

CAFR

Comprehensive Annual Financial Report FY18

July 1st 2017 through June 30th 2018



415 North 30th Street, Billings, Montana 59101
billingschools.org

BILLINGS SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018

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 2017-2018

Elementary and High School
Single Member District

1	Tanya Ludwig	Trustee
2	Janna Hafer	Trustee
3	Dr. Greta Besch Moen	Trustee, Chair
4	Joseph Raffiani	Trustee, Vice Chair
5	Bruce MacIntyre	Trustee
6	Mike Leo	Trustee
7	Joseph Oravec Brian Yates	Trustee (May 2016-June 2018)

High School
Nominating District

A	Gordon Klasna TBD	Trustee (May 2015-June 2018)
B	Russell Hall	Trustee

OFFICIALS

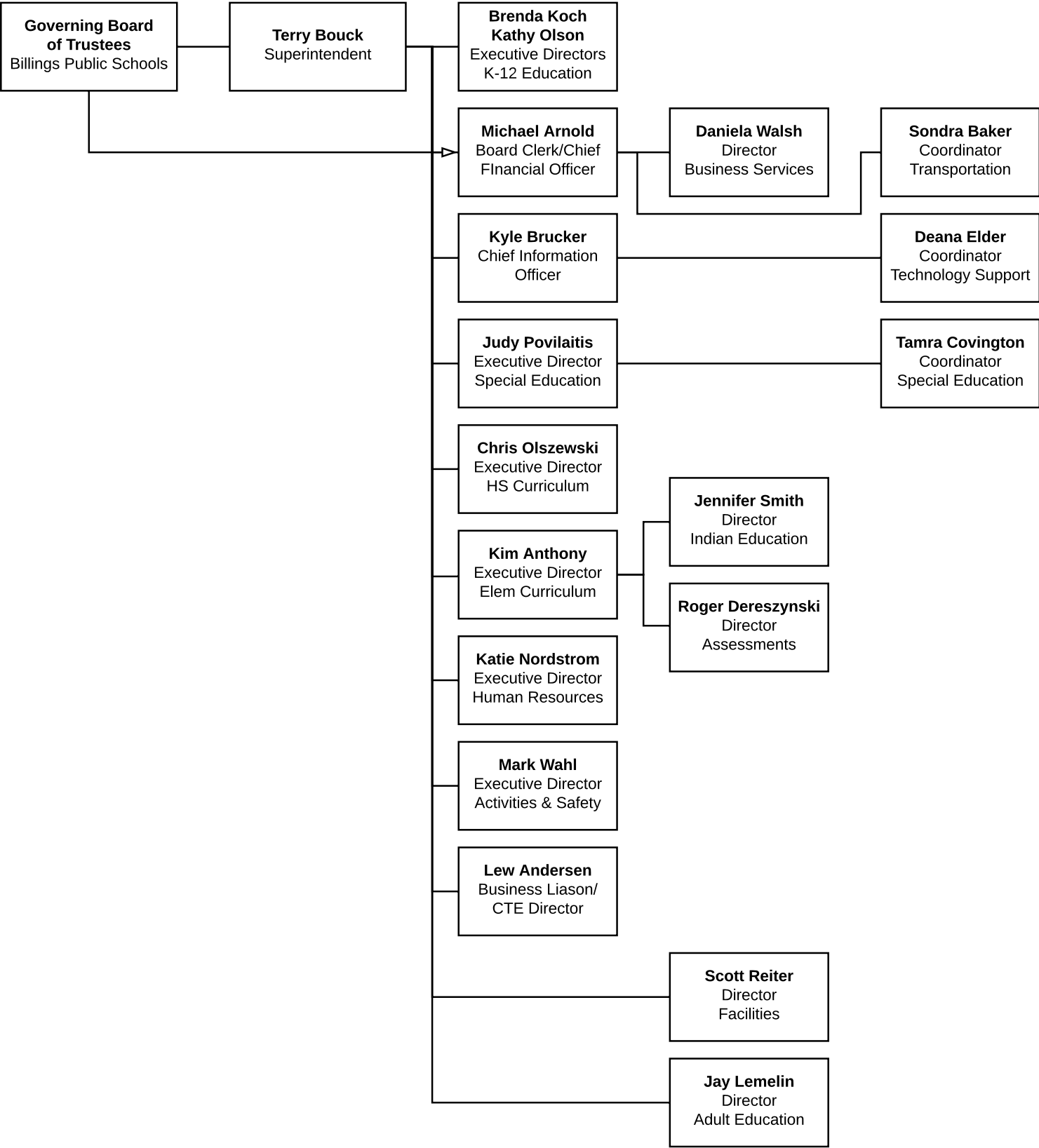
Terry Nelsen Bouck	Superintendent (june 2018)
Michael Arnold	District Clerk

Elementary Single Member District Area:

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

High School District Area:

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



December 17, 2018

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 (CAFR) for Billings Public Schools for the fiscal year ended June 30, 2018. 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 2018.

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, 2018. The auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE DISTRICT

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

The school system is a public entity under the authority of the state of Montana. The Elementary District No. 2 and High School District No. 2 are separate legal entities that make up one independent reporting entity within the criteria established in section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

The Elementary District is governed by a board of seven trustees elected by the voters of single member districts of the Billings Elementary District. The High School District is governed by a board of nine trustees that include the seven Elementary District trustees and two additional trustees elected by voters in the other elementary districts. The superintendent, who acts as chief administrative officer, is selected by the board of trustees. Terry Nelsen Bouck was hired on July 1, 2012 and served as the superintendent during the period examined in this report. Mr. Bouck announced his retirement in September 2017, effective at the end of the school year. The search for a new superintendent concluded in May 2018 with the hiring of Greg Upham. 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 16,000 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. A student population bubble on target to graduate in 2021 and 2022 has passed through the elementary schools and has now entered the high schools, causing over-crowding issues. The Career Center, which serves in preparing students for career ready jobs out of high school, is also in need of substantial renovations and new construction.

The Billings Education Foundation and the various parent organizations are separate legal entities. The impacts of these individual entities are considered immaterial to the overall financial status of the district and, as such, are not included in these financial statements. The State of Montana does not provide for Public Charter schools as of yet, but we do have private schools. It is the goal of the school district to work with all schools in the area to be sure that all student's academic achievements are 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 - 2017. The awards are valid for a period of one year only. We believe our current report continues to conform to the GFOA and ASBO requirements, and we will submit it for determination of its eligibility for a renewed award.

Acknowledgements

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

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

Respectfully Submitted,

Greg Upham
Superintendent

Craig Van Nice
Chief Financial Officer

Daniela Walsh
Director 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, 2017

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Billings Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Notes 1 and 4 to the financial statements, Billings Public Schools has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedules of changes in total pension liability and total pension liability, schedule of proportionate share of the net pension liability teachers and public employees retirement system of Montana, and schedule of contributions teachers and public employees retirement systems of Montana on pages 14 through 21 and 56 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 inquiries 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 December 13, 2018 on 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 cursive script that reads "Eide Bailly LLP".

Billings, Montana
December 13, 2018

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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, 2018. 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 \$.9 million (from 2017 to 2018) to \$186.3 million. This represents a .5% increase over the prior year.
- Governmental activity expenses increased \$11 million over 2017 to \$190 million. This represents a 6.2% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$57 million, a decrease of \$8 million over the prior year, mainly due to the construction of a new middle school.
- General fund reserves decreased \$1.9 million.
- The 2018 general fund expenditure budget was \$119 million, an increase of \$2.8 million or 2.4% over the prior year.
- In fiscal 2016 \$33 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 building or 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.
- *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

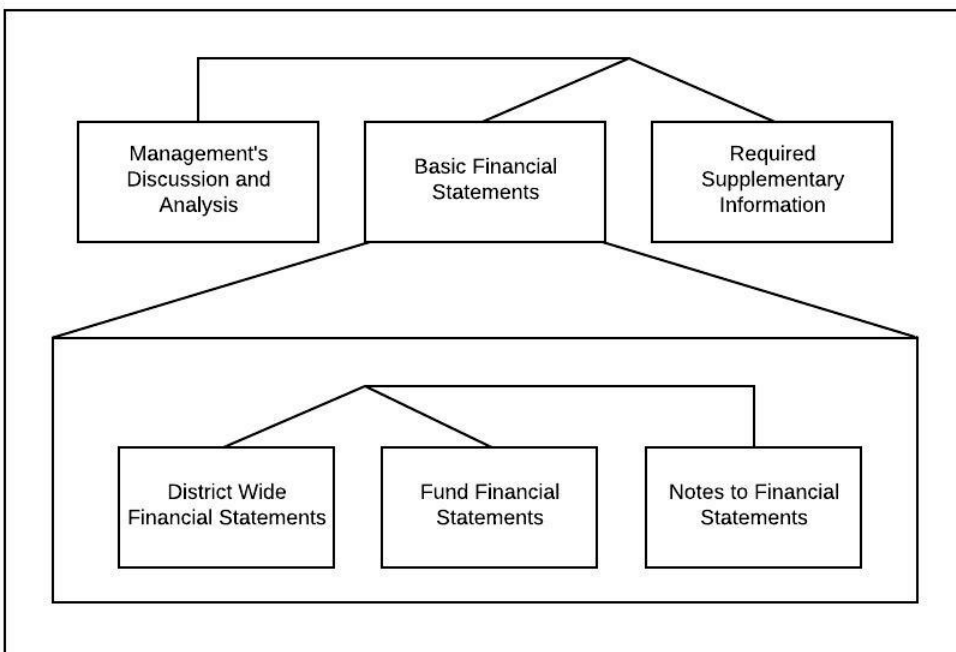


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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 22 and 23) 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 24 and 26) 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 27 and 27, 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 28, 29 and 30 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:	2018	2017
Current and other assets	\$ 71,036,309	\$ 81,305,028
Capital assets	185,206,012	182,169,169
Total assets	256,242,321	263,474,197
Deferred outflows of resources	17,032,292	21,823,556
Other liabilities	5,002,312	6,546,364
Long-term liabilities outstanding	328,011,380	332,719,395
Total Liabilities	333,013,692	339,265,759
Deferred inflows of resources	3,821,009	2,572,140
Net Position:		
Net investment in capital assets	51,101,069	51,818,256
Restricted	18,731,717	18,713,270
Unrestricted	(133,392,874)	(127,071,672)
Total net position	\$ (63,560,088)	\$ (56,540,146)

Due to the implementation of GASB Statement No. 75 in the current year, figures may not be comparable to the prior year for some areas of the financial statements.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CHANGE IN NET POSITION:	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,053,271	\$ 3,009,944
Operating grants and contributions	34,920,643	36,670,029
Capital grants and contributions	320,499	422,990
General revenues:		
Taxes	58,103,653	54,492,742
State sources	69,667,229	71,535,542
County sources	17,735,249	17,154,480
Interest	872,224	735,757
Contributions and donations	528,760	667,437
Miscellaneous	1,083,140	746,367
Total revenues	<u>186,284,668</u>	<u>185,435,288</u>
Expenses:		
Instruction	111,758,344	105,539,862
Support services:		
Students	14,041,977	13,901,843
Instructional staff	10,138,104	8,520,641
General administration	1,964,370	2,255,636
Administration	11,915,815	11,154,175
Business	2,528,926	2,330,041
Operation and maintenance	15,707,111	14,026,596
Student transportation	6,674,494	6,126,048
Food services	6,728,995	6,536,691
Extracurricular	3,180,993	3,073,078
Interest on long-term debt	5,424,464	5,536,184
Total expenses	<u>190,063,593</u>	<u>179,000,795</u>
Change in net position	(3,778,925)	6,434,493
Net position, beginning	(56,540,146)	(35,343,727)
Prior period adjustment - GASB		
Statement No.'s 75 (2018) and 73 (2017)	<u>(3,241,017)</u>	<u>(27,630,912)</u>
Net position, ending	<u>(63,560,088)</u>	<u>(56,540,146)</u>

Due to the implementation of GASB Statement No. 75 in the current year, figures may not be comparable to the prior year for some areas of the financial statements.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the district's net position and changes in net position. The 2018 expenses exceeded revenues by \$3.8 million.

	2018	2017
Revenues	\$ 186,284,668	\$ 185,435,288
Expenses	190,063,593	179,000,795
Change in net position	<u>\$ (3,778,925)</u>	<u>\$ 6,434,493</u>

In 2018, net position (deficit) decreased \$7 million. Net position (deficit) decreased \$3.8 million from operations and decreased \$3.2 million due to a prior period adjustment related to the implementation of GASB Statement No. 75.

	2018	2017	Change
Net investment in capital assets	\$ 51,101,069	\$ 51,818,256	\$ (717,187)
Restricted	18,731,717	18,713,270	18,447
Unrestricted	<u>(133,392,874)</u>	<u>(127,071,672)</u>	<u>(6,321,202)</u>
Total net position (deficit)	<u>\$ (63,560,088)</u>	<u>\$ (56,540,146)</u>	<u>\$ (7,019,942)</u>

The largest portion of the district's net position (\$51.1 million) is capital assets which include investments in land, buildings, equipment, and improvements less any outstanding debt used to acquire the assets. Most of these capital assets do not generate revenue and instead generate future liabilities because of the associated maintenance costs. Under state law the facilities and equipment which are used to provide services to students and the community can only be sold if the asset is declared to be surplus property. Future funding to complete the required maintenance of assets and to retire the remaining debt related to acquisition of these assets must be provided from unreserved amounts from the district's different funding sources. The district issued \$33 million in voter approved bonds in 2016 to build a new middle school and to address a portion of deferred maintenance costs. Due to bond related projects, the district has reduced its estimated deferred maintenance costs to approximately \$73 million.

The 2018 net position restricted for debt service and other purposes totaling \$18.7 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 \$133 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 2018 was \$65 million. The liability is funded on a pay-as-you-go basis rather than an actuarial basis with the reasonable expectation that projected benefits disbursements will increase substantially. The financial statement amortization of this liability disregards the average number of years before retirement of the district's employees. The district's retirement plans may be unsustainable at current benefit levels. The district will need to address the sustainability of these benefits programs.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant sources of funds. To be reported as a major fund, total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of an individual fund must contribute at least 10 percent of the corresponding total (assets, liabilities, etc.) for all funds. Individual funds are generally allocated or designated for special purposes and in some instances have a mix of restricted, committed, assigned and unassigned fund balances. The fund balances for 2017 were \$65.2 million, while 2018 totals were \$57 million. The major funds were the general, elementary miscellaneous programs, and elementary building funds. The general fund fund balance decreased by \$1.9 million mainly due to a new curriculum adoption and capital projects. The elementary miscellaneous programs fund fund balance increased \$891,923 due to indirect cost, MAC, Medicaid, and ECI revenues exceeding expenditures. The elementary building fund fund balance decreased by \$8.3 million due to bond proceeds being spent on deferred maintenance and construction of a new middle school.

The combined fund balance for all funds decreased by \$8.2 million in 2018.

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 Board did not adopt any budget amendments during 2018.

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 \$15.7 million, a decrease of \$1.9 million over the prior year.

The table below summarizes actual general fund revenues and expenditures for 2018 and 2017. Revenue increased by 2.2% due to a combination of legislative changes in state funding and state mandated inflationary increases which were supported with local tax increases.

A major portion of the 4.7% increase in expenditures was due to increased employment costs. The district also receives an annual increase in budget authority as per state law, which is used to fund increased employment and instructional expenses.

	2018	2017	Change
Revenues:			
Property taxes	\$ 39,050,117	\$ 33,306,466	\$ 5,743,651
State aid	69,043,951	64,607,369	4,436,582
State other	13,577,674	21,154,679	(7,577,005)
Tuition	336,731	330,996	5,735
Interest	148,107	119,463	28,644
Total revenues	<u>\$ 122,156,580</u>	<u>\$ 119,518,973</u>	<u>\$ 2,637,607</u>
Expenditures			
Instruction	\$ 79,163,807	\$ 76,287,523	\$ 2,876,284
Support Services			
Students	7,492,513	7,423,399	69,114
Instructional staff	7,384,705	6,372,883	1,011,822
General administration	1,894,009	1,808,934	85,075
School administration	9,289,126	8,845,283	443,843
Business services	1,683,725	1,685,627	(1,902)
Operation and maintenance	13,200,719	12,300,559	900,160
Student transportation	118,420	47,659	70,761
Food services	1,140	59,846	(58,706)
Extracurricular	2,633,238	2,582,254	50,984
Capital outlay	1,068,645	925,201	143,444
Debt service	84,800	84,250	550
Total expenditures	<u>\$ 124,014,847</u>	<u>\$ 118,423,418</u>	<u>\$ 5,591,429</u>

There were no significant budget and actual General fund revenue or expenditure variances in 2018.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The district's 2018 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, 2018 of \$2.6 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, 2018 and 2017. The district had \$185.2 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.

	2018	2017	Change
Land	\$ 4,659,721	\$ 4,659,721	\$ -
Construction in progress	2,580,206	27,557,139	(24,976,933)
Improvements other than buildings	3,543,613	3,242,378	301,235
Buildings and improvements	167,751,138	143,175,231	24,575,907
Machinery and equipment	6,671,334	3,533,700	3,137,634
Total	\$ 185,206,012	\$ 182,168,169	\$ 3,037,843

Debt Administration – A summary of the district's outstanding long-term debt for the years ended June 30, 2018 and 2017 is presented below:

	2018	2017	Change
General obligation bonds	\$ 127,689,502	\$ 131,839,502	\$ (4,150,000)
Limited obligation bonds	-	84,250	(84,250)
Premium	10,908,041	11,580,644	(672,603)
Total bonds	138,597,543	143,504,396	(4,906,853)
Capital leases	536,276	-	536,276
Compensated absences Pension related debt	10,504,359	10,394,586	109,773
Other postemployment benefits	160,481,598	164,013,413	(3,531,815)
	17,891,604	14,807,000	3,084,604
Total	\$ 328,011,380	\$ 332,719,395	\$ (4,708,015)

At year-end, the district had \$138.6 million in outstanding bonds. The current portion, which is due within one year, is equal to \$4.4 million. The remainder of the Billings Public School's long-term obligations is comprised of pension related debt and OPEB.

Under current state statutes, a district's general obligation bonded debt issuances are subject to a legal limitation based on taxable value. As of June 30, 2018, the district's total debt outstanding was well below the legal limit of \$879 million. The district has a AA- rating from Standard & Poor's Ratings Services for general obligation debt and a Aa3 from Moody's Investor Service.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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BILLINGS PUBLIC SCHOOLS

STATEMENT OF NET POSITION

June 30, 2018

ASSETS

Cash and cash equivalents	\$ 68,117,536
Receivables:	
Property taxes, net	980,947
Governments	990,449
Other	837,189
Prepays	110,188
Capital assets not being depreciated-land and construction in progress	7,239,927
Capital assets, net of accumulated depreciation	<u>177,966,085</u>
 Total assets	 <u>256,242,321</u>

DEFERRED OUTFLOWS OF RESOURCES

Teachers' and public employees' retirement systems pension plans	<u>17,032,292</u>
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LIABILITIES

Accounts payable and accrued expenses	4,755,561
Accrued interest payable	246,751
Noncurrent liabilities:	
Due within one year:	
Bonds and capital leases	4,416,081
Compensated absences	1,050,436
Due in more than one year:	
Bonds and capital leases	134,717,738
Compensated absences	9,453,923
Total other postemployment benefits liability	17,891,604
Total pension liability-service credit and termination pay benefits payable	37,026,494
Net pension liability-teachers' and public employees' retirement systems	<u>123,455,104</u>
 Total liabilities	 <u>333,013,692</u>

DEFERRED INFLOWS OF RESOURCES

Service credit and termination pay benefits pension plan	1,757,175
Teachers' and public employees' retirement systems pension plans	1,468,863
Other postemployment benefits	<u>594,971</u>
 Total deferred inflows of resources	 <u>3,821,009</u>

NET POSITION (DEFICIT)

Net investment in capital assets	51,101,069
Restricted for:	
Instruction	7,413,113
Support services:	
Students	3,087
School administration	120,170
Business services	6,058
Operation and maintenance	1,153,081
Student transportation	442,469
Food services	9,759
Debt service	9,583,980
Unrestricted	<u>(133,392,874)</u>
 Total net position (deficit)	 <u>\$ (63,560,088)</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 111,758,344	\$ 906,861	\$ 21,148,205	\$ -	\$ (89,703,278)
Support services:					
Students	14,041,977	-	5,352,396	-	(8,689,581)
Instructional staff	10,138,104	-	428,532	-	(9,709,572)
General administration	1,964,370	-	12,785	-	(1,951,585)
School administration	11,915,815	-	728,969	-	(11,186,846)
Business services	2,528,926	-	47,187	-	(2,481,739)
Operation and maintenance	15,707,111	57,945	155,566	-	(15,493,600)
Student transportation	6,674,494	56,946	1,529,430	-	(5,088,118)
Food services	6,728,995	2,031,519	4,440,678	-	(256,798)
Extracurricular	3,180,993	-	57,165	320,499	(2,803,329)
Interest	5,424,464	-	1,019,730	-	(4,404,734)
Total	190,063,593	3,053,271	34,920,643	320,499	(151,769,180)
General revenues:					
Property taxes					58,103,653
Intergovernmental:					
State aid					69,043,951
State other					623,278
County					17,735,249
Interest					872,224
Contributions and donations not restricted for specific programs					528,760
Miscellaneous					1,082,835
Gain on disposal of capital assets					305
Total general revenues					147,990,255
Change in net position					(3,778,925)
Net position (deficit) - beginning					(56,540,146)
Prior period adjustment (Note 4)					(3,241,017)
Net position (deficit) - ending					<u>\$ (63,560,088)</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	General	Elementary Miscellaneous Programs	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 16,291,325	\$ 7,836,896	\$ 8,768,179	\$ 24,581,599	\$ 57,477,999
Receivables:					
Property taxes, net	660,051	-	-	320,896	980,947
Governments	-	645,983	-	344,466	990,449
Other	228,875	-	2,612	36,093	267,580
Prepaid items	8,650	-	-	-	8,650
Total assets	<u>\$ 17,188,901</u>	<u>\$ 8,482,879</u>	<u>\$ 8,770,791</u>	<u>\$ 25,283,054</u>	<u>\$ 59,725,625</u>
LIABILITIES					
Accounts payable	<u>\$ 1,264,300</u>	<u>\$ 261,407</u>	<u>\$ 498,659</u>	<u>\$ 508,220</u>	<u>\$ 2,532,586</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>196,715</u>	<u>-</u>	<u>-</u>	<u>69,578</u>	<u>266,293</u>
FUND BALANCES					
Nonspendable	8,650	-	-	-	8,650
Restricted	-	57,278	5,028,876	18,851,612	23,937,766
Committed	-	-	-	5,065,484	5,065,484
Assigned	165,846	8,164,194	3,243,256	788,160	12,361,456
Unassigned	<u>15,553,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,553,390</u>
Total fund balances	<u>15,727,886</u>	<u>8,221,472</u>	<u>8,272,132</u>	<u>24,705,256</u>	<u>56,926,746</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,188,901</u>	<u>\$ 8,482,879</u>	<u>\$ 8,770,791</u>	<u>\$ 25,283,054</u>	<u>\$ 59,725,625</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, 2018

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

Total fund balances, governmental funds	\$ 56,926,746
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	185,206,012
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	266,293
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	17,032,292
Deferred inflows of resources related to pensions	(3,226,038)
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.	(9,445,737)
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	(127,689,502)
Capital leases	(536,276)
Issuance premium (to be amortized over life of debt)	(10,908,041)
Compensated absences	(10,457,488)
Accrued interest payable	(246,751)
Total pension liability - service credit and termination pay benefits	(37,026,494)
Net pension liability-teachers' and public employees' retirement systems	(123,455,104)
Net position (deficit) of governmental activities	<u>\$ (63,560,088)</u>

BILLINGS PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General	Elementary Miscellaneous Programs	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 39,050,117	\$ -	\$ -	\$ 20,637,938	\$ 59,688,055
Intergovernmental:					
County	-	-	-	18,550,708	18,550,708
State aid	69,043,951	-	-	-	69,043,951
State other	13,577,674	4,225,734	-	1,602,433	19,405,841
Federal	-	9,391,796	-	5,920,315	15,312,111
Tuition	336,731	-	-	-	336,731
Charges for services	-	-	34,026	2,682,514	2,716,540
Interest	148,107	128,539	163,157	305,313	745,116
Miscellaneous	-	450,238	6,791	1,165,076	1,622,105
Total revenues	<u>122,156,580</u>	<u>14,196,307</u>	<u>203,974</u>	<u>50,864,297</u>	<u>187,421,158</u>
EXPENDITURES					
Current:					
Instruction	79,163,807	8,153,264	9,792	18,192,666	105,519,529
Support services:					
Students	7,492,513	4,053,291	-	1,934,416	13,480,220
Instructional staff	7,384,705	356,593	-	2,050,797	9,792,095
General administration	1,894,009	-	-	57,186	1,951,195
School administration	9,289,126	258,610	-	2,113,486	11,661,222
Business services	1,683,725	445,739	7,874	281,080	2,418,418
Operation and maintenance	13,200,719	24,361	641,331	1,228,957	15,095,368
Student transportation	118,420	7,091	-	6,477,502	6,603,013
Food services	1,140	-	-	6,524,892	6,526,032
Extracurricular	2,633,238	-	-	327,965	2,961,203
Capital outlay	1,068,645	5,435	7,875,074	361,725	9,310,879
Debt service:					
Principal	84,250	-	-	4,150,000	4,234,250
Interest and other charges	550	-	-	6,092,374	6,092,924
Total expenditures	<u>124,014,847</u>	<u>13,304,384</u>	<u>8,534,071</u>	<u>49,793,046</u>	<u>195,646,348</u>
Net change in fund balances	(1,858,267)	891,923	(8,330,097)	1,071,251	(8,225,190)
Fund balances - beginning	<u>17,586,153</u>	<u>7,329,549</u>	<u>16,602,229</u>	<u>23,634,005</u>	<u>65,151,936</u>
Fund balances - ending	<u>\$ 15,727,886</u>	<u>\$ 8,221,472</u>	<u>\$ 8,272,132</u>	<u>\$ 24,705,256</u>	<u>\$ 56,926,746</u>

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, 2018

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

Net change in fund balances - total governmental funds	\$ (8,225,190)
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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 capital outlay (\$9,310,879) exceeded depreciation (\$7,120,056) in the current period.	2,190,823
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The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position.	320,804
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(1,584,402)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of these transactions follows:

Amortization of premium on long-term debt issued	672,603
Repayment of principal on long-term debt	4,234,250

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	6,917
Interest expense on capital lease	(11,060)
Pension expense-service credit and termination pay benefits	(569,709)
Compensated absences	(112,258)
Pension expense-teachers' and public employees' retirement systems	(1,343,638)

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.

641,935

Change in net position of governmental activities	<u>\$ (3,778,925)</u>
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BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,639,537
Accounts receivable, net	569,609
Prepaid items	101,538
	<u>11,310,684</u>
Total current assets	
	<u>11,310,684</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,222,975
Compensated absences	4,687
	<u>2,227,662</u>
Total current liabilities	
	<u>2,227,662</u>
Noncurrent liabilities:	
Compensated absences	42,184
Total other postemployment benefits liability	17,891,604
	<u>17,933,788</u>
Total noncurrent liabilities	
	<u>17,933,788</u>
Total liabilities	
	<u>20,161,450</u>
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	594,971
	<u>594,971</u>
NET POSITION (DEFICIT)	
Unrestricted	(9,445,737)
	<u>(9,445,737)</u>
Total net position (deficit)	
	<u><u>\$ (9,445,737)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	<u>\$ 20,345,687</u>
Total operating revenues	<u>20,345,687</u>
OPERATING EXPENSES	
Personal services - salaries	322,021
Personal services - benefits	67,549
Purchased property services	80,263
Other purchased services	1,581,229
Supplies and materials	116,779
Insurance claims and expenses	17,644,019
Miscellaneous	<u>19,000</u>
Total operating expenses	<u>19,830,860</u>
Operating income	<u>514,827</u>
NONOPERATING REVENUES	
Interest revenue	<u>127,108</u>
Total nonoperating revenues	<u>127,108</u>
Change in net position	641,935
Net position (deficit) - beginning	(6,846,655)
Prior period adjustment	<u>(3,241,017)</u>
Net position (deficit) - ending	<u><u>\$ (9,445,737)</u></u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from health insurance premiums	\$ 19,922,206
Cash received from interfund services	422,892
Medical claims paid	(17,191,529)
Cash paid to employees health insurance services	(183,369)
Cash paid to employees interfund services	(208,954)
Cash paid to suppliers for goods and services health insurance services	(1,605,219)
Cash paid to suppliers for goods and services interfund services	(198,444)
Net cash provided by operating activities	<u>957,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>127,108</u>
Net cash provided by investing activities	<u>127,108</u>
Change in cash and cash equivalents	1,084,691
Cash and cash equivalents - beginning	<u>9,554,846</u>
Cash and cash equivalents - ending	<u><u>\$ 10,639,537</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 514,827
Adjustment to reconcile operating income to net cash provided by operating activities:	
Other post-employment benefits	438,558
Increase in accounts receivable	(243,303)
Increase in prepaid items	(1,257)
Decrease in accounts payable	251,243
Increase in compensated absences	(2,485)
Net cash provided by operating activities	<u><u>\$ 957,583</u></u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,383,934	\$ 6,415,284
Other receivables	235	-
Total assets	<u>2,384,169</u>	<u>6,415,284</u>
LIABILITIES		
Accounts payable	<u>48,979</u>	<u>6,415,284</u>
NET POSITION		
Net position held in trust	<u>\$ 2,335,190</u>	<u>\$ -</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2018

	Private Purpose Trust Fund- Extracurricular
ADDITIONS	
Contributions:	
Student extracurricular activities	<u>\$ 3,492,153</u>
Investment earnings:	
Interest	<u>29,226</u>
Total additions	<u>3,521,379</u>
DEDUCTIONS	
Student extracurricular activities	<u>3,632,046</u>
Change in net position	(110,667)
Net position - beginning	<u>2,445,857</u>
Net position - ending	<u><u>\$ 2,335,190</u></u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The district adopted the provisions of GASB Statement No. 75;

As of July 1, 2017, the district adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position and the additional disclosures required by this standard are disclosed in Note 4.

The district's significant accounting policies are described below.

Reporting Entity

The district was established under Montana law to provide educational services below the college and university level to residents of the district. The district consists of two legally separate entities: an elementary district and a high school district. Both are managed by a central Board of Trustees and by a central administration appointed by and responsible to the Board. The Board of Trustees annually adopts a procedure committing fund balance resources in accordance with GASB Statement No. 54.

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as

well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the district.

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

The district reports the following major governmental funds:

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

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

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

Additionally, the district reports the following fund types:

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

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

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

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

Cash and Investments

Cash and investments, except amounts in the extracurricular funds, the flexible benefits fund and the petty cash accounts, are held by the County Treasurer. The County Treasurer invests the District's cash at the direction of the government as required by state statute. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value basis versus amortized cost.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The government had no nonrecurring fair value measurements. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Receivables

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 6 percent of the outstanding balance at June 30, 2018. The allowance at June 30, 2018, was \$62,613.

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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Inventories and Prepaids

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

Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

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

Collections Not Capitalized

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

Compensated Absences

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

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

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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 criterion for this category: pension plans and other postemployment benefits.

Net Position

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Miscellaneous Revenue

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

Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The health insurance fund, an internal service fund, had a deficit net position of \$9,807,605 as of June 30, 2018. 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, 2018, 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, 2018 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, 2018, were as follows:

	Vendors	Salaries and Benefits	Claims incurred but not reported	Total
General	\$ 726,898	\$ 537,402	\$ -	\$ 1,264,300
Elementary miscellaneous programs	226,148	35,259	-	261,407
Elementary building	488,623	10,036	-	498,659
Internal service funds	40,421	8,178	2,174,376	2,222,975
Nonmajor governmental funds	264,539	243,681	-	508,220
	<u>\$ 1,746,629</u>	<u>\$ 834,556</u>	<u>\$ 2,174,376</u>	<u>\$ 4,755,561</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 4,659,721	\$ -	\$ -	\$ 4,659,721
Construction in progress	27,557,139	2,580,206	(27,557,139)	2,580,206
Total capital assets, not being depreciated	<u>32,216,860</u>	<u>2,580,206</u>	<u>(27,557,139)</u>	<u>7,239,927</u>
Capital assets, being depreciated:				
Buildings/improvements	199,696,016	30,723,340	-	230,419,356
Improvements other than buildings	3,989,581	517,316	-	4,506,897
Machinery and equipment	12,467,360	3,899,856	(17,056)	16,350,160
Total capital assets, being depreciated	<u>216,152,957</u>	<u>35,140,512</u>	<u>(17,056)</u>	<u>251,276,413</u>
Less accumulated depreciation for:				
Buildings/improvements	(56,519,785)	(6,148,433)	-	(62,668,218)
Improvements other than buildings	(747,203)	(216,081)	-	(963,284)
Machinery and equipment	(8,933,660)	(755,542)	10,376	(9,678,826)
Total accumulated depreciation	<u>(66,200,648)</u>	<u>(7,120,056)</u>	<u>10,376</u>	<u>(73,310,328)</u>
Total capital assets, being depreciated, net	<u>149,952,309</u>	<u>28,020,456</u>	<u>(6,680)</u>	<u>177,966,085</u>
Total capital assets, net	<u>\$ 182,169,169</u>	<u>\$ 30,600,662</u>	<u>\$ (27,563,819)</u>	<u>\$ 185,206,012</u>

Depreciation expense was charged to district activities as follows:

Instruction	\$ 5,548,190
Support services-students	506,928
Support services-instructional staff	227,257
Support services-general administration	15,090
Support services-administration	108,464
Support services-business	22,083
Operation and maintenance	285,753
Student transportation	7,018
Food services	197,676
Extracurricular	201,597
	<u>\$ 7,120,056</u>

Long-Term Debt

During the year ended June 30, 2018, the following changes occurred in long-term debt:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 131,839,502	\$ -	\$ (4,150,000)	\$ 127,689,502	\$ 4,315,000
Limited obligation bonds	84,250	-	(84,250)	-	-
Premium	11,580,644	-	(672,603)	10,908,041	-
Total bonds payable	<u>143,504,396</u>	<u>-</u>	<u>(4,906,853)</u>	<u>138,597,543</u>	<u>4,315,000</u>
Capital leases	-	759,178	(222,902)	536,276	101,081
Compensated absences	<u>10,394,586</u>	<u>9,645,007</u>	<u>(9,535,234)</u>	<u>10,504,359</u>	<u>1,050,436</u>

A substantial portion of compensated absences and the service credit and termination pay benefits are paid from the General fund. The OPEB obligation is paid from the Health Insurance fund, an internal service fund.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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>(63,265)</u>
	<u>\$ 695,913</u>

The future minimum lease obligations and the present value of these minimum lease payments, as of June 30, 2018, are as follows:

	<u>Year ending June 30,</u>	
	2019	\$ 116,981
	2020	116,981
	2021	116,981
	2022	116,981
	2023	<u>116,982</u>
Total minimum lease payments		584,906
Less: amount representing interest		<u>(48,630)</u>
Present value of minimum lease payments		<u>\$ 536,276</u>

General Obligation Bonds

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

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

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

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

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

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

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

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

Year ending June 30,	General Obligation Bonds	
	Principal	Interest
2019	\$ 4,315,000	\$ 5,922,024
2020	4,505,000	5,730,574
2021	4,720,000	5,518,124
2022	4,890,000	5,348,074
2023	5,135,000	5,103,574
2024-2028	41,500,000	21,034,170
2029-2033	51,504,502	10,043,221
2034-2035	11,120,000	606,850
	<u>\$ 127,689,502</u>	<u>\$ 59,306,611</u>

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Fund Balances

As of June 30, 2018, fund balances are comprised of the following:

	General Fund	Elementary Miscellaneous Programs	Elementary Building Fund	Total Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 8,650	\$ -	\$ -	\$ -	\$ 8,650
Restricted:					
Instruction	-	54,191	-	7,337,696	7,391,887
Support services:					
Students	-	3,087	-	-	3,087
School administration	-	-	-	120,170	120,170
Business services	-	-	-	6,058	6,058
Operation and maintenance	-	-	-	1,153,081	1,153,081
Student transportation	-	-	-	421,697	421,697
Food services	-	-	-	9,759	9,759
Capital projects	-	-	5,028,876	-	5,028,876
Debt service	-	-	-	9,803,151	9,803,151
Committed:					
Instruction	-	-	-	2,945,423	2,945,423
Support services:					
Students	-	-	-	2,079,195	2,079,195
Operation and maintenance	-	-	-	228	228
Community services	-	-	-	40,638	40,638
Assigned:					
Instruction	50,907	4,188,184	-	91,649	4,330,740
Support services:					
Students	-	1,120,024	-	-	1,120,024
Instructional staff	41,791	1,590,581	-	-	1,632,372
General administration	-	701,716	-	-	701,716
School administration	-	153,226	-	-	153,226
Business services	4,625	392,436	9,821	229,849	636,731
Operation and maintenance	54,673	18,027	3,233,435	466,662	3,772,797
Capital projects	13,850	-	-	-	13,850
Unassigned	15,553,390	-	-	-	15,553,390
	<u>\$ 15,727,886</u>	<u>\$ 8,221,472</u>	<u>\$ 8,272,132</u>	<u>\$ 24,705,256</u>	<u>\$ 56,926,746</u>

NOTE 4. OTHER INFORMATION

Risk Management

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

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Self-Insurance

During the year ended June 30, 2018, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$735 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 \$175,000.

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, 2018, 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 2018 and 2017 were:

Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2,004,695	15,599,092	(15,699,092)	1,904,695
1,904,695	17,461,210	(17,191,529)	2,174,376

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$165,846, primarily for construction projects, equipment and supplies. The following schedule displays encumbrances for the general fund and nonmajor funds in the aggregate.

	General Fund
Assigned:	
Instruction	50,907
Support services:	
Instructional staff	41,791
Business services	4,625
Operation and maintenance	54,673
Capital outlay	13,850
	<u>\$ 165,846</u>

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

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

Retirement Plans

Plan Descriptions

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

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

Pension Benefits

Teachers' Retirement System

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

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

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

Public Employees Retirement System

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

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

Plan members 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

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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, 2018, were required to contribute 8.15% of their earned compensation. TRS employers were required to contribute 8.87% 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 8.2% of each member's compensation. This was temporarily increased from 6.9% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions terminates 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. Effective July 1, 2013, contributions are also made to the system from the Coal Tax Fund. 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, 2018, the district recorded a liability of \$103,545,175 (TRS) and \$19,909,929 (PERS) for its proportionate share of the net pension liability.

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

	Net Pension Liability June 30, 2018	
	TRS	PERS
Employer proportionate share	\$ 103,545,175	\$ 19,909,929
State of Montana proportionate share associated with employer	65,725,830	949,347
Total	<u>\$ 169,271,005</u>	<u>\$ 20,859,276</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 for TRS and June 30, 2016 for PERS. The district's proportion of the net pension liability was based on the district's contributions received by TRS and PERS during the measurement period July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all TRS and PERS participating employers. At June 30, 2018, the district's proportion was 6.1412 and 1.0223 percent for TRS and PERS, respectively.

For the year ended June 30, 2018, the district recognized \$9,486,338 (TRS) and \$2,048,663 (PERS) for its proportionate share of the pension expense. The district also recognized grant revenue of \$3,234,401 (TRS) and \$335,427 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the district. Total pension expense recognized was \$12,720,739 and \$2,384,090 for TRS and PERS, respectively.

At June 30, 2018, the district 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	\$ 380,800	\$ 154,807	\$ 490,319	\$ 28,818
Changes in actuarial assumptions	-	432,889	-	133,716
Difference between projected and actual investment earnings	-	409,769	2,721,479	-
Changes in the proportion and differences between actual and expected contributions	3,196,288	-	-	308,864
Employer contributions subsequent to measurement date	9,059,455	-	1,183,951	-
	<u>\$ 12,636,543</u>	<u>\$ 997,465</u>	<u>\$ 4,395,749</u>	<u>\$ 471,398</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the district's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	TRS	PERS
2019	\$ (157,601)	\$ 577,324
2020	3,111,996	1,431,746
2021	1,452,805	1,155,104
2022	(1,827,579)	(423,774)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

TRS	
Investment rate of return, net of investment and administrative expenses	7.75%
Salary increases	4.00%
Inflation	3.25%

Mortality rates for the TRS retirement plan were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB. Mortality rates for the PERS retirement plan is based on the RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with 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 2008 through 2013, is outlined in a report dated May 1, 2014, 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 a log-normal distribution 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 June 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

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allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the TRS' and PERS' target asset allocation as of June 30, 2017, 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	-	-	2.6%	0.10%
Domestic equity	36.0%	1.73%	36.0%	1.64%
Foreign equity	18.0%	1.09%	18.0%	1.14%
Fixed income	23.4%	0.35%	23.4%	0.23%
Private equity	12.0%	1.02%	12.0%	0.93%
Real estate	8.0%	0.24%	8.0%	0.32%
High yield bonds	2.6%	0.08%	-	-
	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

Teachers Retirement System

The discount rate used to measure the total pension liability was 7.75%. 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 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.

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 districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share of the TRS net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability-TRS	\$ 142,688,477	\$ 103,545,175	\$ 70,578,300

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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	\$ 28,997,110	\$ 19,909,929	\$ 12,281,929

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, 2017, there were 1,741 active employees in the Plan.

Plan Benefits

Following is a summary of Plan benefit provisions:

	<u>Service Credit</u>
Eligibility	10 Years of service with Billings Public Schools
Benefit	<p>A single amount is payable upon termination or retirement. The amount is dependent on the employee group; the number of years of service credit and the rate of pay</p> <p>BEA and Administrators: \$100 per year of service prior to June 30, 1986 plus 2 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.</p> <p>BCEA, MPEA and Administrative Support: 2 ½ days of pay for each full year of service.</p>
Rate of Pay	BEA and Administrators: Highest daily rate. BCEA, MPEA and Administrative Support: Most recent daily rate.
Form of Benefit	Lump sum upon termination.
Death Benefit	Full value of the service credit benefit as if the date of death had been the employee's date of termination.

TRS Option 1 Benefit

Eligibility	Employees who are eligible for retirement with TRS at 25 years of service or age 60 and 5 years of service for Normal Retirement, or age 50 and 5 years of service for Early Retirement.
Benefit	<p>TRS Employees may increase their monthly retirement benefit by including their Termination Pay (service credit, 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.</p> <p>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.</p>
Employee Cost	Termination Pay x Employee Rate x Total years of Creditable Service
Employer Cost	Termination Pay x Employee Rate x Total years of Creditable Service

Total Pension Liability

Following is the total pension liability:

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Service credit	\$ 16,229,698	\$ 16,463,334
Option 1	<u>20,612,521</u>	<u>20,563,160</u>
Total pension liability	<u>\$ 36,842,219</u>	<u>\$ 37,026,494</u>
Covered payroll	\$ 88,498,935	\$ 94,097,244
Total pension liability as a % of covered payroll	41.63%	39.35%

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

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

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

Discount rate	3.58%	3.87%
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BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Changes in the total pension liability were as follows:

Service cost	\$ 2,073,882
Interest on the total pension liability	1,346,429
Changes of assumptions	(600,187)
Benefits payments	<u>(2,635,849)</u>
Net change in total pension liability	184,275
Total pension liability - beginning of year	<u>36,842,219</u>
Total pension liability - end of year	<u><u>\$ 37,026,494</u></u>

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Salary increases	4% plus merit and longevity component based on years of service ranging from 4.51% for 1 year of service to 0.00% for 22 years of service and above.
Discount rate	3.87%
Mortality	For males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages 50 and below, 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 50 and below, set back two years, with mortality improvements projected by Scale BB to 2018

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 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.00% lower (2.87%) or 1.00% higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net pension liability-TRS	\$ 39,124,613	\$ 37,026,494	\$ 35,014,475

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

For the year ended June 30, 2018, Billings Public Schools recognized pension expense of \$3,205,558. At June 30, 2018, Billings Public Schools reported deferred inflows of resources from changes in assumptions of \$1,757,175.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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

Year ended June 30:	
2019	\$ (214,753)
2020	(214,753)
2021	(214,753)
2022	(214,753)
2023	(214,753)
Thereafter	(683,410)

Postemployment Health Insurance Benefits Plan (OPEB)

Plan Description

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

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

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

Benefits Provided

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

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

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

Total OPEB Liability

The total OPEB liability of \$17,891,604 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Changes in the total OPEB liability were as follows:

Total OPEB liability - beginning of year	<u>\$ 18,048,017</u>
Changes for the year:	
Service cost	493,247
Interest cost	704,950
Changes of assumptions	(703,610)
Benefit payments	<u>(651,000)</u>
Net change	<u>(156,413)</u>
Total OPEB liability - end of year	<u><u>\$ 17,891,604</u></u>

Actuarial Assumptions and Other Inputs

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

Inflation	3.00%
Salary increases	3.50%
Discount rate	3.58%
Healthcare cost trend rates	7.00% for 2018 decreasing 0.50% per year to an ultimate rate of 4.50% for 2023 and later years

Change of assumptions reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

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

The following presents the total OPEB liability calculated using the discount rate of 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.00% lower (2.87%) or 1.00% higher (4.87%) than the current rate.

	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Discount Rate</u> <u>(3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
Total OPEB liability	\$ 15,721,197	\$ 17,891,604	\$ 20,453,013

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 7.00%, 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 (6.00%) or 1.00% higher (8.00%) than the current healthcare cost trend rate.

	<u>1% Decrease</u> <u>(6% Decreasing</u> <u>to 3.5%)</u>	<u>Healthcare Cost</u> <u>Trend Rate</u> <u>(7% Decreasing</u> <u>to 4.5%)</u>	<u>1% Increase</u> <u>(8% Decreasing</u> <u>to 5.5%)</u>
Total OPEB liability	\$ 16,929,464	\$ 17,891,604	\$ 19,405,066

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

For the year ended June 30, 2018, Billings Public Schools recognized OPEB expense of \$1,089,558. At June 30, 2018, Billings Public Schools deferred inflows of resources from changes in assumptions of \$594,971.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

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

Year ended June 30:	
2018	\$ (108,639)
2019	(108,639)
2020	(108,639)
2021	(108,639)
2022	(108,639)
Thereafter	(51,776)

Restatement of Beginning Net Position

As of July 1, 2017, Billings Public Schools adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability as follows:

Net position (deficit) - June 30, 2017, as previously reported	\$ (56,540,146)
Remove OPEB liability previously reported under GASB statement No.45	\$ 14,807,000
Add total OPEB liability under GASB Statement No. 75	<u>(18,048,017)</u>
Net position (deficit) - July 1, 2017, as restated	<u>\$ (59,781,163)</u>

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

GASB Statement No. 75, Statement 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of GASB Statement No. 14. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues*—an amendment of GASB Statements No. 67, No. 68, and No. 73. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

GASB Statement No. 85, *Omnibus 2017*. The provisions of this Statement are effective for periods beginning after June 15, 2017

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REQUIRED SUPPLEMENTARY INFORMATION

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BILLINGS PUBLIC SCHOOLS

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

GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 39,330,666	\$ 39,330,666	\$ 39,050,117	\$ -	\$ 39,050,117
Intergovernmental:					
State aid	69,043,951	69,043,951	69,043,951	-	69,043,951
State other	10,361,167	10,361,167	10,007,846	3,569,828	13,577,674
Tuition	195,000	195,000	336,731	-	336,731
Interest	63,503	63,503	70,004	78,103	148,107
Total revenues	<u>118,994,287</u>	<u>118,994,287</u>	<u>118,508,649</u>	<u>3,647,931</u>	<u>122,156,580</u>
EXPENDITURES					
Current:					
Instructional	76,194,408	76,135,392	74,983,820	4,179,987	79,163,807
Support services:					
Students	7,381,564	7,453,841	7,233,008	259,505	7,492,513
Instructional staff	6,753,924	6,747,716	6,579,758	804,947	7,384,705
General administration	1,793,983	1,793,983	1,857,018	36,991	1,894,009
Administration	8,879,511	8,895,669	8,948,573	340,553	9,289,126
Business	1,697,913	1,697,938	1,617,146	66,579	1,683,725
Operation and maintenance	12,040,529	12,054,384	12,418,138	782,581	13,200,719
Student transportation	10,342	10,342	20,727	97,693	118,420
Food services	4,938	4,938	-	1,140	1,140
Extracurricular	2,602,233	2,602,233	2,576,073	57,165	2,633,238
Debt Service:					
Principal	85,784	84,950	84,250	-	84,250
Interest and other charges	550	550	550	-	550
Capital Outlay	1,399,744	1,363,487	166,062	902,583	1,068,645
Total expenditures	<u>118,845,423</u>	<u>118,845,423</u>	<u>116,485,123</u>	<u>7,529,724</u>	<u>124,014,847</u>
Excess (deficiency) of revenues over expenditures	<u>148,864</u>	<u>148,864</u>	<u>2,023,526</u>	<u>(3,881,793)</u>	<u>(1,858,267)</u>
OTHER FINANCING USES					
Transfers out	<u>(148,864)</u>	<u>(148,864)</u>	<u>(2,400,000)</u>	<u>2,400,000</u>	<u>-</u>
Total other financing uses	<u>(148,864)</u>	<u>(148,864)</u>	<u>(2,400,000)</u>	<u>2,400,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(376,474)</u>	<u>(1,481,793)</u>	<u>(1,858,267)</u>
Fund balances - beginning			10,445,873	7,140,280	17,586,153
Fund balances - ending			<u>\$ 10,069,399</u>	<u>\$ 5,658,487</u>	<u>\$ 15,727,886</u>

NOTES TO THE BUDGET AND ACTUAL SCHEDULES

State law requires budgets be prepared for certain funds - generally those supported by property tax revenues. Budgets are prepared on the modified accrual basis. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law. There were no general fund budget amendments during the year.

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

State law permits the inclusion of obligations (encumbrances) for construction in progress and the purchase of personal property as expenditures for budget purposes. The budget to GAAP differences consist of 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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 24,904,445	\$ 24,904,445	\$ 24,699,705	\$ -	\$ 24,699,705
Intergovernmental:					
State aid	45,326,389	45,326,389	45,326,389	-	45,326,389
State other	7,351,216	7,351,216	7,105,780	-	7,105,780
Tuition	170,000	170,000	306,210	-	306,210
Interest	35,601	35,601	28,448	13,326	41,774
Total revenues	<u>77,787,651</u>	<u>77,787,651</u>	<u>77,466,532</u>	<u>13,326</u>	<u>77,479,858</u>
EXPENDITURES					
Current:					
Instructional	52,112,554	52,039,750	51,604,167	1,548,510	53,152,677
Support services:					
Students	5,238,884	5,313,023	5,185,104	1,004	5,186,108
Instructional staff	4,376,396	4,374,330	4,333,900	274,628	4,608,528
General administration	1,142,091	1,142,091	1,191,371	24,206	1,215,577
Administration	5,635,812	5,652,485	5,611,124	77,013	5,688,137
Business	1,127,621	1,127,646	1,066,945	37,620	1,104,565
Operation and maintenance	7,168,841	7,180,091	7,794,780	44,935	7,839,715
Student transportation	10,342	10,342	17,695	3,547	21,242
Food services	3,292	3,292	-	-	-
Extracurricular	770,640	770,640	781,664	-	781,664
Debt Service:					
Principal	85,784	84,950	84,250	-	84,250
Interest and other charges	550	550	550	-	550
Capital Outlay	114,844	88,461	85,160	(12,134)	73,026
Total expenditures	<u>77,787,651</u>	<u>77,787,651</u>	<u>77,756,710</u>	<u>1,999,329</u>	<u>79,756,039</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(290,178)	(1,986,003)	(2,276,181)
Fund balances - beginning			6,271,990	2,923,838	9,195,828
Fund balances - ending			<u>\$ 5,981,812</u>	<u>\$ 937,835</u>	<u>\$ 6,919,647</u>

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 14,426,221	\$ 14,426,221	\$ 14,350,412	\$ -	\$ 14,350,412
Intergovernmental:					
State aid	23,717,562	23,717,562	23,717,562	-	23,717,562
State other	3,009,951	3,009,951	2,902,066	3,569,828	6,471,894
Tuition	25,000	25,000	30,521	-	30,521
Interest	27,902	27,902	41,556	64,777	106,333
Total revenues	41,206,636	41,206,636	41,042,117	3,634,605	44,676,722
EXPENDITURES					
Current:					
Instructional	24,081,854	24,095,642	23,379,653	2,631,477	26,011,130
Support services:					
Students	2,142,680	2,140,818	2,047,904	258,501	2,306,405
Instructional staff	2,377,528	2,373,386	2,245,858	530,319	2,776,177
General administration	651,892	651,892	665,647	12,785	678,432
Administration	3,243,699	3,243,184	3,337,449	263,540	3,600,989
Business	570,292	570,292	550,201	28,959	579,160
Operation and maintenance	4,871,688	4,874,293	4,623,358	737,646	5,361,004
Student transportation	-	-	3,032	94,146	97,178
Food services	1,646	1,646	-	1,140	1,140
Extracurricular	1,831,593	1,831,593	1,794,409	57,165	1,851,574
Capital Outlay	1,284,900	1,275,026	80,902	914,717	995,619
Total expenditures	41,057,772	41,057,772	38,728,413	5,530,395	44,258,808
Excess (deficiency) of revenues over expenditures	148,864	148,864	2,313,704	(1,895,790)	417,914
OTHER FINANCING USES					
Transfers out	(148,864)	(148,864)	(2,400,000)	2,400,000	-
Total other financing uses	(148,864)	(148,864)	(2,400,000)	2,400,000	-
Net change in fund balances	\$ -	\$ -	(86,296)	504,210	417,914
Fund balances - beginning			4,173,883	4,216,442	8,390,325
Fund balances - ending			\$ 4,087,587	\$ 4,720,652	\$ 8,808,239

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

Schedule of Changes in Total Pension Liability

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

Schedule of Total Pension Liability

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

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

	Year Ending June 30: 2018
Total OPEB liability - beginning of year	\$ 18,048,017
Service cost	493,247
Interest cost	704,950
Changes of assumptions	(703,610)
Benefit payments	(651,000)
Total OPEB liability - end of year	<u>\$ 17,891,604</u>
Covered payroll	\$ 105,916,268
Total OPEB liability as a percentage of covered payroll	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:

2018	3.87%
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There are no assets accumulated in an irrevocable trust to pay plan benefits.

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

BILLINGS PUBLIC SCHOOLS

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

Teachers Retirement System:	2018	2017	2016	2015
Employer's proportion of the net pension liability	6.1412%	5.9946%	5.9829%	5.9426%
Employer's proportionate share of the net pension liability associated with the employer	\$ 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	65,725,830	71,342,769	65,807,012	62,631,322
Total	<u>\$ 169,271,005</u>	<u>\$ 180,854,234</u>	<u>\$ 164,106,916</u>	<u>\$ 154,079,044</u>
Employer's covered payroll	\$ 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	127.83%	140.09%	129.42%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	70.09%	66.69%	69.30%	70.36%
Public Employees Retirement System:	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.0223%	1.0368%	1.0536%	1.0522%
Employer's proportionate share of the net pension liability associated with the employer	\$ 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	949,347	825,338	692,057	612,898
Total	<u>\$ 20,859,276</u>	<u>\$ 18,485,067</u>	<u>\$ 15,419,861</u>	<u>\$ 13,723,966</u>
Employer's covered payroll	\$ 13,105,064	\$ 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	151.93%	137.56%	115.85%	106.39%
Plan fiduciary net position as a percentage of the total pension liability	73.75%	74.71%	78.40%	79.87%

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

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF CONTRIBUTIONS
TEACHERS AND PUBLIC EMPLOYEES RETIREMENT SYSTEMS OF MONTANA
For the Year Ended June 30,

<u>Teachers Retirement System:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 9,059,455	\$ 8,828,344	\$ 9,205,589	\$ 8,391,444
Contributions in relation to the contractually required contributions	<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>
Employer's covered payroll	\$ 84,831,987	\$ 81,000,456	\$ 78,169,994	\$ 75,956,754
Contributions as a percentage of covered payroll	10.68%	10.90%	11.78%	11.05%
 <u>Public Employees Retirement System:</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contributions	\$ 1,183,951	\$ 1,061,441	\$ 1,049,999	\$ 1,032,813
Contributions in relation to the contractually required contributions	<u>1,183,951</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>
Employer's covered payroll	\$ 14,438,427	\$ 13,105,064	\$ 12,837,782	\$ 12,712,639
Contributions as a percentage of covered payroll	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, 2018

Teacher's Retirement System

Changes of Benefit Terms:

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

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

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

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

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

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

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

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

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

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

School Districts contributions will increase from 7.47% to 8.47%

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

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

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

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2018

- 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 2016:

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

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

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

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

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

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.

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2018

Public Employees Retirement System

Changes of Benefit Terms:

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

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016:

Second Retirement Benefit - for PERS:

1. Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
2. For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.
3. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.
4. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
 - Member receives same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and,
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015:

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP:

- The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes:

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

Working Retiree Limitations - for PERS:

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

BILLINGS PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION

For the Year Ended June 30, 2018

Terminating Employers - Recovery of actuary costs - for PERS:

- Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

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.

Family Law Orders:

- If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Disabled PERS Defined Contribution (DC) Members:

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

PERS Statutory Appropriation - House Bill 648, effective July 1, 2017:

- Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriated to the PERS defined benefit trust fund will be replaced with the following statutorily appropriations:
 1. FY2018 - \$31.386 million
 2. FY2019 - \$31.958 million
 3. Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
 - a. FY2020 - \$32.277 million
 - b. FY2021 - \$32.600 million
 - c. FY2022 - \$32.926 million
 - d. FY2023 - \$33.255 million
 - e. FY2024 - \$33.588 million
 - f. FY2025 - \$33.924 million

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

For the Year Ended June 30, 2018

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

	TRS	PERS
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	22 years	26 years
Asset valuation method	4 year smoothed market	4 year smoothed market
Inflation	3.25%	2.75%
Salary increases	4 to 8.51% including inflation for non-university members and 5% for university members	3.50%
Investment rate of return	7.75%, net of pension plan investment expense and including inflation	7.65%, net of pension plan investment expense and including inflation

OTHER SUPPLEMENTARY 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 three *major* funds, combining general subfund schedules have been presented to show the reader activity in the separate entities that comprise the General fund, in total.

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BILLINGS PUBLIC SCHOOLS

COMBINING BALANCE SHEET

ALL GENERAL SUBFUNDS

June 30, 2018

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 6,867,291	\$ 9,424,034	\$ 16,291,325
Receivables:			
Property taxes, net	393,902	266,149	660,051
Other	216,807	12,068	228,875
Prepaid items	8,650	-	8,650
Total assets	<u>\$ 7,486,650</u>	<u>\$ 9,702,251</u>	<u>\$ 17,188,901</u>
LIABILITIES			
Accounts payable	<u>\$ 446,645</u>	<u>\$ 817,655</u>	<u>\$ 1,264,300</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>120,358</u>	<u>76,357</u>	<u>196,715</u>
FUND BALANCES			
Nonspendable	8,650	-	8,650
Assigned	62,426	103,420	165,846
Unassigned	<u>6,848,571</u>	<u>8,704,819</u>	<u>15,553,390</u>
Total fund balances	<u>6,919,647</u>	<u>8,808,239</u>	<u>15,727,886</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,486,650</u>	<u>\$ 9,702,251</u>	<u>\$ 17,188,901</u>

BILLINGS PUBLIC SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2018

	Elementary General Subfund	High School General Subfund	Total
REVENUES			
Property taxes	\$ 24,699,705	\$ 14,350,412	\$ 39,050,117
Intergovernmental:			
State aid	45,326,389	23,717,562	69,043,951
State other	7,105,780	6,471,894	13,577,674
Tuition	306,210	30,521	336,731
Interest	41,774	106,333	148,107
Total revenues	<u>77,479,858</u>	<u>44,676,722</u>	<u>122,156,580</u>
EXPENDITURES			
Current:			
Instruction	53,152,677	26,011,130	79,163,807
Support services:			
Students	5,186,108	2,306,405	7,492,513
Instructional staff	4,608,528	2,776,177	7,384,705
General administration	1,215,577	678,432	1,894,009
School administration	5,688,137	3,600,989	9,289,126
Business services	1,104,565	579,160	1,683,725
Operation and maintenance	7,839,715	5,361,004	13,200,719
Student transportation	21,242	97,178	118,420
Food services	-	1,140	1,140
Extracurricular	781,664	1,851,574	2,633,238
Capital outlay	73,026	995,619	1,068,645
Debt service:			
Principal	84,250	-	84,250
Interest and other charges	550	-	550
Total expenditures	<u>79,756,039</u>	<u>44,258,808</u>	<u>124,014,847</u>
Net change in fund balances	(2,276,181)	417,914	(1,858,267)
Fund balances - beginning	<u>9,195,828</u>	<u>8,390,325</u>	<u>17,586,153</u>
Fund balances - ending	<u>\$ 6,919,647</u>	<u>\$ 8,808,239</u>	<u>\$ 15,727,886</u>

Nonmajor Governmental Funds - By Fund Type

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,686,708	\$ 9,736,140	\$ 1,158,751	\$ 24,581,599
Receivables:				
Property taxes, net	160,911	159,985	-	320,896
Governments	344,466	-	-	344,466
Other	36,093	-	-	36,093
Total assets	<u>\$ 14,228,178</u>	<u>\$ 9,896,125</u>	<u>\$ 1,158,751</u>	<u>\$ 25,283,054</u>
LIABILITIES				
Accounts payable	<u>\$ 442,756</u>	<u>\$ 65,394</u>	<u>\$ 70</u>	<u>\$ 508,220</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>41,998</u>	<u>27,580</u>	<u>-</u>	<u>69,578</u>
FUND BALANCES				
Restricted	7,889,780	9,803,151	1,158,681	18,851,612
Committed	5,065,484	-	-	5,065,484
Assigned	<u>788,160</u>	<u>-</u>	<u>-</u>	<u>788,160</u>
Total fund balances	<u>13,743,424</u>	<u>9,803,151</u>	<u>1,158,681</u>	<u>24,705,256</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,228,178</u>	<u>\$ 9,896,125</u>	<u>\$ 1,158,751</u>	<u>\$ 25,283,054</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, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 9,614,306	\$ 11,023,632	\$ -	\$ 20,637,938
Intergovernmental:				
County	18,550,708	-	-	18,550,708
State other	1,602,433	-	-	1,602,433
Federal	4,900,585	1,019,730	-	5,920,315
Charges for services	2,658,595	-	23,919	2,682,514
Interest	171,078	121,099	13,136	305,313
Miscellaneous	1,161,731	-	3,345	1,165,076
Total revenues	38,659,436	12,164,461	40,400	50,864,297
EXPENDITURES				
Current:				
Instruction	18,192,666	-	-	18,192,666
Support services:				
Students	1,934,416	-	-	1,934,416
Instructional staff	2,050,797	-	-	2,050,797
General administration	57,186	-	-	57,186
School administration	2,113,486	-	-	2,113,486
Business services	277,378	-	3,702	281,080
Operation and maintenance	1,211,383	-	17,574	1,228,957
Student transportation	6,477,502	-	-	6,477,502
Food services	6,524,892	-	-	6,524,892
Extracurricular	327,965	-	-	327,965
Capital outlay	278,785	-	82,940	361,725
Debt service				
Principal	-	4,150,000	-	4,150,000
Interest and other charges	-	6,092,374	-	6,092,374
Total expenditures	39,446,456	10,242,374	104,216	49,793,046
Net change in fund balances	(787,020)	1,922,087	(63,816)	1,071,251
Fund balances - beginning	14,530,444	7,881,064	1,222,497	23,634,005
Fund balances - ending	\$ 13,743,424	\$ 9,803,151	\$ 1,158,681	\$ 24,705,256

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, 2018

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	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
ASSETS					
Cash and cash equivalents	\$ 13,197	\$ 416,721	\$ 3,876	\$ 321,729	\$ 28,606
Receivables:					
Property taxes, net	41,880	27,344	-	24,640	8,041
Governments	-	-	65,745	-	-
Other	110	54	27,669	-	-
Total assets	<u>\$ 55,187</u>	<u>\$ 444,119</u>	<u>\$ 97,290</u>	<u>\$ 346,369</u>	<u>\$ 36,647</u>
LIABILITIES					
Accounts payable	<u>\$ 36,522</u>	<u>\$ 20,315</u>	<u>\$ 87,531</u>	<u>\$ 8,656</u>	<u>\$ 28,300</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>13,005</u>	<u>7,767</u>	<u>-</u>	<u>4,712</u>	<u>2,222</u>
FUND BALANCES					
Restricted	5,660	416,037	9,759	333,001	6,125
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>5,660</u>	<u>416,037</u>	<u>9,759</u>	<u>333,001</u>	<u>6,125</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,187</u>	<u>\$ 444,119</u>	<u>\$ 97,290</u>	<u>\$ 346,369</u>	<u>\$ 36,647</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2018

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	\$ 3,098,064	\$ 2,124,470	\$ 1,125,792	\$ 176,498	\$ 399,751
Receivables:					
Property taxes, net	-	-	-	7,696	14,376
Governments	-	-	151,051	-	-
Other	-	-	471	-	-
Total assets	<u>\$ 3,098,064</u>	<u>\$ 2,124,470</u>	<u>\$ 1,277,314</u>	<u>\$ 184,194</u>	<u>\$ 414,127</u>
LIABILITIES					
Accounts payable	<u>\$ 50,870</u>	<u>\$ 57,004</u>	<u>\$ 3,420</u>	<u>\$ 19,992</u>	<u>\$ 31,796</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,387</u>	<u>4,439</u>
FUND BALANCES					
Restricted	3,047,194	2,067,466	485,734	161,815	377,892
Committed	-	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>788,160</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,047,194</u>	<u>2,067,466</u>	<u>1,273,894</u>	<u>161,815</u>	<u>377,892</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,098,064</u>	<u>\$ 2,124,470</u>	<u>\$ 1,277,314</u>	<u>\$ 184,194</u>	<u>\$ 414,127</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2018

Page 3 of 4

	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology	Elementary Flexibility
ASSETS					
Cash and cash equivalents	\$ 197,068	\$ 458	\$ 303,163	\$ 384,287	\$ 1,287,966
Receivables:					
Property taxes, net	-	-	17,573	19,361	-
Governments	127,670	-	-	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 324,738</u>	<u>\$ 458</u>	<u>\$ 320,736</u>	<u>\$ 403,648</u>	<u>\$ 1,287,966</u>
LIABILITIES					
Accounts payable	<u>\$ 53,181</u>	<u>\$ -</u>	<u>\$ 4,801</u>	<u>\$ 5,035</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>3,427</u>	<u>4,039</u>	<u>-</u>
FUND BALANCES					
Restricted	271,557	458	312,508	394,574	-
Committed	-	-	-	-	1,287,966
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>271,557</u>	<u>458</u>	<u>312,508</u>	<u>394,574</u>	<u>1,287,966</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 324,738</u>	<u>\$ 458</u>	<u>\$ 320,736</u>	<u>\$ 403,648</u>	<u>\$ 1,287,966</u>

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2018

Page 4 of 4

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
ASSETS				
Cash and cash equivalents	\$ 1,479,819	\$ 757,718	\$ 1,567,525	\$ 13,686,708
Receivables:				
Property taxes, net	-	-	-	160,911
Governments	-	-	-	344,466
Other	-	7,729	60	36,093
Total assets	<u>\$ 1,479,819</u>	<u>\$ 765,447</u>	<u>\$ 1,567,585</u>	<u>\$ 14,228,178</u>
LIABILITIES				
Accounts payable	\$ -	\$ 17,557	\$ 17,776	\$ 442,756
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	-	41,998
FUND BALANCES				
Restricted	-	-	-	7,889,780
Committed	1,479,819	747,890	1,549,809	5,065,484
Assigned	-	-	-	788,160
Total fund balances	<u>1,479,819</u>	<u>747,890</u>	<u>1,549,809</u>	<u>13,743,424</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,479,819</u>	<u>\$ 765,447</u>	<u>\$ 1,567,585</u>	<u>\$ 14,228,178</u>

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2018

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
REVENUES					
Property taxes	\$ 2,575,540	\$ 1,471,346	\$ -	\$ 1,649,759	\$ 434,712
Intergovernmental:					
County	549,290	266,169	-	-	-
State other	670,099	308,764	5,830	-	-
Federal	-	-	4,433,708	-	-
Charges for services	55,315	1,631	2,031,519	-	-
Interest	2,128	2,873	93	24,707	3,461
Miscellaneous	-	-	-	-	-
Total revenues	3,852,372	2,050,783	6,471,150	1,674,466	438,173
EXPENDITURES					
Current:					
Instruction	-	-	-	2,913,198	670,543
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	7,584	6,389	-	-	-
Student transportation	4,282,698	2,004,397	-	-	-
Food services	-	-	6,524,402	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	4,290,282	2,010,786	6,524,402	2,913,198	670,543
Net change in fund balances	(437,910)	39,997	(53,252)	(1,238,732)	(232,370)
Fund balances - beginning	443,570	376,040	63,011	1,571,733	238,495
Fund balances - ending	<u>\$ 5,660</u>	<u>\$ 416,037</u>	<u>\$ 9,759</u>	<u>\$ 333,001</u>	<u>\$ 6,125</u>

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2018

	Elementary Retirement	High School Retirement	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 478,567	\$ 713,815
Intergovernmental:					
County	11,383,701	6,351,548	-	-	-
State other	-	-	247,678	-	-
Federal	-	-	466,877	-	-
Charges for services	-	-	-	-	253,270
Interest	12,396	14,216	-	260	7,561
Miscellaneous	-	-	204,938	839	-
Total revenues	11,396,097	6,365,764	919,493	479,666	974,646
EXPENDITURES					
Current:					
Instruction	7,726,208	3,568,983	588,908	202,300	514,209
Support services:					
Students	752,747	335,856	2,460	6,598	186,232
Instructional staff	596,965	358,011	56,872	-	-
General administration	35,351	21,835	-	-	-
School administration	838,734	562,910	2,460	205,727	503,655
Business services	146,948	130,430	-	-	-
Operation and maintenance	680,727	398,558	-	15,030	103,095
Student transportation	147,990	42,417	-	-	-
Food services	-	490	-	-	-
Extracurricular	120,705	207,260	-	-	-
Capital outlay	3,826	-	83,047	-	154,495
Total expenditures	11,050,201	5,626,750	733,747	429,655	1,461,686
Net change in fund balances	345,896	739,014	185,746	50,011	(487,040)
Fund balances - beginning	2,701,298	1,328,452	1,088,148	111,804	864,932
Fund balances - ending	\$ 3,047,194	\$ 2,067,466	\$ 1,273,894	\$ 161,815	\$ 377,892

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2018

	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology	Elementary Flexibility
REVENUES					
Property taxes	\$ -	\$ -	\$ 1,194,620	\$ 1,095,947	\$ -
Intergovernmental:					
County	-	-	-	-	-
State other	127,670	-	108,165	-	-
Federal	-	-	-	-	-
Charges for services	316,860	-	-	-	-
Interest	2,828	23	23,773	20,784	14,520
Miscellaneous	440	-	-	-	998
Total revenues	447,798	23	1,326,558	1,116,731	15,518
EXPENDITURES					
Current:					
Instruction	473,897	-	801,618	609,193	1,784
Support services:					
Students	-	-	-	-	-
Instructional staff	-	-	489,964	524,455	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Business services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Capital outlay	-	-	15,371	10,996	-
Total expenditures	473,897	-	1,306,953	1,144,644	1,784
Net change in fund balances	(26,099)	23	19,605	(27,913)	13,734
Fund balances - beginning	297,656	435	292,903	422,487	1,274,232
Fund balances - ending	<u>\$ 271,557</u>	<u>\$ 458</u>	<u>\$ 312,508</u>	<u>\$ 394,574</u>	<u>\$ 1,287,966</u>

BILLINGS PUBLIC SCHOOLS

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended June 30, 2018

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 9,614,306
Intergovernmental:				
County	-	-	-	18,550,708
State other	134,227	-	-	1,602,433
Federal	-	-	-	4,900,585
Charges for services	-	-	-	2,658,595
Interest	15,912	8,710	16,833	171,078
Miscellaneous	143	490,886	463,487	1,161,731
Total revenues	150,282	499,596	480,320	38,659,436
EXPENDITURES				
Current:				
Instruction	-	106,537	15,288	18,192,666
Support services:				
Students	-	369,186	281,337	1,934,416
Instructional staff	-	18,381	6,149	2,050,797
General administration	-	-	-	57,186
School administration	-	-	-	2,113,486
Business services	-	-	-	277,378
Operation and maintenance	-	-	-	1,211,383
Student transportation	-	-	-	6,477,502
Food services	-	-	-	6,524,892
Extracurricular	-	-	-	327,965
Capital outlay	-	7,550	3,500	278,785
Total expenditures	-	501,654	306,274	39,446,456
Net change in fund balances	150,282	(2,058)	174,046	(787,020)
Fund balances - beginning	1,329,537	749,948	1,375,763	14,530,444
Fund balances - ending	\$ 1,479,819	\$ 747,890	\$ 1,549,809	\$ 13,743,424

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,592,246	\$ 2,592,246	\$ 2,575,540	\$ -	\$ 2,575,540
Intergovernmental:					
County	744,198	744,198	549,290	-	549,290
State other	948,456	948,456	670,099	-	670,099
Charges for services	-	-	55,315	-	55,315
Interest	-	-	2,128	-	2,128
Total revenues	4,284,900	4,284,900	3,852,372	-	3,852,372
EXPENDITURES					
Current:					
Instructional	92,586	92,586	-	-	-
Support services:					
Operation and maintenance	8,618	8,618	7,584	-	7,584
Student transportation	4,183,696	4,183,696	4,272,698	10,000	4,282,698
Total expenditures	4,284,900	4,284,900	4,280,282	10,000	4,290,282
Net change in fund balances	\$ -	\$ -	(427,910)	(10,000)	(437,910)
Fund balances - beginning			433,570	10,000	443,570
Fund balances - ending			\$ 5,660	\$ -	\$ 5,660

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,476,980	\$ 1,476,980	\$ 1,471,346	\$ -	\$ 1,471,346
Intergovernmental:					
County	318,942	318,942	266,169	-	266,169
State other	404,078	404,078	308,764	-	308,764
Charges for services	-	-	1,631	-	1,631
Interest	-	-	2,873	-	2,873
Total revenues	2,200,000	2,200,000	2,050,783	-	2,050,783
EXPENDITURES					
Current:					
Instructional	82,620	82,620	-	-	-
Support services:					
Operation and maintenance	5,635	5,635	6,389	-	6,389
Student transportation	2,111,745	2,111,745	1,995,997	8,400	2,004,397
Total expenditures	2,200,000	2,200,000	2,002,386	8,400	2,010,786
Net change in fund balances	\$ -	\$ -	48,397	(8,400)	39,997
Fund balances - beginning			367,640	8,400	376,040
Fund balances - ending			\$ 416,037	\$ -	\$ 416,037

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,642,158	\$ 1,642,158	\$ 1,649,759	\$ -	\$ 1,649,759
Interest	-	-	24,707	-	24,707
Total revenues	<u>1,642,158</u>	<u>1,642,158</u>	<u>1,674,466</u>	<u>-</u>	<u>1,674,466</u>
EXPENDITURES					
Current:					
Instruction	<u>3,213,892</u>	<u>3,213,892</u>	<u>2,913,198</u>	<u>-</u>	<u>2,913,198</u>
Total expenditures	<u>3,213,892</u>	<u>3,213,892</u>	<u>2,913,198</u>	<u>-</u>	<u>2,913,198</u>
Net change in fund balances	<u>\$ (1,571,734)</u>	<u>\$ (1,571,734)</u>	(1,238,732)	-	(1,238,732)
Fund balances - beginning			<u>1,571,733</u>	<u>-</u>	<u>1,571,733</u>
Fund balances - ending			<u>\$ 333,001</u>	<u>\$ -</u>	<u>\$ 333,001</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 436,891	\$ 436,891	\$ 434,712	\$ -	\$ 434,712
Interest	-	-	3,461	-	3,461
Total revenues	436,891	436,891	438,173	-	438,173
EXPENDITURES					
Current:					
Instruction	675,387	675,387	670,543	-	670,543
Total expenditures	675,387	675,387	670,543	-	670,543
Net change in fund balances	<u>\$ (238,496)</u>	<u>\$ (238,496)</u>	(232,370)	-	(232,370)
Fund balances - beginning			238,495	-	238,495
Fund balances - ending			<u>\$ 6,125</u>	<u>\$ -</u>	<u>\$ 6,125</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 12,898,702	\$ 12,898,702	\$ 11,383,701	\$ -	\$ 11,383,701
Interest	-	-	12,396	-	12,396
Total revenues	12,898,702	12,898,702	11,396,097	-	11,396,097
EXPENDITURES					
Current:					
Instructional	9,472,785	9,472,785	7,726,208	-	7,726,208
Support services:					
Students	860,227	860,227	752,747	-	752,747
Instructional staff	800,488	800,488	596,965	-	596,965
General administration	26,950	26,950	35,351	-	35,351
School administration	943,300	943,300	838,734	-	838,734
Business services	150,250	150,250	146,948	-	146,948
Operation and maintenance	531,800	531,800	680,727	-	680,727
Student transportation	116,500	116,500	147,990	-	147,990
Extracurricular	79,500	79,500	120,705	-	120,705
Capital Outlay	18,200	18,200	3,826	-	3,826
Total expenditures	13,000,000	13,000,000	11,050,201	-	11,050,201
Net change in fund balances	\$ (101,298)	\$ (101,298)	345,896	-	345,896
Fund balances - beginning			2,701,298	-	2,701,298
Fund balances - ending			\$ 3,047,194	\$ -	\$ 3,047,194

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 6,351,549	\$ 6,351,549	\$ 6,351,548	\$ -	\$ 6,351,548
Interest	48,451	48,451	14,216	-	14,216
Total revenues	6,400,000	6,400,000	6,365,764	-	6,365,764
EXPENDITURES					
Current:					
Instructional	4,438,975	4,438,975	3,568,983	-	3,568,983
Support services:					
Students	385,349	385,349	335,856	-	335,856
Instructional staff	261,219	261,219	358,011	-	358,011
General administration	36,959	36,959	21,835	-	21,835
School administration	640,363	640,363	562,910	-	562,910
Business services	113,581	113,581	130,430	-	130,430
Operation and maintenance	319,526	319,526	398,558	-	398,558
Student transportation	26,936	26,936	42,417	-	42,417
Food services	14,120	14,120	490	-	490
Extracurricular	162,972	162,972	207,260	-	207,260
Total expenditures	6,400,000	6,400,000	5,626,750	-	5,626,750
Net change in fund balances	\$ -	\$ -	739,014	-	739,014
Fund balances - beginning			1,328,452	-	1,328,452
Fund balances - ending			\$ 2,067,466	\$ -	\$ 2,067,466

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 483,196	\$ 483,196	\$ 478,567	\$ -	\$ 478,567
Interest	-	-	260	-	260
Miscellaneous	-	-	839	-	839
Total revenues	483,196	483,196	479,666	-	479,666
EXPENDITURES					
Current:					
Instructional	349,430	349,430	202,300	-	202,300
Support services:					
Students	-	-	6,598	-	6,598
School administration	215,270	215,270	205,727	-	205,727
Operation and maintenance	30,300	30,300	15,030	-	15,030
Total expenditures	595,000	595,000	429,655	-	429,655
Net change in fund balances	\$ (111,804)	\$ (111,804)	50,011	-	50,011
Fund balances - beginning			111,804	-	111,804
Fund balances - ending			\$ 161,815	\$ -	\$ 161,815

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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 710,134	\$ 710,134	\$ 713,815	\$ -	\$ 713,815
Charges for services	280,000	280,000	253,270	-	253,270
Interest	-	-	7,561	-	7,561
Total revenues	990,134	990,134	974,646	-	974,646
EXPENDITURES					
Current:					
Instructional	542,200	542,200	509,144	5,065	514,209
Support services:					
Students	220,200	220,200	186,232	-	186,232
School administration	637,600	637,600	503,655	-	503,655
Operation and maintenance	103,500	103,500	103,095	-	103,095
Capital Outlay	46,500	46,500	154,495	-	154,495
Total expenditures	1,550,000	1,550,000	1,456,621	5,065	1,461,686
Net change in fund balances	<u>\$ (559,866)</u>	<u>\$ (559,866)</u>	(481,975)	(5,065)	(487,040)
Fund balances - beginning			859,867	5,065	864,932
Fund balances - ending			<u>\$ 377,892</u>	<u>\$ -</u>	<u>\$ 377,892</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,194,620	\$ -	\$ 1,194,620
Intergovernmental:					
State other	206,725	206,725	108,165	-	108,165
Interest	-	-	23,773	-	23,773
Total revenues	<u>1,406,725</u>	<u>1,406,725</u>	<u>1,326,558</u>	<u>-</u>	<u>1,326,558</u>
EXPENDITURES					
Current:					
Instructional	1,176,303	1,182,809	801,618	-	801,618
Support services:					
Instructional staff	510,645	501,448	489,964	-	489,964
Capital Outlay	<u>12,680</u>	<u>15,371</u>	<u>15,371</u>	<u>-</u>	<u>15,371</u>
Total expenditures	<u>1,699,628</u>	<u>1,699,628</u>	<u>1,306,953</u>	<u>-</u>	<u>1,306,953</u>
Net change in fund balances	<u>\$ (292,903)</u>	<u>\$ (292,903)</u>	19,605	-	19,605
Fund balances - beginning			<u>292,903</u>	<u>-</u>	<u>292,903</u>
Fund balances - ending			<u>\$ 312,508</u>	<u>\$ -</u>	<u>\$ 312,508</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,099,459	\$ 1,099,459	\$ 1,095,947	\$ -	\$ 1,095,947
Interest	-	-	20,784	-	20,784
Total revenues	1,099,459	1,099,459	1,116,731	-	1,116,731
EXPENDITURES					
Current:					
Instructional	908,202	906,718	609,193	-	609,193
Support services:					
Instructional staff	598,745	604,233	524,455	-	524,455
Capital Outlay	15,000	10,996	10,996	-	10,996
Total expenditures	1,521,947	1,521,947	1,144,644	-	1,144,644
Net change in fund balances	<u>\$ (422,488)</u>	<u>\$ (422,488)</u>	(27,913)	-	(27,913)
Fund balances - beginning			422,487	-	422,487
Fund balances - ending			<u>\$ 394,574</u>	<u>\$ -</u>	<u>\$ 394,574</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Interest	\$ -	\$ -	\$ 14,520	\$ -	\$ 14,520
Miscellaneous	-	-	998	-	998
Total revenues	-	-	15,518	-	15,518
EXPENDITURES					
Current:					
Instructional	1,274,232	1,274,232	1,784	-	1,784
Total expenditures	1,274,232	1,274,232	1,784	-	1,784
Net change in fund balances	<u>\$ (1,274,232)</u>	<u>\$ (1,274,232)</u>	13,734	-	13,734
Fund balances - beginning			1,274,232	-	1,274,232
Fund balances - ending			<u>\$ 1,287,966</u>	<u>\$ -</u>	<u>\$ 1,287,966</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 256,535	\$ 256,535	\$ 134,227	\$ -	\$ 134,227
Interest	-	-	15,912	-	15,912
Miscellaneous	-	-	143	-	143
Total revenues	<u>256,535</u>	<u>256,535</u>	<u>150,282</u>	<u>-</u>	<u>150,282</u>
EXPENDITURES					
Current:					
Instructional	1,535,590	1,535,590	-	-	-
Support services:					
Instructional staff	<u>50,482</u>	<u>50,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,586,072</u>	<u>1,586,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,329,537)</u>	<u>\$ (1,329,537)</u>	150,282	-	150,282
Fund balances - beginning			<u>1,329,537</u>	<u>-</u>	<u>1,329,537</u>
Fund balances - ending			<u>\$ 1,479,819</u>	<u>\$ -</u>	<u>\$ 1,479,819</u>

Nonmajor Debt Service Funds

Budgeted:

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

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 June 30, 2018

	Elementary Debt Service	High School Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 5,216,504	\$ 4,519,636	\$ 9,736,140
Receivables:			
Property taxes, net	147,708	12,277	159,985
Total assets	<u>\$ 5,364,212</u>	<u>\$ 4,531,913</u>	<u>\$ 9,896,125</u>
LIABILITIES			
Accounts payable	\$ -	\$ 65,394	\$ 65,394
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	25,245	2,335	27,580
FUND BALANCES			
Restricted	5,338,967	4,464,184	9,803,151
Total fund balances	5,338,967	4,464,184	9,803,151
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,364,212</u>	<u>\$ 4,531,913</u>	<u>\$ 9,896,125</u>

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

For the Year Ended June 30, 2018

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 10,308,193	\$ 715,439	\$ 11,023,632
Intergovernmental:			
Federal	531,157	488,573	1,019,730
Interest	67,376	53,723	121,099
Total revenues	10,906,726	1,257,735	12,164,461
EXPENDITURES			
Debt service:			
Principal	4,150,000	-	4,150,000
Interest and other charges	5,521,304	571,070	6,092,374
Total expenditures	9,671,304	571,070	10,242,374
Net change in fund balances	1,235,422	686,665	1,922,087
Fund balances - beginning	4,103,545	3,777,519	7,881,064
Fund balances - ending	\$ 5,338,967	\$ 4,464,184	\$ 9,803,151

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR DEBT SERVICE FUND

ELEMENTARY DEBT SERVICE FUND

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Property taxes	\$ 10,382,192	\$ 10,382,192	\$ 10,308,193	\$ -	\$ 10,308,193
Intergovernmental:					
Federal	529,450	529,450	531,157	-	531,157
Interest	-	-	67,376	-	67,376
Total revenues	<u>10,911,642</u>	<u>10,911,642</u>	<u>10,906,726</u>	<u>-</u>	<u>10,906,726</u>
EXPENDITURES					
Debt Service:					
Principal	4,965,605	4,965,605	4,150,000	-	4,150,000
Interest and other charges	<u>5,946,037</u>	<u>5,946,037</u>	<u>5,521,304</u>	<u>-</u>	<u>5,521,304</u>
Total expenditures	<u>10,911,642</u>	<u>10,911,642</u>	<u>9,671,304</u>	<u>-</u>	<u>9,671,304</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,235,422	-	1,235,422
Fund balances - beginning			<u>4,103,545</u>	<u>-</u>	<u>4,103,545</u>
Fund balances - ending			<u>\$ 5,338,967</u>	<u>\$ -</u>	<u>\$ 5,338,967</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, 2018

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 719,458	\$ 719,458	\$ 715,439	\$ -	\$ 715,439
Intergovernmental:					
Federal	487,004	487,004	488,573	-	488,573
Interest	-	-	53,723	-	53,723
Total revenues	<u>1,206,462</u>	<u>1,206,462</u>	<u>1,257,735</u>	<u>-</u>	<u>1,257,735</u>
EXPENDITURES					
Debt Service:					
Principal	627,715	627,715	-	-	-
Interest and other charges	<u>578,787</u>	<u>578,787</u>	<u>571,070</u>	<u>-</u>	<u>571,070</u>
Total expenditures	<u>1,206,502</u>	<u>1,206,502</u>	<u>571,070</u>	<u>-</u>	<u>571,070</u>
Net change in fund balances	<u>\$ (40)</u>	<u>\$ (40)</u>	686,665	-	686,665
Fund balances - beginning			<u>3,777,519</u>	<u>-</u>	<u>3,777,519</u>
Fund balances - ending			<u>\$ 4,464,184</u>	<u>\$ -</u>	<u>\$ 4,464,184</u>

Nonmajor Capital Projects Funds

Budgeted:

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

Nonbudgeted:

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

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BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 June 30, 2018

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 739,197	\$ 191,764	\$ 227,790	\$ 1,158,751
Total assets	<u>\$ 739,197</u>	<u>\$ 191,764</u>	<u>\$ 227,790</u>	<u>\$ 1,158,751</u>
LIABILITIES				
Accounts payable	\$ 70	\$ -	\$ -	\$ 70
FUND BALANCES				
Restricted	<u>739,127</u>	<u>191,764</u>	<u>227,790</u>	<u>1,158,681</u>
Total fund balances	<u>739,127</u>	<u>191,764</u>	<u>227,790</u>	<u>1,158,681</u>
Total liabilities and fund balances	<u>\$ 739,197</u>	<u>\$ 191,764</u>	<u>\$ 227,790</u>	<u>\$ 1,158,751</u>

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

For the Year Ended June 30, 2018

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
REVENUES				
Charges for services	\$ 23,919	\$ -	\$ -	\$ 23,919
Interest	8,195	2,380	2,561	13,136
Miscellaneous	3,345	-	-	3,345
Total revenues	35,459	2,380	2,561	40,400
EXPENDITURES				
Current:				
Support services:				
Business services	3,702	-	-	3,702
Operation and maintenance	17,574	-	-	17,574
Capital outlay	-	82,940	-	82,940
Total expenditures	21,276	82,940	-	104,216
Net change in fund balances	14,183	(80,560)	2,561	(63,816)
Fund balances - beginning	724,944	272,324	225,229	1,222,497
Fund balances - ending	\$ 739,127	\$ 191,764	\$ 227,790	\$ 1,158,681

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,380</u>	<u>\$ -</u>	<u>\$ 2,380</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,380</u>	<u>-</u>	<u>2,380</u>
EXPENDITURES					
Capital Outlay	<u>272,324</u>	<u>272,324</u>	<u>82,940</u>	<u>-</u>	<u>82,940</u>
Total expenditures	<u>272,324</u>	<u>272,324</u>	<u>82,940</u>	<u>-</u>	<u>82,940</u>
Net change in fund balances	<u>\$ (272,324)</u>	<u>\$ (272,324)</u>	<u>(80,560)</u>	<u>-</u>	<u>(80,560)</u>
Fund balances - beginning			<u>272,324</u>	<u>-</u>	<u>272,324</u>
Fund balances - ending			<u>\$ 191,764</u>	<u>\$ -</u>	<u>\$ 191,764</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,561</u>	<u>\$ -</u>	<u>\$ 2,561</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,561</u>	<u>-</u>	<u>2,561</u>
EXPENDITURES					
Capital Outlay	<u>225,229</u>	<u>225,229</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>225,229</u>	<u>225,229</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (225,229)</u>	<u>\$ (225,229)</u>	<u>2,561</u>	<u>-</u>	<u>2,561</u>
Fund balances - beginning			<u>225,229</u>	<u>-</u>	<u>225,229</u>
Fund balances - ending			<u>\$ 227,790</u>	<u>\$ -</u>	<u>\$ 227,790</u>

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, 2018

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 389,997	\$ 10,249,190	\$ 350	\$ 10,639,537
Accounts receivables, net	-	569,609	-	569,609
Prepaid items	-	101,538	-	101,538
Total current assets	389,997	10,920,337	350	11,310,684
LIABILITIES				
Current Liabilities:				
Accounts payable	4,726	2,218,249	-	2,222,975
Compensated absences	2,375	2,312	-	4,687
Total current liabilities	7,101	2,220,561	-	2,227,662
Noncurrent liabilities:				
Compensated absences	21,378	20,806	-	42,184
Total other postemployment benefits	-	17,891,604	-	17,891,604
Total noncurrent liabilities	21,378	17,912,410	-	17,933,788
Total liabilities	28,479	20,132,971	-	20,161,450
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	594,971	-	594,971
NET POSITION (DEFICIT)				
Unrestricted	361,518	(9,807,605)	350	(9,445,737)
Total net position (deficit)	\$ 361,518	\$ (9,807,605)	\$ 350	\$ (9,445,737)

BILLINGS PUBLIC SCHOOLS

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

ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2018

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 422,892	\$ 19,922,795	\$ -	\$ 20,345,687
Total operating revenues	422,892	19,922,795	-	20,345,687
OPERATING EXPENSES				
Personal services - salaries	161,577	160,444	-	322,021
Personal services - benefits	39,859	27,690	-	67,549
Purchased property services	60,044	20,219	-	80,263
Other purchased services	-	1,581,229	-	1,581,229
Supplies and materials	114,264	2,515	-	116,779
Insurance claims and expenses	-	17,644,019	-	17,644,019
Miscellaneous	19,000	-	-	19,000
Total operating expenses	394,744	19,436,116	-	19,830,860
Operating income	28,148	486,679	-	514,827
NONOPERATING REVENUES				
Interest revenue	3,231	123,877	-	127,108
Total nonoperating revenues	3,231	123,877	-	127,108
Change in net position	31,379	610,556	-	641,935
Net position - beginning	330,139	(7,177,144)	350	(6,846,655)
Prior period adjustment	-	(3,241,017)	-	(3,241,017)
Net position - ending	\$ 361,518	\$ (9,807,605)	\$ 350	\$ (9,445,737)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2018

	Warehouse	Self-Insurance Health	Self- Insurance Property	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from health insurance premiums	\$ -	\$ 19,922,206	\$ -	\$ 19,922,206
Cash received from interfund services	422,892	-	-	422,892
Medical claims paid	-	(17,191,529)	-	(17,191,529)
Cash paid to employees health insurance services	-	(183,369)	-	(183,369)
Cash paid to employees for interfund services	(208,954)	-	-	(208,954)
Cash paid to suppliers for goods and services health insurance services	-	(1,605,219)	-	(1,605,219)
Cash paid to suppliers for goods and services interfund services	(198,444)	-	-	(198,444)
Net cash provided by operating activities	15,494	942,089	-	957,583
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	3,231	123,877	-	127,108
Net cash provided by investing activities	3,231	123,877	-	127,108
Change in cash and cash equivalents	18,725	1,065,966	-	1,084,691
Cash and cash equivalents - beginning	371,272	9,183,224	350	9,554,846
Cash and cash equivalents - ending	\$ 389,997	\$ 10,249,190	\$ 350	\$ 10,639,537
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 28,148	\$ 486,679	\$ -	\$ 514,827
Adjustment to reconcile operating income to net cash provided by operating activities:				
Other postemployment benefits	-	438,558	-	438,558
Increase in accounts receivable	-	(243,303)	-	(243,303)
Increase in prepaid items	-	(1,257)	-	(1,257)
Increase (decrease) in accounts payable	(5,136)	256,379	-	251,243
Increase (decrease) in compensated absences	(7,518)	5,033	-	(2,485)
Net cash provided by operating activities	\$ 15,494	\$ 942,089	\$ -	\$ 957,583

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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, 2018

	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	\$ 382,162	\$ 2,001,772	\$ 2,383,934
Other receivables	-	235	235
Total assets	382,162	2,002,007	2,384,169
LIABILITIES			
Accounts payable	1,374	47,605	48,979
Total liabilities	1,374	47,605	48,979
NET POSITION			
Net position held in trust	\$ 380,788	\$ 1,954,402	\$ 2,335,190

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2018

	Elementary Extracurricular	High School Extracurricular	Total
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 695,863	\$ 2,796,290	\$ 3,492,153
Investment earnings:			
Interest	5,368	23,858	29,226
Total additions	701,231	2,820,148	3,521,379
DEDUCTIONS			
Student extracurricular activities	781,847	2,850,199	3,632,046
Total deductions	781,847	2,850,199	3,632,046
Change in net position	(80,616)	(30,051)	(110,667)
Net position - beginning	461,404	1,984,453	2,445,857
Net position - ending	\$ 380,788	\$ 1,954,402	\$ 2,335,190

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
PAYROLL CLEARING FUND				
ASSETS				
Cash	\$ 5,772,658	\$ 123,943,812	\$ 123,628,418	\$ 6,088,052
Total assets	<u>5,772,658</u>	<u>123,943,812</u>	<u>123,628,418</u>	<u>6,088,052</u>
LIABILITIES				
Accounts payable	<u>5,772,658</u>	<u>123,628,418</u>	<u>123,943,812</u>	<u>6,088,052</u>
Total liabilities	<u>5,772,658</u>	<u>123,628,418</u>	<u>123,943,812</u>	<u>6,088,052</u>
CAFETERIA/FLEX PLAN FUND				
ASSETS				
Cash	<u>332,383</u>	<u>985,531</u>	<u>990,682</u>	<u>327,232</u>
Total assets	<u>332,383</u>	<u>985,531</u>	<u>990,682</u>	<u>327,232</u>
LIABILITIES				
Accounts payable	<u>332,383</u>	<u>990,682</u>	<u>985,531</u>	<u>327,232</u>
Total liabilities	<u>332,383</u>	<u>990,682</u>	<u>985,531</u>	<u>327,232</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	<u>6,105,041</u>	<u>124,929,343</u>	<u>124,619,100</u>	<u>6,415,284</u>
Total assets	<u>6,105,041</u>	<u>124,929,343</u>	<u>124,619,100</u>	<u>6,415,284</u>
LIABILITIES				
Accounts payable	<u>6,105,041</u>	<u>124,619,100</u>	<u>124,929,343</u>	<u>6,415,284</u>
Total liabilities	<u>\$ 6,105,041</u>	<u>\$ 124,619,100</u>	<u>\$ 124,929,343</u>	<u>\$ 6,415,284</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, 2018

Location	Balance July 1, 2017	Revenues	Expenditures	Balance June 30, 2018
High School General	\$ 303	\$ 751	\$ 567	\$ 487
Career Center	125,437	183,623	162,358	146,702
Senior High School	461,035	698,181	708,330	450,886
West High School	540,313	827,483	889,968	477,828
Skyview High School	275,180	633,130	608,808	299,502
Middle Schools-Athletics	227,663	142,220	242,968	126,915
Lewis & Clark Middle School	16,712	64,871	62,039	19,544
Lincoln Education Center	168	213	-	381
Riverside Middle School	32,515	33,109	33,174	32,450
Will James Middle School	54,674	84,037	82,517	56,194
Castlerock Middle School	77,634	100,763	114,916	63,481
Ben Steele Middle School	-	144,160	119,966	24,194
Medicine Crow Middle School	12,816	55,758	46,620	21,954
Arrowhead Elementary	6,688	8,569	8,988	6,269
Beartooth Elementary	3,511	5,246	6,228	2,529
Bench Elementary	2,091	6,938	6,227	2,802
Boulder Elementary	1	3,879	2,902	978
Broadwater Elementary	1,506	1,550	2,152	904
Burlington Elementary	5,366	1,964	4,003	3,327
Central Heights Elementary	1,243	4,460	5,035	668
Highland Elementary	1,164	335	324	1,175
McKinley Elementary	1,442	87	167	1,362
Meadowlark Elementary	723	3,043	3,503	263
Miles Elementary	5,073	4,901	5,690	4,284
Newman Elementary	2,496	2,363	2,897	1,962
Orchard Elementary	608	2,890	643	2,855
Poly Elementary	172	2,529	2,421	280
Ponderosa Elementary	1,919	3,860	5,540	239
Special Olympics	75	430	426	79
Rose Park Elementary	1,167	13	16	1,164
Sandstone Elementary	343	4	-	347
Adult Education	319	4	-	323
Washington Elementary	1,234	1,014	1,038	1,210
Alkali Creek Elementary	-	3,592	2,886	706
Big Sky Elementary	996	3,478	2,277	2,197
Exec Director of Activities	565,779	409,924	429,476	546,227
Coordinator of Music	17,491	82,007	66,976	32,522
	<u>\$ 2,445,857</u>	<u>\$ 3,521,379</u>	<u>\$ 3,632,046</u>	<u>\$ 2,335,190</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, 2018

	Per Enrollment Reports	Audit Per District Records	Difference
Fall Enrollment - October 2017			
Elementary School District			
K - 5:			
(a) Kindergarten (enrolled 720+ hours per year)	1,205	1,205	-
(b) Kindergarten (enrolled 181-719 hours per year)	14	14	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-5 (enrolled 720+ hours per year)	6,232	6,231	1
(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)	3,837	3,836	1
(h) Grades 6-8 (enrolled 181-719 hours per year)	4	4	-
(i) Grades 6-8 (enrolled < 181 hours per year)	1	1	-
(j) Total Elementary (add lines a through i)	<u>11,295</u>	<u>11,293</u>	<u>2</u>
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,320	5,318	2
(l) Grades 9-12 (enrolled 181-719 hours per year)	28	28	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	6	6	-
(n) Total High School (add lines k through m)	<u>5,354</u>	<u>5,352</u>	<u>2</u>
(o) 19 Year-olds included on line k	-	-	-
(p) Job Corp	-	-	-
(q) Montana Youth Challenge	-	-	-
Spring Enrollment - February 2018			
Elementary School District			
K - 5:			
(a) Kindergarten (enrolled 720+ hours per year)	1,228	1,228	-
(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)	6,244	6,244	-
(e) Grades 1-5 (enrolled 181-719 hours per year)	1	1	-
(f) Grades 1-5 (enrolled < 181 hours per year)	-	-	-
6-8:			
(g) Grades 6-8 (enrolled 720+ hours per year)	3,826	3,826	-
(h) Grades 6-8 (enrolled 181-719 hours per year)	6	6	-
(i) Grades 6-8 (enrolled < 181 hours per year)	1	1	-
(j) Total Elementary (add lines a through i)	<u>11,325</u>	<u>11,325</u>	<u>-</u>
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,168	5,167	1
(l) Grades 9-12 (enrolled 181-719 hours per year)	41	41	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	8	8	-
(n) Total High School (add lines k through m)	<u>5,217</u>	<u>5,216</u>	<u>1</u>
(o) 19 Year-olds included on line k	-	-	-
(p) Job Corp	-	-	-
(q) Montana Youth Challenge	-	-	-
(r) Early Graduates	<u>10</u>	<u>10</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	Page
Financial Trends	106-109
<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	110-117
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	118-122
<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	123-124
<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	125-131
<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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Net investment in capital assets	\$ 60,569,790	\$ 60,775,788	\$ 59,798,909	\$ 57,733,805	\$ 55,266,962	\$ 52,466,677	\$ 51,771,080	\$ 51,729,935	\$ 51,818,256	\$ 51,101,069	
Restricted	14,612,086	13,131,943	7,457,520	7,793,006	10,730,765	10,916,571	15,270,912	16,398,869	18,713,270	18,731,517	
Unrestricted (deficit)	(12,737,076)	(15,821,877)	(13,230,538)	(14,127,147)	(12,518,164)	(8,862,940)	(112,975,416)	(103,472,531)	(127,071,672)	(133,392,674)	
Total net position	\$ 62,444,800	\$ 58,085,854	\$ 54,025,891	\$ 51,399,664	\$ 53,479,563	\$ 54,520,308	\$ (45,933,424)	\$ (35,343,727)	\$ (56,540,146)	\$ (63,560,088)	
							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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Instruction	\$ 88,164,245	\$ 91,294,560	\$ 94,100,760	\$ 90,996,777	\$ 92,876,108	\$ 96,301,172	\$ 96,651,543	\$ 97,005,016	\$ 105,539,862	\$ 111,758,344
Support services:										
Students	9,601,125	10,384,550	10,978,889	11,562,508	11,518,499	12,203,272	12,710,349	12,726,817	13,901,843	14,041,977
Instructional staff	6,945,475	7,115,837	7,541,224	7,768,857	7,760,274	8,060,342	7,940,616	8,909,748	8,520,641	10,138,104
General administration	1,312,581	1,607,281	1,559,394	2,183,458	1,728,213	1,917,754	2,060,920	2,094,473	2,255,636	1,964,370
School administration	9,069,215	9,642,520	10,149,144	10,076,339	9,790,142	10,166,229	10,285,418	10,911,561	11,154,175	11,915,815
Business services	1,880,984	1,948,020	2,258,772	2,321,858	2,002,743	2,103,298	2,424,217	2,336,752	2,330,041	2,528,926
Operation and maintenance	12,140,124	12,232,630	12,244,035	12,055,291	12,395,350	12,666,923	12,298,862	12,297,661	14,026,596	15,707,111
Student transportation	5,136,849	5,037,035	5,220,799	5,550,126	5,713,801	5,527,358	5,713,291	5,795,959	6,126,048	6,674,494
Food services	5,146,099	5,253,191	5,872,264	5,893,493	5,697,047	5,707,254	5,975,077	6,285,333	6,536,691	6,728,995
Community services	19,891	26,363	30,563	16,681	17,822	14,149	10,100	6,150	-	-
Extracurricular	2,328,064	2,351,072	2,458,540	2,399,701	2,563,371	2,553,595	2,602,188	2,729,817	3,073,078	3,180,993
Other current charges	11,479	12,350	12,874	13,693	-	-	-	-	-	-
Interest	29,399	46,167	316,332	670,408	1,625,782	2,523,052	4,455,186	5,583,903	5,536,184	5,424,464
Total expenses	141,785,530	146,951,576	152,743,590	151,509,190	153,689,152	159,744,398	163,127,767	166,683,190	179,000,795	190,063,593
Program revenues:										
Charges for services:										
Instruction	712,110	782,219	733,494	714,937	796,991	745,180	773,615	840,445	770,718	906,861
Support services:										
Operation and maintenance	41,494	33,606	32,415	50,315	64,230	64,694	57,034	418,069	160,782	57,945
Student transportation	42,381	42,288	38,379	39,704	39,393	34,550	36,618	40,285	36,411	56,946
Food services	2,367,209	2,378,896	2,362,415	2,452,515	2,271,012	2,185,261	2,089,187	2,303,357	2,042,033	2,031,519
Operating grants and contributions	26,530,143	33,980,885	37,940,966	30,073,832	31,165,921	31,443,773	34,661,238	34,311,787	36,670,029	34,920,643
Capital grants and contributions	892,912	77,188	77,586	48,665	139,927	54,637	97,003	177,026	422,990	320,499
Total program revenues	30,586,249	37,295,082	41,185,255	33,379,968	34,477,474	34,528,095	37,714,695	38,090,969	40,102,963	38,294,413
Net expense	(111,199,281)	(109,656,494)	(111,558,335)	(118,129,222)	(119,211,678)	(125,216,303)	(125,413,072)	(128,592,221)	(138,897,832)	(151,769,180)
General revenues:										
Property taxes	34,991,351	35,921,360	38,512,088	39,255,766	40,099,921	41,926,382	48,002,113	51,132,533	54,492,742	58,103,653
Unrestricted intergovernmental:										
State aid	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939	63,509,530	64,607,369	69,043,951
State other	5,724,096	5,678,388	5,721,040	5,720,810	6,484,021	6,244,913	7,322,579	6,907,224	6,928,173	623,278
County	13,211,358	12,124,782	13,525,559	13,636,532	14,978,791	15,809,305	15,458,169	15,643,024	17,154,480	17,735,249
Interest	681,026	411,620	293,422	217,250	133,528	196,214	580,470	582,535	735,757	872,224
Contributions and donations	835,415	937,984	1,146,735	988,900	995,403	1,127,943	1,242,275	838,217	667,437	528,760
Miscellaneous	235,112	459,324	269,744	1,038,092	534,177	496,534	828,766	568,855	746,367	1,082,835
Gain on disposal of capital assets	-	-	-	-	-	-	8,139	-	-	305
Transfers	5,745	-	-	-	-	-	-	-	-	-
Total general revenues	106,025,284	105,297,548	107,498,372	115,502,995	120,979,119	126,569,506	137,563,450	139,181,918	145,332,325	147,990,255
Change in net position	\$ (5,173,997)	\$ (4,358,946)	\$ (4,059,963)	\$ (2,626,227)	\$ 1,767,441	\$ 1,353,203	\$ 12,150,378	\$ 10,589,697	\$ 6,434,493	\$ (3,778,925)

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

Table 3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 362,860	\$ 293,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,327,292	5,058,315	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	8,650
Assigned	-	-	223,775	623,244	804,770	1,261,432	695,086	274,135	349,511	165,846
Unassigned	-	-	3,792,265	4,015,233	4,950,752	6,848,264	10,331,887	16,216,463	17,236,642	15,553,390
Total general fund	\$ 5,690,152	\$ 5,351,340	\$ 4,016,040	\$ 4,638,477	\$ 5,755,522	\$ 8,109,696	\$ 11,026,973	\$ 16,490,598	\$ 17,586,153	\$ 15,727,886
All other governmental funds										
Reserved	\$ 224,169	\$ 102,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	16,060,472	15,374,310	-	-	-	-	-	-	-	-
Capital projects funds	1,181,569	1,167,397	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	1,659	-	-	-
Restricted	-	-	17,959,108	12,268,876	18,773,122	99,009,127	53,835,242	53,229,035	31,443,705	23,937,766
Committed	-	-	2,085,667	2,319,633	2,610,838	3,209,175	3,869,220	4,221,789	4,729,480	5,065,484
Assigned	-	-	7,020,122	6,024,273	6,816,264	5,288,065	9,335,756	10,175,831	11,392,598	12,195,610
Total all other governmental funds	\$ 17,466,210	\$ 16,644,362	\$ 27,064,897	\$ 20,612,782	\$ 28,200,224	\$ 107,506,367	\$ 67,041,877	\$ 67,626,655	\$ 47,565,783	\$ 41,198,860

1

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

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

Table 4

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	\$ 35,782,052	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352	\$ 40,006,403	\$ 42,518,450	\$ 47,163,854	\$ 53,365,029	\$ 52,928,392	\$ 59,688,055
Intergovernmental:										
County	13,970,410	12,883,209	14,285,342	14,480,834	15,862,391	16,621,981	16,313,938	16,477,104	17,958,672	18,550,708
State aid	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278	60,768,215	64,120,939	63,509,530	64,607,369	69,043,951
State other	19,256,945	21,216,653	19,694,027	20,936,835	22,328,332	22,299,555	26,390,195	25,342,892	27,744,479	19,405,841
Federal	12,177,195	17,684,193	22,964,040	14,013,505	14,438,010	14,576,455	14,689,534	15,011,200	15,032,163	15,312,111
Tuition	148,290	201,019	216,974	144,228	243,312	215,980	210,943	204,913	330,996	336,731
Charges for services	2,963,437	3,034,287	2,968,423	3,111,333	2,947,509	2,818,719	2,754,282	3,014,927	2,751,143	2,716,540
Interest	577,704	358,384	259,395	188,638	116,722	168,041	525,184	530,978	644,480	745,116
Miscellaneous	1,708,205	1,397,308	1,417,179	1,301,766	1,529,580	1,624,477	2,119,360	1,437,911	1,433,784	1,622,105
Total revenues	136,925,419	141,866,237	147,705,121	148,341,136	155,225,537	161,611,873	174,288,229	178,894,484	183,431,478	187,421,158
Expenditures										
Instruction	80,508,374	85,968,472	90,169,831	87,658,280	90,187,253	92,966,202	95,684,521	97,255,949	100,659,911	105,519,529
Support services:										
Students	9,101,560	10,028,276	10,774,961	11,420,156	11,286,445	11,968,564	12,823,247	12,579,662	13,486,341	13,480,220
Instructional staff	6,656,922	6,934,825	7,370,246	7,660,634	7,596,063	7,931,366	7,863,139	8,851,876	8,323,039	9,792,095
General administration	1,270,351	1,561,130	1,470,957	2,095,998	1,785,865	1,897,129	2,060,623	2,101,720	2,213,056	1,951,195
School administration	8,554,701	9,274,540	10,048,181	10,196,532	9,553,940	10,224,366	10,579,520	11,206,165	11,117,070	11,661,222
Business services	1,688,771	1,791,715	2,208,878	2,234,008	1,960,014	2,054,553	2,469,323	2,366,351	2,360,883	2,418,418
Operations and maintenance	11,749,344	11,946,381	12,025,975	12,166,696	12,164,592	12,475,533	12,393,710	12,710,622	14,287,143	15,095,368
Student transportation	5,049,102	4,961,862	5,177,545	5,518,265	5,707,029	5,511,248	5,707,091	5,814,423	6,119,000	6,603,013
Food services	5,068,481	5,109,148	5,788,739	5,807,668	5,598,212	5,606,418	5,865,132	6,165,203	6,361,179	6,526,032
Community services	19,891	26,363	30,563	16,661	17,822	14,149	10,100	6,150	-	-
Extracurricular	2,225,258	2,340,782	2,410,349	2,248,253	2,435,096	2,424,350	2,505,235	2,636,320	2,890,536	2,961,203
Other current charges	11,479	12,350	12,874	13,693	-	-	-	-	-	-
Capital outlay	2,535,609	2,797,520	2,725,219	6,566,027	10,837,415	14,217,934	46,298,754	41,129,075	24,964,129	9,310,879
Debt service										
Principal	150,143	229,595	236,253	199,015	165,203	124,227	1,474,250	2,869,250	4,114,250	4,234,250
Interest	64,196	42,301	515,521	653,852	1,412,218	1,767,896	6,170,436	6,132,494	6,213,824	6,092,924
Total expenditures	134,654,182	143,025,260	150,986,092	154,455,718	160,707,167	169,183,935	211,905,081	211,825,260	203,110,361	195,646,348
Excess (deficiency) of revenues over expenditures	2,271,237	(1,159,023)	(3,260,971)	(6,114,582)	(5,481,630)	(7,572,062)	(37,616,852)	(32,930,776)	(19,678,883)	(8,225,190)
Other financing sources (uses)										
Transfers in	370,545	181,725	-	-	9,845	-	196,450	-	-	-
Transfers out	(349,511)	(188,362)	-	-	(9,845)	-	(196,450)	-	-	-
Premium on long-term debt issued	-	-	-	-	-	8,332,379	-	5,119,685	-	-
Insurance recoveries	112,617	-	281,206	284,904	41,615	-	61,500	859,494	507,789	-
Long-term debt issued	773,250	-	12,000,000	-	14,144,502	80,900,000	-	33,000,000	-	-
Sale of capital assets	5,000	5,000	65,000	-	-	-	8,139	-	205,777	-
Total other financing sources (uses)	911,901	(1,637)	12,346,206	284,904	14,186,117	89,232,379	69,639	38,979,179	713,566	-
Net change in fund balances	\$ 3,183,138	\$ (1,160,660)	\$ 9,085,235	\$ (5,829,678)	\$ 8,704,487	\$ 81,660,317	\$ (37,547,213)	\$ 6,048,403	\$ (18,965,317)	\$ (8,225,190)
Debt service as a percentage of non-capital expenditures	0.16%	0.19%	0.51%	0.58%	1.05%	1.22%	4.62%	5.27%	5.80%	5.54%

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

Fiscal Year	Instruction	Students	Support Services					Student Transportation
			Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	
2009	\$ 60,197,185	\$ 6,270,596	\$ 5,132,096	\$ 1,207,359	\$ 6,854,511	\$ 1,402,720	\$ 10,639,761	\$ 47,181
2010	62,217,372	6,412,634	5,000,683	1,455,004	7,182,901	1,317,101	10,750,560	81,841
2011	65,096,669	7,187,725	5,803,981	1,311,896	7,535,626	1,782,780	10,828,842	47,398
2012	64,228,160	6,865,200	5,743,805	1,696,286	7,640,231	1,623,144	10,593,673	20,604
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

Fiscal Year	Community Services/Food Services	Extracurricular			Capital Outlay	Debt Service	Total
		Extracurricular	Capital Outlay	Debt Service			
2009	\$ 6,600	\$ 1,984,423	\$ 653,694	\$ 150,143	\$ 94,546,269		
2010	13,200	2,065,022	463,818	245,740	97,205,876		
2011	6,600	2,108,957	567,459	243,574	102,521,507		
2012	-	1,973,861	461,616	203,367	101,049,947		
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		

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

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of		Mill Levy	Taxes Levied	Collected within the Fiscal Year of the Levy		Tax Collections after Levy Year	Total Collections to Date	
			Assessed Value to Est. Actual Value				Amount Collected *	Percent of Levy		Amount Collected	Percent of Levy
Elementary District:											
2009	\$ 166,020,027	\$ 5,114,046,567	3.25%	121.87	\$ 20,232,861	\$ 20,566,137	101.65%	-	-	\$ 20,566,137	101.65%
2010	167,860,468	5,335,244,057	3.15%	123.45	20,722,375	19,532,418	94.26%	1,146,354	1,146,354	20,678,772	99.79%
2011	175,218,296	6,623,402,263	2.65%	128.81	22,569,869	21,435,922	94.98%	450,978	450,978	21,886,900	96.97%
2012	177,014,509	5,985,087,238	2.96%	128.09	22,673,788	22,336,226	98.51%	331,190	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	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	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	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	118,022	34,736,717	99.98%
2017	198,430,778	11,739,775,974	1.69%	190.24	37,749,471	35,633,279	94.39%	894,205	894,205	36,527,484	96.76%
2018	208,808,937	12,511,911,961	1.67%	197.33	41,204,268	39,734,170	96.43%	-	-	39,734,170	96.43%
High School District:											
2009	\$ 214,427,450	\$ 6,659,116,956	3.22%	70.31	\$ 15,076,394	\$ 15,215,915	100.93%	-	-	\$ 15,215,915	100.93%
2010	220,537,239	7,075,610,744	3.12%	70.42	15,530,232	14,601,758	94.02%	895,861	895,861	15,497,619	99.79%
2011	231,740,662	8,623,253,538	2.69%	70.92	16,435,048	15,662,531	95.30%	534,868	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	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	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	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	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	47,892	17,561,837	99.98%
2017	269,574,516	15,595,752,243	1.73%	65.28	17,597,824	16,686,155	94.82%	441,859	441,859	17,128,014	97.33%
2018	283,156,573	16,626,343,898	1.70%	66.63	18,866,722	18,199,329	96.46%	-	-	18,199,329	96.46%

* Tax collections through fiscal year 2009 include delinquent taxes from prior years.
 Effective July 1, 2009, tax collections include only current year tax collections

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:									
2009	\$ 3,372,871	\$ 6,295,883,405	\$ 2,625,268,300	\$ 8,924,524,576	1.43%	\$ 127,270,362			121.87
2010	3,332,900	6,859,523,976	2,061,518,265	8,924,375,141	1.43%			127,941,070	123.45
2011	3,352,379	6,922,553,883	2,018,786,035	8,944,692,297	1.43%			128,232,379	128.81
2012	3,320,188	6,984,712,335	2,035,516,027	9,023,548,550	1.43%			128,968,649	128.09
2013	4,631,400	7,107,652,066	2,068,862,067	9,181,145,533	1.42%			130,684,588	134.13
2014	3,854,085	7,238,734,848	2,096,221,003	9,338,809,936	1.43%			133,362,823	144.10
2015	5,235,734	8,047,407,705	2,452,260,873	10,504,904,312	1.45%			152,548,497	179.93
2016	3,222,429	8,131,584,232	2,428,808,679	10,563,615,340	1.45%			153,203,366	178.55
2017	3,567,668	8,823,846,226	2,450,924,446	11,278,338,340	1.44%			162,666,729	190.24
2018	3,781,750	8,985,738,447	2,425,187,449	11,414,707,646	1.44%			163,866,801	197.33
High School District:									
2009	\$ 24,984,639	\$ 7,539,081,625	\$ 3,816,144,112	\$ 11,380,210,376	1.44%	\$ 163,809,089			70.31
2010	25,105,396	8,141,452,809	3,185,196,435	11,351,754,640	1.45%			164,819,503	70.42
2011	25,121,843	8,240,575,293	3,141,091,614	11,406,788,750	1.46%			166,280,833	70.92
2012	25,170,347	8,329,054,288	3,167,868,899	11,522,093,534	1.46%			167,972,135	71.10
2013	36,168,900	8,518,455,953	3,220,194,087	11,774,818,940	1.45%			171,115,813	70.40
2014	35,370,729	8,718,821,777	3,283,878,353	12,038,070,859	1.46%			175,897,177	71.44
2015	38,539,098	9,756,798,419	3,952,410,000	13,747,747,517	1.48%			203,948,304	69.82
2016	27,176,869	9,884,831,869	3,898,833,351	13,810,842,089	1.48%			204,765,579	66.53
2017	29,835,506	10,748,240,209	4,032,797,240	14,810,872,955	1.48%			218,723,916	65.28
2018	28,629,702	10,482,223,166	3,722,495,772	14,233,348,640	1.47%			208,805,817	66.63

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

Table 8

Taxpayer	2018			2009		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Phillips 66 Company	\$ 19,006,041.00	1	9.77%	\$ -	-	0.00%
Northwestern Energy - Trans & Dis	14,698,688.00	2	7.55%	9,953,118	2	6.51%
Montana Dakota Utilities - Gas	3,265,174.00	3	1.68%	1,456,447	6	0.95%
Charter Communications Inc	2,487,925.00	4	1.28%	-	-	0.00%
Phillips 66 Carrier LLC	1,734,417.00	5	0.89%	-	-	0.00%
Quest Corporation/Century Link	1,378,371.00	6	0.71%	-	-	0.00%
Jupiter Sulphur LLC	1,265,822.00	7	0.65%	-	-	0.00%
Verizon Wireless	1,202,181.00	8	0.62%	-	-	0.00%
Yellowstone Pipeline Co	1,009,248.00	9	0.52%	-	-	0.00%
Western Sugar Company	846,599.00	10	0.44%	706,608	8	0.46%
ConocoPhillips Company	-	-	0.00%	9,957,226	1	6.52%
Bresnan Broadband DBA MT Telegraph	-	-	0.00%	5,465,227	3	3.58%
Quest Corporation	-	-	0.00%	3,656,229	4	2.39%
PPL Montana LLC	-	-	0.00%	3,532,069	5	2.31%
Macerich Rimrock Limited Partnership	-	-	0.00%	881,286	7	0.58%
AT&T Communicatons	-	-	0.00%	669,321	9	0.44%
Rocky Mountain Pipeline System LLC	-	-	0.00%	677,369	10	0.44%
	-	-	0.00%	-	-	0.00%
Total	<u>\$ 46,894,466.00</u>		<u>24.10%</u>	<u>\$ 36,954,900</u>		<u>24.18%</u>

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS

Table 8a

PRINCIPAL PROPERTY TAX PAYERS IN THE HIGH SCHOOL DISTRICT

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
Northwester Energy - Trans & Dis	\$ 11,323,609	1	4.81%	\$ 10,010,158	1	5.17%
Montana Dakota Utilities - Gas	3,390,297	2	1.44%	1,514,241	7	0.78%
Charter Communications Inc	2,214,780	3	0.94%	-	-	0.00%
Quest Corporation/Centurylink Inc	1,353,497	4	0.58%	-	-	0.00%
Verizon Wireless	1,186,260	5	0.50%	704,526	9	0.36%
Rimrock Owner LP	824,250	6	0.35%	-	-	0.00%
Western Sugar	816,833	7	0.35%	-	-	0.00%
AT&T Mobility	606,159	8	0.26%	-	-	0.00%
WBI Energy Transmission, Inc	603,552	9	0.26%	-	-	0.00%
Wal-Mart Real Estate Business Trust	599,407	10	0.25%	692,655	10	0.36%
ConocoPhillips Company	-	-	0.00%	9,686,739	2	5.00%
Bresnan Broadband DBA MT Telegraph	-	-	0.00%	5,598,570	3	2.89%
Quest Corporation	-	-	0.00%	3,471,195	5	1.79%
PPL Montana LLC	-	-	0.00%	3,520,357	4	1.82%
Bresnan Broadband Holdings LLC	-	-	0.00%	2,429,538	6	1.25%
Macerch Rimrock Limited Partnership	-	-	0.00%	-	-	0.00%
Conoco Pipeline Co	-	-	0.00%	920,403	8	0.48%
	-		0.00%	-	-	0.00%
Total	\$ 22,918,644		9.74%	\$ 38,548,382		19.90%

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2018
(modified accrual basis of accounting)

Table 9

<u>Source</u>	<u>Actual Revenue</u>	<u>Percent of Total Revenue</u>
Revenue from local and intermediate sources:		
Property taxes	\$ 59,688,055	31.85%
Tuition	336,731	0.18%
Interest	745,116	0.40%
Charges for service	2,716,540	1.45%
County retirement	17,735,249	9.46%
County transportation	815,459	0.44%
Miscellaneous	1,622,105	0.87%
Total revenue from local and intermediate sources	83,659,255	44.64%
Revenue from state sources:		
Direct state aid	46,874,083	25.01%
State quality educator	3,785,706	2.02%
State at risk	461,656	0.25%
State Indian education for all	368,867	0.20%
State American Indian achievement gap	406,770	0.22%
State special education allowable cost payment	4,953,891	2.64%
State guaranteed tax base aid	22,169,868	11.83%
State transportation	689,469	0.37%
State Medicaid	3,259,408	1.74%
State school block grant	531,786	0.28%
State on-behalf payment	3,569,828	1.90%
State other	1,378,460	0.74%
Total revenue from state sources	88,449,792	47.19%
Revenue from federal sources:		
Federal grants	10,878,403	5.80%
Federal food service	4,433,708	2.38%
Total revenue from federal sources	15,312,111	8.17%
Total revenue	\$ 187,421,158	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
2009	\$ 30,661,819	\$ 64,844,217	\$ -	\$ 148,290	\$ 75,979	\$ 9,263	\$ 95,739,568
2010	30,054,248	63,876,342	2,493,094	201,019	64,393	177,968	96,867,064
2011	31,890,655	62,290,861	6,755,483	216,974	32,234	-	101,186,207
2012	32,602,150	68,856,591	45,406	144,228	18,796	5,213	101,672,384
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

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
2009	\$ 30,895,351	\$ 64,844,217	\$ -	\$ 95,739,568	15,481	\$ 1,996	\$ 4,189	\$ -	\$ 6,185
2010	30,497,628	63,876,342	2,493,094	96,867,064	15,676	1,945	4,075	159	6,179
2011	32,139,863	62,290,861	6,755,483	101,186,207	15,714	2,045	3,964	430	6,439
2012	32,770,387	68,856,591	45,406	101,672,384	15,965	2,053	4,313	3	6,369
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

Source: District Records

BILLINGS PUBLIC SCHOOLS
Ratio of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Table 12

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								
2009	102,500	\$ 166,020,027	\$ -	\$ -	\$ -	0.00%	-	0.00%
2010	105,500	167,860,468	-	-	-	0.00%	-	0.00%
2011	107,934	175,218,296	4,420,000	111,676	4,308,324	2.46%	39.92	0.12%
2012	107,977	177,014,509	4,420,000	407,252	4,012,748	2.27%	37.16	0.10%
2013	107,857	176,069,203	14,784,502	1,531,348	13,253,154	7.53%	122.88	0.31%
2014	109,059	178,803,178	104,180,290	2,451,448	101,728,842	56.89%	932.79	2.18%
2015	110,248	175,238,138	102,289,421	3,955,846	98,333,575	56.11%	891.93	2.09%
2016	111,902	194,587,614	136,931,249	4,457,585	132,473,664	68.08%	1,183.84	2.66%
2017	113,581	198,430,778	132,144,396	4,103,545	128,040,851	64.53%	1,127.31	2.39%
2018	114,967	208,808,937	127,237,543	5,338,967	121,898,576	58.38%	1,060.29	2.18%
High School District								
2009	121,700	\$ 214,427,450	\$ -	\$ -	\$ -	0.00%	-	0.00%
2010	125,000	220,537,239	-	-	-	0.00%	-	0.00%
2011	123,145	231,740,662	7,580,000	-	7,580,000	3.27%	61.55	0.18%
2012	127,987	235,424,143	7,580,000	641,386	6,938,614	2.95%	54.21	0.14%
2013	127,011	235,345,707	11,360,000	1,370,152	9,989,848	4.24%	78.65	0.20%
2014	128,281	238,407,131	11,360,000	2,064,230	9,295,770	3.90%	72.46	0.17%
2015	130,625	235,586,169	11,360,000	2,665,249	8,694,751	3.69%	66.56	0.16%
2016	132,584	264,033,676	11,360,000	3,238,093	8,121,907	3.08%	61.26	0.14%
2017	134,573	269,574,516	11,360,000	3,777,519	7,582,481	2.81%	56.34	0.12%
2018	136,215	283,156,573	11,360,000	4,464,184	6,895,816	2.44%	50.62	0.10%

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
2009	\$ -	\$ -	\$ 758,250	\$ 533,043	\$ 1,291,293	0.03%	121,700	\$ 10.61
2010	-	-	674,000	387,698	1,061,698	0.03%	125,000	8.49
2011	12,000,000	-	589,750	235,695	12,825,445	0.31%	123,145	104.15
2012	12,000,000	-	505,500	120,930	12,626,430	0.26%	127,987	98.65
2013	26,144,502	-	421,250	39,977	26,605,729	0.53%	127,011	209.48
2014	115,203,290	-	337,000	-	115,540,290	2.11%	128,281	900.68
2015	113,396,671	-	252,750	-	113,649,421	2.04%	130,625	870.04
2016	148,122,749	-	168,500	-	148,291,249	2.51%	132,584	1,118.47
2017	143,420,146	-	84,250	-	143,504,396	2.26%	134,573	1,066.37
2018	138,597,543	536,276	-	-	139,133,819	2.10%	136,215	1,021.43

(1) Personal income is disclosed on table 17

BILLINGS PUBLIC SCHOOLS
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended June 30, 2017

Table 14

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Elementary District:											
Maximum debt limit	\$ 144,564,325	\$ 159,167,625	\$ 163,878,075	\$ 173,621,490	\$ 180,280,680	\$ 187,023,650	\$ 380,545,000	\$ 384,973,600	\$ 405,467,400	\$ 404,230,800	
Total net debt applicable to limit	357,139	259,758	5,167,666	5,006,523	15,232,536	96,021,502	94,547,252	124,678,002	120,479,502	127,237,543	
Legal debt margin	\$ 144,207,186	\$ 158,907,867	\$ 158,710,409	\$ 168,614,967	\$ 165,048,144	\$ 91,002,148	\$ 285,997,748	\$ 260,295,598	\$ 284,987,898	\$ 276,993,257	
Total net debt applicable to limit as a percentage of debt limit	0.25%	0.16%	3.15%	2.88%	8.45%	51.34%	24.85%	32.39%	29.71%	31.48%	
High School District:											
Maximum debt limit	\$ 163,003,680	\$ 178,979,580	\$ 174,945,980	\$ 186,698,955	\$ 190,562,190	\$ 199,032,120	\$ 411,396,870	\$ 424,453,320	\$ 461,250,790	\$ 474,496,880	
Total net debt applicable to limit	175,904	127,940	7,657,779	7,619,907	11,373,193	11,360,000	11,360,000	11,360,000	11,360,000	11,360,000	
Legal debt margin	\$ 162,827,776	\$ 178,851,640	\$ 167,288,201	\$ 179,079,048	\$ 179,188,997	\$ 187,672,120	\$ 400,036,870	\$ 413,093,320	\$ 449,890,790	\$ 463,136,880	
Total net debt applicable to limit as a percentage of debt limit	0.11%	0.07%	4.38%	4.08%	5.97%	5.71%	2.76%	2.68%	2.46%	2.39%	
Debt Limitation Calculation	Elementary	High School									
2017/18 Statewide Average Per ANB X FY18 ANB	\$ 34,350		\$ 84,370								
	11,768		5,624								
Total	404,230,800		474,496,880								
X Debt Limit Rate of 1.0	1.00		1.00								
Equals: Maximum Debt Capacity	404,230,800		474,496,880								
Less: bonded indebtedness	116,329,502		11,360,000								
Less: other indebtedness	-		-								
Estimated Debt Capacity Remaining	\$ 287,901,298		\$ 463,136,880								

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

Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 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, 2018

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	\$ 127,237,543	100.00%	\$ 127,237,543	0.00%	\$ -
Limited Obligation Bonds	-	0.00%	-	0.00%	-
Elementary District Total	127,237,543		127,237,543		-
High School District:					
General Obligation Bonds	11,360,000	73.74%	8,376,864	26.26%	2,983,136
High School District Total	11,360,000		8,376,864		2,983,136
Total Direct Debt	<u>\$ 138,597,543</u>		<u>\$ 135,614,407</u>		<u>\$ 2,983,136</u>
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 11,559,000	58.02%	\$ 6,706,671	20.66%	\$ 2,387,949
City of Billings:					
Various Issues	20,325,000	45.35%	9,217,388	16.15%	3,282,488
Total Overlapping Debt	31,884,000		15,924,058		5,670,437
Total Direct and Overlapping Debt	<u>\$ 170,481,543</u>		<u>\$ 151,538,465</u>		<u>\$ 8,653,573</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:					
2009	\$ -	\$ -	\$ -	\$ 58,207,632	0.0%
2010	-	-	-	60,318,907	0.0%
2011	-	110,058	110,058	64,858,599	0.2%
2012	-	239,680	239,680	64,820,488	0.4%
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%
High School:					
2009	\$ -	\$ -	\$ -	\$ 36,402,333	0.0%
2010	-	-	-	36,886,969	0.0%
2011	-	188,742	188,742	37,662,908	0.5%
2012	-	409,820	409,820	36,229,459	1.1%
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%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Year	Elementary		High School		Per Capita Income	Total Elementary		Total High School		Median Age	School Enrollment	Unemployment Rate
	District Population	District Population	District Population	District Population		District Personal Income (1)	District Personal Income (1)	District Personal Income (1)	District Personal Income (1)			
2009	102,500	121,700			\$ 30,427	\$	3,118,767,500	\$	3,702,965,900	36.8	15,481	4.4%
2010	105,500	125,000			32,427		3,421,048,500		4,053,375,000	38.1	15,676	5.8%
2011	107,934	123,145			33,289		3,593,014,926		4,099,373,905	38.3	15,714	5.6%
2012	107,977	127,987			38,488		4,155,818,776		4,925,963,656	38.5	15,965	4.9%
2013	107,857	127,011			39,640		4,275,451,480		5,034,716,040	38.4	16,220	4.2%
2014	109,059	128,281			42,720		4,659,000,480		5,480,164,320	37.8	16,268	4.0%
2015	110,248	130,625			42,735		4,711,448,280		5,582,259,375	36.8	16,318	4.0%
2016	111,902	132,584			44,573		4,987,807,846		5,909,666,632	38.0	16,356	4.0%
2017	113,581	134,573			47,169		5,357,502,189		6,347,673,837	37.1	16,637	3.5%
2018	114,967	136,215			48,553		5,581,977,612		6,613,636,728	38.0	16,645	3.5%

Sources and other information:

Bureau of Business and Economic Research

(1) Calculated using Yellowstone County Per Capita Personal Income applied to the estimated District population.

BILLINGS PUBLIC SCHOOLS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 18

2018		2009	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Advanced Employment Services	7	Albertsons Food & Drug	8
Albertsons Food & Drug	8	Avitus Group	9
Billings Clinic	9	Billings Clinic	9
Cenex Harvest States	8	Billings Gazette	7
Charter Communications	7	Cenex	7
Costco	7	Computer Claims Administration	7
ExxonMobil	7	ConocoPhillips	7
First Interstate Bank	8	Costco	7
Phillips 66 Company	7	ExxonMobil	7
Rocky Mountain College	7	First Interstate Bank	8
Scheels	7	Food Services of America	7
St. John's Lutheran Home	8	Rocky Mountain College	7
St. Vincent Healthcare	9	St. John's Lutheran Home	8
Sysco Food Services	7	St. Vincent Healthcare	9
Target	6	Sysco Food Services	7
Town Pump	7	Target	7
United Parcel Service	7	United Parcel Service	6
Wal-Mart	9	Wal-Mart	9
Wells Fargo	8	Wells Fargo	8
Yellowstone Boys and Girls Ranch	7	Yellowstone Boys and Girls Ranch	7

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

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

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

Table 19

OPERATING STATISTICS

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Expenses (1)	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) (2)	Pupil/ Certified Staff Ratio
2009	\$ 141,785,530	15,481	\$ 9,159	2.61%	1,169.2	13.2
2010	147,171,358	15,676	9,388	2.51%	1,163.4	13.5
2011	152,743,590	15,714	9,720	3.54%	1,133.2	13.9
2012	151,509,190	15,965	9,490	-2.37%	1,101.9	14.5
2013	153,378,480	16,220	9,456	-0.36%	1,120.7	14.5
2014	159,744,398	16,268	9,820	3.84%	1,144.9	14.2
2015	163,127,767	16,318	9,997	1.81%	1,137.3	14.3
2016	166,683,190	16,356	10,191	1.94%	1,143.2	14.3
2017	179,319,639	16,637	10,778	5.76%	1,141.1	14.6
2018	190,063,593	16,645	11,419	5.94%	1,187.4	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Administrators	-	-	-	-	-	-	-	-	-	-
Certified Staff	1,031.5	1,027.3	992.9	974.8	995.9	1,012.7	1,003.8	1,009.5	1,008.4	1,050.5
Classified Employees	196.5	194.6	196.6	202.5	202.9	202.4	196.8	199.4	179.1	190.0
Support Services										
Administrators	5.0	5.0	5.0	4.0	4.0	5.0	6.0	6.0	7.0	7.0
Administrative Support	1.0	1.0	1.0	-	-	-	-	-	-	-
Certified Staff	135.7	134.1	137.3	125.1	123.8	131.2	132.5	132.7	132.7	136.9
Classified Employees	64.3	63.2	64.2	65.6	64.9	64.2	59.9	61.2	71.3	69.0
General Administration										
Administrators	7.7	8.7	8.3	13.7	10.0	6.9	8.9	9.9	9.0	8.4
Administrative Support	11.5	11.5	10.5	10.5	10.5	10.5	14.5	12.5	10.5	10.0
Certified Staff	1.0	1.0	2.0	1.0	-	-	-	-	-	-
Classified Employees	21.4	19.4	21.6	20.8	19.4	19.2	19.0	21.5	25.7	18.2
Building Administration										
Administrators	46.0	45.9	45.9	45.0	45.0	48.0	48.0	47.0	47.9	52.0
Administrative Support	-	-	-	-	-	-	-	-	-	-
Certified Staff	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Classified Employees	80.2	79.4	79.7	81.4	80.6	80.9	78.5	79.2	70.8	89.5
Operations and Maintenance										
Administrators	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	144.8	143.2	144.7	143.1	142.8	142.5	142.8	144.7	145.9	142.4
Student Transportation										
Administrators	1.0	1.0	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Support	1.0	1.0	-	-	-	-	-	-	-	-
Classified Employees	31.5	28.9	28.6	42.8	35.1	33.1	32.8	33.3	42.6	42.4
Extracurricular Activities										
Administrators	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	2.0
Total	1,787.1	1,771.2	1,745.6	1,737.3	1,741.9	1,763.6	1,750.5	1,763.9	1,756.9	1,821.3
Summary			Admin	Admin Support	Certified Staff	Classified Employees	Total FTE			
Instruction			-	-	1,050.5	190.0	1,240.5			
Support Services			7.0	10.0	136.9	69.0	222.9			
General Administration			8.4	-	-	18.2	26.6			
Building Administration			52.0	-	-	89.5	141.5			
Operations and Maintenance			1.0	-	-	142.4	143.4			
Student Transportation			1.0	-	-	42.4	43.4			
Extracurricular Activities			1.0	-	-	2.0	3.0			
	70.4	10.0	1,187.4	553.5	1,821.3					

Source: District Records

BILLINGS PUBLIC SCHOOLS
CERTIFIED STAFF EDUCATION AND EXPERIENCE
November 1, 2017

Table 21

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	203.7	17.2%
Bachelor's Degree + 15 Credits	67.6	5.7%
Bachelor's Degree + 30 Credits	47.5	4.0%
Bachelor's Degree + 45 Credits	58.0	4.9%
Bachelor's Degree + 60 Credits	39.1	3.3%
Bachelor's Degree + 75 Credits	26.5	2.2%
Bachelor's Degree + 90 Credits	31.6	2.7%
Bachelor's Degree + 105 Credits	149.0	12.5%
Master's Degree	119.5	10.1%
Master's Degree + 15 Credits	71.5	6.0%
Master's Degree + 30 Credits	54.8	4.6%
Master's Degree + 45 Credits	312.8	26.3%
Doctorate's Degree	<u>5.8</u>	<u>0.5%</u>
Total	<u><u>1,187.4</u></u>	<u><u>100%</u></u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	413.8	35%
6-10	177.7	15%
11-15	206.2	17%
16-20	178.0	15%
21-25	105.0	9%
26 and Above	<u>106.7</u>	<u>9%</u>
Total	<u><u>1,187.4</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
Elementary						
<u>K-5 Schools:</u>						
Alkali Creek	1979	-	41,710	402	334	83.08%
Arrowhead	1978	-	41,728	466	434	93.13%
Beartooth	1974	1980	40,834	440	385	87.50%
Bench	1955	1974, 1978	35,413	352	385	109.38%
Big Sky	1986	-	42,853	412	407	98.79%
Bitterroot	1964	1965, 1970	31,710	352	369	104.83%
Boulder	1962	1971, 2007	41,688	352	428	121.59%
Broadwater	1910	1916, 1920, 1956, 2015	56,301	400	373	93.25%
Burlington	1956	1957	33,368	332	227	68.37%
Central Heights	1962	1965, 1979	35,592	314	267	85.03%
Eagle Cliffs	1986	-	46,634	470	374	79.57%
Highland	1947	1956	32,703	292	292	100.00%
McKinley	1906	1918, 1958, 2015	56,391	400	263	65.75%
Meadowlark	1964	1971, 2007	45,445	412	493	119.66%
Miles	1955	1957, 1965	31,443	294	267	90.82%
Newman	1953	1957	30,040	254	222	87.40%
Orchard	1960	1948, 1956, 1987, 2006	61,502	450	366	81.33%
Poly	1952	1955, 1960	34,388	322	342	106.21%
Ponderosa	1965	2007	41,500	382	269	70.42%
Rimrock	1952	1976, 1979	31,086	-	-	0.00%
Rose Park	1958	1962	31,576	294	255	86.73%
Sandstone	1978	-	41,621	464	404	87.07%
Washington	1948	1952, 1962	45,869	264	296	112.12%
<u>6-8 Schools</u>						
Ben Steele	2017	-	119,268	750	745	99.33%
Castle Rock	1979	-	112,801	715	582	81.40%
Lewis & Clark	1956	1962	144,095	743	768	103.36%
Medicine Crow	2016	-	117,632	750	704	93.87%
Riverside	1963	1979	88,026	604	520	86.09%
Will James	1967	1974	106,500	664	522	78.61%
<u>High Schools:</u>						
Career Center	1975	-	137,230		N/A	N/A
Senior	1940	1953, 1967, 1974	229,895	1,445	1,923	133.08%
Skyview	1987	-	247,667	1,454	1,616	111.14%
West	1959	1962, 1966, 1975, 1976	239,887	1,484	1,813	122.17%
<u>Administration:</u>						
Lincoln Center	1913	1921, 1935, 1951, 1964, 1968, 1985	136,805		16,645	
Facilities	1958	1962	24,000			
Warehouse	1994	-	40,000			
<u>Vacant Land Sites:</u>						
Elem. - 10 acres						
H.S. - 40 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	19.6%	19.2%	23.8%	23.6%	24.8%	24.1%	21.3%	20.2%	23.6%	31.7%
Arrowhead	5.2%	4.6%	5.3%	8.0%	7.3%	8.7%	7.6%	8.0%	11.5%	10.6%
Beartooth	41.8%	46.7%	40.1%	44.7%	45.8%	47.9%	46.5%	45.0%	47.8%	47.3%
Bench	60.3%	61.3%	59.0%	61.0%	61.7%	61.5%	63.1%	65.8%	65.8%	60.8%
Big Sky	22.7%	24.2%	27.5%	28.8%	32.9%	31.1%	35.8%	33.2%	39.7%	45.2%
Bitterroot	36.4%	42.3%	37.5%	41.0%	36.2%	36.1%	38.4%	34.8%	40.5%	46.1%
Boulder	23.7%	25.2%	23.8%	25.3%	22.0%	20.3%	18.7%	21.7%	17.0%	13.1%
Broadwater	57.1%	60.9%	61.0%	56.7%	59.3%	64.5%	69.3%	63.1%	59.4%	53.4%
Burlington	38.3%	40.6%	36.6%	37.1%	38.3%	38.8%	41.2%	40.4%	42.7%	47.1%
Central Heights	30.0%	35.7%	40.6%	44.9%	36.6%	36.4%	39.7%	39.4%	35.3%	45.7%
Eagle Cliffs	18.7%	19.0%	23.3%	26.2%	22.6%	23.1%	25.8%	26.5%	24.0%	25.4%
Highland	35.9%	35.2%	37.3%	41.2%	36.1%	36.4%	31.9%	37.5%	36.5%	40.4%
McKinley	65.1%	65.3%	65.3%	71.6%	65.0%	64.5%	73.8%	63.9%	68.7%	100.0% *
Meadowlark	30.8%	33.8%	34.4%	34.3%	33.7%	33.1%	30.6%	30.9%	29.5%	24.1%
Miles	48.5%	53.1%	54.5%	56.1%	57.2%	55.8%	65.8%	62.0%	58.2%	60.3%
Newman	74.4%	74.1%	73.6%	73.8%	70.9%	72.4%	73.9%	71.2%	70.9%	100.0% *
Orchard	85.6%	89.0%	83.3%	86.2%	85.7%	85.1%	100.0%	100.0%	100.0%	100.0% *
Poly	21.8%	24.5%	22.0%	21.0%	21.0%	20.7%	24.1%	23.3%	22.3%	22.5%
Ponderosa	73.4%	74.1%	71.7%	73.1%	74.8%	74.7%	68.6%	72.8%	72.1%	100.0% *
Rose Park	23.3%	33.1%	33.9%	38.0%	38.1%	42.5%	42.1%	43.7%	39.5%	46.3%
Sandstone	37.3%	37.1%	38.2%	42.3%	44.4%	44.4%	38.7%	44.4%	42.2%	45.5%
Washington	64.7%	73.4%	77.0%	75.9%	77.9%	77.7%	77.8%	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%	0.0%	0.0%	15.2%
Castle Rock	27.6%	31.2%	31.6%	31.4%	30.8%	31.6%	32.6%	35.0%	27.8%	27.3%
Lewis & Clark	34.2%	42.1%	39.5%	38.6%	40.7%	41.8%	44.6%	41.6%	38.6%	41.3%
Medicine Crow (1)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.6%	43.6%
Riverside	49.4%	55.1%	54.0%	55.9%	56.6%	60.1%	66.6%	64.4%	58.6%	61.9%
Will James	15.4%	18.6%	22.1%	21.7%	19.8%	17.8%	14.2%	18.1%	16.9%	34.1%
<u>High Schools:</u>										
Senior	24.1%	27.9%	30.5%	32.3%	29.7%	29.8%	31.7%	31.3%	32.8%	32.4%
Skyview	17.9%	23.0%	25.7%	25.3%	23.4%	24.2%	24.0%	22.4%	25.2%	25.6%
West	13.6%	18.8%	19.9%	22.5%	22.8%	22.1%	21.0%	19.0%	20.1%	17.6%

(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
2009	15,481	(0.14)	15,923	(0.64)	99.36
2010	15,676	1.26	16,208	1.79	101.79
2011	15,714	0.24	16,151	(0.35)	99.65
2012	15,965	1.60	16,486	2.07	102.07
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

Source: District Records

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-18
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/17-7/1/18
D. Coverage:	Buildings/Contents
E. Limits:	\$500,000,000
II. Commercial General Liability	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/17-7/1/18
D. Coverage:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/17-7/1/18
D. Coverage:	Automobile Liability and Physical Damage
E. Limits:	\$1,000,000
IV. Boiler and Machinery Policy	
A. Policy #:	FBP9333099
B. Carrier:	Hartford Steam Boiler
C. Policy Period:	7/1/17-7/1/18
D. Limits:	Based on property values
V. Environmental Liability	
A. Policy #:	569606
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/17-7/1/18
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Excess Liability	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/17-7/1/18
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/17-7/1/18
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	GPPA-PF-6056582-01
B. Carrier:	Glatfelter Public Practice
C. Policy Period:	7/1/17-7/1/18
D. Limits:	\$1,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Co
C. Policy Period:	7/1/17-7/1/18
D. Limits:	\$1,000,000
X. Builders Risk Reporting Policy	
A. Policy #:	IMP448843505
B. Carrier:	Great American Insurance Company
C. Policy Period:	6/1/17-6/1/18
D. Limits:	\$450,000
XI. Workers' Compensation	
A. Policy #:	WC-16-31147
B. Carrier:	Montana Schools Group Insurance Authority
C. Policy Period:	7/1/17-6/30/18
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 Trustees of
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, 2018, and the related notes to the financial statements, which collectively comprise Billings Public Schools' basic financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Billings Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Montana Legal Compliance

The *Compliance Supplement for Audits of Montana Local Government Entities*, contains nine categories of compliance to be tested. Our audit considered all of the nine categories.

In connection with our audit, nothing came to our attention that caused us to believe that Billings Public Schools failed to comply with the provisions of the *Compliance Supplement for Audits of Montana Local Government Entities*, except as described in the accompanying schedule of findings and questioned costs as item 2018-A. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Billings Public Schools' noncompliance with the above referenced provisions.

Billings Public Schools' Response to Finding

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

Purpose of this Report

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

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Billings, Montana
December 13, 2018

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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 of
Billings Public Schools
Billings, Montana

Report on Compliance for Each 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 Billings Public Schools' major federal programs for the year ended June 30, 2018. 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 the compliance for each of 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 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 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, 2018.

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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 compliance requirements referred to above. In planning and performing our audit of compliance, we considered Billings Public Schools' 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 Schools' 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 compliance requirement 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 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.

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Billings, Montana
December 13, 2018

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BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

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, 2017	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2018
U.S. Department of Education:								
Direct programs:								
Indian Education Grants to LEA's	84.060	S060A152167	\$ 333,291	\$ (44,059)	\$ 44,059	\$ -	\$ -	\$ -
Indian Education Grants to LEA's	84.060	S060A172167	337,860	-	303,467	(337,860)	-	(34,393)
<i>CFDA subtotal</i>				<i>(44,059)</i>	<i>347,526</i>	<i>(337,860)</i>	<i>-</i>	<i>(34,393)</i>
Total Direct Programs				(44,059)	347,526	(337,860)	-	(34,393)
Passed Through State Office of Public Instruction:								
Adult Education-Basic Grants to States	84.002	5609665617	196,107	(39,785)	39,785	-	-	-
Adult Education-Basic Grants to States	84.002	5609665618	198,957	-	198,957	(198,957)	-	-
<i>CFDA subtotal</i>				<i>(39,785)</i>	<i>238,742</i>	<i>(198,957)</i>	<i>-</i>	<i>-</i>
Title I Grants to LEA's	84.010	5609653117	3,848,731	(79,625)	309,400	(229,775)	-	-
Title I Grants to LEA's	84.010	5609653118	3,719,790	-	3,230,910	(3,389,479)	10,154	(148,415)
<i>CFDA subtotal</i>				<i>(79,625)</i>	<i>3,540,310</i>	<i>(3,619,254)</i>	<i>10,154</i>	<i>(148,415)</i>
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5609664217	34,924	(7,787)	10,378	(2,591)	-	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5609664218	30,075	-	36,748	(40,914)	-	(4,166)
<i>CFDA subtotal</i>				<i>(7,787)</i>	<i>47,126</i>	<i>(43,505)</i>	<i>-</i>	<i>(4,166)</i>
Career and Technical Education-Basic Grants to States	84.048	5609668117BG	307,724	(21,912)	21,912	-	-	-
Career and Technical Education-Basic Grants to States	84.048	5609668118BG	234,121	-	280,092	(289,881)	-	(9,789)
<i>CFDA subtotal</i>				<i>(21,912)</i>	<i>302,004</i>	<i>(289,881)</i>	<i>-</i>	<i>(9,789)</i>
Special Education Grants to States	84.027	5609657717	3,966,969	(360,859)	360,859	-	-	-
Special Education Grants to States	84.027	5609657718	4,008,128	-	3,874,121	(3,892,503)	-	(18,382)
Special Education Preschool Grants	84.173	5609657917	123,513	(14,597)	14,597	-	-	-
Special Education Preschool Grants	84.173	5609657918	123,240	-	121,960	(123,240)	-	(1,280)
<i>CFDA subtotal</i>				<i>(375,456)</i>	<i>4,371,537</i>	<i>(4,015,743)</i>	<i>-</i>	<i>(19,662)</i>
Education for Homeless Children and Youth	84.196	5609655717	48,626	(1,300)	18,557	(17,257)	-	-
Education for Homeless Children and Youth	84.196	5609655718	44,450	-	22,515	(31,093)	-	(8,578)
<i>CFDA subtotal</i>				<i>(1,300)</i>	<i>41,072</i>	<i>(48,350)</i>	<i>-</i>	<i>(8,578)</i>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668417	9,979	(104)	104	-	-	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668418	11,277	-	4,641	(5,729)	-	(1,088)
<i>CFDA subtotal</i>				<i>(104)</i>	<i>4,745</i>	<i>(5,729)</i>	<i>-</i>	<i>(1,088)</i>
English Language Acquisition State Grants	84.365	5609654117	26,406	(119)	2,452	(2,333)	-	-
English Language Acquisition State Grants	84.365	5609654118	22,566	-	-	(17,354)	-	(17,354)
<i>CFDA subtotal</i>				<i>(119)</i>	<i>2,452</i>	<i>(19,687)</i>	<i>-</i>	<i>(17,354)</i>
Supporting Effective Instruction State Grants	84.367	5609651417	906,868	(28,298)	53,302	(25,004)	-	-
Supporting Effective Instruction State Grants	84.367	5609651418	860,308	-	784,292	(791,063)	-	(6,771)
<i>CFDA subtotal</i>				<i>(28,298)</i>	<i>837,594</i>	<i>(816,067)</i>	<i>-</i>	<i>(6,771)</i>
Student Support & Academic Enrichment Program	84.424	5609955218	10,154	-	10,154	-	(10,154)	-
<i>CFDA subtotal</i>				<i>-</i>	<i>10,154</i>	<i>-</i>	<i>(10,154)</i>	<i>-</i>
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families	84.181	18-143-1800	320,620	-	320,620	(320,620)	-	-
<i>CFDA subtotal</i>				<i>-</i>	<i>320,620</i>	<i>(320,620)</i>	<i>-</i>	<i>-</i>
Rehabilitative Services Vocational Rehabilitation Grants to States	84.126	H126A150038	286,000	179,650	178,760	(76,603)	-	281,807
<i>CFDA subtotal</i>				<i>179,650</i>	<i>178,760</i>	<i>(76,603)</i>	<i>-</i>	<i>281,807</i>
Total Pass Through Programs				(374,736)	9,895,116	(9,454,396)	-	65,984
Total U.S. Department of Education				\$ (418,795)	\$ 10,242,642	\$ (9,792,256)	\$ -	\$ 31,591

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

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, 2017	Cash Receipts	Expenditures	Other	(Due from), Due to, Unearned or Fund Balance June 30, 2018
<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	440,380	\$ -	\$ 440,380	\$ (440,380)	\$ -	\$ -
Non-Cash Assistance Subtotal				-	440,380	(440,380)	-	-
Cash Assistance:								
School Breakfast Program	10.553	N/A	864,515	-	864,515	(864,515)	-	-
National School Lunch Program	10.555	N/A	2,823,142	-	2,823,142	(2,823,142)	-	-
Summer Food Service Program for Children-2018	10.559	N/A	150,691	(54,556)	139,502	(150,691)		(65,745)
Cash Assistance Subtotal				(54,556)	3,827,159	(3,838,348)	-	(65,745)
<i>Child Nutrition Cluster subtotal</i>				(54,556)	4,267,539	(4,278,728)	-	(65,745)
Team Nutrition Grants	10.574	5609662115	1,000	900	-	-	-	900
Team Nutrition Grants	10.574	5609662115	2,000	2,000	-	-	-	2,000
Team Nutrition Grants	10.574	5609662011HS	1,000	100	-	-	-	100
<i>CFDA subtotal</i>				3,000	-	-	-	3,000
Fresh Fruit and Vegetable Program	10.582	N/A	154,980	-	154,980	(154,980)	-	-
<i>CFDA subtotal</i>				-	154,980	(154,980)	-	-
Total U.S. Department of Agriculture				\$ (51,556)	\$ 4,422,519	\$ (4,433,708)	\$ -	\$ (62,745)
Total Federal Awards				\$ (470,351)	\$ 14,665,161	\$ (14,225,964)	\$ -	\$ (31,154)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of Billings Public Schools under programs of the federal government for the year ended June 30, 2018. The Information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

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

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

NOTE B - SCHOOLWIDE TITLE I PROGRAM

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

NOTE C - FOOD DISTRIBUTION

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

NOTE D - RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

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

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

Cash receipts	\$ 14,665,161
Revenue accrual adjustments	(372,780)
Federal revenues not subject to Uniform Guidance	1,019,730
Federal revenues	<u>\$ 15,312,111</u>

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:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Special Education Cluster (IDEA)	84.027, 84.173
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State of Montana Compliance Findings

2018-A Enrollment Count

Criteria: Montana Code Annotated (MCA) Section 20-9-311(6) states “When a pupil has been absent, with or without excuse, for more than 10 consecutive school days, the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil resumes attendance prior to the day of the enrollment count”. MCA Section 20-9-311 (11) (a) – (g) describes situations where a district may include an enrolled pupil for Annual Number Belonging (ANB) purposes who is otherwise eligible.

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

Cause: The School District's control system was unable to identify within a short period of time the student that was incorrectly included.

Effect: The School District inadvertently included four students that were not eligible to be counted.

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

Views of Responsible Officials: Management agrees with the finding.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2018

Prepared by Management of
Billing Public Schools

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Billings Public Schools - Summary Schedule of Prior Audit Findings

Military Leave

Finding 2017-A

Finding Summary: During our audit, we noted that one out of a total of five employees with military leave had been given a leave of absence with pay for a period of 15.5 days, which exceeded the 15 working days limit set forth by Montana law.

Responsible Individuals: Mike Arnold, CFO

Corrective Action Plan: The payroll department will audit military leave as part of their month end process.

Status: Fully Implemented

New Hire Reporting

Finding 2017-B

Finding Summary: During our audit, we noted that a total of fifteen employees were not reported within the 20 day window from the employee's date of hire or rehire, as required by the MCA.

Responsible Individuals: Mike Arnold, CFO

Corrective Action Plan: The district will properly train the staff responsible for processing new hire paperwork.

Status: Fully Implemented

Enrollment Count

Finding 2017-C

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

Responsible Individuals: Mike Arnold, CFO

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

Status: Additional training is ongoing

Billings Public Schools – Corrective Action Plan

Enrollment Count

Finding 2018-A

<i>Finding Summary:</i>	During our audit, it was noted that three students on the Fall Enrollment count and one student on the Spring enrollment count were incorrectly counted in the School District's ANB count. None of these students met the definition of an eligible pupil and were incorrectly included in the School District's ANB count.
<i>Responsible Individuals:</i>	Craig Van Nice, CFO
<i>Corrective Action Plan:</i>	Additional training with responsible staff is being implemented to ensure all requirements are in place to determine only eligible students are included in the enrollment count. An additional level of review has also been put in place to assist in comprehensively determining the reporting is accurate.
<i>Anticipated Completion Date:</i>	Ongoing

END OF REPORT