



Billings Public Schools

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2013

Billings School District
415 North 30th Street
Billings, Montana 59101-1298

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BILLINGS SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

Prepared by the Business Services Department
Leo Hudetz, 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 2012-2013

Elementary and High School
Single Member District

1	Travis Kemp	Trustee
2	Pam Ellis	Trustee (May 2011-May 2013)
3	Dr. Greta Besch Moen	Trustee
4	Kathleen Aragon	Trustee, Vice-Chair
5	Lindy S. Graves	Trustee
6	Allen J. Halter	Trustee, Chair (May 2013)
7	Connie Wardell Kevin Toohill	Trustee (May 2010 – May 2013) Trustee (May 2013)

High School
Nominating District

A	Teresa Stroebe	Trustee, Chair (July 2012- May 2013)
B	Travis Smith	Trustee

OFFICIALS

Terry Nelsen Bouck	Superintendent
Leo Hudetz	District Clerk

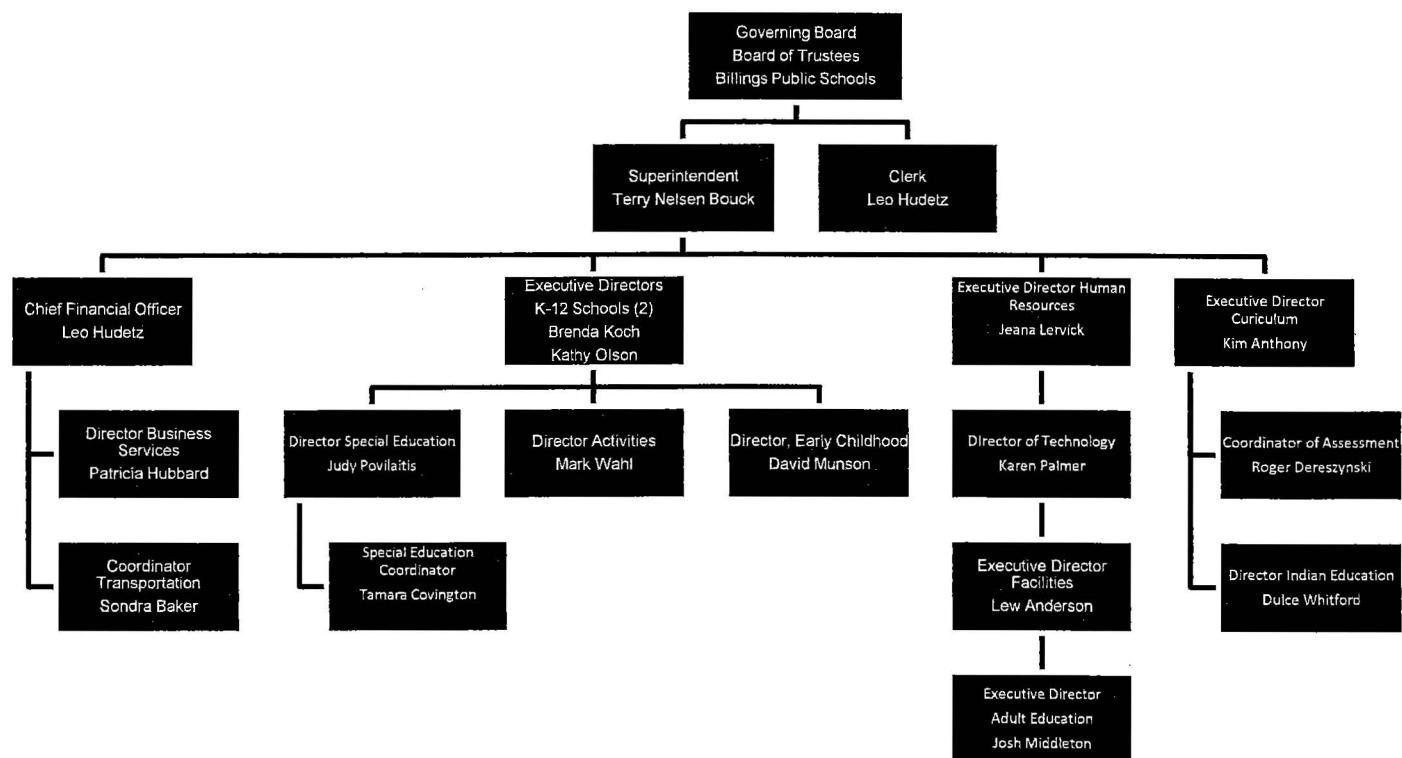
Elementary Single Member District Area:

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

High School District Area:

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

**Billings Public School
Administrative Organization Chart
As of June 30, 2013**



December 9, 2013

Allen J. Halter, 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, 2013. 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 2013.

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 presented in a manner to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an adequate understanding of the district's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) 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 EideBaily LLP, an independent auditor, to conduct the district's audit for the fiscal year ended June 30, 2013. The auditors' 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 107,857. The High School District covers approximately 740 square miles, and encompasses nine elementary districts including; Billings, Lockwood, Elder Grove, Elysian, Canyon Creek, Morin, Yellowstone Academy, Independent, and Blue Creek. The estimated population of the High School District is 127,011.

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. A change in leadership occurred at the board level 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 school aged population peaked in the state of Montana in the mid-1990s. Since then most districts have dropped in enrollment to varying degrees impacting their funding, staffing, and educational offerings. The Billings School District was not immune as it dropped and eventually reached a plateau during the first decade of this century. However, the last two years have seen resurgence in growth with over 650 additional students, most of who are enrolled in the elementary district. Consistent with other AA school districts in the state, the Billings Board of Trustees will monitor this growth and related financial implications.

The district has aging buildings with the oldest building constructed in 1910 and most recent built in 1987. There have been additions made to the buildings over the years and currently bond proceeds are being used to update various facilities. The district has 19 school buildings currently running at over 100% current functional capacity. Because of the concerns regarding overcrowded classrooms and increasing enrollments, the district has contracted with two national consulting companies and one local architectural firm to complete a comprehensive strategic master plan for all of its facilities along with a demographic study. Over the past year, these firms have worked with Billings Public Schools and the community of Billings to develop a comprehensive Facility Master Plan. The Facility Master Plan

presents a funding structure and priorities for capital improvements. The Board of Trustees adopted this plan during the year and conducted a successful bond levy election in November of 2013 to implement the first phase. This bond levy in the amount of \$122.3 million was approved by 54% of the voters.

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 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 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

In May 2013, the district garnered community support with the passage of a \$1,087,237 million Elementary General Fund Levy and a \$1,200,000 Technology Levy. The general fund levy will allow the district to hire new teachers to help meet accreditation standards due to overcrowding and higher student to teacher ratios. The technology levy will help the district meet basic curriculum needs and online testing requirements by upgrading, purchasing equipment and providing necessary support and training.

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. The county has more than 15.11% of the State's population and has grown by almost 14.4% over the last 10 years.

The personal income base has expanded considerably since the early 1990's in the county, resulting in continuous economic expansion. Industries that markedly impact the local economy include those industries associated with trade center activities, agriculture, energy, and tourism and travel. The Billings area is a regional center for the energy industry with three major oil refineries located within the county. Billings has avoided the economic downturn that affected most of the nation 2008-2012. The energy boom currently occurring along the Montana/North Dakota border, in the area known as the Bakken formation, continues to add business and jobs to the Billings economy. A boom in residential construction along with low interest rates, population growth and more jobs has helped strengthen the local housing market. A growth has also been seen in the energy, agriculture and mining industries. Good transportation access contributes to the area's economic activity. Interstate highways intersect near the city, and the city is serviced by three major airline carriers. The city is a major trade center for eastern Montana and northern Wyoming. The absence of a sales tax attracts customers from northern Wyoming. Trade center activities are anchored by the city's status as a regional medical center. Agriculture is a significant economic force in the county. Another important component of the area's economy is tourism and conventions with a nearby national park and three winter ski areas. The recently renovated Rimrock Auto Arena is a multi-use facility that seats 12,000 people and contains a large area for exhibitions. Three higher education facilities are located in the city. These institutions offer both two-year and four-year degrees, as well as graduate programs.

Financial Information

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

As a recipient of federal and state financial assistance, the district is also required to undergo a single audit in conformity with provisions of the single audit act of 1984, replaced by the single audit act amendment of 1996, and U.S. Office of Management and Budget A-133 (revised 6/30/1997), *Audits of States, Local Governments, and Non-Profit Organizations*.

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

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

1. Management Section: report on compliance with laws and regulations and report on the internal control structure.
2. Financial Section: report on financial statements in accordance with GAAP.
3. Single Audit Section (Revised OMB A-133): report on financial statements, internal control, compliance, audit findings and questioned costs.

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

Certificates of Excellence

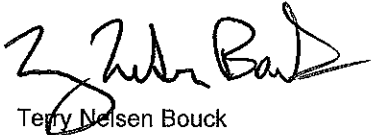
This report has been prepared following guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and the Association of School Business Officials (ASBO). The district has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA and the Certificate of Excellence by ASBO for fiscal years 2007 - 2012. 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,



Terry Nelsen Bouck
Superintendent



Leo Hudetz
Chief Financial Officer



Patricia Hubbard
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, 2012



Executive Director/CEO

Association of School Business Officials International

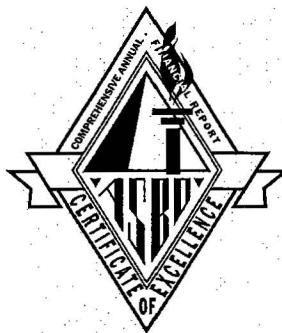


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Billings Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

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SECTION II - FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
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 the Billings Public Schools, Billings, Montana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's 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 Audit 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 the Billings Public School as of June 30, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of funding progress and employer contributions on pages 13 through 21, 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Billings Public School's financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary schedules, State of Montana mandated schedule of changes in fiduciary net assets (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 U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, State of Montana mandated schedules, and the schedule of expenditures of federal awards are the responsibility of management, 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 non-major 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2013 on our consideration of Billings Public School's 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

Very truly yours,

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

Billings, Montana
December 9, 2013

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BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

The following discussion and analysis of Billings Public Schools' (referred to as the "the district" or the "government") financial performance provides an overview of the district's financial activities for the year ended June 30, 2013. 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 \$6.6 million (from 2012 to 2013) to \$155.5 million. This represents a 4.4% increase over the prior year.
- Governmental activity expenses increased \$2.2 million over 2012 to \$153.7 million. This represents a 1.4% increase over the prior year.
- At year-end, the governmental funds reported total fund balances of \$34 million, an increase of \$8.7 million over the prior year.
- The district added a total of \$939,000 to its general fund reserves.
- The 2013 general fund expenditure budget was \$104.8 million, an increase of \$3.3 million or 3.2% over the prior year.
- In fiscal 2013 the district continued renovation and energy upgrades financed by \$12 million voter approved bonds issued in 2010. An additional \$14.4 million in voter approved bonds were issued during fiscal 2013. The projects will continue into fiscal year 2014. Approximately \$8.6 million of the bond proceeds remain.
- In May 2013 voters approved two ongoing levies of \$1.1 million for the general fund and \$1.2 million technology levy.

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

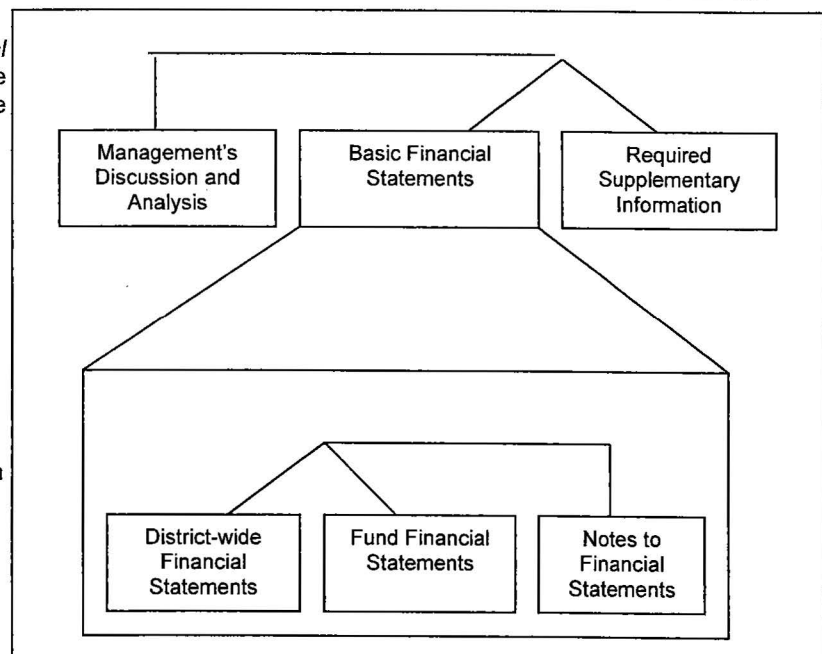


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

Figure A-2 Major Features of Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	Statement of net 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 and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report net position and the changes in it. You can think of net position - the difference between assets and liabilities - as one way to measure the district's financial health, or financial position. Over time, increases or decreases in net 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 25 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 AS OF JUNE 30, 2013

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

NET POSITION:	2013	2012
Current and other assets	\$ 43,892,529	\$ 35,422,489
Capital assets	<u>73,303,773</u>	<u>65,461,723</u>
Total assets	<u>117,196,302</u>	<u>100,884,212</u>
Other liabilities	3,347,271	3,533,118
Long-term liabilities outstanding	60,681,926	45,951,430
Total Liabilities	<u>64,029,197</u>	<u>49,484,548</u>
Net Position:		
Net investment in capital assets	55,266,962	57,733,805
Restricted	10,730,765	7,793,006
Unrestricted	<u>(12,830,622)</u>	<u>(14,127,147)</u>
Total net pension	<u>53,167,105</u>	<u>51,399,664</u>

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CHANGE IN NET POSITION	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 3,171,626	\$ 3,257,471
Operating grants and contributions	31,165,921	30,073,832
Capital grants and contributions	139,927	48,665
General revenues:		
Taxes	40,099,921	39,255,766
State sources	64,237,299	60,366,455
County sources	14,978,791	13,636,532
Interest	133,528	217,250
Contributions and donations	995,403	988,900
Miscellaneous	534,177	1,038,092
Total revenues	<u>155,456,593</u>	<u>148,882,963</u>
Expenses:		
Instruction	92,876,108	90,996,777
Support services:		
Students	11,518,499	11,562,508
Instructional staff	7,760,274	7,768,857
General administration	1,728,213	2,183,458
Administration	9,790,142	10,076,339
Business	2,002,743	2,321,858
Operation and maintenance	12,395,350	12,055,291
Student transportation	5,713,801	5,550,126
Food services	5,697,047	5,893,493
Community services	17,822	16,681
Extracurricular	2,563,371	2,399,701
Other current changes	-	13,693
Interest on long-term debt	1,625,782	670,408
Total expenses	<u>153,689,152</u>	<u>151,509,190</u>
Change in net position	1,767,441	(2,626,227)
Net position, beginning	51,399,664	54,025,891
Net position, ending	<u>53,167,105</u>	<u>51,399,664</u>

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the district's net position and changes in net position. The 2013 revenues exceeded expenses by \$1.8 million.

	2013	2012	% Change
Revenues	\$ 155,456,593	\$ 148,882,963	4.42%
Expenses	153,689,152	151,509,190	1.44%
Surplus (deficit)	1,767,441	(2,626,227)	

A 4.4% increase occurred in revenues from fiscal years 2012 to 2013. Revenues exceeded expenses in 2013 for the first time in eight years.

In 2013, net position increased \$1.8 million. Net position consists of the following:

	2013	2012	Change
Net investment in capital assets	\$ 55,266,962	\$ 57,733,805	\$ (2,466,843)
Restricted	10,730,765	7,793,006	2,937,759
Unrestricted	(12,830,622)	(14,127,147)	1,296,525
Total net position	\$ 53,167,105	\$ 51,399,664	\$ 1,767,441

The district uses its assets to provide services to students and the community. At the close of the 2013 fiscal year the district's net position was \$53.1 million.

The largest portion of the district's net position (\$55.2 million) is capital assets which include investments in land, buildings, equipment, improvements, and infrastructure less any outstanding debt used to acquire the assets. Most of these capital assets do not generate revenue and instead generate future liabilities because of the associated maintenance costs. 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 \$12.0 and \$14.1 million in voter approved bonds in FY 2011 and FY 2013 respectively to address a portion of the deferred maintenance costs. Due to the bond related projects completed to date, the district has reduced its estimated deferred maintenance costs to approximately \$106 million.

The 2013 net position restricted for debt service or other purposes totaling \$10.7 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 \$12.8 million and represents unfunded estimated future pension related liabilities. This deficit decreased by \$1,296,525, or 9.2%, in 2013 primarily due to amortization related to the service credit and termination pay benefits plan, compensated absences, and other postemployment benefits (See Note 4). The district expects this deficit to increase in future years unless the district begins funding these plans. The district historically has maintained a policy of pay-as-you-go for the service credit, termination pay benefits, compensated absences and other postemployment benefits. The district budgeted \$4.2 million to cover the estimated current costs in 2013 (See Note 4). This obligation will be met using cash balances from different funding sources.

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

The district's unfunded liability for the service credit and termination pay benefits plan, compensated absences and other postemployment benefits (OPEB) in FY2013 was \$34.1 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, liabilities, 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 FY2012 were \$25.3 million, while FY2013 totals were \$34 million. The major funds were the general and elementary building funds. The general fund balance increased by \$1.1 million due to significant budget savings achieved by the district and the elementary building fund balance increased by \$5.3 million mainly due to 2012 bond proceeds.

The combined balance for all funds increased by \$8.7 million in FY2013. This is due to bond proceeds being spent on deferred maintenance. The bond proceeds have been spent on projects proposed when the voters approved the issuance. The unrestricted portion of these fund balances are generally an indicator of resources available for spending in the next fiscal year. The Board of Trustees and management set a procedure to maintain a minimum general fund reserve of 5% of budgeted general expenditures. The district reserves have increased to 0.67% in the Elementary District from 4.04% in FY2012 and 0.44% in the High School District from 4.16% in FY2012. In August 2013 the Board of Trustees suspended the district procedure requiring a 5% reserve as it was not met. All General Subfunds revenues increased by \$3.1 million in FY13 due to an increase in state funding as a result of student enrollment increases and tuition collections.

Budgeted expenditures must be adopted by the Board of Trustees prior to the expenditure of governmental funds. If budgeted expenditures are not recognized during the fiscal year, authorization for the expenditure of unused funds lapses at the end of the fiscal year. If projected expenditures are insufficient to meet district requirements, the Board can adopt 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 for FY2013.

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund is always reported as a major fund (See Note 1). This fund reported an unreserved fund balance of \$5.7 million, an increase of \$1.1 million over the prior year.

The table below summarizes general fund revenues and expenditures for FY2013 and FY2012. Revenue increased by 3% due primarily to state funds and increased tuition collection from out of district students. State law allows a district to borrow protested taxes until the protest is resolved. If the protest is eventually upheld, the district is allowed to assess a permissive tax levy to pay back any borrowed funds plus interest. The district chose to borrow \$2 million of protested taxes in FY 2013 to meet budgeted expenditures.

Expenditures were increased by 2.6% primarily due to increases in instruction and support services.

	2013	2012	Change
Revenues:			
Property taxes	\$ 32,307,421	\$ 32,602,150	\$ (294,729)
State aid	56,692,190	54,070,208	2,621,982
state other	15,518,175	14,786,383	731,792
Federal	-	45,406	(45,406)
Tuition	243,312	144,228	99,084
Interest	9,632	18,796	(9,164)
Miscellaneous	-	5,213	(5,213)
Total revenues	<u>104,770,730</u>	<u>101,672,384</u>	<u>3,098,346</u>
Expenditures			
Instruction	\$ 66,777,286	\$ 64,228,160	\$ 2,549,126
Support Services			
Students	6,850,794	6,865,200	(14,406)
Instructional Staff	5,865,148	5,743,805	121,343
General administration	1,419,132	1,696,286	(277,154)
School administration	7,435,562	7,640,231	(204,669)
Business services	1,692,700	1,623,144	69,556
Operation and maintenance	10,820,835	10,593,673	227,162
Student transportation	26,459	20,604	5,855
Extracurricular	2,133,334	1,973,861	159,473
Capital outlay	475,317	461,616	13,701
Debt service	166,963	203,367	(36,404)
Total expenditures	<u>103,663,530</u>	<u>101,049,947</u>	<u>2,613,583</u>

BILLINGS PUBLIC SCHOOLS
MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The district's 2013 capital project budget was used to complete the projects funded by the general fund and bond funds authorized by the voters in September 2010 and May 2012. Construction in progress as of June 30, 2013 of \$8.6 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, 2013 and 2012. The district had \$73.3 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.

	2013	2012	Change
Land	\$ 4,377,961	\$ 4,377,961	\$ -
Construction in progress	8,555,361	5,554,119	3,001,242
Improvements other than buildings	896,652	912,212	(15,560)
Buildings and improvements	58,272,260	53,229,533	5,042,727
Machinery and equipment	1,201,539	1,387,898	(186,359)
Total	<u>\$ 73,303,773</u>	<u>\$ 65,461,723</u>	<u>\$ 7,842,050</u>

Debt Administration – A summary of the district's outstanding long-term debt for the years ended June 30, 2013 and 2012 is presented below:

	2013	2012	Change
General Obligation bonds	\$ 26,144,502	\$ 12,000,000	\$ 14,144,502
Limited obligation bonds	421,250	505,500	(84,250)
Notes payable	39,977	120,930	(80,953)
Compensated absences	11,253,395	11,760,999	(507,604)
Service credit and termination pay benefits	11,229,802	11,042,001	187,801
Other postemployment benefits	11,593,000	10,522,000	1,071,000
Total	<u>\$ 60,681,926</u>	<u>\$ 45,951,430</u>	<u>\$ 14,730,496</u>

At year end, the district had \$60.7 million in outstanding long-term debt/liabilities. The current portion which is due within one year is equal to \$1.2 million. The total long-term liability increased \$14.7 million, or 32%. The change is due to the general obligation bonds issued and an increase of 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, 2013 the district's total debt outstanding was well below the legal limit of \$344.8 million. In July 2012 the district has received a AA- rating from Standard & Poor's Ratings Services for general obligation debt.

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

ECONOMIC CONDITION AND OUTLOOK

The district serves students who live within the city of Billings and specific adjacent areas in Yellowstone County. Billings benefits from a diverse economy as a regional center for agriculture, retail, energy, medical services, transportation, education, law and government services. Nevertheless, economic indicators for the region tend to follow national trends but without the volatility found in other parts of the country. In the past year the value of building permits increased 129 percent over the previous year providing evidence of healthy rebound in the construction sector. In addition to a significant increase in new housing starts, commercial building on a large and small scale has increased. Large projects such as a super-sized sporting goods business being built as the anchor to the new Shiloh Crossing retail center, several new auto dealerships and the start of a large transportation center for a national delivery service are evidence of the confidence national firms see in the Billings market. A new federal courthouse and a large federal building which

BILLINGS PUBLIC SCHOOLS

MANAGEMENT DISCUSSION & ANALYSIS

houses a number of federal agencies serving Montana were opened during the year. A new public library financed by a voter approved is nearing completion as well. 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. Medical services in Billings continue to expand at the two hospitals and other health related facilities and clinics. 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 energy boom occurring in the "Bakken formation " located along the Montana-North Dakota border is having a significant impact on the Billings economy due to support businesses and workers and their families that choose to locate to Billings. The 2013 Montana Legislature provided several new sources of funding to K-12 public education as well as inflationary increases to revenue. Senate Bill 175 provided additional funding based on enrollment under the basic entitlement formula as well as a source of funding in the current year for districts that experience enrollment increases of 40 students or 4%. This legislation provided over \$2.5 million dollars in additional funding for the district beginning in fiscal year 2014. In addition to the funding from state sources, district voters approved two permanent annual levies in May 2013 to provide funds for operations and technology in the district starting in fiscal year 2014. The technology levy of \$1.2 million will be used to provide increased technology for education in the elementary district. The general fund levy approved for \$1.1 million dollars will be used exclusively to hire additional elementary teachers to address the district's overcrowded classrooms due to growing enrollments.

As a result of the overcrowded classrooms and growing enrollments, the district completed a facility master plan during the year with the assistance of national and local architecture and demographic consultants. Based on the results of this study, the district's board of trustees voted unanimously in August 2013 to conduct a \$122.3 million bond election on November 5, 2013. The bond was successful with approval of 54% of district voters and will finance the construction of two new middle schools along with the acquisition of land, the complete remodel and restoration of two elementary schools each over 100 years old, and address deferred maintenance and technology infrastructure needs in the elementary schools.

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, Leo Hudetz, at Billings Public Schools, 415 North 30th Street, Billings, Montana, 59101.

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BASIC FINANCIAL STATEMENTS

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BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
June 30, 2013

ASSETS	
Cash and cash equivalents	\$ 39,315,515
Receivables:	
Property taxes, net	2,730,138
Governments	921,270
Other	816,922
Prepays	108,684
Capital assets not being depreciated-land and construction in progress	12,933,322
Capital assets, net of accumulated depreciation	<u>60,370,451</u>
 Total assets	 <u>117,196,302</u>
LIABILITIES	
Accounts payable and accrued expenses	3,330,277
Unearned revenue	16,994
Noncurrent liabilities:	
Due within one year:	
Bonds and notes	124,227
Compensated absences	1,125,339
Due in more than one year:	
Bonds and notes	26,481,502
Compensated absences	10,128,056
Service credit and termination pay benefits payable	11,229,802
Other postemployment benefits	<u>11,593,000</u>
 Total liabilities	 <u>64,029,197</u>
NET POSITION	
Net investment in capital assets	55,266,962
Restricted for:	
Instruction	5,931,051
Support services:	
Students	273
School administration	345,322
Operation and maintenance	485,868
Student transportation	922,520
Food services	137,819
Debt service	2,907,912
Unrestricted	<u>(12,830,622)</u>
 Total net position	 <u>\$ 53,167,105</u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

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	\$ 92,876,108	\$ 796,991	\$ 20,059,003	\$ 132,928	\$ (71,887,186)
Support services:					
Students	11,518,499	-	3,933,593	-	(7,584,906)
Instructional staff	7,760,274	-	398,681	-	(7,361,593)
General administration	1,728,213	-	4,986	-	(1,723,227)
School administration	9,790,142	-	542,880	-	(9,247,262)
Business services	2,002,743	-	4,984	-	(1,997,759)
Operation and maintenance	12,395,350	64,230	56,251	-	(12,274,869)
Student transportation	5,713,801	39,393	1,771,733	-	(3,902,675)
Food services	5,697,047	2,271,012	3,357,122	-	(68,913)
Community services	17,822	-	-	-	(17,822)
Extracurricular	2,563,371	-	42,935	6,999	(2,513,437)
Interest	1,625,782	-	993,753	-	(632,029)
Total	153,689,152	3,171,626	31,165,921	139,927	(119,211,678)
General revenues:					
Property taxes					40,099,921
Intergovernmental:					
State aid					57,753,278
State other					6,484,021
County					14,978,791
Interest					133,528
Contributions and donations					995,403
Miscellaneous					534,177
Total general revenues					120,979,119
Change in net position					1,767,441
Net position - beginning					51,399,664
Net position - ending					\$ 53,167,105

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	General	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,178,752	\$10,267,352	\$17,792,541	\$ 34,238,645
Receivables:				
Property taxes, net	2,117,473	-	612,665	2,730,138
Governments	41,497	-	879,773	921,270
Other	183,400	34,518	132,440	350,358
Total assets	<u>\$ 8,521,122</u>	<u>\$10,301,870</u>	<u>\$19,417,419</u>	<u>\$ 38,240,411</u>
LIABILITIES				
Accounts payable	\$ 860,099	\$ 227,358	\$ 748,152	\$ 1,835,609
Unearned revenue	156,800	2,612	16,994	176,406
Total liabilities	<u>1,016,899</u>	<u>229,970</u>	<u>765,146</u>	<u>2,012,015</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	1,748,701	-	523,949	2,272,650
Total deferred inflows of resources	<u>1,748,701</u>	<u>-</u>	<u>523,949</u>	<u>2,272,650</u>
FUND BALANCES				
Restricted	-	7,169,402	11,603,720	18,773,122
Committed	-	-	2,610,838	2,610,838
Assigned	804,770	2,902,498	3,913,766	7,621,034
Unassigned	4,950,752	-	-	4,950,752
Total fund balances	<u>5,755,522</u>	<u>10,071,900</u>	<u>18,128,324</u>	<u>33,955,746</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,521,122</u>	<u>\$10,301,870</u>	<u>\$19,417,419</u>	<u>\$ 38,240,411</u>

BILLINGS PUBLIC SCHOOLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2013

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

Total fund balances, governmental funds	\$ 33,955,746
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,303,773
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,432,062
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.	(7,494,224)
Long-term liabilities, including notes and bonds payable, compensated absences, and service credit and termination pay benefits are not due and payable in the current period and, therefore, are not reported in the funds. The details of these balances follows:	
Notes payable	(39,977)
General obligation bonds	(26,144,502)
Limited obligation bonds	(421,250)
Compensated absences	(11,194,721)
Service credit and termination pay benefits	(11,229,802)
Net position of governmental activities	<u>\$ 53,167,105</u>

BILLINGS PUBLIC SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

	General	Elementary Building	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 32,307,421	\$ -	\$ 7,698,982	\$ 40,006,403
Intergovernmental:				
County	-	-	15,862,391	15,862,391
State aid	56,692,190	-	1,061,088	57,753,278
State other	15,518,175	-	6,810,157	22,328,332
Federal	-	-	14,438,010	14,438,010
Tuition	243,312	-	-	243,312
Charge for services	-	29,065	2,918,444	2,947,509
Interest	9,632	48,372	58,718	116,722
Miscellaneous	-	95,866	1,433,714	1,529,580
Total revenues	104,770,730	173,303	50,281,504	155,225,537
EXPENDITURES				
Current:				
Instruction	66,777,286	5,058	23,404,909	90,187,253
Support services:				
Students	6,850,794	335	4,435,316	11,286,445
Instructional staff	5,865,148	-	1,730,915	7,596,063
General administration	1,419,132	-	366,733	1,785,865
School administration	7,435,562	-	2,118,378	9,553,940
Business services	1,692,700	-	267,314	1,960,014
Operation and maintenance	10,820,835	192,311	1,151,446	12,164,592
Student transportation	26,459	-	5,680,570	5,707,029
Food services	-	-	5,598,212	5,598,212
Community services	-	-	17,822	17,822
Extracurricular	2,133,334	-	301,762	2,435,096
Capital outlay	475,317	4,863,651	5,498,447	10,837,415
Debt service:				
Principal	165,203	-	-	165,203
Interest and other charges	1,760	200,595	1,209,863	1,412,218
Total expenditures	103,663,530	5,261,950	51,781,687	160,707,167
Excess (deficiency) of revenues over expenditures	1,107,200	(5,088,647)	(1,500,183)	(5,481,630)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	10,364,502	3,780,000	14,144,502
Insurance	-	-	41,615	41,615
Transfers in	9,845	-	-	9,845
Transfers out	-	-	(9,845)	(9,845)
Total other financing sources (uses)	9,845	10,364,502	3,811,770	14,186,117
Net change in fund balances	1,117,045	5,275,855	2,311,587	8,704,487
Fund balances - beginning	4,638,477	4,796,045	15,816,737	25,251,259
Fund balances - ending	\$ 5,755,522	\$10,071,900	\$18,128,324	\$ 33,955,746

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, 2013

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

Net change in fund balances - total governmental funds	\$ 8,704,487
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 (\$10,837,415) exceeded depreciation (\$3,135,292) in the current period.	7,702,123
The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net assets.	139,927
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	74,323
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:	
Write-off of deferred charges	(213,564)
Issuance of long-term debt	(14,144,502)
Repayment of principal on long-term debt	165,203
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Service credit and termination pay benefits	(187,801)
Compensated absences	513,699
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.	(986,454)
Change in net position of governmental activities	<u>\$ 1,767,441</u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,076,870
Accounts receivable, net	466,564
Prepaid items	<u>108,684</u>
Total current assets	<u>5,652,118</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,494,668
Compensated absences	<u>5,868</u>
Total current liabilities	<u>1,500,536</u>
Noncurrent liabilities:	
Compensated absences	52,806
Other postemployment benefits	<u>11,593,000</u>
Total noncurrent liabilities	<u>11,645,806</u>
Total liabilities	<u>13,146,342</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(7,494,224)</u>
Total net position (deficit)	<u><u>\$ (7,494,224)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	<u>\$ 16,577,449</u>
Total operating revenues	<u>16,577,449</u>
OPERATING EXPENSES	
Personal services - salaries	246,464
Personal services - benefits	49,458
Purchased property services	532,295
Other purchased services	1,247,927
Supplies and materials	63,334
Insurance claims and expenses	14,370,231
Other postemployment benefits	<u>1,071,000</u>
Total operating expenses	<u>17,580,709</u>
Operating loss	<u>(1,003,260)</u>
NONOPERATING REVENUES	
Interest revenue	<u>16,806</u>
Total nonoperating revenues	<u>16,806</u>
Change in net position	(986,454)
Net position (deficit) - beginning	<u>(6,507,770)</u>
Net position (deficit) - ending	<u><u>\$ (7,494,224)</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from health insurance premiums	\$ 16,214,940
Cash received from interfund services	356,568
Medical claims paid	(14,477,185)
Cash paid to employees health insurance services	(90,609)
Cash paid to employees interfund services	(199,198)
Cash paid to suppliers for goods and services health insurance services	(1,391,601)
Cash paid to suppliers for goods and services interfund services	(137,731)
Net cash provided by operating activities	<u>275,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>16,806</u>
Net cash provided by investing activities	<u>16,806</u>
Change in cash and cash equivalents	291,990
Cash and cash equivalents - beginning	<u>4,784,880</u>
Cash and cash equivalents - ending	<u><u>\$ 5,076,870</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,003,260)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Other postemployment benefits	1,071,000
Increase in accounts receivable	(46,878)
Increase in prepaid items	(4,631)
Increase in accounts payable	318,875
Decrease in unearned revenue	(66,017)
Increase in compensated absences	6,095
Net cash provided by operating activities	<u><u>\$ 275,184</u></u>

See notes to basic financial statements.

BILLINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Private Purpose Trust Fund- Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	<u>\$ 2,400,411</u>	<u>\$ 3,811,466</u>
Total assets	<u>2,400,411</u>	<u>3,811,466</u>
LIABILITIES		
Accounts payable	<u>57,010</u>	<u>3,811,466</u>
Total liabilities	<u>57,010</u>	<u>3,811,466</u>
NET POSITION		
Net position held in trust	<u><u>\$ 2,343,401</u></u>	<u><u>\$ -</u></u>

BILLINGS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2013

	Private Purpose Trust Fund- Extracurricular
ADDITIONS	
Contributions:	
Student extracurricular activities	<u>\$ 3,052,853</u>
Total contributions	<u>3,052,853</u>
Investment earnings:	
Interest	<u>8,975</u>
Total net investment earnings	<u>8,975</u>
Total additions	<u>3,061,828</u>
DEDUCTIONS	
Student extracurricular activities	<u>2,907,680</u>
Total deductions	<u>2,907,680</u>
Change in net position	154,148
Net position - beginning	<u>2,189,253</u>
Net position - ending	<u><u>\$ 2,343,401</u></u>

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BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government adopted the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Statement codifies the requirements of all pre-November 30, 1989 FASB and AICPA pronouncements that apply to state and local governments.

The government adopted provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The Statement resulted in presentation changes in the government-wide financial statements and the proprietary and fiduciary fund financial statements.

The government adopted the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement resulted in presentation changes due to expansion of transactions that result in deferred inflows/outflows; identification of new inflows/outflows, and related change in major funds determination.

The government's significant accounting policies are described below.

Reporting Entity

The district was established under Montana law to provide educational services below the college and university level to residents of the district. The district consists of two legally separate entities: an elementary district and a high school district. Both are managed by a central Board of Trustees and by a central administration appointed by and responsible to the Board.

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net 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

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

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 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 petty cash accounts, are held by the County Treasurer. The County Treasurer invests the district's cash at the direction of the government as required by state statute. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, under the Investment Company Act of 1940, and as such, uses amortized cost to report unit values.

Investments are reported at fair market value. Fair market value is determined annually, based on fiscal year-end market values. Short-term investments are reported at cost, which approximates fair market value. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Receivables

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 6 percent of the outstanding balance at June 30, 2013. The allowance at June 30, 2013, was \$174,264.

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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Inventories and Prepaid Items

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 using the purchases method in both the government-wide and fund financial statements.

Capital Assets

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

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

Collections Not Capitalized

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

Compensated Absences

Liabilities associated with accumulated vacation and sick leave 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 applicable governmental activities or proprietary fund type statement of net position. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item,

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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.

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 annually reviews and adopts procedure 7000-P3 Fund Balance Resources for Special Revenue Funds to comply with GASB 54.

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

Miscellaneous Revenue

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

Estimates

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

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The health insurance fund, an internal service fund, had a deficit net position of \$7,553,058 as of June 30, 2013. 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, 2013, 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, 2013 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, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Claims incurred but not reported</u>	<u>Total</u>
General	\$ 462,328	\$ 397,771	\$ -	\$ 860,099
Elementary building	226,793	565	-	227,358
Internal service funds	39,309	8,901	1,446,458	1,494,668
Nonmajor governmental funds	598,877	149,275	-	748,152
	<u>\$ 1,327,307</u>	<u>\$ 556,512</u>	<u>\$ 1,446,458</u>	<u>\$ 3,330,277</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 4,377,961	\$ -	\$ -	\$ 4,377,961
Construction in progress	5,554,119	7,507,501	(4,506,259)	8,555,361
Total capital assets, not being depreciated	9,932,080	7,507,501	(4,506,259)	12,933,322
Capital assets, being depreciated:				
Buildings/improvements	91,654,466	7,671,543	-	99,326,009
Improvements other than buildings	1,133,766	42,920	-	1,176,686
Machinery and equipment	8,923,905	261,637	(50,324)	9,135,218
Total capital assets, being depreciated	101,712,137	7,976,100	(50,324)	109,637,913
Less accumulated depreciation for:				
Buildings/improvements	(38,424,933)	(2,628,816)	-	(41,053,749)
Improvements other than buildings	(221,554)	(58,480)	-	(280,034)
Machinery and equipment	(7,536,007)	(447,996)	50,324	(7,933,679)
Total accumulated depreciation	(46,182,494)	(3,135,292)	50,324	(49,267,462)
Total capital assets, being depreciated, net	55,529,643	4,840,808	-	60,370,451
Total capital assets, net	\$ 65,461,723	\$ 12,348,309	\$ (4,506,259)	\$ 73,303,773

Depreciation expense was charged to district activities as follows:

Instruction	\$ 2,270,658
Support services-students	195,956
Support services-instructional staff	155,648
Support services-general administration	14,917
Support services-administration	37,997
Support services-business	52,445
Operation and maintenance	171,750
Student transportation	20,438
Food services	90,201
Extracurricular	125,282
	<u>\$ 3,135,292</u>

Operating Leases

The district leases equipment under noncancelable operating leases. Total rental expenses for operating leases were \$6,314 for the year ended June 30, 2013. Scheduled minimum rental payments for the years ending June 30, 2014 and 2015 are \$3,579 and \$920, respectively.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Long-Term Debt

During the year ended June 30, 2013, the following changes occurred in long-term debt:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
General obligation bonds	\$ 12,000,000	\$ 14,144,502	\$ -	\$ 26,144,502	\$ -
Limited obligation bonds	505,500	-	(84,250)	421,250	84,250
Notes payable	120,930	-	(80,953)	39,977	39,977
Compensated absences	11,760,999	7,545,837	(8,053,441)	11,253,395	1,125,339
Service credit and termination pay benefits	11,042,001	3,428,060	(3,240,259)	11,229,802	-
Other post employment benefits	10,522,000	2,378,000	(1,307,000)	11,593,000	-
	<u>\$ 45,951,430</u>	<u>\$ 27,496,399</u>	<u>\$ (12,765,903)</u>	<u>\$ 60,681,926</u>	<u>\$ 1,249,566</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.

General Obligation Bonds

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

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

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

On July 26, 2012, the district issued general obligation school building bonds in the amount of \$8,333,502. General obligation bonds are direct obligations and pledge the full faith and credit of the district. The bonds were designated as Qualified Energy Conservation Bonds (QECB). As such, the district is entitled to receive payments from the United States Treasury Department equal to 70% of the interest payments. The proceeds from these general obligation bonds will be used for the purpose of rehabilitating or improving various school facilities within the district. The bonds bear interest at 4.25% per annum and will be paid back through twenty annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2032. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary and high school debt service funds will be servicing 100% of the general obligation debt payments.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Limited Obligation Bonds

On December 29, 2008, the district issued limited obligation school building bonds in the amount of \$773,250. The proceeds from these limited obligation bonds was used to improve, repair, or rehabilitate existing facilities at Beartooth Elementary School, Riverside Middle School and Ponderosa Elementary School. The bonds bear interest at 0% per annum and will be paid back through ten annual sinking fund deposits. The sinking fund deposits, along with earnings on those deposits, will be used to retire the bonds on June 15, 2018. The district will reduce the annual bond payment by the amount of interest earnings from the sinking fund. The elementary general fund services 100% of the limited obligation debt payments.

Notes Payable-State Board of Investments

During June 2008, the district borrowed an additional \$408,564 on a refinanced note from the State Board of Investments. Proceeds from the borrowing were used to purchase 20 new vehicles. Interest and principal payments are due semi-annually. The interest rate on the notes was 1.25% at June 30, 2013. The interest rate is adjusted February of each year and cannot exceed 15% per annum. The elementary and high school general funds service 100% of the notes payable debt.

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

Year ending June 30,	General Obligation Bonds		Limited Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ -	\$ 1,002,174	\$ 84,250	-	\$ 39,977	198
2015	-	1,002,174	84,250	-	-	-
2016	-	1,002,174	84,250	-	-	-
2017	-	1,002,174	84,250	-	-	-
2018	-	1,002,174	84,250	-	-	-
2019-2023	-	5,010,870	-	-	-	-
2024-2028	12,000,000	4,362,870	-	-	-	-
2029-2032	14,144,502	1,416,696	-	-	-	-
	<u>\$ 26,144,502</u>	<u>\$ 15,801,306</u>	<u>\$ 421,250</u>	<u>\$ -</u>	<u>\$ 39,977</u>	<u>\$ 198</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Fund Balances

As of June 30, 2013, fund balances are comprised of the following:

	General Fund	Elementary Building Fund	Total Nonmajor Funds	Total Governmental Funds
Restricted:				
Instruction	\$ -	\$ -	\$ 5,641,692	\$ 5,641,692
Support services:				
Students	-	-	273	273
School administration	-	-	294,789	294,789
Operation and maintenance	-	-	483,256	483,256
Student transportation	-	-	744,875	744,875
Food services	-	-	137,819	137,819
Capital projects	-	7,169,402	1,399,516	8,568,918
Debt service	-	-	2,901,500	2,901,500
Committed:				
Instruction	-	-	895,038	895,038
Support services:				
Students	-	-	1,655,521	1,655,521
Operation and maintenance	-	-	200	200
Community services	-	-	60,079	60,079
Assigned:				
Instruction	117,113	-	1,390,054	1,507,167
Support services:				
Students	-	-	711,088	711,088
Instructional staff	-	2,156	567,405	569,561
General administration	-	-	177,717	177,717
School administration	400,147	-	135,827	535,974
Business services	-	-	199,618	199,618
Operation and maintenance	202,133	2,900,342	732,057	3,834,532
Capital projects	85,377	-	-	85,377
Unassigned	4,950,752	-	-	4,950,752
	<u>\$ 5,755,522</u>	<u>\$ 10,071,900</u>	<u>\$ 18,128,324</u>	<u>\$ 33,955,746</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.

Self-Insurance

During the year ended June 30, 2013, employees of the district were covered by a medical self-insurance plan (the "plan"). The district contributed approximately \$619 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.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

The administrative contract between the district and the third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. The district was protected against unanticipated catastrophic individual and aggregate loss by stop-loss coverage through Union Labor Life. Stop-loss coverage was in effect for individual claims exceeding \$160,000.

The costs associated with the medical self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues in the internal service fund and as operating expenditures in the governmental funds. The liability as of June 30, 2013, 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 2013 and 2012 were:

	Liability July 1,	Curent Year Claims and Changes in Estimates	Claims Payments	Liability June 30,
2011-12	\$ 1,300,000	\$ 13,791,957	\$ (13,957,957)	\$ 1,134,000
2012-13	1,134,000	14,370,231	(14,057,773)	1,446,458

Subsequent Events

The district has evaluated subsequent events through December 9, 2013 the date which the financial statements were available to be issued. On November 5, 2013 the voters in the elementary district approved a \$122.3 million general obligation bond to fund projects identified in the facilities master plan completed by the district. These bonds are anticipated to be sold in two or more issues with the first issue being sold in January 2014.

Commitments and Contingencies

At year-end, the district had commitments outstanding, in the form of purchase orders, of approximately \$804,770, primarily for construction projects, equipment and supplies. The following schedule displays general fund encumbrances.

	General Fund
Assigned:	
Instruction	\$ 117,113
Support services:	
School administration	400,147
Operation and maintenance	202,133
Capital projects	85,377
	<u>\$ 804,770</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

Teachers' Retirement System and Public Employee Retirement System Plans

The district participates in two statewide mandatory cost-sharing multiple employer defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS)

BILLINGS PUBLIC SCHOOLS

NOTES TO BASIC FINANCIAL STATEMENTS

covers teaching employees, including principals and superintendents. The Public Employees Retirement System (PERS-DBRP) covers non-teaching employees. The plans are established under State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

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

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

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

	Employer	Employee	Total
TRS	7.470%	7.150%	14.620%
PERS (hired prior to 7-1-2011)	6.800%	6.900%	13.700%
PERS (hired on or after 7-1-2011)	6.800%	7.900%	14.700%

The State of Montana contributes 0.37% and 2.49% per year to the PERS and TRS plans, respectively, on behalf of the employer. Contributions made by the State of Montana were \$47,038 to PERS and \$1,850,680 to TRS. These amounts have been recorded in the financial statements.

The amounts contributed to the plans during the years ended June 30, 2013, 2012 and 2011, were equal to the required contributions for each year. The amounts contributed by both the district and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	2013	2012	2011
TRS-regular	\$ 10,942,218	\$ 10,932,215	\$ 11,153,328
TRS-termination	3,219,235	3,553,042	3,937,949
Total TRS	<u>\$ 14,161,453</u>	<u>\$ 14,485,257</u>	<u>\$ 15,091,277</u>
PERS	<u>\$ 1,754,760</u>	<u>\$ 1,765,454</u>	<u>\$ 1,729,736</u>

Service Credit and Termination Pay Benefit Plan

The Billings Public Schools Service Credit and Termination Pay Benefit Plan (the "Plan") is a single-employer, defined-benefit plan covering employees that belong to the following unions or groups; Billings Education Association (BEA), Billings Classified Employees Association (BCEA), Montana Public Employees Association (MPEA), Administrators and Administrative Support. The Plan was established by the Board of Trustees through union agreements and agreements with other employee groups. The Plan does not issue a separate report. Billings Public Schools does not prefund the Plan but finances it on a pay-as-you-go basis.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Following is a summary of Plan benefit provisions:

Service Credit

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

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, sick leave, and vacation leave) in the calculation of their Average Final Compensation. This option is also available to beneficiaries of eligible TRS employees who had not yet retired.</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.</p>
Employee Cost	Termination Pay x Employee Rate x Total years of Creditable Service
Employer Cost	Termination Pay x Employer Rate x Total years of Creditable Service

Billings Public School's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	\$ 3,299,237
Interest on net pension obligation	496,890
Adjustment to annual required contribution	<u>(368,067)</u>
Annual pension cost	3,428,060
Contributions made	<u>(3,240,259)</u>
Change in net pension obligation	187,801
Net pension obligation-beginning of year	<u>11,042,001</u>
Net pension obligation-end of year	<u>\$ 11,229,802</u>

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

The annual required contribution (ARC) for the current year was determined as part of the June 30, 2013 actuarial valuation using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The actuarial computations assumed a 3.5% inflation factor in computing future salaries and a discount rate of 4.5% in determining present value of projected benefits. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The normal cost was first calculated for each individual employee. The normal cost rate is defined to equal the total of the individual normal costs, divided by the total pay rate.

The portion of this actuarial present value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability (AAL). The excess of the AAL over the actuarial value of the assets, if any, is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is amortized as a level percentage of the projected salaries of present and future employees covered by the Plan. The amortization of the UAAL assumes that contributions are made as a level percentage of pay for a period of years. In accordance with GASB Statement 27 guidelines, the maximum amortization period for the UAAL is 40 years for the first ten years following the effective date of the Statement, June 15, 1997. For the Billings Public Schools the ten year period ended June 30, 2006. Effective fiscal year 2007, the maximum amortization period for GASB Statement 27 purposes is 30 years on an open basis. The benefits from both the service credit benefit plan and the TRS Option 1 benefit plan are computed separately, but reported as one cost rate for purposes of determining the ARC.

The actuarial assumptions included a 4.5% annual rate increase in general wage levels, an annual discount rate of 4.5% per year and that 90% of TRS employees will elect TRS Option 1.

Three year trend information is as follows:

Year Ending June 30,	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
2011	\$ 3,418,619	71%	\$ 9,998,071
2012	3,436,339	70%	11,042,001
2013	3,428,060	95%	11,229,802

Following is the Schedule of Funding Progress:

Actuarial valuation date	June 30, 2013
Actuarial value of assets	\$ -
Actuarial value of liabilities	\$ 36,238,928
Unfunded actuarial accrued liabilities (UAAL)	\$ 36,238,928
Funded ratio	0%
Covered payroll	\$ 82,059,626
UAAL as a percentage of covered payroll	44%

Funded Status and Funding Progress. As of June 30, 2013, the Plan was 0% funded. The actuarial accrued liability for benefits was \$36,238,928, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$36,238,928.

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

Postemployment Benefits Other Than Pensions

Plan Descriptions. The Billings Public Schools postemployment benefit plan is a single employer defined benefit plan that is self-funded for pre Medicare medical / prescription drug benefits and insures for Medicare supplement benefits and retiree life insurance.

Funding Policy. The required contribution is based on pay-as-you-go financing requirements.

BILLINGS PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS

Annual OPEB Cost and Net OPEB Obligation. The Billings Public Schools' annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Billings Public Schools' annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the Billings Public Schools' net OPEB obligation to the postemployment benefit plan:

Annual required contribution	\$ 2,306,000
Interest on net OPEB obligation	473,000
Adjustment to annual required contribution	<u>(401,000)</u>
Annual OPEB cost (expense)	2,378,000
Contributions made	<u>(1,307,000)</u>
Increase in net OPEB obligation	1,071,000
Net OPEB obligation - beginning of year	<u>10,522,000</u>
Net OPEB obligation - end of year	<u><u>\$ 11,593,000</u></u>

The Billings Public Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years are as follows:

Year Ending June 30,	Annual OPEB Cost (AOC)	Percentage of Annual AOC Contributed	Net OPEB Obligation (NOO)
2011	\$ 3,245,000	52%	\$ 9,269,000
2012	2,265,000	45%	10,522,000
2013	2,378,000	55%	11,593,000

Funded Status and Funding Progress. As of June 30, 2013, the Plan was 0% funded. The actuarial accrued liability for benefits was \$27,000,000, and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$27,000,000. The covered payroll (annual payroll of active employees covered by the plan) was \$79,119,699 and the ratio of the UAAL to the covered payroll was 34% percent.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the July 1, 2012 actuarial valuation (the most recent valuation), the projected unit credit method was used. The actuarial assumptions included a 4.5% investment rate of return which is based on the expected long term investment return of the employer's own investments used to pay plan benefits and an annual healthcare cost trend rate of 10% reduced by decrements of .5% to an ultimate rate of 5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years. The plan does not issue a separate report.

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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 32,361,707	\$ 32,361,707	\$ 32,307,421	\$ -	\$ 32,307,421
Intergovernmental:					
State aid	56,692,190	56,692,190	56,692,190	-	56,692,190
State other	15,497,217	15,497,217	15,518,175	-	15,518,175
Tuition	220,000	220,000	243,312	-	243,312
Interest	18,794	18,794	9,597	35	9,632
Total revenues	<u>104,789,908</u>	<u>104,789,908</u>	<u>104,770,695</u>	<u>35</u>	<u>104,770,730</u>
EXPENDITURES					
Current:					
Instructional	67,272,468	67,319,645	66,612,181	165,105	66,777,286
Support services:					
Students	6,845,686	6,813,664	6,850,794	-	6,850,794
Instructional staff	6,042,311	6,064,746	5,858,867	6,281	5,865,148
General administration	1,917,288	1,651,402	1,419,132	-	1,419,132
Administration	7,790,278	7,797,680	7,432,043	3,519	7,435,562
Business	1,460,708	1,491,504	1,692,221	479	1,692,700
Operation and maintenance	10,923,271	11,041,720	10,834,873	(14,038)	10,820,835
Student transportation	5,682	11,582	26,459	-	26,459
Community services	6,600	6,600	-	-	-
Extracurricular	2,097,619	2,097,619	2,133,334	-	2,133,334
Debt Service:					
Principal	200,164	200,164	165,203	-	165,203
Interest and other charges	3,852	3,852	1,760	-	1,760
Capital Outlay	223,981	289,730	318,309	157,008	475,317
Total expenditures	<u>104,789,908</u>	<u>104,789,908</u>	<u>103,345,176</u>	<u>318,354</u>	<u>103,663,530</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,425,519</u>	<u>(318,319)</u>	<u>1,107,200</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	9,845	9,845
Transfers out	-	-	(490,000)	490,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(490,000)</u>	<u>499,845</u>	<u>9,845</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>935,519</u>	<u>181,526</u>	<u>1,117,045</u>
Fund balances - beginning			<u>4,015,233</u>	<u>623,244</u>	<u>4,638,477</u>
Fund balances - ending			<u>\$ 4,950,752</u>	<u>\$ 804,770</u>	<u>\$ 5,755,522</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 budget amendments.

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.

BILLINGS PUBLIC SCHOOLS

SCHEDULES OF FUNDING PROGRESS - SERVICE CREDIT AND TERMINATION PAY BENEFIT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS-SERVICE CREDIT AND TERMINATION PAY BENEFIT PLAN

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2013	\$ -	\$ 36,238,928	\$ 36,238,928	0%	\$ 82,059,626	44.2%
6/30/2011	-	36,843,296	36,843,296	0%	82,307,548	44.8%
6/30/2009	-	33,870,596	33,870,596	0%	77,474,064	43.7%

* Actuarial update is required every two years

SCHEDULE OF FUNDING PROGRESS-OTHER POSTEMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2013	\$ -	\$ 27,000,000	\$ 27,000,000	0%	\$ 79,112,000	34.1%
6/30/2012	-	25,682,000	25,682,000	0%	85,566,000	30.0%
6/30/2011	-	34,530,000	34,530,000	0%	80,627,000	42.8%

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 two *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, 2013

	Elementary General Subfund	High School General Subfund	Total
ASSETS			
Cash and cash equivalents	\$ 4,109,446	\$ 2,069,306	\$ 6,178,752
Receivables:			
Property taxes, net	1,321,755	795,718	2,117,473
Governments	41,497	-	41,497
Other	168,775	14,625	183,400
Total assets	<u>\$ 5,641,473</u>	<u>\$ 2,879,649</u>	<u>\$ 8,521,122</u>
LIABILITIES			
Accounts payable	\$ 497,605	\$ 362,494	\$ 860,099
Unearned revenue	156,800	-	156,800
Total liabilities	<u>654,405</u>	<u>362,494</u>	<u>1,016,899</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>1,113,548</u>	<u>635,153</u>	<u>1,748,701</u>
Total deferred inflows of resources	<u>1,113,548</u>	<u>635,153</u>	<u>1,748,701</u>
FUND BALANCES			
Assigned	508,113	296,657	804,770
Unassigned	<u>3,365,407</u>	<u>1,585,345</u>	<u>4,950,752</u>
Total fund balances	<u>3,873,520</u>	<u>1,882,002</u>	<u>5,755,522</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,641,473</u>	<u>\$ 2,879,649</u>	<u>\$ 8,521,122</u>

BILLINGS PUBLIC SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GENERAL SUBFUNDS

For the Year Ended June 30, 2013

	Elementary General Subfund	High School General Subfund	Total
REVENUES			
Property taxes	\$ 19,859,666	\$ 12,447,755	\$ 32,307,421
Intergovernmental:			
State aid	37,182,726	19,509,464	56,692,190
State other	10,545,781	4,972,394	15,518,175
Tuition	196,402	46,910	243,312
Interest	6,678	2,954	9,632
Total revenues	67,791,253	36,979,477	104,770,730
EXPENDITURES			
Current:			
Instruction	44,355,549	22,421,737	66,777,286
Support services:			
Students	4,880,126	1,970,668	6,850,794
Instructional staff	3,836,196	2,028,952	5,865,148
General administration	937,009	482,123	1,419,132
School administration	4,456,933	2,978,629	7,435,562
Business services	1,122,499	570,201	1,692,700
Operation and maintenance	6,471,007	4,349,828	10,820,835
Student transportation	25,865	594	26,459
Extracurricular	503,435	1,629,899	2,133,334
Capital outlay	258,754	216,563	475,317
Debt service:			
Principal	138,489	26,714	165,203
Interest and other charges	1,344	416	1,760
Total expenditures	66,987,206	36,676,324	103,663,530
Excess (deficiency) of revenues over expenditures	804,047	303,153	1,107,200
OTHER FINANCING SOURCES			
Transfers in	208	9,637	9,845
Total other financing sources	208	9,637	9,845
Net change in fund balances	804,255	312,790	1,117,045
Fund balances - beginning	3,069,265	1,569,212	4,638,477
Fund balances - ending	\$ 3,873,520	\$ 1,882,002	\$ 5,755,522

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ELEMENTARY GENERAL SUBFUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 19,862,854	\$ 19,862,854	\$ 19,859,666	\$ -	\$ 19,859,666
Intergovernmental:					
State aid	37,182,726	37,182,726	37,182,726	-	37,182,726
State other	10,530,200	10,530,200	10,545,781	-	10,545,781
Federal	-	-	-	-	-
Tuition	163,000	163,000	196,402	-	196,402
Interest	12,435	12,435	6,677	1	6,678
Total revenues	67,751,215	67,751,215	67,791,252	1	67,791,253
EXPENDITURES					
Current:					
Instructional	44,839,521	44,882,963	44,241,178	114,371	44,355,549
Support services:					
Students	4,826,726	4,841,912	4,880,126	-	4,880,126
Instructional staff	3,837,925	3,858,931	3,835,813	383	3,836,196
General administration	1,182,705	993,850	937,009	-	937,009
Administration	4,724,978	4,714,657	4,456,933	-	4,456,933
Business	957,797	991,031	1,122,499	-	1,122,499
Operation and maintenance	6,595,878	6,646,155	6,563,929	(92,922)	6,471,007
Student transportation	5,682	11,582	25,865	-	25,865
Community services	4,400	4,400	-	-	-
Extracurricular	522,239	522,239	503,435	-	503,435
Debt Service:					
Principal	161,942	161,942	138,489	-	138,489
Interest and other charges	2,581	2,581	1,344	-	1,344
Capital Outlay	88,841	118,972	149,947	108,807	258,754
Total expenditures	67,751,215	67,751,215	66,856,567	130,639	66,987,206
Excess (deficiency) of revenues over expenditures	-	-	934,685	(130,638)	804,047
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	208	208
Transfers out	-	-	(310,000)	310,000	-
Total other financing sources (uses)	-	-	(310,000)	310,208	208
Net change in fund balances	\$ -	\$ -	624,685	179,570	804,255
Fund balances - beginning			2,740,722	328,543	3,069,265
Fund balances - ending			\$ 3,365,407	\$ 508,113	\$ 3,873,520

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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 12,498,853	\$ 12,498,853	\$ 12,447,755	\$ -	\$ 12,447,755
Intergovernmental:					
State aid	19,509,464	19,509,464	19,509,464	-	19,509,464
State other	4,967,017	4,967,017	4,972,394	-	4,972,394
Tuition	57,000	57,000	46,910	-	46,910
Interest	6,359	6,359	2,920	34	2,954
Total revenues	<u>37,038,693</u>	<u>37,038,693</u>	<u>36,979,443</u>	<u>34</u>	<u>36,979,477</u>
EXPENDITURES					
Current:					
Instructional	22,432,947	22,436,682	22,371,003	50,734	22,421,737
Support services:					
Students	2,018,960	1,971,752	1,970,668	-	1,970,668
Instructional staff	2,204,386	2,205,815	2,023,054	5,898	2,028,952
General administration	734,583	657,552	482,123	-	482,123
Administration	3,065,300	3,083,023	2,975,110	3,519	2,978,629
Business	502,911	500,473	569,722	479	570,201
Operation and maintenance	4,327,393	4,395,565	4,270,944	78,884	4,349,828
Student transportation	-	-	594	-	594
Community services	2,200	2,200	-	-	-
Extracurricular	1,575,380	1,575,380	1,629,899	-	1,629,899
Debt Service:					
Principal	38,222	38,222	26,714	-	26,714
Interest and other charges	1,271	1,271	416	-	416
Capital Outlay	135,140	170,758	168,362	48,201	216,563
Total expenditures	<u>37,038,693</u>	<u>37,038,693</u>	<u>36,488,609</u>	<u>187,715</u>	<u>36,676,324</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>490,834</u>	<u>(187,681)</u>	<u>303,153</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	9,637	9,637
Transfers out	-	-	(180,000)	180,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(180,000)</u>	<u>189,637</u>	<u>9,637</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>310,834</u>	<u>1,956</u>	<u>312,790</u>
Fund balances - beginning			<u>1,274,511</u>	<u>294,701</u>	<u>1,569,212</u>
Fund balances - ending			<u>\$ 1,585,345</u>	<u>\$ 296,657</u>	<u>\$ 1,882,002</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, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 12,278,681	\$ 2,903,129	\$ 2,610,731	\$ 17,792,541
Receivables:				
Property taxes, net	595,224	17,441	-	612,665
Governments	879,773	-	-	879,773
Other	130,072	-	2,368	132,440
Total assets	\$ 13,883,750	\$ 2,920,570	\$ 2,613,099	\$ 19,417,419
LIABILITIES				
Accounts payable	\$ 549,632	\$ 12,658	\$ 185,862	\$ 748,152
Unearned revenue	16,994	-	-	16,994
Total liabilities	566,626	12,658	185,862	765,146
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	517,537	6,412	-	523,949
Total deferred inflows of resources	517,537	6,412	-	523,949
Total liabilities	1,084,163	19,070	185,862	1,289,095
FUND BALANCES				
Restricted	6,819,862	2,901,500	1,882,358	11,603,720
Committed	2,610,838	-	-	2,610,838
Assigned	3,368,887	-	544,879	3,913,766
Total fund balances	12,799,587	2,901,500	2,427,237	18,128,324
Total liabilities, deferred inflows of resources and fund balances	\$ 13,883,750	\$ 2,920,570	\$ 2,613,099	\$ 19,417,419

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, 2013

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 6,769,870	\$ 929,079	\$ 33	\$ 7,698,982
Intergovernmental:				
County	15,862,391	-	-	15,862,391
State aid	-	1,061,088	-	1,061,088
State other	6,810,157	-	-	6,810,157
Federal	13,444,257	993,753	-	14,438,010
Charges for services	2,883,279	-	35,165	2,918,444
Interest	36,178	3,255	19,285	58,718
Miscellaneous	1,397,424	-	36,290	1,433,714
Total revenues	47,203,556	2,987,175	90,773	50,281,504
EXPENDITURES				
Current:				
Instruction	23,404,909	-	-	23,404,909
Support services:				
Students	4,435,151	-	165	4,435,316
Instructional staff	1,730,915	-	-	1,730,915
General administration	366,733	-	-	366,733
School administration	2,118,378	-	-	2,118,378
Business services	267,314	-	-	267,314
Operation and maintenance	1,040,237	-	111,209	1,151,446
Student transportation	5,680,570	-	-	5,680,570
Food services	5,598,212	-	-	5,598,212
Community services	17,822	-	-	17,822
Extracurricular	301,762	-	-	301,762
Capital outlay	63,586	-	5,434,861	5,498,447
Debt service				
Interest and other charges	-	1,134,313	75,550	1,209,863
Total expenditures	45,025,589	1,134,313	5,621,785	51,781,687
Excess (deficiency) of revenues over expenditures	2,177,967	1,852,862	(5,531,012)	(1,500,183)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	3,780,000	3,780,000
Insurance	-	-	41,615	41,615
Transfers out	(9,845)	-	-	(9,845)
Total other financing sources (uses)	(9,845)	-	3,821,615	3,811,770
Net change in fund balances	2,168,122	1,852,862	(1,709,397)	2,311,587
Fund balances - beginning	10,631,465	1,048,638	4,136,634	15,816,737
Fund balances - ending	\$ 12,799,587	\$ 2,901,500	\$ 2,427,237	\$ 18,128,324

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

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

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

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, 2013

Page 1 of 4

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition
ASSETS					
Cash and cash equivalents	\$ 313,319	\$ 406,335	\$ 18,528	\$ 91,682	\$ 1,873
Receivables:					
Property taxes, net	141,942	77,681	-	13,586	44,465
Governments	-	-	66,871	-	-
Other	225	-	97,705	-	-
Total assets	<u>\$ 455,486</u>	<u>\$ 484,016</u>	<u>\$ 183,104</u>	<u>\$ 105,268</u>	<u>\$ 46,338</u>
LIABILITIES					
Accounts payable	\$ 8,284	\$ 8,698	\$ 45,285	\$ 1,420	\$ 6,540
Unearned revenue	-	-	-	-	-
Total liabilities	8,284	8,698	45,285	1,420	6,540
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	114,546	63,099	-	12,827	39,390
Total deferred inflows of resources	<u>114,546</u>	<u>63,099</u>	<u>-</u>	<u>12,827</u>	<u>39,390</u>
FUND BALANCES					
Restricted	332,656	412,219	137,819	91,021	408
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>332,656</u>	<u>412,219</u>	<u>137,819</u>	<u>91,021</u>	<u>408</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 455,486</u>	<u>\$ 484,016</u>	<u>\$ 183,104</u>	<u>\$ 105,268</u>	<u>\$ 46,338</u>

BILLINGS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

Page 2 of 4

	Elementary Retirement	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education
ASSETS					
Cash and cash equivalents	\$ 2,464,839	\$ 1,511,050	\$ 2,669,028	\$ 411,736	\$ 440,171
Receivables:					
Property taxes, net	-	-	-	-	87,955
Governments	-	-	622,504	69,072	-
Other	-	-	23,500	115	-
Total assets	\$ 2,464,839	\$ 1,511,050	\$ 3,315,032	\$ 480,923	\$ 528,126
LIABILITIES					
Accounts payable	\$ 34,996	\$ 34,198	\$ 261,538	\$ 17,916	\$ 2,339
Unearned revenue	-	-	16,994	-	-
Total liabilities	34,996	34,198	278,532	17,916	2,339
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	84,907
Total deferred inflows of resources	-	-	-	-	84,907
FUND BALANCES					
Restricted	2,429,843	1,476,852	14,782	115,838	440,880
Committed	-	-	-	-	-
Assigned	-	-	3,021,718	347,169	-
Total fund balances	2,429,843	1,476,852	3,036,500	463,007	440,880
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,464,839	\$ 1,511,050	\$ 3,315,032	\$ 480,923	\$ 528,126

BILLINGS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

Page 3 of 4

	High School Adult Education	High School Traffic Education	High School Lease Rental	Elementary Technology	High School Technology
ASSETS					
Cash and cash equivalents	\$ 909,624	\$ 189,267	\$ 414	\$ 38,044	\$ 150,187
Receivables:					
Property taxes, net	164,312	-	-	-	65,283
Governments	-	121,326	-	-	-
Other	-	-	-	-	-
Total assets	\$ 1,073,936	\$ 310,593	\$ 414	\$ 38,044	\$ 215,470
LIABILITIES					
Accounts payable	\$ 37,968	\$ 23,140	\$ -	\$ 1,069	\$ 5,968
Unearned revenue	-	-	-	-	-
Total liabilities	37,968	23,140	-	1,069	5,968
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	151,600	-	-	-	51,168
Total deferred inflows of resources	151,600	-	-	-	51,168
FUND BALANCES					
Restricted	884,368	287,453	414	36,975	158,334
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	884,368	287,453	414	36,975	158,334
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,073,936	\$ 310,593	\$ 414	\$ 38,044	\$ 215,470

BILLINGS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2013

Page 4 of 4

	Elementary Flexibility	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
ASSETS					
Cash and cash equivalents	\$ 478,572	\$298,858	\$ 760,986	\$ 1,124,168	\$ 12,278,681
Receivables:					
Property taxes, net	-	-	-	-	595,224
Governments	-	-	-	-	879,773
Other	-	-	8,527	-	130,072
Total assets	<u>\$ 478,572</u>	<u>\$298,858</u>	<u>\$ 769,513</u>	<u>\$ 1,124,168</u>	<u>\$ 13,883,750</u>
LIABILITIES					
Accounts payable	\$ -	\$ 143	\$ 42,946	\$ 17,184	\$ 549,632
Unearned revenue	-	-	-	-	16,994
Total liabilities	-	143	42,946	17,184	566,626
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	517,537
Total deferred inflows of resources	-	-	-	-	517,537
FUND BALANCES					
Restricted	-	-	-	-	6,819,862
Committed	478,572	298,715	726,567	1,106,984	2,610,838
Assigned	-	-	-	-	3,368,887
Total fund balances	<u>478,572</u>	<u>298,715</u>	<u>726,567</u>	<u>1,106,984</u>	<u>12,799,587</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 478,572</u>	<u>\$298,858</u>	<u>\$ 769,513</u>	<u>\$ 1,124,168</u>	<u>\$ 13,883,750</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

Page 1 of 4

	Elementary Transportation	High School Transportation	High School School Food	Elementary Tuition	High School Tuition	Elementary Retirement
REVENUES						
Property taxes	\$ 2,615,399	\$ 1,128,717	\$ -	\$ 74,275	\$ 377,132	\$ -
Intergovernmental:						
County	598,600	285,000	-	-	-	9,499,999
State other	787,701	357,797	31,251	-	-	1,322,162
Federal	-	-	3,325,871	-	-	-
Charges for services	38,125	1,268	2,271,012	-	-	-
Interest	187	842	293	479	237	5,083
Miscellaneous	-	-	-	-	-	-
Total revenues	4,040,012	1,773,624	5,628,427	74,754	377,369	10,827,244
EXPENDITURES						
Current:						
Instruction	-	-	-	103,960	377,600	7,431,695
Support services:						
Students	-	-	-	-	-	801,435
Instructional staff	-	-	-	-	-	549,973
General administration	160,496	111,813	-	-	-	58,610
School administration	-	-	-	-	-	744,218
Business services	-	-	-	-	-	140,420
Operation and maintenance	5,511	5,000	-	-	-	566,045
Student transportation	3,751,232	1,756,063	-	-	-	156,180
Food services	-	-	5,584,129	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	99,669
Capital outlay	-	-	-	-	-	-
Total expenditures	3,917,239	1,872,876	5,584,129	103,960	377,600	10,548,245
Excess (deficiency) of revenues over expenditures	122,773	(99,252)	44,298	(29,206)	(231)	278,999
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Net change in fund balances	122,773	(99,252)	44,298	(29,206)	(231)	278,999
Fund balances - beginning	209,883	511,471	93,521	120,227	639	2,150,844
Fund balances - ending	<u>\$ 332,656</u>	<u>\$ 412,219</u>	<u>\$ 137,819</u>	<u>\$ 91,021</u>	<u>\$ 408</u>	<u>\$ 2,429,843</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

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	High School Retirement	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Elementary Adult Education	High School Adult Education	High School Traffic Education
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 540,872	\$ 937,914	\$ -
Intergovernmental:						
County	5,478,792	-	-	-	-	-
State other	575,558	2,858,924	245,330	-	-	121,374
Federal	-	9,780,474	337,912	-	-	-
Charges for services	-	-	-	-	337,442	235,432
Interest	2,525	11,115	-	958	2,585	830
Miscellaneous	-	72,241	181,193	16,364	-	534
Total revenues	6,056,875	12,722,754	764,435	558,194	1,277,941	358,170
EXPENDITURES						
Current:						
Instruction	3,727,044	8,908,229	566,651	344,999	575,951	365,157
Support services:						
Students	356,268	2,216,894	-	16,943	157,248	-
Instructional staff	309,149	383,416	7,061	96	1,951	-
General administration	35,334	-	-	-	-	-
School administration	514,143	378,887	1,347	24,219	455,564	-
Business services	96,765	30,129	-	-	-	-
Operation and maintenance	366,425	41,525	7,565	15,753	32,413	-
Student transportation	15,403	1,692	-	-	-	-
Food services	14,083	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	202,093	-	-	-	-	-
Capital outlay	-	26,156	34,930	-	2,500	-
Total expenditures	5,636,707	11,986,928	617,554	402,010	1,225,627	365,157
Excess (deficiency) of revenues over expenditures	420,168	735,826	146,881	156,184	52,314	(6,987)
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Net change in fund balances	420,168	735,826	146,881	156,184	52,314	(6,987)
Fund balances - beginning	1,056,684	2,300,674	316,126	284,696	832,054	294,440
Fund balances - ending	<u>\$ 1,476,852</u>	<u>\$ 3,036,500</u>	<u>\$ 463,007</u>	<u>\$ 440,880</u>	<u>\$ 884,368</u>	<u>\$ 287,453</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

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	High School Lease Rental	Elementary Compensated Absences	High School Compensated Absences	Elementary Technology	High School Technology	Elementary Flexibility
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$1,095,561	\$ -
Intergovernmental:						
County	-	-	-	-	-	-
State other	-	-	-	67,407	36,581	178,515
Federal	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	1	-	-	170	1,976	1,566
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>1</u>	<u>-</u>	<u>-</u>	<u>67,577</u>	<u>1,134,118</u>	<u>180,081</u>
EXPENDITURES						
Current:						
Instruction	-	-	-	30,913	651,215	106,936
Support services:						
Students	-	-	-	-	-	-
Instructional staff	-	-	-	12,014	442,559	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business services	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Food services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Extracurricular	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,927</u>	<u>1,093,774</u>	<u>106,936</u>
Excess (deficiency) of revenues over expenditures	<u>1</u>	<u>-</u>	<u>-</u>	<u>24,650</u>	<u>40,344</u>	<u>73,145</u>
OTHER FINANCING USES						
Transfers out	-	(208)	(9,637)	-	-	-
Total other financing uses	<u>-</u>	<u>(208)</u>	<u>(9,637)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1	(208)	(9,637)	24,650	40,344	73,145
Fund balances - beginning	<u>413</u>	<u>208</u>	<u>9,637</u>	<u>12,325</u>	<u>117,990</u>	<u>405,427</u>
Fund balances - ending	<u>\$ 414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,975</u>	<u>\$ 158,334</u>	<u>\$ 478,572</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

Page 4 of 4

	High School Flexibility	Elementary Miscellaneous Trust	High School Miscellaneous Trust	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 6,769,870
Intergovernmental:				
County	-	-	-	15,862,391
State other	227,557	-	-	6,810,157
Federal	-	-	-	13,444,257
Charges for services	-	-	-	2,883,279
Interest	948	2,379	4,004	36,178
Miscellaneous	-	555,098	571,994	1,397,424
Total revenues	228,505	557,477	575,998	47,203,556
EXPENDITURES				
Current:				
Instruction	152,623	20,292	41,644	23,404,909
Support services:				
Students	-	409,723	476,640	4,435,151
Instructional staff	-	12,283	12,413	1,730,915
General administration	-	306	174	366,733
School administration	-	-	-	2,118,378
Business services	-	-	-	267,314
Operation and maintenance	-	-	-	1,040,237
Student transportation	-	-	-	5,680,570
Food services	-	-	-	5,598,212
Community services	-	100	17,722	17,822
Extracurricular	-	-	-	301,762
Capital outlay	-	-	-	63,586
Total expenditures	152,623	442,704	548,593	45,025,589
Excess (deficiency) of revenues over expenditures	75,882	114,773	27,405	2,177,967
OTHER FINANCING USES				
Transfers out	-	-	-	(9,845)
Total other financing uses	-	-	-	(9,845)
Net change in fund balances	75,882	114,773	27,405	2,168,122
Fund balances - beginning	222,833	611,794	1,079,579	10,631,465
Fund balances - ending	<u>\$ 298,715</u>	<u>\$ 726,567</u>	<u>\$ 1,106,984</u>	<u>\$ 12,799,587</u>

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY TRANSPORTATION FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 2,616,620	\$ 2,616,620	\$ 2,615,399	\$ -	\$ 2,615,399
Intergovernmental:					
County	598,600	598,600	598,600	-	598,600
State other	787,701	787,701	787,701	-	787,701
Charges for services	39,000	39,000	38,125	-	38,125
Interest	-	-	187	-	187
Total revenues	4,041,921	4,041,921	4,040,012	-	4,040,012
EXPENDITURES					
Current:					
Support services:					
General administration	193,030	193,030	160,496	-	160,496
Operation and maintenance	460	460	5,511	-	5,511
Student transportation	3,848,431	3,848,431	3,751,232	-	3,751,232
Total expenditures	4,041,921	4,041,921	3,917,239	-	3,917,239
Net change in fund balances	\$ -	\$ -	122,773	-	122,773
Fund balances - beginning			209,883	-	209,883
Fund balances - ending			<u>\$ 332,656</u>	<u>\$ -</u>	<u>\$ 332,656</u>

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

HIGH SCHOOL TRANSPORTATION FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 1,130,250	\$ 1,130,250	\$ 1,128,717	\$ -	\$ 1,128,717
Intergovernmental:					
County	285,000	285,000	285,000	-	285,000
State other	357,797	357,797	357,797	-	357,797
Charges for services	-	-	1,268	-	1,268
Interest	-	-	842	-	842
Total revenues	<u>1,773,047</u>	<u>1,773,047</u>	<u>1,773,624</u>	<u>-</u>	<u>1,773,624</u>
EXPENDITURES					
Current:					
Support services:					
General administration	68,650	68,650	111,813	-	111,813
Operation and maintenance	260	260	5,000	-	5,000
Student transportation	1,834,854	1,834,854	1,756,063	-	1,756,063
Total expenditures	<u>1,903,764</u>	<u>1,903,764</u>	<u>1,872,876</u>	<u>-</u>	<u>1,872,876</u>
Net change in fund balances	<u>\$ (130,717)</u>	<u>\$ (130,717)</u>	(99,252)	-	(99,252)
Fund balances - beginning			<u>511,471</u>	<u>-</u>	<u>511,471</u>
Fund balances - ending			<u>\$ 412,219</u>	<u>\$ -</u>	<u>\$ 412,219</u>

BILLINGS PUBLIC SCHOOLS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL****NONMAJOR SPECIAL REVENUE FUND****ELEMENTARY TUITION FUND**

For the Year Ended June 30, 2013

	<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	\$ 79,774	\$ 79,774	\$ 74,275	\$ -	\$ 74,275
Interest	-	-	479	-	479
Total revenues	<u>79,774</u>	<u>79,774</u>	<u>74,754</u>	<u>-</u>	<u>74,754</u>
EXPENDITURES					
Current:					
Instruction	<u>200,000</u>	<u>200,000</u>	<u>103,960</u>	<u>-</u>	<u>103,960</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>103,960</u>	<u>-</u>	<u>103,960</u>
Net change in fund balances	<u>\$ (120,226)</u>	<u>\$ (120,226)</u>	(29,206)	-	(29,206)
Fund balances - beginning			<u>120,227</u>	<u>-</u>	<u>120,227</u>
Fund balances - ending			<u>\$ 91,021</u>	<u>\$ -</u>	<u>\$ 91,021</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, 2013

	<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	\$ 399,361	\$ 399,361	\$ 377,132	\$ -	\$ 377,132
Interest	-	-	237	-	237
Total revenues	<u>399,361</u>	<u>399,361</u>	<u>377,369</u>	<u>-</u>	<u>377,369</u>
EXPENDITURES					
Current:					
Instruction	<u>400,000</u>	<u>400,000</u>	<u>377,600</u>	<u>-</u>	<u>377,600</u>
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>377,600</u>	<u>-</u>	<u>377,600</u>
Net change in fund balances	<u>\$ (639)</u>	<u>\$ (639)</u>	(231)	-	(231)
Fund balances - beginning			639	-	639
Fund balances - ending			<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 408</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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 9,500,000	\$ 9,500,000	\$ 9,499,999	\$ -	\$ 9,499,999
State other	-	-	-	1,322,162	1,322,162
Interest	-	-	5,083	-	5,083
Total revenues	9,500,000	9,500,000	9,505,082	1,322,162	10,827,244
EXPENDITURES					
Current:					
Instructional	6,518,722	6,698,236	6,370,045	1,061,650	7,431,695
Support services:					
Students	787,455	852,841	714,464	86,971	801,435
Instructional staff	521,948	542,903	496,865	53,108	549,973
General administration	81,818	28,096	55,433	3,177	58,610
School administration	715,966	584,809	666,668	77,550	744,218
Business services	111,479	112,456	137,518	2,902	140,420
Operation and maintenance	575,938	462,550	554,167	11,878	566,045
Student transportation	118,093	115,378	153,486	2,694	156,180
Food services	116	-	-	-	-
Extracurricular	68,465	102,731	77,437	22,232	99,669
Total expenditures	9,500,000	9,500,000	9,226,083	1,322,162	10,548,245
Net change in fund balances	\$ -	\$ -	278,999	-	278,999
Fund balances - beginning			2,150,844	-	2,150,844
Fund balances - ending			\$ 2,429,843	\$ -	\$ 2,429,843

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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
County	\$ 5,500,000	\$ 5,500,000	\$ 5,478,792	\$ -	\$ 5,478,792
State other	-	-	-	575,558	575,558
Interest	-	-	2,525	-	2,525
Total revenues	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,481,317</u>	<u>575,558</u>	<u>6,056,875</u>
EXPENDITURES					
Current:					
Instructional	3,672,526	3,894,643	3,291,221	435,823	3,727,044
Support services:					
Students	357,177	366,739	312,560	43,708	356,268
Instructional staff	237,477	258,465	286,620	22,529	309,149
General administration	51,275	25,299	33,525	1,809	35,334
School administration	617,798	399,640	473,383	40,760	514,143
Business services	110,640	81,688	94,683	2,082	96,765
Operation and maintenance	280,154	298,497	358,846	7,579	366,425
Student transportation	15,522	12,670	14,838	565	15,403
Food services	603	12,991	14,083	-	14,083
Extracurricular	156,828	149,368	181,390	20,703	202,093
Total expenditures	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,061,149</u>	<u>575,558</u>	<u>5,636,707</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	420,168	-	420,168
Fund balances - beginning			<u>1,056,684</u>	-	<u>1,056,684</u>
Fund balances - ending			<u>\$ 1,476,852</u>	<u>\$ -</u>	<u>\$ 1,476,852</u>

BILLINGS PUBLIC SCHOOLS

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

NONMAJOR SPECIAL REVENUE FUND

ELEMENTARY ADULT EDUCATION FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 579,086	\$ 579,086	\$ 540,872	\$ -	\$ 540,872
Interest	-	-	958	-	958
Miscellaneous	13,000	13,000	16,364	-	16,364
Total revenues	592,086	592,086	558,194	-	558,194
EXPENDITURES					
Current:					
Instructional	472,485	467,608	289,597	55,402	344,999
Support services:					
Students	78,430	83,307	16,943	-	16,943
Instructional staff	3,500	3,500	96	-	96
School administration	29,015	29,015	24,219	-	24,219
Operation and maintenance	25,000	25,000	15,753	-	15,753
Total expenditures	608,430	608,430	346,608	55,402	402,010
Net change in fund balances	\$ (16,344)	\$ (16,344)	211,586	(55,402)	156,184
Fund balances - beginning			229,294	55,402	284,696
Fund balances - ending			\$ 440,880	\$ -	\$ 440,880

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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 987,947	\$ 987,947	\$ 937,914	\$ -	\$ 937,914
Charges for services	340,000	340,000	337,442	-	337,442
Interest	-	-	2,585	-	2,585
Total revenues	<u>1,327,947</u>	<u>1,327,947</u>	<u>1,277,941</u>	<u>-</u>	<u>1,277,941</u>
EXPENDITURES					
Current:					
Instructional	859,722	861,623	575,951	-	575,951
Support services:					
Students	159,179	159,179	157,248	-	157,248
Instructional staff	2,250	2,250	1,951	-	1,951
School administration	528,849	528,849	455,564	-	455,564
Operation and maintenance	-	-	32,413	-	32,413
Capital Outlay	<u>50,000</u>	<u>48,099</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,225,627</u>	<u>-</u>	<u>1,225,627</u>
Net change in fund balances	<u>\$ (272,053)</u>	<u>\$ (272,053)</u>	52,314	-	52,314
Fund balances - beginning			<u>832,054</u>	<u>-</u>	<u>832,054</u>
Fund balances - ending			<u>\$ 884,368</u>	<u>\$ -</u>	<u>\$ 884,368</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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 67,407	\$ 67,407	\$ 67,407	\$ -	\$ 67,407
Interest	-	-	170	-	170
Total revenues	<u>67,407</u>	<u>67,407</u>	<u>67,577</u>	<u>-</u>	<u>67,577</u>
EXPENDITURES					
Current:					
Instructional	79,732	68,732	30,913	-	30,913
Support services:					
Instructional staff	-	11,000	12,014	-	12,014
Total expenditures	<u>79,732</u>	<u>79,732</u>	<u>42,927</u>	<u>-</u>	<u>42,927</u>
Net change in fund balances	<u>\$ (12,325)</u>	<u>\$ (12,325)</u>	24,650	-	24,650
Fund balances - beginning			<u>12,325</u>	<u>-</u>	<u>12,325</u>
Fund balances - ending			<u>\$ 36,975</u>	<u>\$ -</u>	<u>\$ 36,975</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, 2013

	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	\$ 1,095,561	\$ -	\$ 1,095,561
Intergovernmental:					
State other	36,581	36,581	36,581	-	36,581
Interest	-	-	1,976	-	1,976
Total revenues	<u>1,136,040</u>	<u>1,136,040</u>	<u>1,134,118</u>	<u>-</u>	<u>1,134,118</u>
EXPENDITURES					
Current:					
Instructional	821,683	804,435	651,215	-	651,215
Support services:					
Instructional staff	<u>432,346</u>	<u>449,594</u>	<u>442,559</u>	<u>-</u>	<u>442,559</u>
Total expenditures	<u>1,254,029</u>	<u>1,254,029</u>	<u>1,093,774</u>	<u>-</u>	<u>1,093,774</u>
Net change in fund balances	<u>\$ (117,989)</u>	<u>\$ (117,989)</u>	40,344	-	40,344
Fund balances - beginning			<u>117,990</u>	<u>-</u>	<u>117,990</u>
Fund balances - ending			<u>\$ 158,334</u>	<u>\$ -</u>	<u>\$ 158,334</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Intergovernmental:					
State other	\$ 178,515	\$ 178,515	\$ 178,515	\$ -	\$ 178,515
Interest	-	-	1,566	-	1,566
Total revenues	<u>178,515</u>	<u>178,515</u>	<u>180,081</u>	<u>-</u>	<u>180,081</u>
EXPENDITURES					
Current:					
Instructional	548,941	548,941	106,936	-	106,936
Capital Outlay	35,000	35,000	-	-	-
Total expenditures	<u>583,941</u>	<u>583,941</u>	<u>106,936</u>	<u>-</u>	<u>106,936</u>
Net change in fund balances	<u>\$ (405,426)</u>	<u>\$ (405,426)</u>	73,145	-	73,145
Fund balances - beginning			<u>405,427</u>	<u>-</u>	<u>405,427</u>
Fund balances - ending			<u>\$ 478,572</u>	<u>\$ -</u>	<u>\$ 478,572</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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Intergovernmental:					
State other	\$ 227,557	\$ 227,557	\$ 227,557	\$ -	\$ 227,557
Interest	-	-	948	-	948
Total revenues	227,557	227,557	228,505	-	228,505
EXPENDITURES					
Current:					
Instructional	399,907	399,907	152,623	-	152,623
Support services:					
Instructional staff	50,482	50,482	-	-	-
Total expenditures	450,389	450,389	152,623	-	152,623
Net change in fund balances	\$ (222,832)	\$ (222,832)	75,882	-	75,882
Fund balances - beginning			222,833	-	222,833
Fund balances - ending			\$ 298,715	\$ -	\$ 298,715

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, 2013

	Elementary Debt Service	High School Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 1,526,387	\$ 1,376,742	\$ 2,903,129
Receivables:			
Property taxes, net	10,192	7,249	17,441
Total assets	<u>\$ 1,536,579</u>	<u>\$ 1,383,991</u>	<u>\$ 2,920,570</u>
LIABILITIES			
Accounts payable	\$ -	\$ 12,658	\$ 12,658
Total liabilities	<u>-</u>	<u>12,658</u>	<u>12,658</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	5,231	1,181	6,412
Total deferred inflows of resources	<u>5,231</u>	<u>1,181</u>	<u>6,412</u>
FUND BALANCES			
Restricted	1,531,348	1,370,152	2,901,500
Total fund balances	<u>1,531,348</u>	<u>1,370,152</u>	<u>2,901,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,536,579</u>	<u>\$ 1,383,991</u>	<u>\$ 2,920,570</u>

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

For the Year Ended June 30, 2013

	Elementary Debt Service	High School Debt Service	Total
REVENUES			
Property taxes	\$ 478,714	\$ 450,365	\$ 929,079
Intergovernmental:			
State aid	719,007	342,081	1,061,088
Federal	506,368	487,385	993,753
Interest	2,146	1,109	3,255
Total revenues	1,706,235	1,280,940	2,987,175
EXPENDITURES			
Debt service:			
Interest and other charges	582,139	552,174	1,134,313
Total expenditures	582,139	552,174	1,134,313
Net change in fund balances	1,124,096	728,766	1,852,862
Fund balances - beginning	407,252	641,386	1,048,638
Fund balances - ending	\$ 1,531,348	\$ 1,370,152	\$ 2,901,500

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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 480,845	\$ 480,845	\$ 478,714	\$ -	\$ 478,714
Intergovernmental:					
State aid	297,602	297,602	719,007	-	719,007
Federal	531,106	531,106	506,368	-	506,368
Interest	-	-	2,146	-	2,146
Total revenues	<u>1,309,553</u>	<u>1,309,553</u>	<u>1,706,235</u>	<u>-</u>	<u>1,706,235</u>
EXPENDITURES					
Debt Service:					
Principal	857,416	857,416	-	-	-
Interest and other charges	<u>583,139</u>	<u>583,139</u>	<u>582,139</u>	<u>-</u>	<u>582,139</u>
Total expenditures	<u>1,440,555</u>	<u>1,440,555</u>	<u>582,139</u>	<u>-</u>	<u>582,139</u>
Net change in fund balances	<u>\$ (131,002)</u>	<u>\$ (131,002)</u>	1,124,096	-	1,124,096
Fund balances - beginning			<u>407,252</u>	<u>-</u>	<u>407,252</u>
Fund balances - ending			<u>\$ 1,531,348</u>	<u>\$ -</u>	<u>\$ 1,531,348</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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ 451,243	\$ 451,243	\$ 450,365	\$ -	\$ 450,365
Intergovernmental:					
State aid	85,363	85,363	342,081	-	342,081
Federal	510,140	510,140	487,385	-	487,385
Interest	-	-	1,109	-	1,109
Total revenues	<u>1,046,746</u>	<u>1,046,746</u>	<u>1,280,940</u>	<u>-</u>	<u>1,280,940</u>
EXPENDITURES					
Debt Service:					
Principal	661,707	661,707	-	-	-
Interest and other charges	<u>552,674</u>	<u>552,674</u>	<u>552,174</u>	<u>-</u>	<u>552,174</u>
Total expenditures	<u>1,214,381</u>	<u>1,214,381</u>	<u>552,174</u>	<u>-</u>	<u>552,174</u>
Net change in fund balances	<u>\$ (167,635)</u>	<u>\$ (167,635)</u>	728,766	-	728,766
Fund balances - beginning			<u>641,386</u>	<u>-</u>	<u>641,386</u>
Fund balances - ending			<u>\$ 1,370,152</u>	<u>\$ -</u>	<u>\$ 1,370,152</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, 2013

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 2,127,747	\$ 265,129	\$ 217,855	\$ 2,610,731
Receivables:				
Other	2,368	-	-	2,368
Total assets	<u>\$ 2,130,115</u>	<u>\$ 265,129</u>	<u>\$ 217,855</u>	<u>\$ 2,613,099</u>
LIABILITIES				
Accounts payable	\$ 185,720	\$ -	\$ 142	\$ 185,862
Total liabilities	<u>185,720</u>	<u>-</u>	<u>142</u>	<u>185,862</u>
FUND BALANCES				
Restricted	1,399,516	265,129	217,713	1,882,358
Assigned	544,879	-	-	544,879
Total fund balances	<u>1,944,395</u>	<u>265,129</u>	<u>217,713</u>	<u>2,427,237</u>
Total liabilities and fund balances	<u>\$ 2,130,115</u>	<u>\$ 265,129</u>	<u>\$ 217,855</u>	<u>\$ 2,613,099</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2013

	High School Building	Elementary Building Reserve	High School Building Reserve	Total
REVENUES				
Property taxes	\$ -	\$ 23	\$ 10	\$ 33
Charges for services	35,165	-	-	35,165
Interest	16,183	920	2,182	19,285
Miscellaneous	36,290	-	-	36,290
Total revenues	87,638	943	2,192	90,773
EXPENDITURES				
Current:				
Support services:				
Students	165	-	-	165
Operation and maintenance	41,942	-	69,267	111,209
Capital outlay	5,427,090	4,835	2,936	5,434,861
Debt service				
Interest and other charges	75,550	-	-	75,550
Total expenditures	5,544,747	4,835	72,203	5,621,785
Excess (deficiency) of revenues over expenditures	(5,457,109)	(3,892)	(70,011)	(5,531,012)
OTHER FINANCING SOURCES				
Long-term debt issued	3,780,000	-	-	3,780,000
Insurance	41,615	-	-	41,615
Total other financing sources	3,821,615	-	-	3,821,615
Net change in fund balances	(1,635,494)	(3,892)	(70,011)	(1,709,397)
Fund balances - beginning	3,579,889	269,021	287,724	4,136,634
Fund balances - ending	\$ 1,944,395	\$ 265,129	\$ 217,713	\$ 2,427,237

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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 23	\$ -	\$ 23
Interest	-	-	920	-	920
Total revenues	-	-	943	-	943
EXPENDITURES					
Current:					
Operation and maintenance	-	-	-	-	-
Capital Outlay	269,021	269,021	4,835	-	4,835
Total expenditures	269,021	269,021	4,835	-	4,835
Net change in fund balances	<u>\$ (269,021)</u>	<u>\$ (269,021)</u>	(3,892)	-	(3,892)
Fund balances - beginning			269,021	-	269,021
Fund balances - ending			<u>\$ 265,129</u>	<u>\$ -</u>	<u>\$ 265,129</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, 2013

	Original Budget	Final Budget	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Property taxes	\$ -	\$ -	\$ 10	\$ -	\$ 10
Interest	-	-	2,182	-	2,182
Total revenues	-	-	2,192	-	2,192
EXPENDITURES					
Current:					
Operation and maintenance	-	66,650	69,267	-	69,267
Capital Outlay	287,724	221,074	2,936	-	2,936
Total expenditures	287,724	287,724	72,203	-	72,203
Net change in fund balances	\$ (287,724)	\$ (287,724)	(70,011)	-	(70,011)
Fund balances - beginning			287,724	-	287,724
Fund balances - ending			\$ 217,713	\$ -	\$ 217,713

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, 2013

	<u>Warehouse</u>	<u>Self- Insurance Health</u>	<u>Self- Insurance Property</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 108,708	\$ 4,967,812	\$ 350	\$ 5,076,870
Accounts receivables, net	-	466,564	-	466,564
Prepaid items	-	108,684	-	108,684
Total current assets	<u>108,708</u>	<u>5,543,060</u>	<u>350</u>	<u>5,652,118</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	17,436	1,477,232	-	1,494,668
Compensated absences	<u>3,279</u>	<u>2,589</u>	<u>-</u>	<u>5,868</u>
Total current liabilities	<u>20,715</u>	<u>1,479,821</u>	<u>-</u>	<u>1,500,536</u>
Noncurrent liabilities:				
Compensated absences	29,509	23,297	-	52,806
Other postemployment benefits	<u>-</u>	<u>11,593,000</u>	<u>-</u>	<u>11,593,000</u>
Total noncurrent liabilities	<u>29,509</u>	<u>11,616,297</u>	<u>-</u>	<u>11,645,806</u>
Total liabilities	<u>50,224</u>	<u>13,096,118</u>	<u>-</u>	<u>13,146,342</u>
NET POSITION (DEFICIT)				
Unrestricted	<u>58,484</u>	<u>(7,553,058)</u>	<u>350</u>	<u>(7,494,224)</u>
Total net position (deficit)	<u>\$ 58,484</u>	<u>\$ (7,553,058)</u>	<u>\$ 350</u>	<u>\$ (7,494,224)</u>

BILLINGS PUBLIC SCHOOLS

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

ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 353,700	\$ 16,223,749	\$ -	\$ 16,577,449
Total operating revenues	353,700	16,223,749	-	16,577,449
OPERATING EXPENSES				
Personal services - salaries	162,540	83,924	-	246,464
Personal services - benefits	41,674	7,784	-	49,458
Purchased property services	74,604	457,691	-	532,295
Other purchased services	88	1,247,839	-	1,247,927
Supplies and materials	58,137	5,197	-	63,334
Insurance claims and expenses	-	14,370,231	-	14,370,231
Other postemployment benefits	-	1,071,000	-	1,071,000
Total operating expenses	337,043	17,243,666	-	17,580,709
Operating income (loss)	16,657	(1,019,917)	-	(1,003,260)
NONOPERATING REVENUES				
Interest revenue	361	16,445	-	16,806
Total nonoperating revenues	361	16,445	-	16,806
Change in net position	17,018	(1,003,472)	-	(986,454)
Net position - beginning	41,466	(6,549,586)	350	(6,507,770)
Net position - ending	\$ 58,484	\$ (7,553,058)	\$ 350	\$ (7,494,224)

BILLINGS PUBLIC SCHOOLS

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

	Warehouse	Self-Insurance Health	Self-Insurance Property	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from health insurance premiums	\$ -	\$ 16,214,940	\$ -	\$ 16,214,940
Cash received from interfund services	356,568	-	-	356,568
Medical claims paid	-	(14,477,185)	-	(14,477,185)
Cash paid to employees health insurance services	-	(90,609)	-	(90,609)
Cash paid to employees for interfund services	(199,198)	-	-	(199,198)
Cash paid to suppliers for goods and services health insurance services	-	(1,391,601)	-	(1,391,601)
Cash paid to suppliers for goods and services interfund services	(137,731)	-	-	(137,731)
Net cash provided by operating activities	19,639	255,545	-	275,184
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	361	16,445	-	16,806
Net cash provided by investing activities	361	16,445	-	16,806
Change in cash and cash equivalents	20,000	271,990	-	291,990
Cash and cash equivalents - beginning	88,708	4,695,822	350	4,784,880
Cash and cash equivalents - ending	\$ 108,708	\$ 4,967,812	\$ 350	\$ 5,076,870
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 16,657	\$ (1,019,917)	\$ -	\$ (1,003,260)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Other postemployment benefits	-	1,071,000	-	1,071,000
(Increase) decrease in accounts receivable	2,868	(49,746)	-	(46,878)
Increase in prepaid items	-	(4,631)	-	(4,631)
Increase (decrease) in accounts payable	(4,902)	323,777	-	318,875
Decrease in unearned revenue	-	(66,017)	-	(66,017)
Increase in compensated absences	5,016	1,079	-	6,095
Net cash provided by operating activities	\$ 19,639	\$ 255,545	\$ -	\$ 275,184

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Fiduciary Funds

Private-Purpose Trust Funds:

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

Agency Funds:

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

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

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BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
June 30, 2013

	Elementary Extracurricular	High School Extracurricular	Total
ASSETS			
Cash and cash equivalents	<u>\$ 499,848</u>	<u>\$ 1,900,563</u>	<u>\$ 2,400,411</u>
Total assets	<u>499,848</u>	<u>1,900,563</u>	<u>2,400,411</u>
LIABILITIES			
Accounts payable	<u>18,444</u>	<u>38,566</u>	<u>57,010</u>
Total liabilities	<u>18,444</u>	<u>38,566</u>	<u>57,010</u>
NET POSITION			
Net position held in trust	<u>\$ 481,404</u>	<u>\$ 1,861,997</u>	<u>\$ 2,343,401</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2013

	<u>Elementary Extracurricular</u>	<u>High School Extracurricular</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Student extracurricular activities	\$ 501,549	\$ 2,551,304	\$ 3,052,853
Investment earnings:			
Interest	<u>1,870</u>	<u>7,105</u>	<u>8,975</u>
Total additions	<u>503,419</u>	<u>2,558,409</u>	<u>3,061,828</u>
DEDUCTIONS			
Student extracurricular activities	<u>495,901</u>	<u>2,411,779</u>	<u>2,907,680</u>
Total deductions	<u>495,901</u>	<u>2,411,779</u>	<u>2,907,680</u>
Change in net position	<u>7,518</u>	<u>146,630</u>	<u>154,148</u>
Net position - beginning	<u>473,886</u>	<u>1,715,367</u>	<u>2,189,253</u>
Net position - ending	<u>\$ 481,404</u>	<u>\$ 1,861,997</u>	<u>\$ 2,343,401</u>

BILLINGS PUBLIC SCHOOLS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
PAYROLL CLEARING FUND				
ASSETS				
Cash	\$ 6,294,188	\$ 108,229,213	\$110,921,851	\$ 3,601,550
Total assets	<u>6,294,188</u>	<u>108,229,213</u>	<u>110,921,851</u>	<u>3,601,550</u>
LIABILITIES				
Accounts payable	<u>6,294,188</u>	<u>110,921,851</u>	<u>108,229,213</u>	<u>3,601,550</u>
Total liabilities	<u>6,294,188</u>	<u>110,921,851</u>	<u>108,229,213</u>	<u>3,601,550</u>
CAFETERIA/FLEX PLAN FUND				
ASSETS				
Cash	<u>189,885</u>	<u>1,193,290</u>	<u>1,173,259</u>	<u>209,916</u>
Total assets	<u>189,885</u>	<u>1,193,290</u>	<u>1,173,259</u>	<u>209,916</u>
LIABILITIES				
Accounts payable	<u>189,885</u>	<u>1,173,259</u>	<u>1,193,290</u>	<u>209,916</u>
Total liabilities	<u>189,885</u>	<u>1,173,259</u>	<u>1,193,290</u>	<u>209,916</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	<u>6,484,073</u>	<u>109,422,503</u>	<u>112,095,110</u>	<u>3,811,466</u>
Total assets	<u>6,484,073</u>	<u>109,422,503</u>	<u>112,095,110</u>	<u>3,811,466</u>
LIABILITIES				
Accounts payable	<u>6,484,073</u>	<u>112,095,110</u>	<u>109,422,503</u>	<u>3,811,466</u>
Total liabilities	<u>\$ 6,484,073</u>	<u>\$ 112,095,110</u>	<u>\$109,422,503</u>	<u>\$ 3,811,466</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, 2013

Location	Balance July 1, 2012	Revenues	Expenditures	Balance June 30, 2013
Career Center	\$ 110,109	\$ 111,490	\$ 108,004	\$ 113,595
Senior High School	547,080	713,452	719,136	541,396
West High School	389,155	657,078	622,562	423,671
Skyview High School	283,143	795,464	770,393	308,214
Middle Schools-Athletics	320,785	113,277	89,830	344,232
Lewis & Clark Middle School	5,300	58,066	51,447	11,919
Riverside Middle School	40,292	58,205	73,732	24,765
Will James Middle School	25,783	101,000	101,575	25,208
Castlerock Middle School	37,193	62,961	60,606	39,548
Arrowhead Elementary	9,494	7,792	13,305	3,981
Beartooth Elementary	2,304	6,180	6,752	1,732
Bench Elementary	1,000	3,540	3,605	935
Bitterroot Elementary	579	2	327	254
Boulder Elementary	91	1,532	1,063	560
Broadwater Elementary	182	1,561	1,472	271
Burlington Elementary	5,552	8,483	10,456	3,579
Central Heights Elementary	1,369	2,848	3,370	847
Highland Elementary	370	1,218	652	936
McKinley Elementary	1,806	4,531	5,269	1,068
Meadowlark Elementary	2,527	5,295	5,551	2,271
Miles Elementary	3,111	8,619	9,085	2,645
Newman Elementary	2,560	17,213	15,642	4,131
Orchard Elementary	-	148	25	123
Poly Elementary	1,479	10,282	8,703	3,058
Ponderosa Elementary	2,164	7,674	7,565	2,273
Rose Park Elementary	205	355	444	116
Sandstone Elementary	2,797	2,482	1,657	3,622
Adult Education	736	1,005	660	1,081
Washington Elementary	923	1,544	1,910	557
Big Sky Elementary	3,060	3,500	4,115	2,445
Eagle Cliffs Elementary	3	-	3	-
Exec Director of Activities	372,007	229,901	138,607	463,301
Coordinator of Music	16,094	65,130	70,157	11,067
	<u>\$ 2,189,253</u>	<u>\$3,061,828</u>	<u>\$2,907,680</u>	<u>\$ 2,343,401</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, 2013

	Per Enrollment Reports	Audit Per District Records	Difference
<u>Fall Enrollment - October, 2012</u>			
Elementary School District			
K - 6:			
(a) Kindergarten (enrolled 720+ hours per year)	1,317	1,317	-
(b) Kindergarten (enrolled 181-719 hours per year)	4	4	-
(c) Kindergarten (enrolled < 181 hours per year)	-	-	-
(d) Grades 1-6 (enrolled 720+ hours per year)	7,330	7,330	-
(e) Grades 1-6 (enrolled 181-719 hours per year)	2	2	-
(f) Grades 1-6 (enrolled < 181 hours per year)	-	-	-
7-8:			
(g) Grades 7-8 (enrolled 720+ hours per year)	2,328	2,328	-
(h) Grades 7-8 (enrolled 181-719 hours per year)	-	-	-
(i) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(j) Total Elementary (add lines a through i)	<u>10,981</u>	<u>10,981</u>	<u>-</u>
High School District:			
(k) Grades 9-12 (enrolled 720+ hours per year)	5,192	5,192	-
(l) Grades 9-12 (enrolled 181-719 hours per year)	44	44	-
(m) Grades 9 - 12 (enrolled < 181 hours per year)	3	3	-
(n) Total High School (add lines k through m)	<u>5,239</u>	<u>5,239</u>	<u>-</u>
(o) 19 Year-olds included on line k	<u>7</u>	<u>7</u>	<u>-</u>
(p) Job Corp	<u>2</u>	<u>2</u>	<u>-</u>
(q) Montana Youth Challenge	<u>9</u>	<u>9</u>	<u>-</u>
<u>Spring Enrollment - February 2013</u>			
Elementary School District			
K - 6:			
(r) Kindergarten (enrolled 720+ hours per year)	1,318	1,318	-
(s) Kindergarten (enrolled 181-719 hours per year)	5	5	-
(t) Grades 1-6 (enrolled 720+ hours per year)	7,305	7,304	1
(u) Grades 1-6 (enrolled 181-719 hours per year)	1	1	-
(v) Grades 1-6 (enrolled < 181 hours per year)	2	2	-
7-8:			
(w) Grades 7-8 (enrolled 720+ hours per year)	2,331	2,331	-
(x) Grades 7-8 (enrolled 181-719 hours per year)	1	1	-
(y) Grades 7-8 (enrolled < 181 hours per year)	-	-	-
(z) Total Elementary (add lines r through y)	<u>10,963</u>	<u>10,962</u>	<u>1</u>
High School District:			
(aa) Grades 9-12 (enrolled 720+ hours per year)	5,025	5,025	-
(bb) Grades 9-12 (enrolled 181-719 hours per year)	71	71	-
(cc) Grades 9 - 12 (enrolled < 181 hours per year)	5	5	-
(dd) Total High School (add lines aa through cc)	<u>5,101</u>	<u>5,101</u>	<u>-</u>
(ee) 19 Year-olds included on line aa	<u>7</u>	<u>7</u>	<u>-</u>
(ff) Early Graduates	<u>23</u>	<u>23</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	91-95
<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	96-102
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	
Debt Capacity	103-107
<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	108-109
<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	110-116
<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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net investment in capital assets	\$ 43,934,804	\$ 50,433,854	\$ 56,020,328	\$ 58,767,183	\$ 61,191,582	\$ 60,569,790	\$ 60,775,788	\$ 59,798,909	\$ 57,733,805	\$ 55,266,962
Restricted	12,564,845	13,671,645	13,686,410	13,266,250	12,533,071	14,612,086	13,131,943	7,457,520	7,793,006	10,730,765
Unrestricted (deficit)	<u>(8,873,712)</u>	<u>(9,760,795)</u>	<u>(12,253,119)</u>	<u>(4,326,828)</u>	<u>(6,105,856)</u>	<u>(12,737,076)</u>	<u>(15,821,877)</u>	<u>(13,230,538)</u>	<u>(14,127,147)</u>	<u>(12,518,164)</u>
Total net position	<u>\$ 47,625,937</u>	<u>\$ 54,344,704</u>	<u>\$ 57,453,619</u>	<u>\$ 67,706,605</u>	<u>\$ 67,618,797</u>	<u>\$ 62,444,800</u>	<u>\$ 58,085,854</u>	<u>\$ 54,025,891</u>	<u>\$ 51,399,664</u>	<u>\$ 53,479,563</u>

1

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

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

Table 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Instruction	\$ 68,603,766	\$ 69,408,652	\$ 74,316,304	\$ 78,052,218	\$ 85,812,039	\$ 88,164,245	\$ 91,294,560	\$ 94,100,760	\$ 90,996,777	\$ 92,660,721
Support services:										
Students	7,318,577	7,502,320	8,245,532	9,117,020	9,298,820	9,601,125	10,384,550	10,978,889	11,562,508	11,498,377
Instructional staff	5,326,663	5,354,675	5,992,695	5,878,241	6,555,906	6,945,475	7,115,837	7,541,224	7,768,857	7,747,072
General administration	1,429,577	1,471,734	1,238,774	1,354,664	1,476,711	1,312,581	1,607,281	1,559,394	2,183,458	1,726,676
School administration	7,322,209	7,432,014	8,130,808	8,248,789	9,003,814	9,069,215	9,642,520	10,149,144	10,076,339	9,767,796
Business services	1,333,322	1,408,610	1,769,612	1,842,122	2,019,626	1,880,984	1,948,020	2,258,772	2,321,858	1,997,883
Operation and maintenance	9,463,421	9,395,802	10,270,658	10,713,640	12,421,095	12,140,124	12,232,630	12,244,035	12,055,291	12,369,485
Student transportation	3,844,736	4,128,160	4,310,389	4,375,271	4,658,373	5,136,849	5,037,035	5,220,799	5,550,126	5,707,063
Food services	3,805,629	4,216,117	4,113,009	4,180,626	4,701,734	5,146,099	5,253,191	5,872,264	5,893,493	5,697,047
Community services	14,729	11,094	15,178	14,953	14,050	19,891	26,363	30,563	16,681	17,822
Extracurricular	1,754,424	1,802,211	1,909,711	1,920,491	2,291,969	2,328,064	2,351,072	2,458,540	2,399,701	2,562,756
Other current charges	-	-	-	-	-	11,479	12,350	12,874	13,693	-
Interest	91,488	308,478	221,475	177,913	117,618	29,399	46,167	316,332	670,408	1,625,782
Total expenses	110,308,541	112,439,867	120,534,145	125,875,948	138,371,755	141,785,530	146,951,576	152,743,590	151,509,190	153,378,480
Program revenues:										
Charges for services:										
Instruction	655,977	656,235	665,848	612,530	626,047	712,110	782,219	733,494	714,937	796,991
Support services:										
Operation and maintenance	87,491	75,529	82,717	70,401	41,025	41,494	33,606	32,415	50,315	64,230
Student transportation	43,013	45,119	40,991	44,857	43,180	42,381	42,288	38,379	39,704	39,393
Food services	1,968,901	2,141,650	2,187,687	2,253,548	2,305,026	2,367,209	2,378,896	2,362,415	2,452,515	2,271,012
Operating grants and contributions	18,749,300	19,621,440	21,432,451	27,164,473	28,928,094	26,530,143	33,980,885	37,940,966	30,073,832	31,165,921
Capital grants and contributions	-	-	584,375	240,298	628,251	892,912	77,188	77,586	48,665	139,927
Total program revenues	21,504,682	22,539,973	24,994,069	30,386,107	32,571,623	30,586,249	37,295,082	41,185,255	33,379,968	34,477,474
Net expense	(88,803,859)	(89,899,894)	(95,540,076)	(95,489,841)	(105,800,132)	(111,199,281)	(109,656,494)	(111,558,335)	(118,129,222)	(118,901,006)
General revenues:										
Property taxes	32,763,840	32,898,784	34,895,621	33,088,889	34,701,063	34,991,351	35,921,360	38,512,088	39,255,766	40,099,921
Unrestricted intergovernmental:										
State aid	41,255,716	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278
State other	5,919,009	6,195,386	6,298,034	6,173,289	5,714,923	5,724,096	5,678,388	5,721,040	5,720,810	6,484,021
County	11,950,586	12,307,903	10,606,494	11,252,174	11,946,780	13,211,358	12,124,782	13,525,559	13,636,532	14,978,791
Federal	170,621	-	-	-	-	-	-	-	-	-
Interest	322,613	710,566	924,471	1,050,145	1,064,579	681,026	411,620	293,422	217,250	133,528
Contributions and donations	391,433	444,283	538,494	1,146,765	581,134	835,415	937,984	1,146,735	988,900	995,403
Miscellaneous	502,667	233,778	177,871	209,184	271,266	235,112	459,324	269,744	1,038,092	535,963
Gain on disposal of capital assets	92,092	-	-	242,559	2,475,779	-	-	-	-	-
Transfers	-	-	-	-	-	5,745	-	-	-	-
Total general revenues	93,368,577	96,618,661	98,648,991	99,337,530	105,712,324	106,025,284	105,297,548	107,498,372	115,502,995	120,980,905
Change in net position	\$ 4,564,718	\$ 6,718,767	\$ 3,108,915	\$ 3,847,689	\$ (87,808)	\$ (5,173,997)	\$ (4,358,946)	\$ (4,059,963)	\$ (2,626,227)	\$ 2,079,899

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

Table 3

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	\$ 149,804	\$ 81,413	\$ 150,314	\$ 401,505	\$ 28,815	\$ 362,860	\$ 293,025	\$ -	\$ -	\$ -
Unreserved	4,803,576	4,619,133	3,356,762	3,520,361	4,856,734	5,327,292	5,058,315	-	-	-
Assigned	-	-	-	-	-	-	-	223,775	623,244	804,770
Unassigned	-	-	-	-	-	-	-	3,792,265	4,015,233	4,950,752
Total general fund	<u>\$ 4,953,380</u>	<u>\$ 4,700,546</u>	<u>\$ 3,507,076</u>	<u>\$ 3,921,866</u>	<u>\$ 4,885,549</u>	<u>\$ 5,690,152</u>	<u>\$ 5,351,340</u>	<u>\$ 4,016,040</u>	<u>\$ 4,638,477</u>	<u>\$ 5,755,522</u>
All other governmental funds										
Reserved	\$ 1,767,133	\$ 1,031,166	\$ 1,496,649	\$ 1,299,601	\$ 264,236	\$ 224,169	\$ 102,655	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,396,891	5,769,299	8,900,453	11,762,496	10,557,303	16,060,472	15,374,310	-	-	-
Capital projects funds	13,698,815	15,111,333	4,368,356	2,822,725	4,266,136	1,181,569	1,167,397	-	-	-
Restricted	-	-	-	-	-	-	-	17,959,108	12,268,876	18,773,122
Committed	-	-	-	-	-	-	-	2,085,667	2,319,633	2,610,838
Assigned	-	-	-	-	-	-	-	7,020,122	6,024,273	6,816,264
Total all other governmental funds	<u>\$ 23,862,839</u>	<u>\$ 21,911,798</u>	<u>\$ 14,765,458</u>	<u>\$ 15,884,822</u>	<u>\$ 15,087,675</u>	<u>\$ 17,466,210</u>	<u>\$ 16,644,362</u>	<u>\$ 27,064,897</u>	<u>\$ 20,612,782</u>	<u>\$ 28,200,224</u>

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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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes	\$ 33,056,359	\$ 32,790,871	\$ 34,811,435	\$ 32,619,080	\$ 35,073,362	\$ 35,782,052	\$ 35,327,094	\$ 37,869,957	\$ 39,518,352	\$ 40,006,403
Intergovernmental:										
County	12,608,117	13,048,693	11,391,515	12,037,153	12,709,341	13,970,410	12,883,209	14,285,342	14,480,834	15,862,391
State aid	45,393,256	43,827,961	45,208,006	46,174,525	48,956,800	50,341,181	49,764,090	48,029,784	54,645,645	57,753,278
State other	7,919,070	12,751,938	13,365,372	19,476,346	21,492,469	19,256,945	21,216,653	19,694,027	20,936,835	22,328,332
Federal	12,124,789	12,324,098	13,243,826	12,740,171	12,387,987	12,177,195	17,684,193	22,964,040	14,013,505	14,438,010
Tuition	231,686	250,649	221,849	211,263	195,406	148,290	201,019	216,974	144,228	243,312
Charges for services	2,516,770	2,709,121	2,752,809	2,784,051	2,839,302	2,963,437	3,034,287	2,968,423	3,111,333	2,947,509
Interest	282,869	660,337	865,885	985,219	975,588	577,704	358,384	259,395	188,638	116,722
Miscellaneous	885,768	678,061	1,612,007	1,915,554	1,451,927	1,708,205	1,397,308	1,417,179	1,301,766	1,529,580
Total revenues	115,018,684	119,041,729	123,472,704	128,943,362	136,082,182	136,925,419	141,866,237	147,705,121	148,341,136	155,225,537
Expenditures										
Instruction	66,203,971	67,456,999	72,234,049	75,118,883	81,669,804	80,508,374	85,968,472	90,169,831	87,658,280	90,187,253
Support services:										
Students	7,009,749	7,309,457	8,028,019	8,585,269	9,057,352	9,101,560	10,028,276	10,774,961	11,420,156	11,286,445
Instructional staff	5,156,607	5,204,476	5,873,420	5,992,282	6,445,953	6,656,922	6,934,825	7,370,246	7,660,634	7,596,063
General administration	1,473,573	1,505,556	1,336,483	1,238,727	1,372,481	1,270,351	1,561,130	1,470,957	2,095,958	1,785,865
School administration	7,257,844	7,875,293	7,745,131	7,969,204	8,984,368	8,554,701	9,274,540	10,048,181	10,196,532	9,553,940
Business services	1,248,703	1,252,813	1,611,884	1,734,354	1,896,926	1,688,771	1,791,715	2,208,878	2,234,008	1,960,014
Operations and maintenance	9,371,228	9,467,402	10,158,538	10,529,579	12,311,325	11,749,344	11,946,381	12,025,975	12,166,696	12,164,592
Student transportation	3,791,755	4,105,306	4,269,620	4,338,968	4,636,606	5,049,102	4,961,862	5,177,545	5,518,265	5,707,029
Food services	3,751,990	4,158,542	4,057,221	4,117,271	4,629,179	5,068,481	5,109,148	5,788,739	5,807,668	5,598,212
Community services	14,729	11,094	15,178	14,953	14,050	19,891	26,363	30,563	16,681	17,822
Extracurricular	1,733,646	1,800,017	1,890,779	1,846,502	2,213,481	2,225,258	2,340,782	2,410,349	2,248,253	2,435,096
Other current charges	-	-	-	-	-	-	11,479	12,350	12,874	-
Capital outlay	3,724,644	6,815,946	12,284,515	3,440,539	2,924,602	2,535,609	2,797,520	2,725,219	6,566,027	10,837,415
Debt service										
Principal	2,205,003	4,003,685	2,477,521	2,576,269	2,682,454	150,143	229,595	236,253	199,015	165,203
Interest	186,166	284,018	197,156	153,967	93,796	64,196	42,301	515,521	653,852	1,412,218
Total expenditures	113,129,608	121,250,604	132,179,514	127,656,767	138,932,377	134,654,182	143,025,260	150,966,092	154,455,718	160,707,167
Excess of revenues over (under) expenditures	1,889,076	(2,208,875)	(8,706,810)	1,286,595	(2,850,195)	2,271,237	(1,159,023)	(3,260,971)	(6,114,582)	(5,481,630)
Other financing sources (uses)										
Transfers in	30,043	1,193,489	-	-	322,502	370,545	181,725	-	-	9,845
Transfers out	(30,043)	(1,193,489)	-	-	(322,502)	(349,511)	(188,362)	-	-	(9,845)
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	112,617	-	281,206	284,904	41,615
Long-term debt issued	10,000,000	-	362,000	-	408,564	773,250	-	12,000,000	-	14,144,502
Sale of capital assets	5,000	5,000	5,000	247,559	2,608,167	5,000	5,000	65,000	-	-
Total other financing sources (uses)	10,005,000	5,000	367,000	247,559	3,016,731	911,901	(1,637)	12,346,206	284,904	14,186,117
Net change in fund balances	\$ 11,894,076	\$ (2,203,875)	\$ (8,339,810)	\$ 1,534,154	\$ 166,536	\$ 3,183,138	\$ (1,160,660)	\$ 9,085,235	\$ (5,829,678)	\$ 8,704,487
Debt service as a percentage of non-capital expenditures	2.19%	3.75%	2.23%	2.20%	2.04%	0.16%	0.19%	0.51%	0.58%	1.05%

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

Table 5

Year	Support Services							
	Instruction	Students	Instructional Staff	General Administration	School Administration	Business Services	Operation and Maintenance	Student Transportation
2004	\$ 48,003,555	\$ 5,189,837	\$ 3,785,081	\$ 1,432,635	\$ 5,628,907	\$ 956,151	\$ 8,370,452	\$ 182
2005	48,546,841	5,106,089	3,742,092	1,434,044	5,881,820	932,628	8,431,212	4,738
2006	52,136,474	5,415,414	4,038,827	1,249,372	6,203,024	1,070,846	8,801,763	7,392
2007	55,197,847	5,740,609	4,636,544	1,132,599	6,386,532	969,121	8,316,670	13,657
2008	60,765,662	6,242,820	5,050,350	1,299,542	7,237,252	1,080,768	8,717,531	17,616
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

Year	Community Services	Extracurricular	Capital Outlay	Debt Service	Total
2004	\$ 6,600	\$ 1,535,336	\$ 304,404	\$ 215,241	\$ 75,428,381
2005	6,600	1,451,951	170,615	111,714	75,820,344
2006	6,600	1,680,764	157,569	10,880	80,778,925
2007	6,600	1,618,881	69,834	47,516	84,136,410
2008	6,600	1,936,752	294,915	82,500	92,732,308
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

Table 6

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

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value to Est. Actual Value	Mill Levy	Taxes Levied	Collected within the Fiscal Year of the Levy		Tax Collections after Levy Year	Total Collections to Date	
						Amount Collected*	Percent of Levy		Amount Collected	Percent of Levy
Elementary District:										
2004	\$ 132,441,976	\$ 4,004,963,619	3.31%	142.98	\$ 18,936,554	\$ 19,204,919	101.42%	\$ -	\$ 19,204,919	101.42%
2005	136,732,413	4,476,606,150	3.05%	151.35	20,694,451	20,411,068	98.63%	-	\$ 20,411,068	98.63%
2006	143,178,931	4,774,317,563	3.00%	152.52	21,837,651	21,625,072	99.03%	-	\$ 21,625,072	99.03%
2007	147,991,032	5,110,110,578	2.90%	135.32	20,026,146	20,140,046	100.57%	-	\$ 20,140,046	100.57%
2008	157,587,840	5,498,218,964	2.87%	131.28	20,688,132	20,664,888	99.89%	-	\$ 20,664,888	99.89%
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	\$ 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%	429,838	\$ 21,865,760	96.88%
2012	177,014,509	5,985,087,238	2.96%	128.09	22,673,788	22,336,226	98.51%	352,330	\$ 22,688,556	100.07%
2013	176,069,203	6,154,532,525	2.86%	134.13	23,616,162	21,845,199	92.50%	-	\$ 21,845,199	92.50%
High School District:										
2004	\$ 167,565,854	\$ 5,071,568,445	3.30%	81.35	\$ 13,631,482	\$ 13,736,169	100.77%	\$ -	\$ 13,736,169	100.77%
2005	173,527,878	5,648,849,952	3.07%	71.53	12,412,449	12,306,074	99.14%	-	\$ 12,306,074	99.14%
2006	181,865,729	6,037,293,435	3.01%	72.47	13,179,809	13,102,976	99.42%	-	\$ 13,102,976	99.42%
2007	188,925,557	6,458,283,952	2.93%	65.51	12,376,513	12,398,385	100.18%	-	\$ 12,398,385	100.18%
2008	201,862,127	6,986,260,379	2.89%	71.68	14,469,477	14,408,474	99.58%	-	\$ 14,408,474	99.58%
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	\$ 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%	387,712	\$ 16,050,243	97.66%
2012	235,424,143	7,974,802,129	2.95%	71.10	16,738,657	16,322,166	97.51%	300,827	\$ 16,622,993	99.31%
2013	235,345,707	8,256,450,287	2.85%	70.40	16,568,338	15,402,861	92.97%	-	\$ 15,402,861	92.97%

* 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
PROPERTY TAX RATES AND TAX LEVIES
Direct and Overlapping Governments
Last Ten Fiscal Years

Table 7

Tax Rates (per \$1000 of taxable value)						
Fiscal Year	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	Total
2004	142.98	81.35	110.23	120.74	46.00	501.30
2005	151.35	71.53	113.73	126.43	46.00	509.04
2006	152.52	72.47	132.81	130.82	46.00	534.62
2007	135.32	65.51	141.58	140.49	46.00	528.90
2008	131.28	71.68	157.53	146.86	46.00	553.35
2009	121.87	70.31	163.65	139.69	46.00	541.52
2010	123.45	70.42	171.28	140.58	46.00	551.73
2011	128.81	70.92	171.42	156.75	46.00	573.90
2012	128.09	71.10	168.73	157.45	46.00	571.37
2013	134.13	70.40	174.58	161.22	46.00	586.33

Taxes Levied						
Fiscal Year	Billings Elementary District	Billings High School District	City of Billings	Yellowstone County	State of Montana	Total
2004	18,936,554	13,631,482	12,858,681	20,675,536	6,663,547	72,765,800
2005	20,694,451	12,412,449	13,774,151	21,854,305	7,146,050	75,881,406
2006	21,837,651	13,179,809	16,740,890	23,922,136	7,706,215	83,386,701
2007	20,026,146	12,376,513	18,622,292	27,029,907	8,284,181	86,339,039
2008	20,688,132	14,469,477	23,538,963	29,429,209	8,905,495	97,031,276
2009	20,232,861	15,076,394	25,058,182	32,564,353	12,183,812	105,115,602
2010	20,722,375	15,530,232	27,195,578	33,631,241	13,020,417	110,099,843
2011	22,569,869	16,435,048	27,591,420	37,597,973	13,086,356	117,280,666
2012	22,673,788	16,738,657	28,011,546	38,584,654	13,376,984	119,385,629
2013	23,616,162	16,568,338	27,889,673	39,953,424	13,768,444	121,796,041

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

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

Table 8

Taxpayer	2013			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
ConocoPhillips Company	\$ 17,087,910	1	9.71%	\$ 11,955,831	2	9.03%
Northwestern Corp	10,912,640	2	6.20%	15,896,720	1	12.00%
Bresnan Broadband Holdings LLC	4,193,940	3	2.38%	5,534,741	-	4.18%
PPL Montana LLC	2,834,846	4	1.61%	3,551,959	5	2.68%
Qwest Corporation	2,793,543	5	1.59%	4,323,442	4	3.26%
MDU - Gas	1,985,799	6	1.13%	1,558,143	8	1.18%
Verizon	1,058,756	7	0.60%	-	-	0.00%
Wal-Mart	842,091	8	0.48%	-	-	0.00%
Conoco Pipeline Company	816,646	9	0.46%	-	-	0.00%
Western Sugar Company	714,925	10	0.41%	-	-	0.00%
Exxon Mobil Corporation	-	-	0.00%	6,725,354	3	5.08%
Burlington Northern/Santa Fe RR	-	-	0.00%	2,108,985	7	1.59%
Pudget Sound Energy Incorporated	-	-	0.00%	2,274,353	6	1.72%
WWC Holdings CO (ALLTEL)	-	-	0.00%	1,054,760	9	0.80%
Portland General Electric Company	-	-	0.00%	1,011,118	10	0.76%
Total	\$ 43,241,096		24.56%	\$ 55,995,406		42.28%

Source: Montana Department of Revenue

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

Table 8a

Taxpayer	2013			2004		
	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation	Assessed Valuation	Rank	Percentage of Total District Assessed Valuation
ConocoPhillips Company	\$ 17,087,910	1	7.26%	\$ -	-	0.00%
Northwestern Corp	12,755,405	2	5.42%	615,665	3	0.37%
Exxon Mobile Corporation	9,556,137	3	4.06%	5,534,741	1	3.30%
Bresnan Broadband	4,193,940	4	1.78%	-	-	0.00%
Qwest Corporation	3,031,320	5	1.29%	-	-	0.00%
MDU Company	2,969,187	6	1.26%	143,503	9	0.09%
PPL Montana LLC	2,855,477	7	1.21%	-	-	0.00%
Verizon Wireless	1,278,278	8	0.54%	-	-	0.00%
Conoco Pipe Line	1,094,311	9	0.46%	-	-	0.00%
Walmart Real Estate Business Trust	842,091	10	0.36%	-	-	0.00%
WWC Holdings Co (ALLTELL)	-	-	0.00%	756,177	2	0.45%
Yellowstone Energy LMTD Partnership	-	-	0.00%	528,791	4	0.32%
Aspen Air US Corp	-	-	0.00%	438,662	5	0.26%
Montana Sulphur & Chemical Company	-	-	0.00%	253,849	6	0.15%
H&E Equipment Services	-	-	0.00%	179,137	7	0.11%
Transbas Inc	-	-	0.00%	144,945	8	0.09%
Montana Rail Link Inc	-	-	0.00%	117,591	10	0.07%
Total	<u>\$ 55,664,056</u>		<u>23.65%</u>	<u>\$ 8,713,061</u>		<u>5.20%</u>

Source: Montana Department of Revenue

BILLINGS PUBLIC SCHOOLS
REVENUE BY SOURCE - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2013
(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	\$ 40,006,403	25.77%
Tuition	243,312	0.16%
Interest	116,722	0.08%
Charges for service	2,947,509	1.90%
County retirement	14,978,791	9.65%
County transportation	883,600	0.57%
Miscellaneous	1,529,580	0.99%
Total revenue from local and intermediate sources	60,705,917	39.12%
Revenue from state sources:		
Direct state aid	40,481,438	26.08%
State quality educator	3,396,122	2.19%
State at risk	445,021	0.29%
State Indian education for all	336,314	0.22%
State American Indian achievement gap	370,600	0.24%
State special education allowable cost payment	5,326,381	3.43%
State guaranteed tax base aid	17,271,840	11.13%
State transportation	883,600	0.57%
State Medicaid	2,017,662	1.30%
State school block grant	6,290,749	4.05%
State on-behalf payment	1,897,720	1.22%
State other	1,364,163	0.88%
Total revenue from state sources	80,081,610	51.60%
Revenue from federal sources:		
Federal grants	11,112,139	7.14%
Federal food service	3,325,871	2.14%
Total revenue from federal sources	14,438,010	9.28%
Total revenue	\$ 155,225,537	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
2004	\$ 24,899,505	\$ 49,883,497	\$ -	\$ 231,686	\$ 53,162	\$ 179,142	\$ 75,246,992
2005	24,607,135	50,641,647	-	250,649	56,738	11,341	75,567,510
2006	25,635,660	53,649,285	-	221,849	61,706	16,955	79,585,455
2007	26,213,125	58,050,178	-	211,263	71,821	4,813	84,551,200
2008	29,915,283	63,450,861	-	195,406	84,912	49,529	93,695,991
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

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

Source: District Records

BILLINGS PUBLIC SCHOOLS

Ratio of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Table 12

Fiscal Year	Population	Assessed Value	Net General Obligation Bonded Debt	Percentage of Net G.O. Bonded Debt to Assessed Value	Net G.O. Bonded Debt per Capita	Net G.O. Bonded Debt as a % of Per Capita Income
Elementary District						
2004	97,253	\$ 132,441,976	\$ 10,000,000	7.55%	\$ 102.82	0.39%
2005	99,198	136,732,413	7,620,000	5.57%	76.82	0.32%
2006	100,148	143,178,931	5,155,000	3.60%	51.47	0.23%
2007	101,650	147,991,032	2,615,000	1.77%	25.73	0.10%
2008	102,000	157,587,840	-	0.00%	-	0.00%
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	2.52%	40.95	0.12%
2012	107,977	177,014,509	4,420,000	2.50%	40.93	0.11%
2013	107,857	176,069,203	14,784,502	8.40%	137.08	0.35%
High School District						
2004	108,350	\$ 167,565,854	\$ 1,510,000	0.90%	\$ 13.94	0.05%
2005	109,450	173,527,878	-	0.00%	-	0.00%
2006	110,550	181,865,729	-	0.00%	-	0.00%
2007	111,650	188,925,557	-	0.00%	-	0.00%
2008	113,000	201,862,127	-	0.00%	-	0.00%
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	3.27%	61.55	0.18%
2012	127,987	235,424,143	7,580,000	3.22%	59.22	0.15%
2013	127,987	235,345,707	11,360,000	4.83%	88.76	0.23%

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	Other (1)	Total Outstanding Debt	Percentage of Personal Income (2)	Population	Debt Per Capita
Governmental Activities									
2004	11,510,000	61,947	-	91,932	17,956,073	29,619,952	1.05%	108,350	273.37
2005	7,620,000	13,866	-	15,690	18,484,362	26,133,918	1.00%	109,450	238.77
2006	5,155,000	1,345	-	367,209	13,117,827	18,641,381	0.76%	110,550	168.62
2007	2,615,000	-	-	327,076	15,073,607	18,015,683	0.61%	111,650	161.36
2008	-	-	-	668,186	18,676,281	19,344,467	0.60%	113,000	171.19
2009	-	-	758,250	533,043	24,263,413	25,554,706	0.69%	121,700	209.98
2010	-	-	674,000	387,698	29,123,847	30,185,545	0.74%	125,000	241.48
2011	12,000,000	-	589,750	235,695	31,371,664	44,197,109	1.08%	123,145	358.90
2012	12,000,000	-	505,500	120,930	33,325,000	45,951,430	0.93%	127,987	359.03
2013	26,144,502	-	421,250	39,977	34,076,197	60,681,926	1.21%	127,011	477.77

(1) Compensated absence, Service credit and termination pay, Other postemployment benefits

(2) Personal income is disclosed on table 17

BILLINGS PUBLIC SCHOOLS
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended June 30, 2013

Table 14

Elementary District:	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Maximum debt limit	\$ 103,784,976	\$ 105,789,744	\$ 110,532,753	\$ 114,004,638	\$ 140,269,440	\$ 144,564,325	\$ 159,167,625	\$ 163,878,075	\$ 173,621,490	\$ 180,280,680
Total net debt applicable to limit	14,104,638	9,639,803	5405616	2,834,141	447,685	357,139	259,758	5,167,666	5,006,523	15,259,320
Legal debt margin	\$ 89,680,338	\$ 96,149,941	\$ 105,127,137	\$ 111,170,497	\$ 139,821,755	\$ 144,207,186	\$ 158,907,867	\$ 158,710,409	\$ 168,614,967	\$ 165,021,360
Total net debt applicable to limit as a percentage of debt limit	13.59%	9.11%	4.89%	2.49%	0.32%	0.25%	0.16%	3.15%	2.88%	8.46%
High School District:										
Maximum debt limit	\$ 121,384,386	\$ 122,633,838	\$ 127,979,393	\$ 131,491,917	\$ 153,391,170	\$ 163,003,680	\$ 178,979,580	\$ 174,945,980	\$ 186,698,955	\$ 190,562,190
Total net debt applicable to limit	3,559,241	1,009,753	117507	107,935	220,501	175,904	127,940	7,657,779	7,618,907	11,373,193
Legal debt margin	\$ 117,825,145	\$ 121,624,085	\$ 127,861,886	\$ 131,383,982	\$ 153,170,669	\$ 162,827,776	\$ 178,851,640	\$ 167,288,201	\$ 179,079,048	\$ 179,188,997
Total net debt applicable to limit as a percentage of debt limit	2.93%	0.82%	0.09%	0.08%	0.14%	0.11%	0.07%	4.38%	4.08%	5.97%
Debt Limitation Calculation	Elementary		High School							
2012/13 Statewide Average Per ANB	\$ 32,170		\$ 72,210							
X FY13 ANB	11,208		5,278							
Total	360,561,360		381,124,380							
X Debt Limit Rate of .50	0.50		0.50							
Equals: Maximum Debt Capacity	180,280,680		190,562,190							
Less: bonded indebtedness	15,232,536		11,360,000							
Less: other indebtedness	26,784		13,193							
Estimated Debt Capacity Remaining	\$ 165,021,360		\$ 179,188,997							

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

Montana Codes Annotated Section 20-9-406 provides for the issuance of bonds to an amount not to exceed the greater of 1) 50% of the latest available taxable valuation of property which is subject to taxation within the District or 2) the statewide average taxable valuation per student multiplied by the average number of students belonging in a particular district multiplied by 50%. The District used the statewide average taxable value method.

BILLINGS PUBLIC SCHOOLS

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

For the Year Ended June 30, 2013

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					
Billings Elementary District:					
General Obligation Bonds	\$ 14,784,502	100.00%	\$ 14,784,502	0.00%	\$ -
Limited Obligation Bonds	421,250	100.00%	421,250	0.00%	-
Notes Payable	26,784	100.00%	26,784	0.00%	-
Elementary District Total	<u>15,232,536</u>		<u>15,232,536</u>		<u>-</u>
Billings High School District:					
General Obligation Bonds	11,360,000	87.00%	9,883,200	11.00%	1,476,800
Notes Payable	13,193	87.00%	11,478	1.00%	1,715
High School District Total	<u>11,373,193</u>		<u>9,894,678</u>		<u>1,478,515</u>
Total Direct Debt	<u>\$ 26,605,729</u>		<u>\$ 25,127,214</u>		<u>\$ 1,478,515</u>
OVERLAPPING BONDED INDEBTEDNESS					
Yellowstone County:					
Various Issues	\$ 5,275,000	60.14%	\$ 3,172,385	20.24%	\$ 1,067,660
City of Billings:					
Various Issues	<u>29,505,000</u>	49.44%	<u>\$ 14,587,272</u>	11.47%	<u>\$ 3,384,224</u>
Total Overlapping Debt	<u>34,780,000</u>		<u>\$ 17,759,657</u>		<u>\$ 4,451,884</u>
Total Direct and Overlapping Debt	<u>\$ 61,385,729</u>		<u>\$ 42,886,871</u>		<u>\$ 5,930,399</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:					
2004	\$ -	\$ -	\$ -	\$ 45,634,306	0.0%
2005	2,380,000	248,400	2,628,400	46,320,009	5.7%
2006	2,465,000	196,180	2,661,180	50,069,551	5.3%
2007	2,540,000	141,950	2,681,950	52,109,893	5.1%
2008	2,615,000	78,750	2,693,750	57,048,871	4.7%
2009	-	-	-	58,207,632	0.0%
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%
High School:					
2004	\$ 1,995,000	\$ 78,575	\$ 2,073,575	\$ 28,975,354	7.2%
2005	1,510,000	31,870	1,541,870	29,453,050	5.2%
2006	-	-	-	30,779,438	0.0%
2007	-	-	-	32,026,517	0.0%
2008	-	-	-	35,683,437	0.0%
2009	-	-	-	36,402,333	0.0%
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%

Source: District Financial Records

BILLINGS PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Table 17

Year	Elementary District Population	High School District Population	Per Capita Income	Total Elementary District Personal Income (1)	Total High School District Personal Income (1)	Median Age	School Enrollment	Unemployment Rate
2004	97,253	108,350	\$ 26,057	\$ 2,534,121,421	\$ 2,823,275,950	36.9	15,737	3.1%
2005	99,198	109,450	23,884	2,369,245,032	2,614,103,800	36.9	15,716	3.3%
2006	100,148	110,550	22,316	2,234,902,768	2,467,033,800	36.8	15,704	3.5%
2007	101,650	111,650	26,491	2,692,810,150	2,957,720,150	39.3	15,556	2.6%
2008	102,000	113,000	28,427	2,899,554,000	3,212,251,000	37.5	15,503	3.1%
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%

Sources and other information:

Bureau of Business and Economic Research

National Center for Education Statistics

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

BILLINGS PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS
 Current Year and Ten Years Ago

Table 18

2013		2004	
Private Employers By Class, Alphabetically	Employer Class Size	Private Employers By Class, Alphabetically	Employer Class Size
Billings Clinic	9	Better Business Systems	9
St. Vincent Health Care	9	Billings Clinic Health System	9
Billings Gazette	9	St. Vincent Healthcare	9
Wal-Mart	9	First Interstate Bank	8
Albertsons Food And Drug	8	Wal-Mart	8
First Interstate Bank	8	Wells Fargo	7
St. John's Lutheran Home	8	Albertson's Food & Drug	7
Wells Fargo	8	Billings Gazette	7
Advanced Employment Services	7	CHS Inc. (Cenex)	7
CHS Inc. (Cenex)	7	ConocoPhillips	7
Costco	7	Exxon Company	7
Employee Benefits Management Services (EBMS)	7	JTL Group Inc.	7
ExxonMobil	7	McDonalds	7
Food Services of America	7	Rocky Mountain College	7
Rocky Mountain College	7	St. Johns Lutheran Home	7
Sysco Food Service	7	Sysco Food Services	7
Target	7	Yellowstone Treatment Centers	7
Yellowstone Boys and Girls Ranch	7	Food Services of America	6
Sodexo	6	Target	6
UPS	6	UPS	6

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	8	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

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

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

Table 19

Fiscal Year	Expenses (1)	Enrollment	Cost per Pupil	Percentage Change	Certified Staff (FTE) (2)	Pupil/Certified Staff Ratio
2004	\$ 110,308,541	15,737	\$ 7,010	6.96%	1,133.5	13.9
2005	112,439,867	15,716	7,154	2.05%	1,136.2	13.8
2006	120,534,145	15,704	7,675	7.28%	1,141.5	13.8
2007	127,668,852	15,556	8,207	6.93%	1,126.4	13.8
2008	138,371,755	15,503	8,925	8.75%	1,201.8	12.9
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

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Administrators	-	0.9	-	-	-	-	-	-	-	-
Certified Staff	1,009.1	988.3	997.8	993.1	1,067.9	1,031.5	1,027.3	992.9	974.8	995.9
Classified Employees	208.6	205.1	191.8	192.1	191.6	196.5	194.6	196.6	202.5	202.9
Support Services										
Administrators	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Certified Staff	132.7	134.3	134.5	131.3	131.9	135.7	134.1	137.3	125.1	123.8
Classified Employees	47.6	50.4	64.1	63.3	65.6	64.3	63.2	64.2	65.6	64.9
General Administration										
Administrators	4.7	4.1	5.5	6.5	6.7	7.7	8.7	8.3	13.7	10.0
Administrative Support	14.2	14.2	13.5	13.5	12.5	11.5	11.5	10.5	10.5	10.5
Certified Staff	-	-	-	1.0	1.0	1.0	1.0	2.0	1.0	-
Classified Employees	21.1	23.2	23.3	23.1	22.5	21.4	19.4	21.6	20.8	19.4
Building Administration										
Administrators	52.0	49.5	49.0	42.5	48.0	46.0	45.9	45.9	45.0	45.0
Administrative Support	1.5	1.6	1.3	1.0	1.0	-	-	-	-	-
Certified Staff	7.4	15.8	15.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Classified Employees	83.5	83.3	83.0	81.8	81.3	80.2	79.4	79.7	81.4	80.6
Operations and Maintenance										
Administrators	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Classified Employees	124.6	125.4	123.7	123.7	142.9	144.8	143.2	144.7	143.1	142.8
Student Transportation										
Administrators	1.3	1.3	1.0	1.0	2.0	1.0	1.0	1.3	1.0	1.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Classified Employees	31.3	32.8	33.2	32.5	34.2	31.5	28.9	28.6	42.8	35.1
Extracurricular Activities										
Administrators	1.0	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0
Classified Employees	6.6	5.5	4.0	3.5	2.7	2.0	2.0	2.0	2.0	3.0
Total	1,754.2	1,744.7	1,750.5	1,720.9	1,822.8	1,787.1	1,771.2	1,745.6	1,737.3	1,741.9
Fiscal 2013 Summary						Admin	Admin Support	Certified Staff	Classified Employees	Total FTE
Instruction						-	-	995.9	202.9	1,198.8
Support Services						4.0	-	123.8	64.9	192.7
General Administration						10.0	10.5	-	19.4	39.9
Building Administration						45.0	-	1.0	80.6	126.6
Operations and Maintenance						1.0	-	-	142.8	143.8
Student Transportation						1.0	-	-	35.1	36.1
Extracurricular Activities						1.0	-	-	3.0	4.0
						62.0	10.5	1,120.7	548.7	1,741.9

Source: District Records

BILLINGS PUBLIC SCHOOLS
CERTIFIED STAFF EDUCATION AND EXPERIENCE
November 1, 2012

Table 21

<u>Educational Attainment</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
Bachelor's Degree	126.35	11%
Bachelor's Degree + 15 Credits	53.60	5%
Bachelor's Degree + 30 Credits	70.67	6%
Bachelor's Degree + 45 Credits	57.02	5%
Bachelor's Degree + 60 Credits	45.67	4%
Bachelor's Degree + 75 Credits	46.09	4%
Bachelor's Degree + 90 Credits	45.20	4%
Bachelor's Degree + 105 Credits	149.07	13%
Master's Degree	116.17	10%
Master's Degree + 15 Credits	62.14	6%
Master's Degree + 30 Credits	47.37	4%
Master's Degree + 45 Credits	297.55	27%
Doctorate's Degree	<u>3.80</u>	<u>0%</u>
Total	<u><u>1,120.70</u></u>	<u><u>100%</u></u>
<u>Years of Experience</u>	<u>Full Time Equivalent</u>	<u>Percent of Total</u>
0-5	302.90	27%
6-10	247.88	22%
11-15	175.04	16%
16-20	150.50	13%
21-25	108.70	10%
26 and Above	<u>135.68</u>	<u>12%</u>
Total	<u><u>1,120.70</u></u>	<u><u>100%</u></u>

Source: District Records

Table 22

BILLINGS PUBLIC SCHOOLS
EDUCATIONAL BUILDING DATA
For the Fiscal Year Ended June 30, 2013

	Year Built	Year Additions Built	Square Footage	Functional Capacity	Enrollment	Percentage of Capacity Used
<u>Elementary</u>						
<u>K-6 Schools:</u>						
Alkali Creek	1979	-	41,710	402	394	98.01%
Arrowhead	1978	-	41,728	466	463	99.36%
Beartooth	1974	1980	40,834	440	509	115.68%
Bench	1955	1974, 1978	35,413	352	360	102.27%
Big Sky	1986	-	42,853	412	468	113.59%
Bitterroot	1964	1965, 1970	31,710	352	369	104.83%
Boulder	1962	1971, 2007	41,688	352	472	134.09%
Broadwater	1910	1916, 1920, 1956	38,382	382	399	104.45%
Burlington	1956	1957	33,368	332	349	105.12%
Central Heights	1962	1965, 1979	35,592	314	387	123.25%
Eagle Cliffs	1986	-	46,634	470	437	92.98%
Highland	1947	1956	32,703	292	324	110.96%
McKinley	1906	1918, 1958	35,884	303	294	97.03%
Meadowlark	1964	1971, 2007	45,445	412	478	116.02%
Miles	1955	1957, 1965	31,443	294	334	113.61%
Newman	1953	1957	30,040	254	258	101.57%
Orchard	1960	1948, 1956, 1987, 2006	61,502	450	467	103.78%
Poly	1952	1955, 1960	34,388	322	339	105.28%
Ponderosa	1965	2007	41,500	382	357	93.46%
Rimrock	1952	1976, 1979	31,086	-	-	0.00%
Rose Park	1958	1962	31,576	294	279	94.90%
Sandstone	1978	-	41,621	464	491	105.82%
Washington	1948	1952, 1962	45,869	264	224	84.85%
<u>7-8 Schools</u>						
Castle Rock	1979	-	112,801	715	741	103.64%
Lewis & Clark	1956	1962	144,095	743	650	87.48%
Riverside	1963	1979	88,026	604	526	87.09%
Will James	1967	1974	106,500	664	612	92.17%
<u>High Schools:</u>						
Career Center	1975	-	137,230		N/A	N/A
Senior	1940	1953, 1967, 1974	229,895	1,445	1,689	116.89%
Skyview	1987	-	247,667	1,454	1,577	108.46%
West	1959	1962, 1966, 1975, 1976	239,887	1,484	1,973	132.95%
<u>Administration:</u>						
Lincoln Center	1913	1921, 1935, 1951, 1964, 1968, 1985	136,805			
Facilities	1958	1962	24,000			
Warehouse	1994	-	40,000			
<u>Vacant Land Sites:</u>						
Elem. - 37 acres						
Elem. - 10 acres						
H.S. - 40 acres						

Source: District Records

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

BILLINGS PUBLIC SCHOOLS

Table 23

PERCENTAGE OF STUDENTS WHO QUALIFIED FOR FREE AND REDUCED LUNCH

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary Schools:</u>										
<u>K-6 Schools:</u>										
Alkali Creek	19.0%	15.9%	22.2%	24.4%	20.1%	19.6%	19.2%	23.8%	23.6%	24.8%
Arrowhead	1.6%	1.9%	3.4%	4.2%	4.9%	5.2%	4.6%	5.3%	8.0%	7.3%
Beartooth (1) (2)	N/A	N/A	N/A	N/A	35.9%	41.8%	46.7%	40.1%	44.7%	45.8%
Bench	49.9%	40.9%	40.0%	49.2%	55.2%	60.3%	61.3%	59.0%	61.0%	61.7%
Big Sky	18.8%	17.3%	18.0%	18.5%	22.1%	22.7%	24.2%	27.5%	28.8%	32.9%
Bitterroot	38.6%	31.8%	37.8%	37.2%	35.1%	36.4%	42.3%	37.5%	41.0%	36.2%
Boulder	17.2%	11.2%	17.7%	19.2%	22.3%	23.7%	25.2%	23.8%	25.3%	22.0%
Broadwater	55.2%	41.5%	55.0%	45.5%	51.4%	57.1%	60.9%	61.0%	56.7%	59.3%
Burlington	38.9%	37.2%	38.8%	31.5%	35.8%	38.3%	40.6%	36.6%	37.1%	38.3%
Central Heights	36.4%	26.4%	33.0%	34.4%	32.8%	30.0%	35.7%	40.6%	44.9%	36.6%
Eagle Cliffs	14.9%	14.7%	18.5%	23.8%	21.5%	18.7%	19.0%	23.3%	26.2%	22.6%
Highland	26.2%	24.4%	25.7%	27.0%	31.0%	35.9%	35.2%	37.3%	41.2%	36.1%
McKinley	55.1%	49.8%	56.0%	60.1%	66.3%	65.1%	65.3%	65.3%	71.6%	65.0%
Meadowlark	20.0%	21.1%	20.6%	19.0%	28.8%	30.8%	33.8%	34.4%	34.3%	33.7%
Miles	38.7%	43.7%	44.5%	50.0%	46.3%	48.5%	53.1%	54.5%	56.1%	57.2%
Newman	77.3%	67.7%	62.6%	67.9%	75.0%	74.4%	74.1%	73.6%	73.8%	70.9%
Orchard	78.3%	78.0%	79.0%	78.7%	84.8%	85.6%	89.0%	83.3%	86.2%	85.7%
Poly	11.4%	14.2%	16.6%	14.5%	17.2%	21.8%	24.5%	22.0%	21.0%	21.0%
Ponderosa	63.6%	65.3%	68.0%	71.8%	74.3%	73.4%	74.1%	71.7%	73.1%	74.8%
Rose Park	26.9%	27.4%	35.2%	27.7%	29.1%	23.3%	33.1%	33.9%	38.0%	38.1%
Sandstone	30.5%	32.3%	35.8%	34.5%	35.0%	37.3%	37.1%	38.2%	42.3%	44.4%
Washington	56.8%	58.9%	64.9%	72.7%	66.5%	64.7%	73.4%	77.0%	75.9%	77.9%
<u>7-8 Schools:</u>										
Castle Rock	27.9%	23.8%	25.9%	28.3%	28.5%	27.6%	31.2%	31.6%	31.4%	30.8%
Lewis & Clark	31.7%	29.8%	35.1%	37.0%	32.9%	34.2%	42.1%	39.5%	38.6%	40.7%
Riverside	49.5%	45.0%	58.0%	54.0%	51.8%	49.4%	55.1%	54.0%	55.9%	56.6%
Will James	15.0%	11.8%	16.9%	17.1%	11.2%	15.4%	18.6%	22.1%	21.7%	19.8%
<u>High Schools:</u>										
Senior	21.7%	16.3%	25.6%	22.6%	23.1%	24.1%	27.9%	30.5%	32.3%	29.7%
Skyview	16.8%	14.5%	16.7%	17.6%	17.5%	17.9%	23.0%	25.7%	25.3%	23.4%
West	13.0%	11.0%	12.4%	16.0%	12.5%	13.6%	18.8%	19.9%	22.5%	22.8%

(1) School closed

(2) School reopened

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
2004	15,737	(0.26)	15,672	0.44	100.44
2005	15,728	(0.06)	15,622	(0.32)	99.68
2006	15,704	(0.15)	15,552	(0.45)	99.55
2007	15,556	(0.94)	15,529	(0.15)	99.85
2008	15,503	(0.34)	16,025	3.19	103.19
2009	15,481	(0.14)	15,923	(0.64)	99.36
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

Source: District Records

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF INSURANCE IN FORCE

Table 25

I. Commercial Property	
A. Policy #:	KTK-CMB-545D602-3-13
B. Carrier:	The Travelers Indemnity Company
C. Policy Period:	7/1/13-7/1/14
D. Coverage:	Buildings/Contents Incl Daylis Turf
E. Limits:	\$428,126,728
II. Commercial General Liability	
A. Policy #:	GLA906348200
B. Carrier:	American Zurich Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Coverage:	General Liability, Sexual Molestation, Employee Benefits
E. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
III. Commercial Auto	
A. Policy #:	GLA906348200
B. Carrier:	American Zurich Insurance Company
C. Policy Period:	7/1/13-7/1/14
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:	7/1/013-7/1/14
D. Limits:	Equipment Breakdown Limit is \$60,000,000
V. Environmental Liability	
A. Policy #:	569603
B. Carrier:	Ironshore Specialty Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
VI. Commercial Umbrella Liability	
A. Policy #:	UMB906348400
B. Carrier:	American Guarantee & Liability Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$10,000,000
VII. Crime	
A. Policy #:	105638404
B. Carrier:	Travelers Casualty & Surety Company of America
C. Policy Period:	7/1/13-7/1/15
D. Limits:	\$100,000 and \$500,000 depending on coverage
VIII. Educators Legal Liability	
A. Policy #:	ELL906348300
B. Carrier:	Zurich American Insurance Company
C. Policy Period:	7/1/13-7/1/14
D. Limits:	\$1,000,000 aggregate
IX. Privacy Protection Policy	
A. Policy #:	EONG24871873005
B. Carrier:	Illinois Union Insurance Company
C. Policy Period:	12/10/13-7/1/14
D. Limits:	\$1,000,000
X. Builders Risk Reporting Policy	
A. Policy #:	IMP448843501
B. Carrier:	Great American Insurance Company
C. Policy Period:	6/1/13-6/1/14
D. Limits:	\$1,800,000
XI. Workers' Compensation	
A. Policy #:	WC-13-31147
B. Carrier:	Montana Schools Group Insurance Authority
C. Policy Period:	7/1/13-6/30/14
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
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, 2013, and the related notes to the financial statements, which collectively comprise the Billings Public School's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Billings Public School's 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*.

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.

Very truly yours,

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

Billings, Montana
December 9, 2013

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by OMB Circular A-133

The Board of Trustees
Billings Public Schools
Billings, Montana

Report on Compliance for Each Major Federal Program

We have audited Billings Public School's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Billings Public School's major federal programs for the year ended June 30, 2013. Billings Public School's 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Billings Public School's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 School's 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 School's 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 of each of its major Federal programs for the year ended June 30, 2013.

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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 School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Billings Public School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Very truly yours,

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

Billings, Montana
December 9, 2013

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BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Deferred or Fund Balance July 1, 2012	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2013
U.S. Department of Education:								
Direct programs:								
Indian Education-Grants to LEA's	84.060	S060A112167	\$ 275,571	\$ (29,433)	\$ 29,433	\$ -	\$ -	\$ -
Indian Education-Grants to LEA's	84.060	S060A113167	303,654	-	303,654	(303,654)	-	-
<i>CFDA subtotal</i>				<u>(29,433)</u>	<u>333,087</u>	<u>(303,654)</u>	-	-
Total Direct Programs				<u>(29,433)</u>	<u>333,087</u>	<u>(303,654)</u>	-	-
Passed Through State Office of Public Instruction:								
Adult Education-State Grant Program	84.002	5609655612BG	192,245	(48,245)	48,245	-	-	-
Adult Education-State Grant Program	84.002	5609655613BG	207,323	-	196,117	(207,323)	-	(11,206)
<i>CFDA subtotal</i>				<u>(48,245)</u>	<u>244,362</u>	<u>(207,323)</u>	-	<u>(11,206)</u>
Title I Grants to LEA's	84.010	5609653112	4,558,370	(97,139)	438,687	(341,548)	-	-
Title I Grants to LEA's	84.010	5609653113	4,238,339	-	2,970,550	(3,277,297)	-	(306,747)
Title I Improvement Award Grant to LEA's	84.010	n/a	4,000	12	-	-	-	12
<i>CFDA subtotal</i>				<u>(97,127)</u>	<u>3,409,237</u>	<u>(3,618,845)</u>	-	<u>(306,735)</u>
Vo Ed-Basic Grants to States	84.048	5609668112BG	331,120	(34,792)	34,792	-	-	-
Vo Ed-Basic Grants to States	84.048	5609668113BG	302,173	-	302,173	(302,173)	-	-
<i>CFDA subtotal</i>				<u>(34,792)</u>	<u>336,965</u>	<u>(302,173)</u>	-	-
Special Education-Grants to States	84.027	5609657712ALLO	6,138,127	(81,563)	81,563	-	-	-
Special Education-Grants to States	84.027	5609657713ALLO	5,926,070	-	4,342,575	(4,365,990)	-	(23,415)
Special Education-Preschool Grants	84.173	5609657913ALLO	123,692	-	123,692	(123,692)	-	-
<i>CFDA subtotal</i>				<u>(81,563)</u>	<u>4,547,830</u>	<u>(4,489,682)</u>	-	<u>(23,415)</u>
Education for Homeless Children and Youth	84.196	5609655712	65,000	(2,028)	12,199	(10,171)	-	-
Education for Homeless Children and Youth	84.196	5609655713	45,679	-	35,010	(42,319)	-	(7,309)
<i>CFDA subtotal</i>				<u>(2,028)</u>	<u>47,209</u>	<u>(52,490)</u>	-	<u>(7,309)</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	5609668113	12,000	-	12,000	(12,000)	-	-
<i>CFDA subtotal</i>				-	<u>12,000</u>	<u>(12,000)</u>	-	-
English Language Acquisition Grants	84.365	5609654112	23,837	(16,220)	20,118	(3,898)	-	-
English Language Acquisition Grants	84.365	5609654113	22,994	-	7,037	(17,465)	-	(10,428)
English Language Acquisition Grants	84.365	5609654113I	4,320	-	-	(3,127)	-	(3,127)
<i>CFDA subtotal</i>				<u>(16,220)</u>	<u>27,155</u>	<u>(24,490)</u>	-	<u>(13,555)</u>
Mathematics and Science Partnerships	84.366	5609651512	130,688	(55,136)	70,688	(15,552)	-	-
<i>CFDA subtotal</i>				<u>(55,136)</u>	<u>70,688</u>	<u>(15,552)</u>	-	-
Improving Teacher Quality State Grants	84.367	5609651412	991,079	(21,254)	22,142	(888)	-	-
Improving Teacher Quality State Grants	84.367	5609651413	966,805	-	773,510	(787,197)	-	(23,687)
<i>CFDA subtotal</i>				<u>(21,254)</u>	<u>795,652</u>	<u>(798,085)</u>	-	<u>(23,687)</u>
Passed Through Montana University System:								
Rigorous Career and Technical Education Programs of Study	84.051C	N/A	42,000	(10,122)	28,960	(30,149)	-	(11,311)
<i>CFDA subtotal</i>				<u>(10,122)</u>	<u>28,960</u>	<u>(30,149)</u>	-	<u>(11,311)</u>
Passed Through State Department of Public Health and Human Services:								
Special Education-Grants for Infants and Families	84.181	10-143-1800	227,304	-	227,304	(227,304)	-	-
<i>CFDA subtotal</i>				-	<u>227,304</u>	<u>(227,304)</u>	-	-
Total Pass Through Programs				<u>(366,487)</u>	<u>9,747,362</u>	<u>(9,778,093)</u>	-	<u>(397,218)</u>
Total U.S. Department of Education				<u>\$ (395,920)</u>	<u>\$ 10,080,449</u>	<u>\$ (10,081,747)</u>	<u>\$ -</u>	<u>\$ (397,218)</u>
U.S. Department of Agriculture:								
Passed Through State Office of Public Instruction:								
Child Nutrition Cluster:								
Non-Cash Assistance (Commodities):								
National School Lunch Program	10.555	N/A	202,729	\$ -	\$ 202,729	\$ (202,729)	\$ -	\$ -
Summer Food Service Program for Children	10.559	N/A	393	-	393	(393)	-	-
Non-Cash Assistance Subtotal				-	<u>203,122</u>	<u>(203,122)</u>	-	-

BILLINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Award Amount	(Due from), Due to, Deferred or Fund Balance July 1, 2012	Cash Receipts	Expenditures	Other	(Due from), Due to, Deferred or Fund Balance June 30, 2013
Cash Assistance:								
School Breakfast Program	10.553	N/A	530,834	-	530,834	(530,834)	-	-
National School Lunch Program	10.555	N/A	2,328,901	-	2,328,901	(2,328,901)	-	-
Summer Food Service Program for Children	10.559	N/A	131,498	(33,114)	89,895	(92,401)	-	(35,620)
Cash Assistance Subtotal				(33,114)	2,949,630	(2,952,136)	-	(35,620)
CFDA subtotal				(33,114)	3,152,752	(3,155,258)	-	(35,620)
Team Nutrition Grants-School Wellness	10.574	5609662111SW	5,000	(1)	460	(459)	-	-
Team Nutrition Grants-Healthy U.S. Schools	10.574	5609662112	500	(500)	1,000	-	-	500
CFDA subtotal				(501)	1,460	(459)	-	500
Fresh Fruit and Vegetable Program	10.582	N/A	170,613	-	170,613	(170,613)	-	-
CFDA subtotal				-	170,613	(170,613)	-	-
Total U.S. Department of Agriculture				\$ (33,615)	\$ 3,324,825	\$ (3,326,330)	\$ -	\$ (35,120)
U.S. Department of Transportation								
Passed Through State Department of Transportation								
Safe Routes to School	20.205	N/A	16,490	\$ (6,607)	\$ 6,607	\$ -	\$ -	\$ -
Safe Routes to School	20.205	N/A	38,200	-	16,330	(36,180)	-	(19,850)
CFDA subtotal				(6,607)	22,937	(36,180)	-	(19,850)
Total U.S. Department of Transportation				\$ (6,607)	\$ 22,937	\$ (36,180)	\$ -	\$ (19,850)
Total Federal Awards				\$ (436,142)	\$ 13,428,211	\$ (13,444,257)	\$ -	\$ (452,188)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SCHOOLWIDE TITLE I PROGRAM

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

NOTE C - FOOD DISTRIBUTION

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

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	\$ 13,428,211
Revenue accrual adjustments	16,046
Federal revenues not subject to single audit	993,753
Federal revenues	<u>\$ 14,438,010</u>

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) 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 programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major programs:	Name of Federal Program or Cluster

CFDA Numbers(s)

84.027, 84.173	Special Education Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs?	\$403,328
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings – N/A None

Section III – Schedule of Federal Awards Findings and Questioned Costs – N/A None

Section IV – Schedule of Legal Compliance Findings and Questioned Costs

Finding #2013-A

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 during the Spring Enrollment count that one student was absent for more than 10 consecutive school days prior to the count date. This student did not meet any of the exceptions set forth in MCA Section 20-9-311 (11) (a) – (g) and was incorrectly included in the School District’s ANB count. The School District’s internal control system had identified this condition shortly after its occurrence and communicated the issue to the Office of Public Instruction. This was the only student miscounted out of a total enrollment of 16,063. The Office of Public Instruction did not deem an adjustment necessary since there was zero financial impact.

Questioned Costs: – None. There was not any effect to the School District's current or future funding.

Effect: – Since the School District's control system was able to identify within a short period of time the student that was incorrectly counted, there is not an effect that can be attributed to this finding.

Cause: – The School District inadvertently counted a student that was absent for more than 10 days and it was not immediately communicated to the District employee that provides the official count to the Office of Public Instruction.

Recommendation: – We do not recommend any additional internal controls because the School District has a comprehensive system to ensure that counts made by each school are verified by at least two employees and discrepancies if any are immediately identified and necessary corrections made.

Management Corrective Action Plan: – None needed.

Finding #12-1 – Eligibility Determination for Child Nutrition Cluster

Finding: – It was noted while testing applications for free and reduced meal prices that 1 in 40 individuals tested was incorrectly denied free or reduced price meals as a result of the household count being incorrectly counted on the form.

Status: – The School District has fully implemented procedures for determining eligibility for free or reduced priced meals.

Auditor Response: – Fully implemented.