

**BUTTE COUNTY SCHOOL DISTRICT #111**  
Arco, Idaho

**Report on Audit of Basic Financial Statements,  
Required Supplemental Information,  
And Supplemental Information**

**For the Year Ended June 30, 2018**

**BUTTE COUNTY SCHOOL DISTRICT #111**

**For the year ended June 30, 2018**

**Table of Contents**

	<b>Pages</b>
<b>Independent Auditor's Report</b>	1-2
<b>Basic Financial Statements</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
Statement of Net Position	3
Statement of Activities	4
<b>FUND FINANCIAL STATEMENTS</b>	
Governmental Funds – Balance Sheet	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Fiduciary Net Position	9
Notes to the Basic Financial Statements	10-24
<b>Required Supplemental Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	25
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Food Service Fund	26
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Project Fund	28
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Plant Facility Fund	29
Schedule of Employer's Share of Net Pension Liability	30
Schedule of Employer Contributions	31
Notes to the Required Supplemental Information	32

BUTTE COUNTY SCHOOL DISTRICT #111

For the year ended June 30, 2018

Table of Contents

Page 2

**Supplemental Information**

Combining Balance Sheet – Non-Major Governmental Funds	33-34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds	35-37
Combining Balance Sheet – Capital Projects Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	39
Combining Schedule of Changes in Cash – Student Activity Accounts	40
Schedule of Cash Receipts and Disbursements – Student Activity Accounts – High School	41

**INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-43
Schedule of Findings and Responses	44

# JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 50700  
185 S. CAPITAL  
IDAHO FALLS, IDAHO 83405-0700

ERNEST M. JENSEN, M.B.A., C.P.A.  
ROBERT B. POULSEN, C.P.A.  
SHERI L. POULSEN, C.P.A.

TELEPHONE: (208) 522-2295  
(208) 522-1330  
FAX: (208) 522-2297  
(208) 523-5699

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Butte County School District #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 #111 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

### 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 Butte County School District #111 as of June 30, 2018, and the respective changes in financial position 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 budgetary comparison information on pages 25-29 and pension information on pages 30-31 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.

Management has omitted the Management's Discussion and Analysis (MD&A) which is management's analysis of the District's financial activities based on currently known facts, decisions, or conditions, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Butte County School District #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.

*Jensen Poulsen & Company, PLLC*

Jensen Poulsen & Company, PLLC  
Certified Public Accountants

Idaho Falls, Idaho  
September 6, 2018

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**STATEMENT OF NET POSITION**  
June 30, 2018

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Cash	\$	2,720,031
Receivables:		
Local sources		207,138
Other receivables		247,528
Prepaid expenses		4,739
Capital assets, non-depreciable - land		18,191
Capital assets, net of depreciation		<u>2,819,464</u>
<b>Total Assets</b>	<b>\$</b>	<b><u><u>6,017,091</u></u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pension	\$	406,010
Unspent Grant Allocation		<u>40,849</u>
<b>LIABILITIES</b>		
Accounts payable		8,659
Salaries and benefits payable		338,597
Interest Payable		1,781
Long-term debt		
Due within one year:		
Bonds, capital leases, and contracts		215,000
Due in more than one year:		
Bonds, capital leases, and contracts		115,000
Net Pension Liability		<u>956,953</u>
<b>Total Liabilities</b>		<b><u><u>1,635,990</u></u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pension	\$	143,548
Unspent Grant Allocation		<u>40,849</u>
<b>NET POSITION</b>		
Investment in capital assets - net of related debt	\$	2,505,874
Restricted for:		
Special programs		508,829
Debt service		685,815
Capital construction projects		262,714
Unrestricted		<u>680,331</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u><u>4,643,563</u></u></b>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>					
Instructions:					
Elementary programs	\$ 913,107	\$ -	\$ 218,619	\$ -	\$ (694,489)
Secondary/alternative programs	851,015	-	180,115	-	(670,900)
Exceptional/preschool programs	294,802	-	-	-	(294,802)
Other instructional programs	14,046	-	53,312	-	39,266
Support services:					
Student services	172,247	-	-	-	(172,247)
Educational media	63,797	-	-	-	(63,797)
School administration	272,746	-	-	-	(272,746)
Administration	316,401	-	-	-	(316,401)
Plant services	370,908	-	-	-	(370,908)
Pupil transportation	275,028	-	204,989	-	(70,039)
Non Instructional programs:					
Food services	144,433	58,894	104,599	-	19,060
Debt service - refunding fees	-	-	-	-	-
Debt service - interest	12,326	-	-	-	(12,326)
<b>Total Governmental Activities</b>	<b>\$ 3,700,856</b>	<b>\$ 58,894</b>	<b>\$ 761,633</b>	<b>\$ -</b>	<b>\$ (2,880,329)</b>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	182,250
Property taxes, levied for capital projects	63,203
Property taxes, levied for debt services	336,833
State revenue in lieu of taxes	48,458

Grants and contributions not restricted to specific programs

Foundation program	2,743,779
Federal forest lands	73,300
Other state revenue	217,199
Interest and investment earnings	28,797
Miscellaneous revenues	19,669
Net pension revenue(expense)	(283,897)

**Total general revenues and special items**

<b>3,429,591</b>	
<b>Changes in net position</b>	549,262
<b>Net position - beginning</b>	4,106,823
<b>Prior period adjustment</b>	(12,522)
<b>Net position - ending</b>	<b>\$ 4,643,563</b>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2018**

ASSETS	General Fund	Food Service Fund	Debt Service	Capital Projects	Non Major Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>						
Cash.....	\$ 1,949,580	\$ 47,732	\$ 252,879	\$ 203,091	\$ 266,749	\$ 2,720,031
Receivables:						
Local sources.....	69,457	-	114,717	22,964	-	207,138
Other receivable.....	75,522	-	-	-	172,006	247,528
Interfund receivable.....	-	-	-	-	-	-
Prepaid Expenses.....	4,739	-	-	-	-	4,739
Total Assets.....	<u>\$ 2,099,298</u>	<u>\$ 47,732</u>	<u>\$ 367,596</u>	<u>\$ 226,055</u>	<u>\$ 438,755</u>	<u>\$ 3,179,436</u>
 <b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable.....	\$ 7,537	\$ 202	\$ -	\$ -	\$ 920	\$ 8,659
Salaries payable.....	229,806	7,374	-	-	20,669	257,849
Benefits payable.....	75,482	1,484	-	-	3,782	80,748
Interfund payable.....	-	-	-	-	-	-
Accrued interest payable.....	-	-	1,781	-	-	1,781
Deferred revenue.....	14,606	-	28,265	5,606	-	48,477
Total Liabilities.....	<u>327,431</u>	<u>9,060</u>	<u>30,046</u>	<u>5,606</u>	<u>25,371</u>	<u>397,514</u>
 <b>FUND BALANCE</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	-	38,672	-	-	413,384	452,056
Committed.....	-	-	-	-	-	-
Assigned.....	-	-	337,550	220,449	-	557,999
Unassigned.....	1,771,867	-	-	-	-	1,771,867
Total Fund Balance.....	<u>1,771,867</u>	<u>38,672</u>	<u>337,550</u>	<u>220,449</u>	<u>413,384</u>	<u>2,781,922</u>
Total Liabilities and Fund Balance.....	<u>\$ 2,099,298</u>	<u>\$ 47,732</u>	<u>\$ 367,596</u>	<u>\$ 226,055</u>	<u>\$ 438,755</u>	<u>\$ 3,179,436</u>

The notes to the financial statements are an integral part of this statement.



**BUTTE COUNTY SCHOOL DISTRICT #111**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2018**

**Total Fund Balances - Governmental Funds** \$ 2,781,922

The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.

Cost of capital assets	8,226,668	
Depreciation expense to date	<u>(5,389,013)</u>	2,837,655

Property taxes received that are not available to pay for current period expenditures are deferred in the funds. 48,477

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable		(330,000)
---------------	--	-----------

GASB 68 requires the accrual of net pension assets and liabilities and the deferred inflows and outflows of resources related thereto.

Net pension liability	(956,953)	
Pension related deferred inflows	(184,397)	
Pension related deferred outflows	<u>446,859</u>	<u>(694,491)</u>

**Net Position of Governmental Activities** \$ 4,643,563

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

	General Fund	Food Service Fund	Debt Service	Capital Project	Non Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local Sources:						
Local taxes.....	\$ 181,977	\$ -	\$ 329,075	\$ 64,950	\$ -	\$ 576,002
Other local revenues.....	92,927	58,894	4,035	1,358	945	158,159
State Sources.....	3,136,501	-	17,103	49,072	109,220	3,311,896
Federal sources.....	-	104,599	-	-	398,999	503,598
Total Revenues.....	<u>3,411,405</u>	<u>163,493</u>	<u>350,213</u>	<u>115,380</u>	<u>509,164</u>	<u>4,549,655</u>
<b>EXPENDITURES</b>						
Instruction Programs:						
Elementary.....	802,349	-	-	1,236	86,265	889,850
Secondary.....	771,520	-	-	1,349	64,099	836,968
Exceptional child.....	200,344	-	-	-	97,735	298,079
Preschool.....	-	-	-	-	22,297	22,297
Interscholastic program.....	74,497	-	-	-	-	74,497
Support Service Programs:						
Attendance and guidance.....	62,105	-	-	-	-	62,105
Special services.....	-	-	-	-	43,137	43,137
Instruction improvement.....	54,432	-	-	-	50,127	104,559
Education media.....	14,480	-	-	-	-	14,480
Board of education.....	14,874	-	-	-	-	14,874
Administration - district.....	327,997	-	-	-	1,432	329,429
Administration - school.....	271,441	-	-	-	-	271,441
Janitorial - buildings.....	192,281	-	-	-	-	192,281
Building maintenance.....	140,008	-	-	27,884	-	167,892
Transportation - pupils.....	211,176	-	-	-	-	211,176
Transportation - activity.....	21,145	-	-	-	-	21,145
Transportation - other.....	9,395	-	-	-	-	9,395
Non-Instructional Programs:						
Food services.....	-	149,548	-	-	-	149,548
Debt service.....	-	-	332,326	-	-	332,326
Capital assets.....	7,703	-	-	39,754	51,730	99,187
Total Expenditures.....	<u>3,175,747</u>	<u>149,548</u>	<u>332,326</u>	<u>70,223</u>	<u>416,822</u>	<u>4,144,666</u>
Excess Revenues over expenditures.....	235,658	13,945	17,887	45,157	92,342	404,989
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers - To (From).....	(39,076)	3,875	-	35,201	-	-
Other Financing Sources.....	-	-	-	-	-	-
Excess Revenues and Other Sources.....	<u>196,582</u>	<u>17,820</u>	<u>17,887</u>	<u>80,358</u>	<u>92,342</u>	<u>404,989</u>
<b>FUND BALANCE</b>						
Beginning Balance.....	1,575,285	20,852	319,663	140,091	333,564	2,389,455
Prior Period Adjustment.....	-	-	-	-	(12,522)	(12,522)
Ending Balance.....	<u>\$ 1,771,867</u>	<u>\$ 38,672</u>	<u>\$ 337,550</u>	<u>\$ 220,449</u>	<u>\$ 413,384</u>	<u>\$ 2,781,922</u>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	404,989
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is excess of capital outlays over (under) depreciation expense in the current period.</p>		
Capitalized assets		125,929
Depreciation expense		(257,864)
		(131,935)
<p>Property tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the statement of activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.</p>		
Deferred revenue - 2018		48,477
Deferred revenue - 2017		(64,117)
		(15,640)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not result in an expense in the Statement of Activities. The District's debt was reduced with principal payments being made.</p>		
Principal payments on bonds		320,000
<p>GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions</p>		
Current contributions		255,745
Net pension revenue (expense)		(283,897)
		(28,152)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>549,262</b>

The notes to the financial statements are an integral part of this statement.

BUTTE COUNTY SCHOOL DISTRICT #111  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2018

ASSETS

Cash and investments	\$ 60,547
	<hr/>
Total Assets	\$ 60,547
	<hr/> <hr/>

LIABILITIES AND NET POSITION

Liabilities

Due to student groups	\$ 60,547
	<hr/>
Total Liabilities	60,547
	<hr/>
Total Net Position	\$ -
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

## BUTTE COUNTY SCHOOL DISTRICT #111

### Notes to the Basic Financial Statements June 30, 2018

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Butte County School District #111 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the District are described below.

##### A. Reporting Entity

Butte County School District #111 provides public school educational services as authorized by Section 33 of the Idaho Code. The District's boundaries for taxing and school enrollment purposes are located within Butte and Custer Counties.

Factors used in defining the reporting entity are as follows: Butte County School District #111 was established under the laws of the State of Idaho which designates the Board of Trustees as the governing authority. Members of the Board of Trustees are elected by the public. The Board of Trustees has control over the superintendent and management, and also has the authority to purchase equipment and other capital assets, and to levy taxes. The Board of Trustees has the power to establish annual budgets subject to public input from patrons, is responsible for funding deficits and operating deficiencies, and has the authority to borrow funds or issue bonded indebtedness.

The conclusion of the above criteria is that Butte County School District #111 is an independent school district in the State of Idaho, operating under an autonomous Board of Trustees constituting a Local Education Agency of government.

In the evaluation of how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of Butte County School District #111 are included in the basic financial statements. Using the above criteria, the District has no component units.

##### B. Basis of Presentation, Basis of Accounting

###### Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the school district. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type* activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. All activities of the District are currently classified as governmental activities. No fiduciary funds are included in the *government-wide statements*.

The statement of activities presents a comparison between direct expenses and direct revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

BUTTE COUNTY SCHOOL DISTRICT #111

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Basis of Presentation, Basis of Accounting, continued**

Allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental* and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program, and object. Accordingly, there is no allocation of indirect costs.

The District reports the following major governmental funds:

*General Fund*

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Thus, it is always considered a major fund.

*Food Service Fund*

The Food Service Fund accounts for all revenues and expenditures related to child nutrition within the District.

*Capital Projects Fund*

The Capital Projects Fund is used to account for the financing and construction of major capital projects.

*Debt Service Fund*

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, long-term bonded debt principal, interest, and related costs.

BUTTE COUNTY SCHOOL DISTRICT #111

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Basis of Presentation, Basis of Accounting, continued**

*Plant Facilities Fund*

The Plant Facilities Fund is used to account for revenues and expenditures related to the District's buildings, grounds, and equipment.

The District reports the following fund types:

*Agency Funds*

These funds account for the monies held on behalf of student groups and organizations.

**Measurement Focus, Basis of Accounting**

*Government-wide and Fiduciary Fund Financial Statements:* The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the revenue is recognized. Additionally, for both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are thus reported as deferred revenue.

BUTTE COUNTY SCHOOL DISTRICT #111

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, continued

All governmental activities of the District follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The District does maintain an encumbrance system where the District Secretary will encumber the expenditures that are to be paid in the following month.

C. Cash and Investments

The District pools cash of all governmental fund types into a common bank account. The accounting records of each fund reflect the equity in pooled cash. Cash includes all checking accounts held in the District's name and monies invested with the State under the Local Government Investment Pool. This cash earns interest at a variable rate and is available upon demand.

D. Property Taxes

In accordance with Idaho law, ad valorem property taxes are levied in September for each calendar year. Levies are made on or before the 2<sup>nd</sup> Monday of September. One-half of the property taxes are due on or before the 20<sup>th</sup> of December. The remaining one-half is due on or before June 20<sup>th</sup> of the following year. A lien is filed on real property three years from the date of delinquency. Bonneville County bills and collects property taxes for the District.

E. Inventories

The District normally has unused janitorial and food service supplies including food stock on hand at year end. Remaining janitorial supplies, food service supplies, and food stock are deemed immaterial in dollar amount and they are therefore not valued or accounted for in the financial statements.

F. Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$3,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Butte County School District #111 is a Phase III government meaning that is not required to report infrastructure. Depreciation on all assets (exclusive of land) is provided on the straight-line (SL) method over the following estimated useful lives:

Computer equipment (SL method)	5 years
Equipment, furniture and fixtures (SL method)	7-25 years
Buildings (SL method)	50-99 years



BUTTE COUNTY SCHOOL DISTRICT #111

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

G. Net Position

Net position is the difference between assets and liabilities. Net position invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and outstanding debt related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors, grantors, or enabling legislation. In Butte County School District there are restrictions of \$1,457,358 in the special revenue, capital projects, and debt service funds. When expenses are incurred for purposes for which both restricted and unrestricted net position is available, restricted net position is applied first.

H. Fund Balance Reserves

The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended June 30, 2018, the District had restricted fund balances of \$452,056, assigned fund balances of \$557,999, and unassigned fund balances of \$1,771,867. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Assigned funds are those which are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned funds are those which are available for any purpose.

I. Teachers Contracts

Contracts for teacher's salaries are payable in twelve monthly installments beginning in September. At June 30, the liability for the remaining two months of the current contracts and associated contracted benefits are accrued.

J. Nonmonetary Transactions

Items received via the Federal Food Commodities Program are recognized at their stated fair market value. For the fiscal year ending June 30, 2018, that amount was \$11,427.

K. Risk Management

The district is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settlement claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District 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 expenditures during the reporting period. Actual results could differ from those estimates.

**BUTTE COUNTY SCHOOL DISTRICT #111**

Notes to the Basic Financial Statements  
June 30, 2018

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**M. 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.

**NOTE 2 CASH AND INVESTMENTS**

Cash for all funds consist of the following at year end:

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured / Collateralized</u>	<u>Uninsured / Uncollateralized</u>
<b>Ireland Bank:</b>				
Money Market - 9315	\$ 924,155	\$ 924,155	\$ 250,000	\$ 674,155
Account 9307	644,715	517,744	-	644,715
<b>Total Ireland Bank</b>	<b>1,568,870</b>	<b>1,441,899</b>	<b>250,000</b>	<b>1,318,870</b>
<b>Bank of Commerce:</b>				
Acct 4218	39,339	39,339	39,339	-
Acct 1700	9,485	8,380	9,485	-
<b>Total Bank of Commerce</b>	<b>48,824</b>	<b>47,719</b>	<b>48,824</b>	<b>-</b>
<b>State Treasurer:</b>				
Acct 2121	1,197,511	1,197,511	-	1,197,511
Acct 2591	32,902	32,902	-	32,902
<b>Total State Treasurer</b>	<b>1,230,413</b>	<b>1,230,413</b>	<b>-</b>	<b>1,230,413</b>
<b>East Idaho Credit Union:</b>				
Howe Elementary Savings	55	55	55	-
Howe Elementary Checking	154	154	154	-
Arco Elementary Savings	5	5	5	-
Arco Elementary Checking	10,623	10,623	10,623	-
Butte High School Savings	5	5	5	-
Butte High School Checking	59,805	50,754	59,805	-
<b>Total East Idaho Credit Union</b>	<b>70,647</b>	<b>61,596</b>	<b>70,647</b>	<b>-</b>
<b>Grand Total</b>	<b>\$ 2,918,754</b>	<b>\$ 2,781,627</b>	<b>\$ 369,471</b>	<b>\$ 2,549,283</b>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the District's demand deposits and Local Government Investment Pool monies were \$2,781,627 and the bank balances were \$2,918,754. Of the bank balances, \$369,471 was covered by federal depository insurance and \$2,549,283 was uninsured and uncollateralized. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of a bank failure, the district's deposits may not be returned to it. The district does not have a deposit policy for custodial credit risk. As of June 30, 2018, the District did not have any of their bank balances subject to this risk.

**BUTTE COUNTY SCHOOL DISTRICT #111**

Notes to the Basic Financial Statements  
June 30, 2018

**NOTE 2 CASH AND INVESTMENTS, continued**

Investments

Idaho statutes authorize school districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, repurchase agreements, interest-bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in state depositories, accounts in financial institutions, and the State of Idaho's Local Government Investment Pool. The District's investment policy complies with state statutes.

The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U. S. government securities. The certificates of deposits are federally insured. The U. S. government securities and the collateral for the repurchase agreement are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the District in proportion to each fund's respective investment balances.

Statement 3 of the Government Accounting Standards Board requires government entities disclose the level of risk assumed on deposit and investment balances.

Statement 40 of the Government Accounting Standards Board requires more comprehensive disclosure requirements addressing other common risks of the deposits and investments of governmental entities. At June 30, 2018 the District did not hold any investments that require disclosure. The District has chosen to recognize the monies held at the Local Government Investment Pool as cash.

Credit Risk

Per the Local Government Investment Pool, the investment pool itself does not have a credit rating.

**NOTE 3 RECEIVABLES**

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Plant Facility</u>	<u>Non Major Funds</u>
<b>Local Sources</b>					
Local Taxes	\$ 60,065	-	\$ 114,717	\$ 22,964	\$ -
Other Local	9,392	-	-	-	-
<b>Total Local</b>	<u>69,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>State Sources</b>					
Foundation Program	75,522	-	-	-	-
Other State Receivable	-	-	-	-	107,661
<b>Total State</b>	<u>75,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,661</u>
<b>Federal Sources</b>					
Special Programs	-	-	-	-	-
Other Federal	-	-	-	-	64,345
<b>Total Federal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,345</u>
<b>Grand Total</b>	<u>\$ 144,979</u>	<u>\$ -</u>	<u>\$ 114,717</u>	<u>\$ 22,964</u>	<u>\$ 172,006</u>

**BUTTE COUNTY SCHOOL DISTRICT #111**

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 4 INTERFUND TRANSACTIONS

Interfund Transfers

The District has the following interfund operating transfers for the year:

Major Funds:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 39,076
Plant Facilities Bus	\$ 43,201	
Plant Facilities		\$ 8,000
Child Nutrition	\$ 3,875	

The interfund transfer from the General Fund to the Plant Facilities Bus Fund in the amount of \$35,201 is State required bus depreciation. The transfer from the General Fund to the Food Service Fund and the transfer from the Plant Facilities Fund to the Plant Facilities Bus Fund are to cover operations as per the budget. Interfund transfers and balances are eliminated on the government-wide financial statements.

Interfund Receivables/Payables

There are no interfund receivables/payables as of June 30, 2018.

NOTE 5 CAPITAL ASSETS

A summary of Capital Assets is as follows:

	<u>Balance</u> <u>07-01-17</u>	<u>Capital</u> <u>Acquisitions</u>	<u>Sales &amp;</u> <u>Other</u> <u>Dispositions</u>	<u>Balance</u> <u>06-30-18</u>
<b>Non-depreciable Assets</b>				
Land	\$ 18,191	\$ -	\$ -	\$ 18,191
Work in Progress	-	-	-	-
Total Cost	<u>\$ 18,191</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 18,191</u>
<b>Depreciable Assets</b>				
Buildings/Sites	\$ 4,622,945	\$ -	-	\$ 4,622,945
Building Improvements	1,152,183	36,659	-	1,188,842
Equipment	1,333,921	89,270	-	1,423,191
Transportation	973,499	-	-	973,499
Total Cost	<u>\$ 8,100,739</u>	<u>\$ 125,929</u>	<u>-</u>	<u>\$ 8,226,668</u>
<b>Accumulated Depreciation</b>				
Buildings/Sites	\$ 2,998,649	\$ 86,810	-	\$ 3,085,459
Building Improvements	449,978	35,356	-	485,334
Equipment	921,329	95,488	-	1,016,817
Transportation	761,193	40,210	-	801,403
Total Accum. Deprac.	<u>\$ 5,131,149</u>	<u>\$ 257,864</u>	<u>-</u>	<u>\$ 5,389,013</u>
<b>Net Capital Assets</b>	<u>\$ 2,969,590</u>	<u>\$ (131,935)</u>	<u>\$ -</u>	<u>\$ 2,837,655</u>

**BUTTE COUNTY SCHOOL DISTRICT #III**

Notes to the Basic Financial Statements  
June 30, 2018

**NOTE 5 CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Elementary	\$ 87,062
Secondary	87,062
Plant Services	21,765
School Administration	21,765
Pupil Transportation	40,210
Total	<u>\$ 257,864</u>

**NOTE 6 GENERAL OBLIGATION BONDS PAYABLE**

Bonds outstanding at June 30, 2018, 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%	2019-2020	\$ 330,000

The future debt service requirements for the bonds of the District are scheduled as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 215,000	\$ 5,134	\$ 220,134
2020	115,000	1,064	116,064
<b>Total:</b>	<u>\$ 330,000</u>	<u>\$ 6,198</u>	<u>\$ 336,198</u>

**NOTE 7 CHANGES IN LONG-TERM DEBT**

The following is a summary of the District's long-term transactions for the year ended June 30, 2018:

	<b>2015 G.O. Project and Refunding Bonds</b>	<b>Net Pension Liability</b>	<b>Total</b>
Long-Term Obligations June 30, 2017	\$ 650,000	\$ 1,031,933	\$ 1,681,933
Obligations Incurred	-		
Obligations Paid	(320,000)		(320,000)
Long-Term Obligations June 30, 2018	\$ 330,000	\$ 956,953	\$ 1,286,953
Due Within One Year	\$ 215,000	\$ -	\$ 215,000

## BUTTE COUNTY SCHOOL DISTRICT #111

### Notes to the Basic Financial Statements June 30, 2018

#### NOTE 8

#### PENSION PLAN

##### *Plan Description*

The Butte County School 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](http://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.

##### *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 appointed 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.

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.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The Butte County School District's contributions were \$216,962 for the year ended June 30, 2018.

**BUTTE COUNTY SCHOOL DISTRICT #111**

**Notes to the Basic Financial Statements  
June 30, 2018**

**NOTE 8 PENSION PLAN (continued)**

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

At June 30, 2018 the Butte County School District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Butte County School 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 June 30, 2017, the District's proportion was .000608815%.

For the year ended June 30, 2018, the Butte County School District recognized pension expense of \$282,503. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 86,213
Changes in assumptions or other inputs	(9,720)	-
Net difference between projected and actual earnings on pension plan investments	132,568	57,335
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	255,745	-
<b>TOTAL</b>		<b>\$ 143,548</b>

\$255,745 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, 2018.

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, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016.

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:

<b>Year ended June 30, 2018:</b>	
2018	\$ (52,023)
2019	\$ 89,906
2020	\$ 25,510
2021	\$ (56,677)
2022	\$ -

BUTTE COUNTY SCHOOL DISTRICT #111

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 8 PENSION PLAN (continued)

*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.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1.00%

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 for the period July 1, 2007 through June 30, 2013 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, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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.

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.



**BUTTE COUNTY SCHOOL DISTRICT #111**

**Notes to the Basic Financial Statements  
June 30, 2018**

**NOTE 8 PENSION PLAN (continued)**

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	0.90%	0%	0%-5%
<b>Total Fund</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

**Actuarial Assumptions**

Assumed Inflation – Mean	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>7.10%</b>

*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.

*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:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
Proportionate share of the net pension liability (asset)	2,224,155	956,953	(96,126)

*Pension plan fiduciary net position*

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

**BUTTE COUNTY SCHOOL DISTRICT #111**

**Notes to the Basic Financial Statements  
June 30, 2018**

**NOTE 8 PENSION PLAN (continued)**

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](http://www.persi.idaho.gov).

**NOTE 9 COMPENSATED ABSENCES**

The District provides personal and sick leave to its employees, as well as paid vacations depending on job classifications, lengths of service, and other factors. Employees lose their personal leave and vacation if not used by June 30<sup>th</sup>. Therefore, there is no accrual for compensated absences.

**NOTE 10 NON-MONETARY TRANSACTIONS**

The District received commodities from the U.S. Government valued at \$12,336. The value was determined by confirmation with the State of Idaho Department of Education.

**NOTE 11 DEFERRED REVENUES – FUND FINANCIAL STATEMENTS**

Revenues are recognized when they become available to the District. Taxes and other receivables not received soon enough after year end to pay current liabilities do not represent available expendable resources and recognition of revenue is deferred until collection. Deferred revenues at year end consist of the following:

Property Taxes – General Fund	\$ 14,606
Property Taxes – Bond Fund	28,265
Property Taxes – Plant Facility Fund	<u>5,606</u>
 Total Deferred Revenue	 <u>\$ 48,477</u>

**NOTE 12 EXCESS OF EXPENDITURES OVER APPROPRIATION**

The following individual funds have an excess of expenditures over appropriations at June 30, 2018:

<u>Fund</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Excess Over</u> <u>Budget</u>
Data System Grant	\$ -	\$ 50,127	\$ 50,127
Professional Technical	21,331	21,977	646
Food Service	137,378	149,426	12,048
Debt Service	330,545	332,326	1,781

**NOTE 13 CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial.

BUTTE COUNTY SCHOOL DISTRICT #111

Notes to the Basic Financial Statements  
June 30, 2018

NOTE 14 RELATED PARTY TRANSACTIONS

The District has not been involved in any related party transactions that would violate the Idaho Code or applicable federal regulation.

NOTE 15 SUBSEQUENT EVENTS

As of September 12, 2018, the date through which subsequent events were evaluated, no material subsequent events were identified.

NOTE 16 DEFICIT FUND BALANCES

The following funds reported deficit balances as of June 30, 2018

<u>Fund</u>	<u>Deficit Amount</u>
Title VI-B IDEA School-Age	\$ 857
Title VI-B IDEA Pre-School	\$ 1,931

NOTE 17 ECONOMIC DEPENDENCY

The District is economically reliant on the State of Idaho, from which it received approximately \$3,311,896 or 73% of the District's revenue.

NOTE 18 POST RETIREMENT BENEFITS

Butte County School District #111 funds post-retirement benefits through PERSI. During the school year ended June 30, 2018, the district paid 1.16% of the wages covered by PERSI to the State of Idaho. Upon retirement, one-half of the employee's accumulated sick leave is transferred from the sick leave pool established by PERSI to the individual employee's retirement account. These funds are used to pay post-retirement health insurance premiums.

NOTE 19 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made to correct beginning accounts receivable balances in several funds. The net effects on fund balances were a \$4,599 decrease in Title I-A ESEA Improving Basic Programs, a \$11,847 decrease in Title VI-B IDEA School-Age, a \$1,931 decrease in Title VI-B IDEA Pre-School, and a \$5,855 increase in Title II-A ESEA Improving Teacher Quality.

**REQUIRED SUPPLEMENTAL INFORMATION**

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2018**

<u>GENERAL FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Variance -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Local sources.....	\$ 169,500	\$ 169,500	\$ 181,977	\$ 12,477
Other local revenues.....	63,002	63,002	92,927	29,925
State sources.....	3,254,984	3,254,984	3,136,501	(118,483)
Federal sources.....	-	-	-	-
Total Revenues.....	<u>3,487,486</u>	<u>3,487,486</u>	<u>3,411,405</u>	<u>(76,081)</u>
<b>EXPENDITURES</b>				
Instruction Programs:				
Elementary.....	815,331	815,331	802,349	12,982
Secondary.....	869,283	869,283	771,520	97,763
Exceptional child.....	220,843	220,843	200,344	20,499
Interscholastic program.....	91,997	91,997	74,497	17,500
Support Service Programs:				
Attendance and guidance.....	52,772	52,772	62,105	(9,333)
Special services.....	-	-	-	-
Instruction improvement.....	39,823	39,823	54,432	(14,609)
Education media.....	15,305	15,305	14,480	825
Board of education.....	11,500	11,500	14,874	(3,374)
Administration - district.....	401,681	401,681	327,997	73,684
Administration - school.....	266,493	266,493	271,441	(4,948)
Janitorial - buildings.....	216,891	216,891	192,281	24,610
Building maintenance.....	140,165	140,165	140,008	157
Transportation - pupils.....	259,830	259,830	211,176	48,654
Transportation - activity.....	28,875	28,875	21,145	7,730
Transportation - other.....	4,503	4,503	9,395	(4,892)
Non-Instructional Programs:				
Food services.....	-	-	-	-
Debt service.....	-	-	-	-
Capital assets.....	28,000	28,000	7,703	20,297
Total Expenditures.....	<u>3,463,292</u>	<u>3,463,292</u>	<u>3,175,747</u>	<u>287,545</u>
Excess Revenues over expenditures.....	24,194	24,194	235,658	211,464
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	(44,828)	(44,828)	(39,076)	5,752
Other Financing Sources.....	-	-	-	-
Excess Revenues and Other Sources.....	<u>(20,634)</u>	<u>(20,634)</u>	<u>196,582</u>	<u>217,216</u>
<b>FUND BALANCE</b>				
Beginning Balance.....	<u>1,575,285</u>	<u>1,575,285</u>	<u>1,575,285</u>	-
Ending Balance.....	<u>\$ 1,554,651</u>	<u>\$ 1,554,651</u>	<u>\$ 1,771,867</u>	<u>\$ 217,216</u>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - FOOD SERVICE FUND**  
For the Year Ended June 30, 2018

<b>FOOD SERVICE FUND</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Final Budget Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other local revenues.....	\$ 42,503	\$ 42,503	\$ 58,894	\$ 16,391
Federal sources.....	91,000	91,000	104,599	13,599
Total Revenues.....	<u>133,503</u>	<u>133,503</u>	<u>163,493</u>	<u>29,990</u>
<b>EXPENDITURES</b>				
Non-Instructional Programs:				
Food services.....	137,378	137,378	149,548	(12,170)
Total Expenditures.....	<u>137,378</u>	<u>137,378</u>	<u>149,548</u>	<u>(12,170)</u>
Excess Revenues over expenditures.....	(3,875)	(3,875)	13,945	17,820
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	3,875	3,875	3,875	-
Excess Revenues and Other Sources.....	-	-	17,820	17,820
<b>FUND BALANCE</b>				
Beginning Balance.....	<u>20,852</u>	<u>20,852</u>	<u>20,852</u>	-
Ending Balance.....	<u>\$ 20,852</u>	<u>\$ 20,852</u>	<u>\$ 38,672</u>	<u>\$ 17,820</u>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**For the Year Ended June 30, 2018**

<u>DEBT SERVICE FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>Variance -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes.....	\$ 323,545	\$ 323,545	\$ 329,075	\$ 5,530
Other local revenues.....	-	-	4,035	4,035
State revenues.....	7,000	7,000	17,103	10,103
Total revenues.....	<u>330,545</u>	<u>330,545</u>	<u>350,213</u>	<u>19,668</u>
<b>EXPENDITURES</b>				
Debt service				
Principal.....	320,000	320,000	320,000	-
Interest.....	10,545	10,545	12,326	(1,781)
Total expenditures.....	<u>330,545</u>	<u>330,545</u>	<u>332,326</u>	<u>(1,781)</u>
Excess Revenues over expenditures.....	-	-	17,887	17,887
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	-	-	-	-
Excess Revenues and Other Sources.....	-	-	17,887	17,887
<b>FUND BALANCE</b>				
Beginning Balance.....	<u>319,663</u>	<u>319,663</u>	<u>319,663</u>	-
Ending Balance.....	<u>\$ 319,663</u>	<u>\$ 319,663</u>	<u>\$ 337,550</u>	<u>\$ 17,887</u>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - CAPITAL CONSTRUCTION FUND**  
**For the Year Ended June 30, 2018**

<u>CAPITAL CONSTRUCTION FUND</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Variance - Positive (Negative)</u>
<b>REVENUES</b>				
Other local revenues.....	\$ -	\$ -	\$ -	\$ -
Interest and Proceeds.....	-	-	-	-
Total Revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Operations.....	-	-	-	-
Capital outlay.....	42,244	42,244	31,059	11,185
Total Expenditures.....	<u>42,244</u>	<u>42,244</u>	<u>31,059</u>	<u>11,185</u>
Excess Revenues over expenditures.....	(42,244)	(42,244)	(31,059)	11,185
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	-	-	-	-
Excess Revenues and Other Sources.....	(42,244)	(42,244)	(31,059)	11,185
<b>FUND BALANCE</b>				
Beginning Balance.....	42,244	42,244	42,244	-
Ending Balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,185</u>	<u>\$ 11,185</u>

The notes to the financial statements are an integral part of this statement.



**BUTTE COUNTY SCHOOL DISTRICT #111**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - PLANT FACILITY FUND**  
For the Year Ended June 30, 2018

<b>PLANT FACILITY FUND</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Final Budget Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes.....	\$ 65,000	\$ 65,000	\$ 64,950	\$ (50)
Earnings on investments.....	-	-	572	572
State sources.....	-	-	49,072	49,072
Other revenues.....	-	-	786	786
Total Revenues.....	<u>65,000</u>	<u>65,000</u>	<u>115,380</u>	<u>50,380</u>
<b>EXPENDITURES</b>				
Operations.....	55,000	55,000	27,884	27,116
Capital outlay.....	72,712	72,712	11,280	61,432
Total Expenditures.....	<u>127,712</u>	<u>127,712</u>	<u>39,164</u>	<u>88,548</u>
Excess Revenues over expenditures.....	(62,712)	(62,712)	76,216	138,928
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	56,953	56,953	35,201	(21,752)
Excess Revenues and Other Sources.....	(5,759)	(5,759)	111,417	117,176
<b>FUND BALANCE</b>				
Beginning Balance.....	97,847	97,847	97,847	-
Ending Balance.....	<u>\$ 92,088</u>	<u>\$ 92,088</u>	<u>\$ 209,264</u>	<u>\$ 117,176</u>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**PERSI - Base Plan**  
**Last 10 Fiscal Years\***

	2015
Butte County School District's portion of the net pension liability	0.0661965%
Butte County School District's proportionate share of the net pension liability	\$ 487,310
Butte County School District's covered-employee payroll	\$ 1,705,668
Butte County School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	28.57%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

- Data reported is measured as of July 1, 2014

	2016
Butte County School District's portion of the net pension liability	0.0609341%
Butte County School District's proportionate share of the net pension liability	\$ 802,403
Butte County School District's covered-employee payroll	\$ 1,779,452
Butte County School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	50.81%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

- Data reported is measured as of July 1, 2015

	2017
Butte County School District's portion of the net pension liability	0.0608423%
Butte County School District's proportionate share of the net pension liability	\$ 1,233,367
Butte County School District's covered-employee payroll	\$ 1,890,936
Butte County School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	65.23%
Plan fiduciary net position as a percentage of the total pension liability	87.26%

- Data reported is measured as of July 1, 2016

	2018
Butte County School District's portion of the net pension liability	0.0608815%
Butte County School District's proportionate share of the net pension liability	\$ -
Butte County School District's covered-employee payroll	\$ 2,065,523
Butte County School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	

- Data reported is measured as of July 1, 2017

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

**BUTTE COUNTY SCHOOL DISTRICT #111  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
PERSI - Base Plan  
Last 10 Fiscal Years\***

	2015
Statutorily required contribution	\$ 215,139
Contributions in relation to the statutorily required contribution	\$ 193,082
Contribution (deficiency) excess	\$ (22,057)
Employer's covered-employee payroll	\$ 1,705,668
Contributions as a percentage of covered-employee payroll	11.32%

- Data reported is measured as of June 30, 2015

	2016
Statutorily required contribution	\$ 199,317
Contributions in relation to the statutorily required contribution	\$ 201,434
Contribution (deficiency) excess	\$ 2,117
Employer's covered-employee payroll	\$ 1,779,452
Contributions as a percentage of covered-employee payroll	11.32%

- Data reported is measured as of June 30, 2016

	2017
Statutorily required contribution	\$ 180,861
Contributions in relation to the statutorily required contribution	\$ 214,054
Contribution (deficiency) excess	\$ 33,193
Employer's covered-employee payroll	\$ 1,890,936
Contributions as a percentage of covered-employee payroll	11.32%

- Data reported is measured as of June 30, 2017

	2018
Statutorily required contribution	\$ 205,300
Contributions in relation to the statutorily required contribution	\$ 216,962
Contribution (deficiency) excess	\$ 11,662
Employer's covered-employee payroll	\$ 1,880,968
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2018

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

**BUTTE COUNTY SCHOOL DISTRICT #111**

**Notes to the Required Supplemental Information  
June 30, 2018**

**NOTE 1 BUDGETS**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all governmental fund types.

**NOTE 2 LEGAL COMPLIANCE – BUDGETS**

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
2. The proposed budget is published.
3. A public hearing is conducted to obtain citizen comments.
4. The budget is formally adopted through approval by the board of trustees.
5. The District may, after school starts and actual enrollment figures are known, amend the budget using the same procedures which were used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above.
6. Budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
7. The level of control (level at which expenditures may not exceed budget) is the fund.
8. All annual appropriations lapse at fiscal year-end.

**NOTE 3 PENSIONS**

The Butte County School District contributes to 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.

During the fiscal year ended June 30, 2018, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.

SUPPLEMENTAL INFORMATION

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2018**

ASSETS	Federal Forest Reserve	Data Systems Grant	Student Occupied Buildings	Drivers Education State	Professional Technical State	Technology State
Cash.....	\$ 186,948	\$ (7,880)	\$ 81,398	\$ 11,117	\$ 16,641	\$ 21,981
Other receivable.....	64,345	10,165	-	-	6,636	-
Total Assets.....	<u>\$ 251,293</u>	<u>\$ 2,285</u>	<u>\$ 81,398</u>	<u>\$ 11,117</u>	<u>\$ 23,277</u>	<u>\$ 21,981</u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable.....	\$ -	\$ -	\$ -	\$ -	\$ 920	\$ -
Salaries payable.....	-	-	-	-	-	-
Benefits payable.....	-	-	-	-	-	-
Interfund payable.....	-	-	-	-	-	-
Total Liabilities.....	-	-	-	-	920	-

**FUND BALANCE**

Undesignated.....	251,293	2,285	81,398	11,117	22,357	21,981
Total Liabilities and Fund Balance.....	<u>\$ 251,293</u>	<u>\$ 2,285</u>	<u>\$ 81,398</u>	<u>\$ 11,117</u>	<u>\$ 23,277</u>	<u>\$ 21,981</u>

The notes to the financial statements are an integral part of this statement.

Substance Abuse State	Title I-A, ESEA Imp. Basic Programs	Title VI-B IDEA School-Age	Title VI-B IDEA Preschool	Title IV Student Support & Enrichment	Perkins III Professional Tech. Act	Title II-A, ESEA Imp. Teacher Quality	Totals
\$ 14,702	\$ (6,928)	\$ (38,936)	\$ (6,525)	\$ (2,632)	\$ (3,556)	\$ 419	\$ 266,749
-	18,792	49,738	7,869	2,632	5,305	6,524	172,006
\$ 14,702	\$ 11,864	\$ 10,802	\$ 1,344	\$ -	\$ 1,749	\$ 6,943	\$ 438,755
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 920
-	7,705	9,705	3,042	-	-	217	20,669
-	1,551	1,954	233	-	-	44	3,782
-	-	-	-	-	-	-	-
-	9,256	11,659	3,275	-	-	261	25,371
14,702	2,608	(857)	(1,931)	-	1,749	6,682	413,384
\$ 14,702	\$ 11,864	\$ 10,802	\$ 1,344	\$ -	\$ 1,749	\$ 6,943	\$ 438,755

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

	Federal Forest Reserve	Data System Grant	Student Occupied Buildings	Drivers Education State
<b>REVENUES</b>				
Other local revenues.....	\$ -	\$ -	\$ -	\$ 900
State sources.....	-	-	-	3,775
Federal sources.....	73,300	51,412	-	-
Total Revenues.....	<u>73,300</u>	<u>51,412</u>	<u>-</u>	<u>4,675</u>
<b>EXPENDITURES</b>				
Elementary.....	-	-	-	-
Secondary.....	-	-	-	3,295
Exceptional child.....	-	-	-	-
Preschool.....	-	-	-	-
Capital assets.....	-	-	-	-
Special services.....	-	-	-	-
Instructional improvement.....	-	50,127	-	-
Administration - district.....	-	-	-	-
Building maintenance.....	-	-	-	-
Total Expenditures.....	<u>-</u>	<u>50,127</u>	<u>-</u>	<u>3,295</u>
Excess Revenues over Expenditures.....	73,300	1,285	-	1,380
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	-	-	-	-
Excess Revenues and Other Sources.....	73,300	1,285	-	1,380
<b>FUND BALANCE</b>				
Beginning Balance.....	177,993	1,000	81,398	9,737
Prior Period Adjustment.....	-	-	-	-
Ending Balance.....	<u>\$ 251,293</u>	<u>\$ 2,285</u>	<u>\$ 81,398</u>	<u>\$ 11,117</u>

The notes to the financial statements are an integral part of this statement.



**BUTTE COUNTY SCHOOL DISTRICT #111**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

	Professional Technical State	Technology State	Substance Abuse State	Title I-A, ESEA Imp. Basic Programs
<b>REVENUES</b>				
Other local revenues.....	\$ -	\$ -	\$ 45	\$ -
State sources.....	28,524	69,445	7,476	-
Federal sources.....	-	-	-	74,376
Total Revenues.....	<u>28,524</u>	<u>69,445</u>	<u>7,521</u>	<u>74,376</u>
<b>EXPENDITURES</b>				
Elementary.....	-	1,805	-	67,168
Secondary.....	19,477	37,771	-	-
Exceptional child.....	-	-	-	-
Preschool.....	-	-	-	-
Capital assets.....	2,500	45,595	2,738	-
Special services.....	-	-	-	-
Instructional improvement.....	-	-	-	-
Administration - district.....	-	-	-	-
Building maintenance.....	-	-	-	-
Total Expenditures.....	<u>21,977</u>	<u>85,171</u>	<u>2,738</u>	<u>67,168</u>
Excess Revenues over Expenditures.....	6,547	(15,726)	4,783	7,208
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	-	-	-	-
Excess Revenues and Other Sources.....	6,547	(15,726)	4,783	7,208
<b>FUND BALANCE</b>				
Beginning Balance.....	15,810	37,707	9,919	(1)
Prior Period Adjustment.....	-	-	-	(4,599)
Ending Balance.....	<u>\$ 22,357</u>	<u>\$ 21,981</u>	<u>\$ 14,702</u>	<u>\$ 2,608</u>

The notes to the financial statements are an integral part of this statement.

Title VI-B IDEA School-Age	Title VI-B IDEA Preschool	Title IV Student Support & Enrichment	Perkins III Professional Tech. Act	Title II-A, ESEA Imp. Teacher Quality	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945
-	-	-	-	-	109,220
152,758	22,297	2,632	5,305	16,919	398,999
152,758	22,297	2,632	5,305	16,919	509,164
-	-	1,200	-	16,092	86,265
-	-	-	3,556	-	64,099
97,735	-	-	-	-	97,735
-	22,297	-	-	-	22,297
897	-	-	-	-	51,730
43,137	-	-	-	-	43,137
-	-	-	-	-	50,127
-	-	1,432	-	-	1,432
-	-	-	-	-	-
141,769	22,297	2,632	3,556	16,092	416,822
10,989	-	-	1,749	827	92,342
-	-	-	-	-	-
10,989	-	-	1,749	827	92,342
1	-	-	-	-	333,564
(11,847)	(1,931)	-	-	5,855	(12,522)
\$ (857)	\$ (1,931)	\$ -	\$ 1,749	\$ 6,682	\$ 413,384

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND**  
**June 30, 2018**

ASSETS	Plant Facility	Plant Facility Bus	Capital Construction	Total Capital Projects
Cash.....	\$ 110,553	\$ 81,353	\$ 11,185	\$ 203,091
Receivables:				
Local sources.....	22,964	-	-	22,964
Total Assets.....	<u>\$ 133,517</u>	<u>\$ 81,353</u>	<u>\$ 11,185</u>	<u>\$ 226,055</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable.....	\$ -	\$ -	\$ -	\$ -
Deferred revenue.....	5,606	-	-	5,606
Total Liabilities.....	5,606	-	-	5,606
<b>FUND BALANCE</b>				
Assigned.....	127,911	81,353	11,185	220,449
Total Liabilities and Fund Balance.....	<u>\$ 133,517</u>	<u>\$ 81,353</u>	<u>\$ 11,185</u>	<u>\$ 226,055</u>

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2018**

	Plant Facility	Plant Facility Bus	Capital Construction	Total Capital Projects
<b>REVENUES</b>				
Local Taxes.....	\$ 64,950	\$ -	\$ -	\$ 64,950
Other local revenues.....	786	572	-	1,358
State sources.....	49,072	-	-	49,072
Federal sources.....	-	-	-	-
Total Revenues.....	114,808	572	-	115,380
<b>EXPENDITURES</b>				
Elementary.....	1,236	-	-	1,236
Secondary.....	1,349	-	-	1,349
Exceptional child.....	-	-	-	-
Preschool.....	-	-	-	-
Capital assets.....	-	8,695	31,059	39,754
Special services.....	-	-	-	-
Instructional improvement.....	-	-	-	-
Administration - district.....	-	-	-	-
Building maintenance.....	27,884	-	-	27,884
Total Expenditures.....	30,469	8,695	31,059	70,223
Excess Revenues over Expenditures.....	84,339	(8,123)	(31,059)	45,157
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - To (From).....	(8,000)	43,201	-	35,201
Excess Revenues and Other Sources.....	76,339	35,078	(31,059)	80,358
<b>FUND BALANCE</b>				
Beginning Balance.....	51,572	46,275	42,244	140,091
Prior Period Adjustment.....	-	-	-	-
Ending Balance.....	\$ 127,911	\$ 81,353	\$ 11,185	\$ 220,449

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**Combining Schedule of Changes in Cash**  
**Student Activity Accounts**  
**For the Twelve Month Period Ending June 30, 2018**

Account Name	Beginning Balance	Cash Receipts	Cash Disbursed	Ending Balance
Butte County High School.....	\$ 44,372	\$ 132,547	\$ 127,209	\$ 49,710
Arco Elementary.....	9,129	6,751	5,252	10,628
Howe Elementary.....	252	173	216	209
	<u>\$ 53,753</u>	<u>\$ 139,471</u>	<u>\$ 132,677</u>	<u>\$ 60,547</u>

The notes to the financial statements are an integral part of this statement.

**BUTTE COUNTY SCHOOL DISTRICT #111**  
**Statement of Cash Receipts and Disbursements**  
**Student Activity Accounts - High School**  
**For the Twelve Month Period Ending June 30, 2018**

Account Name	Beginning Balance	Cash Receipts	Cash Disbursed	Ending Balance
Athletics.....	\$ 9,119	\$ 32,660	\$ 30,620	\$ 11,159
Booster Club.....	1,046	722	447	1,321
Boys Basketball.....	311	2,276	1,156	1,431
Career Center.....	-	-	-	-
Cheerleaders.....	339	4,018	3,038	1,319
Class of 2018.....	1,471	614	1,193	892
Class of 2019.....	733	621	258	1,096
Class of 2020.....	469	354	231	592
Class of 2021.....	25	418	33	410
Class of 2022.....	25	-	-	25
Class of 2023.....	25	-	-	25
Cross Country.....	23	1,507	-	1,530
Diane's Technology.....	192	-	-	192
Diversity Club.....	85	-	-	85
Driver's ED.....	-	1,650	1,650	-
Family & Consumer Science.....	-	-	-	-
Football.....	627	9,331	7,099	2,859
General Fund.....	3,601	546	259	3,888
Girls Basketball.....	3,241	14,195	16,539	897
IDLA.....	1,525	4,435	5,810	150
Jay Cummins Memorial.....	250	-	250	-
Journalism.....	193	-	-	193
Laptop.....	4,621	1,750	1,245	5,126
Library.....	-	-	-	-
MS Boys Basketball.....	-	1,745	995	750
MS Football.....	86	-	-	86
MS Girls Basketball.....	101	20	95	26
MS Volleyball.....	76	1,041	915	202
MS Student Council.....	-	-	-	-
Music.....	955	3,770	4,279	446
Sales Tax.....	220	468	2,261	(1,573)
Scholarships.....	301	701	700	302
Scholastic.....	228	-	-	228
Science Grant.....	-	500	-	500
Senior Project.....	-	-	-	-
Ski Club.....	955	-	-	955
Slurpy Athletic Fund.....	850	86	-	936
State Activities.....	-	-	-	-
Student Activities.....	1,100	-	-	1,100
Student Council HS.....	1,717	4,276	4,621	1,372
Testing Funds.....	160	112	101	171
Track & Field.....	1,539	5,642	5,428	1,753
Travel.....	-	16,608	16,608	-
Uniforms.....	3,373	-	-	3,373
Volleyball.....	1,807	13,655	11,700	3,762
Welding.....	347	1,797	566	1,578
Wrestling.....	-	50	-	50
X Country Travel.....	-	510	510	-
Yearbook.....	2,635	6,469	8,602	502
	<u>\$ 44,372</u>	<u>\$ 132,547</u>	<u>\$ 127,209</u>	<u>\$ 49,710</u>

The notes to the financial statements are an integral part of this statement.

# JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 50700

185 S. CAPITAL

IDAHO FALLS, IDAHO 83405-0700

ERNEST M. JENSEN, M.B.A., C.P.A.

ROBERT B. POULSEN, C.P.A.

SHERI L. POULSEN, C.P.A.

CORY L. WALLACE, C.P.A.

TELEPHONE: (208) 522-2295

(208) 522-1330

FAX: (208) 522-2297

(208) 523-5699

## 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*

Board of Trustees  
Butte County School District #111  
Arco, Idaho 83213

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 *Governments Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major funds, and the aggregate remaining fund information of Butte County School District #111 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Butte County School District's basic financial statements and have issued our report thereon dated September 12, 2018.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Butte County School District #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 #111's internal control. Accordingly, we do not express an opinion on the effectiveness of Butte County School District #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 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 government.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies.

To the Board of Trustees  
Butte County School District #111

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Butte County School District #111's financial statements are free of 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*.

Response to Findings

Butte County School District #111's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Butte County School District #111's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**  
Certified Public Accountants

Idaho Falls, ID  
September 12, 2018



BUTTE COUNTY SCHOOL DISTRICT #111

Schedule of Findings and Responses  
June 30, 2018

A. Reportable Conditions

2017-01 - Segregation of Duties

**CONDITION:**

The District is experiencing a lack of segregation of duties over cash and the reporting of transactions in these accounts.

**CRITERIA:**

Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

**EFFECT:**

The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

**CAUSE:**

The above noted situation is the result of staffing limitations necessitated by budget constraints common to a school district this size.

**RECOMMENDATION:**

It is simply requested that the District take note that this situation exists. However, substantial changes cannot be expected until the above noted situation is adequately mitigated.

**RESPONSE:**

The District recognizes the lack of segregation of duties but feels the level of participation from the Superintendent and Board of Trustees provides the appropriate controls to mitigate the potential of material misstatements due to error or fraud.