



RUDD & COMPANY PLLC
certified public accountants | business consultants

BUTTE COUNTY SCHOOL DISTRICT NO. 111

ARCO, IDAHO

**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

Year Ended June 30, 2016

giving direction to your future

BUTTE COUNTY SCHOOL DISTRICT NO. 111

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Butte County School District No. 111
Arco, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Butte County School District No. 111 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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 Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition Fund	Unmodified
Debt Service Fund	Unmodified
Capital Project Fund	Unmodified
Plant Facility Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Government Activities

The District has not obtained an actuarial valuation of its other post employee benefits (OPEB). Employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB costs on the accrual basis of accounting. The amount by which this departure would affect the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of Butte County School District No. 111 as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 Butte County School District No. 111 as of June 30, 2016, and the respective changes in financial position 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 on pages 5 through 12, budgetary comparison information on pages 47 through 51, and pension information on pages 52 and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

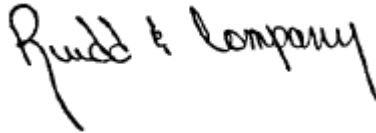
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Butte County School District No. 111's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2016, on our consideration of the Butte County School District No. 111's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Butte County School District No. 111's internal control over financial reporting and compliance.

Idaho Falls, Idaho
September 13, 2016

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

As management of the Butte County School District No. 111, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$3,458,901. Of this amount, \$1,071,090 of unrestricted net position may be used to meet the District's ongoing obligations.
- The District's net position increased by \$567,499 as a result of this year's operations.
- The District has a net pension liability of \$609,199 as of June 30, 2016 on the government-wide financial statements.
- The District issued general obligation project and refunding bonds of \$1,250,000 during the year. Of this amount, \$950,000 was used to advance refund the series 2005 general obligation refunding bonds and \$300,000 was issued to fund certain capital projects of the District.
- The District transferred \$300,000 from the debt service fund to the capital project fund to cover certain capital projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets, liabilities and deferred outflows/inflows of the District, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

The *statement of activities* present information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements.

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the child nutrition fund, the debt service fund, the plant facility fund, and the capital project fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

The District adopts an annual appropriated budget for its general fund and all special revenue funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 and 20-21 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 23 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-45 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining fund statements and schedules can be found on pages 55-60 of this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,458,901 at the close of the most recent fiscal year.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

Net Position	Governmental Assets	
	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 2,426,612	\$ 1,938,989
Capital Assets	<u>3,018,299</u>	<u>2,977,954</u>
Total Assets	<u>5,444,911</u>	<u>4,916,943</u>
Deferred Outflows of Resources	<u>525,963</u>	<u>233,646</u>
Current Liabilities	641,369	655,751
Long-term Liabilities	<u>1,264,199</u>	<u>909,303</u>
Total Liabilities	<u>1,905,568</u>	<u>1,565,054</u>
Deferred Inflows of Resources	<u>606,405</u>	<u>694,133</u>
Net Position		
Net Investment in Capital Assets	2,063,299	2,012,906
Restricted	324,512	318,550
Unrestricted	<u>1,071,090</u>	<u>559,946</u>
Total Net Position	<u>\$ 3,458,901</u>	<u>\$ 2,891,402</u>

A portion of the District's net position, \$2,063,299, reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$342,512 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$1,071,090, may be used to meet the District's ongoing obligations to students, employees, and creditors.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

Changes in Net Position	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues		
Charges for services	\$ 50,561	\$ 50,211
Operating grants and contributions	375,631	377,355
General revenues		
Property tax	556,907	595,941
State support	2,992,869	2,797,497
Other	222,491	545,422
Total Revenues	<u>4,198,459</u>	<u>4,366,426</u>
Expenses		
Instructional	1,854,146	1,776,390
Pupil support	85,279	97,180
Staff support	15,355	12,955
General administration	378,318	314,863
School administration	215,763	215,223
Administrative technology	53,871	52,239
Operations	375,806	343,595
Transportation	212,840	240,769
Interest	45,745	43,219
Depreciation	246,731	227,077
Child nutrition services	147,106	152,818
Total Expenses	<u>3,630,960</u>	<u>3,476,328</u>
Change in Net Position	<u>\$ 567,499</u>	<u>\$ 890,098</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance may serve as a useful indicator of the District's net resources available for spending at the end of the year. The District has designated portions of the unassigned fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the governmental funds. Unassigned balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance was \$1,185,408. The fund balance increased by \$324,836 during the current fiscal year.

Expenditures for general District purposes totaled \$2,925,920, a decrease of 3% during the current fiscal year.

The debt service fund has a total fund balance of \$262,357, all of which is restricted for future debt service payments.

The plant facility fund has a total fund balance of \$157,154, all of which is restricted for construction of facilities, purchase of equipment and related expenditures. The fund balance increased by \$29,760 during the current year.

The child nutrition fund had a fund balance of \$18,536 which is restricted for child nutrition services. The fund balance increased by \$6,387 during the current year.

The capital project fund had a balance of \$42,475, which is restricted for construction of facilities, purchase of equipment and related expenditures. The fund balance increased by \$46,989 during the current year.

General Fund Budgetary Highlights

During the current fiscal year, the \$330,773 positive budget to actual variance in total general fund revenues, and the \$271,869 positive budget to actual variance in total general fund expenditures, are largely a result of state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

Capital Asset and Debt Administration

Capital Assets

The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2016 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	2016	2015
Land	\$ 18,191	\$ 18,191
Construction in progress	-	9,731
Buildings and improvements	5,763,509	5,529,337
Furniture and equipment	2,110,065	2,047,430
	7,891,765	7,604,689
Accumulated depreciation	(4,873,466)	(4,626,735)
Total Capital Assets, Net of Depreciation	<u>\$ 3,018,299</u>	<u>\$ 2,977,954</u>

Outstanding Debt

Outstanding debt at June 30, 2016 is outlined below:

Outstanding Debt	Governmental Activities	
	2016	2015
General obligation bonds	\$ 955,000	\$ 920,000
Daimler financial note	-	26,297
	<u>\$ 955,000</u>	<u>\$ 946,297</u>

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Management Discussion and Analysis
June 30, 2016

Requests for Information

This financial report is designed to provide a general overview of the Butte County School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Office, Butte County School District, 250 South Water Street, Arco, Idaho 83213.

Basic Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Net Position
June 30, 2016

Assets	Governmental Activities
Cash and Investments	\$ 2,068,811
Receivables	
Property taxes	213,622
State of Idaho	76,855
Other	67,324
Capital Assets	
Land	18,191
Buildings and equipment, net of depreciation	<u>3,000,108</u>
Total Assets	<u>5,444,911</u>
 Deferred Outflows of Resources	
Related to pension	<u>525,963</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,970,874</u>
 Liabilities	
Accounts payable	\$ 16,727
Salary contracts payable	320,127
Interest payable	4,515
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	300,000
Portion due or payable after one year:	
Bonds, capital leases, and contracts	655,000
Net pension liability	<u>609,199</u>
Total Liabilities	<u>\$ 1,905,568</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Deferred Inflows of Resources	<u>Governmental Activities</u>
Pension liability - net difference between actual and expected experience	\$ 606,405
Total Deferred Inflows of Resources	<u>606,405</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,511,973</u>
 Net Position	
Net investment in capital assets	\$ 2,063,299
Restricted for:	
Debt service	298,852
Plant facility	25,660
Unrestricted	<u>1,071,090</u>
Total Net Position	<u>\$ 3,458,901</u>

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instructional	\$ 1,854,146	\$ 5,880	\$ 270,433	\$ (1,577,833)
Pupil support	85,279	-	-	(85,279)
Staff support	15,355	-	-	(15,355)
General administration	378,318	-	-	(378,318)
School administration	215,763	-	-	(215,763)
Administrative technology	53,871	-	-	(53,871)
Operations	375,806	-	-	(375,806)
Transportation	212,840	-	-	(212,840)
Interest on long-term debt	45,745	-	-	(45,745)
Depreciation - unallocated*	246,731	-	-	(246,731)
Child nutrition services	147,106	44,681	105,198	2,773
Total Governmental Activities	\$ 3,630,960	\$ 50,561	\$ 375,631	(3,204,768)
General Revenues:				
Taxes:				
				169,622
				63,217
				324,068
				184,809
				2,992,869
				5,826
				31,856
				3,772,267
				567,499
				2,891,402
				\$ 3,458,901

* This amount excludes the depreciation that is included in direct expenses of various programs.

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Balance Sheet – Governmental Funds
June 30, 2016

Assets	General Fund	Child Nutrition Fund
Cash and Investments	\$ 1,334,105	\$ 22,454
Due from Other Funds	34,166	-
Receivables		
Property taxes	63,706	-
State of Idaho	76,855	-
Other	2,145	4,505
Total Assets	<u>\$ 1,510,977</u>	<u>\$ 26,959</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	13,501	1,230
Salary contracts payable	293,027	7,193
Interest payable	-	-
Total Liabilities	<u>306,528</u>	<u>8,423</u>
Deferred Inflows of Resources		
Unavailable revenues	<u>19,041</u>	<u>-</u>
Fund Balances		
Restricted	-	18,536
Committed	54,586	-
Assigned	-	-
Unassigned	<u>1,130,822</u>	<u>-</u>
Total Fund Balances	<u>1,185,408</u>	<u>18,536</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,510,977</u>	<u>\$ 26,959</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Capital Project Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 177,952	\$ 42,475	\$ 139,777	\$ 352,048	\$ 2,068,811
-	-	-	-	34,166
125,415	-	24,501	-	213,622
-	-	-	-	76,855
-	-	-	60,674	67,324
\$ 303,367	\$ 42,475	\$ 164,278	\$ 412,722	\$ 2,460,778
\$ -	\$ -	\$ -	\$ 34,166	\$ 34,166
-	-	-	1,996	16,727
-	-	-	19,907	320,127
4,515	-	-	-	4,515
4,515	-	-	56,069	375,535
36,495	-	7,124	-	62,660
262,357	42,475	157,154	275,255	755,777
-	-	-	-	54,586
-	-	-	81,398	81,398
-	-	-	-	1,130,822
262,357	42,475	157,154	356,653	2,022,583
\$ 303,367	\$ 42,475	\$ 164,278	\$ 412,722	\$ 2,460,778

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net
Position
June 30, 2016

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

Total Fund Balance - Governmental Funds	\$	2,022,583
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$7,891,765 and the accumulated depreciation is \$4,873,466.		3,018,299
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(955,000)
Pension contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability and net deferred inflows and outflows associated with the liability are recorded on the government-wide statements.		(689,641)
Property tax revenue is recognized when earned rather than when available.		<u>62,660</u>
Net Position - Governmental Activities	\$	<u>3,458,901</u>

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Child Nutrition Fund
Revenues		
Local sources		
Property taxes	\$ 173,407	\$ -
Earnings on investments	5,714	-
Lunch sales	-	42,635
Other	170,026	2,046
State sources		
State apportionment	2,700,804	-
Other	227,392	-
Federal sources		
Educational programs and other	-	105,198
Total Revenues	<u>3,277,343</u>	<u>149,879</u>
Expenditures		
Current		
Instructional	1,641,706	-
Pupil support	51,153	-
Staff support	15,355	-
General administration	378,318	-
School administration	215,763	-
Administrative technology	53,871	-
Operations	336,220	-
Transportation	212,840	-
Non-instructional	-	147,106
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	20,694	-
Total Expenditures	<u>2,925,920</u>	<u>147,106</u>
Excess (Deficiency) of Revenues over Expenditures	351,423	2,773
Other Financing Sources (Uses)		
Other financing source - sale of bonds	-	-
Other financing use - bond issuance cost	-	-
Transfers in	-	3,614
Transfers out	<u>(26,587)</u>	<u>-</u>
Net Change in Fund Balances	324,836	6,387
Fund Balance Beginning of Year	<u>860,572</u>	<u>12,149</u>
Fund Balance End of Year	<u>\$ 1,185,408</u>	<u>\$ 18,536</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	Debt Service Fund	Capital Project Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$	329,756	\$ -	\$ 64,322	\$ -	\$ 567,485
	-	-	112	-	5,826
	-	-	-	-	42,635
	4,280	9,681	822	5,880	192,735
	-	-	-	-	2,700,804
	-	-	-	64,673	292,065
	-	-	-	270,433	375,631
	<u>334,036</u>	<u>9,681</u>	<u>65,256</u>	<u>340,986</u>	<u>4,177,181</u>
	-	-	-	212,440	1,854,146
	-	-	-	34,126	85,279
	-	-	-	-	15,355
	-	-	-	-	378,318
	-	-	-	-	215,763
	-	-	-	-	53,871
	-	13,696	19,014	6,876	375,806
	-	-	-	-	212,840
	-	-	-	-	147,106
	1,215,000	-	26,297	-	1,241,297
	32,668	-	1,828	-	34,496
	-	248,996	11,330	6,056	287,076
	<u>1,247,668</u>	<u>262,692</u>	<u>58,469</u>	<u>259,498</u>	<u>4,901,353</u>
	(913,632)	(253,011)	6,787	81,488	(724,172)
	1,250,000	-	-	-	1,250,000
	(30,000)	-	-	-	(30,000)
	-	300,000	22,973	-	326,587
	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(326,587)</u>
	6,368	46,989	29,760	81,488	495,828
	<u>255,989</u>	<u>(4,514)</u>	<u>127,394</u>	<u>275,165</u>	<u>1,526,755</u>
\$	<u>262,357</u>	\$ <u>42,475</u>	\$ <u>157,154</u>	\$ <u>356,653</u>	\$ <u>2,022,583</u>

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016

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

Net Change in Fund Balance - Governmental Funds	\$ 495,828
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$3,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	40,345
Property tax revenues received prior to the year for which they are levied are reported as unavailable revenue in the governmental funds. The change however is recorded as revenues in the statement of activities.	(10,578)
Governmental funds report repayment of bond principal as an expenditure in the fund financial statements. These payments are shown as reductions in long-term debt in the government-wide statements. Interest is recognized as it accrues regardless of when it is due.	1,241,297
The governmental funds report sale of bonds as an other financing source while it is treated as an increase in the liability in the government-wide statements.	(1,250,000)
The governmental funds report current pension contributions as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined pension liability from the previous year to the current year.	31,856
The governmental funds report bond premiums as revenue while the government-wide statements show the premium as amortized over the term of the bonds.	<u>18,751</u>
Change in Net Position of Governmental Activities	<u>\$ 567,499</u>

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Fiduciary Net Position – Agency Funds
June 30, 2016

Assets	Agency Funds
Cash and Investments	\$ 68,315
Total Assets	<u>\$ 68,315</u>
 Liabilities	
Due to Student Groups	\$ 68,315
Total Liabilities	<u>\$ 68,315</u>

The Accompanying Notes are an Integral Part of the Financial Statements

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies

The financial statements of the Butte County School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The Board of School Trustees, a five-member group, has responsibilities for all activities relating to public elementary and secondary school education within the jurisdiction of Butte County School District No. 111. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District has a revenue spending policy that provides for programs with multiple revenue sources. The District will use restricted fund balances first followed in order by committed, assigned and finally unassigned. The District currently applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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 is the fiduciary fund financial statement. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, 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. All other revenue items are considered to be measurable and available only when the District receives cash.

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 District, except those required to be accounted for in another fund.
- The *child nutrition fund* accounts for the revenues and expenses associated with the operation of the District's food services.
- The *debt service fund* accounts for the accumulation of resources for, and the payment of long-term debt principal and interest.
- The *plant facility fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

- The *capital project fund* accounts for the accumulation of resources for and payments made for the construction of the high school track and other capital projects.

Additionally, the District reports the following fund types:

- The *student activities agency fund (a fiduciary fund)* accounts for assets held on behalf student groups.

Budgetary Policy

The District prepares budgets for all the governmental fund types. Such budgets are adopted on a basis generally consistent with generally accepted accounting principles.

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards and the amounts reported in comparison with budget reported on page 48:

	<u>Reported Amounts</u>	<u>Commodities Received</u>	<u>Amounts Reported in Comparison with Budget</u>
Food Service Fund			
Total revenues	\$ 149,879	\$ (11,430)	\$ 138,449
Total expenditures	\$ 147,106	\$ (11,430)	\$ 135,676

Under Idaho law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Under certain unusual circumstances, the District is allowed to reopen and amend its budget. Expenditures are not to exceed the budgeted amounts, except as allowed by law for certain events. The District did not amend the budget during the year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

Inventories

The governmental funds of the District use the purchase method, whereby inventory items are considered expenditures when purchased. They are not included in the balance sheet of the general fund because the amounts on hand at year-end are immaterial.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$3,500 for furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

Buildings.....	39-40 yrs
Buses.....	10 yrs
Furniture.....	10 yrs
Equipment.....	5-20 yrs
Vehicles.....	5 yrs
Computer equipment.....	5 yrs

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

The District has only one type of deferred outflows of resources. This amount relates to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability and the net difference between projected and actual investment earnings on the pension plan investments. This amount is reported only in the government-wide financial statements.

In addition to liabilities, the statement of financial 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 District has two types of items in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes and grant revenues received in advance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type of deferred inflows of resources relates to the effect on the calculation of the net pension liability of the difference between projected and actual investment earnings on the defined benefit pension plan.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

2. Cash and Investments

The District is authorized under Idaho Code to invest in cash, certificates of deposit, U.S. Government securities, commercial paper, and repurchase agreements. All investments must be held by or registered in the name of the District.

Cash balances of most of the District funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's cash balance. The District maintains checking accounts with one of the local banks. All excess funds are invested with the State Treasurer's pooled cash investment account. This account invests in time certificates of deposit, local government tax anticipation notes, federal loans, U.S. treasury notes and other U.S. governmental securities. Information regarding insurance or collateralization of amounts invested in the pooled accounts is not available and the state investment pool is unrated.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation (at banks) up to \$250,000 per depository.

1. Deposits – At June 30, 2016, the carrying amount of the District's deposits was \$737,118 and the respective bank balances totaled \$758,881. \$318,500 of the bank balances were insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2016, \$440,381 of the District's deposits were not covered by federal depository insurance, and thus were exposed to custodial credit risk.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

2. Cash and Investments (continued)

3. Investments – As of June 30, 2016, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 1,400,008	\$ 1,400,008	\$ -	\$ -	\$ -

4. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment.
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations. Because the State Investment Pool as of June 30, 2016, had a weighted average maturity of 86 days, it was presented as an investment with a maturity of less than one year.
6. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

2. Cash and Investments (continued)

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	\$ 2,068,811
Cash and investments reported on the statement of fiduciary net assets	<u>68,315</u>
	<u>\$ 2,137,126</u>
Investments categorized	\$ 1,400,008
Deposits categorized	<u>737,118</u>
	<u>\$ 2,137,126</u>

3. Property Taxes

Property taxes of the District are based on the assessments against property owners as of the first Monday in January of the calendar year in which the fiscal year commences. Tax levies on such assessed values are certified to the counties prior to the commencement of the fiscal year. Taxes are collected by Butte County and Custer County and are remitted to the District primarily in January of the fiscal year and the July following. Accordingly, the tax revenues for the fiscal year ended June 30, 2016, are generally based on the assessed values and tax levies established in 2015.

The District defers recognition of revenues relating to property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

4. Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 18,191	\$ -	\$ -	\$ 18,191
Construction in progress	9,731	-	(9,731)	-
	<u>27,922</u>	<u>-</u>	<u>(9,731)</u>	<u>18,191</u>
Total Capital Assets, Not Being Depreciated	\$ 27,922	\$ -	\$ (9,731)	\$ 18,191
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 5,529,337	\$ 234,172	\$ -	\$ 5,763,509
Furniture and equipment	1,190,189	62,635	-	1,252,824
Transportation	857,241	-	-	857,241
	<u>7,576,767</u>	<u>296,807</u>	<u>-</u>	<u>7,873,574</u>
Total Capital Assets, Being Depreciated	7,576,767	296,807	-	7,873,574
Accumulated Depreciation for				
Buildings and improvements	(3,209,130)	(117,433)	-	(3,326,563)
Furniture and equipment	(726,422)	(94,529)	-	(820,951)
Transportation	(691,183)	(34,769)	-	(725,952)
	<u>(4,626,735)</u>	<u>(246,731)</u>	<u>-</u>	<u>(4,873,466)</u>
Total Accumulated Depreciation	(4,626,735)	(246,731)	-	(4,873,466)
Total Capital Assets, Being Depreciated, Net	<u>\$ 2,950,032</u>			<u>\$ 3,000,108</u>

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

5. General Obligation Bonds Payable

Bonds outstanding at June 30, 2016, were as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Project and Refunding Bonds, 2015 Issue (Original amount--\$1,250,000)	1.85%	2017 to 2020	\$ 955,000

The amount to be provided for bond requirements in the accompanying financial statements represents the charge to be made for property taxes in future years to meet maturing bond requirements.

The annual requirements to amortize the above bond issues are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 300,000	\$ 16,518	\$ 316,518
2018	300,000	10,891	310,891
2019	300,000	5,263	305,263
2020	55,000	520	55,520
	<u>\$ 955,000</u>	<u>\$ 33,192</u>	<u>\$ 988,192</u>

6. General Obligation Bond Refunding

On July 24, 2015, the District issued \$1,250,000 in general obligation project and refunding bonds with an interest rate of 1.85%. Of the proceeds, \$920,000 was used to advance refund outstanding series 2005 general obligation bonds and \$30,000 was used to pay bond issuance costs. The remaining \$300,000 will be used for the athletic track, related facilities and equipment, and other safety and security improvements.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

7. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2016:

	2015 G.O. Project and Refunding Bonds	2005 G.O. Refunding Bonds	Net Pension Liability	2009 Daimler Financial Note	Total
Long-term Obligations June 30, 2015	\$ -	\$ 920,000	\$ 284,303	\$ 26,297	\$ 1,230,600
Obligations Incurred	1,250,000	-	324,896	-	1,574,896
Obligations Paid	<u>(295,000)</u>	<u>(920,000)</u>	<u>-</u>	<u>(26,297)</u>	<u>(1,241,297)</u>
Long-term Obligations June 30, 2016	<u>\$ 955,000</u>	<u>\$ -</u>	<u>\$ 609,199</u>	<u>\$ -</u>	<u>\$ 1,564,199</u>
Due within one year	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>

8. Pension Plan

Plan Description

The District contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

8. Pension Plan (continued)

Employee membership data related to the PERSI Base Plan, as of June 30, 2015, was as follows:

Retirees and beneficiaries currently receiving benefits	42,657
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	<u>67,008</u>
	<u>121,524</u>

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointment officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law.

The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

8. Pension Plan (continued)

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2016, the employee contribution rate was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's contributions required and paid were \$201,434, \$193,082, and \$203,007 for the years ended June 30, 2016, 2015, and 2014, respectively.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2015, the District's proportion was 0.061 percent.

For the year ended June 30, 2016, the District recognized pension expense (revenue) of \$(31,856). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 96,191
Changes in assumptions or other inputs	29,222	-
Net difference between projected and actual earnings on pension plan investments	295,307	421,370
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	88,844
Employer contributions subsequent to the measurement date	<u>201,434</u>	<u>-</u>
Total	<u>\$ 525,963</u>	<u>\$ 606,405</u>

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

8. Pension Plan (continued)

\$201,434 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014, the beginning of the measurement period ended June 30, 2015, is 5.5 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Fiscal Year</u>		
2017	.....	\$ (98,464)
2018	.....	(98,464)
2019	.....	(98,464)
2020	.....	43,588
2021	.....	(22,000)
2022	.....	(8,072)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322. Idaho Code, is 25 years.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

8. Pension Plan (continued)

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 - 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

8. Pension Plan (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return*
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

*Arithmetic return
Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

8. Pension Plan (continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 1,954,362	\$ 802,403	\$ (155,298)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

9. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$11,430. The value was determined by confirmation with the State of Idaho Department of Education.

10. Fair Value Measurements

The District has implemented GASB No. 72, *Fair Value Measurement and Application*. This guidance requires government entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

GASB No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market.
- Level 2 Inputs – Inputs other than the quoted process in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

GASB No. 72 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

10. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at June 30, 2016 are as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
State investment pool	\$ 1,400,008	\$ 1,400,008	\$ -	\$ -
Total	\$ 1,400,008	\$ 1,400,008	\$ -	\$ -

All investments have been valued using a market approach. There were no changes in the valuation techniques during the year. There are no assets or liabilities measured at fair value on a nonrecurring basis.

11. Other Required Individual Fund Disclosures

The interfund balances at June 30, 2016 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 34,166	\$ -
Non-major Funds		
Title IA ESEA Basic Fund	-	3,169
Title VIB IDEA School-Age Fund	-	11,775
Title VIB IDEA Preschool Fund	-	3,091
Perkins III Professional Technical Fund	-	5,118
Title II-A Improving Fund	-	11,013
	<u>\$ 34,166</u>	<u>\$ 34,166</u>

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

11. Other Required Individual Fund Disclosures (continued)

Balances are a result from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made. All balances are expected to be eliminated during the next fiscal year.

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2016:

Fund	Amount Exceeded
Debt Service Fund.....	\$ 908,068

Deficits in Individual Funds

There are no funds with deficits at June 30, 2016.

12. Interfund Transfers

A summary of interfund transfers by fund is as follows:

	Transfer In	Transfer Out
Major Funds		
General Fund	\$ -	\$ 26,587
Child Nutrition Fund	3,614	-
Debt Service Fund	-	300,000
Capital Project Fund	300,000	-
Plant Facility Fund	22,973	-
	<u>\$ 326,587</u>	<u>\$ 326,587</u>

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

13. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the District it is by Board action.

Assigned fund balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental fund, it may be necessary to report a negative residual balance as unassigned.

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Notes to Financial Statements
June 30, 2016

13. Fund Balances (continued)

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Plant Facility Fund	Total
Fund Balances:						
Restricted for:						
Child Nutrition	\$ -	\$ 18,536	\$ -	\$ -	\$ -	\$ 18,536
Debt Service	-	-	262,357	-	-	262,357
Capital Project	-	-	-	42,475	-	42,475
Plant Facility	-	-	-	-	157,154	157,154
Federal Forest	-	208,475	-	-	-	208,475
Drivers Education	-	8,170	-	-	-	8,170
Vocational Education	-	13,599	-	-	-	13,599
School Technology	-	40,217	-	-	-	40,217
Substance Abuse	-	4,794	-	-	-	4,794
Committed for:						
Professional Development	10,000	-	-	-	-	10,000
Math and Science	44,586	-	-	-	-	44,586
Assigned to:						
Student Occupied Buildings	-	81,398	-	-	-	81,398
Unassigned:	1,130,822	-	-	-	-	1,130,822
Total						
Fund Balances	\$ 1,185,408	\$ 375,189	\$ 262,357	\$ 42,475	\$ 157,154	\$ 2,022,583

Required Supplementary Information

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 174,282	\$ 173,407	\$ (875)
Earnings on investments	1,500	5,714	4,214
Other	79,125	170,026	90,901
State sources			
State apportionment	2,415,591	2,700,804	285,213
Other	276,072	227,392	(48,680)
Total Revenues	2,946,570	3,277,343	330,773
Expenditures			
Current			
Instructional	1,747,186	1,641,706	105,480
Pupil support	50,025	51,153	(1,128)
Staff support	14,348	15,355	(1,007)
General administration	416,582	378,318	38,264
School administration	231,192	215,763	15,429
Administrative technology	54,303	53,871	432
Operations	384,829	336,220	48,609
Transportation	264,324	212,840	51,484
Capital outlay	-	20,694	(20,694)
Contingency	35,000	-	35,000
Total Expenditures	3,197,789	2,925,920	271,869
Excess of Revenues Over Expenditures	(251,219)	351,423	602,642
Other Financing Sources (Uses)			
Transfers in	65,000	-	(65,000)
Transfers (out)	(3,915)	(26,587)	(22,672)
Net Change in Fund Balances	(190,134)	324,836	514,970
Fund Balance, Beginning of Year	190,134	860,572	670,438
Fund Balance, End of Year	\$ -	\$ 1,185,408	\$ 1,185,408

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Lunch sales	\$ 42,000	\$ 42,635	\$ 635
Other	-	2,046	2,046
Federal sources			
Educational programs and other	91,000	93,768	2,768
Total Revenues	<u>133,000</u>	<u>138,449</u>	<u>5,449</u>
Expenditures			
Current			
Non-instructional	<u>140,915</u>	<u>135,676</u>	<u>5,239</u>
Total Expenditures	<u>140,915</u>	<u>135,676</u>	<u>5,239</u>
Excess (Deficiency) of Revenues over Expenditures	(7,915)	2,773	10,688
Other Financing Sources (Uses)			
Transfers In	<u>3,915</u>	<u>3,614</u>	<u>(301)</u>
Net Change in Fund Balances	(4,000)	6,387	10,387
Fund Balance, Beginning of Year	<u>4,000</u>	<u>12,149</u>	<u>8,149</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 18,536</u>	<u>\$ 18,536</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund
Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 332,600	\$ 329,756	\$ (2,844)
Other	7,000	4,280	(2,720)
Total Revenues	<u>339,600</u>	<u>334,036</u>	<u>(5,564)</u>
Expenditures			
Debt service			
Principal	295,000	1,215,000	(920,000)
Interest	44,600	32,668	11,932
Total Expenditures	<u>339,600</u>	<u>1,247,668</u>	<u>(908,068)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(913,632)	(913,632)
Other Financing Sources (Uses)			
Other financing source - sale of bonds	-	1,250,000	1,250,000
Other financing use - bond issuance cost	-	(30,000)	(30,000)
Transfers out	-	(300,000)	(300,000)
Net Change in Fund Balances	-	6,368	6,368
Fund Balance, Beginning of Year	<u>-</u>	<u>255,989</u>	<u>255,989</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 262,357</u>	<u>\$ 262,357</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Project Fund
Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Other	\$ 13,000	\$ 9,681	\$ (3,319)
Total Revenues	13,000	9,681	(3,319)
Expenditures			
Current			
Operations	-	13,696	(13,696)
Capital outlay	343,000	248,996	94,004
Total Expenditures	343,000	262,692	80,308
Excess (Deficiency) of			
Revenues over Expenditures	(330,000)	(253,011)	76,989
Other Financing Sources (Uses)			
Other financing source - sale of bonds	330,000	-	(330,000)
Transfers in	-	300,000	300,000
Net Change in Fund Balances	-	46,989	46,989
Fund Balance, Beginning of Year	-	(4,514)	(4,514)
Fund Balance, End of Year	\$ -	\$ 42,475	\$ 42,475

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Plant Facility Fund
Year Ended June 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 65,000	\$ 64,322	\$ (678)
Earnings on investments	-	112	112
State sources	-	-	-
Other	-	822	822
Total Revenues	<u>65,000</u>	<u>65,256</u>	<u>256</u>
Expenditures			
Current			
Operations	28,576	19,014	9,562
Debt Service			
Principal	26,297	26,297	-
Interest	1,215	1,828	(613)
Capital outlay	25,412	11,330	14,082
Total Expenditures	<u>81,500</u>	<u>58,469</u>	<u>23,031</u>
Excess (Deficiency) of Revenues over Expenditures	(16,500)	6,787	23,287
Other Financing Sources			
Transfers in	-	22,973	22,973
Net Change in Fund Balances	(16,500)	29,760	46,260
Fund Balance, Beginning of Year	<u>16,500</u>	<u>127,394</u>	<u>110,894</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 157,154</u>	<u>\$ 157,154</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 215
Schedule of Employer's Share of Net Pension Liability
PERSI Base Plan – Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Employer's Portion of net the pension liability	0.061%	0.066%
Employer's proportionate share of the net pension liability	\$ 904,207	\$ 487,310
Employer's covered-employee payroll	\$ 1,779,452	\$ 1,705,668
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.81%	28.57%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	94.95%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2015 (measurement date).

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 215
Schedule of Employer Contributions
PERSI Base Plan – Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 199,317	\$ 215,139
Contributions in relation to the statutorily required contribution	201,434	193,082
Contribution (deficiency) excess	2,117	(22,057)
Employer's covered-employee payroll	1,779,452	1,705,668
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2016.

See Independent Auditors' Report

Supplementary Information

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2016

	Federal Forest Fund	Student Occupied Buildings Fund	Driver Education Fund	Vocational Education Fund
Assets				
Cash and Investments	\$ 208,475	\$ 81,398	\$ 8,170	\$ 8,994
Receivables				
Other	-	-	-	4,605
Total Assets	<u>\$ 208,475</u>	<u>\$ 81,398</u>	<u>\$ 8,170</u>	<u>\$ 13,599</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Salary contracts payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	208,475	-	8,170	13,599
Assigned	-	81,398	-	-
Total Fund Balances	<u>208,475</u>	<u>81,398</u>	<u>8,170</u>	<u>13,599</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 208,475</u>	<u>\$ 81,398</u>	<u>\$ 8,170</u>	<u>\$ 13,599</u>

See Independent Auditors' Report

State Technology Fund	State Substance Abuse Fund	Title I-A ESEA Basic Fund	Title VI-B IDEA School Age Fund	Title VI-B IDEA Pre-School Fund
\$ 40,217	\$ 4,794	\$ -	\$ -	\$ -
-	-	14,561	19,762	3,292
<u>\$ 40,217</u>	<u>\$ 4,794</u>	<u>\$ 14,561</u>	<u>\$ 19,762</u>	<u>\$ 3,292</u>
\$ -	\$ -	\$ 3,169	\$ 11,775	\$ 3,091
-	-	-	31	-
<u>-</u>	<u>-</u>	<u>11,392</u>	<u>7,956</u>	<u>201</u>
-	-	14,561	19,762	3,292
40,217	4,794	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,217</u>	<u>4,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 40,217</u>	<u>\$ 4,794</u>	<u>\$ 14,561</u>	<u>\$ 19,762</u>	<u>\$ 3,292</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2016

	Perkins III Professional Technical Fund	Title II-A ESEA Improving Fund	Total Nonmajor Governmental Funds
Assets	<u> </u>	<u> </u>	<u> </u>
Cash and Investments	\$ -	\$ -	\$ 352,048
Receivables			
Other	<u>5,118</u>	<u>13,336</u>	<u>60,674</u>
Total Assets	<u>\$ 5,118</u>	<u>\$ 13,336</u>	<u>\$ 412,722</u>
 Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 5,118	\$ 11,013	\$ 34,166
Accounts payable	-	1,965	1,996
Salary contracts payable	<u>-</u>	<u>358</u>	<u>19,907</u>
Total Liabilities	<u>5,118</u>	<u>13,336</u>	<u>56,069</u>
 Fund Balances			
Restricted	-	-	275,255
Assigned	<u>-</u>	<u>-</u>	<u>81,398</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>356,653</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 5,118</u>	 <u>\$ 13,336</u>	 <u>\$ 412,722</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Federal Forest Fund	Student Occupied Buildings Fund	Driver Education Fund	Vocational Education Fund
Revenues				
Local sources				
Other	\$ -	\$ -	\$ 4,800	\$ -
State sources				
Other	-	-	2,659	20,366
Federal sources				
Educational programs and other	73,101	-	-	-
Total Revenues	73,101	-	7,459	20,366
Expenditures				
Current				
Instructional	-	-	5,765	20,366
Pupil support	-	-	-	-
Operations	6,876	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	6,876	-	5,765	20,366
Excess of Revenues over Expenditures	66,225	-	1,694	-
Net Change in Fund Balances	66,225	-	1,694	-
Fund Balance, Beginning of Year	142,250	81,398	6,476	13,599
Fund Balance, End of Year	\$ 208,475	\$ 81,398	\$ 8,170	\$ 13,599

See Independent Auditors' Report

State Technology Fund	State Substance Abuse Fund	Title I-A ESEA Basic Fund	Title VI-B IDEA School Age Fund	Title VI-B IDEA Pre-School Fund
\$ -	\$ 1,080	\$ -	\$ -	\$ -
34,276	7,372	-	-	-
-	-	81,341	70,878	8,088
<u>34,276</u>	<u>8,452</u>	<u>81,341</u>	<u>70,878</u>	<u>8,088</u>
18,100	-	81,341	41,755	8,088
-	5,003	-	29,123	-
-	-	-	-	-
<u>6,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>24,156</u>	<u>5,003</u>	<u>81,341</u>	<u>70,878</u>	<u>8,088</u>
<u>10,120</u>	<u>3,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,120	3,449	-	-	-
<u>30,097</u>	<u>1,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 40,217</u>	<u>\$ 4,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2016

	Perkins III Professional Technical Fund	Title II-A ESEA Improving Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Local sources			
Other	\$ -	\$ -	\$ 5,880
State sources			
Other	-	-	64,673
Federal sources			
Educational programs and other	<u>5,118</u>	<u>31,907</u>	<u>270,433</u>
Total Revenues	<u>5,118</u>	<u>31,907</u>	<u>340,986</u>
Expenditures			
Current			
Instructional	5,118	31,907	212,440
Pupil Support	-	-	34,126
Operations	-	-	6,876
Capital outlay	<u>-</u>	<u>-</u>	<u>6,056</u>
Total Expenditures	<u>5,118</u>	<u>31,907</u>	<u>259,498</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>81,488</u>
Net Change in Fund Balances	-	-	81,488
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>275,165</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,653</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Combining Statement of Changes in Assets and Liabilities – Student Activities
Agency Funds
Year Ended June 30, 2016

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
Butte County High School				
Activity Fund				
Assets				
Cash	\$ 57,773	\$ 132,210	\$ 132,682	\$ 57,301
Liabilities				
Due to student groups	\$ 57,773	\$ 132,210	\$ 132,682	\$ 57,301
Arco Elementary				
Activity Fund				
Assets				
Cash	\$ 11,366	\$ 11,843	\$ 12,536	\$ 10,673
Liabilities				
Due to student groups	\$ 11,366	\$ 11,843	\$ 12,536	\$ 10,673
Howe Elementary				
Activity Fund				
Assets				
Cash	\$ 315	\$ 300	\$ 274	\$ 341
Liabilities				
Due to student groups	\$ 315	\$ 300	\$ 274	\$ 341
Total - All School Activity Funds				
Assets				
Cash	\$ 69,454	\$ 144,353	\$ 145,492	\$ 68,315
Liabilities				
Due to student groups	\$ 69,454	\$ 144,353	\$ 145,492	\$ 68,315

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Butte and Custer Counties			
Balance at June 30, 2015	\$ 75,098	\$ 140,005	\$ 27,362
Add - Taxes Assessed for 2015 (Net of Cancellations)	164,305	328,502	64,198
Less - Collections Received	<u>(175,697)</u>	<u>(343,092)</u>	<u>(67,059)</u>
Balance at June 30, 2016	<u>\$ 63,706</u>	<u>\$ 125,415</u>	<u>\$ 24,501</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Long Term Debt – Future Principal and Interest Requirements
June 30, 2016

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Project & Refunding	1.850%	2017	\$ 300,000	\$ 16,518
Bonds Series 2015	1.850%	2018	300,000	10,891
	1.850%	2019	300,000	5,263
	1.850%	2020	55,000	520
			<u>\$ 955,000</u>	<u>\$ 33,192</u>

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Butte County High School Activity Fund
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2016

Name of Organization	Balance June 30, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Activity Cards	\$ -	\$ 4,305	\$ -	\$ 4,305
Athletics	14,685	20,783	20,265	15,203
Athletics Slushy Fund	-	2,872	2,444	428
Bathroom Supplies	18	-	-	18
Booster Club	92	1,869	621	1,340
Boys Basketball	4,586	3,880	5,201	3,265
Career Center	71	-	-	71
Cheerleaders	2,970	5,140	7,094	1,016
Class of 2016	1,547	4,143	5,690	-
Class of 2017	634	1,784	1,252	1,166
Class of 2018	619	439	139	919
Class of 2019	50	408	5	453
Class of 2020	-	100	-	100
Class of 2021	-	25	-	25
Class of 2022	-	25	-	25
Class of 2023	-	25	-	25
Cross Country	517	510	997	30
Diversity Club	85	-	-	85
Family & Consumer Science	36	5	-	41
Football	3,625	2,710	5,996	339
Fundraisers	-	-	675	(675)
Girls Basketball	4,860	9,533	11,643	2,750
Student Council High School	2,502	5,493	5,726	2,269
IDLA	1,440	11,100	11,104	1,436
Internet	218	-	22	196
Jay Cummins Memorial	-	450	-	450
Laptop	-	4,650	310	4,340
Merit Test	-	60	60	-
MS Football	214	-	69	145
MS Girls Basketball	249	255	504	-
MS Student Council	559	-	-	559
Music	1,257	1,530	1,752	1,035
Pirate Log	2,093	315	2,408	-
Sales Tax	57	1,649	1,706	-
Scholarships	-	2,300	2,100	200
Scholastic	64	-	-	64
Science	81	-	-	81
Ski Club	955	-	-	955
Student Activities	577	944	728	793
Student Soda	303	476	625	154

See Independent Auditors' Report

BUTTE COUNTY SCHOOL DISTRICT NO. 111
Butte County High School Activity Fund
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2016

Name of Organization	Balance June 30, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Supplies	4,062	180	655	3,587
Teacher Soda	53	51	-	104
Testing Funds	153	60	60	153
Track & Field	-	393	21	372
Travel	1,720	20,329	21,222	827
Uniforms	2,766	1,000	1,443	2,323
Volleyball	2,735	12,666	12,350	3,051
Welding	1,320	2,331	2,322	1,329
Yearbook	-	7,422	5,473	1,949
	\$ 57,773	\$ 132,210	\$ 132,682	\$ 57,301

See Independent Auditors' Report



**INDEPENDENT AUDITORS' 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**

The Board of Trustees
Butte County School District No. 111
Arco, Idaho

We have audited, in accordance with the 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 Butte County School District No. 111 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Butte County School District No. 111's basic financial statements, and have issued our report thereon dated September 13, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Butte County School District No. 111'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 Butte County School District No. 111's internal control. Accordingly, we do not express an opinion on the effectiveness of Butte County School District No. 111's internal control.

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

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

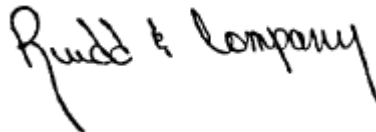
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Butte County School District No. 111'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.

A handwritten signature in cursive script that reads "Rudd & Company".

Idaho Falls, Idaho
September 13, 2016