132	19,366,289	56,926,746
Fund balances - ending	\$ 13,224,574	\$ 8,663,745	\$ 6,605,955	\$ 5,141,105	\$ 22,295,453	\$ 55,930,832

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, 2019

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

Net change in fund balances - total governmental funds	\$ (995,914)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount by which depreciation (\$7,542,999) exceeded capital outlay (\$5,063,782) in the current period.	(2,479,217)
The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position.	163,955
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	157,210
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of these transactions follows:	
Amortization of premium on long-term debt issued	672,603
Repayment of principal on long-term debt	4,315,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Accrued interest	7,977
Interest expense on capital lease	(15,900)
Pension expense-service credit and termination pay benefits	(550,160)
Compensated absences	(174,096)
Pension expense-teachers' and public employees' retirement systems	(2,811,238)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with the governmental activities.	680,226
Change in net position of governmental activities	<u>\$ (1,029,554)</u>

BILLINGS PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2019

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,264,033
Accounts receivable, net	248,915
Prepaid items	<u>96,072</u>
Total current assets	<u>12,609,020</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	<u>775,131</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,367,820
Unearned revenue	3,251
Compensated absences	<u>5,177</u>
Total current liabilities	<u>2,376,248</u>
Noncurrent liabilities:	
Compensated absences	46,600
Total other postemployment benefits liability	<u>19,240,482</u>
Total noncurrent liabilities	<u>19,287,082</u>
Total liabilities	<u>21,663,330</u>
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	<u>486,332</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(8,765,511)</u>
Total net position (deficit)	<u><u>\$ (8,765,511)</u></u>

See notes to basic financial statements.

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2019

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	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 21,107,973</u>
Total operating revenues	<u>21,107,973</u>
<b>OPERATING EXPENSES</b>	
Personal services - salaries	307,628
Personal services - benefits	67,115
Purchased property services	85,733
Other purchased services	1,743,331
Supplies and materials	107,250
Insurance claims and expenses	18,302,113
Miscellaneous	<u>595</u>
Total operating expenses	<u>20,613,765</u>
Operating income	<u>494,208</u>
<b>NONOPERATING REVENUES</b>	
Interest revenue	<u>186,018</u>
Total nonoperating revenues	<u>186,018</u>
Change in net position	680,226
Net position (deficit) - beginning	<u>(9,445,737)</u>
Net position (deficit) - ending	<u><u>\$ (8,765,511)</u></u>

BILLINGS PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2019

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	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from health insurance premiums	\$ 21,087,715
Cash received from interfund services	344,203
Medical claims paid	(17,837,005)
Cash paid to employees health insurance services	(191,173)
Cash paid to employees interfund services	(178,664)
Cash paid to suppliers for goods and services health insurance services	(1,601,899)
Cash paid to suppliers for goods and services interfund services	<u>(184,699)</u>
Net cash provided by operating activities	<u>1,438,478</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>186,018</u>
Net cash provided by investing activities	<u>186,018</u>
Change in cash and cash equivalents	1,624,496
Cash and cash equivalents - beginning	<u>10,639,537</u>
Cash and cash equivalents - ending	<u><u>\$ 12,264,033</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 494,208
Adjustment to reconcile operating income to net cash provided by operating activities:	
Other post-employment benefits	465,108
Decrease in accounts receivable	323,945
Decrease in prepaid items	5,466
Increase in accounts payable	144,845
Increase in compensated absences	<u>4,906</u>
Net cash provided by operating activities	<u><u>\$ 1,438,478</u></u>

BILLINGS PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2019

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	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,423,943	\$ 1,051,295
Total assets	<u>2,423,943</u>	<u>1,051,295</u>
LIABILITIES		
Accounts payable	<u>40,144</u>	<u>1,051,295</u>
Total liabilities	<u>40,144</u>	<u>1,051,295</u>
NET POSITION		
Net position held in trust	<u>\$ 2,383,799</u>	<u>\$ -</u>

**BILLINGS PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
For the Year Ended June 30, 2019

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	Private Purpose Trust Fund- Extracurricular
<b>ADDITIONS</b>	
Contributions:	
Student extracurricular activities	<u>\$ 3,545,537</u>
Investment earnings:	
Interest	<u>39,840</u>
Total additions	<u>3,585,377</u>
<b>DEDUCTIONS</b>	
Student extracurricular activities	<u>3,536,768</u>
Change in net position	48,609
Net position - beginning	<u>2,335,190</u>
Net position - ending	<u><u>\$ 2,383,799</u></u>

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the district are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The district adopted the provisions of the following GASB statement:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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 Board of Trustees annually adopts a procedure committing fund balance resources in accordance with GASB Statement No. 54.

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

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

### Government-wide and Fund Financial Statements

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

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

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

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or

earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the district.

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

The district reports the following major governmental funds:

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

The elementary miscellaneous programs fund accounts for local, state or federal grants and reimbursements.

The elementary debt service fund accounts for the proceeds of bonds sold and paying interest and principal on outstanding bonds. The debt service fund is a budgeted fund.

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

Additionally, the district reports the following fund types:

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

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

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

#### Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

##### Cash and Investments

Cash and investments, except amounts in the extracurricular funds, the flexible benefits fund and the 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 an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value basis versus amortized cost.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The government had no nonrecurring fair value measurements. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. 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, 2019. The allowance at June 30, 2019, was \$92,549.

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

BILLINGS PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS

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Inventories and Prepaids

Inventory items purchased are recorded as expenditures/expenses at the time of purchase. Inventory at year-end was not material and therefore not recorded. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the district as assets with an initial, 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

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

Collections Not Capitalized

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

Compensated Absences

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

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

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the district's statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The district has two items that meets this criteria: pension plans and other postemployment benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The district has two items that meet the criteria for this category: pension plans and other postemployment benefits.

### Net Position

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

Net Investment in capital assets - consists of capital assets (net of accumulated depreciation), plus capital-related deferred outflows of resources, less capital-related borrowings and deferred inflows of resources.

Restricted - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – any portion of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Proprietary fund equity is classified the same as in the government-wide statements.

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

### Fund Balance

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

Assigned fund balance - amounts the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The district establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption or amendment of the budget. Assigned fund balance in the general fund represents amounts available to fund the subsequent year’s budget and to cover payroll and operating expenditures due to the timing of tax receipts. The Board of Trustees has designated the Superintendent, or his designee, individually and/or collectively, as having authority to express assignments in the District’s governmental funds. The Board of Trustees has adopted policy 7000, Financial Management and annually adopts procedure 7000-P3 Fund Balance Resources for Special Revenue Funds to comply with GASB Statement No. 54.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the district considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

### Miscellaneous Revenue

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

### Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The health insurance fund, an internal service fund, had a deficit net position of \$9,099,925 as of June 30, 2019. The deficit exists in the health insurance fund because of the unfunded liability for other postemployment benefits. The district is in the process of reviewing the funding of the health insurance fund in order to reduce or eliminate the deficit.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Equity in Pooled Cash and Investments

As discussed in Note 1, the district participates in the County's investment pool. The pooled cash is invested by the County Treasurer in accordance with State statute. Interest earnings are distributed to the district based on average daily balances. The County Treasurer withdraws funds as needed to pay warrants. Investment risk related to the district's share of the pool is not determinable. Information related to the pool can be obtained from the County. Demand and savings accounts held outside of the County pool were covered by FDIC insurance. The uninsured portion was covered by collateral held by financial institutions or by their departments or agents, but not in the district's name. The amount of collateral held for the district's deposits as of June 30, 2019, exceeded the amount required by State statute. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2019 to support the value of shares in the pool. The district does not currently have a policy on custodial credit risk. Along with limitations placed on investments by state law, the County minimizes custodial risk by restrictions set forth by County policy. The County maintains a listing of financial institutions which are approved for investment purposes.

The County's investment policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by State statute, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. The objectives of the policy, in order of priority, are safety, liquidity, and yield. The County has established an oversight committee, comprised of various County officials and representatives of other local governments with large cash balances, to monitor and review the management of public funds maintained in the investment pool in accordance with Title 7, Chapter 6, Part 2 of the Montana Code Annotated and as qualified by Attorney General Opinion Vol. 42, No. 25. The Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

Disaggregation of Payable Balances

Payables as of June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Claims incurred but not reported	Total
General	\$ 417,425	\$ 606,414	\$ -	\$ 1,023,839
Elementary miscellaneous programs	656,421	46,377	-	702,798
Elementary building	333,733	1,479	-	335,212
Internal service funds	182,114	11,330	2,174,376	2,367,820
Nonmajor governmental funds	477,749	231,685	-	709,434
	<u>\$ 2,067,442</u>	<u>\$ 897,285</u>	<u>\$ 2,174,376</u>	<u>\$ 5,139,103</u>

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

Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 4,659,721	\$ -	\$ -	\$ 4,659,721
Construction in progress	2,580,206	2,356,887	(2,580,206)	2,356,887
Total capital assets, not being depreciated	7,239,927	2,356,887	(2,580,206)	7,016,608
Capital assets, being depreciated:				
Buildings/improvements	230,419,356	4,536,229	-	234,955,585
Improvements other than buildings	4,506,897	196,233	-	4,703,130
Machinery and equipment	16,350,160	602,062	(39,040)	16,913,182
Total capital assets, being depreciated	251,276,413	5,334,524	(39,040)	256,571,897
Less accumulated depreciation for:				
Buildings/improvements	(62,668,218)	(6,423,973)	-	(69,092,191)
Improvements other than buildings	(963,284)	(232,337)	-	(1,195,621)
Machinery and equipment	(9,678,826)	(886,689)	38,591	(10,526,924)
Total accumulated depreciation	(73,310,328)	(7,542,999)	38,591	(80,814,736)
Total capital assets, being depreciated, net	177,966,085	(2,208,475)	(449)	175,757,161
Total capital assets, net	\$ 185,206,012	\$ 148,412	\$ (2,580,655)	\$ 182,773,769

Depreciation expense was charged to district activities as follows:

Instruction	\$ 5,804,018
Support services-students	532,227
Support services-instructional staff	231,577
Support services-general administration	15,090
Support services-administration	113,029
Support services-business	28,634
Operation and maintenance	393,723
Student transportation	7,018
Food services	206,726
Extracurricular	210,957
	<u>\$ 7,542,999</u>

Long-Term Debt

During the year ended June 30, 2019, the following changes occurred in long-term debt:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 127,689,502	\$ -	\$ (4,315,000)	\$ 123,374,502	\$ 4,505,000
Premium	10,908,041	-	(672,603)	10,235,438	-
Total bonds payable	138,597,543	-	(4,987,603)	133,609,940	4,505,000
Capital leases-direct borrowing	536,276	-	(101,081)	435,195	104,078
Compensated absences	10,504,359	9,534,507	(9,355,505)	10,683,361	1,068,336
Total	\$ 149,638,178	\$ 9,534,507	\$ (14,444,189)	\$ 144,728,496	\$ 5,677,414

A substantial portion of compensated absences are paid from the General fund.

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

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Capital Leases

The district entered into a capital lease agreement for scoreboards under which the equipment will become the property of the district when all terms of the lease agreement are met. The lease payment is made from the extracurricular fund. Assets acquired through capital leases are as follows:

Machinery and equipment	\$ 759,178
Less: accumulated depreciation	<u>(139,183)</u>
	<u>\$ 619,995</u>

The future minimum lease obligations and the present value of these minimum lease payments, as of June 30, 2019, are as follows:

	Year ending June 30,	
	2020	\$ 116,981
	2021	116,981
	2022	116,981
	2023	<u>116,982</u>
Total minimum lease payments		467,925
Less: amount representing interest		<u>(32,730)</u>
Present value of minimum lease payments		<u>\$ 435,195</u>

General Obligation Bonds

On December 29, 2010, the district issued general obligation school building bonds in the amount of \$12,000,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 100% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 5.4% per annum and will be paid back through sixteen annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2027. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary and high school debt service funds will be servicing 100% of the general obligation debt payments.

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$4,540,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Zone Academy Bonds (QZAB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 100% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 4.25% per annum and will be paid back through twenty annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$1,271,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Zone Academy Bonds (QZAB). As such, the owners of the tax credit bonds are allowed a credit against their federal income tax liability. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The applicable tax credit rate was 4.25%. The bonds will be paid back through ten annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$8,333,502. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Energy Conservation Bonds (QECB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 70% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 4.25% per annum and will be paid back through twenty annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district

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will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary and high school debt service funds will be servicing 100% of the general obligation debt payments.

On January 30, 2014, the district issued general obligation school building bonds in the amount of \$80,900,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The proceeds from these general obligation bonds will be used for the purpose of providing funds to pay a portion of the costs of building or improving schools in accordance with the district's facilities master plan. Interest rates range from 2.125% to 5.000% payable semiannually on December 15 and June 15. The bonds can be redeemed at par on June 15, 2025 or any date thereafter. The bonds mature beginning June 15, 2015 through 2034. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

On September 29, 2015, the district issued general obligation school building bonds in the amount of \$33,000,000. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The proceeds from these general obligation bonds will be used for the purpose of providing funds to pay a portion of the costs of building or improving schools in accordance with the district's facilities master plan. Interest rates range from 3.0% to 5.00% payable semiannually on December 15 and June 15. The bonds can be redeemed at par on June 15, 2025 or any date thereafter. The bonds mature beginning June 15, 2017 through 2035. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

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

Year ending June 30,	General Obligation Bonds	
	Principal	Interest
2020	\$ 4,505,000	\$ 5,730,574
2021	4,720,000	5,518,124
2022	4,890,000	5,348,074
2023	5,135,000	5,103,574
2024	2,525,000	4,846,824
2025-2029	45,765,000	18,987,145
2030-2034	53,269,502	7,730,147
2035	2,565,000	120,125
	<u>\$ 123,374,502</u>	<u>\$ 53,384,587</u>

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Fund Balances

As of June 30, 2019, fund balances are comprised of the following:

	General Fund	Elementary Miscellaneous Programs	Elementary Debt Service Fund	Elementary Building Fund	Total Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 30,000	\$ 70,350	\$ -	\$ -	\$ 44,650	\$ 145,000
Restricted:						
Instruction	-	49,178	-	-	8,368,958	8,418,136
Support services:						
Students	-	3,087	-	-	-	3,087
School administration	-	-	-	-	133,972	133,972
Business services	-	-	-	-	10,374	10,374
Operation and maintenance	-	-	-	-	1,177,883	1,177,883
Student transportation	-	-	-	-	589,583	589,583
Food services	-	-	-	-	124,711	124,711
Capital projects	-	-	-	1,806,814	825,975	2,632,789
Debt service	-	-	6,605,955	-	5,153,235	11,759,190
Committed:						
Instruction	-	-	-	-	2,979,709	2,979,709
Support services:						
Students	-	-	-	-	2,136,261	2,136,261
Operation and maintenance	-	-	-	-	232	232
Community services	-	-	-	-	48,170	48,170
Assigned:						
Instruction	-	4,476,666	-	-	91,649	4,568,315
Support services:						
Students	-	1,122,388	-	-	-	1,122,388
Instructional staff	30,000	1,668,403	-	-	-	1,698,403
General administration	-	673,672	-	-	-	673,672
School administration	-	167,175	-	-	-	167,175
Business services	-	413,159	-	19,389	212,765	645,313
Operation and maintenance	-	19,667	-	3,314,902	397,326	3,731,895
Unassigned	13,164,574	-	-	-	-	13,164,574
	<u>\$ 13,224,574</u>	<u>\$ 8,663,745</u>	<u>\$ 6,605,955</u>	<u>\$ 5,141,105</u>	<u>\$ 22,295,453</u>	<u>\$ 55,930,832</u>

**NOTE 4. OTHER INFORMATION**

Risk Management

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

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Self-Insurance

During the year ended June 30, 2019, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$749 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents. In spring of 2013 the district opened two in house clinics to manage health care cost. Claims were paid by a third party administrator acting on behalf of the district.

The administrative contract between the district and the third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. The district was protected against unanticipated catastrophic individual loss by stop-loss coverage through Optum. Stop-loss coverage was in effect for individual claims exceeding \$200,000.

The costs associated with the medical self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues in the internal service fund and as operating expenditures in the governmental funds. The liability as of June 30, 2019, is based on the requirements of GASB Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability includes an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not result in an exact amount.

Changes in the claims liability amount during fiscal year 2019 and 2018 were:

			Current Year		
			Claims and		
	Liability		Changes in	Claims	Liability
	July 1,		Estimates	Payments	June 30,
2017-18	1,904,695		17,461,210	(17,191,529)	2,174,376
2018-19	2,174,376		18,302,113	(18,302,113)	2,174,376

Commitments and Contingencies

At year-end, the district had a commitment outstanding, in the form of a purchase order for \$30,000 to purchase equipment. Commitments related to construction projects totaled approximately \$1.7 million at year end.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

Presently there are no significant outstanding lawsuits. In the opinion of the district's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the district.

Retirement Plans

Plan Descriptions

The Teacher's Retirement System (TRS) is a mandatory-participation multiple-employer cost sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana. The TRS Board is the governing body and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated (MCA), and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, MCA. The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

### Pension Benefits

#### Teachers' Retirement System

TRS provides retirement, disability, and death benefits. Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One).
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One).
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One).
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members).
- Tier Two provides for an enhanced benefit calculation -  $1.85\% \times \text{AFC} \times \text{years of creditable service}$  - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than  $1.6667 \times \text{AFC} \times \text{years of creditable service}$ ).

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members the GABA each year may vary from 0.5% to 1.5% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

#### Public Employees Retirement System

Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1) if less than 25 years of membership service, 1.785% of the member's highest average compensation (HAC) multiplied by years of service credit or 2) if 25 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1) if less than 10 years of membership service, 1.5% of the member's HAC multiplied by years of service credit, 2) if between 10 and 30 years of membership service, 1.785 of HAC multiplied by years of service credit, or 3) if 30 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age with 25 years of membership service. Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. Benefits are actuarially reduced.

Second retirement applies to plan members re-employed in a PERS position after retirement. Plan members who retire before January 1, 2016 and accumulate less than 2 years' additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years' additional service credit receive a refund of the plan member's contributions from the second employment plus regular interest at .77%.

Plan members who retire before January 1, 2016 and accumulate at least 2 years of additional service credit receive a recalculated retirement benefit based on the laws in effect at second retirement. Plan members who retire on or after January 1, 2016 and accumulate 5 or more years of additional service credit receive the same retirement benefit as prior to their return to service and a second retirement benefit for the second period of service based on the laws in effect at second retirement.

For members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 1). 3% for members hired prior to July 1, 2007, 2). 1.5% for members hired between July 1, 2007 and June 30, 2013 or, 3). Members hired on or after July 1, 2013: a). 1.5% for each year PERS is funded at or above 90%; b). 1.5% is reduced by .1% for each 2% PERS is funded below 90%; and c). 0% whenever the amortization period for PERS is 40 years or more.

### Member and Employer Contributions

#### Teachers' Retirement System

The TRS funding policy provides for monthly employee and employer contributions at rates specified by state law. Plan members, for the fiscal year ending June 30, 2019, were required to contribute 8.15% of their earned compensation. TRS employers were required to contribute 8.97% of earned compensation. Pursuant to 19-20-609, MCA, the employer contribution rate will increase by 0.10% each year beginning July 1, 2014 through fiscal year 2024. The State's General Fund contributes an additional 2.49% of earned compensation. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

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Public Employees Retirement System

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.3% of each member's compensation. This was temporarily increased from 6.8% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The additional employer contributions terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. The State's General Fund contributes an additional .37% of earned compensation. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2019, the government recorded a liability of \$117,692,051 (TRS) and \$16,728,740 (PERS) for its proportionate share of the net pension liability.

TRS and PERS have a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS on behalf of the government. Due to the existence of this special funding situation, the government is required to report the portion of the State of Montana's proportionate share of the collective net pension liability. The government's and State of Montana's proportionate share of the net pension liability are presented below:

	Net Pension Liability June 30, 2019	
	TRS	PERS
Employer proportionate share	\$ 117,692,051	\$ 16,728,740
State of Montana proportionate share associated with employer	73,090,742	6,178,075
Total	<u>\$ 190,782,793</u>	<u>\$ 22,906,815</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 for TRS and June 30, 2017 for PERS. The government's proportion of the net pension liability was based on the government's contributions received by TRS and PERS during the measurement period July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all TRS and PERS participating employers. At June 30, 2019, the government's proportion was 6.3408 and .0815 percent for TRS and PERS, respectively.

For the year ended June 30, 2019, the government recognized \$12,255,480 (TRS) and \$1,219,953 (PERS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$4,736,855 (TRS) and \$412,319 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was \$16,992,335 and \$1,632,272 for TRS and PERS, respectively.

At June 30, 2019, the government reported its proportionate share of TRS and PERS deferred outflows and inflows of resources from the following sources:

	TRS		PERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 839,885	\$ 73,439	\$ 1,272,109	\$ -
Changes in actuarial assumptions	9,593,756	174,229	1,422,528	-
Difference between projected and actual investment earnings	-	1,062,361	-	259,798
Changes in the proportion and differences between actual and expected contributions	4,406,862	-	-	2,911,630
Employer contributions subsequent to measurement date	9,420,595	-	1,243,600	-
	<u>\$ 24,261,098</u>	<u>\$ 1,310,029</u>	<u>\$ 3,938,237</u>	<u>\$ 3,171,428</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	TRS	PERS
2020	\$ 7,339,054	\$ 419,901
2021	5,641,884	217,967
2022	1,097,479	(1,007,911)
2023	(547,943)	(106,748)

#### Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	PERS
Investment rate of return, net of investment and administrative expenses	7.50%	7.65%
Salary increases	4.00%	3.50%
Inflation	2.50%	2.75%

Mortality rates for the TRS retirement plan were based on the RP-2000 Healthy Combined Mortality Table for Males and Females projected to 2022 adjusted for partial credibility setback for two years. Mortality rates for the PERS retirement plan is based on the RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB.

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the TRS and PERS plans. The most recent TRS analysis, performed for the period covering fiscal years 2013 through 2017, is outlined in a report dated May 3, 2018, which is located on the TRS website. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. The most recent PERS analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the TRS' and PERS' target asset allocation as of June 30, 2018, and are summarized in the following table:

Asset Class	TRS		PERS	
	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	2.0%	0.0%	2.6%	0.10%
Domestic equity	35.0%	2.34%	36.0%	1.64%
Foreign equity	18.0%	1.26%	18.0%	1.14%
Fixed income	25.0%	0.58%	23.4%	0.23%
Private equity	10.0%	1.02%	12.0%	0.93%
Real estate	7.0%	0.38%	8.0%	0.32%
High yield bonds	3.0%	0.13%	-	-
	<u>100.0%</u>		<u>100.0%</u>	

#### Discount Rate

##### Teachers Retirement System

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1st of each year. Based on those assumptions, the TRS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

##### Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school governments. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

#### Sensitivity Analysis

The following presents the employer's proportionate share of the TRS net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability-TRS	\$ 161,830,143	\$ 117,692,051	\$ 80,722,887

The following presents the employer's proportionate share of the PERS net pension liability calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.65%) or 1.00% higher (8.65%) than the current rate.

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net pension liability-PERS	\$ 24,193,632	\$ 16,728,740	\$ 10,598,874

#### Service Credit and Termination Pay Benefit Plan

##### Plan Description

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. Pension expense and related liabilities and deferred inflows/outflows of resources for the Plan are recognized in the financial statements consistent with the provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Plan is a non-trusted plan that historically has been funded on a pay-as-you-go basis; therefore, no assets have been accumulated and there is no plan fiduciary net position. Accordingly, Billings Public Schools recognizes its *total pension liability*, rather than a *net pension liability*. At June 30, 2019, there were 1,855 active employees in the Plan.

Plan Benefits

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 ½ 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 ½ 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, 25% of sick leave, and 100% of 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.  As of October 1, 2011, administrators' vacation pay was frozen for the purpose of payment within the district's severance package. As of July 1, 2011, no newly employed administrator is entitled to include vacation pay in the severance payment. Vacation severance pay for administrators is paid at the daily rate earned as of June 30, 2012.
Employee Cost	Termination Pay x Employee Rate x Total years of Creditable Service
Employer Cost	Termination Pay x Employee Rate x Total years of Creditable Service

Total Pension Liability

Following is the total pension liability:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Service credit	\$ 16,463,334	\$ 16,505,861
Option 1	<u>20,563,160</u>	<u>20,108,944</u>
Total pension liability	<u>\$ 37,026,494</u>	<u>\$ 36,614,805</u>
Covered payroll	\$ 94,097,244	\$ 98,241,729
Total pension liability as a % of covered payroll	39.35%	37.27%

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

The total pension liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below.

Valuation date	June 30, 2017	June 30, 2019
Measurement date	June 30, 2018	June 30, 2019
Reporting date	June 30, 2018	June 30, 2019

The discount rate was determined based on the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date.

Discount rate	3.87%	3.50%
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Changes in the total pension liability were as follows:

Service cost	\$ 1,985,177
Interest on the total pension liability	1,460,740
Effect of economic/demographic gains or losses	35,046
Effect of assumptions changes or inputs	(1,335,500)
Benefit payments	<u>(2,557,152)</u>
Net change in total pension liability	(411,689)
Total pension liability - beginning of year	<u>37,026,494</u>
Total pension liability - end of year	<u>\$ 36,614,805</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Salary increases	3.25% plus merit and longevity component based on years of service ranging from 4.51% for 1 year of service to 0.00% for 22 years of service and above.
Discount rate	3.50%
Mortality	For males and females: RP 2000 Healthy Combined Mortality Table Projected to 2022 adjusted for partial credibility setback for two years

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability calculated using the discount rate of 3.50%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.00% lower (2.50%) or 1.00% higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net pension liability-TRS	\$ 38,707,957	\$ 36,614,805	\$ 34,609,511

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2019, Billings Public Schools recognized pension expense of \$3,107,312. At June 30, 2019, Billings Public Schools reported deferred outflows of resources from differences between expected and actual experience of \$31,708 and deferred inflows of resources from changes in assumptions of \$2,750,732.

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

Amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (338,605)
2021	(338,605)
2022	(338,605)
2023	(338,605)
2024	(338,605)
Thereafter	(1,025,999)

Postemployment Health Insurance Benefits Plan (OPEB)

Plan Description

Billings Public Schools defined benefit OPEB plan provides OPEB for eligible employees of the district. Eligibility criteria are as follows:

- 1) Normal Retirement:
  - a) Tier I. Current active employees must have reached age 60 with at least 5 years of membership service or have at least 25 years of service at any age with Billings Public Schools to be eligible for retiree benefits.
  - b) Tier II. Current active employees must have reached age 55 with at least 30 years of membership service or employees must have reached age 60 with at least 5 years of service with Billings Public Schools to be eligible for retiree benefits.
- 2) Early Retirement:
  - a) Tier I. Current active employees must have reached age 50 with at least 5 years of membership service with Billings Public Schools to be eligible for retiree benefits.
  - b) Tier II. Current active employees must have reached age 55 with at least 5 years of membership service with Billings Public Schools to be eligible for retiree benefits.

The plan is a single-employer, defined benefit OPEB plan administered by Billings Public Schools. Medical, prescription drug and life benefits are self-funded. Dental insurance is fully insured. The plan was established in accordance with Section 20-3-331, MCA. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

Eligible early retirees receive medical and prescription drug coverage through one of two self funded medical plans. Retirees contribute 100% of the active premium. Medicare eligible retirees receive coverage through a fully insured Medicare Supplement Plan. Eligible retired employees may continue the life insurance coverage they had as active employees on a fully contributory basis. Eligible retired employees receive a dental insurance benefit on a fully contributory basis.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	999
Inactive employees entitled to but not receiving benefit payments	-
Active employees	<u>1,884</u>
Total	<u><u>2,883</u></u>

Total OPEB Liability

The total OPEB liability of \$19,240,482 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

The discount rate was determined based on the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date.

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

Changes in the total OPEB liability were as follows:

Total OPEB liability - beginning of year	<u>\$ 17,891,604</u>
Changes for the year:	
Service cost	512,336
Interest cost	697,191
Changes of assumptions	916,666
Benefit payments	<u>(777,315)</u>
Net change	<u>1,348,878</u>
Total OPEB liability - end of year	<u>\$ 19,240,482</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00%
Salary increases	3.50%
Discount rate	3.50%
Healthcare cost trend rates	6.50% for 2019 decreasing 0.50% per year to an ultimate rate of 4.50% for 2023 and later years

Change of assumptions reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.50%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.00% lower (2.50%) or 1.00% higher (4.50%) than the current rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 16,906,000	\$ 19,240,482	\$ 20,867,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the healthcare cost trend rate of 6.50%, as well as what the total pension liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower (5.50%) or 1.00% higher (7.50%) than the current healthcare cost trend rate.

	<u>1% Decrease (5.50% Decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rate (6.5% Decreasing to 4.5%)</u>	<u>1% Increase (7.5% Decreasing to 5.5%)</u>
Total OPEB liability	\$ 18,205,000	\$ 19,240,482	\$ 20,867,000

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2019, Billings Public Schools recognized OPEB expense of \$1,242,423. At June 30, 2019, Billings Public Schools reported deferred outflows and inflows of resources from changes in assumptions of \$775,131 and \$486,332, respectively.

BILLINGS PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS

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Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended</u> <u>June 30:</u>		
2020	\$	32,896
2021		32,896
2022		32,896
2023		32,896
2024		89,759
Thereafter		67,456

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

GASB Statement No. 84, Fiduciary Activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, Leases. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, Conduit Debt Obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management has not yet determined the effect these pronouncements will have on Billings Public Schools' financial statements.

## **REQUIRED SUPPLEMENTAL INFORMATION**

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# BILLINGS PUBLIC SCHOOLS

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

### GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 36,528,056	\$ 36,528,056	\$ 36,340,558	\$ -	\$ 36,340,558
Intergovernmental:					
State aid	72,945,951	73,746,916	73,746,916	-	73,746,916
State other	10,367,864	10,367,864	10,052,345	5,149,174	15,201,519
Tuition	677,000	677,000	747,032	-	747,032
Interest	70,003	70,003	77,106	116,938	194,044
Total revenues	120,588,874	121,389,839	120,963,957	5,266,112	126,230,069
<b>EXPENDITURES</b>					
Current:					
Instructional	77,708,197	78,222,561	76,883,894	5,953,097	82,836,991
Support services:					
Students	7,370,045	7,366,287	7,636,272	598,448	8,234,720
Instructional staff	6,882,806	6,890,356	6,817,702	352,141	7,169,843
General administration	1,825,137	1,824,987	1,839,382	17,351	1,856,733
Administration	9,215,030	9,195,305	9,216,463	413,707	9,630,170
Business	1,704,769	1,948,811	1,730,053	238,588	1,968,641
Operation and maintenance	12,316,423	12,263,590	12,781,954	638,042	13,419,996
Student transportation	10,342	10,342	14,519	36,612	51,131
Food services	4,937	4,936	-	1,402	1,402
Extracurricular	2,515,275	2,515,275	2,756,986	82,177	2,839,163
Capital Outlay	740,586	752,062	166,051	558,540	724,591
Total expenditures	120,293,547	120,994,512	119,843,276	8,890,105	128,733,381
Excess (deficiency) of revenues over expenditures	295,327	395,327	1,120,681	(3,623,993)	(2,503,312)
<b>OTHER FINANCING USES</b>					
Transfers out	(450,000)	(550,000)	(1,670,000)	1,670,000	-
Total other financing uses	(450,000)	(550,000)	(1,670,000)	1,670,000	-
Net change in fund balances	\$ (154,673)	\$ (154,673)	(549,319)	(1,953,993)	(2,503,312)
Fund balances - beginning			10,069,399	5,658,487	15,727,886
Fund balances - ending			\$ 9,520,080	\$ 3,704,494	\$ 13,224,574

### NOTES TO THE BUDGET AND ACTUAL SCHEDULES

State law requires budgets be prepared for certain funds - generally those supported by property tax revenues. Budgets are prepared on the modified accrual basis. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law. The general fund budget was amended and increased \$800,965 due to increased enrollment. The amendment was funded with additional state aid.

The general fund budget is based on the State of Montana's foundation program which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. The Board of Trustees approves the original budget by the second Monday in August.

State law permits the inclusion of obligations (encumbrances) for construction in progress and the purchase of personal property as expenditures for budget purposes. The budget to GAAP differences consist of merging the compensated absences and multi-district cooperative funds with the general fund for financial statement presentation purposes and encumbrances for the current and prior year.

The District consists of two legally separate entities. State law requires separate legally adopted annual budgets for the elementary and high school general funds. This schedule is a summary of the elementary general and high school general subfunds.

BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
ELEMENTARY GENERAL SUBFUND  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 23,738,247	\$ 23,738,247	\$ 23,618,703	\$ -	\$ 23,618,703
Intergovernmental:					
State aid	47,551,400	47,795,291	47,795,291	-	47,795,291
State other	7,516,906	7,516,906	7,299,622	-	7,299,622
Tuition	120,000	120,000	241,384	-	241,384
Interest	28,448	28,448	35,544	13,126	48,670
Total revenues	78,955,001	79,198,892	78,990,544	13,126	79,003,670
<b>EXPENDITURES</b>					
Current:					
Instructional	52,762,686	52,761,416	52,116,587	3,323	52,119,910
Support services:					
Students	5,321,228	5,317,668	5,446,227	-	5,446,227
Instructional staff	4,498,141	4,507,926	4,627,107	24,647	4,651,754
General administration	1,146,104	1,146,104	1,119,229	-	1,119,229
Administration	5,797,266	5,801,183	5,795,081	-	5,795,081
Business	1,132,041	1,376,083	1,157,433	612	1,158,045
Operation and maintenance	7,522,048	7,511,549	8,013,110	21,710	8,034,820
Student transportation	10,342	10,342	12,986	-	12,986
Food services	3,292	3,292	-	-	-
Extracurricular	674,867	674,867	794,048	-	794,048
Capital Outlay	86,986	88,462	101,105	12,134	113,239
Total expenditures	78,955,001	79,198,892	79,182,913	62,426	79,245,339
Net change in fund balances	\$ -	\$ -	(192,369)	(49,300)	(241,669)
Fund balances - beginning			5,981,812	937,835	6,919,647
Fund balances - ending			\$ 5,789,443	\$ 888,535	\$ 6,677,978

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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 12,789,809	\$ 12,789,809	\$ 12,721,855	\$ -	\$ 12,721,855
Intergovernmental:					
State aid	25,394,551	25,951,625	25,951,625	-	25,951,625
State other	2,850,958	2,850,958	2,752,723	5,149,174	7,901,897
Tuition	557,000	557,000	505,648	-	505,648
Interest	41,555	41,555	41,562	103,812	145,374
Total revenues	41,633,873	42,190,947	41,973,413	5,252,986	47,226,399
<b>EXPENDITURES</b>					
Current:					
Instructional	24,945,511	25,461,145	24,767,307	5,949,774	30,717,081
Support services:					
Students	2,048,817	2,048,619	2,190,045	598,448	2,788,493
Instructional staff	2,384,665	2,382,430	2,190,595	327,494	2,518,089
General administration	679,033	678,883	720,153	17,351	737,504
Administration	3,417,764	3,394,122	3,421,382	413,707	3,835,089
Business	572,728	572,728	572,620	237,976	810,596
Operation and maintenance	4,794,375	4,752,041	4,768,844	616,332	5,385,176
Student transportation	-	-	1,533	36,612	38,145
Food services	1,645	1,644	-	1,402	1,402
Extracurricular	1,840,408	1,840,408	1,962,938	82,177	2,045,115
Capital Outlay	653,600	663,600	64,946	546,406	611,352
Total expenditures	41,338,546	41,795,620	40,660,363	8,827,679	49,488,042
Excess (deficiency) of revenues over expenditures	295,327	395,327	1,313,050	(3,574,693)	(2,261,643)
<b>OTHER FINANCING USES</b>					
Transfers out	(450,000)	(550,000)	(1,670,000)	1,670,000	-
Total other financing uses	(450,000)	(550,000)	(1,670,000)	1,670,000	-
Net change in fund balances	\$ (154,673)	\$ (154,673)	(356,950)	(1,904,693)	(2,261,643)
Fund balances - beginning			4,087,587	4,720,652	8,808,239
Fund balances - ending			\$ 3,730,637	\$ 2,815,959	\$ 6,546,596

**BILLINGS PUBLIC SCHOOLS**  
**SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY AND**  
**TOTAL PENSION LIABILITY**

Schedule of Changes in Total Pension Liability

	Year Ending June 30,		
	2019	2018	2017
Total pension liability - beginning of year	\$ 37,026,494	\$ 36,842,219	\$ 38,082,019
Service cost	1,985,177	2,073,882	2,248,910
Interest on total pension liability	1,460,740	1,346,429	1,106,008
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	35,046	-	-
Effect of assumption changes or inputs	(1,335,500)	(600,187)	(1,525,869)
Benefit payments	(2,557,152)	(2,635,849)	(3,068,849)
Total pension liability - end of year	<u>\$ 36,614,805</u>	<u>\$ 37,026,494</u>	<u>\$ 36,842,219</u>

Schedule of Total Pension Liability

Service Credit	\$ 16,505,861	\$ 16,463,334	\$ 16,229,698
Option 1	<u>20,108,944</u>	<u>20,563,160</u>	<u>20,612,521</u>
Total pension liability	<u>\$ 36,614,805</u>	<u>\$ 37,026,494</u>	<u>\$ 36,842,219</u>
Covered-employee payroll	\$ 98,241,729	\$ 94,097,244	\$ 88,498,935
Total pension liability as a percentage of covered payroll	37.27%	39.35%	41.63%

There are no assets accumulated in an irrevocable trust to pay plan benefits.

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

**BILLINGS PUBLIC SCHOOLS**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

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Schedule of Changes in the Total OPEB Liability

	Year Ending June 30,	
	2019	2018
Total OPEB liability - beginning of year	\$ 17,891,604	\$ 18,048,017
Service cost	512,336	493,247
Interest cost	697,191	704,950
Changes of assumptions	916,666	(703,610)
Benefit payments	<u>(777,315)</u>	<u>(651,000)</u>
Total OPEB liability - end of year	<u>\$ 19,240,482</u>	<u>\$ 17,891,604</u>
Covered-employee payroll	\$ 97,001,542	\$ 105,916,268
Total OPEB liability as a percentage of covered payroll	19.84%	16.89%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discounts rates used in each period:

3.50%	3.87%
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There are no assets accumulated in an irrevocable trust to pay plan benefits.

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

# BILLINGS PUBLIC SCHOOLS

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS AND PUBLIC EMPLOYEES RETIREMENT SYSTEMS OF MONTANA For the Year Ended June 30,

Teachers Retirement System:	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	6.3408%	6.1412%	5.9946%	5.9829%	5.9426%
Employer's proportionate share of the net pension liability associated with the employer	\$ 117,692,051	\$ 103,545,175	\$ 109,511,465	\$ 98,299,904	\$ 91,447,722
State of Montana's proportionate share of the net pension liability associated with the employer	<u>73,090,742</u>	<u>65,725,830</u>	<u>71,342,769</u>	<u>65,807,012</u>	<u>62,631,322</u>
Total	<u>\$ 190,782,793</u>	<u>\$ 169,271,005</u>	<u>\$ 180,854,234</u>	<u>\$ 164,106,916</u>	<u>\$ 154,079,044</u>
Employer's covered payroll	\$ 84,831,987	\$ 81,000,456	\$ 78,169,994	\$ 75,956,754	\$ 74,941,045
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	138.74%	127.83%	140.09%	129.42%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	69.09%	70.09%	66.69%	69.30%	70.36%
Public Employees Retirement System:	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.8015%	1.0223%	1.0368%	1.0536%	1.0522%
Employer's proportionate share of the net pension liability associated with the employer	\$ 16,728,740	\$ 19,909,929	\$ 17,659,729	\$ 14,727,804	\$ 13,111,068
State of Montana's proportionate share of the net pension liability associated with the employer	<u>6,178,075</u>	<u>949,347</u>	<u>825,338</u>	<u>692,057</u>	<u>612,898</u>
Total	<u>\$ 22,906,815</u>	<u>\$ 20,859,276</u>	<u>\$ 18,485,067</u>	<u>\$ 15,419,861</u>	<u>\$ 13,723,966</u>
Employer's covered payroll	\$ 13,618,226	\$ 13,105,064	\$ 12,837,782	\$ 12,712,639	\$ 12,323,696
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	122.84%	151.93%	137.56%	115.85%	106.39%
Plan fiduciary net position as a percentage of the total pension liability	73.47%	73.75%	74.71%	78.40%	79.87%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

# BILLINGS PUBLIC SCHOOLS

## SCHEDULE OF CONTRIBUTIONS

### TEACHERS AND PUBLIC EMPLOYEES RETIREMENT SYSTEMS OF MONTANA

For the Year Ended June 30,

Teachers Retirement System:	2019	2018	2017	2016	2015
Contractually required contributions	\$ 9,420,595	\$ 9,059,455	\$ 8,828,344	\$ 9,205,589	\$ 8,391,444
Contributions in relation to the contractually required contributions	<u>9,420,595</u>	<u>9,059,455</u>	<u>8,828,344</u>	<u>9,205,589</u>	<u>8,391,444</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 90,552,432	\$ 84,831,987	\$ 81,000,456	\$ 78,169,994	\$ 75,956,754
Contributions as a percentage of covered payroll	10.40%	10.68%	10.90%	11.78%	11.05%
Public Employees Retirement System:	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,243,600	\$ 1,116,460	\$ 1,061,441	\$ 1,049,999	\$ 1,032,813
Contributions in relation to the contractually required contributions	<u>1,243,600</u>	<u>1,116,460</u>	<u>1,061,441</u>	<u>1,049,999</u>	<u>1,032,813</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 14,983,133	\$ 13,618,226	\$ 13,105,064	\$ 12,837,782	\$ 12,712,639
Contributions as a percentage of covered payroll	8.30%	8.20%	8.10%	8.18%	8.12%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

# BILLINGS PUBLIC SCHOOLS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2019

### Teacher's Retirement System

#### Changes of Benefit Terms:

The following changes to the plan provision were made as identified:

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below:

- Final Average Compensation: Average of earned compensation paid in five consecutive years of full-time service that yields the highest average.
- Service Retirement: Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55.
- Early Retirement: Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55.
- Professional Retirement Option: If the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- Annual Contribution: 8.15% of member's earned compensation.
- Supplemental Contribution Rate: On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:

The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and

The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and

A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.

- Disability Retirement: A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination.
- Guaranteed Annual Benefit Adjustment (GABA): If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:

School Districts contributions will increase from 7.47% to 8.47%

The Montana University System and State Agencies will increase from 9.85% to 10.85%.

The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 through fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.

- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.

# BILLINGS PUBLIC SCHOOLS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2019

- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

### Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.50%.
- Payroll growth assumption was reduced from 4.00% to 3.25%.
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

The tables include margins for mortality improvement which is expected to occur in the future.

- Mortality among disabled members was updated to the following:

For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.

For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

- Retirement rates were updated.
- Termination rates were updated.
- Rates of salary increases were updated.

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to "retain membership in the System" are covered by the \$500 death benefit after termination.

The following changes to the actuarial assumptions were adopted in 2014:

- Assumed rate of inflation was reduced from 3.50% to 3.25%.
- Payroll Growth Assumption was reduced from 4.50% to 4.00%.
- Assumed real wage growth was reduced from 1.00% to 0.75%.
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

## BILLINGS PUBLIC SCHOOLS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2019

For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

- Mortality among disabled members was updated to the following:

For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

### Public Employees Retirement System

#### Changes of Benefit Terms:

2017 Legislative Changes:

General Revisions - House Bill 101, effective July 1, 2017:

Working Retiree Limitations - for PERS:

- If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds:

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to Member Accounts:

- The interest credited to member accounts increased from 0.25% to 0.77%.

Lump-sum Payouts:

- Lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members:

- PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

**BILLINGS PUBLIC SCHOOLS****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION**

For the Year Ended June 30, 2019

**Changes in actuarial assumptions and other inputs:****Method and assumptions used in calculations of actuarially determined contributions:**

	TRS	PERS
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	22 years	30 years
Asset valuation method	4 year smoothed market	4 year smoothed market
Inflation	3.25%	2.75%
Salary increases	4 to 8.51% including inflation for non-university members and 5% for university members	3.50%
Investment rate of return	7.75%, net of pension plan investment expense and including inflation	7.65%, net of pension plan investment expense and including inflation

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## **OTHER SUPPLEMENTAL INFORMATION**

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## **General Fund**

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

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# BILLINGS PUBLIC SCHOOLS

## COMBINING BALANCE SHEET

### ALL GENERAL SUBFUNDS

June 30, 2019

	Elementary General Subfund	High School General Subfund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,610,130	\$ 6,689,860	\$ 13,299,990
Receivables:			
Property taxes, net	569,679	299,183	868,862
Other	235,600	82,960	318,560
Prepaid items	-	30,000	30,000
Total assets	<u>\$ 7,415,409</u>	<u>\$ 7,102,003</u>	<u>\$ 14,517,412</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 573,072</u>	<u>\$ 450,767</u>	<u>\$ 1,023,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	<u>164,359</u>	<u>104,640</u>	<u>268,999</u>
<b>FUND BALANCES</b>			
Nonspendable	-	30,000	30,000
Assigned	-	30,000	30,000
Unassigned	<u>6,677,978</u>	<u>6,486,596</u>	<u>13,164,574</u>
Total fund balances	<u>6,677,978</u>	<u>6,546,596</u>	<u>13,224,574</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,415,409</u>	<u>\$ 7,102,003</u>	<u>\$ 14,517,412</u>

# BILLINGS PUBLIC SCHOOLS

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

### ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2019

	Elementary General Subfund	High School General Subfund	Total
<b>REVENUES</b>			
Property taxes	\$ 23,618,703	\$ 12,721,855	\$ 36,340,558
Intergovernmental:			
State aid	47,795,291	25,951,625	73,746,916
State other	7,299,622	7,901,897	15,201,519
Tuition	241,384	505,648	747,032
Interest	48,670	145,374	194,044
Total revenues	79,003,670	47,226,399	126,230,069
<b>EXPENDITURES</b>			
Current:			
Instruction	52,119,910	30,717,081	82,836,991
Support services:			
Students	5,446,227	2,788,493	8,234,720
Instructional staff	4,651,754	2,518,089	7,169,843
General administration	1,119,229	737,504	1,856,733
School administration	5,795,081	3,835,089	9,630,170
Business services	1,158,045	810,596	1,968,641
Operation and maintenance	8,034,820	5,385,176	13,419,996
Student transportation	12,986	38,145	51,131
Food services	-	1,402	1,402
Extracurricular	794,048	2,045,115	2,839,163
Capital outlay	113,239	611,352	724,591
Total expenditures	79,245,339	49,488,042	128,733,381
Net change in fund balances	(241,669)	(2,261,643)	(2,503,312)
Fund balances - beginning	6,919,647	8,808,239	15,727,886
Fund balances - ending	\$ 6,677,978	\$ 6,546,596	\$ 13,224,574

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

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BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
 June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,055,909	\$ 5,207,870	\$ 2,091,338	\$ 22,355,117
Receivables:				
Property taxes, net	287,160	16,112	33,021	336,293
Governments	334,848	-	-	334,848
Other	47,904	-	-	47,904
Prepaid items	44,650	-	-	44,650
Total assets	<u>\$ 15,770,471</u>	<u>\$ 5,223,982</u>	<u>\$ 2,124,359</u>	<u>\$ 23,118,812</u>
LIABILITIES				
Accounts payable	\$ 548,187	\$ 65,394	\$ 95,853	\$ 709,434
Unearned revenue	10,000	-	-	10,000
Total liabilities	<u>558,187</u>	<u>65,394</u>	<u>95,853</u>	<u>719,434</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>83,809</u>	<u>5,353</u>	<u>14,763</u>	<u>103,925</u>
FUND BALANCES				
Nonspendable	44,650	-	-	44,650
Restricted	9,217,713	5,153,235	2,013,743	16,384,691
Committed	5,164,372	-	-	5,164,372
Assigned	701,740	-	-	701,740
Total fund balances	<u>15,128,475</u>	<u>5,153,235</u>	<u>2,013,743</u>	<u>22,295,453</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,770,471</u>	<u>\$ 5,223,982</u>	<u>\$ 2,124,359</u>	<u>\$ 23,118,812</u>

# BILLINGS PUBLIC SCHOOLS

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

### ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

For the Year Ended June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 12,173,313	\$ 657,332	\$ 1,480,020	\$ 14,310,665
Intergovernmental:				
County	19,275,036	-	-	19,275,036
State other	1,079,888	-	-	1,079,888
Federal	5,147,552	490,666	-	5,638,218
Charges for services	2,833,159	-	28,255	2,861,414
Interest	282,154	112,423	25,716	420,293
Miscellaneous	1,008,356	-	3,219	1,011,575
Total revenues	41,799,458	1,260,421	1,537,210	44,597,089
EXPENDITURES				
Current:				
Instruction	18,362,736	-	-	18,362,736
Support services:				
Students	2,049,971	-	-	2,049,971
Instructional staff	2,399,266	-	-	2,399,266
General administration	51,043	-	-	51,043
School administration	2,167,095	-	-	2,167,095
Business services	290,892	-	6,150	297,042
Operation and maintenance	1,289,215	-	11,011	1,300,226
Student transportation	6,499,802	-	-	6,499,802
Food services	6,588,417	-	-	6,588,417
Extracurricular	325,686	-	-	325,686
Capital outlay	390,284	-	670,036	1,060,320
Debt service				
Interest and other charges	-	571,370	-	571,370
Total expenditures	40,414,407	571,370	687,197	41,672,974
Excess (deficiency) of revenues over expenditures	1,385,051	689,051	850,013	2,924,115
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	5,049	5,049
Total other financing sources	-	-	5,049	5,049
Net change in fund balances	1,385,051	689,051	855,062	2,929,164
Fund balances - beginning	13,743,424	4,464,184	1,158,681	19,366,289
Fund balances - ending	\$ 15,128,475	\$ 5,153,235	\$ 2,013,743	\$ 22,295,453

## **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.

Miscellaneous Trust Fund - (Elementary and High School) To account for the revenues and expenditures related to miscellaneous activities.

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BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2019

Page 1 of 4

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
<b>ASSETS</b>					
Cash and cash equivalents	\$ 948	\$ 516,707	\$ 94,823	\$ 1,310	\$ 64,532
Receivables:					
Property taxes, net	79,628	38,273	-	49,363	24,005
Governments	-	-	75,826	-	-
Other	8,850	-	34,333	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 89,426</u>	<u>\$ 554,980</u>	<u>\$ 204,982</u>	<u>\$ 50,673</u>	<u>\$ 88,537</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,492	\$ 7,548	\$ 80,271	\$ 12,916	\$ 34,647
Unearned revenue	-	-	-	-	-
Total liabilities	<u>9,492</u>	<u>7,548</u>	<u>80,271</u>	<u>12,916</u>	<u>34,647</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	<u>24,135</u>	<u>13,648</u>	<u>-</u>	<u>7,964</u>	<u>8,286</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	55,799	533,784	124,711	29,793	45,604
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>55,799</u>	<u>533,784</u>	<u>124,711</u>	<u>29,793</u>	<u>45,604</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 89,426</u>	<u>\$ 554,980</u>	<u>\$ 204,982</u>	<u>\$ 50,673</u>	<u>\$ 88,537</u>

BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2019

Page 2 of 4

	Elementary Retirement	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,543,222	\$ 2,339,609	\$ 1,511,512	\$ 402,690	\$ 428,056
Receivables:					
Property taxes, net	-	-	-	14,051	27,297
Governments	-	-	150,694	-	-
Other	-	-	-	-	-
Prepaid items	-	-	34,650	-	-
Total assets	<u>\$ 3,543,222</u>	<u>\$ 2,339,609</u>	<u>\$ 1,696,856</u>	<u>\$ 416,741</u>	<u>\$ 455,353</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 91,134	\$ 55,682	\$ 173,338	\$ 18,904	\$ 23,326
Unearned revenue	-	-	10,000	-	-
Total liabilities	<u>91,134</u>	<u>55,682</u>	<u>183,338</u>	<u>18,904</u>	<u>23,326</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	-	-	-	4,146	10,731
<b>FUND BALANCES</b>					
Nonspendable	-	-	34,650	-	-
Restricted	3,452,088	2,283,927	777,128	393,691	421,296
Committed	-	-	-	-	-
Assigned	-	-	701,740	-	-
Total fund balances	<u>3,452,088</u>	<u>2,283,927</u>	<u>1,513,518</u>	<u>393,691</u>	<u>421,296</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,543,222</u>	<u>\$ 2,339,609</u>	<u>\$ 1,696,856</u>	<u>\$ 416,741</u>	<u>\$ 455,353</u>

BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2019

Page 3 of 4

	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology	Elementary Flexibility
<b>ASSETS</b>					
Cash and cash equivalents	\$ 144,552	\$ 489	\$ 309,543	\$ 522,240	\$ 1,285,351
Receivables:					
Property taxes, net	-	-	28,885	25,658	-
Governments	108,328	-	-	-	-
Other	2,567	-	-	2,154	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 255,447</u>	<u>\$ 489</u>	<u>\$ 338,428</u>	<u>\$ 550,052</u>	<u>\$ 1,285,351</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 16,216	\$ -	\$ 4,928	\$ 8,481	\$ -
Unearned revenue	-	-	-	-	-
Total liabilities	<u>16,216</u>	<u>-</u>	<u>4,928</u>	<u>8,481</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	-	-	6,738	8,161	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	239,231	489	326,762	533,410	-
Committed	-	-	-	-	1,285,351
Assigned	-	-	-	-	-
Total fund balances	<u>239,231</u>	<u>489</u>	<u>326,762</u>	<u>533,410</u>	<u>1,285,351</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 255,447</u>	<u>\$ 489</u>	<u>\$ 338,428</u>	<u>\$ 550,052</u>	<u>\$ 1,285,351</u>

BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2019

Page 4 of 4

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,502,001	\$ 816,311	\$ 1,572,013	\$ 15,055,909
Receivables:				
Property taxes, net	-	-	-	287,160
Governments	-	-	-	334,848
Other	-	-	-	47,904
Prepaid items	-	10,000	-	44,650
Total assets	<u>\$ 1,502,001</u>	<u>\$ 826,311</u>	<u>\$ 1,572,013</u>	<u>\$ 15,770,471</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 4,622	\$ 6,682	\$ 548,187
Unearned revenue	-	-	-	10,000
Total liabilities	<u>-</u>	<u>4,622</u>	<u>6,682</u>	<u>558,187</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	-	83,809
<b>FUND BALANCES</b>				
Nonspendable	-	10,000	-	44,650
Restricted	-	-	-	9,217,713
Committed	1,502,001	811,689	1,565,331	5,164,372
Assigned	-	-	-	701,740
Total fund balances	<u>1,502,001</u>	<u>821,689</u>	<u>1,565,331</u>	<u>15,128,475</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,502,001</u>	<u>\$ 826,311</u>	<u>\$ 1,572,013</u>	<u>\$ 15,770,471</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2019**

Page 1 of 4

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
<b>REVENUES</b>					
Property taxes	\$ 3,348,683	\$ 1,643,599	\$ -	\$ 2,059,598	\$ 1,060,087
Intergovernmental:					
County	494,794	254,902	-	-	-
State other	435,039	221,256	9,944	-	-
Federal	-	-	4,557,747	-	-
Charges for services	70,783	-	2,135,611	-	-
Interest	1,642	5,422	67	16,195	5,369
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>4,350,941</b>	<b>2,125,179</b>	<b>6,703,369</b>	<b>2,075,793</b>	<b>1,065,456</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	-	-	-	2,379,001	1,025,977
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	7,712	6,503	-	-	-
Student transportation	4,293,090	2,000,929	-	-	-
Food services	-	-	6,588,417	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>4,300,802</b>	<b>2,007,432</b>	<b>6,588,417</b>	<b>2,379,001</b>	<b>1,025,977</b>
<b>Net change in fund balances</b>	<b>50,139</b>	<b>117,747</b>	<b>114,952</b>	<b>(303,208)</b>	<b>39,479</b>
<b>Fund balances - beginning</b>	<b>5,660</b>	<b>416,037</b>	<b>9,759</b>	<b>333,001</b>	<b>6,125</b>
<b>Fund balances - ending</b>	<b>\$ 55,799</b>	<b>\$ 533,784</b>	<b>\$ 124,711</b>	<b>\$ 29,793</b>	<b>\$ 45,604</b>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended June 30, 2019

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	Elementary Retirement	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 591,174	\$ 1,181,508
Intergovernmental:					
County	12,552,806	5,972,534	-	-	-
State other	-	-	305,321	-	-
Federal	-	-	589,805	-	-
Charges for services	-	-	-	-	269,673
Interest	44,159	27,268	-	2,839	5,701
Miscellaneous	-	-	205,998	1,145	60
<b>Total revenues</b>	<b>12,596,965</b>	<b>5,999,802</b>	<b>1,101,124</b>	<b>595,158</b>	<b>1,456,942</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	8,429,011	3,806,970	603,531	197,670	553,307
Support services:					
Students	889,377	358,347	863	75,861	120,612
Instructional staff	683,706	307,639	47,475	627	-
General administration	35,455	15,588	-	-	-
School administration	925,101	538,684	1,173	39,917	662,220
Business services	171,073	119,819	-	-	-
Operation and maintenance	761,520	401,653	-	40,275	67,147
Student transportation	161,602	44,181	-	-	-
Food services	-	-	-	-	-
Extracurricular	135,226	190,460	-	-	-
Capital outlay	-	-	208,458	8,932	10,252
<b>Total expenditures</b>	<b>12,192,071</b>	<b>5,783,341</b>	<b>861,500</b>	<b>363,282</b>	<b>1,413,538</b>
<b>Net change in fund balances</b>	<b>404,894</b>	<b>216,461</b>	<b>239,624</b>	<b>231,876</b>	<b>43,404</b>
<b>Fund balances - beginning</b>	<b>3,047,194</b>	<b>2,067,466</b>	<b>1,273,894</b>	<b>161,815</b>	<b>377,892</b>
<b>Fund balances - ending</b>	<b>\$ 3,452,088</b>	<b>\$ 2,283,927</b>	<b>\$ 1,513,518</b>	<b>\$ 393,691</b>	<b>\$ 421,296</b>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2019**

Page 3 of 4

	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology	Elementary Flexibility
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 1,194,720	\$ 1,093,944	\$ -
Intergovernmental:					
County	-	-	-	-	-
State other	108,328	-	-	-	-
Federal	-	-	-	-	-
Charges for services	357,092	-	-	-	-
Interest	3,055	31	49,912	43,735	19,326
Miscellaneous	2,393	-	6,702	3,301	-
	<u>470,868</u>	<u>31</u>	<u>1,251,334</u>	<u>1,140,980</u>	<u>19,326</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
Instruction	503,194	-	369,528	388,718	21,941
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	734,162	599,170	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	133,390	14,256	-
	<u>503,194</u>	<u>-</u>	<u>1,237,080</u>	<u>1,002,144</u>	<u>21,941</u>
Total expenditures					
Net change in fund balances	(32,326)	31	14,254	138,836	(2,615)
Fund balances - beginning	271,557	458	312,508	394,574	1,287,966
Fund balances - ending	<u>\$ 239,231</u>	<u>\$ 489</u>	<u>\$ 326,762</u>	<u>\$ 533,410</u>	<u>\$ 1,285,351</u>

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2019**

Page 4 of 4

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 12,173,313
Intergovernmental:				
County	-	-	-	19,275,036
State other	-	-	-	1,079,888
Federal	-	-	-	5,147,552
Charges for services	-	-	-	2,833,159
Interest	22,182	11,782	23,469	282,154
Miscellaneous	-	451,540	337,217	1,008,356
	<u>22,182</u>	<u>463,322</u>	<u>360,686</u>	<u>41,799,458</u>
Total revenues				
	<u>22,182</u>	<u>463,322</u>	<u>360,686</u>	<u>41,799,458</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	62,450	21,438	18,362,736
Support services:				
Students	-	314,483	290,428	2,049,971
Instructional staff	-	5,240	21,247	2,399,266
General administration	-	-	-	51,043
School administration	-	-	-	2,167,095
Business services	-	-	-	290,892
Operation and maintenance	-	150	4,255	1,289,215
Student transportation	-	-	-	6,499,802
Food services	-	-	-	6,588,417
Extracurricular	-	-	-	325,686
Capital outlay	-	7,200	7,796	390,284
	<u>-</u>	<u>389,523</u>	<u>345,164</u>	<u>40,414,407</u>
Total expenditures				
	<u>-</u>	<u>389,523</u>	<u>345,164</u>	<u>40,414,407</u>
Net change in fund balances	22,182	73,799	15,522	1,385,051
Fund balances - beginning	1,479,819	747,890	1,549,809	13,743,424
Fund balances - ending	<u>\$ 1,502,001</u>	<u>\$ 821,689</u>	<u>\$ 1,565,331</u>	<u>\$ 15,128,475</u>

# 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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 3,371,531	\$ 3,371,531	\$ 3,348,683	\$ -	\$ 3,348,683
Intergovernmental:					
County	591,822	591,822	494,794	-	494,794
State other	591,822	591,822	435,039	-	435,039
Charges for services	-	-	70,783	-	70,783
Interest	-	-	1,642	-	1,642
<b>Total revenues</b>	<b>4,555,175</b>	<b>4,555,175</b>	<b>4,350,941</b>	<b>-</b>	<b>4,350,941</b>
<b>EXPENDITURES</b>					
Current:					
Support services:					
Operation and maintenance	8,618	8,618	7,712	-	7,712
Student transportation	4,546,557	4,546,557	4,293,090	-	4,293,090
<b>Total expenditures</b>	<b>4,555,175</b>	<b>4,555,175</b>	<b>4,300,802</b>	<b>-</b>	<b>4,300,802</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>50,139</b>	<b>-</b>	<b>50,139</b>
Fund balances - beginning			5,660	-	5,660
Fund balances - ending			<b>\$ 55,799</b>	<b>\$ -</b>	<b>\$ 55,799</b>

# 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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 1,653,363	\$ 1,653,363	\$ 1,643,599	\$ -	\$ 1,643,599
Intergovernmental:					
County	271,310	271,310	254,902	-	254,902
State other	271,310	271,310	221,256	-	221,256
Interest	-	-	5,422	-	5,422
Total revenues	<u>2,195,983</u>	<u>2,195,983</u>	<u>2,125,179</u>	<u>-</u>	<u>2,125,179</u>
<b>EXPENDITURES</b>					
Current:					
Support services:					
Operation and maintenance	6,535	6,535	6,503	-	6,503
Student transportation	<u>2,189,448</u>	<u>2,189,448</u>	<u>2,000,929</u>	<u>-</u>	<u>2,000,929</u>
Total expenditures	<u>2,195,983</u>	<u>2,195,983</u>	<u>2,007,432</u>	<u>-</u>	<u>2,007,432</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	117,747	-	117,747
Fund balances - beginning			<u>416,037</u>	<u>-</u>	<u>416,037</u>
Fund balances - ending			<u>\$ 533,784</u>	<u>\$ -</u>	<u>\$ 533,784</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, 2019

	<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	\$ 2,067,460	\$ 2,067,460	\$ 2,059,598	\$ -	\$ 2,059,598
Interest	-	-	16,195	-	16,195
Total revenues	<u>2,067,460</u>	<u>2,067,460</u>	<u>2,075,793</u>	<u>-</u>	<u>2,075,793</u>
EXPENDITURES					
Current:					
Instruction	<u>2,400,461</u>	<u>2,400,461</u>	<u>2,379,001</u>	<u>-</u>	<u>2,379,001</u>
Total expenditures	<u>2,400,461</u>	<u>2,400,461</u>	<u>2,379,001</u>	<u>-</u>	<u>2,379,001</u>
Net change in fund balances	<u>\$ (333,001)</u>	<u>\$ (333,001)</u>	(303,208)	-	(303,208)
Fund balances - beginning			<u>333,001</u>	<u>-</u>	<u>333,001</u>
Fund balances - ending			<u>\$ 29,793</u>	<u>\$ -</u>	<u>\$ 29,793</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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,070,146	\$ 1,070,146	\$1,060,087	\$ -	\$ 1,060,087
Interest	-	-	5,369	-	5,369
Total revenues	<u>1,070,146</u>	<u>1,070,146</u>	<u>1,065,456</u>	<u>-</u>	<u>1,065,456</u>
EXPENDITURES					
Current:					
Instruction	<u>1,076,271</u>	<u>1,076,271</u>	<u>1,025,977</u>	<u>-</u>	<u>1,025,977</u>
Total expenditures	<u>1,076,271</u>	<u>1,076,271</u>	<u>1,025,977</u>	<u>-</u>	<u>1,025,977</u>
Net change in fund balances	<u>\$ (6,125)</u>	<u>\$ (6,125)</u>	39,479	-	39,479
Fund balances - beginning			<u>6,125</u>	<u>-</u>	<u>6,125</u>
Fund balances - ending			<u>\$ 45,604</u>	<u>\$ -</u>	<u>\$ 45,604</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, 2019

	<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:					
County	\$ 12,552,806	\$ 12,552,806	\$ 12,552,806	\$ -	\$ 12,552,806
Interest	-	-	44,159	-	44,159
	<u>12,552,806</u>	<u>12,552,806</u>	<u>12,596,965</u>	<u>-</u>	<u>12,596,965</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
Instructional	9,472,785	9,472,785	8,429,011	-	8,429,011
Support services:					
Students	860,227	860,227	889,377	-	889,377
Instructional staff	800,488	800,488	683,706	-	683,706
General administration	26,950	26,950	35,455	-	35,455
School administration	943,300	943,300	925,101	-	925,101
Business services	150,250	150,250	171,073	-	171,073
Operation and maintenance	531,800	531,800	761,520	-	761,520
Student transportation	116,500	116,500	161,602	-	161,602
Extracurricular	79,500	79,500	135,226	-	135,226
Capital Outlay	18,200	18,200	-	-	-
	<u>13,000,000</u>	<u>13,000,000</u>	<u>12,192,071</u>	<u>-</u>	<u>12,192,071</u>
Total expenditures					
Net change in fund balances	<u>\$ (447,194)</u>	<u>\$ (447,194)</u>	404,894	-	404,894
Fund balances - beginning			3,047,194	-	3,047,194
Fund balances - ending			<u>\$ 3,452,088</u>	<u>\$ -</u>	<u>\$ 3,452,088</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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Intergovernmental:					
County	\$ 5,972,534	\$ 5,972,534	\$ 5,972,534	\$ -	\$ 5,972,534
Interest	-	-	27,268	-	27,268
Total revenues	<u>5,972,534</u>	<u>5,972,534</u>	<u>5,999,802</u>	<u>-</u>	<u>5,999,802</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	4,737,165	4,737,165	3,806,970	-	3,806,970
Support services:					
Students	385,349	385,349	358,347	-	358,347
Instructional staff	261,219	261,219	307,639	-	307,639
General administration	36,959	36,959	15,588	-	15,588
School administration	640,363	640,363	538,684	-	538,684
Business services	113,581	113,581	119,819	-	119,819
Operation and maintenance	321,336	321,336	401,653	-	401,653
Student transportation	26,936	26,936	44,181	-	44,181
Food services	14,120	14,120	-	-	-
Extracurricular	162,972	162,972	190,460	-	190,460
Total expenditures	<u>6,700,000</u>	<u>6,700,000</u>	<u>5,783,341</u>	<u>-</u>	<u>5,783,341</u>
Net change in fund balances	<u>\$ (727,466)</u>	<u>\$ (727,466)</u>	216,461	-	216,461
Fund balances - beginning			<u>2,067,466</u>	<u>-</u>	<u>2,067,466</u>
Fund balances - ending			<u>\$ 2,283,927</u>	<u>\$ -</u>	<u>\$ 2,283,927</u>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR SPECIAL REVENUE FUND

### ELEMENTARY ADULT EDUCATION FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 595,000	\$ 595,000	\$ 591,174	\$ -	\$ 591,174
Interest	-	-	2,839	-	2,839
Miscellaneous	-	-	1,145	-	1,145
Total revenues	595,000	595,000	595,158	-	595,158
EXPENDITURES					
Current:					
Instructional	349,430	349,430	197,670	-	197,670
Support services:					
Students	-	-	75,861	-	75,861
Instructional staff	-	-	627	-	627
School administration	215,270	215,270	39,917	-	39,917
Operation and maintenance	30,300	30,300	40,275	-	40,275
Capital Outlay	-	-	8,932	-	8,932
Total expenditures	595,000	595,000	363,282	-	363,282
Net change in fund balances	\$ -	\$ -	231,876	-	231,876
Fund balances - beginning			161,815	-	161,815
Fund balances - ending			\$ 393,691	\$ -	\$ 393,691

# 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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 1,192,107	\$ 1,192,107	\$ 1,181,508	\$ -	\$ 1,181,508
Charges for services	280,000	280,000	269,673	-	269,673
Interest	-	-	5,701	-	5,701
Miscellaneous	-	-	60	-	60
Total revenues	<u>1,472,107</u>	<u>1,472,107</u>	<u>1,456,942</u>	<u>-</u>	<u>1,456,942</u>
<b>EXPENDITURES</b>					
Current:					
Instructional	542,200	542,200	553,307	-	553,307
Support services:					
Students	220,200	220,200	120,612	-	120,612
School administration	637,600	637,600	662,220	-	662,220
Operation and maintenance	103,500	103,500	67,147	-	67,147
Capital Outlay	<u>46,500</u>	<u>46,500</u>	<u>10,252</u>	<u>-</u>	<u>10,252</u>
Total expenditures	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,413,538</u>	<u>-</u>	<u>1,413,538</u>
Net change in fund balances	<u>\$ (77,893)</u>	<u>\$ (77,893)</u>	43,404	-	43,404
Fund balances - beginning			<u>377,892</u>	<u>-</u>	<u>377,892</u>
Fund balances - ending			<u>\$ 421,296</u>	<u>\$ -</u>	<u>\$ 421,296</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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,194,720	\$ -	\$ 1,194,720
Interest	-	-	49,912	-	49,912
Miscellaneous	-	-	6,702	-	6,702
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,251,334</u>	<u>-</u>	<u>1,251,334</u>
EXPENDITURES					
Current:					
Instructional	502,102	1,024,611	369,528	-	369,528
Support services:					
Instructional staff	982,657	481,148	734,162	-	734,162
Capital Outlay	<u>27,749</u>	<u>6,749</u>	<u>133,390</u>	<u>-</u>	<u>133,390</u>
Total expenditures	<u>1,512,508</u>	<u>1,512,508</u>	<u>1,237,080</u>	<u>-</u>	<u>1,237,080</u>
Net change in fund balances	<u>\$ (312,508)</u>	<u>\$ (312,508)</u>	14,254	-	14,254
Fund balances - beginning			<u>312,508</u>	<u>-</u>	<u>312,508</u>
Fund balances - ending			<u>\$ 326,762</u>	<u>\$ -</u>	<u>\$ 326,762</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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,099,459	\$ 1,099,459	\$ 1,093,944	\$ -	\$ 1,093,944
Interest	-	-	43,735	-	43,735
Miscellaneous	-	-	3,301	-	3,301
Total revenues	<u>1,099,459</u>	<u>1,099,459</u>	<u>1,140,980</u>	<u>-</u>	<u>1,140,980</u>
EXPENDITURES					
Current:					
Instructional	700,096	987,322	388,718	-	388,718
Support services:					
Instructional staff	772,933	499,963	599,170	-	599,170
Capital Outlay	<u>21,005</u>	<u>6,749</u>	<u>14,256</u>	<u>-</u>	<u>14,256</u>
Total expenditures	<u>1,494,034</u>	<u>1,494,034</u>	<u>1,002,144</u>	<u>-</u>	<u>1,002,144</u>
Net change in fund balances	<u>\$ (394,575)</u>	<u>\$ (394,575)</u>	138,836	-	138,836
Fund balances - beginning			<u>394,574</u>	<u>-</u>	<u>394,574</u>
Fund balances - ending			<u>\$ 533,410</u>	<u>\$ -</u>	<u>\$ 533,410</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, 2019

	<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					
Interest	\$ -	\$ -	\$ 19,326	\$ -	\$ 19,326
Total revenues	-	-	19,326	-	19,326
EXPENDITURES					
Current:					
Instructional	1,287,966	1,287,966	21,941	-	21,941
Total expenditures	1,287,966	1,287,966	21,941	-	21,941
Net change in fund balances	<u>\$ (1,287,966)</u>	<u>\$ (1,287,966)</u>	(2,615)	-	(2,615)
Fund balances - beginning			1,287,966	-	1,287,966
Fund balances - ending			<u>\$ 1,285,351</u>	<u>\$ -</u>	<u>\$ 1,285,351</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, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 22,182	\$ -	\$ 22,182
Total revenues	-	-	22,182	-	22,182
EXPENDITURES					
Current:					
Instructional	1,479,819	1,479,819	-	-	-
Total expenditures	1,479,819	1,479,819	-	-	-
Net change in fund balances	<u>\$ (1,479,819)</u>	<u>\$ (1,479,819)</u>	22,182	-	22,182
Fund balances - beginning			1,479,819	-	1,479,819
Fund balances - ending			<u>\$ 1,502,001</u>	<u>\$ -</u>	<u>\$ 1,502,001</u>

## **Nonmajor Debt Service Fund**

### **Budgeted:**

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

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BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUND  
 June 30, 2019

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	High School Debt Service
ASSETS	
Cash and cash equivalents	\$ 5,207,870
Receivables:	
Property taxes, net	<u>16,112</u>
Total assets	<u>\$ 5,223,982</u>
LIABILITIES	
Accounts payable	<u>\$ 65,394</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	<u>5,353</u>
FUND BALANCES	
Restricted	<u>5,153,235</u>
Total fund balances	<u>5,153,235</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,223,982</u>

**BILLINGS PUBLIC SCHOOLS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****NONMAJOR DEBT SERVICE FUND**For the Year Ended June 30, 2019

---

	High School Debt Service
REVENUES	
Property taxes	\$ 657,332
Intergovernmental:	
Federal	490,666
Interest	<u>112,423</u>
Total revenues	<u>1,260,421</u>
EXPENDITURES	
Debt service:	
Interest and other charges	<u>571,370</u>
Total expenditures	<u>571,370</u>
Net change in fund balances	689,051
Fund balances - beginning	<u>4,464,184</u>
Fund balances - ending	<u><u>\$ 5,153,235</u></u>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR DEBT SERVICE FUND

### HIGH SCHOOL DEBT SERVICE FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 661,977	\$ 661,977	\$ 657,332	\$ -	\$ 657,332
Intergovernmental:					
Federal	487,000	487,000	490,666	-	490,666
Interest	-	-	112,423	-	112,423
Total revenues	<u>1,148,977</u>	<u>1,148,977</u>	<u>1,260,421</u>	<u>-</u>	<u>1,260,421</u>
EXPENDITURES					
Debt Service:					
Principal	584,125	584,125	-	-	-
Interest and other charges	<u>578,787</u>	<u>578,787</u>	<u>571,370</u>	<u>-</u>	<u>571,370</u>
Total expenditures	<u>1,162,912</u>	<u>1,162,912</u>	<u>571,370</u>	<u>-</u>	<u>571,370</u>
Net change in fund balances	<u>\$ (13,935)</u>	<u>\$ (13,935)</u>	689,051	-	689,051
Fund balances - beginning			<u>4,464,184</u>	<u>-</u>	<u>4,464,184</u>
Fund balances - ending			<u>\$ 5,153,235</u>	<u>\$ -</u>	<u>\$ 5,153,235</u>

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## Nonmajor Capital Projects Funds

### **Budgeted:**

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

### **Nonbudgeted:**

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

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BILLINGS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2019

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 769,700	\$ 775,610	\$ 546,028	\$ 2,091,338
Receivables:				
Property taxes, net	-	22,161	10,860	33,021
Total assets	<u>\$ 769,700</u>	<u>\$ 797,771</u>	<u>\$ 556,888</u>	<u>\$ 2,124,359</u>
LIABILITIES				
Accounts payable	\$ 1,485	\$ 64,639	\$ 29,729	\$ 95,853
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	10,163	4,600	14,763
FUND BALANCES				
Restricted	<u>768,215</u>	<u>722,969</u>	<u>522,559</u>	<u>2,013,743</u>
Total fund balances	<u>768,215</u>	<u>722,969</u>	<u>522,559</u>	<u>2,013,743</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 769,700</u>	<u>\$ 797,771</u>	<u>\$ 556,888</u>	<u>\$ 2,124,359</u>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2019

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ 986,791	\$ 493,229	\$ 1,480,020
Charges for services	28,255	-	-	28,255
Interest	11,146	8,316	6,254	25,716
Miscellaneous	3,219	-	-	3,219
Total revenues	42,620	995,107	499,483	1,537,210
<b>EXPENDITURES</b>				
Current:				
Support services:				
Business services	6,150	-	-	6,150
Operation and maintenance	11,011	-	-	11,011
Capital outlay	1,420	463,902	204,714	670,036
Total expenditures	18,581	463,902	204,714	687,197
Excess (deficiency) of revenues over expenditures	24,039	531,205	294,769	850,013
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	5,049	-	-	5,049
Total other financing sources	5,049	-	-	5,049
Net change in fund balances	29,088	531,205	294,769	855,062
Fund balances - beginning	739,127	191,764	227,790	1,158,681
Fund balances - ending	\$ 768,215	\$ 722,969	\$ 522,559	\$ 2,013,743

**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, 2019

---

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,000,000	\$ 1,000,000	\$ 986,791	\$ -	\$ 986,791
Interest	-	-	8,316	-	8,316
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>995,107</u>	<u>-</u>	<u>995,107</u>
EXPENDITURES					
Capital Outlay	<u>1,191,764</u>	<u>1,191,764</u>	<u>463,902</u>	<u>-</u>	<u>463,902</u>
Total expenditures	<u>1,191,764</u>	<u>1,191,764</u>	<u>463,902</u>	<u>-</u>	<u>463,902</u>
Net change in fund balances	<u>\$ (191,764)</u>	<u>\$ (191,764)</u>	531,205	-	531,205
Fund balances - beginning			<u>191,764</u>	<u>-</u>	<u>191,764</u>
Fund balances - ending			<u>\$ 722,969</u>	<u>\$ -</u>	<u>\$ 722,969</u>

# BILLINGS PUBLIC SCHOOLS

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

### NONMAJOR CAPITAL PROJECTS FUND

### HIGH SCHOOL BUILDING RESERVE FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 500,000	\$ 500,000	\$ 493,229	\$ -	\$ 493,229
Interest	-	-	6,254	-	6,254
Total revenues	500,000	500,000	499,483	-	499,483
EXPENDITURES					
Capital Outlay	727,790	727,790	204,714	-	204,714
Total expenditures	727,790	727,790	204,714	-	204,714
Net change in fund balances	\$ (227,790)	\$ (227,790)	294,769	-	294,769
Fund balances - beginning			227,790	-	227,790
Fund balances - ending			\$ 522,559	\$ -	\$ 522,559

## **Proprietary Funds**

### **Internal Service Funds:**

Internal service funds are used to account for services provided by other departments or agencies of the government, or to other governments on a cost reimbursement basis.

Warehouse Fund - This fund is used to account for supplies, equipment and printing provided to other departments of the Billings Public Schools.

Self-Insurance Health Fund - This fund is used to account for the insurance premiums collected and claims paid out for employees, retirees and ex-employees on the COBRA plan.

Self-Insurance Property Fund - This fund is used to account for revenues collected and deductibles paid out for property and liability claims.

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# BILLINGS PUBLIC SCHOOLS

## COMBINING STATEMENT OF NET POSITION-ALL INTERNAL SERVICE FUNDS

June 30, 2019

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 370,837	\$ 11,892,846	\$ 350	\$ 12,264,033
Accounts receivables, net	189	248,726	-	248,915
Prepaid items	-	96,072	-	96,072
Total current assets	371,026	12,237,644	350	12,609,020
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other postemployment benefits	-	775,131	-	775,131
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	9,878	2,357,942	-	2,367,820
Unearned revenue	-	3,251	-	3,251
Compensated absences	2,708	2,469	-	5,177
Total current liabilities	12,586	2,363,662	-	2,376,248
Noncurrent liabilities:				
Compensated absences	24,376	22,224	-	46,600
Total other postemployment benefits	-	19,240,482	-	19,240,482
Total noncurrent liabilities	24,376	19,262,706	-	19,287,082
Total liabilities	36,962	21,626,368	-	21,663,330
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other postemployment benefits	-	486,332	-	486,332
<b>NET POSITION (DEFICIT)</b>				
Unrestricted	334,064	(9,099,925)	350	(8,765,511)
Total net position (deficit)	\$ 334,064	\$ (9,099,925)	\$ 350	\$ (8,765,511)

# BILLINGS PUBLIC SCHOOLS

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

### ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2019

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 344,392	\$ 20,763,581	\$ -	\$ 21,107,973
Total operating revenues	344,392	20,763,581	-	21,107,973
OPERATING EXPENSES				
Personal services - salaries	143,910	163,718	-	307,628
Personal services - benefits	38,085	29,030	-	67,115
Purchased property services	63,751	21,982	-	85,733
Other purchased services	22,661	1,720,670	-	1,743,331
Supplies and materials	103,439	3,811	-	107,250
Insurance claims and expenses	-	18,302,113	-	18,302,113
Miscellaneous	-	595	-	595
Total operating expenses	371,846	20,241,919	-	20,613,765
Operating income (Loss)	(27,454)	521,662	-	494,208
NONOPERATING REVENUES				
Interest revenue	-	186,018	-	186,018
Total nonoperating revenues	-	186,018	-	186,018
Change in net position	(27,454)	707,680	-	680,226
Net position - beginning	361,518	(9,807,605)	350	(9,445,737)
Net position - ending	\$ 334,064	\$ (9,099,925)	\$ 350	\$ (8,765,511)

# BILLINGS PUBLIC SCHOOLS

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

For the Year Ended June 30, 2019

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from health insurance premiums	\$ -	\$ 21,087,715	\$ -	\$ 21,087,715
Cash received from interfund services	344,203	-	-	344,203
Medical claims paid	-	(17,837,005)	-	(17,837,005)
Cash paid to employees health insurance services	-	(191,173)	-	(191,173)
Cash paid to employees for interfund services	(178,664)	-	-	(178,664)
Cash paid to suppliers for goods and services health insurance services	-	(1,601,899)	-	(1,601,899)
Cash paid to suppliers for goods and services interfund services	(184,699)	-	-	(184,699)
Net cash provided (used) by operating activities	(19,160)	1,457,638	-	1,438,478
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	-	186,018	-	186,018
Net cash provided by investing activities	-	186,018	-	186,018
Change in cash and cash equivalents	(19,160)	1,643,656	-	1,624,496
Cash and cash equivalents - beginning	389,997	10,249,190	350	10,639,537
Cash and cash equivalents - ending	\$ 370,837	\$ 11,892,846	\$ 350	\$ 12,264,033
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (27,454)	\$ 521,662	\$ -	\$ 494,208
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other postemployment benefits	-	465,108	-	465,108
(Increase) decrease in accounts receivable	(189)	324,134	-	323,945
Decrease in prepaid items	-	5,466	-	5,466
Increase in accounts payable	5,152	139,693	-	144,845
Increase in compensated absences	3,331	1,575	-	4,906
Net cash provided (used) by operating activities	\$ (19,160)	\$ 1,457,638	\$ -	\$ 1,438,478

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## **Fiduciary Funds**

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

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

### **Agency Funds:**

Payroll Clearing Fund (High School) - To account for payroll liabilities within one fund.

Cafeteria/Flex Plan Fund (High School) - To account for cafeteria plans under IRC Section 125 administered by a third party.

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BILLINGS PUBLIC SCHOOLS  
 COMBINING STATEMENT OF NET POSITION  
 ALL PRIVATE-PURPOSE TRUST FUNDS  
 June 30, 2019

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	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 435,050	\$ 1,988,893	\$ 2,423,943
Total assets	435,050	1,988,893	2,423,943
LIABILITIES			
Accounts payable	17,293	22,851	40,144
Total liabilities	17,293	22,851	40,144
NET POSITION			
Net position held in trust	\$ 417,757	\$ 1,966,042	\$ 2,383,799

**BILLINGS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**ALL PRIVATE-PURPOSE TRUST FUNDS**  
For the Year Ended June 30, 2019

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	Elementary Extracurricular	High School Extracurricular	Total
<b>ADDITIONS</b>			
Contributions:			
Student extracurricular activities	\$ 703,655	\$ 2,841,882	\$ 3,545,537
Investment earnings:			
Interest	<u>7,304</u>	<u>32,536</u>	<u>39,840</u>
Total additions	<u>710,959</u>	<u>2,874,418</u>	<u>3,585,377</u>
<b>DEDUCTIONS</b>			
Student extracurricular activities	<u>673,990</u>	<u>2,862,778</u>	<u>3,536,768</u>
Total deductions	<u>673,990</u>	<u>2,862,778</u>	<u>3,536,768</u>
Change in net position	<u>36,969</u>	<u>11,640</u>	<u>48,609</u>
Net position - beginning	<u>380,788</u>	<u>1,954,402</u>	<u>2,335,190</u>
Net position - ending	<u><u>\$ 417,757</u></u>	<u><u>\$ 1,966,042</u></u>	<u><u>\$ 2,383,799</u></u>

# BILLINGS PUBLIC SCHOOLS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### ALL AGENCY FUNDS

For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>PAYROLL CLEARING FUND</b>				
<b>ASSETS</b>				
Cash	\$ 6,088,052	\$ 130,367,361	\$ 135,753,768	\$ 701,645
Total assets	<u>6,088,052</u>	<u>130,367,361</u>	<u>135,753,768</u>	<u>701,645</u>
<b>LIABILITIES</b>				
Accounts payable	<u>6,088,052</u>	<u>135,753,768</u>	<u>130,367,361</u>	<u>701,645</u>
Total liabilities	<u>6,088,052</u>	<u>135,753,768</u>	<u>130,367,361</u>	<u>701,645</u>
<b>CAFETERIA/FLEX PLAN FUND</b>				
<b>ASSETS</b>				
Cash	<u>327,232</u>	<u>1,016,649</u>	<u>994,231</u>	<u>349,650</u>
Total assets	<u>327,232</u>	<u>1,016,649</u>	<u>994,231</u>	<u>349,650</u>
<b>LIABILITIES</b>				
Accounts payable	<u>327,232</u>	<u>994,231</u>	<u>1,016,649</u>	<u>349,650</u>
Total liabilities	<u>327,232</u>	<u>994,231</u>	<u>1,016,649</u>	<u>349,650</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	<u>6,415,284</u>	<u>131,384,010</u>	<u>136,747,999</u>	<u>1,051,295</u>
Total assets	<u>6,415,284</u>	<u>131,384,010</u>	<u>136,747,999</u>	<u>1,051,295</u>
<b>LIABILITIES</b>				
Accounts payable	<u>6,415,284</u>	<u>136,747,999</u>	<u>131,384,010</u>	<u>1,051,295</u>
Total liabilities	<u>\$ 6,415,284</u>	<u>\$ 136,747,999</u>	<u>\$ 131,384,010</u>	<u>\$ 1,051,295</u>

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

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**BILLINGS PUBLIC SCHOOLS**  
**SCHEDULE OF CHANGES IN NET POSITION - EXTRACURRICULAR**  
For the Year Ended June 30, 2019

Location	Balance July 1, 2018	Revenues	Expenditures	Balance June 30, 2019
Native American	\$ 487	\$ 4	\$ 325	\$ 166
Career Center	146,702	201,031	198,062	149,671
Senior High School	450,886	671,227	648,481	473,632
West High School	477,828	809,163	790,924	496,067
Skyview High School	299,502	812,786	858,011	254,277
Middle Schools-Athletics	126,915	141,737	118,485	150,167
Lewis & Clark Middle School	19,544	48,003	49,613	17,934
Lincoln Education Center	381	6	-	387
Riverside Middle School	32,450	36,762	37,665	31,547
Will James Middle School	56,194	99,018	89,197	66,015
Castlerock Middle School	63,481	98,861	104,923	57,419
Ben Steele Middle School	24,194	138,482	126,910	35,766
Medicine Crow Middle School	21,954	58,494	56,629	23,819
Arrowhead Elementary	6,269	7,684	9,791	4,162
Beartooth Elementary	2,529	5,424	5,282	2,671
Bench Elementary	2,802	6,176	6,742	2,236
Boulder Elementary	978	5,169	4,499	1,648
Broadwater Elementary	904	1,573	1,987	490
Burlington Elementary	3,327	5,601	6,375	2,553
Central Heights Elementary	668	7,557	7,700	525
Highland Elementary	1,175	936	841	1,270
McKinley Elementary	1,362	1,022	-	2,384
Meadowlark Elementary	263	4,208	4,203	268
Miles Elementary	4,284	4,881	5,205	3,960
Newman Elementary	1,962	2,445	2,899	1,508
Orchard Elementary	2,855	2,589	3,124	2,320
Poly Elementary	280	6,905	6,080	1,105
Ponderosa Elementary	239	3,883	3,643	479
Special Olympics	79	1	-	80
Rose Park Elementary	1,164	314	106	1,372
Sandstone Elementary	347	5	-	352
Adult Education	323	2	323	2
Washington Elementary	1,210	30	228	1,012
Alkali Creek Elementary	706	4,206	3,323	1,589
Big Sky Elementary	2,197	3,585	3,755	2,027
Exec Director of Activities	546,227	313,078	289,750	569,555
Coordinator of Music	32,522	82,529	91,687	23,364
	<u>\$ 2,335,190</u>	<u>\$ 3,585,377</u>	<u>\$ 3,536,768</u>	<u>\$ 2,383,799</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, 2019

	Per Enrollment Reports	Audit Per District Records	Difference
<b>Fall Enrollment - October 2018</b>			
Elementary School District			
K - 5:			
(a) Kindergarten (enrolled 720+ hours per year)	1,287	1,287	-
(b) Kindergarten (enrolled 181-719 hours per year)	17	17	-
(c) Kindergarten (enrolled < 181 hours per year)	3	3	-
(d) Grades 1-5 (enrolled 720+ hours per year)	6,231	6,231	-
(e) Grades 1-5 (enrolled 181-719 hours per year)	1	1	-
(f) Grades 1-5 (enrolled < 181 hours per year)	-	-	-
6-8:			
(g) Grades 6-8 (enrolled 720+ hours per year)	3,913	3,913	-
(h) Grades 6-8 (enrolled 181-719 hours per year)	4	4	-
(i) Grades 6-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,456	11,456	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,470	5,470	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	30	30	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	10	10	-
(n) Total High School (add lines k through m)	5,510	5,510	-
(o) 19 Year-olds included on line k	1	-	1
(p) Job Corp	-	-	-
(q) Montana Youth Challenge	-	-	-
<b>Spring Enrollment - February 2019</b>			
Elementary School District			
K - 5:			
(a) Kindergarten (enrolled 720+ hours per year)	1,273	1,273	-
(b) Kindergarten (enrolled 181-719 hours per year)	20	20	-
(c) Kindergarten (enrolled < 181 hours per year)	3	3	-
(d) Grades 1-5 (enrolled 720+ hours per year)	6,205	6,205	-
(e) Grades 1-5 (enrolled 181-719 hours per year)	1	1	-
(f) Grades 1-5 (enrolled < 181 hours per year)	-	-	-
6-8:			
(g) Grades 6-8 (enrolled 720+ hours per year)	3,849	3,849	-
(h) Grades 6-8 (enrolled 181-719 hours per year)	6	6	-
(i) Grades 6-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	11,357	11,357	-
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,244	5,244	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	42	42	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	8	8	-
(n) Total High School (add lines k through m)	5,294	5,294	-
(o) 19 Year-olds included on line k	1	-	1
(p) Job Corp	-	-	-
(q) Montana Youth Challenge	-	-	-
(r) Early Graduates	12	12	-

## **SECTION III – STATISTICAL SECTION**

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## SECTION III - STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	99-102
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Revenue Capacity	103-110
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	111-115
<i>These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	116-117
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	118-124
<i>The schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year

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

Table 1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net investment in capital assets	\$ 60,775,788	\$ 59,798,909	\$ 57,733,805	\$ 55,266,962	\$ 52,466,677	\$ 51,771,080	\$ 51,729,935	\$ 51,818,256	\$ 51,101,069	\$ 50,535,448
Restricted	13,131,943	7,457,520	7,793,006	10,730,765	10,916,571	15,270,912	16,398,869	18,713,270	18,731,517	22,958,641
Unrestricted (deficit)	<u>(15,821,877)</u>	<u>(13,230,538)</u>	<u>(14,127,147)</u>	<u>(12,518,164)</u>	<u>(8,862,940)</u>	<u>(112,975,416)</u>	<u>(103,472,531)</u>	<u>(127,071,672)</u>	<u>(133,392,674)</u>	<u>(138,083,731)</u>
Total net position	<u>\$ 58,085,854</u>	<u>\$ 54,025,891</u>	<u>\$ 51,399,664</u>	<u>\$ 53,479,563</u>	<u>\$ 54,520,308</u>	<u>\$ (45,933,424)</u>	<u>\$ (35,343,727)</u>	<u>\$ (56,540,146)</u>	<u>\$ (63,560,088)</u>	<u>\$ (64,589,642)</u>
						1		2	3	

1 Implemented GASB Statements 68 and 71

2 Implemented GASB Statement 73

3 Implemented GASB Statement 75

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

Table 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Instruction	\$ 91,294,560	\$ 94,100,760	\$ 90,996,777	\$ 92,876,108	\$ 96,301,172	\$ 96,651,543	\$ 97,005,016	\$ 105,539,862	\$ 111,758,344	\$ 118,621,733
Support services:										
Students	10,384,550	10,978,889	11,562,508	11,518,499	12,203,272	12,710,349	12,726,817	13,901,843	14,041,977	15,671,822
Instructional staff	7,115,837	7,541,224	7,768,857	7,760,274	8,060,342	7,940,616	8,909,748	8,520,641	10,138,104	10,225,276
General administration	1,607,281	1,559,394	2,183,458	1,728,213	1,917,754	2,060,920	2,094,473	2,255,636	1,964,370	1,943,138
School administration	9,642,520	10,149,144	10,076,339	9,790,142	10,166,229	10,285,418	10,911,561	11,154,175	11,915,815	12,318,998
Business services	1,948,020	2,258,772	2,321,858	2,002,743	2,103,298	2,424,217	2,336,752	2,330,041	2,528,926	2,772,612
Operation and maintenance	12,232,630	12,244,035	12,055,291	12,395,350	12,666,923	12,298,862	12,297,661	14,026,596	15,707,111	15,573,888
Student transportation	5,037,035	5,220,799	5,550,126	5,713,801	5,527,358	5,713,291	5,795,959	6,126,048	6,674,494	6,527,449
Food services	5,253,191	5,872,264	5,893,493	5,697,047	5,707,254	5,975,077	6,285,333	6,536,691	6,728,995	6,798,120
Community services	26,363	30,563	16,681	17,822	14,149	10,100	6,150	-	-	-
Extracurricular	2,351,072	2,458,540	2,399,701	2,563,371	2,553,595	2,602,188	2,729,817	3,073,078	3,180,993	3,422,143
Other current charges	12,350	12,874	13,693	-	-	-	-	-	-	-
Interest	46,167	316,332	670,408	1,625,782	2,523,052	4,455,186	5,583,903	5,536,184	5,424,464	5,262,594
Total expenses	146,951,576	152,743,590	151,509,190	153,689,152	159,744,398	163,127,767	166,683,190	179,000,795	190,063,593	199,137,773
Program revenues:										
Charges for services:										
Instruction	782,219	733,494	714,937	796,991	745,180	773,615	840,445	770,718	906,861	1,373,797
Support services:										
Operation and maintenance	33,606	32,415	50,315	64,230	64,694	57,034	418,069	160,782	57,945	78,734
Student transportation	42,288	38,379	39,704	39,393	34,550	36,618	40,285	36,411	56,946	70,783
Food services	2,378,896	2,362,415	2,452,515	2,271,012	2,185,261	2,089,187	2,303,357	2,042,033	2,031,519	2,135,611
Operating grants and contributions	33,980,885	37,940,966	30,073,832	31,165,921	31,443,773	34,661,238	34,311,787	36,670,029	34,920,643	38,061,642
Capital grants and contributions	77,188	77,586	48,665	139,927	54,637	97,003	177,026	422,990	320,499	164,404
Total program revenues	37,295,082	41,185,255	33,379,968	34,477,474	34,528,095	37,714,695	38,090,969	40,102,963	38,294,413	41,884,971
Net expense	(109,656,494)	(111,558,335)	(118,129,222)	(119,211,678)	(125,216,303)	(125,413,072)	(128,592,221)	(138,897,832)	(151,769,180)	(157,252,802)
General revenues:										
Property taxes	35,921,360	38,512,088	39,255,766	40,099,921	41,926,382	48,002,113	51,132,533	54,492,742	58,103,653	61,058,675
Unrestricted intergovernmental:										
State aid	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939	63,509,530	64,607,369	69,043,951	73,746,916
State other	5,678,388	5,721,040	5,720,810	6,484,021	6,244,913	7,322,579	6,907,224	6,928,173	623,278	153,971
County	12,124,782	13,525,559	13,636,532	14,978,791	15,809,305	15,458,169	15,643,024	17,154,480	17,735,249	18,525,340
Interest	411,620	293,422	217,250	133,528	196,214	580,470	582,535	735,757	872,224	1,326,947
Contributions and donations	937,984	1,146,735	988,900	995,403	1,127,943	1,242,275	838,217	667,437	528,760	304,256
Miscellaneous	459,324	269,744	1,038,092	534,177	496,534	828,766	568,855	746,367	1,082,835	1,092,444
Gain on disposal of capital assets	-	-	-	-	-	8,139	-	-	305	14,699
Total general revenues	105,297,548	107,498,372	115,502,995	120,979,119	126,569,506	137,563,450	139,181,918	145,332,325	147,990,255	156,223,248
Change in net position	\$ (4,358,946)	\$ (4,059,963)	\$ (2,626,227)	\$ 1,767,441	\$ 1,353,203	\$ 12,150,378	\$ 10,589,697	\$ 6,434,493	\$ (3,778,925)	\$ (1,029,554)

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

Table 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ 293,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,058,315	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	8,650	30,000
Assigned	-	223,775	623,244	804,770	1,261,432	695,086	274,135	349,511	165,846	30,000
Unassigned	-	3,792,265	4,015,233	4,950,752	6,848,264	10,331,887	16,216,463	17,236,642	15,553,390	13,164,574
Total general fund	<u>\$ 5,351,340</u>	<u>\$ 4,016,040</u>	<u>\$ 4,638,477</u>	<u>\$ 5,755,522</u>	<u>\$ 8,109,696</u>	<u>\$ 11,026,973</u>	<u>\$ 16,490,598</u>	<u>\$ 17,586,153</u>	<u>\$ 15,727,886</u>	<u>\$ 13,224,574</u>
All other governmental funds										
Reserved	\$ 102,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	15,374,310	-	-	-	-	-	-	-	-	-
Capital projects funds	1,167,397	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,659	-	-	-	115,000
Restricted	-	17,959,108	12,268,876	18,773,122	99,009,127	53,835,242	53,229,035	31,443,705	23,937,766	24,849,725
Committed	-	2,085,667	2,319,633	2,610,838	3,209,175	3,869,220	4,221,789	4,729,480	5,065,484	5,164,372
Assigned	-	7,020,122	6,024,273	6,816,264	5,288,065	9,335,756	10,175,831	11,392,598	12,195,610	12,577,161
Total all other governmental funds	<u>\$ 16,644,362</u>	<u>\$ 27,064,897</u>	<u>\$ 20,612,782</u>	<u>\$ 28,200,224</u>	<u>\$ 107,506,367</u>	<u>\$ 67,041,877</u>	<u>\$ 67,626,655</u>	<u>\$ 47,565,783</u>	<u>\$ 41,198,860</u>	<u>\$ 42,706,258</u>

1

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

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

Table 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352	\$ 40,006,403	\$ 42,518,450	\$ 47,163,854	\$ 53,365,029	\$ 52,928,392	\$ 59,688,055	\$ 60,901,465
Intergovernmental:										
County	12,883,209	14,285,342	14,480,834	15,862,391	16,621,981	16,313,938	16,477,104	17,958,672	18,550,708	19,275,036
State aid	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939	63,509,530	64,607,369	69,043,951	73,746,916
State other	21,216,653	19,694,027	20,936,835	22,328,332	22,299,555	26,390,195	25,342,892	27,744,479	19,405,841	20,996,830
Federal	17,684,193	22,964,040	14,013,505	14,438,010	14,576,455	14,689,534	15,011,200	15,032,163	15,312,111	16,455,487
Tuition	201,019	216,974	144,228	243,312	215,980	210,943	204,913	330,996	336,731	747,032
Charges for services	3,034,287	2,968,423	3,111,333	2,947,509	2,818,719	2,754,282	3,014,927	2,751,143	2,716,540	2,911,893
Interest	358,384	259,395	188,638	116,722	168,041	525,184	530,978	644,480	745,116	1,140,929
Miscellaneous	1,397,308	1,417,179	1,301,766	1,529,580	1,624,477	2,119,360	1,437,911	1,433,784	1,622,105	1,410,300
Total revenues	141,866,237	147,705,121	148,341,136	155,225,537	161,611,873	174,288,229	178,894,484	183,431,478	187,421,158	197,585,888
Expenditures										
Instruction	85,968,472	90,169,831	87,658,280	90,187,253	92,966,202	95,684,521	97,255,949	100,659,911	105,519,529	110,265,854
Support services:										
Students	10,028,276	10,774,961	11,420,156	11,286,445	11,968,564	12,823,247	12,579,662	13,486,341	13,480,220	14,944,978
Instructional staff	6,934,825	7,370,246	7,660,634	7,596,063	7,931,366	7,863,139	8,851,876	8,323,039	9,792,095	9,902,452
General administration	1,561,130	1,470,957	2,095,958	1,785,865	1,897,129	2,060,623	2,101,720	2,213,056	1,951,195	1,907,776
School administration	9,274,540	10,048,181	10,196,532	9,553,940	10,224,366	10,579,520	11,206,165	11,117,070	11,661,222	12,039,005
Business services	1,791,715	2,208,878	2,234,008	1,960,014	2,054,553	2,469,323	2,366,351	2,360,883	2,418,418	2,713,934
Operations and maintenance	11,946,381	12,025,975	12,166,696	12,164,592	12,475,533	12,393,710	12,710,622	14,287,143	15,095,368	15,198,855
Student transportation	4,961,862	5,177,545	5,518,265	5,707,029	5,511,248	5,707,091	5,814,423	6,119,000	6,603,013	6,563,372
Food services	5,109,148	5,788,739	5,807,668	5,598,212	5,606,418	5,865,132	6,165,203	6,361,179	6,526,032	6,589,819
Community services	26,363	30,563	16,681	17,822	14,149	10,100	6,150	-	-	-
Extracurricular	2,340,782	2,410,349	2,248,253	2,435,096	2,424,350	2,505,235	2,636,320	2,890,536	2,961,203	3,164,849
Other current charges	12,350	12,874	13,693	-	-	-	-	-	-	-
Capital outlay	2,797,520	2,725,219	6,566,027	10,837,415	14,217,934	46,298,754	41,129,075	24,964,129	9,310,879	5,063,782
Debt service										
Principal	229,595	236,253	199,015	165,203	124,227	1,474,250	2,869,250	4,114,250	4,234,250	4,315,000
Interest	42,301	515,521	653,852	1,412,218	1,767,896	6,170,436	6,132,494	6,213,824	6,092,924	5,927,274
Total expenditures	143,025,260	150,966,092	154,455,718	160,707,167	169,183,935	211,905,081	211,825,260	203,110,361	195,646,348	198,596,950
Excess (deficiency) of revenues over expenditures	(1,159,023)	(3,260,971)	(6,114,582)	(5,481,630)	(7,572,062)	(37,616,852)	(32,930,776)	(19,678,883)	(8,225,190)	(1,011,062)
Other financing sources (uses)										
Transfers in	181,725	-	-	9,845	-	196,450	-	-	-	-
Transfers out	(188,362)	-	-	(9,845)	-	(196,450)	-	-	-	-
Premium on long-term debt issued	-	-	-	-	8,332,379	-	5,119,685	-	-	-
Insurance recoveries	-	281,206	284,904	41,615	-	61,500	859,494	507,789	-	-
Long-term debt issued	-	12,000,000	-	14,144,502	80,900,000	-	33,000,000	-	-	-
Sale of capital assets	5,000	65,000	-	-	-	8,139	-	205,777	-	15,148
Total other financing sources (uses)	(1,637)	12,346,206	284,904	14,186,117	89,232,379	69,639	38,979,179	713,566	-	15,148
Net change in fund balances	\$ (1,160,660)	\$ 9,085,235	\$ (5,829,678)	\$ 8,704,487	\$ 81,660,317	\$ (37,547,213)	\$ 6,048,403	\$ (18,965,317)	\$ (8,225,190)	\$ (995,914)
Debt service as a percentage of non-capital expenditures	0.19%	0.51%	0.58%	1.05%	1.22%	4.62%	5.27%	5.80%	5.54%	5.29%

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

Table 5

Fiscal Year	Instruction	Support Services						
		Students	Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	Student Transportation
2010	\$ 62,217,372	\$ 6,412,634	\$ 5,000,683	\$ 1,455,004	\$ 7,182,901	\$ 1,317,101	\$ 10,750,560	\$ 81,841
2011	65,096,669	7,187,725	5,803,981	1,311,896	7,535,626	1,782,780	10,828,842	47,398
2012	64,228,160	6,865,200	5,743,805	1,696,286	7,640,231	1,623,144	10,593,673	20,604
2013	66,777,286	6,850,794	5,865,148	1,419,132	7,435,562	1,692,700	10,820,835	26,459
2014	68,011,115	6,992,701	6,063,526	1,562,697	8,095,258	1,786,921	11,146,363	34,289
2015	68,686,471	7,143,315	5,898,708	1,711,703	8,119,218	2,146,282	11,030,807	28,222
2016	72,270,831	7,078,580	6,598,488	1,684,614	8,805,402	1,829,231	11,021,525	74,376
2017	76,287,523	7,423,399	6,372,883	1,808,934	8,845,283	1,685,627	12,300,559	47,659
2018	79,163,807	7,492,513	7,384,705	1,894,009	9,289,126	1,683,725	13,200,719	118,420
2019	82,836,991	8,234,720	7,169,843	1,856,733	9,630,170	1,968,641	13,419,996	51,131

Fiscal Year	Community Services/Food Services	Extracurricular	Capital Outlay	Debt Service	Total
2010	\$ 13,200	\$ 2,065,022	\$ 463,818	\$ 245,740	\$ 97,205,876
2011	6,600	2,108,957	567,459	243,574	102,521,507
2012	-	1,973,861	461,616	203,367	101,049,947
2013	-	2,133,334	475,317	166,963	103,663,530
2014	585	2,124,122	676,220	124,426	106,618,223
2015	800	2,172,992	709,158	84,250	107,731,926
2016	-	2,353,949	580,466	84,250	112,381,712
2017	-	2,642,100	925,201	84,250	118,423,418
2018	1,140	2,633,238	1,068,645	84,800	124,014,847
2019	1,402	2,839,163	724,591	-	128,733,381

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

Table 6

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Taxes Levied	Collected within the Fiscal Year of the Levy		Tax Collections after Levy Year	Total Collections to Date	
						Amount Collected *	Percent of Levy		Amount Collected	Percent of Levy
Elementary District:										
2010	\$ 167,860,468	\$ 5,335,244,057	3.15%	123.45	\$ 20,722,375	\$ 19,532,418	94.26%	1,146,354	\$ 20,678,772	99.79%
2011	175,218,296	6,623,402,263	2.65%	128.81	22,569,869	21,435,922	94.98%	450,978	21,886,900	96.97%
2012	177,014,509	5,985,087,238	2.96%	128.09	22,673,788	22,336,226	98.51%	331,190	22,667,416	99.97%
2013	176,069,203	6,154,532,525	2.86%	134.13	23,616,162	23,205,489	98.26%	314,028	23,519,517	99.59%
2014	178,803,178	6,455,299,303	2.77%	144.10	25,765,538	25,064,410	97.28%	631,015	25,695,425	99.73%
2015	175,238,138	6,572,130,535	2.67%	179.93	31,530,598	30,637,906	97.17%	831,626	31,469,532	99.81%
2016	194,587,614	11,650,594,235	1.67%	178.55	34,743,618	34,618,695	99.64%	118,022	34,736,717	99.98%
2017	198,430,778	11,739,775,974	1.69%	190.24	37,749,471	35,633,279	94.39%	894,205	36,527,484	96.76%
2018	208,808,937	12,511,911,961	1.67%	197.33	41,204,268	39,734,170	96.43%	543,474	40,277,644	97.75%
2019	210,943,808	12,828,718,518	1.64%	200.37	42,266,811	41,182,157	97.43%	-	41,182,157	97.43%
High School District:										
2010	\$ 220,537,239	\$ 7,075,610,744	3.12%	70.42	\$ 15,530,232	\$ 14,601,758	94.02%	895,861	\$ 15,497,619	99.79%
2011	231,740,662	8,623,253,538	2.69%	70.92	16,435,048	15,662,531	95.30%	534,868	16,197,399	98.55%
2012	235,424,143	7,974,802,129	2.95%	71.10	16,738,657	16,322,166	97.51%	303,167	16,625,333	99.32%
2013	235,345,707	8,256,450,287	2.85%	70.40	16,568,338	16,120,642	97.30%	398,130	16,518,772	99.70%
2014	238,407,131	8,647,326,911	2.76%	71.44	17,031,805	16,462,130	96.66%	539,041	17,001,171	99.82%
2015	235,586,169	8,873,443,960	2.65%	69.82	16,448,626	16,004,297	97.30%	439,591	16,443,888	99.97%
2016	264,033,676	15,451,136,712	1.71%	66.53	17,566,160	17,513,945	99.70%	47,892	17,561,837	99.98%
2017	269,574,516	15,595,752,243	1.73%	65.28	17,597,824	16,686,155	94.82%	441,859	17,128,014	97.33%
2018	283,156,573	16,626,343,898	1.70%	66.63	18,866,722	18,199,329	96.46%	292,220	18,491,549	98.01%
2019	261,369,448	15,885,942,424	1.65%	72.36	18,912,693	18,471,081	97.66%	-	18,471,081	97.66%

Source: Montana Department of Revenue  
Yellowstone County Treasurer

## BILLINGS PUBLIC SCHOOLS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Forest and Agricultural Land	Residential	Commerical	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Value	Total Direct Rate
Elementary District:							
2010	\$ 3,332,900	\$ 6,859,523,976	\$ 2,061,518,265	\$ 8,924,375,141	1.43%	\$ 127,941,070	123.45
2011	3,352,379	6,922,553,883	2,018,786,035	8,944,692,297	1.43%	128,232,379	128.81
2012	3,320,188	6,984,712,335	2,035,516,027	9,023,548,550	1.43%	128,968,649	128.09
2013	4,631,400	7,107,652,066	2,068,862,067	9,181,145,533	1.42%	130,684,588	134.13
2014	3,854,085	7,238,734,848	2,096,221,003	9,338,809,936	1.43%	133,362,823	144.10
2015	5,235,734	8,047,407,705	2,452,260,873	10,504,904,312	1.45%	152,548,497	179.93
2016	3,222,429	8,131,584,232	2,428,808,679	10,563,615,340	1.45%	153,203,366	178.55
2017	3,567,668	8,823,846,226	2,450,924,446	11,278,338,340	1.44%	162,666,729	190.24
2018	3,781,750	8,985,738,447	2,425,187,449	11,414,707,646	1.44%	163,866,801	197.33
2019	3,998,143	9,583,228,042	2,483,341,664	12,070,567,849	1.90%	229,161,266	195.58
High School District:							
2010	\$ 25,105,396	\$ 8,141,452,809	\$ 3,185,196,435	\$ 11,351,754,640	1.45%	\$ 164,819,503	70.42
2011	25,121,843	8,240,575,293	3,141,091,614	11,406,788,750	1.46%	166,280,833	70.92
2012	25,170,347	8,329,054,288	3,167,868,899	11,522,093,534	1.46%	167,972,135	71.10
2013	36,168,900	8,518,455,953	3,220,194,087	11,774,818,940	1.45%	171,115,813	70.40
2014	35,370,729	8,718,821,777	3,283,878,353	12,038,070,859	1.46%	175,897,177	71.44
2015	38,539,098	9,756,798,419	3,952,410,000	13,747,747,517	1.48%	203,948,304	69.82
2016	27,176,869	9,884,831,869	3,898,833,351	13,810,842,089	1.48%	204,765,579	66.53
2017	29,835,506	10,748,240,209	4,032,797,240	14,810,872,955	1.48%	218,723,916	65.28
2018	28,629,702	10,482,223,166	3,722,495,772	14,233,348,640	1.47%	208,805,817	66.63
2019	30,362,075	11,194,734,950	3,819,080,095	15,044,177,120	1.88%	283,521,032	73.48

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

Table 8

Taxpayer	2019			2010		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 19,903,847.00	1	9.44%	\$ -	-	0.00%
Northwestern Energy - Trans & Dis	15,220,533.00	2	7.22%	9,987,165	2	5.95%
Montana Dakota Utilities - Gas	3,596,110.00	3	1.70%	1,486,719	6	0.89%
Charter Communications Inc	2,109,727.00	4	1.00%	-	-	0.00%
Phillips 66 Carrier LLC	1,940,184.00	5	0.92%	-	-	0.00%
Jupiter Sulphur LLC	1,682,926.00	6	0.80%	-	-	0.00%
Quest Corporation/Century Link	1,241,589.00	7	0.59%	3,165,331	5	1.89%
Verizon Wireless	1,102,735.00	8	0.52%	813,226	8	0.48%
Yellowstone Pipeline Co	995,911.00	9	0.47%	-	-	0.00%
Rimrock Owner LP	921,688.00	10	0.44%	-	-	0.00%
ConocoPhillips Company	-	-	0.00%	13,203,599	1	7.87%
Bresnan Broadband DBA MT Telegraph	-	-	0.00%	5,601,822	3	3.34%
Quest Corporation	-	-	0.00%	-	-	0.00%
PPL Montana LLC	-	-	0.00%	3,497,297	4	2.08%
Macerich Rimrock Limited Partnership	-	-	0.00%	666,409	10	0.40%
AT&T Communicatons	-	-	0.00%	-	-	0.00%
Conco Pipeline Company	-	-	0.00%	908,889	7	0.54%
Rocky Mountain Pipeline System LLC	-	-	0.00%	-	-	0.00%
Walmart	-	-	0.00%	736,987	9	0.44%
Total	<u>\$ 48,715,250.00</u>		<u>23.09%</u>	<u>\$ 40,067,444</u>		<u>23.87%</u>

Source: Montana Department of Revenue

**BILLINGS PUBLIC SCHOOLS**

Table 8a

**PRINCIPAL PROPERTY TAX PAYERS IN THE HIGH SCHOOL DISTRICT**

Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 19,906,403	1	7.62%	1,486,719	8	0.67%
Northwestern Energy - Trans & Dis	16,428,533	2	6.29%	\$ 11,742,653	2	5.32%
Montana Dakota Utilities - Gas	4,007,377	3	1.53%	1,486,719	8	0.67%
Phillips 66 Carrier LLC	2,236,628	4	0.86%	-	-	0.00%
Charter Communications Inc	2,109,727	5	0.81%			
Jupiter Sulphur LLC	1,682,926	6	0.64%			
Quest Corporation/Centurylink Inc	1,310,577	7	0.50%	3,504,497	5	1.59%
Verizon Wireless	1,278,654	8	0.49%	991,220	10	0.45%
Yellowstone Pipeline Co	995,911	9	0.38%			
AT&T Mobility	957,757	10	0.37%	-	-	0.00%
Rimrock Owner LP			0.00%	-	-	0.00%
Western Sugar			0.00%	-	-	0.00%
WBI Energy Transmission, Inc			0.00%	-	-	0.00%
Wal-Mart Real Estate Business Trust			0.00%	-	-	0.00%
ConocoPhillips Company			0.00%	13,205,328	1	5.99%
Bresnan Broadband DBA MT Telegraph			0.00%	5,601,822	4	2.54%
Quest Corporation	-	-	0.00%	-	-	0.00%
PPL Montana LLC	-	-	0.00%	3,514,112	5	1.59%
Bresnan Broadband Holdings LLC	-	-	0.00%	-	-	0.00%
Macerch Rimrock Limited Partnership	-	-	0.00%	-	-	0.00%
Conoco Pipeline Co	-	-	0.00%	1,078,878	9	0.49%
WWC Holding Co (Alltel)	-	-	0.00%	1,886,407	7	0.86%
Exxon Mobile Corporation	-	-	0.00%	9,068,129	3	4.11%
Total	<u>\$ 31,008,090</u>		<u>11.86%</u>	<u>\$ 52,079,765</u>		<u>23.61%</u>

Source: Montana Department of Revenue

**BILLINGS PUBLIC SCHOOLS**  
**REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES**  
For the Fiscal Year Ended June 30, 2019  
(modified accrual basis of accounting)

Table 9

Source	Actual Revenue	Percent of Total Revenue
Revenue from local and intermediate sources:		
Property taxes	\$ 60,901,465	30.82%
Tuition	747,032	0.38%
Interest	1,140,929	0.58%
Charges for service	2,911,893	1.47%
County retirement	18,525,340	9.38%
County transportation	749,696	0.38%
Miscellaneous	1,410,300	0.71%
Total revenue from local and intermediate sources	86,386,655	43.72%
Revenue from state sources:		
Direct state aid	48,468,402	24.53%
State quality educator	3,968,671	2.01%
State at risk	466,017	0.24%
State Indian education for all	374,859	0.19%
State American Indian achievement gap	401,892	0.20%
State special education allowable cost payment	4,797,415	2.43%
State guaranteed tax base aid	25,278,514	12.79%
State transportation	656,295	0.33%
State Medicaid	3,620,403	1.83%
State on-behalf payment	5,149,174	2.61%
State other	1,562,104	0.79%
Total revenue from state sources	94,743,746	47.95%
Revenue from federal sources:		
Federal grants	11,897,740	6.02%
Federal food service	4,557,747	2.32%
Total revenue from federal sources	16,455,487	8.34%
Total revenue	\$ 197,585,888	100.01%

Source: District Financial Records

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

Table 10

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Year	Property Taxes	State of Montana	Federal	Tuition	Interest	Miscellaneous	Total
2010	\$ 30,054,248	\$ 63,876,342	\$ 2,493,094	\$ 201,019	\$ 64,393	\$ 177,968	\$ 96,867,064
2011	31,890,655	62,290,861	6,755,483	216,974	32,234	-	101,186,207
2012	32,602,150	68,856,591	45,406	144,228	18,796	5,213	101,672,384
2013	32,307,421	72,210,365	-	243,312	9,632	-	104,770,730
2014	33,357,543	75,379,776	-	215,980	19,098	-	108,972,397
2015	32,304,925	77,974,914	-	210,943	158,421	-	110,649,203
2016	35,308,571	82,271,777	-	204,913	60,076	-	117,845,337
2017	33,306,466	85,762,048	-	330,996	119,463	-	119,518,973
2018	39,050,117	82,621,625	-	336,731	148,107	-	122,156,580
2019	36,340,558	88,948,435	-	747,032	194,044	-	126,230,069

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

Table 11

Year	District Revenue	State Revenue	Federal Revenue	Total Revenue	October Enrollment	Revenue Per Student			
						District	State	Federal	Total
2010	\$ 30,497,628	\$ 63,876,342	\$ 2,493,094	\$ 96,867,064	15,676	\$ 1,945	\$ 4,075	\$ 159	\$ 6,179
2011	32,139,863	62,290,861	6,755,483	101,186,207	15,714	2,045	3,964	430	6,439
2012	32,770,387	68,856,591	45,406	101,672,384	15,965	2,053	4,313	3	6,369
2013	32,560,365	72,210,365	-	104,770,730	16,220	2,007	4,452	-	6,459
2014	33,592,621	75,379,776	-	108,972,397	16,268	2,065	4,634	-	6,699
2015	32,674,289	77,974,914	-	110,649,203	16,318	2,002	4,778	-	6,780
2016	35,573,560	82,271,777	-	117,845,337	16,356	2,175	5,030	-	7,205
2017	33,756,925	85,762,048	-	119,518,973	16,637	2,029	5,155	-	7,184
2018	39,534,955	82,621,625	-	122,156,580	16,645	2,375	4,964	-	7,339
2019	37,281,634	88,948,435	-	126,230,069	16,966	2,197	5,243	-	7,440

Source: District Records

# BILLINGS PUBLIC SCHOOLS

Table 12

Ratio of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	General Obligation Bonded Debt	Less: Amounts Available in Debt Service Funds	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita	Net G.O. Bonded Debt as a % of Per Capita Income
Elementary District								
2010	105,500	\$ 167,860,468	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
2011	107,934	175,218,296	4,420,000	111,676	4,308,324	2.46%	39.92	0.12%
2012	107,977	177,014,509	4,420,000	407,252	4,012,748	2.27%	37.16	0.10%
2013	107,857	176,069,203	14,784,502	1,531,348	13,253,154	7.53%	122.88	0.31%
2014	109,059	178,803,178	104,180,290	2,451,448	101,728,842	56.89%	932.79	2.18%
2015	110,248	175,238,138	102,289,421	3,955,846	98,333,575	56.11%	891.93	2.09%
2016	111,902	194,587,614	136,931,249	4,457,585	132,473,664	68.08%	1,183.84	2.66%
2017	113,581	198,430,778	132,144,396	4,103,545	128,040,851	64.53%	1,127.31	2.39%
2018	114,967	208,808,937	127,237,543	5,338,967	121,898,576	58.38%	1,060.29	2.28%
2019	116,370	210,943,808	122,249,940	6,605,955	115,643,985	54.82%	993.76	1.91%
High School District								
2010	125,000	\$ 220,537,239	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
2011	123,145	231,740,662	7,580,000	-	7,580,000	3.27%	61.55	0.18%
2012	127,987	235,424,143	7,580,000	641,386	6,938,614	2.95%	54.21	0.14%
2013	127,011	235,345,707	11,360,000	1,370,152	9,989,848	4.24%	78.65	0.20%
2014	128,281	238,407,131	11,360,000	2,064,230	9,295,770	3.90%	72.46	0.17%
2015	130,625	235,586,169	11,360,000	2,665,249	8,694,751	3.69%	66.56	0.16%
2016	132,584	264,033,676	11,360,000	3,238,093	8,121,907	3.08%	61.26	0.14%
2017	134,573	269,574,516	11,360,000	3,777,519	7,582,481	2.81%	56.34	0.12%
2018	136,215	283,156,573	11,360,000	4,464,184	6,895,816	2.44%	50.62	0.11%
2019	137,877	262,118,050	11,360,000	5,153,235	6,206,765	2.37%	45.02	0.09%

Source and other information:

1 Census taken every ten years. Actual census figures given for 2011.

2 All other years are estimated by City/County Planning department , Yellowstone County, Montana

3 Department Revenue/State of Montana/Yellowstone County , Montana, Assessors office

(these amounts do not include the incremental increases to the tax increment district).

## BILLINGS PUBLIC SCHOOLS

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Limited Obligation Bonds	Notes Payable	Total Outstanding Debt	Percentage of Personal Income (1)	Population	Debt Per Capita
2010	\$ -	\$ -	\$ 674,000	\$ 387,698	\$ 1,061,698	0.03%	125,000	\$ 8.49
2011	12,000,000	-	589,750	235,695	12,825,445	0.31%	123,145	104.15
2012	12,000,000	-	505,500	120,930	12,626,430	0.26%	127,987	98.65
2013	26,144,502	-	421,250	39,977	26,605,729	0.53%	127,011	209.48
2014	115,203,290	-	337,000	-	115,540,290	2.11%	128,281	900.68
2015	113,396,671	-	252,750	-	113,649,421	2.04%	130,625	870.04
2016	148,122,749	-	168,500	-	148,291,249	2.51%	132,584	1,118.47
2017	143,420,146	-	84,250	-	143,504,396	2.26%	134,573	1,066.37
2018	138,597,543	536,276	-	-	139,133,819	2.19%	136,215	1,021.43
2019	133,609,940	435,195	-	-	134,045,135	1.87%	137,877	972.21

(1) Personal income is disclosed on table 17

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

Table 14

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary District:										
Maximum debt limit	\$ 159,167,625	\$ 163,878,075	\$ 173,621,490	\$ 180,280,680	\$ 187,023,650	\$ 380,545,000	\$ 384,973,600	\$ 405,467,400	\$ 404,230,800	\$ 431,019,180
Total net debt applicable to limit	259,758	5,167,666	5,006,523	15,232,536	96,021,502	94,547,252	124,678,002	120,479,502	116,329,502	112,014,502
Legal debt margin	<u>\$ 158,907,867</u>	<u>\$ 158,710,409</u>	<u>\$ 168,614,967</u>	<u>\$ 165,048,144</u>	<u>\$ 91,002,148</u>	<u>\$ 285,997,748</u>	<u>\$ 260,295,598</u>	<u>\$ 284,987,898</u>	<u>\$ 287,901,298</u>	<u>\$ 319,004,678</u>
Total net debt applicable to limit as a percentage of debt limit	0.16%	3.15%	2.88%	8.45%	51.34%	24.85%	32.39%	29.71%	28.78%	25.99%
High School District:										
Maximum debt limit	\$ 178,979,580	\$ 174,945,980	\$ 186,698,955	\$ 190,562,190	\$ 199,032,120	\$ 411,396,870	\$ 424,453,320	\$ 461,250,790	\$ 474,496,880	\$ 495,251,770
Total net debt applicable to limit	127,940	7,657,779	7,619,907	11,373,193	11,360,000	11,360,000	11,360,000	11,360,000	11,360,000	11,360,000
Legal debt margin	<u>\$ 178,851,640</u>	<u>\$ 167,288,201</u>	<u>\$ 179,079,048</u>	<u>\$ 179,188,997</u>	<u>\$ 187,672,120</u>	<u>\$ 400,036,870</u>	<u>\$ 413,093,320</u>	<u>\$ 449,890,790</u>	<u>\$ 463,136,880</u>	<u>\$ 483,891,770</u>
Total net debt applicable to limit as a percentage of debt limit	0.07%	4.38%	4.08%	5.97%	5.71%	2.76%	2.68%	2.46%	2.39%	2.29%
Debt Limitation Calculation	Elementary		High School							
2018/19 Statewide Average Per ANB	\$ 36,670		\$ 90,490							
X FY19 ANB	<u>11,754</u>		<u>5,473</u>							
Total	<u>431,019,180</u>		<u>495,251,770</u>							
X Debt Limit Rate of 1.0	<u>1.00</u>		<u>1.00</u>							
Equals: Maximum Debt Capacity	431,019,180		495,251,770							
Less: bonded indebtedness	112,014,502		11,360,000							
Less: other indebtedness	<u>-</u>		<u>-</u>							
Estimated Debt Capacity Remaining	<u>\$ 319,004,678</u>		<u>\$ 483,891,770</u>							

Note: ANB, Average Number Belonging, is calculated by averaging the previous year's October and February enrollment figures.

Montana Code Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 100% 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 100%. The District used the statewide average taxable value method.

# BILLINGS PUBLIC SCHOOLS

Table 15

## COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

For the Year Ended June 30, 2019

Governmental Unit	Debt	Applicable to Elementary District		Applicable to Portion of High School District Lying Outside Elementary District	
DIRECT BONDED INDEBTEDNESS					
		Percent	Amount	Percent	Amount
Elementary District:					
General Obligation Bonds	\$ 122,249,940	100.00%	\$ 122,249,940	0.00%	\$ -
Limited Obligation Bonds	-	0.00%	-	0.00%	-
Elementary District Total	122,249,940		122,249,940		-
High School District:					
General Obligation Bonds	11,360,000	80.48%	9,142,147	19.52%	2,217,853
High School District Total	11,360,000		9,142,147		2,217,853
Total Direct Debt	\$ 133,609,940		\$ 131,392,087		\$ 2,217,853
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 10,435,500	59.18%	\$ 6,175,208	14.36%	\$ 1,498,084
City of Billings:					
Various Issues	22,365,000	49.58%	11,089,103	11.04%	2,469,405
Total Overlapping Debt	32,800,500		17,264,311		3,967,489
Total Direct and Overlapping Debt	\$ 166,410,440		\$ 148,656,398		\$ 6,185,343

Source and other information:

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

Finance Department, Yellowstone County, Montana.

City of Billings, Montana

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

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

# BILLINGS PUBLIC SCHOOLS

Table 16

RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION  
BONDED DEBT TO TOTAL GENERAL SUBFUND EXPENDITURES  
Last Ten Fiscal Years  
(budget basis of accounting)

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Subfund Expenditures	Percentage of Debt Service to General Subfund Expenditures
Elementary:					
2010	\$ -	\$ -	\$ -	\$ 60,318,907	0.0%
2011	-	110,058	110,058	64,858,599	0.2%
2012	-	239,680	239,680	64,820,488	0.4%
2013	-	582,139	582,139	66,987,206	0.9%
2014	-	628,104	628,104	69,868,558	0.9%
2015	1,390,000	5,599,366	6,989,366	70,203,949	10.0%
2016	2,785,000	5,561,348	8,346,348	71,748,948	11.6%
2017	4,030,000	5,643,304	9,673,304	76,154,334	12.7%
2018	4,150,000	5,606,104	9,756,104	79,756,039	12.2%
2019	4,315,000	5,355,904	9,670,904	79,245,339	12.2%
High School:					
2010	\$ -	\$ -	\$ -	\$ 36,886,969	0.0%
2011	-	188,742	188,742	37,662,908	0.5%
2012	-	409,820	409,820	36,229,459	1.1%
2013	-	552,174	552,174	36,676,324	1.5%
2014	-	571,020	571,020	36,749,665	1.6%
2015	-	571,070	571,070	37,527,977	1.5%
2016	-	571,146	571,146	40,632,764	1.4%
2017	-	570,520	570,520	42,269,084	1.3%
2018	-	571,070	571,070	44,258,808	1.3%
2019	-	571,370	571,370	49,484,394	1.2%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS  
 DEMOGRAPHIC STATISTICS  
 Last Ten Fiscal Years

Table 17

Year	Elementary District Population	High School District Population	Per Capita Income	Total Elementary District Personal Income (1)	Total High School District Personal Income (1)	Median Age	School Enrollment	Unemployment Rate
2010	105,500	125,000	\$ 32,427	\$ 3,421,048,500	\$ 4,053,375,000	38.1	15,676	5.8%
2011	107,934	123,145	33,289	3,593,014,926	4,099,373,905	38.3	15,714	5.6%
2012	107,977	127,987	38,488	4,155,818,776	4,925,963,656	38.5	15,965	4.9%
2013	107,857	127,011	39,640	4,275,451,480	5,034,716,040	38.4	16,220	4.2%
2014	109,059	128,281	42,720	4,659,000,480	5,480,164,320	37.8	16,268	4.0%
2015	110,248	130,625	42,735	4,711,448,280	5,582,259,375	36.8	16,318	4.0%
2016	111,902	132,584	44,573	4,987,807,846	5,909,666,632	38.0	16,356	4.0%
2017	113,581	134,573	47,169	5,357,502,189	6,347,673,837	37.1	16,637	3.5%
2018	114,967	136,215	48,553	5,581,992,751	6,613,646,895	38.0	16,645	3.5%
2019	116,370	137,877	52,019	6,053,451,030	7,172,223,663	39.4	16,966	3.5%

Sources and other information:  
 Bureau of Economic Analysis  
 United States Census  
 Big Sky Economic Development Corporation

# BILLINGS PUBLIC SCHOOLS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 18

2019		2010	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Albertsons Food & Drug	8	Advanced Employment Services	7
Billings Clinic	9	Albertsons Food & Drug	8
Cenex Harvest States	8	Avitus Group	9
Charter Communications	7	Billings Clinic Health System	9
Costco	7	CHS Inc. (Cenex)	7
ExxonMobil	7	ConocoPhillips	7
First Interstate Bank	8	Costco	7
Phillips 66 Company	7	Employee Benefit Management Services	7
Rocky Mountain College	7	ExxonMobil	7
Scheels	7	First Interstate Bank	8
SCL Health Medical Group	7	Food Services of America	6
St. John's Lutheran Home	8	McDonalds	7
St. Vincent Healthcare	9	Rocky Mountain College	6
Sysco Food Services	7	St. John's Lutheran Home	8
Target	6	St. Vincent Healthcare	9
Town Pump	7	Sysco Food Services	7
United Parcel Services	7	Target	6
Wal-Mart	9	Wal-Mart	9
Wells Fargo	8	Wells Fargo	8
Yellowstone Boys and Girls Ranch	7	Yellowstone Boys and Girls Ranch	7

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

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

Note: The percentage of total employment that each listed employer represents is not available.

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

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

Table 19

Fiscal Year	Expenses (1)	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) (2)	Pupil/Certified Staff Ratio
2010	\$ 147,171,358	15,676	\$ 9,388	2.51%	1,163.4	13.5
2011	152,743,590	15,714	9,720	3.54%	1,133.2	13.9
2012	151,509,190	15,965	9,490	-2.37%	1,101.9	14.5
2013	153,378,480	16,220	9,456	-0.36%	1,120.7	14.5
2014	159,744,398	16,268	9,820	3.84%	1,144.9	14.2
2015	163,127,767	16,318	9,997	1.81%	1,137.3	14.3
2016	166,683,190	16,356	10,191	1.94%	1,143.2	14.3
2017	179,319,639	16,637	10,778	5.76%	1,141.1	14.6
2018	190,063,593	16,645	11,419	12.05%	1,187.4	14.0
2019	199,137,773	16,966	11,737	8.90%	1,216.4	13.9

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 Ten Fiscal Years**

Table 20

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Administrators	-	-	-	-	-	-	-	-	-	-
Certified Staff	1,027.3	992.9	974.8	995.9	1,012.7	1,003.8	1,009.5	1,008.4	1,050.5	1,075.9
Classified Employees	194.6	196.6	202.5	202.9	202.4	196.8	199.4	179.1	190.0	190.6
Support Services										
Administrators	5.0	5.0	4.0	4.0	5.0	6.0	6.0	7.0	7.0	7.0
Administrative Support	1.0	1.0	-	-	-	-	-	-	-	1.0
Certified Staff	134.1	137.3	125.1	123.8	131.2	132.5	132.7	132.7	136.9	140.5
Classified Employees	63.2	64.2	65.6	64.9	64.2	59.9	61.2	71.3	69.0	77.6
General Administration										
Administrators	8.7	8.3	13.7	10.0	6.9	8.9	9.9	9.0	8.4	9.6
Administrative Support	11.5	10.5	10.5	10.5	10.5	14.5	12.5	10.5	10.0	10.5
Certified Staff	1.0	2.0	1.0	-	-	-	-	-	-	-
Classified Employees	19.4	21.6	20.8	19.4	19.2	19.0	21.5	25.7	18.2	20.1
Building Administration										
Administrators	45.9	45.9	45.0	45.0	48.0	48.0	47.0	47.9	52.0	52.0
Administrative Support	-	-	-	-	-	-	-	-	-	-
Certified Staff	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Classified Employees	79.4	79.7	81.4	80.6	80.9	78.5	79.2	70.8	89.5	87.9
Operations and Maintenance										
Administrators	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Classified Employees	143.2	144.7	143.1	142.8	142.5	142.8	144.7	145.9	142.4	142.1
Student Transportation										
Administrators	1.0	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3
Administrative Support	1.0	-	-	-	-	-	-	-	-	1.0
Classified Employees	28.9	28.6	42.8	35.1	33.1	32.8	33.3	42.6	42.4	33.3
Extracurricular Activities										
Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
<b>Total</b>	<b>1,771.2</b>	<b>1,745.6</b>	<b>1,737.3</b>	<b>1,741.9</b>	<b>1,763.6</b>	<b>1,750.5</b>	<b>1,763.9</b>	<b>1,756.9</b>	<b>1,821.3</b>	<b>1,855.4</b>
<b>Summary</b>										
		<b>Admin</b>	<b>Admin Support</b>	<b>Certified Staff</b>	<b>Classified Employees</b>	<b>Total FTE</b>				
Instruction		-	-	1,075.9	190.6	1,266.5				
Support Services		7.0	1.0	140.5	77.6	226.1				
General Administration		9.6	10.5	-	20.1	40.2				
Building Administration		52.0	-	-	87.9	139.9				
Operations and Maintenance		2.0	-	-	142.1	144.1				
Student Transportation		1.3	1.0	-	33.3	35.6				
Extracurricular Activities		1.0	-	-	2.0	3.0				
		<b>72.9</b>	<b>12.5</b>	<b>1,216.4</b>	<b>553.6</b>	<b>1,855.4</b>				

Source: District Records

**BILLINGS PUBLIC SCHOOLS**  
**CERTIFIED STAFF EDUCATION AND EXPERIENCE**  
November 1, 2018

Table 21

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	202.4	16.6%
Bachelor's Degree + 15 Credits	65.0	5.3%
Bachelor's Degree + 30 Credits	53.5	4.4%
Bachelor's Degree + 45 Credits	54.1	4.4%
Bachelor's Degree + 60 Credits	39.2	3.2%
Bachelor's Degree + 75 Credits	29.0	2.4%
Bachelor's Degree + 90 Credits	31.3	2.6%
Bachelor's Degree + 105 Credits	148.4	12.2%
Master's Degree	124.6	10.2%
Master's Degree + 15 Credits	76.3	6.3%
Master's Degree + 30 Credits	57.3	4.7%
Master's Degree + 45 Credits	329.0	27.0%
Doctorate's Degree	<u>6.3</u>	<u>0.5%</u>
Total	<u><u>1,216.4</u></u>	<u><u>100%</u></u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	420.4	35%
6-10	202.5	17%
11-15	192.5	16%
16-20	182.4	15%
21-25	103.3	8%
26 and Above	<u>115.3</u>	<u>9%</u>
Total	<u><u>1,216.4</u></u>	<u><u>100%</u></u>

Source: District Records

BILLINGS PUBLIC SCHOOLS  
EDUCATIONAL BUILDING DATA  
For the Fiscal Year Ended June 30, 2019

Table 22

	Year Built	Year Additions Built	Square Footage	Functional Capacity (1)	Enrollment	Percentage of Capacity Used
<u>Elementary</u>						
<u>K-5 Schools:</u>						
Alkali Creek	1979	-	43,470	394	336	85.28%
Arrowhead	1978	-	41,700	460	449	97.61%
Beartooth	1974	1980	41,600	416	356	85.58%
Bench	1955	1974, 1978	39,930	394	362	91.88%
Big Sky	1986	-	43,505	394	411	104.31%
Bitterroot	1964	1965, 1970	26,800	350	335	95.71%
Boulder	1962	1971, 2007	40,185	416	471	113.22%
Broadwater	1910	1916, 1920, 1956, 2015	56,301	400	372	93.00%
Burlington	1956	1957	32,190	263	229	87.07%
Central Heights	1962	1965, 1979	36,400	329	293	89.06%
Eagle Cliffs	1986	-	44,000	460	393	85.43%
Highland	1947	1956	30,420	285	270	94.74%
McKinley	1906	1918, 1958, 2015	54,391	400	333	83.25%
Meadowlark	1964	1971, 2007	44,200	460	543	118.04%
Miles	1955	1957, 1965	30,081	329	264	80.24%
Newman	1953	1957	28,130	263	216	82.13%
Orchard	1960	1948, 1956, 1987, 2006	58,100	438	321	73.29%
Poly	1952	1955, 1960	34,388	329	346	105.17%
Ponderosa	1965	2007	39,800	394	302	76.65%
Rimrock	1952	1976, 1979	23,043	-	-	0.00%
Rose Park	1958	1962	30,345	307	259	84.36%
Sandstone	1978	-	41,700	460	405	88.04%
Washington	1948	1952, 1962	36,590	263	273	103.80%
<u>6-8 Schools</u>						
Ben Steele	2017	-	119,268	715	786	109.93%
Castle Rock	1979	-	110,417	715	635	88.81%
Lewis & Clark	1956	1962	146,008	743	760	102.29%
Medicine Crow	2016	-	117,632	715	623	87.13%
Riverside	1963	1979	86,609	604	559	92.55%
Will James	1967	1974	91,143	664	555	83.58%
<u>High Schools:</u>						
Career Center	1975	-	133,394		N/A	N/A
Senior	1940	1953, 1967, 1974	228,314	1,560	1,950	125.00%
Skyview	1987	-	242,336	1,558	1,681	107.89%
West	1959	1962, 1966, 1975, 1976	218,458	1,601	1,879	117.36%
<u>Administration:</u>						
Lincoln Center	1913	1921, 1935, 1951, 1964, 1968, 1985	136,805			
Facilities	1958	1962	24,000			
Warehouse	1994	-	35,460			
<u>Vacant Land Sites:</u>						
H.S. - 62.66 acres						

Source: District Records

Note: Rimrock Elementary has been closed since 2008, but is still owned by the District

(1) Tied to facilities master plan

# BILLINGS PUBLIC SCHOOLS

Table 23

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

Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	19.2%	23.8%	23.6%	24.8%	24.1%	21.3%	20.2%	23.6%	31.7%	33.6%
Arrowhead	4.6%	5.3%	8.0%	7.3%	8.7%	7.6%	8.0%	11.5%	10.6%	16.3%
Beartooth	46.7%	40.1%	44.7%	45.8%	47.9%	46.5%	45.0%	47.8%	47.3%	47.2%
Bench	61.3%	59.0%	61.0%	61.7%	61.5%	63.1%	65.8%	65.8%	60.8%	66.6%
Big Sky	24.2%	27.5%	28.8%	32.9%	31.1%	35.8%	33.2%	39.7%	45.2%	48.9%
Bitterroot	42.3%	37.5%	41.0%	36.2%	36.1%	38.4%	34.8%	40.5%	46.1%	46.0%
Boulder	25.2%	23.8%	25.3%	22.0%	20.3%	18.7%	21.7%	17.0%	13.1%	14.4%
Broadwater	60.9%	61.0%	56.7%	59.3%	64.5%	69.3%	63.1%	59.4%	53.4%	58.3%
Burlington	40.6%	36.6%	37.1%	38.3%	38.8%	41.2%	40.4%	42.7%	47.1%	52.0%
Central Heights	35.7%	40.6%	44.9%	36.6%	36.4%	39.7%	39.4%	35.3%	45.7%	51.9%
Eagle Cliffs	19.0%	23.3%	26.2%	22.6%	23.1%	25.8%	26.5%	24.0%	25.4%	27.0%
Highland	35.2%	37.3%	41.2%	36.1%	36.4%	31.9%	37.5%	36.5%	40.4%	43.0%
McKinley	65.3%	65.3%	71.6%	65.0%	64.5%	73.8%	63.9%	68.7%	100.0%	90.1% *
Meadowlark	33.8%	34.4%	34.3%	33.7%	33.1%	30.6%	30.9%	29.5%	24.1%	24.1%
Miles	53.1%	54.5%	56.1%	57.2%	55.8%	65.8%	62.0%	58.2%	60.3%	56.4%
Newman	74.1%	73.6%	73.8%	70.9%	72.4%	73.9%	71.2%	70.9%	100.0%	91.7% *
Orchard	89.0%	83.3%	86.2%	85.7%	85.1%	100.0%	100.0%	100.0%	100.0%	97.2% *
Poly	24.5%	22.0%	21.0%	21.0%	20.7%	24.1%	23.3%	22.3%	22.5%	24.9%
Ponderosa	74.1%	71.7%	73.1%	74.8%	74.7%	68.6%	72.8%	72.1%	100.0%	95.4% *
Rose Park	33.1%	33.9%	38.0%	38.1%	42.5%	42.1%	43.7%	39.5%	46.3%	54.8%
Sandstone	37.1%	38.2%	42.3%	44.4%	44.4%	38.7%	44.4%	42.2%	45.5%	47.2%
Washington	73.4%	77.0%	75.9%	77.9%	77.7%	77.8%	100.0%	100.0%	100.0%	92.3% *
<u>7-8 Schools:</u>										
Ben Steele (2)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.2%	19.3%
Castle Rock	31.2%	31.6%	31.4%	30.8%	31.6%	32.6%	35.0%	27.8%	27.3%	34.3%
Lewis & Clark	42.1%	39.5%	38.6%	40.7%	41.8%	44.6%	41.6%	38.6%	41.3%	49.9%
Medicine Crow (1)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.6%	43.6%	52.2%
Riverside	55.1%	54.0%	55.9%	56.6%	60.1%	66.6%	64.4%	58.6%	61.9%	77.5%
Will James	18.6%	22.1%	21.7%	19.8%	17.8%	14.2%	18.1%	16.9%	34.1%	38.6%
<u>High Schools:</u>										
Senior	27.9%	30.5%	32.3%	29.7%	29.8%	31.7%	31.3%	32.8%	32.4%	41.5%
Skyview	23.0%	25.7%	25.3%	23.4%	24.2%	24.0%	22.4%	25.2%	25.6%	32.7%
West	18.8%	19.9%	22.5%	22.8%	22.1%	21.0%	19.0%	20.1%	17.6%	23.4%

(1), (2) New school opened August 2016 and August 2017 respectively.

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

All students at these schools eat free.

Source: District Records

# BILLINGS PUBLIC SCHOOLS

## ATTENDANCE DATA

Last Ten Fiscal Years

Table 24

Year Ended June 30	October Enrollment	Prior Years' Percent Increase (Decrease)	Average Number Belonging (ANB)		
			ANB	Percent Increase (Decrease)	Percent of Prior Year's Enrollment
2010	15,676	1.26	16,208	1.79	101.79
2011	15,714	0.24	16,151	(0.35)	99.65
2012	15,965	1.60	16,486	2.07	102.07
2013	16,220	1.60	16,737	1.52	101.52
2014	16,268	0.30	16,787	0.30	100.30
2015	16,318	0.31	16,913	0.75	100.75
2016	16,356	0.23	17,101	1.11	101.11
2017	16,637	1.72	17,271	0.99	100.99
2018	16,645	0.05	17,392	0.70	100.70
2019	16,966	1.93	17,227	(0.95)	99.05

Source: District Records

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I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-18
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/18-7/1/19
D. Coverage:	Buildings/Contents
E. Limits:	\$500,000,000
II. Commercial General Liability	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/18-7/1/19
D. Coverage:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/18-7/1/19
D. Coverage:	Automobile Liability and Physical Damage
E. Limits:	\$1,000,000
IV. Boiler and Machinery Policy	
A. Policy #:	FBP9333099
B. Carrier:	Hartford Steam Boiler
C. Policy Period:	7/1/18-7/1/19
D. Limits:	Based on property values
V. Environmental Liability	
A. Policy #:	569606
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/18-7/1/19
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/18-7/1/19
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/18-7/1/19
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/18-7/1/19
D. Limits:	\$1,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/18-7/1/19
D. Limits:	\$1,000,000
X. Builders Risk Reporting Policy	
A. Policy #:	IMP448843505
B. Carrier:	Great American Insurance Company
C. Policy Period:	6/1/18-6/1/19
D. Limits:	\$450,000
XI. Workers' Compensation	
A. Policy #:	WC-16-31147
B. Carrier:	Montana Schools Group Insurance Authority
C. Policy Period:	7/1/18-6/30/19
D. Limits:	\$1,500,000

## **SINGLE AUDIT SECTION**

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Billings Public Schools  
Billings, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Billings Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Billings Public Schools' basic financial statements and have issued our report thereon dated December 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Billings Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Billings Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Billings Public Schools' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Billings Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Montana Legal Compliance**

The Compliance Supplement for Audits of Montana Local Government Entities, contains nine categories of compliance to be tested. Our audit considered all of the nine categories. In connection with our audit, nothing came to our attention that caused us to believe that Billings Public Schools failed to comply with the provisions of the Compliance Supplement for Audits of Montana Local Government Entities, except as described in the accompanying schedule of findings and questioned costs as item 2019-001. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Billings Public Schools' noncompliance with the above referenced provisions.

**Billings Public School's Response to Findings**

Billings Public Schools' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Billings Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Billings, Montana  
December 12, 2019

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## **Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Trustees  
Billings Public Schools  
Billings, Montana

### **Report on Compliance for the Major Federal Program**

We have audited Billings Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect the Billings Public Schools' major federal program for the year ended June 30, 2019. Billings Public Schools' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Billings Public Schools' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Billings Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Billings Public Schools' compliance.

### **Opinion on the Major Federal Program**

In our opinion, Billings Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

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### **Report on Internal Control over Compliance**

Management of Billings Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Billings Public School's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Billings Public School's internal control over compliance.

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

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

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Billings, Montana  
December 12, 2019

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BILLINGS PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Unearned or Fund Balance July 1, 2018	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2019
<u>U.S. Department of Education:</u>								
Direct programs:								
Indian Education Grants to LEA's	84.060	S060A172167	\$ 337,860	\$ (34,393)	\$ 34,393	\$ -	\$ -	\$ -
Indian Education Grants to LEA's	84.060	S060A182167	364,315	-	364,315	(364,315)	-	-
<i>CFDA subtotal</i>				<i>(34,393)</i>	<i>398,708</i>	<i>(364,315)</i>	<i>-</i>	<i>-</i>
Total Direct Programs				<i>(34,393)</i>	<i>398,708</i>	<i>(364,315)</i>	<i>-</i>	<i>-</i>
Passed Through State Office of Public Instruction:								
Adult Education-Basic Grants to States	84.002	5609665619	224,116	-	224,116	(224,116)	-	-
<i>CFDA subtotal</i>				<i>-</i>	<i>224,116</i>	<i>(224,116)</i>	<i>-</i>	<i>-</i>
Title I Grants to LEA's	84.010	5609653118	75,392	(15,128)	35,070	(19,942)	-	-
Title I Grants to LEA's	84.010	5609653218	3,916,724	(133,287)	371,260	(237,973)	-	-
Title I Grants to LEA's	84.010	5609653318	35,000	-	35,000	(35,000)	-	-
Title I Grants to LEA's	84.010	5609653119	73,694	-	50,570	(59,882)	-	(9,312)
Title I Grants to LEA's	84.010	5609653219	3,796,106	-	3,220,919	(3,352,000)	-	(131,081)
<i>CFDA subtotal</i>				<i>(148,415)</i>	<i>3,712,819</i>	<i>(3,704,797)</i>	<i>-</i>	<i>(140,393)</i>
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5609664218	45,571	(4,166)	4,774	(608)	-	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5609664219	34,184	-	12,745	(15,865)	-	(3,120)
<i>CFDA subtotal</i>				<i>(4,166)</i>	<i>17,519</i>	<i>(16,473)</i>	<i>-</i>	<i>(3,120)</i>
Career and Technical Education-Basic Grants to States	84.048	5609668118BG	289,694	(9,789)	9,789	-	-	-
Career and Technical Education-Basic Grants to States	84.048	5609668119BG	289,384	-	226,820	(276,351)	-	(49,531)
<i>CFDA subtotal</i>				<i>(9,789)</i>	<i>236,609</i>	<i>(276,351)</i>	<i>-</i>	<i>(49,531)</i>
Special Education Grants to States	84.027	5609657718	4,008,128	(18,382)	18,382	-	-	-
Special Education Grants to States	84.027	5609657719	4,100,044	-	4,024,587	(4,028,954)	-	(4,367)
Special Education Preschool Grants	84.173	5609657918	123,240	(1,280)	1,280	-	-	-
Special Education Preschool Grants	84.173	5609657919	127,108	-	127,108	(127,108)	-	-
<i>CFDA subtotal</i>				<i>(19,662)</i>	<i>4,171,357</i>	<i>(4,156,062)</i>	<i>-</i>	<i>(4,367)</i>
Education for Homeless Children and Youth	84.196	5609655718	44,450	(8,578)	21,935	(13,357)	-	-
Education for Homeless Children and Youth	84.196	5609655719	41,340	-	21,400	(27,794)	-	(6,394)
<i>CFDA subtotal</i>				<i>(8,578)</i>	<i>43,335</i>	<i>(41,151)</i>	<i>-</i>	<i>(6,394)</i>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668418	11,277	(1,088)	1,088	-	-	-
<i>CFDA subtotal</i>				<i>(1,088)</i>	<i>1,088</i>	<i>-</i>	<i>-</i>	<i>-</i>
English Language Acquisition State Grants	84.365	5609654118	35,832	(17,354)	27,994	(10,640)	-	-
English Language Acquisition State Grants	84.365	5609654119	33,783	-	21,650	(23,998)	-	(2,348)
<i>CFDA subtotal</i>				<i>(17,354)</i>	<i>49,644</i>	<i>(34,638)</i>	<i>-</i>	<i>(2,348)</i>
Supporting Effective Instruction State Grants	84.367	5609651418	860,308	(6,771)	55,725	(48,954)	-	-
Supporting Effective Instruction State Grants	84.367	5609651419	1,162,512	-	851,940	(866,533)	-	(14,593)
<i>CFDA subtotal</i>				<i>(6,771)</i>	<i>907,665</i>	<i>(915,487)</i>	<i>-</i>	<i>(14,593)</i>
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families	84.181	18-143-1800	253,783	-	253,783	(253,783)	-	-
<i>CFDA subtotal</i>				<i>-</i>	<i>253,783</i>	<i>(253,783)</i>	<i>-</i>	<i>-</i>
Rehabilitative Services Vocational Rehabilitation Grants to States	84.126	H126A150038	286,000	281,807	267,718	(40,584)	-	508,941
<i>CFDA subtotal</i>				<i>281,807</i>	<i>267,718</i>	<i>(40,584)</i>	<i>-</i>	<i>508,941</i>
Total Pass Through Programs				<i>65,984</i>	<i>9,885,653</i>	<i>(9,663,442)</i>	<i>-</i>	<i>288,195</i>
Total U.S. Department of Education				<u>\$ 31,591</u>	<u>\$ 10,284,361</u>	<u>\$ (10,027,757)</u>	<u>\$ -</u>	<u>\$ 288,195</u>

**BILLINGS PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Unearned or Fund Balance July 1, 2018	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2019
<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	8022900205	606,261	\$ -	\$ 606,261	\$ (606,261)	\$ -	\$ -
CFDA subtotal				-	606,261	(606,261)	-	-
Total U.S. Department of Health and Human Services				\$ -	\$ 606,261	\$ (606,261)	\$ -	\$ -
<u>U.S. Department of Agriculture:</u>								
Passed Through State Office of Public Instruction:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch Program	10.555	N/A	388,006	\$ -	\$ 388,006	\$ (388,006)	\$ -	\$ -
Non-Cash Assistance Subtotal				-	388,006	(388,006)	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	954,222	-	954,222	(954,222)	-	-
National School Lunch Program	10.555	N/A	2,814,238	-	2,814,238	(2,814,238)	-	-
Summer Food Service Program for Children	10.559	N/A	150,691	(65,745)	177,416	(187,497)	-	(75,826)
Cash Assistance Subtotal				(65,745)	3,945,876	(3,955,957)	-	(75,826)
CFDA subtotal				(65,745)	4,333,882	(4,343,963)	-	(75,826)
Team Nutrition Grants	10.574	5609662115	1,000	900	-	-	-	900
Team Nutrition Grants	10.574	5609662115	2,000	2,000	-	-	-	2,000
Team Nutrition Grants	10.574	5609662011HS	1,000	100	-	-	-	100
CFDA subtotal				3,000	-	-	-	3,000
Fresh Fruit and Vegetable Program	10.582	N/A	213,784	-	213,784	(213,784)	-	-
CFDA subtotal				-	213,784	(213,784)	-	-
Total U.S. Department of Agriculture				\$ (62,745)	\$ 4,547,666	\$ (4,557,747)	\$ -	\$ (72,826)
Total Federal Awards				\$ (31,154)	\$ 15,438,288	\$ (15,191,765)	\$ -	\$ 215,369

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

**NOTE A - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of Billings Public Schools under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Billings Public Schools received federal awards both directly from federal agencies and indirectly through pass-through entities.

Billings Public Schools has not elected to use the 10% de minimis cost rate.

**NOTE B - SCHOOLWIDE TITLE I PROGRAM**

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

**NOTE C - FOOD DISTRIBUTION**

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

**NOTE D - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS**

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

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

Cash receipts	\$ 15,438,288
Revenue accrual adjustments	(6,899)
Federal revenues not subject to Uniform Guidance	1,024,098
Federal revenues	<u>\$ 16,455,487</u>

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

Name of Federal Program	CFDA Number
Title I, Part A	84.010
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

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## Section II – Financial Statement Findings

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None reported

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## Section III – Federal Award Findings and Questioned Costs

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None reported

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## Section IV – State of Montana Compliance Findings

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### 2019-001      Enrollment Count

*Criteria:*

Montana Code Annotated (MCA) Section 20-1-101(16) states "Pupil" means a child who is 6 years of age or older on or before September 10 of the year in which the child is to enroll or has been enrolled by special permission of the board of trustees under 20-5-101(3) but who has not yet reached 19 years of age and who is enrolled in a school established and maintained under the laws of the state at public expense. For purposes of calculating the average number belonging pursuant to 20-9-311, the definition of pupil includes a person who has not yet reached 19 years of age by September 10 of the year and is enrolled under 20-5-101(3) in a school established and maintained under the laws of the state at public expense."

*Condition:*

During our audit, it was noted that during both the Fall and Spring Enrollment count that one student was erroneously reported as being 19 years of age by September 10 of the current year and therefore was incorrectly excluded in the School District's ANB count.

*Cause:*

The School District's control system was unable to identify within a short period of time the student that was incorrectly excluded from both the Fall and Spring enrollment count.

*Effect:*

The School District inadvertently excluded one student that was eligible to be counted for both the Fall and Spring enrollment count.

*Repeat Finding from Prior Years:*

Yes, prior year finding 2018-A.

*Recommendation:*

A thorough review and reconciliation of enrollment accounts should take place. This will minimize the risk of errors in enrollment counts.

*Views of Responsible Officials:*

Management agrees with the finding.

Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
June 30, 2019

Prepared by Management of  
**Billings Public Schools**

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## Billings Public Schools - Summary Schedule of Prior Audit Findings

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### Enrollment Count

#### *Finding 2017-C*

*Finding Summary:* During our audit, it was noted during the Fall Enrollment count that two students were present and enrolled on the count date. Both of these students met the definition of an eligible pupil and were incorrectly excluded in the School District's ANB count.

*Responsible Individuals:* Mike Arnold, CFO

*Corrective Action Plan:* Systems will be put in place that will prevent changes in status in the enrollment data base. This will enable responsible staff to ensure all eligible students are properly reported in the enrollment count.

*Status:* Additional training is ongoing

#### *Finding 2018-A*

*Finding Summary:* During our audit, it was noted that three students on the Fall Enrollment count and one student on the Spring enrollment count were incorrectly counted in the School District's ANB count. None of these students met the definition of an eligible pupil and were incorrectly included in the School District's ANB count.

*Responsible Individuals:* Craig Van Nice, CFO

*Corrective Action Plan:* Additional training with responsible staff is being implemented to ensure all requirements are in place to determine only eligible students are included in the enrollment count. An additional level of review has also been put in place to assist in comprehensively determining the reporting is accurate.

*Anticipated Completion Date:* Additional training is ongoing

## Billings Public Schools – Corrective Action Plan

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### Enrollment Count

#### *Finding 2019-001*

<i>Finding Summary:</i>	During our audit, it was noted that during both the Fall and Spring Enrollment count that one student was erroneously reported as being 19 years of age by September 10 of the current year and therefore was incorrectly excluded in the School District's ANB count.
<i>Responsible Individuals:</i>	Craig Van Nice, CFO
<i>Corrective Action Plan:</i>	Management has implemented an additional level of review to ensure dates of birth are properly verified within the reporting data base to eliminate a reporting error due to age limitations.
<i>Anticipated Completion Date:</i>	Ongoing

**END OF REPORT**

