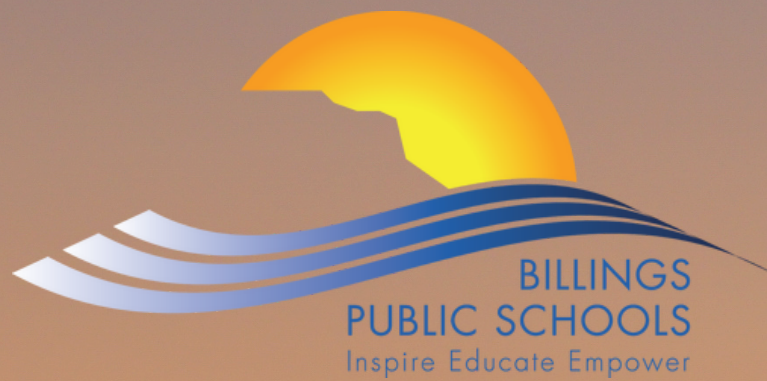


— FISCAL YEAR 2020



Comprehensive Annual Financial Report

July 1, 2019 through June 30, 2020

415 North 30th Street
Billings, Montana 59101

BillingsSchools.org

BILLINGS SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

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

Billings Public Schools
415 North 30th Street
Billings, Montana 59101-1298

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SECTION I - INTRODUCTORY

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BILLINGS PUBLIC SCHOOLS

ORGANIZATION

BOARD OF TRUSTEES
For Fiscal Year 2019-2020

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 | Scott McCulloch | Trustee |
| 6 | Mike Leo | Trustee |
| 7 | Brian Yates | Trustee |

High School
Nominating District

| | | |
|---|------------------|---------|
| A | Jennifer Hoffman | Trustee |
| B | Russell Hall | Trustee |

OFFICIALS

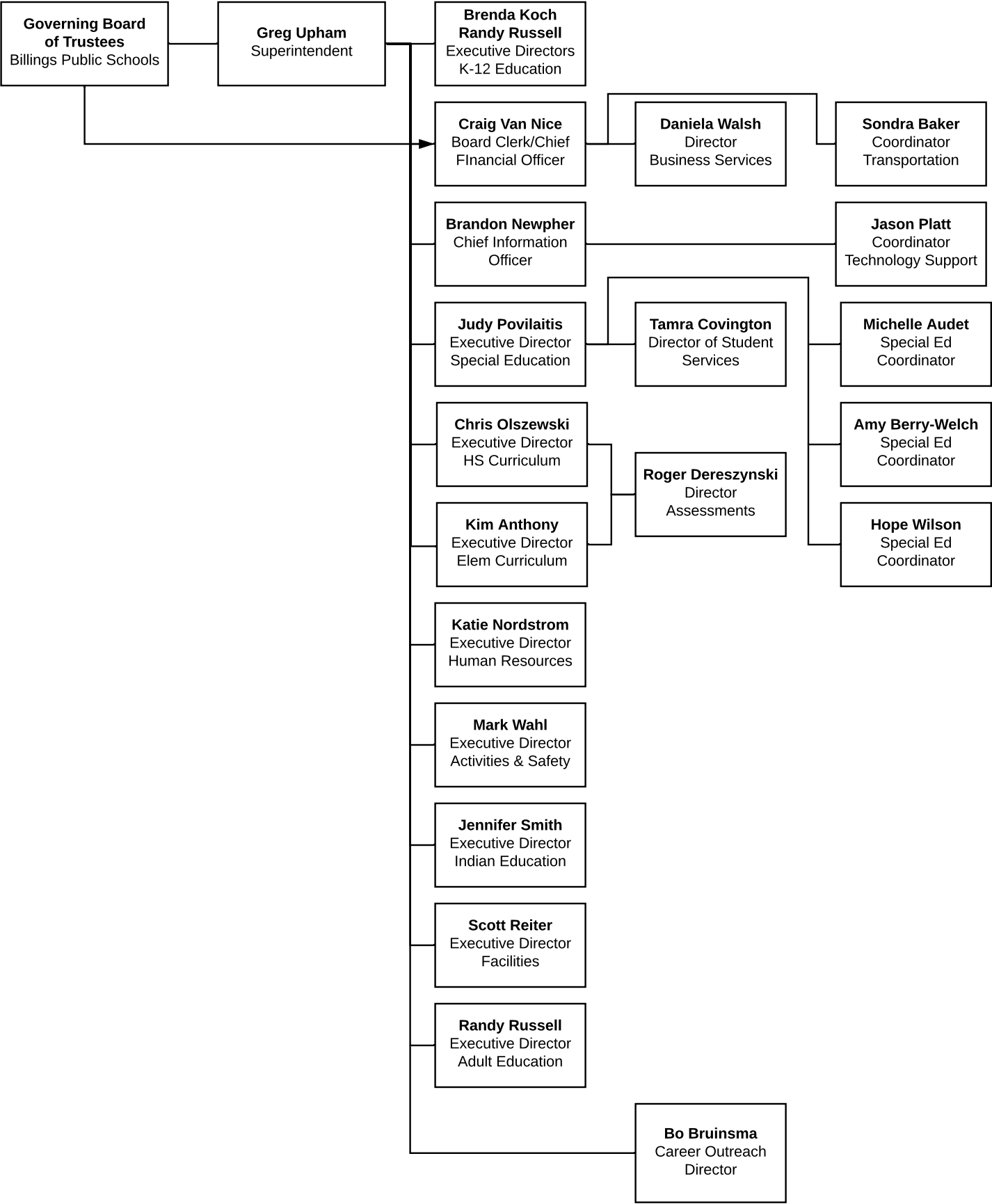
| | |
|----------------|----------------|
| Greg Upham | Superintendent |
| Craig Van Nice | District Clerk |

Elementary Single Member District Area:

- 1 South Billings
- 2 Northeast Billings
- 3 North Billings
- 4 Central Billings
- 5 Central Billings
- 6 Northwest Billings
- 7 Southwest Billings

High School District Area:

A&B Elder Grove, Elysian, Canyon Creek, Morin,
Yellowstone Academy, Independent, and
Blue Creek Elementary Districts





March 15, 2021

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

Dear Board Members and Billings Community:

We are pleased to present to you the Comprehensive Annual Financial Report for Billings Public Schools for the fiscal year ended June 30, 2020. 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 2020.

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, 2020. 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. The FY20 student population totaled 16,921 while budgeted projections for FY21 totaled 17,006. The fall student count totaled fell well short of budget projections and totaled 16,527. The drop off is most certainly due to the Covid-19 pandemic and the shift of previously enrolled students to other educational opportunities, including home school.

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 over 16,500 students and provides a full range of educational services appropriate to grade levels from pre-kindergarten through 12th grade, as well as adult education. These include regular and enriched academic education, special education, and occupational education. These basic programs are supplemented by a wide variety of offerings in fine arts, athletics, and other specific student-based clubs.

The 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 6th graders to the middle school, it has given the district additional capacity in the elementary buildings to alleviate over-crowding issues. A 2nd 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. 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 in 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 last year, 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 us to identify major areas in need of enhancement within our district and the Billings community. Identifying those needs and determining which programs and activities to enhance was only half the battle. 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. Over the past three years Billings Public Schools has completed the following initiatives: High school redistricting; converting to a 6-8 middle school model; increased focus on career and technical education; building and opening two new middle schools; and expanding dual credit opportunities for high school students. Moving forward, a high school bond initiative will need to be considered to help increase enrollment at the Career Center, renovate Daylis Stadium, and update HVAC systems at the high school buildings. The strategic plan for the Business Office includes 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 25th immediately preceding the school year. The Board of Trustees has the legal authority to establish budgets for the districts within the parameters established by the State of Montana. The primary building blocks of the district's overall financial planning include appropriated governmental funds for: General, Transportation, Tuition, Retirement, Adult Education, Technology Acquisition, Flexibility, Debt Service and Building Reserve. 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 - 2019. 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 is made possible by the dedicated efforts of the Business Services Department, with special appreciation extended to Jeri Anton, Accounting Manager, and Madonna Robinson, Business Operations Specialist for their contributions.

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, 2019

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 for the
Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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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, 2020, 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, 2020, 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, schedules of changes in total pension liability and total pension liability, schedule of changes in the total OPEB liability and related ratios, 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 49 through 59 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 March 5, 2021, 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
March 5, 2021

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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, 2020. 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 \$11.83 million (from 2019 to 2020) to \$209.9 million. This represents a 5.98% increase over the prior year.
- Governmental activity expenses increased \$13.26 million over 2019 to \$212.4 million. This represents a 6.66% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$62.98 million, an increase of \$7.05 million over the prior year, mainly due to the issuance of bonds.
- General fund reserves decreased \$264,917.
- The 2020 general fund expenditure budget was \$124.7 million, an increase of \$3.2 million or 2.6% over the prior year.
- In fiscal 2020, \$8.4 million in voter approved bonds were issued. The proceeds are being used for the purpose of providing funds to pay a portion of the costs of improving schools in accordance with the district's facility master plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- The *proprietary funds* statements provide information on internal service funds used to provide services to all other district funds.
- The *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

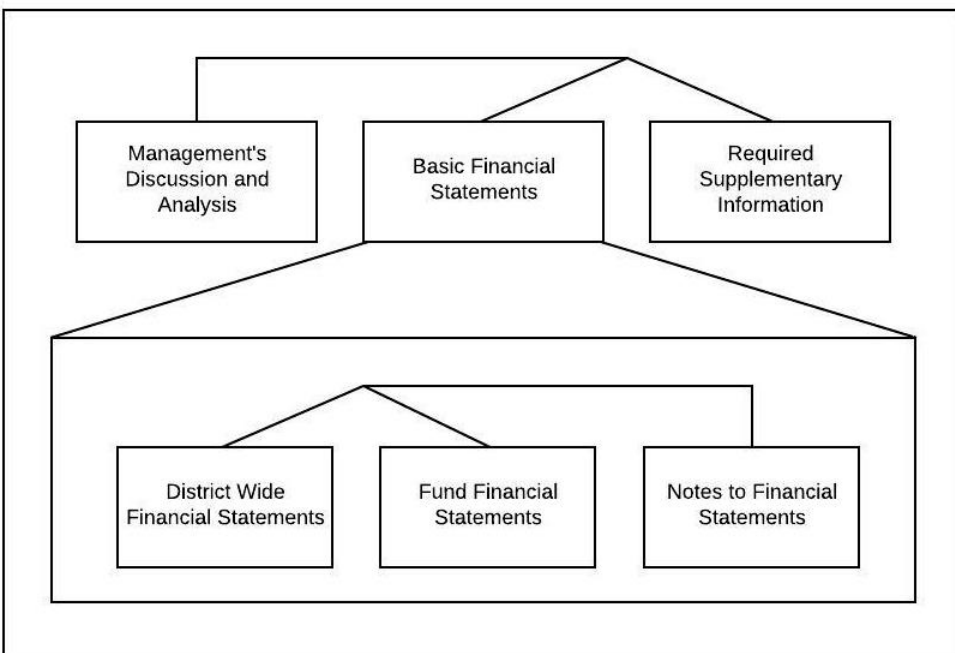


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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: | 2020 | 2019 |
|-----------------------------------|-----------------|-----------------|
| Current and other assets | \$ 84,051,699 | \$ 71,748,124 |
| Capital assets | 179,873,332 | 182,773,769 |
| Total assets | 263,925,031 | 254,521,893 |
| Deferred outflows of resources | 34,735,583 | 29,006,174 |
| Other liabilities | 7,170,939 | 5,394,614 |
| Long-term liabilities outstanding | 353,108,524 | 335,004,574 |
| Total Liabilities | 360,279,463 | 340,399,188 |
| Deferred inflows of resources | 5,428,991 | 7,718,521 |
| Net Position: | | |
| Net investment in capital assets | 49,955,870 | 50,535,448 |
| Restricted | 24,876,408 | 22,958,641 |
| Unrestricted | (141,880,118) | (138,083,731) |
| Total net position | \$ (67,047,840) | \$ (64,589,642) |

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

| CHANGE IN NET POSITION: | 2020 | 2019 |
|------------------------------------|-----------------|-----------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 2,791,038 | \$ 3,658,925 |
| Operating grants and contributions | 48,098,641 | 38,061,642 |
| Capital grants and contributions | 193,938 | 164,404 |
| General revenues: | | |
| Taxes | 62,686,937 | 61,058,675 |
| State sources | 75,548,082 | 73,900,887 |
| County sources | 18,406,726 | 18,525,340 |
| Interest | 1,100,598 | 1,326,947 |
| Contributions and donations | 271,894 | 304,256 |
| Miscellaneous | 844,536 | 1,107,143 |
| Total revenues | 209,942,390 | 198,108,219 |
| Expenses: | | |
| Instruction | 129,428,619 | 118,621,733 |
| Support services: | | |
| Students | 17,091,484 | 15,671,822 |
| Instructional staff | 10,454,633 | 10,225,276 |
| General administration | 1,855,131 | 1,943,138 |
| Administration | 13,908,822 | 12,318,998 |
| Business | 2,601,673 | 2,772,612 |
| Operation and maintenance | 16,001,493 | 15,573,888 |
| Student transportation | 6,550,565 | 6,527,449 |
| Food services | 5,786,392 | 6,798,120 |
| Extracurricular | 3,470,394 | 3,422,143 |
| Interest on long-term debt | 5,251,382 | 5,262,594 |
| Total expenses | 212,400,588 | 199,137,773 |
| Change in net position | (2,458,198) | (1,029,554) |
| Net position, beginning | (64,589,642) | (63,560,088) |
| Net position, ending | \$ (67,047,840) | \$ (64,589,642) |

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 2020 expenses exceeded revenues by \$2.46 million.

| | 2020 | 2019 |
|------------------------|----------------|----------------|
| Revenues | \$ 209,942,390 | \$ 198,108,219 |
| Expenses | 212,400,588 | 199,137,773 |
| Change in net position | \$ (2,458,198) | \$ (1,029,554) |

In 2020, net position (deficit) increased \$2.46 million.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

| | 2020 | 2019 | Change |
|----------------------------------|------------------------|------------------------|-----------------------|
| Net investment in capital assets | \$ 49,955,870 | \$ 50,535,448 | \$ (579,578) |
| Restricted | 24,876,408 | 22,958,641 | 1,917,767 |
| Unrestricted | <u>(141,880,118)</u> | <u>(138,083,731)</u> | <u>(3,796,387)</u> |
| Total net position (deficit) | <u>\$ (67,047,840)</u> | <u>\$ (64,589,642)</u> | <u>\$ (2,458,198)</u> |

The largest portion of the district's net position (\$50 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. During the year, the district issued \$8.4 million in general obligation bonds to address a portion of deferred maintenance costs. Due to bond related projects, the district has reduced its estimated deferred maintenance costs to approximately \$67 million.

The 2020 net position restricted for debt service and other purposes totaling \$24.88 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 \$141.88 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 2020 was \$70.3 million. The liability is funded on a pay-as-you-go basis rather than an actuarial basis with the reasonable expectation that projected benefits disbursements will increase substantially. The financial statement amortization of this liability disregards the average number of years before retirement of the district's employees. The district's retirement plans may be unsustainable at current benefit levels. The district will need to address the sustainability of these benefits programs.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the major (most significant) 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 2019 were \$55.9 million, while 2020 totals were \$62.98 million. The major funds were the general, elementary miscellaneous programs, elementary debt service and elementary building funds. The general fund fund balance decreased by \$264,917. The elementary miscellaneous programs fund fund balance decreased \$404,863 due to indirect cost expenditures exceeding revenues. The elementary debt service fund fund balance increased \$548,345 due to levying for QSCB and QZAB sinking fund requirements. The elementary building fund fund balance increased by \$6.1 million due to issuing \$8.4 million in bonds.

The combined fund balance for all funds increased by \$7.05 million in 2020.

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 fund budget was amended and increased \$236,033 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 \$12.96 million, a decrease of \$264,917 from the prior year.

The table below summarizes actual general fund revenues and expenditures for 2020 and 2019. Revenue increased by 5.4% due to a combination of enrollment increases and state mandated inflationary increases.

A major portion of the 4.4% 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 expenses.

| | 2020 | 2019 | Change |
|---------------------------|-----------------------|-----------------------|---------------------|
| Revenues: | | | |
| Property taxes | \$ 36,272,793 | \$ 36,340,558 | \$ (67,765) |
| State aid | 75,283,306 | 73,746,916 | 1,536,390 |
| State other | 20,789,193 | 15,201,519 | 5,587,674 |
| Tuition | 575,426 | 747,032 | (171,606) |
| Interest | 115,367 | 194,044 | (78,677) |
| Total revenues | <u>\$ 133,036,085</u> | <u>\$ 126,230,069</u> | <u>\$ 6,806,016</u> |
| Expenditures | | | |
| Instruction | \$ 87,422,540 | \$ 82,836,991 | \$ 4,585,549 |
| Support Services | | | |
| Students | 8,909,313 | 8,234,720 | 674,593 |
| Instructional staff | 7,413,001 | 7,169,843 | 243,158 |
| General administration | 1,739,833 | 1,856,733 | (116,900) |
| School administration | 10,692,590 | 9,630,170 | 1,062,420 |
| Business services | 1,819,495 | 1,968,641 | (149,146) |
| Operation and maintenance | 12,993,990 | 13,419,996 | (426,006) |
| Student transportation | 78,732 | 51,131 | 27,601 |
| Food services | 1,387 | 1,402 | (15) |
| Extracurricular | 2,712,417 | 2,839,163 | (126,746) |
| Capital outlay | 617,704 | 724,591 | (106,887) |
| Total expenditures | <u>\$ 134,401,002</u> | <u>\$ 128,733,381</u> | <u>\$ 5,667,621</u> |

There were no significant budget and actual general fund revenue or expenditure variances in 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The district's 2020 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, 2020 of \$1.93 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, 2020 and 2019. The district had \$179.9 million invested in a broad range of capital assets, including technology, equipment and school buildings. Additional information on the district's capital assets can be found in Note 3 of this report.

| | 2020 | 2019 | Change |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| Land | \$ 4,659,721 | \$ 4,659,721 | \$ - |
| Construction in progress | 1,926,243 | 2,356,887 | (430,644) |
| Improvements other than buildings | 3,272,355 | 3,507,509 | (235,154) |
| Buildings and improvements | 163,506,974 | 165,863,394 | (2,356,420) |
| Machinery and equipment | 6,508,039 | 6,386,258 | 121,781 |
| Total | <u>\$ 179,873,332</u> | <u>\$ 182,773,769</u> | <u>\$ (2,900,437)</u> |

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

Debt Administration – A summary of the district's outstanding long-term debt for the years ended June 30, 2020 and 2019 is presented below:

| | 2020 | 2019 | Change |
|-------------------------------|-----------------------|-----------------------|----------------------|
| General obligation bonds | \$ 127,269,502 | \$ 123,374,502 | \$ 3,895,000 |
| Premium | 10,275,480 | 10,235,438 | 40,042 |
| Total bonds | 137,544,982 | 133,609,940 | 3,935,042 |
| Capital leases | 331,117 | 435,195 | (104,078) |
| Compensated absences | 10,462,624 | 10,683,361 | (220,737) |
| Pension related debt | 181,988,691 | 171,035,596 | 10,953,095 |
| Other postemployment benefits | 22,781,110 | 19,240,482 | 3,540,628 |
| Total | <u>\$ 353,108,524</u> | <u>\$ 335,004,574</u> | <u>\$ 18,103,950</u> |

At year-end, the district had \$137.5 million in outstanding bonds. The current portion, which is due within one year, is equal to \$5.1 million. The remainder of the Billings Public School's long-term obligations is comprised of capital leases, compensated absences, 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, 2020, the district's total debt outstanding was well below the legal limit of \$833 million. The district has an 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.

OTHER

With the onset of the COVID-19 Pandemic in March 2020, the District anticipates revenue shortfalls and some reduction in expenditures due to the temporary closing of facilities and lack of public program income during the quarantine period. The District continues to provide educational opportunities to students. The District has maintained strong reserve balances, which will help bridge financial gaps in revenue projections. During FY 2021, the District received federal grant funding related to the global COVID-19 pandemic under the Elementary and Secondary School Emergency Relief Fund (ESSER) grant, and the Coronavirus Relief Fund (CRF) grant. All grants will be used to cover COVID-19 expenditures of the district. This global pandemic has created unprecedented challenges for Federal, State and Local Government operations, creating uncertainty in the outcome of the 2021 budget.

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 30th Street, Billings, Montana, 59101.

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BASIC FINANCIAL STATEMENTS

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BILLINGS PUBLIC SCHOOLS

STATEMENT OF NET POSITION

June 30, 2020

ASSETS

| | |
|--|------------------------|
| Cash and cash equivalents | \$ 74,729,266 |
| Receivables: | |
| Property taxes, net | 2,947,339 |
| Governments | 5,328,636 |
| Other | 1,046,458 |
| Capital assets not being depreciated-land and construction in progress | 6,585,964 |
| Capital assets, net of accumulated depreciation | <u>173,287,368</u> |
| Total assets | <u>263,925,031</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|-----------------------|
| Service credit and termination pay benefits pension plan | 2,482,567 |
| Teachers' and public employees' retirement systems pension plans | 28,865,595 |
| Other postemployment benefits | <u>3,387,421</u> |
| Total deferred outflows of resources | <u>34,735,583</u> |

LIABILITIES

| | |
|---|------------------------|
| Accounts payable and accrued expenses | 6,833,964 |
| Accrued interest payable | 325,959 |
| Due to other governmental agencies | 7,600 |
| Unearned revenue | 3,416 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Bonds and capital leases | 5,207,163 |
| Compensated absences | 1,046,262 |
| Due in more than one year: | |
| Bonds and capital leases | 132,668,936 |
| Compensated absences | 9,416,362 |
| Total other postemployment benefits liability | 22,781,110 |
| Total pension liability-service credit and termination pay benefits payable | 37,060,645 |
| Net pension liability-teachers' and public employees' retirement systems | <u>144,928,046</u> |
| Total liabilities | <u>360,279,463</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|----------------------|
| Service credit and termination pay benefits pension plan | 2,408,789 |
| Teachers' and public employees' retirement systems pension plans | 2,642,509 |
| Other postemployment benefits | <u>377,693</u> |
| Total deferred inflows of resources | <u>5,428,991</u> |

NET POSITION (DEFICIT)

| | |
|----------------------------------|----------------------------|
| Net investment in capital assets | 49,955,870 |
| Restricted for: | |
| Instruction | 7,358,646 |
| Support services: | |
| Students | 8,000 |
| Instructional staff | 197,411 |
| School administration | 115,902 |
| Business services | 11,664 |
| Operation and maintenance | 1,025,454 |
| Student transportation | 1,450,988 |
| Food services | 321,453 |
| Capital projects | 1,360,987 |
| Debt service | 13,025,903 |
| Unrestricted | <u>(141,880,118)</u> |
| Total net position (deficit) | <u>\$ (67,047,840)</u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|---|--------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Instruction | \$ 129,428,619 | \$ 993,227 | \$ 30,248,093 | \$ - | \$ (98,187,299) |
| Support services: | | | | | |
| Students | 17,091,484 | - | 7,074,078 | - | (10,017,406) |
| Instructional staff | 10,454,633 | - | 761,380 | - | (9,693,253) |
| General administration | 1,855,131 | - | 22,785 | - | (1,832,346) |
| School administration | 13,908,822 | - | 1,179,245 | - | (12,729,577) |
| Business services | 2,601,673 | - | 40,025 | - | (2,561,648) |
| Operation and maintenance | 16,001,493 | 79,176 | 1,061,747 | - | (14,860,570) |
| Student transportation | 6,550,565 | 62,636 | 2,365,112 | - | (4,122,817) |
| Food services | 5,786,392 | 1,655,999 | 4,103,922 | - | (26,471) |
| Extracurricular | 3,470,394 | - | 209,875 | 193,938 | (3,066,581) |
| Interest | 5,251,382 | - | 1,032,379 | - | (4,219,003) |
| Total | <u>212,400,588</u> | <u>2,791,038</u> | <u>48,098,641</u> | <u>193,938</u> | <u>(161,316,971)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 62,686,937 |
| Intergovernmental: | | | | | |
| State aid | | | | | 75,283,306 |
| State other | | | | | 264,776 |
| County | | | | | 18,406,726 |
| Interest | | | | | 1,100,598 |
| Contributions and donations not restricted for specific programs | | | | | 271,894 |
| Miscellaneous | | | | | <u>844,536</u> |
| Total general revenues | | | | | <u>158,858,773</u> |
| Change in net position | | | | | (2,458,198) |
| Net position (deficit) - beginning | | | | | <u>(64,589,642)</u> |
| Net position (deficit) - ending | | | | | <u>\$ (67,047,840)</u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

| | General | Elementary Miscellaneous Programs | Elementary Debt Service | Elementary Building | Total Nonmajor Funds | Total Governmental Funds |
|---|----------------------|---|----------------------------|------------------------|----------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 12,844,028 | \$ 5,447,621 | \$ 7,139,332 | \$ 12,089,019 | \$ 23,861,517 | \$ 61,381,517 |
| Receivables: | | | | | | |
| Property taxes, net | 1,754,615 | - | 476,599 | - | 716,125 | 2,947,339 |
| Governments | - | 3,259,494 | 270,176 | - | 1,798,966 | 5,328,636 |
| Other | 225,304 | 8,900 | - | 2,612 | 8,381 | 245,197 |
| Due from other funds | 518,572 | - | - | - | - | 518,572 |
| Total assets | <u>\$ 15,342,519</u> | <u>\$ 8,716,015</u> | <u>\$ 7,886,107</u> | <u>\$ 12,091,631</u> | <u>\$ 26,384,989</u> | <u>\$ 70,421,261</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 948,481 | \$ 457,133 | \$ - | \$ 817,613 | \$ 2,282,835 | \$ 4,506,062 |
| Due to other funds | - | - | 352,916 | - | 165,656 | 518,572 |
| Payable to other governments | - | - | - | - | 7,600 | 7,600 |
| Total liabilities | <u>948,481</u> | <u>457,133</u> | <u>352,916</u> | <u>817,613</u> | <u>2,456,091</u> | <u>5,032,234</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue-property taxes | <u>1,434,381</u> | <u>-</u> | <u>378,891</u> | <u>-</u> | <u>592,317</u> | <u>2,405,589</u> |
| FUND BALANCES | | | | | | |
| Restricted | - | - | 7,154,300 | 7,958,637 | 16,792,215 | 31,905,152 |
| Committed | - | 284,644 | - | - | 5,775,974 | 6,060,618 |
| Assigned | 129,287 | 7,974,238 | - | 3,315,381 | 768,392 | 12,187,298 |
| Unassigned | <u>12,830,370</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,830,370</u> |
| Total fund balances | <u>12,959,657</u> | <u>8,258,882</u> | <u>7,154,300</u> | <u>11,274,018</u> | <u>23,336,581</u> | <u>62,983,438</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 15,342,519</u> | <u>\$ 8,716,015</u> | <u>\$ 7,886,107</u> | <u>\$ 12,091,631</u> | <u>\$ 26,384,989</u> | <u>\$ 70,421,261</u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

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

June 30, 2020

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

| | |
|--|------------------------|
| Total fund balances, governmental funds | \$ 62,983,438 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 179,873,332 |
| Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. | 2,405,589 |
| 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 | 31,348,162 |
| Deferred inflows of resources related to pensions | (5,051,298) |
| 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. | (8,013,383) |
| 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 | (127,269,502) |
| Capital leases | (331,117) |
| Issuance premium (to be amortized over life of debt) | (10,275,480) |
| Compensated absences | (10,402,931) |
| Accrued interest payable | (325,959) |
| Total pension liability - service credit and termination pay benefits | (37,060,645) |
| Net pension liability-teachers' and public employees' retirement systems | (144,928,046) |
| Net position (deficit) of governmental activities | <u>\$ (67,047,840)</u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

| | General | Elementary Miscellaneous Programs | Elementary Debt Service | Elementary Building | Total Nonmajor Funds | Total Governmental Funds |
|--|---------------|---|----------------------------|------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 36,272,793 | \$ - | \$ 9,532,811 | \$ - | \$ 14,899,247 | \$ 60,704,851 |
| Intergovernmental: | | | | | | |
| County | - | - | - | - | 19,142,277 | 19,142,277 |
| State aid | 75,283,306 | - | - | - | - | 75,283,306 |
| State other | 20,789,193 | 4,773,557 | - | - | 2,458,320 | 28,021,070 |
| Federal | - | 12,747,634 | 537,745 | - | 6,181,419 | 19,466,798 |
| Tuition | 575,426 | - | - | - | - | 575,426 |
| Charges for services | - | - | - | 46,274 | 2,169,338 | 2,215,612 |
| Interest | 115,367 | 205,733 | 147,243 | 115,546 | 360,119 | 944,008 |
| Miscellaneous | - | 361,506 | - | 20,303 | 874,619 | 1,256,428 |
| Total revenues | 133,036,085 | 18,088,430 | 10,217,799 | 182,123 | 46,085,339 | 207,609,776 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Instruction | 87,422,540 | 11,405,468 | - | 56,583 | 21,677,378 | 120,561,969 |
| Support services: | | | | | | |
| Students | 8,909,313 | 5,112,770 | - | - | 2,068,153 | 16,090,236 |
| Instructional staff | 7,413,001 | 334,515 | - | - | 2,104,989 | 9,852,505 |
| General administration | 1,739,833 | - | - | - | 55,477 | 1,795,310 |
| School administration | 10,692,590 | 232,240 | - | - | 2,476,239 | 13,401,069 |
| Business services | 1,819,495 | 304,769 | - | 7,705 | 334,050 | 2,466,019 |
| Operation and maintenance | 12,993,990 | 249,616 | - | 866,628 | 2,221,854 | 16,332,088 |
| Student transportation | 78,732 | 736,089 | - | - | 5,658,077 | 6,472,898 |
| Food services | 1,387 | - | - | - | 5,569,028 | 5,570,415 |
| Extracurricular | 2,712,417 | - | - | - | 375,575 | 3,087,992 |
| Capital outlay | 617,704 | 117,826 | - | 2,642,866 | 1,351,056 | 4,729,452 |
| Debt service: | | | | | | |
| Principal | - | - | 4,505,000 | - | - | 4,505,000 |
| Interest and other charges | - | - | 5,164,454 | 88,073 | 571,370 | 5,823,897 |
| Total expenditures | 134,401,002 | 18,493,293 | 9,669,454 | 3,661,855 | 44,463,246 | 210,688,850 |
| Excess (deficiency) of revenues over expenditures | (1,364,917) | (404,863) | 548,345 | (3,479,732) | 1,622,093 | (3,079,074) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Long-term debt issued | - | - | - | 8,400,000 | - | 8,400,000 |
| Premium on long-term debt issued | - | - | - | 712,645 | - | 712,645 |
| Insurance recoveries | - | - | - | 500,000 | 519,035 | 1,019,035 |
| Transfers in | 2,400,000 | - | - | - | - | 2,400,000 |
| Transfers out | (1,300,000) | - | - | - | (1,100,000) | (2,400,000) |
| Total other financing sources (uses) | 1,100,000 | - | - | 9,612,645 | (580,965) | 10,131,680 |
| Net change in fund balances | (264,917) | (404,863) | 548,345 | 6,132,913 | 1,041,128 | 7,052,606 |
| Fund balances - beginning | 13,224,574 | 8,663,745 | 6,605,955 | 5,141,105 | 22,295,453 | 55,930,832 |
| Fund balances - ending | \$ 12,959,657 | \$ 8,258,882 | \$ 7,154,300 | \$ 11,274,018 | \$ 23,336,581 | \$ 62,983,438 |

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, 2020

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

| | |
|--|------------------------------|
| Net change in fund balances - total governmental funds | \$ 7,052,606 |
| 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 (\$7,706,846) exceeded capital outlay (\$4,729,452) in the current period. | (2,977,394) |
| The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position. | 193,938 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | 1,982,086 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of these transactions follows: | |
| Issuance of long-term debt | (8,400,000) |
| Premium on long-term debt issued | (712,645) |
| Amortization of premium on long-term debt issued | 672,603 |
| Repayment of principal on long-term debt | 4,505,000 |
| 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 | (87,185) |
| Interest expense on capital lease | (12,903) |
| Pension expense-service credit and termination pay benefits | 2,346,962 |
| Compensated absences | 228,653 |
| Pension expense-teachers' and public employees' retirement systems | (8,002,047) |
| 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. | 752,128 |
| Change in net position of governmental activities | <u><u>\$ (2,458,198)</u></u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

| | <u>Internal Service Funds</u> |
|---|-----------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 13,347,749 |
| Accounts receivable, net | <u>801,261</u> |
| Total current assets | <u>14,149,010</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Other postemployment benefits | <u>3,387,421</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 2,327,902 |
| Unearned revenue | 3,416 |
| Compensated absences | <u>5,969</u> |
| Total current liabilities | <u>2,337,287</u> |
| Noncurrent liabilities: | |
| Compensated absences | 53,724 |
| Total other postemployment benefits liability | <u>22,781,110</u> |
| Total noncurrent liabilities | <u>22,834,834</u> |
| Total liabilities | <u>25,172,121</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Other postemployment benefits | <u>377,693</u> |
| NET POSITION (DEFICIT) | |
| Unrestricted | <u>(8,013,383)</u> |
| Total net position (deficit) | <u><u>\$ (8,013,383)</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, 2020

| | <u>Internal Service Funds</u> |
|------------------------------------|-----------------------------------|
| OPERATING REVENUES | |
| Charges for services | <u>\$ 21,501,462</u> |
| Total operating revenues | <u>21,501,462</u> |
| OPERATING EXPENSES | |
| Personal services - salaries | 315,735 |
| Personal services - benefits | 65,819 |
| Purchased property services | 84,886 |
| Other purchased services | 1,011,819 |
| Supplies and materials | 79,440 |
| Insurance claims and expenses | <u>19,348,225</u> |
| Total operating expenses | <u>20,905,924</u> |
| Operating income | <u>595,538</u> |
| NONOPERATING REVENUES | |
| Interest revenue | <u>156,590</u> |
| Total nonoperating revenues | <u>156,590</u> |
| Change in net position | 752,128 |
| Net position (deficit) - beginning | <u>(8,765,511)</u> |
| Net position (deficit) - ending | <u><u>\$ (8,013,383)</u></u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

| | <u>Internal Service Funds</u> |
|---|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from health insurance premiums | \$ 21,185,275 |
| Cash received from interfund services | 316,136 |
| Medical claims paid | (19,117,709) |
| Cash paid to employees health insurance services | (189,091) |
| Cash paid to employees interfund services | (184,547) |
| Cash paid to suppliers for goods and services health insurance services | (926,421) |
| Cash paid to suppliers for goods and services interfund services | <u>(156,517)</u> |
| Net cash provided by operating activities | <u>927,126</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest received | <u>156,590</u> |
| Net cash provided by investing activities | <u>156,590</u> |
| Change in cash and cash equivalents | 1,083,716 |
| Cash and cash equivalents - beginning | <u>12,264,033</u> |
| Cash and cash equivalents - ending | <u><u>\$ 13,347,749</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | |
| Operating income | \$ 595,538 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | |
| Other postemployment benefits | 819,699 |
| Increase in accounts receivable | (552,346) |
| Decrease in prepaid items | 96,072 |
| Decrease in accounts payable | (39,918) |
| Increase in unearned revenue | 165 |
| Increase in compensated absences | <u>7,916</u> |
| Net cash provided by operating activities | <u><u>\$ 927,126</u></u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2020

| | Private Purpose Trust Fund- Extracurricular | Agency Funds |
|----------------------------|--|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,735,392 | \$ 2,972,273 |
| Total assets | <u>2,735,392</u> | <u>2,972,273</u> |
| LIABILITIES | | |
| Accounts payable | <u>72,255</u> | <u>2,972,273</u> |
| Total liabilities | <u>72,255</u> | <u>2,972,273</u> |
| NET POSITION | | |
| Net position held in trust | <u>\$ 2,663,137</u> | <u>\$ -</u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2020

| | Private Purpose Trust Fund- Extracurricular |
|------------------------------------|--|
| ADDITIONS | |
| Contributions: | |
| Student extracurricular activities | <u>\$ 3,107,701</u> |
| Investment earnings: | |
| Interest | <u>29,757</u> |
| Total additions | <u>3,137,458</u> |
| DEDUCTIONS | |
| Student extracurricular activities | <u>2,858,120</u> |
| Change in net position | 279,338 |
| Net position - beginning | <u>2,383,799</u> |
| Net position - ending | <u><u>\$ 2,663,137</u></u> |

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 with the exception of interfund services provided and used. 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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 miscellaneous programs fund is a non-budgeted fund.

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 and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements, unless a right of offset exists.

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, 2020. The allowance at June 30, 2020, was \$188,127.

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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

December 1 and June 1, at which time the applicable property is subject to lien, and penalties and interest are assessed. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer.

Inventories and 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. This current asset is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed (consumption method).

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.

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The health insurance fund, an internal service fund, had a deficit net position of \$8,322,554 as of June 30, 2020. 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, 2020, 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, 2020 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, 2020, were as follows:

| | Vendors | Salaries and Benefits | Claims incurred but not reported | Total |
|-----------------------------------|---------------------|--------------------------|-------------------------------------|---------------------|
| General | \$ 350,023 | \$ 598,458 | \$ - | \$ 948,481 |
| Elementary miscellaneous programs | 407,966 | 49,167 | - | 457,133 |
| Elementary building | 813,575 | 4,038 | - | 817,613 |
| Internal service funds | 42,889 | 8,551 | 2,276,462 | 2,327,902 |
| Nonmajor governmental funds | 1,992,298 | 290,537 | - | 2,282,835 |
| | <u>\$ 3,606,751</u> | <u>\$ 950,751</u> | <u>\$ 2,276,462</u> | <u>\$ 6,833,964</u> |

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

| | Balance July 1, 2019 | Additions | Deletions | Balance June 30, 2020 |
|--|-------------------------|--------------|----------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,659,721 | \$ - | \$ - | \$ 4,659,721 |
| Construction in progress | 2,356,887 | 1,894,261 | (2,324,905) | 1,926,243 |
| Total capital assets, not being depreciated | 7,016,608 | 1,894,261 | (2,324,905) | 6,585,964 |
| Capital assets, being depreciated: | | | | |
| Buildings/improvements | 234,955,585 | 4,188,514 | - | 239,144,099 |
| Improvements other than buildings | 4,703,130 | - | - | 4,703,130 |
| Machinery and equipment | 16,913,182 | 1,048,539 | (48,502) | 17,913,219 |
| Total capital assets, being depreciated | 256,571,897 | 5,237,053 | (48,502) | 261,760,448 |
| Less accumulated depreciation for: | | | | |
| Buildings/improvements | (69,092,191) | (6,544,934) | - | (75,637,125) |
| Improvements other than buildings | (1,195,621) | (235,154) | - | (1,430,775) |
| Machinery and equipment | (10,526,924) | (926,758) | 48,502 | (11,405,180) |
| Total accumulated depreciation | (80,814,736) | (7,706,846) | 48,502 | (88,473,080) |
| Total capital assets, being depreciated, net | 175,757,161 | (2,469,793) | - | 173,287,368 |
| Total capital assets, net | \$ 182,773,769 | \$ (575,532) | \$ (2,324,905) | \$ 179,873,332 |

Depreciation expense was charged to district activities as follows:

| | |
|---|---------------------|
| Instruction | \$ 5,959,056 |
| Support services-students | 547,223 |
| Support services-instructional staff | 227,556 |
| Support services-general administration | 15,090 |
| Support services-administration | 108,827 |
| Support services-business | 26,640 |
| Operation and maintenance | 390,417 |
| Student transportation | 7,018 |
| Food services | 214,015 |
| Extracurricular | 211,004 |
| | <u>\$ 7,706,846</u> |

Interfund Receivables, Payables and Transfers

Interfund balances as of June 30, 2020, consisted of the following:

| | Due from funds | Due to funds |
|-----------------------------|-------------------|-------------------|
| General | \$ 518,572 | \$ - |
| Elementary debt service | - | 352,916 |
| Nonmajor governmental funds | - | 165,656 |
| Total | <u>\$ 518,572</u> | <u>\$ 518,572</u> |

The balance of \$518,572 due to the general fund from the elementary and high school debt service funds resulted from loans made to cover cash deficits. The balances will be repaid in the subsequent year.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Interfund transfers consisted of the following:

| | Transfers In | Transfers Out |
|-----------------------------|--------------------|--------------------|
| General (high school) | \$2,400,000 | \$ - |
| General (elementary) | - | 1,300,000 |
| Nonmajor governmental funds | - | 1,100,000 |
| Total | <u>\$2,400,000</u> | <u>\$2,400,000</u> |

During the year, there were transfers totaling \$2,400,000 out of the Elementary General fund of \$1,300,000 and the Elementary and High School Transportation funds of \$730,000 and \$370,000, respectively, into the High School Interlocal Agreements fund (which for financial statement reporting purposes is combined with the High School General fund) to assist with future operational needs of Billings Public Schools.

Long-Term Debt

During the year ended June 30, 2020, the following changes occurred in long-term debt:

| | Balance July 1, 2019 | Additions | Retirements | Balance June 30, 2020 | Due Within One Year |
|--------------------------|-------------------------|----------------------|------------------------|--------------------------|------------------------|
| Bonds payable: | | | | | |
| General obligation bonds | \$ 123,374,502 | \$ 8,400,000 | \$ (4,505,000) | \$ 127,269,502 | \$ 5,100,000 |
| Premium | 10,235,438 | 712,645 | (672,603) | 10,275,480 | - |
| Total bonds payable | <u>133,609,940</u> | <u>9,112,645</u> | <u>(5,177,603)</u> | <u>137,544,982</u> | <u>5,100,000</u> |
| Capital leases | 435,195 | - | (104,078) | 331,117 | 107,163 |
| Compensated absences | 10,683,361 | 9,829,736 | (10,050,473) | 10,462,624 | 1,046,262 |
| Total | <u>\$ 144,728,496</u> | <u>\$ 18,942,381</u> | <u>\$ (15,332,154)</u> | <u>\$ 148,338,723</u> | <u>\$ 6,253,425</u> |

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

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. Assets acquired through capital leases are as follows:

| | |
|--------------------------------|-------------------|
| Machinery and equipment | \$ 759,178 |
| Less: accumulated depreciation | <u>(215,101)</u> |
| | <u>\$ 544,077</u> |

The future minimum lease obligations and the present value of these minimum lease payments, as of June 30, 2020, are as follows:

| | Year ending June 30, | Governmental Activities |
|---|-------------------------|----------------------------|
| | 2021 | \$ 116,981 |
| | 2022 | 116,981 |
| | 2023 | <u>116,982</u> |
| Total minimum lease payments | | 350,944 |
| Less: amount representing interest | | <u>(19,827)</u> |
| Present value of minimum lease payments | | <u>\$ 331,117</u> |

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 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.

On February 4, 2020, the district issued general obligation school building bonds in the amount of \$8,400,000. 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 improving schools in accordance with the district's facilities master plan. Interest rates range from 2.0% to 4.00% payable semiannually on December 15 and June 15. The bonds can be redeemed at par on December 15, 2027 or any date thereafter. The bonds mature beginning June 15, 2021 through 2035. The elementary debt service fund will be servicing 100% of the general obligation debt payments.

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NOTES TO BASIC FINANCIAL STATEMENTS

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

| Year ending June 30, | General Obligation Bonds | |
|-------------------------|--------------------------|----------------------|
| | Principal | Interest |
| 2021 | \$ 5,100,000 | \$ 5,845,253 |
| 2022 | 5,365,000 | 5,580,324 |
| 2023 | 5,620,000 | 5,326,324 |
| 2024 | 5,885,000 | 5,059,874 |
| 2025 | 6,130,000 | 4,811,149 |
| 2026-2030 | 47,195,000 | 17,597,245 |
| 2031-2035 | 51,974,502 | 5,670,473 |
| | <u>\$ 127,269,502</u> | <u>\$ 49,890,642</u> |

Fund Balances

As of June 30, 2020, 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 |
|---------------------------|----------------------|---|------------------------------------|--------------------------------|----------------------------|--------------------------------|
| Restricted: | | | | | | |
| Instruction | \$ - | \$ 86,282 | \$ - | \$ - | \$ 6,942,060 | \$ 7,028,342 |
| Support services: | | | | | | |
| Students | - | 8,000 | - | - | - | 8,000 |
| Instructional staff | - | 183,089 | - | - | 14,322 | 197,411 |
| School administration | - | - | - | - | 115,902 | 115,902 |
| Business services | - | - | - | - | 11,664 | 11,664 |
| Operation and maintenance | - | 7,273 | - | - | 991,160 | 998,433 |
| Student transportation | - | - | - | - | 1,235,946 | 1,235,946 |
| Food services | - | - | - | - | 321,453 | 321,453 |
| Capital projects | - | - | - | 7,958,637 | 1,360,987 | 9,319,624 |
| Debt service | - | - | 7,154,300 | - | 5,798,721 | 12,953,021 |
| Committed: | | | | | | |
| Instruction | - | - | - | - | 3,523,917 | 3,523,917 |
| Support services: | | | | | | |
| Students | - | - | - | - | 2,199,473 | 2,199,473 |
| Operation and maintenance | - | - | - | - | 234 | 234 |
| Community services | - | - | - | - | 52,350 | 52,350 |
| Assigned: | | | | | | |
| Instruction | 39,237 | 4,200,428 | - | - | 91,649 | 4,331,314 |
| Support services: | | | | | | |
| Students | - | 1,136,386 | - | - | - | 1,136,386 |
| Instructional staff | - | 1,383,961 | - | - | - | 1,383,961 |
| General administration | - | 698,185 | - | - | - | 698,185 |
| School administration | - | 172,902 | - | - | - | 172,902 |
| Business services | - | 362,035 | - | 19,895 | 223,325 | 605,255 |
| Operation and maintenance | 58,500 | 20,341 | - | 3,295,486 | 453,418 | 3,827,745 |
| Capital projects | 31,550 | - | - | - | - | 31,550 |
| Unassigned | 12,830,370 | - | - | - | - | 12,830,370 |
| | <u>\$ 12,959,657</u> | <u>\$ 8,258,882</u> | <u>\$ 7,154,300</u> | <u>\$ 11,274,018</u> | <u>\$ 23,336,581</u> | <u>\$ 62,983,438</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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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

Self-Insurance

During the year ended June 30, 2020, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$756 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 \$300,000.

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, 2020, 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 2020 and 2019 were:

| | Liability July 1, | Curent Year Claims and Changes in Estimates | Claims Payments | Liability June 30, |
|---------|----------------------|--|--------------------|-----------------------|
| 2018-19 | 2,174,376 | 18,302,113 | (18,302,113) | 2,174,376 |
| 2019-20 | 2,174,376 | 19,219,795 | (19,117,709) | 2,276,462 |

Commitments and Contingencies

In March 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". The outbreak, known now as COVID-19, has had a significant impact worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, Billings Public Schools continues to monitor the situation and evaluate its potential impact. No impairments were recorded as of the statement of net position date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the government's financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimable at this time.

At year-end, the district had a commitment outstanding, in the form of a purchase order for \$129,287 to purchase equipment. Commitments related to construction projects totaled approximately \$5.1 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.

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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

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 2.02%.

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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, 2020, were required to contribute 8.15% of their earned compensation. TRS employers were required to contribute 9.07% 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.

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 actuarial 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 8.4% 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 actuarial 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, 2020, the government recorded a liability of \$127,583,357 (TRS) and \$17,344,689 (PERS) for its proportionate share of the net pension liability. The net pension liability is generally liquidated by the elementary and high school retirement funds.

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, 2020 | |
|---|-------------------------------------|----------------------|
| | TRS | PERS |
| Employer proportionate share | \$ 127,583,357 | \$ 17,344,689 |
| State of Montana proportionate share associated with employer | 77,237,394 | 6,192,840 |
| Total | <u>\$ 204,820,751</u> | <u>\$ 23,537,529</u> |

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 for TRS and June 30, 2018 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, 2018, through June 30, 2019, relative to the total employer contributions received from all TRS and PERS participating employers. At June 30, 2020, the government's proportion was 6.6165 and .829766 percent for TRS and PERS, respectively.

For the year ended June 30, 2020, the government recognized \$18,994,378 (TRS) and \$1,970,144 (PERS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$9,421,252 (TRS) and \$420,428 (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 \$28,415,630 and \$2,390,572 for TRS and PERS, respectively.

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At June 30, 2020, 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 | \$ 844,507 | \$ - | \$ 822,446 | \$ 816,137 |
| Changes in actuarial assumptions | 6,370,545 | 286,043 | 736,335 | - |
| Difference between projected and actual investment earnings | 1,236,740 | - | 210,299 | - |
| Changes in the proportion and differences between actual and expected contributions | 5,682,248 | - | - | 1,540,329 |
| Employer contributions subsequent to measurement date | 11,743,767 | - | 1,218,708 | - |
| | <u>\$ 25,877,807</u> | <u>\$ 286,043</u> | <u>\$ 2,987,788</u> | <u>\$ 2,356,466</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, 2021. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

| Year Ended June 30: | TRS | PERS |
|---------------------|--------------|-------------|
| 2021 | \$ 8,204,348 | \$ 208,347 |
| 2022 | 3,499,819 | (1,062,708) |
| 2023 | 1,119,820 | 78,232 |
| 2024 | 1,024,010 | 188,743 |

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2019 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 | 3.25% | 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. 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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2019, 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% | 0.02% | 3.0% | 0.00% |
| Domestic equity | 35.0% | 2.12% | 36.0% | 2.12% |
| Foreign equity | 18.0% | 1.26% | 18.0% | 1.26% |
| Natural resources | 3.0% | 0.12% | 0.0% | 0.00% |
| Fixed income | 22.0% | 0.45% | 23.0% | 0.50% |
| Private equity | 10.0% | 1.05% | 12.0% | 1.27% |
| Real estate | 7.0% | 0.40% | 8.0% | 0.46% |
| High yield bonds | 3.0% | 0.12% | 0.0% | 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 a statutory appropriation from the general fund. 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 2122. 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 | \$ 174,501,801 | \$ 127,583,357 | \$ 88,273,357 |

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 | \$ 24,919,377 | \$ 17,344,689 | \$ 10,979,122 |

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2020, 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 |

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Total Pension Liability

Following is the total pension liability:

| | June 30, 2020 | June 30, 2019 |
|---|----------------------|----------------------|
| Service credit | \$ 16,862,166 | \$ 16,505,861 |
| Option 1 | 20,198,479 | 20,108,944 |
| Total pension liability | <u>\$ 37,060,645</u> | <u>\$ 36,614,805</u> |
| Covered payroll | \$ 104,682,288 | \$ 98,241,729 |
| Total pension liability as a % of covered payroll | 35.40% | 37.27% |

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, 2019 | June 30, 2019 |
| Measurement date | June 30, 2020 | June 30, 2019 |
| Reporting date | June 30, 2020 | 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 | 2.21% | 3.50% |
|---------------|-------|-------|

Changes in the total pension liability were as follows:

| | |
|---|----------------------|
| Service cost | \$ 2,160,877 |
| Interest on the total pension liability | 1,258,499 |
| Changes of assumptions | 2,712,534 |
| Benefits payments | <u>(5,686,070)</u> |
| Net change in total pension liability | 445,840 |
| Total pension liability - beginning of year | <u>36,614,805</u> |
| Total pension liability - end of year | <u>\$ 37,060,645</u> |

The total pension liability is generally liquidated by the fund in which the employee is normally paid and the elementary and high school retirement funds.

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 | 2.21% |
| Mortality | For males and females: RP 2000 Healthy Combined Mortality Table Projected to 2022 adjusted for partial credibility setback for two years |

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
|-------------------------|------------------------|-------------------------------------|------------------------|
| Total pension liability | \$ 39,290,315 | \$ 37,060,645 | \$ 34,901,057 |

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

For the year ended June 30, 2020, Billings Public Schools recognized pension expense of \$3,339,108. At June 30, 2020, Billings Public Schools reported deferred outflows of resources from differences between expected and actual experience and changes in assumptions of \$28,370 and \$2,454,197, respectively and deferred inflows of resources from changes in assumptions of \$2,408,789.

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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 988 |
| Inactive employees entitled to but not receiving benefit payments | - |
| Active employees | <u>1,921</u> |
| Total | <u>2,909</u> |

Total OPEB Liability

The total OPEB liability of \$22,781,110 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

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

Changes in the total OPEB liability were as follows:

| | |
|--|----------------------|
| Total OPEB liability - beginning of year | <u>\$ 19,240,482</u> |
| Changes for the year: | |
| Service cost | 576,599 |
| Interest cost | 680,500 |
| Differences between expected and actual experience | 252,464 |
| Changes of assumptions | 2,779,526 |
| Benefit payments | <u>(748,461)</u> |
| Net change | <u>3,540,628</u> |
| Total OPEB liability - end of year | <u>\$ 22,781,110</u> |

The total OPEB liability is liquidated by the self-insurance internal service fund.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|-----------------------------|--|
| Salary increases | 3.50% |
| Discount rate | 2.21% |
| Healthcare cost trend rates | 6.50% for 2020 decreasing 0.50% per year to an ultimate rate of 4.50% for 2024 and later years |

Changes in actuarial assumptions since the prior valuation are as follows:

- The discount rate was updated from 3.50% to 2.21%.
- Termination and Retirement rates were updated based on the rates used in the FYE 2019 TRS of State of Montana Actuarial Valuation and the 2019 PERS actuarial valuation of State of Montana.
- The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2017 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
- The Affordable Care Act Cadillac Tax (Excise Tax) was repealed in December 2019 under a new Bill passed. We have removed the Excise Tax assumptions from the valuation.
- The trend rates were updated with an initial rate of 6.50% grading down by 0.50% per year until reaching the ultimate rate of 4.50%.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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 2.21%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.00% lower (1.21%) or 1.00% higher (3.21%) than the current rate.

| | 1% Decrease (1.21%) | Discount Rate (2.21%) | 1% Increase (3.21%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$ 19,999,000 | \$ 22,781,110 | \$ 26,209,000 |

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.

| | 1% Decrease (5.50% Decreasing to 3.5%) | Healthcare Cost Trend Rate (6.5% Decreasing to 4.5%) | 1% Increase (7.5% Decreasing to 5.5%) |
|----------------------|--|---|---|
| Total OPEB liability | \$ 21,567,000 | \$ 22,781,110 | \$ 24,229,000 |

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

For the year ended June 30, 2020, Billings Public Schools recognized OPEB expense of \$1,568,160. At June 30, 2020, Billings Public Schools reported deferred outflows of resources from differences between expected and actual experience and changes in assumptions of \$229,303 and \$3,158,118. respectively and deferred inflows of resources from changes in assumptions of \$377,693.

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

| Year ended June 30: | |
|------------------------|------------|
| 2021 | \$ 311,061 |
| 2022 | 311,061 |
| 2023 | 311,061 |
| 2024 | 367,924 |
| 2025 | 345,618 |
| Thereafter | 1,363,003 |

Future Implementation of GASB Pronouncements

GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The following pronouncements are affected:

- Statement No. 84, Fiduciary Activities, reporting periods beginning after December 15, 2019
- Statement No. 87, Leases, fiscal years beginning after December 15, 2020, and all reporting periods thereafter
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, reporting periods beginning after December 15, 2020
- Statement No. 90, Majority Equity Interests, reporting periods beginning after December 15, 2019
- Statement No. 91, Conduit Debt Obligations, reporting periods beginning after December 15, 2021

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

- Statement No. 92, Omnibus 2020, Paragraphs 6–10 and 12 Various, but no later than reporting periods beginning after June 15, 2021; Paragraphs 6 and 7—fiscal years beginning after June 15, 2021; paragraphs 8, 9 and 12 - reporting periods beginning after June 15, 2021; Paragraph 10 - government acquisitions occurring in reporting periods beginning after June 15, 2021
- Statement No. 93, Replacement of Interbank Offered Rates, Paragraphs 13 and 14 Except for Paragraph 11b and Paragraphs 13 and 14, reporting periods beginning after June 15, 2020; Paragraph 11b (removal of LIBOR as appropriate benchmark interest rate) - reporting periods ending after December 31, 2021; Paragraphs 13 and 14 - fiscal years beginning after June 15, 2021

Statement No. 96, Subscription-Based Information Technology Arrangements provides accounting and financial reporting guidance for subscription-based information technology arrangements used by state and local governments. Statement 96 is effective for fiscal years beginning after June 15, 2022.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|---|--------------------|--------------------|------------------------------------|----------------------------------|-------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 37,823,134 | \$ 37,823,134 | \$ 36,272,793 | \$ - | \$ 36,272,793 |
| Intergovernmental: | | | | | |
| State aid | 75,042,128 | 75,283,307 | 75,283,306 | - | 75,283,306 |
| State other | 10,912,351 | 10,907,205 | 10,947,513 | 9,841,680 | 20,789,193 |
| Tuition | 607,000 | 607,000 | 575,426 | - | 575,426 |
| Interest | 77,105 | 77,105 | 43,978 | 71,389 | 115,367 |
| Total revenues | <u>124,461,718</u> | <u>124,697,751</u> | <u>123,123,016</u> | <u>9,913,069</u> | <u>133,036,085</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 80,843,528 | 81,098,428 | 78,453,196 | 8,969,344 | 87,422,540 |
| Support services: | | | | | |
| Students | 7,949,457 | 7,952,366 | 8,155,566 | 753,747 | 8,909,313 |
| Instructional staff | 6,832,324 | 6,796,369 | 6,819,502 | 593,499 | 7,413,001 |
| General administration | 1,826,074 | 1,826,074 | 1,717,048 | 22,785 | 1,739,833 |
| Administration | 9,540,211 | 9,381,076 | 9,744,218 | 948,372 | 10,692,590 |
| Business | 1,780,086 | 1,783,228 | 1,760,150 | 59,345 | 1,819,495 |
| Operation and maintenance | 12,951,628 | 13,060,427 | 12,747,259 | 246,731 | 12,993,990 |
| Student transportation | - | - | 25,646 | 53,086 | 78,732 |
| Food services | - | - | - | 1,387 | 1,387 |
| Extracurricular | 2,657,900 | 2,654,608 | 2,502,542 | 209,875 | 2,712,417 |
| Capital Outlay | 80,510 | 145,175 | 381,432 | 236,272 | 617,704 |
| Total expenditures | <u>124,461,718</u> | <u>124,697,751</u> | <u>122,306,559</u> | <u>12,094,443</u> | <u>134,401,002</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>816,457</u> | <u>(2,181,374)</u> | <u>(1,364,917)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 2,400,000 | 2,400,000 |
| Transfers out | - | - | (2,300,000) | 1,000,000 | (1,300,000) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(2,300,000)</u> | <u>3,400,000</u> | <u>1,100,000</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>(1,483,543)</u> | <u>1,218,626</u> | <u>(264,917)</u> |
| Fund balances - beginning | | | 9,520,080 | 3,704,494 | 13,224,574 |
| Fund balances - ending | | | <u>\$ 8,036,537</u> | <u>\$ 4,923,120</u> | <u>\$ 12,959,657</u> |

NOTES TO THE BUDGET AND ACTUAL SCHEDULES

State law requires budgets be prepared for certain funds - generally those supported by property tax revenues. Budgets are prepared on the modified accrual basis. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law. The general fund budget was amended and increased \$236,033 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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|--|-----------------|---------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 23,894,702 | \$ 23,894,702 | \$ 22,875,287 | \$ - | \$ 22,875,287 |
| Intergovernmental: | | | | | |
| State aid | 48,422,246 | 48,757,067 | 48,757,066 | - | 48,757,066 |
| State other | 7,994,625 | 7,994,625 | 8,010,901 | - | 8,010,901 |
| Tuition | 240,000 | 240,000 | 215,075 | - | 215,075 |
| Interest | 35,544 | 35,544 | 21,616 | 9,563 | 31,179 |
| Total revenues | 80,587,117 | 80,921,938 | 79,879,945 | 9,563 | 79,889,508 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 53,413,087 | 53,917,583 | 52,067,778 | - | 52,067,778 |
| Support services: | | | | | |
| Students | 5,462,621 | 5,462,663 | 5,767,635 | - | 5,767,635 |
| Instructional staff | 4,489,111 | 4,464,119 | 4,620,907 | 176,739 | 4,797,646 |
| General administration | 1,167,025 | 1,167,025 | 1,162,182 | - | 1,162,182 |
| Administration | 5,977,828 | 5,825,108 | 5,987,368 | 298,008 | 6,285,376 |
| Business | 1,178,721 | 1,181,863 | 1,176,549 | - | 1,176,549 |
| Operation and maintenance | 8,032,263 | 8,031,579 | 7,913,019 | 56,108 | 7,969,127 |
| Student transportation | - | - | 9,839 | 27,389 | 37,228 |
| Extracurricular | 814,702 | 811,410 | 787,820 | - | 787,820 |
| Capital Outlay | 51,759 | 60,588 | 69,875 | - | 69,875 |
| Total expenditures | 80,587,117 | 80,921,938 | 79,562,972 | 558,244 | 80,121,216 |
| Excess (deficiency) of revenues over expenditures | - | - | 316,973 | (548,681) | (231,708) |
| OTHER FINANCING USES | | | | | |
| Transfers out | - | - | (1,300,000) | - | (1,300,000) |
| Net change in fund balances | \$ - | \$ - | (983,027) | (548,681) | (1,531,708) |
| Fund balances - beginning | | | 5,789,443 | 888,535 | 6,677,978 |
| Fund balances - ending | | | \$ 4,806,416 | \$ 339,854 | \$ 5,146,270 |

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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|--|-----------------|---------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 13,928,432 | \$ 13,928,432 | \$ 13,397,506 | \$ - | \$ 13,397,506 |
| Intergovernmental: | | | | | |
| State aid | 26,619,882 | 26,526,240 | 26,526,240 | - | 26,526,240 |
| State other | 2,917,726 | 2,912,580 | 2,936,612 | 9,841,680 | 12,778,292 |
| Tuition | 367,000 | 367,000 | 360,351 | - | 360,351 |
| Interest | 41,561 | 41,561 | 22,362 | 61,826 | 84,188 |
| Total revenues | 43,874,601 | 43,775,813 | 43,243,071 | 9,903,506 | 53,146,577 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 27,430,441 | 27,180,845 | 26,385,418 | 8,969,344 | 35,354,762 |
| Support services: | | | | | |
| Students | 2,486,836 | 2,489,703 | 2,387,931 | 753,747 | 3,141,678 |
| Instructional staff | 2,343,213 | 2,332,250 | 2,198,595 | 416,760 | 2,615,355 |
| General administration | 659,049 | 659,049 | 554,866 | 22,785 | 577,651 |
| Administration | 3,562,383 | 3,555,968 | 3,756,850 | 650,364 | 4,407,214 |
| Business | 601,365 | 601,365 | 583,601 | 59,345 | 642,946 |
| Operation and maintenance | 4,919,365 | 5,028,848 | 4,834,240 | 190,623 | 5,024,863 |
| Student transportation | - | - | 15,807 | 25,697 | 41,504 |
| Food services | - | - | - | 1,387 | 1,387 |
| Extracurricular | 1,843,198 | 1,843,198 | 1,714,722 | 209,875 | 1,924,597 |
| Capital Outlay | 28,751 | 84,587 | 311,557 | 236,272 | 547,829 |
| Total expenditures | 43,874,601 | 43,775,813 | 42,743,587 | 11,536,199 | 54,279,786 |
| Excess (deficiency) of revenues over expenditures | - | - | 499,484 | (1,632,693) | (1,133,209) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 2,400,000 | 2,400,000 |
| Transfers out | - | - | (1,000,000) | 1,000,000 | - |
| Total other financing sources (uses) | - | - | (1,000,000) | 3,400,000 | 2,400,000 |
| Net change in fund balances | \$ - | \$ - | (500,516) | 1,767,307 | 1,266,791 |
| Fund balances - beginning | | | 3,730,637 | 2,815,959 | 6,546,596 |
| Fund balances - ending | | | \$ 3,230,121 | \$ 4,583,266 | \$ 7,813,387 |

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND
TOTAL PENSION LIABILITY

Schedule of Changes in Total Pension Liability

| | 2020 | For the Years Ended June 30, | | 2017 |
|--|----------------------|------------------------------|----------------------|----------------------|
| | | 2019 | 2018 | |
| Total pension liability - beginning of year | \$ 36,614,805 | \$ 37,026,494 | \$ 36,842,219 | \$ 38,082,019 |
| Service cost | 2,160,877 | 1,985,177 | 2,073,882 | 2,248,910 |
| Interest on total pension liability | 1,258,499 | 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 | 2,712,534 | (1,335,500) | (600,187) | (1,525,869) |
| Benefit payments | (5,686,070) | (2,557,152) | (2,635,849) | (3,068,849) |
| Total pension liability - end of year | <u>\$ 37,060,645</u> | <u>\$ 36,614,805</u> | <u>\$ 37,026,494</u> | <u>\$ 36,842,219</u> |

Schedule of Total Pension Liability

| | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| Service Credit | \$ 16,862,166 | \$ 16,505,861 | \$ 16,463,334 | \$ 16,229,698 |
| Option 1 | <u>20,198,479</u> | <u>20,108,944</u> | <u>20,563,160</u> | <u>20,612,521</u> |
| Total pension liability | <u>\$ 37,060,645</u> | <u>\$ 36,614,805</u> | <u>\$ 37,026,494</u> | <u>\$ 36,842,219</u> |
| Covered-employee payroll | \$ 104,682,288 | \$ 98,241,729 | \$ 94,097,244 | \$ 88,498,935 |
| Total pension liability as a percentage of covered payroll | 35.40% | 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

Schedule of Changes in the Total OPEB Liability

| | For the Years Ended June 30, | | |
|---|------------------------------|----------------------|----------------------|
| | 2020 | 2019 | 2018 |
| Total OPEB liability - beginning of year | \$ 19,240,482 | \$ 17,891,604 | \$ 18,048,017 |
| Service cost | 576,599 | 512,336 | 493,247 |
| Interest cost | 680,500 | 697,191 | 704,950 |
| Differences between expected and actual experience | 252,464 | | |
| Changes in assumptions and other inputs | 2,779,526 | 916,666 | (703,610) |
| Benefit payments | (748,461) | (777,315) | (651,000) |
| Total OPEB liability - end of year | <u>\$ 22,781,110</u> | <u>\$ 19,240,482</u> | <u>\$ 17,891,604</u> |
| Covered-employee payroll | \$ 102,103,671 | \$ 97,001,542 | \$ 105,916,268 |
| Total OPEB liability as a percentage of covered payroll | 22.31% | 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:

| | | |
|-------|-------|-------|
| 2.21% | 3.50% | 3.87% |
|-------|-------|-------|

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 Years Ended June 30,

| Teachers Retirement System: | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Employer's proportion of the net pension liability | 6.6165% | 6.3408% | 6.1412% | 5.9946% | 5.9829% | 5.9426% |
| Employer's proportionate share of the net pension liability associated with the employer | \$ 127,583,357 | \$ 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 | 77,237,394 | 73,090,742 | 65,725,830 | 71,342,769 | 65,807,012 | 62,631,322 |
| Total | \$ 204,820,751 | \$ 190,782,793 | \$ 169,271,005 | \$ 180,854,234 | \$ 164,106,916 | \$ 154,079,044 |
| Employer's covered payroll | \$ 90,552,432 | \$ 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 | 140.89% | 138.74% | 127.83% | 140.09% | 129.42% | 122.03% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.64% | 69.09% | 70.09% | 66.69% | 69.30% | 70.36% |
| Public Employees Retirement System: | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Employer's proportion of the net pension liability | 0.8298% | 0.8015% | 1.0223% | 1.0368% | 1.0536% | 1.0522% |
| Employer's proportionate share of the net pension liability associated with the employer | \$ 17,344,689 | \$ 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 | 6,192,840 | 6,178,075 | 949,347 | 825,338 | 692,057 | 612,898 |
| Total | \$ 23,537,529 | \$ 22,906,815 | \$ 20,859,276 | \$ 18,485,067 | \$ 15,419,861 | \$ 13,723,966 |
| Employer's covered payroll | \$ 14,136,849 | \$ 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 | 122.69% | 122.84% | 151.93% | 137.56% | 115.85% | 106.39% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.85% | 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 Years Ended June 30,

| Teachers Retirement System: | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions | \$ 11,743,767 | \$ 9,420,595 | \$ 9,059,455 | \$ 8,828,344 | \$ 9,205,589 | \$ 8,391,444 |
| Contributions in relation to the contractually required contributions | <u>11,743,767</u> | <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> | <u>\$ -</u> |
| Employer's covered payroll | \$ 91,772,771 | \$ 90,552,432 | \$ 84,831,987 | \$ 81,000,456 | \$ 78,169,994 | \$ 75,956,754 |
| Contributions as a percentage of covered payroll | 12.80% | 10.40% | 10.68% | 10.90% | 11.78% | 11.05% |
| Public Employees Retirement System: | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contributions | \$ 1,218,708 | \$ 1,177,521 | \$ 1,116,460 | \$ 1,061,441 | \$ 1,049,999 | \$ 1,032,813 |
| Contributions in relation to the contractually required contributions | <u>1,218,708</u> | <u>1,177,521</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> | <u>\$ -</u> |
| Employer's covered payroll | \$ 14,387,296 | \$ 14,136,849 | \$ 13,618,226 | \$ 13,105,064 | \$ 12,837,782 | \$ 12,712,639 |
| Contributions as a percentage of covered payroll | 8.47% | 8.33% | 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, 2020

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%.

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2020

- 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.
- 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 2019:

- The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

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.

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2020

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:

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:

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

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.

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2020

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 | 31 years | 30 years |
| Asset valuation method | 4 year smoothed market | 4 year smoothed market |
| Inflation | 2.50% | 2.75% |
| Salary increases | 3.25% | 3.50% |
| Investment rate of return | 7.50%, 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, 2020

| | Elementary General Subfund | High School General Subfund | Total |
|---|-------------------------------|--------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,914,929 | \$ 7,929,099 | \$ 12,844,028 |
| Receivables: | | | |
| Property taxes, net | 1,144,020 | 610,595 | 1,754,615 |
| Other | 208,920 | 16,384 | 225,304 |
| Due from other funds | 352,916 | 165,656 | 518,572 |
| Total assets | \$ 6,620,785 | \$ 8,721,734 | \$ 15,342,519 |
| LIABILITIES | | | |
| Accounts payable | \$ 530,858 | \$ 417,623 | \$ 948,481 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue-property taxes | 943,657 | 490,724 | 1,434,381 |
| FUND BALANCES | | | |
| Assigned | - | 129,287 | 129,287 |
| Unassigned | 5,146,270 | 7,684,100 | 12,830,370 |
| Total fund balances | 5,146,270 | 7,813,387 | 12,959,657 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,620,785 | \$ 8,721,734 | \$ 15,342,519 |

BILLINGS PUBLIC SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2020

| | Elementary General Subfund | High School General Subfund | Total |
|---|-------------------------------|--------------------------------|--------------------|
| REVENUES | | | |
| Property taxes | \$ 22,875,287 | \$ 13,397,506 | \$ 36,272,793 |
| Intergovernmental: | | | |
| State aid | 48,757,066 | 26,526,240 | 75,283,306 |
| State other | 8,010,901 | 12,778,292 | 20,789,193 |
| Tuition | 215,075 | 360,351 | 575,426 |
| Interest | 31,179 | 84,188 | 115,367 |
| Total revenues | 79,889,508 | 53,146,577 | 133,036,085 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 52,067,778 | 35,354,762 | 87,422,540 |
| Support services: | | | |
| Students | 5,767,635 | 3,141,678 | 8,909,313 |
| Instructional staff | 4,797,646 | 2,615,355 | 7,413,001 |
| General administration | 1,162,182 | 577,651 | 1,739,833 |
| School administration | 6,285,376 | 4,407,214 | 10,692,590 |
| Business services | 1,176,549 | 642,946 | 1,819,495 |
| Operation and maintenance | 7,969,127 | 5,024,863 | 12,993,990 |
| Student transportation | 37,228 | 41,504 | 78,732 |
| Food services | - | 1,387 | 1,387 |
| Extracurricular | 787,820 | 1,924,597 | 2,712,417 |
| Capital outlay | 69,875 | 547,829 | 617,704 |
| Total expenditures | 80,121,216 | 54,279,786 | 134,401,002 |
| Excess (deficiency) of revenues over expenditures | (231,708) | (1,133,209) | (1,364,917) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 2,400,000 | 2,400,000 |
| Transfers out | (1,300,000) | - | (1,300,000) |
| Total other financing sources (uses) | (1,300,000) | 2,400,000 | 1,100,000 |
| Net change in fund balances | (1,531,708) | 1,266,791 | (264,917) |
| Fund balances - beginning | 6,677,978 | 6,546,596 | 13,224,574 |
| Fund balances - ending | \$ 5,146,270 | \$ 7,813,387 | \$ 12,959,657 |

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, 2020

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|---|----------------------|---------------------|---------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 15,405,755 | \$ 5,774,839 | \$ 2,680,923 | \$ 23,861,517 |
| Receivables: | | | | |
| Property taxes, net | 641,973 | 26,366 | 47,786 | 716,125 |
| Governments | 1,550,450 | 248,516 | - | 1,798,966 |
| Other | 8,381 | - | - | 8,381 |
| Total assets | <u>\$ 17,606,559</u> | <u>\$ 6,049,721</u> | <u>\$ 2,728,709</u> | <u>\$ 26,384,989</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,879,052 | \$ 65,394 | \$ 338,389 | \$ 2,282,835 |
| Due to other funds | - | 165,656 | - | 165,656 |
| Payable to other governments | 7,600 | - | - | 7,600 |
| Total liabilities | <u>1,886,652</u> | <u>231,050</u> | <u>338,389</u> | <u>2,456,091</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | <u>545,346</u> | <u>19,950</u> | <u>27,021</u> | <u>592,317</u> |
| FUND BALANCES | | | | |
| Restricted | 8,630,195 | 5,798,721 | 2,363,299 | 16,792,215 |
| Committed | 5,775,974 | - | - | 5,775,974 |
| Assigned | 768,392 | - | - | 768,392 |
| Total fund balances | <u>15,174,561</u> | <u>5,798,721</u> | <u>2,363,299</u> | <u>23,336,581</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 17,606,559</u> | <u>\$ 6,049,721</u> | <u>\$ 2,728,709</u> | <u>\$ 26,384,989</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, 2020

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|---|--------------------|--------------|---------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 13,284,243 | \$ 609,754 | \$ 1,005,250 | \$ 14,899,247 |
| Intergovernmental: | | | | |
| County | 19,142,277 | - | - | 19,142,277 |
| State other | 1,751,428 | - | 706,892 | 2,458,320 |
| Federal | 5,686,785 | 494,634 | - | 6,181,419 |
| Charges for services | 2,136,436 | - | 32,902 | 2,169,338 |
| Interest | 226,568 | 112,468 | 21,083 | 360,119 |
| Miscellaneous | 872,188 | - | 2,431 | 874,619 |
| Total revenues | 43,099,925 | 1,216,856 | 1,768,558 | 46,085,339 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 21,677,378 | - | - | 21,677,378 |
| Support services: | | | | |
| Students | 2,068,153 | - | - | 2,068,153 |
| Instructional staff | 2,104,989 | - | - | 2,104,989 |
| General administration | 55,477 | - | - | 55,477 |
| School administration | 2,476,239 | - | - | 2,476,239 |
| Business services | 330,300 | - | 3,750 | 334,050 |
| Operation and maintenance | 1,365,792 | - | 856,062 | 2,221,854 |
| Student transportation | 5,658,077 | - | - | 5,658,077 |
| Food services | 5,569,028 | - | - | 5,569,028 |
| Extracurricular | 375,575 | - | - | 375,575 |
| Capital outlay | 272,831 | - | 1,078,225 | 1,351,056 |
| Debt service | | | | |
| Interest and other charges | - | 571,370 | - | 571,370 |
| Total expenditures | 41,953,839 | 571,370 | 1,938,037 | 44,463,246 |
| Excess (deficiency) of revenues over expenditures | 1,146,086 | 645,486 | (169,479) | 1,622,093 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries | - | - | 519,035 | 519,035 |
| Transfers out | (1,100,000) | - | - | (1,100,000) |
| Total other financing sources (uses) | (1,100,000) | - | 519,035 | (580,965) |
| Net change in fund balances | 46,086 | 645,486 | 349,556 | 1,041,128 |
| Fund balances - beginning | 15,128,475 | 5,153,235 | 2,013,743 | 22,295,453 |
| Fund balances - ending | \$ 15,174,561 | \$ 5,798,721 | \$ 2,363,299 | \$ 23,336,581 |

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, 2020

Page 1 of 4

| | Elementary Transportation | High School Transportation | High School School Food | Elementary Tuition | High School Tuition |
|--|------------------------------|-------------------------------|----------------------------|-----------------------|------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,102,839 | \$ 950,048 | \$ 294,058 | \$ 327,424 | \$ 354,649 |
| Receivables: | | | | | |
| Property taxes, net | 185,312 | 71,512 | - | 148,919 | 55,493 |
| Governments | - | - | 162,933 | - | - |
| Other | 750 | - | 7,517 | - | - |
| Total assets | <u>\$ 1,288,901</u> | <u>\$ 1,021,560</u> | <u>\$ 464,508</u> | <u>\$ 476,343</u> | <u>\$ 410,142</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 575,357 | \$ 284,116 | \$ 135,455 | \$ 197,966 | \$ 360,214 |
| Payable to other governments | - | - | 7,600 | - | - |
| Total liabilities | <u>575,357</u> | <u>284,116</u> | <u>143,055</u> | <u>197,966</u> | <u>360,214</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue-property taxes | <u>156,770</u> | <u>58,272</u> | <u>-</u> | <u>132,275</u> | <u>49,550</u> |
| FUND BALANCES | | | | | |
| Restricted | 556,774 | 679,172 | 321,453 | 146,102 | 378 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Total fund balances | <u>556,774</u> | <u>679,172</u> | <u>321,453</u> | <u>146,102</u> | <u>378</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,288,901</u> | <u>\$ 1,021,560</u> | <u>\$ 464,508</u> | <u>\$ 476,343</u> | <u>\$ 410,142</u> |

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2020

Page 2 of 4

| | Elementary Retirement | High School Retirement | High School Miscellaneous Programs | Elementary Adult Education | High School Adult Education |
|--|--------------------------|---------------------------|--|----------------------------------|-----------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,114,828 | \$ 1,084,177 | \$ 453,197 | \$ 526,298 | \$ 386,702 |
| Receivables: | | | | | |
| Property taxes, net | - | - | - | 19,729 | 55,308 |
| Governments | - | - | 1,285,115 | - | - |
| Other | - | - | - | - | - |
| Total assets | <u>\$ 3,114,828</u> | <u>\$ 1,084,177</u> | <u>\$ 1,738,312</u> | <u>\$ 546,027</u> | <u>\$ 442,010</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 59,043 | \$ 63,230 | \$ 35,707 | \$ 9,052 | \$ 29,998 |
| Payable to other governments | - | - | - | - | - |
| Total liabilities | <u>59,043</u> | <u>63,230</u> | <u>35,707</u> | <u>9,052</u> | <u>29,998</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue-property taxes | - | - | - | 14,909 | 47,542 |
| FUND BALANCES | | | | | |
| Restricted | 3,055,785 | 1,020,947 | 934,213 | 522,066 | 364,470 |
| Committed | - | - | - | - | - |
| Assigned | - | - | 768,392 | - | - |
| Total fund balances | <u>3,055,785</u> | <u>1,020,947</u> | <u>1,702,605</u> | <u>522,066</u> | <u>364,470</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,114,828</u> | <u>\$ 1,084,177</u> | <u>\$ 1,738,312</u> | <u>\$ 546,027</u> | <u>\$ 442,010</u> |

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2020

Page 3 of 4

| | High School Traffic Education | High School Lease Rental | Elementary Technology | High School Technology | Elementary Flexibility |
|--|-------------------------------------|-----------------------------|--------------------------|---------------------------|---------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 133,775 | \$ 512 | \$ 326,801 | \$ 566,310 | \$ 1,547,414 |
| Receivables: | | | | | |
| Property taxes, net | - | - | 57,480 | 48,220 | - |
| Governments | 102,402 | - | - | - | - |
| Other | - | - | - | - | - |
| Total assets | <u>\$ 236,177</u> | <u>\$ 512</u> | <u>\$ 384,281</u> | <u>\$ 614,530</u> | <u>\$ 1,547,414</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 111,095 | \$ - | \$ 2,364 | \$ 7,178 | \$ 2,627 |
| Payable to other governments | - | - | - | - | - |
| Total liabilities | <u>111,095</u> | <u>-</u> | <u>2,364</u> | <u>7,178</u> | <u>2,627</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue-property taxes | <u>-</u> | <u>-</u> | <u>47,263</u> | <u>38,765</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 125,082 | 512 | 334,654 | 568,587 | - |
| Committed | - | - | - | - | 1,544,787 |
| Assigned | - | - | - | - | - |
| Total fund balances | <u>125,082</u> | <u>512</u> | <u>334,654</u> | <u>568,587</u> | <u>1,544,787</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 236,177</u> | <u>\$ 512</u> | <u>\$ 384,281</u> | <u>\$ 614,530</u> | <u>\$ 1,547,414</u> |

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2020

Page 4 of 4

| | High School Flexibility | Elementary Miscellaneous Trust | High School Miscellaneous Trust | Total |
|--|----------------------------|--------------------------------------|---------------------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,773,990 | \$ 871,603 | \$ 1,591,130 | \$ 15,405,755 |
| Receivables: | | | | |
| Property taxes, net | - | - | - | 641,973 |
| Governments | - | - | - | 1,550,450 |
| Other | - | - | 114 | 8,381 |
| Total assets | <u>\$ 1,773,990</u> | <u>\$ 871,603</u> | <u>\$ 1,591,244</u> | <u>\$ 17,606,559</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 3,400 | \$ 2,250 | \$ 1,879,052 |
| Payable to other governments | - | - | - | 7,600 |
| Total liabilities | <u>-</u> | <u>3,400</u> | <u>2,250</u> | <u>1,886,652</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | <u>-</u> | <u>-</u> | <u>-</u> | <u>545,346</u> |
| FUND BALANCES | | | | |
| Restricted | - | - | - | 8,630,195 |
| Committed | 1,773,990 | 868,203 | 1,588,994 | 5,775,974 |
| Assigned | - | - | - | 768,392 |
| Total fund balances | <u>1,773,990</u> | <u>868,203</u> | <u>1,588,994</u> | <u>15,174,561</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,773,990</u> | <u>\$ 871,603</u> | <u>\$ 1,591,244</u> | <u>\$ 17,606,559</u> |

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Page 1 of 4

| | Elementary Transportation | High School Transportation | High School School Food | Elementary Tuition | High School Tuition |
|--|------------------------------|-------------------------------|----------------------------|-----------------------|------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 3,711,352 | \$ 1,568,130 | \$ - | \$ 2,976,175 | \$ 1,217,559 |
| Intergovernmental: | | | | | |
| County | 485,066 | 250,485 | - | - | - |
| State other | 485,066 | 250,485 | 7,597 | - | - |
| Federal | - | - | 4,094,938 | - | - |
| Charges for services | 62,636 | - | 1,655,999 | - | - |
| Interest | 2,569 | 5,256 | 925 | 9,708 | 3,587 |
| Miscellaneous | - | - | - | - | - |
| Total revenues | 4,746,689 | 2,074,356 | 5,759,459 | 2,985,883 | 1,221,146 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | - | - | - | 2,869,574 | 1,266,372 |
| Support services: | | | | | |
| Students | - | - | - | - | - |
| Instructional staff | - | - | - | - | - |
| General administration | - | - | - | - | - |
| School administration | - | - | - | - | - |
| Business services | - | - | - | - | - |
| Operation and maintenance | 8,093 | 8,625 | - | - | - |
| Student transportation | 3,507,621 | 1,550,343 | - | - | - |
| Food services | - | - | 5,562,717 | - | - |
| Extracurricular | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | 3,515,714 | 1,558,968 | 5,562,717 | 2,869,574 | 1,266,372 |
| Excess (deficiency) of revenues over expenditures | 1,230,975 | 515,388 | 196,742 | 116,309 | (45,226) |
| OTHER FINANCING USES | | | | | |
| Transfers out | (730,000) | (370,000) | - | - | - |
| Net change in fund balances | 500,975 | 145,388 | 196,742 | 116,309 | (45,226) |
| Fund balances - beginning | 55,799 | 533,784 | 124,711 | 29,793 | 45,604 |
| Fund balances - ending | <u>\$ 556,774</u> | <u>\$ 679,172</u> | <u>\$ 321,453</u> | <u>\$ 146,102</u> | <u>\$ 378</u> |

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Page 2 of 4

| | Elementary Retirement | High School Retirement | High School Miscellaneous Programs | Elementary Adult Education | High School Adult Education |
|--|--------------------------|---------------------------|--|----------------------------------|-----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 394,244 | \$ 1,213,171 |
| Intergovernmental: | | | | | |
| County | 12,687,292 | 5,719,434 | - | - | - |
| State other | - | - | 291,065 | - | - |
| Federal | - | - | 1,591,847 | - | - |
| Charges for services | - | - | - | - | 132,441 |
| Interest | 31,422 | 17,290 | - | 4,134 | 3,500 |
| Miscellaneous | - | - | 261,903 | 803 | 30 |
| Total revenues | 12,718,714 | 5,736,724 | 2,144,815 | 399,181 | 1,349,142 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 8,942,737 | 4,621,161 | 1,380,252 | 169,924 | 478,987 |
| Support services: | | | | | |
| Students | 974,772 | 421,227 | 24,699 | 5,329 | 198,363 |
| Instructional staff | 785,247 | 354,826 | 66,933 | 155 | - |
| General administration | 37,615 | 17,862 | - | - | - |
| School administration | 1,077,379 | 694,149 | 4,001 | 60,994 | 639,716 |
| Business services | 184,407 | 145,893 | - | - | - |
| Operation and maintenance | 788,344 | 453,796 | 6,017 | 34,404 | 66,099 |
| Student transportation | 180,963 | 52,457 | 366,693 | - | - |
| Food services | - | 6,311 | - | - | - |
| Extracurricular | 143,553 | 232,022 | - | - | - |
| Capital outlay | - | - | 107,133 | - | 22,803 |
| Total expenditures | 13,115,017 | 6,999,704 | 1,955,728 | 270,806 | 1,405,968 |
| Excess (deficiency) of revenues over expenditures | (396,303) | (1,262,980) | 189,087 | 128,375 | (56,826) |
| OTHER FINANCING USES | | | | | |
| Transfers out | - | - | - | - | - |
| Net change in fund balances | (396,303) | (1,262,980) | 189,087 | 128,375 | (56,826) |
| Fund balances - beginning | 3,452,088 | 2,283,927 | 1,513,518 | 393,691 | 421,296 |
| Fund balances - ending | <u>\$ 3,055,785</u> | <u>\$ 1,020,947</u> | <u>\$ 1,702,605</u> | <u>\$ 522,066</u> | <u>\$ 364,470</u> |

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Page 3 of 4

| | High School Traffic Education | High School Lease Rental | Elementary Technology | High School Technology | Elementary Flexibility |
|--|-------------------------------------|-----------------------------|--------------------------|---------------------------|---------------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 1,147,267 | \$ 1,056,345 | \$ - |
| Intergovernmental: | | | | | |
| County | - | - | - | - | - |
| State other | 102,402 | - | 68,351 | 36,997 | 254,732 |
| Federal | - | - | - | - | - |
| Charges for services | 285,360 | - | - | - | - |
| Interest | 1,248 | 23 | 45,620 | 42,691 | 14,904 |
| Miscellaneous | 270 | - | - | - | - |
| Total revenues | 389,280 | 23 | 1,261,238 | 1,136,033 | 269,636 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 503,429 | - | 720,047 | 649,724 | 7,581 |
| Support services: | | | | | |
| Students | - | - | - | - | - |
| Instructional staff | - | - | 451,673 | 437,826 | 2,619 |
| General administration | - | - | - | - | - |
| School administration | - | - | - | - | - |
| Business services | - | - | - | - | - |
| Operation and maintenance | - | - | - | - | - |
| Student transportation | - | - | - | - | - |
| Food services | - | - | - | - | - |
| Extracurricular | - | - | - | - | - |
| Capital outlay | - | - | 81,626 | 13,306 | - |
| Total expenditures | 503,429 | - | 1,253,346 | 1,100,856 | 10,200 |
| Excess (deficiency) of revenues over expenditures | (114,149) | 23 | 7,892 | 35,177 | 259,436 |
| OTHER FINANCING USES | | | | | |
| Transfers out | - | - | - | - | - |
| Net change in fund balances | (114,149) | 23 | 7,892 | 35,177 | 259,436 |
| Fund balances - beginning | 239,231 | 489 | 326,762 | 533,410 | 1,285,351 |
| Fund balances - ending | \$ 125,082 | \$ 512 | \$ 334,654 | \$ 568,587 | \$ 1,544,787 |

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Page 4 of 4

| | High School Flexibility | Elementary Miscellaneous Trust | High School Miscellaneous Trust | Total |
|--|----------------------------|--------------------------------------|---------------------------------------|----------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 13,284,243 |
| Intergovernmental: | | | | |
| County | - | - | - | 19,142,277 |
| State other | 254,733 | - | - | 1,751,428 |
| Federal | - | - | - | 5,686,785 |
| Charges for services | - | - | - | 2,136,436 |
| Interest | 17,256 | 8,920 | 17,515 | 226,568 |
| Miscellaneous | - | 373,431 | 235,751 | 872,188 |
| | <u>271,989</u> | <u>382,351</u> | <u>253,266</u> | <u>43,099,925</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | - | 44,191 | 23,399 | 21,677,378 |
| Support services: | | | | |
| Students | - | 241,264 | 202,499 | 2,068,153 |
| Instructional staff | - | 2,005 | 3,705 | 2,104,989 |
| General administration | - | - | - | 55,477 |
| School administration | - | - | - | 2,476,239 |
| Business services | - | - | - | 330,300 |
| Operation and maintenance | - | 414 | - | 1,365,792 |
| Student transportation | - | - | - | 5,658,077 |
| Food services | - | - | - | 5,569,028 |
| Extracurricular | - | - | - | 375,575 |
| Capital outlay | - | 47,963 | - | 272,831 |
| | <u>-</u> | <u>335,837</u> | <u>229,603</u> | <u>41,953,839</u> |
| Excess (deficiency) of revenues over expenditures | <u>271,989</u> | <u>46,514</u> | <u>23,663</u> | <u>1,146,086</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | - | - | - | (1,100,000) |
| Net change in fund balances | 271,989 | 46,514 | 23,663 | 46,086 |
| Fund balances - beginning | <u>1,502,001</u> | <u>821,689</u> | <u>1,565,331</u> | <u>15,128,475</u> |
| Fund balances - ending | <u>\$ 1,773,990</u> | <u>\$ 868,203</u> | <u>\$ 1,588,994</u> | <u>\$ 15,174,561</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|--|--------------------|------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 3,879,675 | \$ 3,879,675 | \$ 3,711,352 | \$ - | \$ 3,711,352 |
| Intergovernmental: | | | | | |
| County | 544,108 | 544,108 | 485,066 | - | 485,066 |
| State other | 544,108 | 544,108 | 485,066 | - | 485,066 |
| Charges for services | - | - | 62,636 | - | 62,636 |
| Interest | - | - | 2,569 | - | 2,569 |
| Total revenues | <u>4,967,891</u> | <u>4,967,891</u> | <u>4,746,689</u> | <u>-</u> | <u>4,746,689</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Support services: | | | | | |
| Operation and maintenance | 9,632 | 9,632 | 8,093 | - | 8,093 |
| Student transportation | <u>4,958,259</u> | <u>4,958,259</u> | <u>3,507,621</u> | <u>-</u> | <u>3,507,621</u> |
| Total expenditures | <u>4,967,891</u> | <u>4,967,891</u> | <u>3,515,714</u> | <u>-</u> | <u>3,515,714</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>1,230,975</u> | <u>-</u> | <u>1,230,975</u> |
| OTHER FINANCING USES | | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(730,000)</u> | <u>-</u> | <u>(730,000)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>500,975</u> | <u>-</u> | <u>500,975</u> |
| Fund balances - beginning | | | <u>55,799</u> | <u>-</u> | <u>55,799</u> |
| Fund balances - ending | | | <u>\$ 556,774</u> | <u>\$ -</u> | <u>\$ 556,774</u> |

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL TRANSPORTATION FUND

For the Year Ended June 30, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|--|--------------------|--------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 1,629,694 | \$ 1,629,694 | \$ 1,568,130 | \$ - | \$ 1,568,130 |
| Intergovernmental: | | | | | |
| County | 280,720 | 280,720 | 250,485 | - | 250,485 |
| State other | 280,720 | 280,720 | 250,485 | - | 250,485 |
| Interest | - | - | 5,256 | - | 5,256 |
| Total revenues | <u>2,191,134</u> | <u>2,191,134</u> | <u>2,074,356</u> | <u>-</u> | <u>2,074,356</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Support services: | | | | | |
| Operation and maintenance | 7,461 | 7,461 | 8,625 | - | 8,625 |
| Student transportation | <u>2,263,304</u> | <u>2,263,304</u> | <u>1,550,343</u> | <u>-</u> | <u>1,550,343</u> |
| Total expenditures | <u>2,270,765</u> | <u>2,270,765</u> | <u>1,558,968</u> | <u>-</u> | <u>1,558,968</u> |
| Excess (deficiency) of revenues over expenditures | <u>(79,631)</u> | <u>(79,631)</u> | <u>515,388</u> | <u>-</u> | <u>515,388</u> |
| OTHER FINANCING USES | | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(370,000)</u> | <u>-</u> | <u>(370,000)</u> |
| Net change in fund balances | <u>\$ (79,631)</u> | <u>\$ (79,631)</u> | <u>145,388</u> | <u>-</u> | <u>145,388</u> |
| Fund balances - beginning | | | <u>533,784</u> | <u>-</u> | <u>533,784</u> |
| Fund balances - ending | | | <u>\$ 679,172</u> | <u>\$ -</u> | <u>\$ 679,172</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|--------------------|--------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 3,126,243 | \$ 3,126,243 | \$ 2,976,175 | \$ - | \$ 2,976,175 |
| Interest | - | - | 9,708 | - | 9,708 |
| Total revenues | <u>3,126,243</u> | <u>3,126,243</u> | <u>2,985,883</u> | <u>-</u> | <u>2,985,883</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | <u>3,156,035</u> | <u>3,156,035</u> | <u>2,869,574</u> | <u>-</u> | <u>2,869,574</u> |
| Total expenditures | <u>3,156,035</u> | <u>3,156,035</u> | <u>2,869,574</u> | <u>-</u> | <u>2,869,574</u> |
| Net change in fund balances | <u>\$ (29,792)</u> | <u>\$ (29,792)</u> | 116,309 | - | 116,309 |
| Fund balances - beginning | | | <u>29,793</u> | <u>-</u> | <u>29,793</u> |
| Fund balances - ending | | | <u>\$ 146,102</u> | <u>\$ -</u> | <u>\$ 146,102</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|--------------------|--------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 1,270,341 | \$ 1,270,341 | \$1,217,559 | \$ - | \$ 1,217,559 |
| Interest | - | - | 3,587 | - | 3,587 |
| Total revenues | <u>1,270,341</u> | <u>1,270,341</u> | <u>1,221,146</u> | <u>-</u> | <u>1,221,146</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | <u>1,315,945</u> | <u>1,315,945</u> | <u>1,266,372</u> | <u>-</u> | <u>1,266,372</u> |
| Total expenditures | <u>1,315,945</u> | <u>1,315,945</u> | <u>1,266,372</u> | <u>-</u> | <u>1,266,372</u> |
| Net change in fund balances | <u>\$ (45,604)</u> | <u>\$ (45,604)</u> | (45,226) | - | (45,226) |
| Fund balances - beginning | | | <u>45,604</u> | <u>-</u> | <u>45,604</u> |
| Fund balances - ending | | | <u>\$ 378</u> | <u>\$ -</u> | <u>\$ 378</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|---------------------|---------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Intergovernmental: | | | | | |
| County | \$ 12,747,912 | \$ 12,747,912 | \$ 12,687,292 | \$ - | \$ 12,687,292 |
| Interest | - | - | 31,422 | - | 31,422 |
| Total revenues | <u>12,747,912</u> | <u>12,747,912</u> | <u>12,718,714</u> | <u>-</u> | <u>12,718,714</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 9,493,106 | 9,493,106 | 8,942,737 | - | 8,942,737 |
| Support services: | | | | | |
| Students | 993,327 | 993,327 | 974,772 | - | 974,772 |
| Instructional staff | 731,667 | 731,667 | 785,247 | - | 785,247 |
| General administration | 40,500 | 40,500 | 37,615 | - | 37,615 |
| School administration | 1,091,000 | 1,091,000 | 1,077,379 | - | 1,077,379 |
| Business services | 167,100 | 167,100 | 184,407 | - | 184,407 |
| Operation and maintenance | 723,200 | 723,200 | 788,344 | - | 788,344 |
| Student transportation | 129,000 | 129,000 | 180,963 | - | 180,963 |
| Extracurricular | 131,100 | 131,100 | 143,553 | - | 143,553 |
| Capital Outlay | - | - | - | - | - |
| Total expenditures | <u>13,500,000</u> | <u>13,500,000</u> | <u>13,115,017</u> | <u>-</u> | <u>13,115,017</u> |
| Net change in fund balances | <u>\$ (752,088)</u> | <u>\$ (752,088)</u> | (396,303) | - | (396,303) |
| Fund balances - beginning | | | <u>3,452,088</u> | <u>-</u> | <u>3,452,088</u> |
| Fund balances - ending | | | <u>\$ 3,055,785</u> | <u>\$ -</u> | <u>\$ 3,055,785</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|---------------------|-----------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Intergovernmental: | | | | | |
| County | \$ 5,756,072 | \$ 5,756,072 | \$ 5,719,434 | \$ - | \$ 5,719,434 |
| Interest | - | - | 17,290 | - | 17,290 |
| Total revenues | <u>5,756,072</u> | <u>5,756,072</u> | <u>5,736,724</u> | <u>-</u> | <u>5,736,724</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 4,608,371 | 5,001,771 | 4,621,161 | - | 4,621,161 |
| Support services: | | | | | |
| Students | 431,708 | 431,708 | 421,227 | - | 421,227 |
| Instructional staff | 358,018 | 358,018 | 354,826 | - | 354,826 |
| General administration | 43,945 | 43,945 | 17,862 | - | 17,862 |
| School administration | 532,500 | 532,500 | 694,149 | - | 694,149 |
| Business services | 115,675 | 115,675 | 145,893 | - | 145,893 |
| Operation and maintenance | 376,784 | 376,784 | 453,796 | - | 453,796 |
| Student transportation | 40,600 | 40,600 | 52,457 | - | 52,457 |
| Food services | - | - | 6,311 | - | 6,311 |
| Extracurricular | 192,399 | 192,399 | 232,022 | - | 232,022 |
| Total expenditures | <u>6,700,000</u> | <u>7,093,400</u> | <u>6,999,704</u> | <u>-</u> | <u>6,999,704</u> |
| Net change in fund balances | <u>\$ (943,928)</u> | <u>\$ (1,337,328)</u> | (1,262,980) | - | (1,262,980) |
| Fund balances - beginning | | | <u>2,283,927</u> | <u>-</u> | <u>2,283,927</u> |
| Fund balances - ending | | | <u>\$ 1,020,947</u> | <u>\$ -</u> | <u>\$ 1,020,947</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|---------------------|---------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 409,559 | \$ 409,559 | \$ 394,244 | \$ - | \$ 394,244 |
| Interest | - | - | 4,134 | - | 4,134 |
| Miscellaneous | - | - | 803 | - | 803 |
| Total revenues | <u>409,559</u> | <u>409,559</u> | <u>399,181</u> | <u>-</u> | <u>399,181</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 361,935 | 361,935 | 169,924 | - | 169,924 |
| Support services: | | | | | |
| Students | 78,515 | 78,515 | 5,329 | - | 5,329 |
| Instructional staff | - | - | 155 | - | 155 |
| School administration | 116,250 | 116,250 | 60,994 | - | 60,994 |
| Operation and maintenance | <u>38,300</u> | <u>38,300</u> | <u>34,404</u> | <u>-</u> | <u>34,404</u> |
| Total expenditures | <u>595,000</u> | <u>595,000</u> | <u>270,806</u> | <u>-</u> | <u>270,806</u> |
| Net change in fund balances | <u>\$ (185,441)</u> | <u>\$ (185,441)</u> | 128,375 | - | 128,375 |
| Fund balances - beginning | | | <u>393,691</u> | <u>-</u> | <u>393,691</u> |
| Fund balances - ending | | | <u>\$ 522,066</u> | <u>\$ -</u> | <u>\$ 522,066</u> |

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL ADULT EDUCATION FUND

For the Year Ended June 30, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|--------------------|-------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 1,261,769 | \$ 1,261,769 | \$ 1,213,171 | \$ - | \$ 1,213,171 |
| Charges for services | 280,000 | 280,000 | 132,441 | - | 132,441 |
| Interest | - | - | 3,500 | - | 3,500 |
| Miscellaneous | - | - | 30 | - | 30 |
| Total revenues | <u>1,541,769</u> | <u>1,541,769</u> | <u>1,349,142</u> | <u>-</u> | <u>1,349,142</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 502,700 | 502,700 | 478,987 | - | 478,987 |
| Support services: | | | | | |
| Students | 140,200 | 140,200 | 198,363 | - | 198,363 |
| School administration | 795,000 | 795,000 | 639,716 | - | 639,716 |
| Operation and maintenance | 85,500 | 85,500 | 66,099 | - | 66,099 |
| Capital Outlay | <u>26,600</u> | <u>26,600</u> | <u>22,803</u> | <u>-</u> | <u>22,803</u> |
| Total expenditures | <u>1,550,000</u> | <u>1,550,000</u> | <u>1,405,968</u> | <u>-</u> | <u>1,405,968</u> |
| Net change in fund balances | <u>\$ (8,231)</u> | <u>\$ (8,231)</u> | (56,826) | - | (56,826) |
| Fund balances - beginning | | | <u>421,296</u> | <u>-</u> | <u>421,296</u> |
| Fund balances - ending | | | <u>\$ 364,470</u> | <u>\$ -</u> | <u>\$ 364,470</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, 2020

| | 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 | \$ 1,147,267 | \$ - | \$ 1,147,267 |
| Intergovernmental: | | | | | |
| State other | 68,351 | 68,351 | 68,351 | - | 68,351 |
| Interest | - | - | 45,620 | - | 45,620 |
| Total revenues | <u>1,268,351</u> | <u>1,268,351</u> | <u>1,261,238</u> | <u>-</u> | <u>1,261,238</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 616,856 | 752,256 | 720,047 | - | 720,047 |
| Support services: | | | | | |
| Instructional staff | 933,819 | 754,482 | 451,673 | - | 451,673 |
| Capital Outlay | <u>44,438</u> | <u>88,375</u> | <u>81,626</u> | <u>-</u> | <u>81,626</u> |
| Total expenditures | <u>1,595,113</u> | <u>1,595,113</u> | <u>1,253,346</u> | <u>-</u> | <u>1,253,346</u> |
| Net change in fund balances | <u>\$ (326,762)</u> | <u>\$ (326,762)</u> | 7,892 | - | 7,892 |
| Fund balances - beginning | | | <u>326,762</u> | <u>-</u> | <u>326,762</u> |
| Fund balances - ending | | | <u>\$ 334,654</u> | <u>\$ -</u> | <u>\$ 334,654</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|---------------------|---------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 1,099,458 | \$ 1,099,458 | \$ 1,056,345 | \$ - | \$ 1,056,345 |
| Intergovernmental: | | | | | |
| State other | 36,997 | 36,997 | 36,997 | - | 36,997 |
| Interest | - | - | 42,691 | - | 42,691 |
| Total revenues | 1,136,455 | 1,136,455 | 1,136,033 | - | 1,136,033 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 893,738 | 958,214 | 649,724 | - | 649,724 |
| Support services: | | | | | |
| Instructional staff | 755,122 | 691,596 | 437,826 | - | 437,826 |
| Capital Outlay | 21,005 | 20,055 | 13,306 | - | 13,306 |
| Total expenditures | 1,669,865 | 1,669,865 | 1,100,856 | - | 1,100,856 |
| Net change in fund balances | <u>\$ (533,410)</u> | <u>\$ (533,410)</u> | 35,177 | - | 35,177 |
| Fund balances - beginning | | | 533,410 | - | 533,410 |
| Fund balances - ending | | | <u>\$ 568,587</u> | <u>\$ -</u> | <u>\$ 568,587</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|-----------------------|-----------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Intergovernmental: | | | | | |
| State other | \$ - | \$ - | \$ 254,732 | \$ - | \$ 254,732 |
| Interest | - | - | 14,904 | - | 14,904 |
| Total revenues | - | - | 269,636 | - | 269,636 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 1,285,351 | 1,285,351 | 7,581 | - | 7,581 |
| Support services: | | | | | |
| Instructional staff | - | - | 2,619 | - | 2,619 |
| Total expenditures | 1,285,351 | 1,285,351 | 10,200 | - | 10,200 |
| Net change in fund balances | <u>\$ (1,285,351)</u> | <u>\$ (1,285,351)</u> | 259,436 | - | 259,436 |
| Fund balances - beginning | | | 1,285,351 | - | 1,285,351 |
| Fund balances - ending | | | <u>\$ 1,544,787</u> | <u>\$ -</u> | <u>\$ 1,544,787</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|-----------------------|-----------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Intergovernmental: | | | | | |
| State other | \$ - | \$ - | \$ 254,733 | \$ - | \$ 254,733 |
| Interest | - | - | 17,256 | - | 17,256 |
| Total revenues | - | - | 271,989 | - | 271,989 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 1,502,001 | 1,502,001 | - | - | - |
| Total expenditures | 1,502,001 | 1,502,001 | - | - | - |
| Net change in fund balances | <u>\$ (1,502,001)</u> | <u>\$ (1,502,001)</u> | 271,989 | - | 271,989 |
| Fund balances - beginning | | | 1,502,001 | - | 1,502,001 |
| Fund balances - ending | | | <u>\$ 1,773,990</u> | <u>\$ -</u> | <u>\$ 1,773,990</u> |

Nonmajor Debt Service Funds

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, 2020

| | High School Debt Service |
|--|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 5,774,839 |
| Receivables: | |
| Property taxes, net | 26,366 |
| Governments | <u>248,516</u> |
| Total assets | <u>\$ 6,049,721</u> |
| LIABILITIES | |
| Accounts payable | \$ 65,394 |
| Due to other funds | <u>165,656</u> |
| Total liabilities | <u>231,050</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable revenue-property taxes | <u>19,950</u> |
| FUND BALANCES | |
| Restricted | <u>5,798,721</u> |
| Total fund balances | <u>5,798,721</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 6,049,721</u> |

BILLINGS PUBLIC SCHOOLS**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****NONMAJOR DEBT SERVICE FUND**For the Year Ended June 30, 2020

| | High School Debt Service |
|-----------------------------|-----------------------------|
| REVENUES | |
| Property taxes | \$ 609,754 |
| Intergovernmental: | |
| Federal | 494,634 |
| Interest | <u>112,468</u> |
| Total revenues | <u>1,216,856</u> |
| EXPENDITURES | |
| Debt service: | |
| Interest and other charges | <u>571,370</u> |
| Total expenditures | <u>571,370</u> |
| Net change in fund balances | 645,486 |
| Fund balances - beginning | <u>5,153,235</u> |
| Fund balances - ending | <u><u>\$ 5,798,721</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|--------------------|-------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 631,851 | \$ 631,851 | \$ 609,754 | \$ - | \$ 609,754 |
| Intergovernmental: | | | | | |
| Federal | 487,000 | 487,000 | 494,634 | - | 494,634 |
| Interest | - | - | 112,468 | - | 112,468 |
| Total revenues | <u>1,118,851</u> | <u>1,118,851</u> | <u>1,216,856</u> | <u>-</u> | <u>1,216,856</u> |
| EXPENDITURES | | | | | |
| Debt Service: | | | | | |
| Principal | 579,999 | 579,999 | - | - | - |
| Interest and other charges | <u>48,272</u> | <u>48,272</u> | <u>571,370</u> | <u>-</u> | <u>571,370</u> |
| Total expenditures | <u>628,271</u> | <u>628,271</u> | <u>571,370</u> | <u>-</u> | <u>571,370</u> |
| Net change in fund balances | <u>\$ 490,580</u> | <u>\$ 490,580</u> | 645,486 | - | 645,486 |
| Fund balances - beginning | | | <u>5,153,235</u> | <u>-</u> | <u>5,153,235</u> |
| Fund balances - ending | | | <u>\$ 5,798,721</u> | <u>\$ -</u> | <u>\$ 5,798,721</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, 2020

| | High School Building | Elementary Building Reserve | High School Building Reserve | Total |
|---|-------------------------|-----------------------------------|------------------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 714,031 | \$ 1,492,896 | \$ 473,996 | \$ 2,680,923 |
| Receivables: | | | | |
| Property taxes, net | - | 31,848 | 15,938 | 47,786 |
| Total assets | <u>\$ 714,031</u> | <u>\$ 1,524,744</u> | <u>\$ 489,934</u> | <u>\$ 2,728,709</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 131,273 | \$ 58,154 | \$ 148,962 | \$ 338,389 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | - | 15,821 | 11,200 | 27,021 |
| FUND BALANCES | | | | |
| Restricted | <u>582,758</u> | <u>1,450,769</u> | <u>329,772</u> | <u>2,363,299</u> |
| Total fund balances | <u>582,758</u> | <u>1,450,769</u> | <u>329,772</u> | <u>2,363,299</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 714,031</u> | <u>\$ 1,524,744</u> | <u>\$ 489,934</u> | <u>\$ 2,728,709</u> |

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2020

| | High School Building | Elementary Building Reserve | High School Building Reserve | Total |
|---|-------------------------|-----------------------------------|------------------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ 651,892 | \$ 353,358 | \$ 1,005,250 |
| Intergovernmental: | | | | |
| State other | - | 512,609 | 194,283 | 706,892 |
| Charges for services | 32,902 | - | - | 32,902 |
| Interest | 9,652 | 7,363 | 4,068 | 21,083 |
| Miscellaneous | 2,431 | - | - | 2,431 |
| Total revenues | 44,985 | 1,171,864 | 551,709 | 1,768,558 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services: | | | | |
| Business services | 3,750 | - | - | 3,750 |
| Operation and maintenance | 714,525 | 90,855 | 50,682 | 856,062 |
| Capital outlay | 31,202 | 353,209 | 693,814 | 1,078,225 |
| Total expenditures | 749,477 | 444,064 | 744,496 | 1,938,037 |
| Excess (deficiency) of revenues over expenditures | (704,492) | 727,800 | (192,787) | (169,479) |
| OTHER FINANCING SOURCES | | | | |
| Insurance recoveries | 519,035 | - | - | 519,035 |
| Net change in fund balances | (185,457) | 727,800 | (192,787) | 349,556 |
| Fund balances - beginning | 768,215 | 722,969 | 522,559 | 2,013,743 |
| Fund balances - ending | <u>\$ 582,758</u> | <u>\$ 1,450,769</u> | <u>\$ 329,772</u> | <u>\$ 2,363,299</u> |

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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|---------------------|---------------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 667,288 | \$ 667,288 | \$ 651,892 | \$ - | \$ 651,892 |
| Intergovernmental: | | | | | |
| State other | 523,112 | 523,112 | 512,609 | - | 512,609 |
| Interest | - | - | 7,363 | - | 7,363 |
| Total revenues | <u>1,190,400</u> | <u>1,190,400</u> | <u>1,171,864</u> | <u>-</u> | <u>1,171,864</u> |
| EXPENDITURES | | | | | |
| Capital Outlay | <u>1,913,369</u> | <u>1,913,369</u> | <u>353,209</u> | <u>-</u> | <u>353,209</u> |
| Total expenditures | <u>1,913,369</u> | <u>1,913,369</u> | <u>444,064</u> | <u>-</u> | <u>444,064</u> |
| Net change in fund balances | <u>\$ (722,969)</u> | <u>\$ (722,969)</u> | 727,800 | - | 727,800 |
| Fund balances - beginning | | | <u>722,969</u> | <u>-</u> | <u>722,969</u> |
| Fund balances - ending | | | <u>\$ 1,450,769</u> | <u>\$ -</u> | <u>\$ 1,450,769</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, 2020

| | Original Budget | Final Budget | Actual Amounts, Budgetary Basis | Budget to GAAP Differences | Actual Amounts, GAAP Basis |
|-----------------------------|--------------------|--------------|--|----------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 364,037 | \$ 364,037 | \$ 353,358 | \$ - | \$ 353,358 |
| Intergovernmental: | | | | | |
| State other | 198,263 | 198,263 | 194,283 | - | 194,283 |
| Interest | - | - | 4,068 | - | 4,068 |
| Total revenues | 562,300 | 562,300 | 551,709 | - | 551,709 |
| EXPENDITURES | | | | | |
| Capital Outlay | 1,084,860 | 1,084,860 | 693,814 | - | 693,814 |
| Total expenditures | 1,084,860 | 1,084,860 | 744,496 | - | 744,496 |
| Net change in fund balances | \$ (522,560) | \$ (522,560) | (192,787) | - | (192,787) |
| Fund balances - beginning | | | 522,559 | - | 522,559 |
| Fund balances - ending | | | \$ 329,772 | \$ - | \$ 329,772 |

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, 2020

| | Warehouse | Self-Insurance Health | Self-Insurance Property | Total Internal Service Funds |
|---------------------------------------|------------|--------------------------|----------------------------|---------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 345,909 | \$ 13,001,490 | \$ 350 | \$ 13,347,749 |
| Accounts receivables, net | 405 | 800,856 | - | 801,261 |
| Total current assets | 346,314 | 13,802,346 | 350 | 14,149,010 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Other postemployment benefits | - | 3,387,421 | - | 3,387,421 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 7,013 | 2,320,889 | - | 2,327,902 |
| Unearned revenue | - | 3,416 | - | 3,416 |
| Compensated absences | 3,048 | 2,921 | - | 5,969 |
| Total current liabilities | 10,061 | 2,327,226 | - | 2,337,287 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 27,432 | 26,292 | - | 53,724 |
| Total other postemployment benefits | - | 22,781,110 | - | 22,781,110 |
| Total noncurrent liabilities | 27,432 | 22,807,402 | - | 22,834,834 |
| Total liabilities | 37,493 | 25,134,628 | - | 25,172,121 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Other postemployment benefits | - | 377,693 | - | 377,693 |
| NET POSITION (DEFICIT) | | | | |
| Unrestricted | 308,821 | (8,322,554) | 350 | (8,013,383) |
| Total net position (deficit) | \$ 308,821 | \$ (8,322,554) | \$ 350 | \$ (8,013,383) |

BILLINGS PUBLIC SCHOOLS

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

ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2020

| | Warehouse | Self-Insurance Health | Self-Insurance Property | Total Internal Service Funds |
|-------------------------------|------------|--------------------------|----------------------------|---------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 316,352 | \$ 21,185,110 | \$ - | \$ 21,501,462 |
| Total operating revenues | 316,352 | 21,185,110 | - | 21,501,462 |
| OPERATING EXPENSES | | | | |
| Personal services - salaries | 150,994 | 164,741 | - | 315,735 |
| Personal services - benefits | 36,949 | 28,870 | - | 65,819 |
| Purchased property services | 62,871 | 22,015 | - | 84,886 |
| Other purchased services | 15,091 | 996,728 | - | 1,011,819 |
| Supplies and materials | 75,690 | 3,750 | - | 79,440 |
| Insurance claims and expenses | - | 19,348,225 | - | 19,348,225 |
| Total operating expenses | 341,595 | 20,564,329 | - | 20,905,924 |
| Operating income (loss) | (25,243) | 620,781 | - | 595,538 |
| NONOPERATING REVENUES | | | | |
| Interest revenue | - | 156,590 | - | 156,590 |
| Total nonoperating revenues | - | 156,590 | - | 156,590 |
| Change in net position | (25,243) | 777,371 | - | 752,128 |
| Net position - beginning | 334,064 | (9,099,925) | 350 | (8,765,511) |
| Net position - ending | \$ 308,821 | \$ (8,322,554) | \$ 350 | \$ (8,013,383) |

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2020

| | Warehouse | Self-Insurance Health | Self-Insurance Property | Total Internal Service Funds |
|---|-------------|--------------------------|----------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from health insurance premiums | \$ - | \$ 21,185,275 | \$ - | \$ 21,185,275 |
| Cash received from interfund services | 316,136 | - | - | 316,136 |
| Medical claims paid | - | (19,117,709) | - | (19,117,709) |
| Cash paid to employees health insurance services | - | (189,091) | - | (189,091) |
| Cash paid to employees for interfund services | (184,547) | - | - | (184,547) |
| Cash paid to suppliers for goods and services health insurance services | - | (926,421) | - | (926,421) |
| Cash paid to suppliers for goods and services interfund services | (156,517) | - | - | (156,517) |
| Net cash provided (used) by operating activities | (24,928) | 952,054 | - | 927,126 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest received | - | 156,590 | - | 156,590 |
| Net cash provided by investing activities | - | 156,590 | - | 156,590 |
| Change in cash and cash equivalents | (24,928) | 1,108,644 | - | 1,083,716 |
| Cash and cash equivalents - beginning | 370,837 | 11,892,846 | 350 | 12,264,033 |
| Cash and cash equivalents - ending | \$ 345,909 | \$ 13,001,490 | \$ 350 | \$ 13,347,749 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (25,243) | \$ 620,781 | \$ - | \$ 595,538 |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Other postemployment benefits | - | 819,699 | - | 819,699 |
| Increase in accounts receivable | (216) | (552,130) | - | (552,346) |
| Decrease in prepaid items | - | 96,072 | - | 96,072 |
| Decrease in accounts payable | (2,865) | (37,053) | - | (39,918) |
| Increase in unearned revenue | - | 165 | - | 165 |
| Increase in compensated absences | 3,396 | 4,520 | - | 7,916 |
| Net cash provided (used) by operating activities | \$ (24,928) | \$ 952,054 | \$ - | \$ 927,126 |

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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, 2020

| | Elementary Extracurricular | High School Extracurricular | Total |
|----------------------------|-------------------------------|--------------------------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 450,930 | \$ 2,284,462 | \$ 2,735,392 |
| Total assets | 450,930 | 2,284,462 | 2,735,392 |
| LIABILITIES | | | |
| Accounts payable | 20,287 | 51,968 | 72,255 |
| Total liabilities | 20,287 | 51,968 | 72,255 |
| NET POSITION | | | |
| Net position held in trust | \$ 430,643 | \$ 2,232,494 | \$ 2,663,137 |

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2020

| | Elementary Extracurricular | High School Extracurricular | Total |
|------------------------------------|-------------------------------|--------------------------------|--------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Student extracurricular activities | \$ 610,450 | \$ 2,497,251 | \$ 3,107,701 |
| Investment earnings: | | | |
| Interest | 5,011 | 24,746 | 29,757 |
| Total additions | 615,461 | 2,521,997 | 3,137,458 |
| DEDUCTIONS | | | |
| Student extracurricular activities | 602,575 | 2,255,545 | 2,858,120 |
| Total deductions | 602,575 | 2,255,545 | 2,858,120 |
| Change in net position | 12,886 | 266,452 | 279,338 |
| Net position - beginning | 417,757 | 1,966,042 | 2,383,799 |
| Net position - ending | \$ 430,643 | \$ 2,232,494 | \$ 2,663,137 |

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2020

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|---------------------------------|-------------------------|-----------------------|-----------------------|--------------------------|
| PAYROLL CLEARING FUND | | | | |
| ASSETS | | | | |
| Cash | \$ 701,645 | \$ 137,352,483 | \$ 135,444,793 | \$ 2,609,335 |
| Total assets | <u>701,645</u> | <u>137,352,483</u> | <u>135,444,793</u> | <u>2,609,335</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>701,645</u> | <u>135,444,793</u> | <u>137,352,483</u> | <u>2,609,335</u> |
| Total liabilities | <u>701,645</u> | <u>135,444,793</u> | <u>137,352,483</u> | <u>2,609,335</u> |
| CAFETERIA/FLEX PLAN FUND | | | | |
| ASSETS | | | | |
| Cash | <u>349,650</u> | <u>907,141</u> | <u>893,853</u> | <u>362,938</u> |
| Total assets | <u>349,650</u> | <u>907,141</u> | <u>893,853</u> | <u>362,938</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>349,650</u> | <u>893,853</u> | <u>907,141</u> | <u>362,938</u> |
| Total liabilities | <u>349,650</u> | <u>893,853</u> | <u>907,141</u> | <u>362,938</u> |
| TOTAL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash | <u>1,051,295</u> | <u>138,259,624</u> | <u>136,338,646</u> | <u>2,972,273</u> |
| Total assets | <u>1,051,295</u> | <u>138,259,624</u> | <u>136,338,646</u> | <u>2,972,273</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>1,051,295</u> | <u>136,338,646</u> | <u>138,259,624</u> | <u>2,972,273</u> |
| Total liabilities | <u>\$ 1,051,295</u> | <u>\$ 136,338,646</u> | <u>\$ 138,259,624</u> | <u>\$ 2,972,273</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, 2020

| Location | Balance July 1, 2019 | Revenues | Expenditures | Balance June 30, 2020 |
|-----------------------------|-------------------------|---------------------|---------------------|--------------------------|
| Native American | \$ 166 | \$ 2 | \$ - | \$ 168 |
| Career Center | 149,671 | 166,125 | 143,942 | 171,854 |
| Senior High School | 473,632 | 562,331 | 472,863 | 563,100 |
| West High School | 496,067 | 687,716 | 685,486 | 498,297 |
| Skyview High School | 254,277 | 645,226 | 615,902 | 283,601 |
| Middle Schools-Athletics | 150,167 | 104,467 | 137,296 | 117,338 |
| Lewis & Clark Middle School | 17,934 | 50,465 | 42,479 | 25,920 |
| Lincoln Education Center | 387 | 4 | - | 391 |
| Riverside Middle School | 31,547 | 28,667 | 27,278 | 32,936 |
| Will James Middle School | 66,015 | 79,865 | 70,398 | 75,482 |
| Castlerock Middle School | 57,419 | 79,424 | 74,922 | 61,921 |
| Ben Steele Middle School | 35,766 | 158,760 | 153,727 | 40,799 |
| Medicine Crow Middle School | 23,819 | 36,807 | 32,210 | 28,416 |
| Arrowhead Elementary | 4,162 | 7,432 | 6,796 | 4,798 |
| Beartooth Elementary | 2,671 | 5,006 | 5,444 | 2,233 |
| Bench Elementary | 2,236 | 1,837 | 1,966 | 2,107 |
| Boulder Elementary | 1,648 | 6,071 | 4,645 | 3,074 |
| Broadwater Elementary | 490 | 2,045 | 1,961 | 574 |
| Burlington Elementary | 2,553 | 5,541 | 4,556 | 3,538 |
| Central Heights Elementary | 525 | 5,356 | 5,878 | 3 |
| Highland Elementary | 1,270 | 15 | - | 1,285 |
| McKinley Elementary | 2,384 | 16 | 1,072 | 1,328 |
| Meadowlark Elementary | 268 | 3,551 | 3,818 | 1 |
| Miles Elementary | 3,960 | 2,945 | 2,132 | 4,773 |
| Newman Elementary | 1,508 | 3,161 | 2,045 | 2,624 |
| Orchard Elementary | 2,320 | 3,684 | 184 | 5,820 |
| Poly Elementary | 1,105 | 5,584 | 4,039 | 2,650 |
| Ponderosa Elementary | 479 | 1,788 | 1,638 | 629 |
| Special Olympics | 80 | 2 | - | 82 |
| Rose Park Elementary | 1,372 | 13 | 35 | 1,350 |
| Sandstone Elementary | 352 | 4 | - | 356 |
| Adult Education | 2 | 1,007 | 193 | 816 |
| Washington Elementary | 1,012 | 11 | - | 1,023 |
| Alkali Creek Elementary | 1,589 | 17 | - | 1,606 |
| Big Sky Elementary | 2,027 | 8,297 | 5,541 | 4,783 |
| Exec Director of Activities | 569,555 | 338,694 | 219,426 | 688,823 |
| Coordinator of Music | 23,364 | 135,522 | 130,248 | 28,638 |
| | <u>\$ 2,383,799</u> | <u>\$ 3,137,458</u> | <u>\$ 2,858,120</u> | <u>\$ 2,663,137</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, 2020

| | Per Enrollment Reports | Audit Per District Records | Difference |
|--|------------------------------|----------------------------------|------------|
| <u>Fall Enrollment - October 2019</u> | | | |
| Elementary School District | | | |
| K - 5: | | | |
| (a) Kindergarten (enrolled 720+ hours per year) | 1,268 | 1,268 | - |
| (b) Kindergarten (enrolled 181-719 hours per year) | 13 | 13 | - |
| (c) Kindergarten (enrolled < 181 hours per year) | 6 | 6 | - |
| (d) Grades 1-5 (enrolled 720+ hours per year) | 6,233 | 6,233 | - |
| (e) Grades 1-5 (enrolled 181-719 hours per year) | - | - | - |
| (f) Grades 1-5 (enrolled < 181 hours per year) | 1 | 1 | - |
| 6-8: | | | |
| (g) Grades 6-8 (enrolled 720+ hours per year) | 4,029 | 4,027 | 2 |
| (h) Grades 6-8 (enrolled 181-719 hours per year) | 3 | 5 | (2) |
| (i) Grades 6-8 (enrolled < 181 hours per year) | - | - | - |
| (j) Total Elementary (add lines a through i) | <u>11,553</u> | <u>11,553</u> | <u>-</u> |
| High School District: | | | |
| (k) Grades 9-12 (enrolled 720+ hours per year) | 5,428 | 5,428 | - |
| (l) Grades 9-12 (enrolled 181-719 hours per year) | 43 | 43 | - |
| (m) Grades 9 - 12 (enrolled < 181 hours per year) | 6 | 6 | - |
| (n) Total High School (add lines k through m) | <u>5,477</u> | <u>5,477</u> | <u>-</u> |
| (o) 19 Year-olds included on line k | - | - | - |
| (p) Job Corp | - | - | - |
| (q) Montana Youth Challenge | - | - | - |
| <u>Spring Enrollment - February 2020</u> | | | |
| Elementary School District | | | |
| K - 5: | | | |
| (a) Kindergarten (enrolled 720+ hours per year) | 1,264 | 1,264 | - |
| (b) Kindergarten (enrolled 181-719 hours per year) | 14 | 14 | - |
| (c) Kindergarten (enrolled < 181 hours per year) | 6 | 6 | - |
| (d) Grades 1-5 (enrolled 720+ hours per year) | 6,217 | 6,217 | - |
| (e) Grades 1-5 (enrolled 181-719 hours per year) | 1 | 1 | - |
| (f) Grades 1-5 (enrolled < 181 hours per year) | 1 | 1 | - |
| 6-8: | | | |
| (g) Grades 6-8 (enrolled 720+ hours per year) | 4,011 | 4,011 | - |
| (h) Grades 6-8 (enrolled 181-719 hours per year) | 9 | 9 | - |
| (i) Grades 6-8 (enrolled < 181 hours per year) | - | - | - |
| (j) Total Elementary (add lines a through i) | <u>11,523</u> | <u>11,523</u> | <u>-</u> |
| High School District: | | | |
| (k) Grades 9-12 (enrolled 720+ hours per year) | 5,229 | 5,229 | - |
| (l) Grades 9-12 (enrolled 181-719 hours per year) | 50 | 50 | - |
| (m) Grades 9 - 12 (enrolled < 181 hours per year) | 6 | 6 | - |
| (n) Total High School (add lines k through m) | <u>5,285</u> | <u>5,285</u> | <u>-</u> |
| (o) 19 Year-olds included on line k | - | - | - |
| (p) Job Corp | - | - | - |
| (q) Montana Youth Challenge | - | - | - |
| (r) Early Graduates | <u>19</u> | <u>19</u> | <u>-</u> |

SECTION III - STATISTICAL SECTION

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SECTION III - STATISTICAL SECTION

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

| Contents | <u>Page</u> |
|---|--------------------|
| Financial Trends | 100-103 |
| <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 | 104-111 |
| <i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 112-116 |
| <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 | 117-118 |
| <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 | 119-125 |
| <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 | | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Net investment in capital assets | \$ 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 | \$ 49,955,870 |
| Restricted | 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 | 24,876,408 |
| Unrestricted (deficit) | (13,230,538) | (14,127,147) | (12,518,164) | (8,862,940) | (112,975,416) | (103,472,531) | (127,071,672) | (133,392,674) | (138,083,731) | (141,880,118) |
| Total net position | \$ 54,025,891 | \$ 51,399,664 | \$ 53,479,563 | \$ 54,520,308 | \$ (45,933,424) | \$ (35,343,727) | \$ (56,540,146) | \$ (63,560,088) | \$ (64,589,642) | \$ (67,047,840) |
| | | | | | 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 | | | | | | | | | |
|------------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses: | | | | | | | | | | |
| Instruction | \$ 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 | \$ 129,428,619 |
| Support services: | | | | | | | | | | |
| Students | 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 | 17,091,484 |
| Instructional staff | 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 | 10,454,633 |
| General administration | 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 | 1,855,131 |
| School administration | 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 | 13,318,822 |
| Business services | 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 | 2,601,673 |
| Operation and maintenance | 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 | 16,001,493 |
| Student transportation | 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 | 6,550,565 |
| Food services | 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 | 5,786,392 |
| Community services | 30,563 | 16,681 | 17,822 | 14,149 | 10,100 | 6,150 | - | - | - | - |
| Extracurricular | 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 | 3,470,394 |
| Other current charges | 12,874 | 13,693 | - | - | - | - | - | - | - | - |
| Interest | 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 | 5,251,382 |
| Total expenses | 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 | 212,400,588 |
| Program revenues: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction | 733,494 | 714,937 | 796,991 | 745,180 | 773,615 | 840,445 | 770,718 | 906,861 | 1,373,797 | 993,227 |
| Support services: | | | | | | | | | | |
| Operation and maintenance | 32,415 | 50,315 | 64,230 | 64,694 | 57,034 | 418,069 | 160,782 | 57,945 | 78,734 | 79,176 |
| Student transportation | 38,379 | 39,704 | 39,393 | 34,550 | 36,618 | 40,285 | 36,411 | 56,946 | 70,783 | 62,636 |
| Food services | 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 | 1,655,999 |
| Operating grants and contributions | 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 | 48,098,641 |
| Capital grants and contributions | 77,586 | 48,665 | 139,927 | 54,637 | 97,003 | 177,026 | 422,990 | 320,499 | 164,404 | 193,938 |
| Total program revenues | 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 | 51,083,617 |
| Net expense | (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) | (161,316,971) |
| General revenues: | | | | | | | | | | |
| Property taxes | 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 | 62,686,937 |
| Unrestricted intergovernmental: | | | | | | | | | | |
| State aid | 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 | 75,283,306 |
| Slate other | 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 | 264,776 |
| County | 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 | 18,406,726 |
| Interest | 293,422 | 217,250 | 133,528 | 196,214 | 580,470 | 582,535 | 735,757 | 872,224 | 1,326,947 | 1,100,598 |
| Contributions and donations | 1,146,735 | 988,900 | 995,403 | 1,127,943 | 1,242,275 | 838,217 | 667,437 | 528,760 | 304,256 | 271,894 |
| Miscellaneous | 269,744 | 1,038,092 | 534,177 | 496,534 | 828,766 | 568,855 | 746,367 | 1,082,835 | 1,092,444 | 844,536 |
| Gain on disposal of capital assets | - | - | - | - | 8,139 | - | - | 305 | 14,699 | - |
| Total general revenues | 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 | 158,858,773 |
| Change in net position | \$ (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) | \$ (2,458,198) |

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

Table 3

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ 623,244 | \$ - | \$ 1,261,432 | \$ - | \$ 274,135 | \$ - | \$ 8,650 | \$ 30,000 | \$ - |
| Assigned | 223,775 | 804,770 | 804,770 | 6,848,264 | 695,086 | 16,216,463 | 349,511 | 165,846 | 30,000 | 129,287 |
| Unassigned | 3,792,265 | 4,015,233 | 4,950,752 | | 10,331,887 | | 17,236,642 | 15,553,390 | 13,164,574 | 12,830,370 |
| Total general fund | \$ 4,016,040 | \$ 4,638,477 | \$ 5,755,522 | \$ 8,109,696 | \$ 11,026,973 | \$ 16,490,598 | \$ 17,586,153 | \$ 15,727,886 | \$ 13,224,574 | \$ 12,959,657 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ 12,268,876 | \$ - | \$ 99,009,127 | \$ 1,659 | \$ 53,229,035 | \$ - | \$ - | \$ 115,000 | \$ - |
| Restricted | 17,959,108 | 2,319,633 | 18,773,122 | 3,209,175 | 53,835,242 | 4,221,789 | 31,443,705 | 23,937,766 | 24,849,725 | 31,905,152 |
| Committed | 2,085,667 | 6,024,273 | 2,610,838 | 5,288,065 | 3,869,220 | 10,175,831 | 4,729,480 | 5,065,484 | 5,164,372 | 6,060,618 |
| Assigned | 7,020,122 | | 6,816,264 | | 9,335,756 | | 11,392,598 | 12,195,610 | 12,577,161 | 12,058,011 |
| Total all other governmental funds | \$ 27,064,897 | \$ 20,612,782 | \$ 28,200,224 | \$ 107,506,367 | \$ 67,041,877 | \$ 67,626,655 | \$ 47,565,783 | \$ 41,198,860 | \$ 42,706,258 | \$ 50,023,781 |

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

Table 4

| | Fiscal Year | | | | | | | | | |
|---|---------------------|-----------------------|---------------------|----------------------|------------------------|---------------------|------------------------|-----------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 60,704,851 |
| Intergovernmental: | | | | | | | | | | |
| County | 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 | 19,142,277 |
| State aid | 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 | 75,283,306 |
| State other | 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 | 28,021,070 |
| Federal | 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 | 19,466,798 |
| Tuition | 216,974 | 144,228 | 243,312 | 215,980 | 210,943 | 204,913 | 330,996 | 336,731 | 747,032 | 575,426 |
| Charges for services | 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 | 2,215,612 |
| Interest | 259,395 | 188,638 | 116,722 | 168,041 | 525,184 | 530,978 | 644,480 | 745,116 | 1,140,929 | 944,008 |
| Miscellaneous | 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 | 1,256,428 |
| Total revenues | 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 | 207,609,776 |
| Expenditures | | | | | | | | | | |
| Instruction | 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 | 120,561,969 |
| Support services: | | | | | | | | | | |
| Students | 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 | 16,090,236 |
| Instructional staff | 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 | 9,852,505 |
| General administration | 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 | 1,795,310 |
| School administration | 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 | 13,401,069 |
| Business services | 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 | 2,466,019 |
| Operations and maintenance | 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 | 16,332,088 |
| Student transportation | 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 | 6,472,898 |
| Food services | 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 | 5,570,415 |
| Community services | 30,563 | 16,681 | 17,822 | 14,149 | 10,100 | 6,150 | - | - | - | - |
| Extracurricular | 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 | 3,087,992 |
| Other current charges | 12,874 | 13,693 | - | - | - | - | - | - | - | - |
| Capital outlay | 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 | 4,729,452 |
| Debt service | 236,253 | 199,015 | 165,203 | 124,227 | 1,474,250 | 2,869,250 | 4,114,250 | 4,234,250 | 4,315,000 | 4,505,000 |
| Principal | 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 | 5,823,897 |
| Interest | 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 | 210,688,850 |
| Total expenditures | (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) | (3,079,074) |
| Excess (deficiency) of revenues over expenditures | | | | | | | | | | |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | - | - | 9,845 | - | 196,450 | - | - | - | - | 2,400,000 |
| Transfers out | - | - | (9,845) | - | (196,450) | - | - | - | - | (2,400,000) |
| Premium on long-term debt issued | - | - | - | 8,332,379 | - | 5,119,685 | - | - | - | 712,645 |
| Insurance recoveries | 281,206 | 284,904 | 41,615 | - | 61,500 | 859,494 | 507,789 | - | - | 1,019,035 |
| Long-term debt issued | 12,000,000 | - | 14,144,502 | 80,900,000 | - | 33,000,000 | - | - | - | 8,400,000 |
| Sale of capital assets | 65,000 | - | - | - | 8,139 | - | 205,777 | - | 15,148 | - |
| Total other financing sources (uses) | 12,346,206 | 284,904 | 14,186,117 | 89,232,379 | 69,639 | 38,979,179 | 713,566 | - | 15,148 | 10,131,680 |
| Net change in fund balances | \$ 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) | \$ 7,052,606 |
| Debt service as a percentage of non-capital expenditures | 0.51% | 0.58% | 1.05% | 1.22% | 4.62% | 5.27% | 5.80% | 5.54% | 5.29% | 5.02% |

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

Table 5

| Fiscal Year | Instruction | Students | Support Services | | | | | |
|-------------|---------------|--------------|---------------------|------------------------|-----------------------|-------------------|---------------------------|------------------------|
| | | | Instructional Staff | General Administration | School Administration | Business Services | Operation and Maintenance | Student Transportation |
| 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 |
| 2020 | 87,422,540 | 8,909,313 | 7,413,001 | 1,739,833 | 10,692,590 | 1,819,495 | 12,993,990 | 78,732 |

| Fiscal Year | Community Services/Food Services | Extracurricular | Capital Outlay | Debt Service | Total | |
|-------------|----------------------------------|-----------------|----------------|--------------|----------------|--|
| | | | | | | |
| 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 | |
| 2020 | 1,387 | 2,712,417 | 617,704 | - | 134,401,002 | |

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 | | Mill Levy | Taxes Levied | Collected within the | | Tax Collections after Levy Year | Total Collections to Date | | |
|-----------------------|----------------|------------------------|------------------------------|--------|---------------|---------------|-------------------------|--------------------|---------------------------------|---------------------------|------------------|-----------------|
| | | | Est. Actual Value | Levy | | | Fiscal Year of the Levy | Amount Collected * | | Percent of Levy | Amount Collected | Percent of Levy |
| | | | | | | | | | | | | |
| Elementary District: | | | | | | | | | | | | |
| 2011 | \$ 175,218,296 | \$ 6,623,402,263 | 2.65% | 128.81 | \$ 22,569,869 | \$ 21,435,922 | 94.98% | \$ 810,684 | \$ 22,246,606 | 98.57% | | |
| 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% | 905,083 | 36,538,362 | 96.79% | | |
| 2018 | 208,808,937 | 12,511,911,961 | 1.67% | 197.33 | 41,204,268 | 39,734,170 | 96.43% | 579,528 | 40,313,698 | 97.84% | | |
| 2019 | 210,943,808 | 12,828,718,518 | 1.64% | 200.37 | 42,266,811 | 41,182,157 | 97.43% | 678,039 | 41,860,196 | 99.04% | | |
| 2020 | 220,594,741 | 13,538,463,900 | 1.63% | 195.58 | 43,143,919 | 40,901,016 | 94.80% | - | 40,901,016 | 94.80% | | |
| High School District: | | | | | | | | | | | | |
| 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% | 446,066 | 17,132,221 | 97.35% | | |
| 2018 | 283,156,573 | 16,626,343,898 | 1.70% | 66.63 | 18,866,722 | 18,199,329 | 96.46% | 300,734 | 18,500,063 | 98.06% | | |
| 2019 | 261,369,448 | 15,885,942,424 | 1.65% | 72.36 | 18,912,693 | 18,471,081 | 97.66% | 320,244 | 18,791,325 | 99.36% | | |
| 2020 | 273,951,707 | 16,720,129,997 | 1.64% | 73.48 | 20,129,971 | 19,160,959 | 95.19% | - | 19,160,959 | 95.19% | | |

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: | | | | | | | | | |
| 2011 | \$ 3,332,900 | \$ 6,843,335,177 | \$ 2,061,518,265 | \$ 8,908,186,342 | 2.02% | \$ 180,246,637 | 128.81 | | |
| 2012 | 3,352,379 | 6,922,553,883 | 2,018,786,035 | 8,944,692,297 | 2.04% | 182,699,309 | 128.09 | | |
| 2013 | 3,320,188 | 6,984,712,335 | 2,035,516,027 | 9,023,548,550 | 2.01% | 180,988,182 | 134.13 | | |
| 2014 | 3,316,162 | 7,084,649,509 | 2,068,778,163 | 9,156,743,834 | 2.01% | 184,389,943 | 144.10 | | |
| 2015 | 3,218,779 | 7,215,631,126 | 2,096,142,884 | 9,314,992,789 | 1.94% | 180,732,615 | 179.93 | | |
| 2016 | 3,187,810 | 8,018,376,528 | 2,452,252,649 | 10,473,816,987 | 1.94% | 203,169,677 | 184.43 | | |
| 2017 | 3,222,429 | 8,131,584,232 | 2,428,808,679 | 10,563,615,340 | 1.95% | 205,672,718 | 190.24 | | |
| 2018 | 3,567,668 | 8,823,846,226 | 2,450,924,446 | 11,278,338,340 | 1.93% | 217,454,879 | 197.33 | | |
| 2019 | 3,781,750 | 8,985,738,447 | 2,425,187,449 | 11,414,707,646 | 1.92% | 218,879,455 | 200.37 | | |
| 2020 | 3,998,143 | 9,583,698,842 | 2,501,776,754 | 12,089,473,739 | 1.90% | 229,514,103 | 195.58 | | |
| High School District: | | | | | | | | | |
| 2011 | \$ 25,105,396 | \$ 8,120,887,910 | \$ 3,185,196,435 | \$ 11,331,189,741 | 2.09% | \$ 236,297,738 | 70.92 | | |
| 2012 | 25,121,843 | 8,240,575,293 | 3,141,091,614 | 11,406,788,750 | 2.11% | 240,722,855 | 71.10 | | |
| 2013 | 25,170,347 | 8,329,054,288 | 3,167,868,899 | 11,522,093,534 | 2.09% | 240,304,103 | 70.40 | | |
| 2014 | 25,088,887 | 8,488,897,645 | 3,220,110,183 | 11,734,096,715 | 2.08% | 244,633,523 | 71.44 | | |
| 2015 | 24,964,930 | 8,688,407,933 | 3,283,800,234 | 11,997,173,097 | 2.01% | 241,680,305 | 69.82 | | |
| 2016 | 26,613,215 | 9,718,463,873 | 3,952,407,813 | 13,697,484,901 | 2.00% | 274,208,077 | 68.85 | | |
| 2017 | 27,176,869 | 9,884,831,869 | 3,898,833,351 | 13,810,842,089 | 2.01% | 277,573,545 | 65.28 | | |
| 2018 | 29,835,506 | 10,748,240,209 | 4,032,797,240 | 14,810,872,955 | 1.98% | 293,037,782 | 66.63 | | |
| 2019 | 28,629,702 | 10,482,223,166 | 3,722,295,772 | 14,233,148,640 | 1.90% | 270,294,412 | 72.36 | | |
| 2020 | 30,362,075 | 11,197,011,388 | 3,845,275,985 | 15,072,649,448 | 1.88% | 284,044,924 | 73.48 | | |

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

Table 8

| Taxpayer | 2020 | | | 2011 | | |
|-------------------------------------|----------------------|------|---|----------------------|------|---|
| | Assessed Valuation | Rank | Percentage of Total District Assessed Valuation | Assessed Valuation | Rank | Percentage of Total District Assessed Valuation |
| Phillips 66 Company | \$ 19,950,561 | 1 | 9.04% | \$ - | - | 0.00% |
| Northwestern Energy - T & D | 15,537,769 | 2 | 7.04% | 9,467,131 | 2 | 5.40% |
| Montana Dakota Utilities - Gas Dist | 4,142,818 | 3 | 1.88% | 1,542,024 | 6 | 0.88% |
| Charter Communications Inc | 2,368,047 | 4 | 1.07% | - | - | 0.00% |
| Jupiter Sulphur LLC | 1,758,221 | 5 | 0.80% | - | - | 0.00% |
| Phillips 66 Carrier LLC | 1,742,371 | 6 | 0.79% | - | - | 0.00% |
| Verizon Inc | 1,047,242 | 7 | 0.47% | 1,065,596 | 7 | 0.61% |
| Quest Corporation/CenturyLink | 1,002,077 | 8 | 0.45% | - | - | 0.00% |
| Rimrock Owner LP | 922,162 | 9 | 0.42% | - | - | 0.00% |
| Yellowstone Pipeline Co | 914,628 | 10 | 0.41% | - | - | 0.00% |
| ConocoPhillips Company | - | - | 0.00% | 14,369,959 | 1 | 8.20% |
| Bresnan Broadband Holdings | - | - | 0.00% | 7,060,040 | 3 | 4.03% |
| PPL Montana LLC | - | - | 0.00% | 3,373,318 | 4 | 1.93% |
| Qwest Corporation | - | - | 0.00% | 3,145,936 | 5 | 1.80% |
| Walmart | - | - | 0.00% | 776,378 | 8 | 0.44% |
| Conco Pipeline Company | - | - | 0.00% | 725,385 | 9 | 0.41% |
| Macerich Rimrock LP | - | - | 0.00% | 651,868 | 10 | 0.37% |
| Total | <u>\$ 49,385,896</u> | | <u>22.39%</u> | <u>\$ 42,177,635</u> | | <u>24.07%</u> |

Source: Montana Department of Revenue

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

Table 8a

| Taxpayer | 2020 | | | 2011 | | |
|-------------------------------------|-----------------------|------|--|-----------------------|------|--|
| | Assessed Valuation | Rank | Percentage of Total District Assessed Valuation | Assessed Valuation | Rank | Percentage of Total District Assessed Valuation |
| | | | | | | |
| Phillips 66 Company | \$ 19,953,117 | 1 | 7.28% | \$ - | - | 0.00% |
| Northwestern Energy - T & D | 17,162,832 | 2 | 6.26% | 11,102,204 | 2 | 4.79% |
| Montana Dakota Utilities - Gas Dist | 4,632,275 | 3 | 1.69% | 1,542,024 | 7 | 0.67% |
| Charter Communications Inc | 2,368,047 | 4 | 0.86% | - | - | 0.00% |
| Phillips 66 Carrier LLC | 2,052,680 | 5 | 0.75% | - | - | 0.00% |
| Jupiter Sulphur LLC | 1,758,221 | 6 | 0.64% | - | - | 0.00% |
| Verizon Wireless | 1,229,293 | 7 | 0.45% | 1,302,763 | 8 | 0.56% |
| Qwest Corporation/Centurylink Inc | 1,081,021 | 8 | 0.39% | 3,480,493 | 5 | 1.50% |
| Rimrock Owner LP | 922,162 | 9 | 0.34% | - | - | 0.00% |
| Yellowstone Pipeline Co | 914,628 | 10 | 0.33% | - | - | 0.00% |
| ConocoPhillips Company | - | - | 0.00% | 14,373,084 | 1 | 6.20% |
| Exxon Mobile Corporation | - | - | 0.00% | 9,522,356 | 3 | 4.11% |
| Bresnan Broadband Holdings | - | - | 0.00% | 7,060,040 | 4 | 3.05% |
| PPL Montana LLC | - | - | 0.00% | 3,389,060 | 6 | 1.46% |
| Conoco Pipeline Co | - | - | 0.00% | 915,707 | 9 | 0.40% |
| Walmart | - | - | 0.00% | 776,378 | 10 | 0.34% |
| Total | <u>\$ 52,074,276</u> | | <u>19.01%</u> | <u>\$ 53,464,109</u> | | <u>23.07%</u> |

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2020
(modified accrual basis of accounting)

Table 9

| Source | Actual Revenue | Percent of Total Revenue |
|---|-------------------|-----------------------------|
| Revenue from local and intermediate sources: | | |
| Property taxes | \$ 60,704,851 | 29.24% |
| Tuition | 575,426 | 0.28% |
| Interest | 944,008 | 0.45% |
| Charges for service | 2,215,612 | 1.07% |
| County retirement | 18,406,726 | 8.87% |
| County transportation | 735,551 | 0.35% |
| Miscellaneous | 1,256,428 | 0.61% |
| Total revenue from local and intermediate sources | 84,838,602 | 40.87% |
| Revenue from state sources: | | |
| Direct state aid | 49,130,153 | 23.66% |
| State quality educator | 4,145,554 | 2.00% |
| State at risk | 440,657 | 0.21% |
| State Indian education for all | 383,356 | 0.18% |
| State American Indian achievement gap | 428,976 | 0.21% |
| State special education allowable cost payment | 5,141,541 | 2.48% |
| State Data for Achievement | 367,121 | 0.18% |
| State guaranteed tax base aid | 26,153,153 | 12.60% |
| State transportation | 735,551 | 0.35% |
| State Medicaid | 3,489,628 | 1.68% |
| State on-behalf payment | 9,841,680 | 4.74% |
| State other | 3,047,006 | 1.47% |
| Total revenue from state sources | 103,304,376 | 49.76% |
| Revenue from federal sources: | | |
| Federal grants | 15,371,860 | 7.40% |
| Federal food service | 4,094,938 | 1.97% |
| Total revenue from federal sources | 19,466,798 | 9.37% |
| Total revenue | \$ 207,609,776 | 100.00% |

Source: District Financial Records

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

Table 10

| Year | Property Taxes | State of Montana | Federal | Tuition | Interest | Miscellaneous | Total |
|------|-------------------|---------------------|--------------|------------|-----------|---------------|----------------|
| 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 |
| 2020 | 36,272,793 | 96,072,499 | - | 575,426 | 115,367 | - | 133,036,085 |

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 |
| 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 |
| 2020 | 36,963,586 | 96,072,499 | - | 133,036,085 | 17,030 | 2,170 | 5,641 | - | 7,811 |

Source: District Records

BILLINGS PUBLIC SCHOOLS
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 | | | | | | | | | | |
| 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 | 2.18% |
| 2019 | 116,370 | 210,943,808 | 122,249,940 | | 6,605,955 | 115,643,985 | 54.82% | | 993.76 | 1.91% |
| 2020 | 117,790 | 220,594,741 | 126,184,982 | | 7,154,300 | 119,030,682 | 53.96% | | 1,010.53 | 1.89% |
| High School District | | | | | | | | | | |
| 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 | 0.10% |
| 2019 | 137,877 | 262,118,050 | 11,360,000 | | 5,153,235 | 6,206,765 | 2.37% | | 45.02 | 0.09% |
| 2020 | 139,560 | 273,951,707 | 11,360,000 | | 5,798,721 | 5,561,279 | 2.03% | | 39.85 | 0.07% |

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 |
|-------------|--------------------------------|-------------------|--------------------------------|------------------|------------------------------|---|------------|-----------------------|
| 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 | 2.03% | 137,877 | 972.21 |
| 2020 | 137,544,982 | 331,117 | - | - | 137,876,099 | 1.85% | 139,560 | 987.93 |

(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 | | | | | | | | | |
|--|---------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Elementary District: | | | | | | | | | | |
| Maximum debt limit | \$ 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 | \$ 434,107,800 |
| Total net debt applicable to limit | 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 | 115,909,502 |
| Legal debt margin | \$ 158,710,409 | \$ 168,614,967 | \$ 165,048,144 | \$ 91,002,148 | \$ 285,997,748 | \$ 260,295,598 | \$ 284,987,898 | \$ 287,901,298 | \$ 319,004,678 | \$ 318,198,298 |
| Total net debt applicable to limit as a percentage of debt limit | 3.15% | 2.88% | 8.45% | 51.34% | 24.85% | 32.39% | 29.71% | 28.78% | 25.99% | 26.70% |
| High School District: | | | | | | | | | | |
| Maximum debt limit | \$ 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 | \$ 511,545,780 |
| Total net debt applicable to limit | 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 | 11,360,000 |
| Legal debt margin | \$ 167,288,201 | \$ 179,079,048 | \$ 179,188,997 | \$ 187,672,120 | \$ 400,036,870 | \$ 413,093,320 | \$ 449,890,790 | \$ 463,136,880 | \$ 483,891,770 | \$ 500,185,780 |
| Total net debt applicable to limit as a percentage of debt limit | 4.38% | 4.08% | 5.97% | 5.71% | 2.76% | 2.68% | 2.46% | 2.39% | 2.29% | 2.22% |
| Debt Limitation Calculation | Elementary | High School | | | | | | | | |
| 2019/20 Statewide Average Per ANB X FY20 ANB | \$ 36,680 11,835 | \$ 90,990 5,622 | | | | | | | | |
| Total | 434,107,800 | 511,545,780 | | | | | | | | |
| X Debt Limit Rate of 1.0 | 1.00 | 1.00 | | | | | | | | |
| Equals: Maximum Debt Capacity | 434,107,800 | 511,545,780 | | | | | | | | |
| Less: bonded indebtedness | 115,909,502 | 11,360,000 | | | | | | | | |
| Less: other indebtedness | - | - | | | | | | | | |
| Estimated Debt Capacity Remaining | \$ 318,198,298 | \$ 500,185,780 | | | | | | | | |

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, 2020

| Governmental Unit | Debt | Applicable to Elementary District | | Applicable to Portion of High School District Lying Outside Elementary District | |
|-----------------------------------|-----------------------|--------------------------------------|-----------------------|--|---------------------|
| | | Percent | Amount | Percent | Amount |
| DIRECT BONDED INDEBTEDNESS | | | | | |
| Elementary District: | | | | | |
| General Obligation Bonds | \$ 126,184,982 | 100.00% | \$ 126,184,982 | 0.00% | \$ - |
| Elementary District Total | 126,184,982 | | 126,184,982 | | - |
| High School District: | | | | | |
| General Obligation Bonds | 11,360,000 | 80.48% | 9,142,528 | 19.52% | 2,217,472 |
| Capital leases | 331,117 | 80.48% | 266,483 | 19.52% | 64,634 |
| High School District Total | 11,691,117 | | 9,409,011 | | 2,282,106 |
| Total Direct Debt | <u>\$ 137,876,099</u> | | <u>\$ 135,593,993</u> | | <u>\$ 2,282,106</u> |
| OVERLAPPING BONDED INDEBTEDNESS | | | | | |
| Yellowstone County: | | | | | |
| Various Issues | \$ 10,207,171 | 58.12% | \$ 5,932,330 | 14.06% | \$ 1,435,128 |
| City of Billings: | | | | | |
| Various Issues | 17,885,802 | 49.58% | 8,868,210 | 11.04% | 1,974,839 |
| Total Overlapping Debt | 28,092,973 | | 14,800,540 | | 3,409,967 |
| Total Direct and Overlapping Debt | <u>\$ 165,969,072</u> | | <u>\$ 150,394,533</u> | | <u>\$ 5,692,073</u> |

Source and other information:

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

Finance Department, Yellowstone County, Montana.

City of Billings, Montana

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

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

BILLINGS PUBLIC SCHOOLS

Table 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: | | | | | |
| 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% |
| 2020 | 4,505,000 | 5,252,527 | 9,757,527 | 80,121,216 | 12.2% |
| High School: | | | | | |
| 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% |
| 2020 | - | 571,370 | 571,370 | 54,279,786 | 1.1% |

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 | | Median Age | School Enrollment | Unemployment Rate |
|------|--------------------------------------|---------------------------------------|----------------------|---|--|---------------|----------------------|----------------------|
| | | | | Elementary District Personal Income | High School District Personal Income | | | |
| 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% |
| 2020 | 117,790 | 139,560 | 53,580 | 6,311,188,200 | 7,477,624,800 | 39.5 | 17,030 | 4.5% |

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

BILLINGS PUBLIC SCHOOLS

Table 18

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| 2020 | | 2011 | |
|---|------------------------|---|------------------------|
| 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 Health System | 9 | Albertsons Food & Drug | 8 |
| Cenex Harvest States | 8 | Avitus Group | 9 |
| Charter Communications | 7 | Billings Clinic Health System | 9 |
| ConocoPhillips | 7 | CHS Inc. (Cenex) | 7 |
| Costco | 7 | ConocoPhillips | 7 |
| ExxonMobil | 7 | Costco | 7 |
| First Interstate Bank | 8 | Employee Benefit Management Services (EBI | 7 |
| McDonalds | 7 | ExxonMobil | 7 |
| Rocky Mountain College | 7 | First Interstate Bank | 8 |
| Scheels | 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 | 7 | St. Vincent Healthcare | 9 |
| Town Pump | 7 | Sysco Food Services | 7 |
| UPS | 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 |
| City of Billings | 9 | City of Billings | 8 |
| Montana State University Billings | 8 | Montana State University of Billings | 8 |
| Yellowstone County | 8 | Yellowstone County | 7 |

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

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

Source: Montana Department of Labor & Industry (Research and Analysis Bureau)

Based on Yellowstone County

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 |
|-------------|----------------|------------|----------------|-------------------|---------------------------|-----------------------------|
| 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 | 5.94% | 1,187.4 | 14.0 |
| 2019 | 199,137,773 | 16,966 | 11,737 | 2.79% | 1,216.4 | 13.9 |
| 2020 | 212,400,588 | 17,030 | 12,472 | 6.26% | 1,218.3 | 14.0 |

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 | | | | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|-----------------|----------------------|----------------|----------------|----------------|----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Instruction | | | | | | | | | | |
| Administrators | - | - | - | - | - | - | - | - | - | - |
| Certified Staff | 992.9 | 974.8 | 995.9 | 1,012.7 | 1,003.8 | 1,009.5 | 1,008.4 | 1,050.5 | 1,075.9 | 1,074.6 |
| Classified Employees | 196.6 | 202.5 | 202.9 | 202.4 | 196.8 | 199.4 | 179.1 | 190.0 | 190.6 | 206.4 |
| Support Services | | | | | | | | | | |
| Administrators | 5.0 | 4.0 | 4.0 | 5.0 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Administrative Support | 1.0 | - | - | - | - | - | - | - | 1.0 | 1.0 |
| Certified Staff | 137.3 | 125.1 | 123.8 | 131.2 | 132.5 | 132.7 | 132.7 | 136.9 | 140.5 | 143.7 |
| Classified Employees | 64.2 | 65.6 | 64.9 | 64.2 | 59.9 | 61.2 | 71.3 | 69.0 | 77.6 | 78.2 |
| General Administration | | | | | | | | | | |
| Administrators | 8.3 | 13.7 | 10.0 | 6.9 | 8.9 | 9.9 | 9.0 | 8.4 | 9.6 | 9.7 |
| Administrative Support | 10.5 | 10.5 | 10.5 | 10.5 | 14.5 | 12.5 | 10.5 | 10.0 | 10.5 | 10.5 |
| Certified Staff | 2.0 | 1.0 | - | - | - | - | - | - | - | - |
| Classified Employees | 21.6 | 20.8 | 19.4 | 19.2 | 19.0 | 21.5 | 25.7 | 18.2 | 20.1 | 16.7 |
| Building Administration | | | | | | | | | | |
| Administrators | 45.9 | 45.0 | 45.0 | 48.0 | 48.0 | 47.0 | 47.9 | 52.0 | 52.0 | 52.0 |
| Administrative Support | - | - | - | - | - | - | - | - | - | - |
| Certified Staff | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - |
| Classified Employees | 79.7 | 81.4 | 80.6 | 80.9 | 78.5 | 79.2 | 70.8 | 89.5 | 87.9 | 87.4 |
| Operations and Maintenance | | | | | | | | | | |
| Administrators | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 |
| Classified Employees | 144.7 | 143.1 | 142.8 | 142.5 | 142.8 | 144.7 | 145.9 | 142.4 | 142.1 | 151.0 |
| Student Transportation | | | | | | | | | | |
| Administrators | 1.3 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.3 | 1.3 |
| Administrative Support | - | - | - | - | - | - | - | - | 1.0 | 1.0 |
| Classified Employees | 28.6 | 42.8 | 35.1 | 33.1 | 32.8 | 33.3 | 42.6 | 42.4 | 33.3 | 37.4 |
| 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 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 |
| Total | 1,745.6 | 1,737.3 | 1,741.9 | 1,763.6 | 1,750.5 | 1,763.9 | 1,756.9 | 1,821.3 | 1,855.4 | 1,882.9 |
| Summary | | | Admin | Admin Support | Certified Staff | Classified Employees | Total FTE | | | |
| Instruction | | | - | - | 1,074.6 | 206.4 | 1,281.0 | | | |
| Support Services | | | 7.0 | 1.0 | 143.7 | 78.2 | 229.9 | | | |
| General Administration | | | 9.7 | 10.5 | - | 16.7 | 36.9 | | | |
| Building Administration | | | 52.0 | - | - | 87.4 | 139.4 | | | |
| Operations and Maintenance | | | 2.0 | - | - | 151.0 | 153.0 | | | |
| Student Transportation | | | 1.3 | 1.0 | - | 37.4 | 39.7 | | | |
| Extracurricular Activities | | | 1.0 | - | - | 2.0 | 3.0 | | | |
| | 73.0 | 12.5 | 1,218.3 | 579.1 | 1,882.9 | | | | | |

Source: District Records

BILLINGS PUBLIC SCHOOLS
CERTIFIED STAFF EDUCATION AND EXPERIENCE
November 1, 2019

Table 21

| <u>Educational Attainment</u> | <u>Full Time Equivalent</u> | <u>Percent of Total</u> |
|---------------------------------|---------------------------------|-----------------------------|
| Bachelor's Degree | 186.1 | 15.3% |
| Bachelor's Degree + 15 Credits | 75.5 | 6.2% |
| Bachelor's Degree + 30 Credits | 47.5 | 3.9% |
| Bachelor's Degree + 45 Credits | 54.5 | 4.5% |
| Bachelor's Degree + 60 Credits | 36.1 | 3.0% |
| Bachelor's Degree + 75 Credits | 26.1 | 2.1% |
| Bachelor's Degree + 90 Credits | 29.4 | 2.4% |
| Bachelor's Degree + 105 Credits | 151.1 | 12.4% |
| Master's Degree | 114.0 | 9.4% |
| Master's Degree + 15 Credits | 89.0 | 7.3% |
| Master's Degree + 30 Credits | 67.6 | 5.5% |
| Master's Degree + 45 Credits | 336.0 | 27.6% |
| Doctorate's Degree | <u>5.4</u> | <u>0.4%</u> |
| Total | <u><u>1,218.3</u></u> | <u><u>100%</u></u> |
| | | |
| <u>Years of Experience</u> | <u>Full Time Equivalent</u> | <u>Percent of Total</u> |
| 0-5 | 418.3 | 34% |
| 6-10 | 226.6 | 19% |
| 11-15 | 188.1 | 15% |
| 16-20 | 152.5 | 13% |
| 21-25 | 124.3 | 10% |
| 26 and Above | <u>108.5</u> | <u>9%</u> |
| Total | <u><u>1,218.3</u></u> | <u><u>100%</u></u> |

Source: District Records

| | 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 | 344 | 87.31% |
| Arrowhead | 1978 | - | 41,700 | 460 | 422 | 91.74% |
| Beartooth | 1974 | 1980 | 41,600 | 416 | 354 | 85.10% |
| Bench | 1955 | 1974, 1978 | 39,930 | 394 | 331 | 84.01% |
| Big Sky | 1986 | - | 43,505 | 394 | 400 | 101.52% |
| Bitterroot | 1964 | 1965, 1970 | 26,800 | 350 | 336 | 96.00% |
| Boulder | 1962 | 1971, 2007 | 40,185 | 416 | 479 | 115.14% |
| Broadwater | 1910 | 1916, 1920, 1956, 2015 | 56,301 | 400 | 350 | 87.50% |
| Burlington | 1956 | 1957 | 32,190 | 263 | 251 | 95.44% |
| Central Heights | 1962 | 1965, 1979 | 36,400 | 329 | 311 | 94.53% |
| Eagle Cliffs | 1986 | - | 44,000 | 460 | 430 | 93.48% |
| Highland | 1947 | 1956 | 30,420 | 285 | 252 | 88.42% |
| McKinley | 1906 | 1918, 1958, 2015 | 54,391 | 400 | 305 | 76.25% |
| Meadowlark | 1964 | 1971, 2007 | 44,200 | 460 | 530 | 115.22% |
| Miles | 1955 | 1957, 1965 | 30,081 | 329 | 274 | 83.28% |
| Newman | 1953 | 1957 | 28,130 | 263 | 221 | 84.03% |
| Orchard | 1960 | 1948, 1956, 1987, 2006 | 58,100 | 438 | 330 | 75.34% |
| Poly | 1952 | 1955, 1960 | 34,388 | 329 | 329 | 100.00% |
| Ponderosa | 1965 | 2007 | 39,800 | 394 | 299 | 75.89% |
| Rimrock | 1952 | 1976, 1979 | 23,043 | - | - | 0.00% |
| Rose Park | 1958 | 1962 | 30,345 | 307 | 246 | 80.13% |
| Sandstone | 1978 | - | 41,700 | 460 | 421 | 91.52% |
| Washington | 1948 | 1952, 1962 | 36,590 | 263 | 306 | 116.35% |
| <u>6-8 Schools</u> | | | | | | |
| Ben Steele | 2017 | - | 119,268 | 715 | 801 | 112.03% |
| Castle Rock | 1979 | - | 110,417 | 715 | 667 | 93.29% |
| Lewis & Clark | 1956 | 1962 | 146,008 | 743 | 780 | 104.98% |
| Medicine Crow | 2016 | - | 117,632 | 715 | 603 | 84.34% |
| Riverside | 1963 | 1979 | 86,609 | 604 | 585 | 96.85% |
| Will James | 1967 | 1974 | 91,143 | 664 | 596 | 89.76% |
| <u>High Schools:</u> | | | | | | |
| Career Center | 1975 | - | 133,394 | N/A | N/A | N/A |
| Senior | 1940 | 1953, 1967, 1974 | 228,314 | 1,560 | 1,855 | 118.91% |
| Skyview | 1987 | - | 242,336 | 1,558 | 1,650 | 105.91% |
| West | 1959 | 1962, 1966, 1975, 1976 | 218,458 | 1,601 | 1,972 | 123.17% |
| <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 | | | | | | | | | |
|----------------------------|-------------|-------|-------|-------|--------|--------|--------|--------|--------|----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| <u>Elementary Schools:</u> | | | | | | | | | | |
| <u>K-6 Schools:</u> | | | | | | | | | | |
| Alkali Creek | 23.8% | 23.6% | 24.8% | 24.1% | 21.3% | 20.2% | 23.6% | 31.7% | 33.6% | 33.8% |
| Arrowhead | 5.3% | 8.0% | 7.3% | 8.7% | 7.6% | 8.0% | 11.5% | 10.6% | 16.3% | 16.0% |
| Beartooth | 40.1% | 44.7% | 45.8% | 47.9% | 46.5% | 45.0% | 47.8% | 47.3% | 47.2% | 45.5% |
| Bench | 59.0% | 61.0% | 61.7% | 61.5% | 63.1% | 65.8% | 65.8% | 60.8% | 66.6% | 57.2% |
| Big Sky | 27.5% | 28.8% | 32.9% | 31.1% | 35.8% | 33.2% | 39.7% | 45.2% | 48.9% | 46.2% |
| Bitterroot | 37.5% | 41.0% | 36.2% | 36.1% | 38.4% | 34.8% | 40.5% | 46.1% | 46.0% | 47.7% |
| Boulder | 23.8% | 25.3% | 22.0% | 20.3% | 18.7% | 21.7% | 17.0% | 13.1% | 14.4% | 12.8% |
| Broadwater | 61.0% | 56.7% | 59.3% | 64.5% | 69.3% | 63.1% | 59.4% | 53.4% | 58.3% | 56.0% |
| Burlington | 36.6% | 37.1% | 38.3% | 38.8% | 41.2% | 40.4% | 42.7% | 47.1% | 52.0% | 41.4% |
| Central Heights | 40.6% | 44.9% | 36.6% | 36.4% | 39.7% | 39.4% | 35.3% | 45.7% | 51.9% | 41.4% |
| Eagle Cliffs | 23.3% | 26.2% | 22.6% | 23.1% | 25.8% | 26.5% | 24.0% | 25.4% | 27.0% | 26.1% |
| Highland | 37.3% | 41.2% | 36.1% | 36.4% | 31.9% | 37.5% | 36.5% | 40.4% | 43.0% | 38.9% |
| McKinley | 65.3% | 71.6% | 65.0% | 64.5% | 73.8% | 63.9% | 68.7% | 100.0% | 100.0% | 100.0% * |
| Meadowlark | 34.4% | 34.3% | 33.7% | 33.1% | 30.6% | 30.9% | 29.5% | 24.1% | 24.1% | 20.7% |
| Miles | 54.5% | 56.1% | 57.2% | 55.8% | 65.8% | 62.0% | 58.2% | 60.3% | 56.4% | 51.2% |
| Newman | 73.6% | 73.8% | 70.9% | 72.4% | 73.9% | 71.2% | 70.9% | 100.0% | 100.0% | 100.0% * |
| Orchard | 83.3% | 86.2% | 85.7% | 85.1% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% * |
| Poly | 22.0% | 21.0% | 21.0% | 20.7% | 24.1% | 23.3% | 22.3% | 22.5% | 24.9% | 24.0% |
| Ponderosa | 71.7% | 73.1% | 74.8% | 74.7% | 68.6% | 72.8% | 72.1% | 100.0% | 100.0% | 100.0% * |
| Rose Park | 33.9% | 38.0% | 38.1% | 42.5% | 42.1% | 43.7% | 39.5% | 46.3% | 54.8% | 46.3% |
| Sandstone | 38.2% | 42.3% | 44.4% | 44.4% | 38.7% | 44.4% | 42.2% | 45.5% | 47.2% | 38.8% |
| Washington | 77.0% | 75.9% | 77.9% | 77.7% | 77.8% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% * |
| <u>7-8 Schools:</u> | | | | | | | | | | |
| Ben Steele (2) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 15.2% | 19.3% | 16.2% |
| Castle Rock | 31.6% | 31.4% | 30.8% | 31.6% | 32.6% | 35.0% | 27.8% | 27.3% | 34.3% | 28.8% |
| Lewis & Clark | 39.5% | 38.6% | 40.7% | 41.8% | 44.6% | 41.6% | 38.6% | 41.3% | 49.9% | 43.4% |
| Medicine Crow (1) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 40.6% | 43.6% | 52.2% | 49.8% |
| Riverside | 54.0% | 55.9% | 56.6% | 60.1% | 66.6% | 64.4% | 58.6% | 61.9% | 77.5% | 100.0% * |
| Will James | 22.1% | 21.7% | 19.8% | 17.8% | 14.2% | 18.1% | 16.9% | 34.1% | 38.6% | 34.8% |
| <u>High Schools:</u> | | | | | | | | | | |
| Senior | 30.5% | 32.3% | 29.7% | 29.8% | 31.7% | 31.3% | 32.8% | 32.4% | 41.5% | 34.7% |
| Skyview | 25.7% | 25.3% | 23.4% | 24.2% | 24.0% | 22.4% | 25.2% | 25.6% | 32.7% | 26.1% |
| West | 19.9% | 22.5% | 22.8% | 22.1% | 21.0% | 19.0% | 20.1% | 17.6% | 23.4% | 18.2% |

(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 |
| 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 |
| 2020 | 17,030 | 0.38 | 17,457 | 1.34 | 101.34 |

Source: District Records

| | |
|-----------------------------------|--|
| I. Commercial Property | |
| A. Policy #: | TO201 |
| B. Carrier: | Affiliated FM Insurance Company |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Coverage: | Buildings/Contents |
| E. Limits: | \$500,000,000 |
| II. Commercial General Liability | |
| A. Policy #: | GPPA-PF-6056582-02 |
| B. Carrier: | Glatfelter Public Practice |
| C. Policy Period: | 7/1/19-7/1/20 |
| 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-6056582-02 |
| B. Carrier: | Glatfelter Public Practice |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Coverage: | Automobile Liability and Physical Damage |
| E. Limits: | \$1,000,000 |
| IV. Boiler and Machinery Policy | |
| A. Policy #: | Included in AFM Property Policy |
| B. Carrier: | |
| C. Policy Period: | |
| D. Limits: | |
| V. Environmental Liability | |
| A. Policy #: | 000569609 |
| B. Carrier: | Ironshore Specialty Insurance Company |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Limits: | \$1,000,000 per occurrence; \$2,000,000 aggregate |
| VI. Commercial Excess Liability | |
| A. Policy #: | GPPA-PF-6056582-02 |
| B. Carrier: | Glatfelter Public Practice |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Limits: | \$10,000,000 |
| VII. Crime | |
| A. Policy #: | 105638404 |
| B. Carrier: | Travelers Casualty & Surety Co |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Limits: | \$100,000 and \$500,000 depending on coverage |
| VIII. Educators Legal Liability | |
| A. Policy #: | GPPA-PF-6056582-02 |
| B. Carrier: | Glatfelter Public Practice |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Limits: | \$1,000,000 aggregate |
| IX. Privacy Protection Policy | |
| A. Policy #: | 105638404 |
| B. Carrier: | Travelers Casualty & Surety Co |
| C. Policy Period: | 7/1/19-7/1/20 |
| D. Limits: | \$1,000,000 |
| X. Builders Risk Reporting Policy | |
| A. Policy #: | IMP448843505 |
| B. Carrier: | Great American Insurance Company |
| C. Policy Period: | 6/1/19-6/1/20 |
| D. Limits: | \$450,000 |
| XI. Workers' Compensation | |
| A. Policy #: | WC-16-31147 |
| B. Carrier: | Montana Schools Group Insurance Authority |
| C. Policy Period: | 7/1/2019-6/30/2020 |
| 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, 2020, and the related notes to the financial statements, which collectively comprise Billings Public Schools' basic financial statements and have issued our report thereon dated March 5, 2021.

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) as a basis for designing 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 financial statements. 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.

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.

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

Billings, Montana
March 5, 2021

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Independent Auditor's Report on Compliance for Each 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 on each of the Billings Public Schools' major federal programs for the year ended June 30, 2020. Billings Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 each of the Billings Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Billings Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Billings Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

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

Billings, Montana
March 5, 2021

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BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

| 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, 2019 | Cash Receipts | Expenditures | (Due from), Due to, Unearned or Fund Balance June 30, 2020 |
|---|---------------------------|--|-----------------|--|---------------|-----------------|---|
| U.S. Department of Education: | | | | | | | |
| Direct programs: | | | | | | | |
| Indian Education Grants to LEA's | 84.060 | S060A192167 | \$ 370,353 | \$ - | \$ 309,203 | \$ (337,783) | \$ (28,580) |
| <i>CFDA Subtotal</i> | | | | - | 309,203 | (337,783) | (28,580) |
| Total Direct Programs | | | | - | 309,203 | (337,783) | (28,580) |
| Passed Through State Office of Public Instruction: | | | | | | | |
| Adult Education-Basic Grants to States | 84.002 | 5609665620 | 269,294 | - | 243,733 | (269,294) | (25,561) |
| <i>CFDA Subtotal</i> | | | | - | 243,733 | (269,294) | (25,561) |
| Title I Grants to LEA's | 84.010 | 5609653119 | 73,694 | (9,312) | 15,478 | (6,166) | - |
| Title I Grants to LEA's | 84.010 | 5609653219 | 3,796,106 | (131,081) | 281,666 | (150,585) | - |
| Title I Grants to LEA's | 84.010 | 5609668120 | 52,200 | - | 8,143 | (11,160) | (3,017) |
| Title I Grants to LEA's | 84.010 | 5609653120 | 107,783 | | 22,520 | (59,669) | (37,149) |
| Title I Grants to LEA's | 84.010 | 5609653220 | 4,046,631 | - | 3,429,400 | (3,513,033) | (83,633) |
| <i>CFDA Subtotal</i> | | | | (140,393) | 3,757,207 | (3,740,613) | (123,799) |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | 84.013 | 5609664219 | 34,184 | (3,120) | 6,649 | (3,529) | - |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | 84.013 | 5609664220 | 60,342 | - | 11,700 | (29,718) | (18,018) |
| <i>CFDA Subtotal</i> | | | | (3,120) | 18,349 | (33,247) | (18,018) |
| Career and Technical Education-Basic Grants to States | 84.048 | 5609668119BG | 289,384 | (49,531) | 49,531 | - | - |
| Career and Technical Education-Basic Grants to States | 84.048 | 5609668120 | 384,653 | - | 300,720 | (384,348) | (83,628) |
| <i>CFDA Subtotal</i> | | | | (49,531) | 350,251 | (384,348) | (83,628) |
| Special Education Cluster: | | | | | | | |
| Special Education Grants to States | 84.027 | 5609657719 | 4,100,044 | (4,367) | 4,367 | - | - |
| Special Education Grants to States | 85.027 | 5609657720 | 4,129,012 | - | 3,894,068 | (3,990,004) | (95,936) |
| <i>CFDA Subtotal</i> | | | | (4,367) | 3,898,435 | (3,990,004) | (95,936) |
| Special Education Preschool Grants | 84.173 | 5609657920 | 130,863 | - | 116,535 | (130,863) | (14,328) |
| <i>CFDA Subtotal</i> | | | | - | 116,535 | (130,863) | (14,328) |
| Special Education Cluster Subtotal | | | | (4,367) | 4,014,970 | (4,120,867) | (110,264) |
| Education for Homeless Children and Youth | 84.196 | 5609655719 | 41,340 | (6,394) | 19,940 | (13,546) | - |
| Education for Homeless Children and Youth | 84.196 | 5609655720 | 38,544 | - | 30,430 | (31,247) | (817) |
| <i>CFDA Subtotal</i> | | | | (6,394) | 50,370 | (44,793) | (817) |
| English Language Acquisition State Grants | 84.365 | 5609654119 | 33,783 | (2,348) | 12,133 | (9,785) | - |
| English Language Acquisition State Grants | 84.365 | 5609654120 | 33,350 | - | 2,730 | (12,360) | (9,630) |
| <i>CFDA Subtotal</i> | | | | (2,348) | 14,863 | (22,145) | (9,630) |
| Supporting Effective Instruction State Grants | 84.367 | 5609651419 | 1,162,512 | (14,593) | 19,680 | (5,087) | - |
| Supporting Effective Instruction State Grants | 84.367 | 5609651420 | 1,346,985 | - | 884,797 | (1,008,967) | (124,170) |
| <i>CFDA Subtotal</i> | | | | (14,593) | 904,477 | (1,014,054) | (124,170) |
| Passed Through State Department of Public Health and Human Services: | | | | | | | |
| Special Education-Grants for Infants and Families | 84.181 | 18-143-1800 | 358,381 | - | 358,381 | (358,381) | - |
| <i>CFDA Subtotal</i> | | | | - | 358,381 | (358,381) | - |
| Rehabilitative Services Vocational Rehabilitation Grants to States | 84.126 | 20011750032 | 211,650 | 508,941 | 111,700 | (65,307) | 555,334 |
| <i>CFDA Subtotal</i> | | | | 508,941 | 111,700 | (65,307) | 555,334 |
| Total Pass Through Programs | | | | 288,195 | 9,824,301 | (10,053,049) | 59,447 |
| Total U.S. Department of Education | | | | \$ 288,195 | \$ 10,133,504 | \$ (10,390,832) | \$ 30,867 |

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

| 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, 2019 | Cash Receipts | Expenditures | (Due from), Due to, Unearned or Fund Balance June 30, 2020 |
|---|---------------------------|--|-----------------|--|---------------|-----------------|---|
| <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 | 601,495 | \$ - | \$ 601,495 | \$ (601,495) | \$ - |
| <i>CFDA Subtotal</i> | | | | - | 601,495 | (601,495) | - |
| Total U.S. Department of Health and Human Services | | | | \$ - | \$ 601,495 | \$ (601,495) | \$ - |
| <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 | 315,217 | \$ - | \$ 315,217 | \$ (315,217) | \$ - |
| Summer Food Service Program for Children | 10.559 | N/A | 38,822 | - | 38,822 | (38,822) | - |
| Non-Cash Assistance Subtotal | | | | - | 354,039 | (354,039) | - |
| Cash Assistance: | | | | | | | |
| School Breakfast Program | 10.553 | N/A | 707,418 | - | 707,418 | (707,418) | - |
| National School Lunch Program | 10.555 | N/A | 2,111,624 | - | 2,111,624 | (2,111,624) | - |
| Summer Food Service Program for Children | 10.559 | N/A | 676,748 | (75,826) | 710,458 | (782,369) | (147,737) |
| Cash Assistance Subtotal | | | | (75,826) | 3,529,500 | (3,601,411) | (147,737) |
| <i>Child Nutrition Cluster Subtotal</i> | | | | (75,826) | 3,883,539 | (3,955,450) | (147,737) |
| 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 | 100 | 100 | - | (100) | - |
| <i>CFDA Subtotal</i> | | | | 3,000 | - | (3,000) | - |
| Fresh Fruit and Vegetable Program | 10.582 | N/A | 139,489 | - | 139,489 | (139,489) | - |
| <i>CFDA Subtotal</i> | | | | - | 139,489 | (139,489) | - |
| Total U.S. Department of Agriculture | | | | \$ (72,826) | \$ 4,023,028 | \$ (4,097,939) | \$ (147,737) |
| <u>U.S. Department of Treasury:</u> | | | | | | | |
| Passed Through State Department of Administration: | | | | | | | |
| Covid-19 Coronavirus Relief Fund | 21.019 | N/A | 7,395,134 | \$ - | \$ - | \$ (3,249,060) | \$ (3,249,060) |
| <i>CFDA Subtotal</i> | | | | - | - | (3,249,060) | (3,249,060) |
| Total U.S. Department of Treasury | | | | \$ - | \$ - | \$ (3,249,060) | \$ (3,249,060) |
| Total Federal Awards | | | | \$ 215,369 | \$ 14,758,027 | \$ (18,339,326) | \$ (3,365,930) |

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

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 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 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (unaudited)

Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was \$127,955 and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the schedule of expenditure of federal awards.

NOTE E - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

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

| | |
|--|----------------------|
| Cash receipts | \$ 14,758,027 |
| Revenue accrual adjustments | 3,676,392 |
| Federal revenues not subject to Uniform Guidance | <u>1,032,379</u> |
| Federal revenues | <u>\$ 19,466,798</u> |

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Section I – Summary of Auditor’s Results

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 |
|--|-------------|
| Supporting Effective Instruction State Grants | 84.367 |
| Coronavirus Relief Fund | 21.019 |
| Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV – State of Montana Compliance Findings

None reported

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2020

Prepared by Management of
Billings Public Schools

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Billings Public Schools - Summary Schedule of Prior Audit Findings

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>Status:</i> | Additional training has been completed, and review has been implemented. |

END OF REPORT