



**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, 2014**

*giving direction to your future*

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**

**Table of Contents**

**June 30, 2014**

---

|   |       |
|---|-------|
| <b>Independent Auditors' Report</b> .....   | 1-3   |
| <b>Management's Discussion and Analysis</b> .....   | 4-11  |
| <b>Basic Financial Statements</b>   |       |
| Statement of Net Position .....   | 13-14 |
| Statement of Activities.....  | 15    |
| Balance Sheet – Governmental Funds .....  | 16-17 |
| Reconciliation of the Balance Sheet of Governmental<br>Funds to the Statement of Net Position.....  | 18    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Governmental Funds .....   | 19-20 |
| Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances of Governmental Funds to<br>the Statement of Activities..... | 21    |
| Statement of Fiduciary Net Position – Agency Funds.....   | 22    |
| Notes to Financial Statements.....  | 23-40 |
| <b>Required Supplementary Information</b>   |       |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual – General Fund .....   | 42    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual – Child Nutrition Fund .....                                   | 43    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual – Debt Service Fund .....                                      | 44    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual – Plant Facility Fund .....                                    | 45    |

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Table of Contents (continued)**  
**June 30, 2014**

---

**Supplementary Information**

|  |              |
|--|--------------|
| Combining Balance Sheet – Nonmajor Governmental Funds.....   | 47-49        |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....  | 50-52        |
| Combining Statement of Changes in Assets and Liabilities Student Activities – Agency Funds.....  | 53           |
| Activity in Taxes Receivable Accounts by Fund.....   | 54           |
| Long Term Debt – Future Principal and Interest Requirements .....  | 55           |
| Butte County High School Activity Fund – Statement of Cash Receipts, Disbursements and Transfers .....   | 56-57        |
| <b>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.....</b> | <b>58-59</b> |



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Butte County School District No. 111 as of and for the year ended June 30, 2014, 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.

### ***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, 2014, 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 and the budgetary comparison information on pages 4 through 11 and 42 through 45 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.

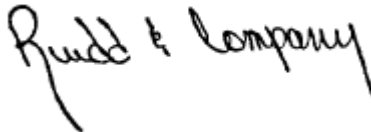
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 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 15, 2014, 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 15, 2014

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned to the right of the typed text.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Management Discussion and Analysis**  
**June 30, 2014**

---

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, 2014.

**Financial Highlights**

- The assets of the District exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$3,012,281. Of this amount, \$765,809 of unrestricted net position may be used to meet the District's ongoing obligations.
- The District's net position increased by \$120,833 as a result of this year's operations.

**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.

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 13-15 of this report.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Management Discussion and Analysis (continued)**  
**June 30, 2014**

---

**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 and the plant facility fund, all of which are considered to be major funds. Data from the other twelve 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.

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 16-17 and 19-20 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.



**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Management Discussion and Analysis (continued)**  
**June 30, 2014**

---

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 22 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 23-40 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 47-52 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 exceeded liabilities and deferred inflows of resources by \$3,012,281 at the close of the most recent fiscal year.

| <b>Net Position</b>              | <b>Governmental Assets</b> |              |
|----------------------------------|----------------------------|--------------|
|                                  | <b>2014</b>                | <b>2013</b>  |
| Current and Other Assets         | \$ 1,653,102               | \$ 1,580,130 |
| Capital Assets                   | 3,029,075                  | 3,273,135    |
| Total Assets                     | 4,682,177                  | 4,853,265    |
| Current Liabilities              | 638,333                    | 616,309      |
| Long-term Liabilities            | 1,004,004                  | 1,251,433    |
| Total Liabilities                | 1,642,337                  | 1,867,742    |
| Deferred Inflows of Resources    | 27,559                     | 36,368       |
| Net Position                     |                            |              |
| Net Investment in Capital Assets | 1,755,387                  | 1,708,307    |
| Restricted                       | 491,085                    | 633,196      |
| Unrestricted                     | 765,809                    | 607,652      |
| Total Net Position               | \$ 3,012,281               | \$ 2,949,155 |

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Management Discussion and Analysis (continued)**  
**June 30, 2014**

---

A portion of the District's net position, \$1,755,387, 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, \$491,085, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$765,809, 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 (continued)**  
**June 30, 2014**

| <b>Changes in Net Position</b>     | <b>Governmental Activities</b> |                   |
|------------------------------------|--------------------------------|-------------------|
|                                    | <b>2014</b>                    | <b>2013</b>       |
| Revenues                           |                                |                   |
| Program revenues                   |                                |                   |
| Charges for services               | \$ 47,367                      | \$ 45,871         |
| Operating grants and contributions | 391,677                        | 670,886           |
| General revenues                   |                                |                   |
| Property tax                       | 537,245                        | 618,000           |
| State support                      | 2,546,946                      | 2,492,433         |
| Other                              | 143,579                        | 43,572            |
| <b>Total Revenues</b>              | <b>3,666,814</b>               | <b>3,870,762</b>  |
| Expenses                           |                                |                   |
| Instructional                      | 1,805,325                      | 1,924,202         |
| Pupil support                      | 91,952                         | 172,939           |
| Staff support                      | 11,313                         | 66,097            |
| General administration             | 306,335                        | 296,920           |
| School administration              | 216,974                        | 349,243           |
| Operations                         | 458,366                        | 189,221           |
| Transportation                     | 214,568                        | 275,157           |
| Interest                           | 71,229                         | 76,509            |
| Depreciation                       | 229,328                        | 238,887           |
| Child nutrition services           | 140,591                        | 162,099           |
| <b>Total Expenses</b>              | <b>3,545,981</b>               | <b>3,751,274</b>  |
| <b>Change in Net Position</b>      | <b>\$ 120,833</b>              | <b>\$ 119,488</b> |

**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 (continued)**  
**June 30, 2014**

---

*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 \$602,371. The fund balance increased by \$21,509 during the current fiscal year.

Expenditures for general District purposes totaled \$2,945,145 a decrease of 4.5% during the current fiscal year.

The debt service fund has a total fund balance of \$236,245, all of which is restricted for future debt service payments.

The plant facility fund has a total fund balance of \$195,705, all of which is restricted for construction of facilities, purchase of equipment and related expenditures. The fund balance increased by \$12,472 during the current year.

The child nutrition fund had a fund balance of \$16,426 which is restricted for child nutrition services. The fund balance increased by \$6,176 during the current year.

**General Fund Budgetary Highlights**

During the current fiscal year, the \$69,465 negative budget to actual variance in total general fund revenues, and the \$104,080 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 (continued)**  
**June 30, 2014**

---

**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, 2014 are outlined below:

| <b>Capital Assets (Net of Depreciation)</b> | <b>Governmental Activities</b> |              |
|---|--------------------------------|--------------|
|   | <b>2014</b>                    | <b>2013</b>  |
| Land  | \$ 18,191                      | \$ 18,191    |
| Buildings and improvements                  | 5,523,840                      | 6,308,722    |
| Furniture and equipment                     | 2,051,146                      | 1,946,569    |
|   | 7,593,177                      | 8,273,482    |
| Accumulated depreciation                    | (4,564,103)                    | (4,997,347)  |
| Total Capital Assets, Net of Depreciation   | \$ 3,029,074                   | \$ 3,276,135 |

**Outstanding Debt**

Outstanding debt at June 30, 2014 is outlined below:

| <b>Outstanding Debt</b>           | <b>Governmental Activities</b> |              |
|-----------------------------------|--------------------------------|--------------|
|                                   | <b>2014</b>                    | <b>2013</b>  |
| General obligation bonds          | \$ 1,200,000                   | \$ 1,460,000 |
| Daimler Financial Note            | 51,433                         | 75,459       |
| Bond premium, net of amortization | 27,559                         | 36,368       |
|                                   | \$ 1,278,992                   | \$ 1,571,827 |

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Management Discussion and Analysis (continued)**  
**June 30, 2014**

---

**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, 2014**

---

| <b>Assets</b>                                | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Cash and Investments                         | \$ 1,272,198                       |
| Receivables                                  |                                    |
| Property taxes                               | 222,540                            |
| State of Idaho                               | 56,623                             |
| Other  | 96,437                             |
| 2005 Bond Issue Costs, Net of Amortization   | 5,304                              |
| Capital Assets                               |                                    |
| Land   | 18,191                             |
| Buildings and equipment, net of depreciation | <u>3,010,884</u>                   |
| Total Assets                                 | <u>\$ 4,682,177</u>                |

The Accompanying Notes are an Integral Part of the Financial Statements



| <b>Liabilities</b>                                  | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| Accounts payable                                    | \$ 10,743                          |
| Salary contracts payable                            | 313,539                            |
| Interest payable                                    | 8,915                              |
| Long-term liabilities:                              |                                    |
| Portion due or payable within one year:             |                                    |
| Bonds, capital leases, and contracts                | 305,136                            |
| Portion due or payable after one year:              |                                    |
| Bonds, capital leases, and contracts                | 946,297                            |
| OPEB obligation                                     | 57,707                             |
|   | <u>1,642,337</u>                   |
| <b>Deferred Inflows of Resources</b>                |                                    |
| Bond issue premium, net of amortization             | <u>27,559</u>                      |
| Total Liabilities and Deferred Inflows of Resources | <u>\$ 1,669,896</u>                |
| <b>Net Position</b>                                 |                                    |
| Net investment in capital assets                    | \$ 1,755,387                       |
| Restricted for:                                     |                                    |
| Debt service  | 271,989                            |
| Plant facility                                      | 23,391                             |
| Unrestricted  | <u>961,514</u>                     |
| Total Net Position                                  | <u>\$ 3,012,281</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, 2014**

| 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                        | \$ 1,805,325        | \$ 4,000             | \$ 291,898                         | \$ (1,509,427)                    |
| Pupil support                        | 91,952              | -                    | -                                  | (91,952)                          |
| Staff support                        | 11,313              | -                    | -                                  | (11,313)                          |
| General administration               | 306,335             | -                    | -                                  | (306,335)                         |
| School administration                | 216,974             | -                    | -                                  | (216,974)                         |
| Administrative technology            | 74,771              | -                    | -                                  | (74,771)                          |
| Operations                           | 383,595             | -                    | -                                  | (383,595)                         |
| Transportation                       | 214,568             | -                    | -                                  | (214,568)                         |
| Interest on                          |                     |                      |                                    |                                   |
| long-term debt                       | 71,229              | -                    | -                                  | (71,229)                          |
| Depreciation -                       |                     |                      |                                    |                                   |
| unallocated*                         | 229,328             | -                    | -                                  | (229,328)                         |
| Child nutrition services             | 140,591             | 43,367               | 99,779                             | 2,555                             |
| <b>Total Governmental Activities</b> | <b>\$ 3,545,981</b> | <b>\$ 47,367</b>     | <b>\$ 391,677</b>                  | <b>(3,106,937)</b>                |
| General Revenues:                    |                     |                      |                                    |                                   |
| Taxes:                               |                     |                      |                                    |                                   |
|                                      |                     |                      |                                    | 175,374                           |
|                                      |                     |                      |                                    | 60,000                            |
|                                      |                     |                      |                                    | 301,871                           |
|                                      |                     |                      |                                    | 184,671                           |
|                                      |                     |                      |                                    | 2,546,346                         |
|                                      |                     |                      |                                    | (42,253)                          |
|                                      |                     |                      |                                    | 1,761                             |
|                                      |                     |                      |                                    | <b>3,227,770</b>                  |
|                                      |                     |                      |                                    | 120,833                           |
|                                      |                     |                      |                                    | <b>2,891,448</b>                  |
|                                      |                     |                      |                                    | <b>\$ 3,012,281</b>               |

\* 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, 2014**

---

| <b>Assets</b>   | <b>General<br/>Fund</b> | <b>Child<br/>Nutrition<br/>Fund</b> |
|---|-------------------------|-------------------------------------|
| Cash and Investments  | \$ 728,272              | \$ 11,087                           |
| Due from Other Funds  | 45,000                  | -                                   |
| Receivables   |                         |                                     |
| Property taxes  | 70,322                  | -                                   |
| State of Idaho  | 56,623                  | -                                   |
| Other   | 19,882                  | 11,647                              |
| Total Assets  | <u>\$ 920,099</u>       | <u>\$ 22,734</u>                    |
| <br><b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balances</b> |                         |                                     |
| Liabilities   |                         |                                     |
| Due to other funds  | \$ -                    | \$ -                                |
| Accounts payable  | 8,895                   | 1,588                               |
| Salary contracts payable  | 289,112                 | 4,720                               |
| Interest payable  | -                       | -                                   |
| Total Liabilities   | <u>298,007</u>          | <u>6,308</u>                        |
| Deferred Inflows of Resources   |                         |                                     |
| Unavailable revenues  | 19,721                  | -                                   |
| Fund Balances   |                         |                                     |
| Restricted  | -                       | 16,426                              |
| Committed   | -                       | -                                   |
| Assigned  | -                       | -                                   |
| Unassigned  | 602,371                 | -                                   |
| Total Fund Balances   | <u>602,371</u>          | <u>16,426</u>                       |
| Total Liabilities, Deferred Inflows of Resources<br>and Fund Balances       | <u>\$ 920,099</u>       | <u>\$ 22,734</u>                    |

The Accompanying Notes are an Integral Part of the Financial Statements

| <b>Debt<br/>Service<br/>Fund</b> | <b>Plant<br/>Facility<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------------|------------------------------------|---|---|
| \$ 153,450                       | \$ 177,906                         | \$ 201,483                              | \$ 1,272,198                            |
| -                                | -                                  | -                                       | 45,000                                  |
| 127,454                          | 24,764                             | -                                       | 222,540                                 |
| -                                | -                                  | -                                       | 56,623                                  |
| -                                | -                                  | 64,908                                  | 96,437                                  |
| <b>\$ 280,904</b>                | <b>\$ 202,670</b>                  | <b>\$ 266,391</b>                       | <b>\$ 1,692,798</b>                     |
| \$ -                             | \$ -                               | \$ 45,000                               | \$ 45,000                               |
| -                                | -                                  | 260                                     | 10,743                                  |
| -                                | -                                  | 19,707                                  | 313,539                                 |
| 8,915                            | -                                  | -                                       | 8,915                                   |
| <b>8,915</b>                     | <b>-</b>                           | <b>64,967</b>                           | <b>378,197</b>                          |
| 35,744                           | 6,965                              | -                                       | 62,430                                  |
| 236,245                          | 195,705                            | 120,026                                 | 568,402                                 |
| -                                | -                                  | -                                       | -                                       |
| -                                | -                                  | 81,398                                  | 81,398                                  |
| -                                | -                                  | -                                       | 602,371                                 |
| <b>236,245</b>                   | <b>195,705</b>                     | <b>201,424</b>                          | <b>1,252,171</b>                        |
| <b>\$ 280,904</b>                | <b>\$ 202,670</b>                  | <b>\$ 266,391</b>                       | <b>\$ 1,692,798</b>                     |

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, 2014**

---

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

|  |    |                  |
|--|----|------------------|
| Total Fund Balance - Governmental Funds  | \$ | 1,252,171        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$7,593,177 and the accumulated depreciation is \$4,564,102. |    | 3,029,075        |
| Long-term liabilities, including bonds payable and OPEB obligations, are not due and payable in the current period and therefore are not reported in the funds.  |    | (1,309,140)      |
| Bond issue costs reported as an expenditure in the fund financial statements are capitalized in the government-wide statements. The total costs are \$22,037 and the accumulated amortization is \$16,733.   |    | 5,304            |
| Bond premiums reported as revenue in the fund financial statements are capitalized in the government-wide statements. The total premiums are \$114,508 and the accumulated amortization is \$86,949.         |    | (27,559)         |
| Property tax revenue is recognized when earned rather than when available.   |    | <u>62,430</u>    |
| Net Position - Governmental Activities   | \$ | <u>3,012,281</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, 2014**

|   | <b>General<br/>Fund</b> | <b>Child<br/>Nutrition<br/>Fund</b> |
|---|-------------------------|-------------------------------------|
| Revenues  |                         |                                     |
| Local sources                                     |                         |                                     |
| Property taxes                                    | \$ 175,337              | \$ -                                |
| Earnings on investments                           | 1,659                   | -                                   |
| Lunch sales                                       | -                       | 43,367                              |
| Other   | 179,837                 | -                                   |
| State sources                                     |                         |                                     |
| State apportionment                               | 2,294,980               | -                                   |
| Other   | 234,717                 | -                                   |
| Federal sources                                   |                         |                                     |
| Educational programs and other                    | 600                     | 99,779                              |
| <b>Total Revenues</b>                             | <b>2,887,130</b>        | <b>143,146</b>                      |
| Expenditures                                      |                         |                                     |
| Current   |                         |                                     |
| Instructional                                     | 1,609,649               | -                                   |
| Pupil support                                     | 65,740                  | -                                   |
| Staff support                                     | 11,313                  | -                                   |
| General administration                            | 306,335                 | -                                   |
| School administration                             | 216,974                 | -                                   |
| Administrative technology                         | 74,771                  | -                                   |
| Operations  | 364,520                 | -                                   |
| Transportation                                    | 214,568                 | -                                   |
| Non-instructional                                 | -                       | 140,591                             |
| Debt Service                                      |                         |                                     |
| Principal   | -                       | -                                   |
| Interest  | -                       | -                                   |
| Capital outlay                                    | 81,275                  | -                                   |
| <b>Total Expenditures</b>                         | <b>2,945,145</b>        | <b>140,591</b>                      |
| Excess (Deficiency) of Revenues over Expenditures | (58,015)                | 2,555                               |
| Other Financing Sources (Uses)                    |                         |                                     |
| Other financing source - sale of assets           | 94,833                  | -                                   |
| Transfers in                                      | 10,171                  | 3,621                               |
| Transfers out                                     | (25,480)                | -                                   |
| <b>Net Change in Fund Balances</b>                | <b>21,509</b>           | <b>6,176</b>                        |
| Fund Balance Beginning of Year                    | 580,862                 | 10,250                              |
| Fund Balance End of Year                          | \$ 602,371              | \$ 16,426                           |

The Accompanying Notes are an Integral Part of the Financial Statements

|    | <b>Debt<br/>Service<br/>Fund</b> | <b>Plant<br/>Facility<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |                |                |                  |
|----|----------------------------------|------------------------------------|---|---|----------------|----------------|------------------|
| \$ | 307,029                          | \$                                 | 60,565                                  | \$                                      | -              | \$             | 542,931          |
|    | -                                | 102                                | -                                       | -                                       | -              | -              | 1,761            |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 43,367           |
|    | 4,069                            | 766                                | 4,000                                   | -                                       | -              | -              | 188,672          |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 2,294,980        |
|    | -                                | -                                  | 16,649                                  | -                                       | -              | -              | 251,366          |
|    | -                                | -                                  | 291,298                                 | -                                       | -              | -              | 391,677          |
|    | <u>311,098</u>                   | <u>61,433</u>                      | <u>311,947</u>                          | <u>311,947</u>                          | <u>311,947</u> | <u>311,947</u> | <u>3,714,754</u> |
|    | -                                | -                                  | 195,676                                 | -                                       | -              | -              | 1,805,325        |
|    | -                                | -                                  | 26,212                                  | -                                       | -              | -              | 91,952           |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 11,313           |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 306,335          |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 216,974          |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 74,771           |
|    | -                                | 19,075                             | -                                       | -                                       | -              | -              | 383,595          |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 214,568          |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 140,591          |
|    | 260,000                          | 24,026                             | -                                       | -                                       | -              | -              | 284,026          |
|    | 74,865                           | 3,486                              | -                                       | -                                       | -              | -              | 78,351           |
|    | -                                | 19,315                             | 21,761                                  | -                                       | -              | -              | 122,351          |
|    | <u>334,865</u>                   | <u>65,902</u>                      | <u>243,649</u>                          | <u>243,649</u>                          | <u>243,649</u> | <u>243,649</u> | <u>3,730,152</u> |
|    | (23,767)                         | (4,469)                            | 68,298                                  | -                                       | -              | -              | (15,398)         |
|    | -                                | -                                  | -                                       | -                                       | -              | -              | 94,833           |
|    | -                                | 44,453                             | 4,918                                   | -                                       | -              | -              | 63,163           |
|    | -                                | (27,512)                           | (10,171)                                | -                                       | -              | -              | (63,163)         |
|    | <u>(23,767)</u>                  | <u>12,472</u>                      | <u>63,045</u>                           | <u>63,045</u>                           | <u>63,045</u>  | <u>63,045</u>  | <u>79,435</u>    |
|    | <u>260,012</u>                   | <u>183,233</u>                     | <u>138,379</u>                          | <u>138,379</u>                          | <u>138,379</u> | <u>138,379</u> | <u>1,172,736</u> |
| \$ | <u>236,245</u>                   | \$                                 | <u>195,705</u>                          | \$                                      | <u>201,424</u> | \$             | <u>1,252,171</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, 2014**

---

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

|  |           |                |
|--|-----------|----------------|
| Net Change in Fund Balance - Governmental Funds  | \$        | 79,435         |
| 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. |           | (106,977)      |
| 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.   |           | (5,686)        |
| 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.   |           | 284,026        |
| Governmental funds report proceeds of sales of fixed assets as an other financing source. The government-wide statements show the proceeds net of the adjusted basis of the assets sold.   |           | (137,086)      |
| The governmental funds report bond issue costs as an expenditure while the government-wide statements show these costs as amortized over the term of the bonds.  |           | (1,695)        |
| The governmental funds report bond premiums as revenue while the government-wide statements show the premium as amortized over the term of the bonds.  |           | 8,816          |
| Change in Net Position of Governmental Activities  | <u>\$</u> | <u>120,833</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, 2014**

---

| <b>Assets</b>         | <b>Agency<br/>Funds</b> |
|-----------------------|-------------------------|
| Cash and Investments  | \$ 60,522               |
| Total Assets          | \$ 60,522               |
| <br>                  |                         |
| <b>Liabilities</b>    |                         |
| Due to Student Groups | \$ 60,522               |
| Total Liabilities     | \$ 60,522               |

The Accompanying Notes are an Integral Part of the Financial Statements

## BUTTE COUNTY SCHOOL DISTRICT NO. 111

### Notes to Financial Statements

June 30, 2014

---

#### 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 (continued)**  
**June 30, 2014**

---

**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 (continued)**  
**June 30, 2014**

---

**1. Summary of Significant Accounting Policies (continued)**

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 43:

|                    | <u>Reported<br/>Amounts</u> | <u>Commodities<br/>Received</u> | <u>Amounts<br/>Reported in<br/>Comparison<br/>with Budget</u> |
|--------------------|-----------------------------|---------------------------------|---|
| Food Service Fund  |                             |                                 |   |
| Total revenues     | \$ 143,146                  | \$ (10,698)                     | \$ 132,448  |
| Total expenditures | \$ 140,591                  | \$ (10,698)                     | \$ 129,893  |

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 opened and amended the budget during the fiscal year to correct fund carryover and to budget for grant revenues and expenses.

**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 (continued)**  
**June 30, 2014**

---

**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.

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

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**1. Summary of Significant Accounting Policies (continued)**

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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has a deferred premium on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding.

**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.

**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.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**2. Cash and Investments (continued)**

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, 2014, the carrying amount of the District's deposits was \$198,720 and the respective bank balances totaled \$229,000. All 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, 2014, all of the District's total deposits of \$229,000 were covered by federal depository insurance, and thus were not exposed to custodial credit risk.
3. Investments – As of June 30, 2014, the District had the following investments:

| Investment Type       | S&P Rating | Fair Value   | Investment Maturities (in Years) |      |      |              |
|-----------------------|------------|--------------|----------------------------------|------|------|--------------|
|                       |            |              | Less Than 1                      | 1-5  | 6-10 | More Than 10 |
| State Investment Pool | AAAf       | \$ 1,134,000 | \$ 1,134,000                     | \$ - | \$ - | \$ -         |

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, 2014, had a weighted average maturity of 161 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 (continued)**  
**June 30, 2014**

---

**2. Cash and Short-Term Investments (continued)**

Reconciliation of deposits categorization:

|   |                     |
|---|---------------------|
| Cash and investments reported on the statement of net position            | \$ 1,272,198        |
| Cash and investments reported on the statement of<br>fiduciary net assets | <u>60,522</u>       |
|   | <u>\$ 1,332,720</u> |
| <br>  |                     |
| Investments categorized   | \$ 1,134,000        |
| Deposits categorized  | <u>198,720</u>      |
|   | <u>\$ 1,332,720</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, 2014, are generally based on the assessed values and tax levies established in 2013.

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 (continued)**  
**June 30, 2014**

---

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2014 is as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities                            |                              |                  |                  |                           |
| Capital Assets, Not<br>Being Depreciated           |                              |                  |                  |                           |
| Land   | \$ 18,191                    | \$ -             | \$ -             | \$ 18,191                 |
|  | <u>18,191</u>                | <u>-</u>         | <u>-</u>         | <u>18,191</u>             |
| Total Capital Assets,<br>Not Being<br>Depreciated  | \$ 18,191                    | \$ -             | \$ -             | \$ 18,191                 |
|  | <u>18,191</u>                | <u>-</u>         | <u>-</u>         | <u>18,191</u>             |
| Capital Assets,<br>Being Depreciated               |                              |                  |                  |                           |
| Buildings and improvements                         | \$ 6,308,725                 | \$ -             | \$ (784,885)     | \$ 5,523,840              |
| Furniture and equipment                            | 1,061,765                    | 122,351          | (14,774)         | 1,169,342                 |
| Transportation                                     | 881,804                      | -                | -                | 881,804                   |
|  | <u>8,252,294</u>             | <u>122,351</u>   | <u>(799,659)</u> | <u>7,574,986</u>          |
| Total Capital Assets,<br>Being Depreciated         | 8,252,294                    | 122,351          | (799,659)        | 7,574,986                 |
|  | <u>8,252,294</u>             | <u>122,351</u>   | <u>(799,659)</u> | <u>7,574,986</u>          |
| Accumulated Depreciation for                       |                              |                  |                  |                           |
| Buildings and improvements                         | (3,640,951)                  | (116,180)        | 654,469          | (3,102,662)               |
| Furniture and equipment                            | (619,085)                    | (77,430)         | 8,104            | (688,411)                 |
| Transportation                                     | (737,311)                    | (35,718)         | -                | (773,029)                 |
|  | <u>(4,997,347)</u>           | <u>(229,328)</u> | <u>662,573</u>   | <u>(4,564,102)</u>        |
| Total Accumulated<br>Depreciation                  | (4,997,347)                  | (229,328)        | 662,573          | (4,564,102)               |
|  | <u>(4,997,347)</u>           | <u>(229,328)</u> | <u>662,573</u>   | <u>(4,564,102)</u>        |
| Total Capital<br>Assets, Being<br>Depreciated, Net | \$ 3,254,947                 |                  |                  | \$ 3,010,884              |
|  | <u>3,254,947</u>             |                  |                  | <u>3,010,884</u>          |

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**5. General Obligation Bonds Payable**

Bonds outstanding at June 30, 2014, were as follows:

|   | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Dates</u> | <u>Amount</u> |
|---|--------------------------|---------------------------|---------------|
| General Obligation Refunding Bonds,<br>2005 Issue<br>(Original amount--\$2,630,000) | 4.00% to 5.25%           | 2015<br>to 2018           | \$ 1,200,000  |

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>        |
|--------------------|---------------------|-------------------|---------------------|
| 2015               | \$ 280,000          | \$ 52,300         | \$ 332,300          |
| 2016               | 295,000             | 37,600            | 332,600             |
| 2017               | 305,000             | 25,800            | 330,800             |
| 2018               | 320,000             | 13,600            | 333,600             |
|                    | <u>\$ 1,200,000</u> | <u>\$ 129,300</u> | <u>\$ 1,329,300</u> |

**6. General Obligation Bond Refunding**

On August 17, 2005, the District issued \$2,630,000 in general obligation funds with an average interest rate of 4.71% to advance refund outstanding bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for future payment of the refunded bonds. The original bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**7. General Purpose Debt**

In 2009, the District obtained a loan in the amount of \$167,912 from Daimler Truck Financial for the purchase of two school buses. The loan bears interest at a fixed rate of 4.62% and is to be repaid in annual installments of \$27,512 commencing on July 24, 2009.

The balance outstanding at June 30, 2014 was as follows:

|   | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Dates</u> | <u>Amount</u> |
|---|--------------------------|---------------------------|---------------|
| Business Note Payable<br>(Original amount--\$167,912) | 4.62%                    | 2015<br>to 2016           | \$ 51,433     |

The annual requirements to amortize the above loan are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------|------------------|-----------------|------------------|
| 2015               | \$ 25,136        | \$ 2,376        | \$ 27,512        |
| 2016               | 26,297           | 1,215           | 27,512           |
|                    | <u>\$ 51,433</u> | <u>\$ 3,591</u> | <u>\$ 55,024</u> |

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**8. Changes in Long-term Debt**

The following is a summary of the District's long-term transactions for the year ended June 30, 2014:

|  | <b>2005 G.O.<br/>Refunding<br/>Bonds</b> | <b>2009<br/>Daimler<br/>Financial Note</b> | <b>Total</b>        |
|--|--|--|---------------------|
| Long-term Obligations<br>June 30, 2013 | \$ 1,460,000                             | \$ 75,459                                  | \$ 1,535,459        |
| Obligaitons Paid                       | <u>(260,000)</u>                         | <u>(24,026)</u>                            | <u>(284,026)</u>    |
| Long-term Obligations<br>June 30, 2014 | <u>\$ 1,200,000</u>                      | <u>\$ 51,433</u>                           | <u>\$ 1,251,433</u> |

**9. Retirement Plan**

Public Employee Retirement System of Idaho (PERSI) - The PERSI Based Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provision is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited services, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0 % (2.3 % police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publically available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**9. Retirement Plan (continued)**

The actuarially determined contribution requirements of Butte County School District No. 111 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2014, the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members and 8.32% for police/firefighters. The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. Butte County School District No. 111 employer contributions required and paid were \$203,007, \$221,869, and \$214,339, for the three years ended June 30, 2014, 2013, and 2012, respectively.

**10. Post Retirement Benefits**

*Plan Description.* Butte County School District No. 111's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Butte County School District No. 111 does not fund any portion of retiree life insurance or long term care; and while the required premiums for dental and vision are an active/retiree blended premium, the associated liability would be insignificant to the overall results. Thus, there is not liability for vision, life insurance, long term care or dental calculated. A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District's health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership with a PERSI employer. The retiree is on the same medical plan as the District's active employees.

*Funding Policy.* The contribution requirement of plan members is established by the District's insurance committee in conjunction with our insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the District contributed approximately \$57,280 to the plan for current premiums or approximately 99% of total premiums. Plan members receiving benefits contributed approximately \$427 or approximately 1% of the total premiums. Retirees are required to pay 100% of the premiums for both the retiree and the dependent coverage.

Monthly contribution rates in effect for the retirees under age 65 during fiscal year 2012 were as follows:

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**10. Post Retirement Benefits (continued)**

| <u>Medical<br/>Coverage</u> | <u>Blue Cross<br/>PPO</u> |
|-----------------------------|---------------------------|
| Single Retiree              | \$ 659                    |
| Two Party Retiree           | \$ 1,318                  |

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other post-employment benefit (OPEB) cost (expense) is calculated on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to Butte County School District No. 111's Post-Retirement Healthcare Plan:

|  |                  |
|--|------------------|
| Annual required contribution               | \$ 57,707        |
| Interest on net OPEB obligation            | -                |
| Adjustment to annual required contribution | <u>-</u>         |
| Annual OPEB cost (expense)                 | 57,707           |
| Contributions made                         | <u>-</u>         |
| Increase in net OPEB obligation            | 57,707           |
| Net OPEB obligation - beginning of year    | <u>-</u>         |
| Net OPEB obligation - end of year          | <u>\$ 57,707</u> |

Three year disclosure of the District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is not necessary, as fiscal year 2012 was the year of implementation for GASB Statement 45.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**10. Post Retirement Benefits (continued)**

*Funded Status and Funding Progress.* As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was \$332,263. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded the AAL and UAAL are equal. The covered payroll (annual payroll of active employees covered by the plan) was \$1,974,327 and the ratio of the UAAL to covered payroll was 16.8%.

Actuarial valuation of an ongoing plan involves estimates of the value of the reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress will be presented in the future when multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits is available.

*Actuarial Methods and Assumptions.* Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method is used. The actuarial assumption included a 4.25% discount rate assuming the District will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes that 45% of future retirees will elect medical coverage. The annual healthcare cost trend rate of 14.9% for medical and prescription drugs initially, decreasing approximately .5% per year until reaching an ultimate rate of 5%. It was assumed salary increases will be 2.5% per annum. The UAAL is being amortized as a level percentage of projected payrolls over a twenty one year time period.

The District is required to update to a 2013 actuarial valuation based upon the number of employees eligible to participate in the plan. As of June 30, 2014, a new valuation was not obtained but the change in liability was deemed immaterial to the statements.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**11. Non-monetary Transactions**

The District received commodities from the U.S. Government valued at \$10,698. The value was determined by confirmation with the State of Idaho Department of Education.

**12. Other Required Individual Fund Disclosures**

The interfund balances at June 30, 2014 were as follows:

|   | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|---|----------------------------------|-------------------------------|
| Major Funds                             |                                  |                               |
| General Fund                            | \$ 45,000                        | \$ -                          |
| Non-major Funds                         |                                  |                               |
| Title IA ESEA Basic Fund                | -                                | 4,718                         |
| Title VIB IDEA School-Age Fund          | -                                | 24,685                        |
| Title VIB IDEA Preschool Fund           | -                                | 2,832                         |
| Perkins III Professional Technical Fund | -                                | 5,749                         |
| Title IIA ESEA Improving Fund           | -                                | 7,016                         |
|   | <u>\$ 45,000</u>                 | <u>\$ 45,000</u>              |

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, 2014:

| <b>Fund</b>                | <u>Amount<br/>Exceeded</u> |
|----------------------------|----------------------------|
| Driver Education Fund..... | \$ 1,738                   |
| Debt Service Fund.....     | 8,915                      |



**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**12. Other Required Individual Fund Disclosures (continued)**

**Deficits in Individual Funds**

There were no fund deficits at June 30, 2014.

**13. Interfund Transfers**

A summary of interfund transfers by fund is as follows:

|   | <u>Transfer In</u> | <u>Transfer Out</u> |
|---|--------------------|---------------------|
| Major Funds                             |                    |                     |
| General Fund                            | \$ 10,171          | \$ 25,480           |
| Child Nutrition Fund                    | 3,621              | -                   |
| Plant Facility Fund                     | 44,453             | 27,512              |
| Non Major Funds                         |                    |                     |
| Federal Forest Reserve Fund             | -                  | 10,171              |
| Building Capacity Fund                  | 120                | -                   |
| Title IA ESEA Basic Fund                | 3,731              | -                   |
| Perkins III Professional Technical Fund | 1,067              | -                   |
|   | <u>\$ 63,163</u>   | <u>\$ 63,163</u>    |

**14. 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.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**14. Fund Balances (continued)**

**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.

|                            | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Funds</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Plant<br/>Facility<br/>Fund</u> | <u>Total</u>        |
|----------------------------|-------------------------|--------------------------------------|----------------------------------|------------------------------------|---------------------|
| Fund Balances:             |                         |                                      |                                  |                                    |                     |
| Restricted for:            |                         |                                      |                                  |                                    |                     |
| Child Nutrition            | \$ -                    | \$ 16,426                            | \$ -                             | \$ -                               | \$ 16,426           |
| Debt Service               | -                       | -                                    | 236,245                          | -                                  | 236,245             |
| Plant Facility             | -                       | -                                    | -                                | 195,705                            | 195,705             |
| Federal Forest             | -                       | 76,538                               | -                                | -                                  | 76,538              |
| Drivers Education          | -                       | 5,455                                | -                                | -                                  | 5,455               |
| Vocational Education       | -                       | 9,983                                | -                                | -                                  | 9,983               |
| School Technology          | -                       | 27,485                               | -                                | -                                  | 27,485              |
| Substance Abuse            | -                       | 565                                  | -                                | -                                  | 565                 |
| Assigned to:               |                         |                                      |                                  |                                    |                     |
| Student Occupied Buildings | -                       | 81,398                               | -                                | -                                  | 81,398              |
| Unassigned:                | <u>602,371</u>          | <u>-</u>                             | <u>-</u>                         | <u>-</u>                           | <u>602,371</u>      |
| Total                      |                         |                                      |                                  |                                    |                     |
| Fund Balances              | <u>\$ 602,371</u>       | <u>\$ 217,850</u>                    | <u>\$ 236,245</u>                | <u>\$ 195,705</u>                  | <u>\$ 1,252,171</u> |

**15. Reclassifications**

Certain items have been reclassified and format changes have been made to the 2013 financial to conform to the 2014 presentation, with no material effect on net position for the year ended June 30, 2013.

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Notes to Financial Statements (continued)**  
**June 30, 2014**

---

**16. Recently Issued GASB Standards**

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 – Accounting and Financial Reporting for Pensions. The standard is effective for fiscal years beginning after June 15, 2014 so will be effective in the District’s next fiscal year. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to defined benefit pension plans. Implementation of this standard may have a material effect on the District’s financial statements.

**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, 2014**

|   | <u>Original<br/>Budget<br/>Amounts</u> | <u>Final<br/>Budget<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|--|-------------------------------------|---------------------------|---|
| <b>Revenues</b>                         |  |                                     |                           |   |
| Local sources                           |  |                                     |                           |   |
| Property taxes                          | \$ 203,650                             | \$ 203,650                          | \$ 175,337                | \$ (28,313)   |
| Earnings on investments                 | 2,400                                  | 2,400                               | 1,659                     | (741)   |
| Other                                   | 84,800                                 | 99,800                              | 179,837                   | 80,037  |
| State sources                           |  |                                     |                           |   |
| State apportionment                     | 2,420,617                              | 2,420,617                           | 2,294,980                 | (125,637)   |
| Other                                   | 230,128                                | 230,128                             | 234,717                   | 4,589   |
| Federal sources                         | -                                      | -                                   | 600                       | 600   |
| Total Revenues                          | <u>2,941,595</u>                       | <u>2,956,595</u>                    | <u>2,887,130</u>          | <u>(69,465)</u>   |
| <b>Expenditures</b>                     |  |                                     |                           |   |
| Current                                 |  |                                     |                           |   |
| Instructional                           | 1,653,621                              | 1,675,976                           | 1,609,649                 | 66,327  |
| Pupil support                           | 68,035                                 | 67,124                              | 65,740                    | 1,384   |
| Staff support                           | 13,488                                 | 13,617                              | 11,313                    | 2,304   |
| General administration                  | 329,805                                | 345,814                             | 306,335                   | 39,479  |
| School administration                   | 176,842                                | 176,997                             | 216,974                   | (39,977)  |
| Administrative technology               | 80,664                                 | 80,815                              | 74,771                    | 6,044   |
| Operations                              | 387,707                                | 390,412                             | 364,520                   | 25,892  |
| Transportation                          | 268,154                                | 268,668                             | 214,568                   | 54,100  |
| Capital outlay                          | -                                      | -                                   | 81,275                    | (81,275)  |
| Contingency                             | 55,909                                 | 29,802                              | -                         | 29,802  |
| Total Expenditures                      | <u>3,034,225</u>                       | <u>3,049,225</u>                    | <u>2,945,145</u>          | <u>104,080</u>  |
| Excess of Revenues<br>Over Expenditures | (92,630)                               | (92,630)                            | (58,015)                  | 34,615  |
| <b>Other Financing Sources (Uses)</b>   |  |                                     |                           |   |
| Other financing source - sale of assets | -                                      | -                                   | 94,833                    | 94,833  |
| Transfers in                            | 10,171                                 | 10,171                              | 10,171                    | -   |
| Transfers (out)                         | (16,941)                               | (16,941)                            | (25,480)                  | (8,539)   |
| Net Change in Fund Balances             | (99,400)                               | (99,400)                            | 21,509                    | 120,909   |
| Fund Balance, Beginning of Year         | 99,400                                 | 99,400                              | 580,862                   | 481,462   |
| Fund Balance, End of Year               | <u>\$ -</u>                            | <u>\$ -</u>                         | <u>\$ 602,371</u>         | <u>\$ 602,371</u>   |

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, 2014**

|  | <b>Original and<br/>Final<br/>Budget<br/>Amounts</b> | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|--|---------------------------|---|
| Revenues   |  |                           |   |
| Local sources  |  |                           |   |
| Lunch sales  | \$ 43,200  | \$ 43,367                 | \$ 167  |
| Federal sources                                      |  |                           |   |
| Educational programs and other                       | 90,000   | 89,081                    | (919)   |
| Total Revenues                                       | <u>133,200</u>                                       | <u>132,448</u>            | <u>(752)</u>  |
| Expenditures   |  |                           |   |
| Current  |  |                           |   |
| Non-instructional                                    | 133,200  | 129,893                   | 3,307   |
| Capital outlay                                       | -  | -                         | -   |
| Total Expenditures                                   | <u>133,200</u>                                       | <u>129,893</u>            | <u>3,307</u>  |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>-</u>   | <u>2,555</u>              | <u>2,555</u>  |
| Other Financing Sources (Uses)                       |  |                           |   |
| Transfers In   | -  | 3,621                     | 3,621   |
| Net Change in Fund Balances                          | -  | 6,176                     | 6,176   |
| Fund Balance, Beginning of Year                      | <u>-</u>   | <u>10,250</u>             | <u>(10,250)</u>   |
| Fund Balance, End of Year                            | <u>\$ -</u>  | <u>\$ 16,426</u>          | <u>\$ (4,074)</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, 2014**

---

|                                 | <u>Original<br/>Budget<br/>Amounts</u> | <u>Final<br/>Budget<br/>Amounts</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------|--|-------------------------------------|---------------------------|---|
| Revenues                        |  |                                     |                           |   |
| Local sources                   |  |                                     |                           |   |
| Property taxes                  | \$ 281,616                             | \$ 325,950                          | \$ 307,029                | \$ (18,921)   |
| Other                           | -                                      | -                                   | 4,069                     | 4,069   |
| Total Revenues                  | <u>281,616</u>                         | <u>325,950</u>                      | <u>311,098</u>            | <u>(14,852)</u>   |
| Expenditures                    |  |                                     |                           |   |
| Debt service                    |  |                                     |                           |   |
| Principal                       | 260,000                                | 260,000                             | 260,000                   | -   |
| Interest                        | 65,950                                 | 65,950                              | 74,865                    | (8,915)   |
| Total Expenditures              | <u>325,950</u>                         | <u>325,950</u>                      | <u>334,865</u>            | <u>(8,915)</u>  |
| Net Change in Fund Balances     | (44,334)                               | -                                   | (23,767)                  | (23,767)  |
| Fund Balance, Beginning of Year | <u>44,334</u>                          | <u>-</u>                            | <u>260,012</u>            | <u>(260,012)</u>  |
| Fund Balance, End of Year       | <u>\$ -</u>                            | <u>\$ -</u>                         | <u>\$ 236,245</u>         | <u>\$ (283,779)</u>   |

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, 2014**

|  | <b>Original and<br/>Final<br/>Budget<br/>Amounts</b> | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|--|---------------------------|---|
| Revenues   |  |                           |   |
| Local sources  |  |                           |   |
| Property taxes                                       | \$ 65,000  | \$ 60,565                 | \$ (4,435)  |
| Earnings on investments                              | -  | 102                       | 102   |
| Other  | -  | 766                       | 766   |
| Total Revenues                                       | <u>65,000</u>  | <u>61,433</u>             | <u>(3,567)</u>  |
| Expenditures   |  |                           |   |
| Current  |  |                           |   |
| Operations   | 55,162   | 19,075                    | 36,087  |
| Debt Service   |  |                           |   |
| Principal  | 24,026   | 24,026                    | -   |
| Interest   | 3,486  | 3,486                     | -   |
| Capital outlay                                       | 16,941   | 19,315                    | (2,374)   |
| Total Expenditures                                   | <u>99,615</u>  | <u>65,902</u>             | <u>33,713</u>   |
| Excess (Deficiency) of<br>Revenues over Expenditures | (34,615)   | (4,469)                   | 30,146  |
| Other Financing Sources (Uses)                       |  |                           |   |
| Transfers in   | 44,453   | 44,453                    | -   |
| Transfers out  | (27,512)   | (27,512)                  | -   |
| Net Change in Fund Balances                          | (17,674)   | 12,472                    | 30,146  |
| Fund Balance, Beginning of Year                      | <u>17,674</u>  | <u>183,233</u>            | <u>165,559</u>  |
| Fund Balance, End of Year                            | <u>\$ -</u>  | <u>\$ 195,705</u>         | <u>\$ 195,705</u>   |

See Independent Auditors' Report



## **Supplementary Information**

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2014**

|  | <b>Federal<br/>Forest<br/>Fund</b> | <b>Building<br/>Capacity<br/>Fund</b> | <b>Student<br/>Occupied<br/>Buildings<br/>Fund</b> | <b>Driver<br/>Education<br/>Fund</b> |
|--|------------------------------------|---------------------------------------|--|--------------------------------------|
| <b>Assets</b>                              |                                    |                                       |  |                                      |
| Cash and Investments                       | \$ 76,538                          | \$ -                                  | \$ 81,398  | \$ 5,455                             |
| Receivables                                |                                    |                                       |  |                                      |
| Other                                      | -                                  | -                                     | -  | -                                    |
| <b>Total Assets</b>                        | <b>\$ 76,538</b>                   | <b>\$ -</b>                           | <b>\$ 81,398</b>                                   | <b>\$ 5,455</b>                      |
| <b>Liabilities and Fund Balances</b>       |                                    |                                       |  |                                      |
| <b>Liabilities</b>                         |                                    |                                       |  |                                      |
| Due to other funds                         | \$ -                               | \$ -                                  | \$ -   | \$ -                                 |
| Accounts payable                           | -                                  | -                                     | -  | -                                    |
| Salary contracts payable                   | -                                  | -                                     | -  | -                                    |
| <b>Total Liabilities</b>                   | <b>-</b>                           | <b>-</b>                              | <b>-</b>   | <b>-</b>                             |
| <b>Fund Balances</b>                       |                                    |                                       |  |                                      |
| Restricted                                 | 76,538                             | -                                     | -  | 5,455                                |
| Assigned                                   | -                                  | -                                     | 81,398   | -                                    |
| <b>Total Fund Balances</b>                 | <b>76,538</b>                      | <b>-</b>                              | <b>81,398</b>                                      | <b>5,455</b>                         |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 76,538</b>                   | <b>\$ -</b>                           | <b>\$ 81,398</b>                                   | <b>\$ 5,455</b>                      |

See Independent Auditors' Report

| <b>Vocational<br/>Education<br/>Fund</b> | <b>State<br/>Technology<br/>Fund</b> | <b>Substance<br/>Abuse<br/>Fund</b> | <b>Title I-A<br/>ESEA<br/>Basic<br/>Fund</b> | <b>Title VI-B<br/>IDEA<br/>School Age<br/>Fund</b> |
|--|--------------------------------------|-------------------------------------|--|--|
| \$ 10,042                                | \$ 27,485                            | \$ 565                              | \$ -   | \$ -   |
| -  | -                                    | -                                   | 16,110                                       | 32,641   |
| <b>\$ 10,042</b>                         | <b>\$ 27,485</b>                     | <b>\$ 565</b>                       | <b>\$ 16,110</b>                             | <b>\$ 32,641</b>                                   |
| \$ -                                     | \$ -                                 | \$ -                                | \$ 4,718                                     | \$ 24,685  |
| 59                                       | -                                    | -                                   | -  | -  |
| -  | -                                    | -                                   | 11,392                                       | 7,956  |
| 59                                       | -                                    | -                                   | 16,110                                       | 32,641   |
| 9,983                                    | 27,485                               | 565                                 | -  | -  |
| -  | -                                    | -                                   | -  | -  |
| 9,983                                    | 27,485                               | 565                                 | -  | -  |
| <b>\$ 10,042</b>                         | <b>\$ 27,485</b>                     | <b>\$ 565</b>                       | <b>\$ 16,110</b>                             | <b>\$ 32,641</b>                                   |

See Independent Auditors' Report

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2014**

|                                      | Title VI-B<br>IDEA<br>Pre-School<br>Fund | Perkins III<br>Professional<br>Technical<br>Fund | Title II-A<br>ESEA<br>Improving<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--------------------------------------|--|--|---|--|
| <b>Assets</b>                        |  |  |   |  |
| Cash and Investments                 | \$ -                                     | \$ -   | \$ -                                    | \$ 201,483                                 |
| Receivables                          |  |  |   |  |
| Other                                | 3,033                                    | 5,749  | 7,375                                   | 64,908                                     |
| Total Assets                         | <u>\$ 3,033</u>                          | <u>\$ 5,749</u>                                  | <u>\$ 7,375</u>                         | <u>\$ 266,391</u>                          |
| <b>Liabilities and Fund Balances</b> |  |  |   |  |
| <b>Liabilities</b>                   |  |  |   |  |
| Due to other funds                   | \$ 2,832                                 | \$ 5,749   | \$ 7,016                                | \$ 45,000                                  |
| Accounts payable                     | 201                                      | -  | -                                       | 260  |
| Salary contracts payable             | -  | -  | 359                                     | 19,707                                     |
| Total Liabilities                    | <u>3,033</u>                             | <u>5,749</u>                                     | <u>7,375</u>                            | <u>64,967</u>                              |
| <b>Fund Balances</b>                 |  |  |   |  |
| Restricted                           | -  | -  | -                                       | 120,026                                    |
| Assigned                             | -  | -  | -                                       | 81,398                                     |
| Total Fund Balances                  | <u>-</u>                                 | <u>-</u>   | <u>-</u>                                | <u>201,424</u>                             |
| Total Liabilities and Fund Balances  | <u>\$ 3,033</u>                          | <u>\$ 5,749</u>                                  | <u>\$ 7,375</u>                         | <u>\$ 266,391</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, 2014**

|  | <b>Federal<br/>Forest<br/>Fund</b> | <b>Building<br/>Capacity<br/>Fund</b> | <b>Student<br/>Occupied<br/>Buildings<br/>Fund</b> | <b>Driver<br/>Education<br/>Fund</b> |
|--|------------------------------------|---------------------------------------|--|--------------------------------------|
| Revenues   |                                    |                                       |  |                                      |
| Local sources  |                                    |                                       |  |                                      |
| Other  | \$ -                               | \$ -                                  | \$ -   | \$ 4,000                             |
| State sources  |                                    |                                       |  |                                      |
| Other  | -                                  | -                                     | -  | 5,000                                |
| Federal sources                                      |                                    |                                       |  |                                      |
| Educational programs and other                       | 76,538                             | -                                     | -  | -                                    |
| Total Revenues                                       | <u>76,538</u>                      | <u>-</u>                              | <u>-</u>   | <u>9,000</u>                         |
| Expenditures   |                                    |                                       |  |                                      |
| Current  |                                    |                                       |  |                                      |
| Instructional  | -                                  | -                                     | -  | 7,737                                |
| Pupil support  | -                                  | -                                     | -  | -                                    |
| Capital outlay                                       | -                                  | -                                     | -  | -                                    |
| Total Expenditures                                   | <u>-</u>                           | <u>-</u>                              | <u>-</u>   | <u>7,737</u>                         |
| Excess (Deficiency) of Revenues<br>over Expenditures | 76,538                             | -                                     | -  | 1,263                                |
| Other Financing Sources (Uses)                       |                                    |                                       |  |                                      |
| Transfers in   | -                                  | 120                                   | -  | -                                    |
| Transfers out  | <u>(10,171)</u>                    | <u>-</u>                              | <u>-</u>   | <u>-</u>                             |
| Net Change in Fund Balances                          | 66,367                             | 120                                   | -  | 1,263                                |
| Fund Balance, Beginning of Year                      | <u>10,171</u>                      | <u>(120)</u>                          | <u>81,398</u>                                      | <u>4,192</u>                         |
| Fund Balance, End of Year                            | <u>\$ 76,538</u>                   | <u>\$ -</u>                           | <u>\$ 81,398</u>                                   | <u>\$ 5,455</u>                      |

See Independent Auditors' Report

| <b>Vocational<br/>Education<br/>Fund</b> | <b>State<br/>Technology<br/>Fund</b> | <b>Substance<br/>Abuse<br/>Fund</b> | <b>Title I-A<br/>ESEA<br/>Basic<br/>Fund</b> | <b>Title VI-B<br/>IDEA<br/>School Age<br/>Fund</b> |
|--|--------------------------------------|-------------------------------------|--|--|
| \$ -                                     | \$ -                                 | \$ -                                | \$ -   | \$ -   |
| 11,649                                   | -                                    | -                                   | -  | -  |
| -  | -                                    | -                                   | 84,005                                       | 96,665   |
| <u>11,649</u>                            | <u>-</u>                             | <u>-</u>                            | <u>84,005</u>                                | <u>96,665</u>                                      |
| 15,686                                   | -                                    | -                                   | 85,490                                       | 52,759   |
| -  | -                                    | -                                   | -  | 26,212   |
| -  | -                                    | -                                   | -  | 15,525   |
| <u>15,686</u>                            | <u>-</u>                             | <u>-</u>                            | <u>85,490</u>                                | <u>94,496</u>                                      |
| (4,037)                                  | -                                    | -                                   | (1,485)                                      | 2,169  |
| -  | -                                    | -                                   | 3,731  | -  |
| -  | -                                    | -                                   | -  | -  |
| <u>(4,037)</u>                           | <u>-</u>                             | <u>-</u>                            | <u>2,246</u>                                 | <u>2,169</u>                                       |
| <u>14,020</u>                            | <u>27,485</u>                        | <u>565</u>                          | <u>(2,246)</u>                               | <u>(2,169)</u>                                     |
| <u>\$ 9,983</u>                          | <u>\$ 27,485</u>                     | <u>\$ 565</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, 2014**

|  | Title VI-B<br>IDEA<br>Pre-School<br>Fund | Perkins III<br>Professional<br>Technical<br>Fund | Title II-A<br>ESEA<br>Improving<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|--|--|---|--|
| Revenues   |  |  |   |  |
| Local sources  |  |  |   |  |
| Other  | \$ -                                     | \$ -   | \$ -                                    | \$ 4,000                                   |
| State sources  |  |  |   |  |
| Other  | -  | -  | -                                       | 16,649                                     |
| Federal sources                                      |  |  |   |  |
| Educational programs and other                       | 7,869                                    | 5,609  | 20,612                                  | 291,298                                    |
| Total Revenues                                       | <u>7,869</u>                             | <u>5,609</u>                                     | <u>20,612</u>                           | <u>311,947</u>                             |
| Expenditures   |  |  |   |  |
| Current  |  |  |   |  |
| Instructional  | 4,675                                    | 2,749  | 26,580                                  | 195,676                                    |
| Pupil Support  | -  | -  | -                                       | 26,212                                     |
| Capital outlay                                       | 2,236                                    | 4,000  | -                                       | 21,761                                     |
| Total Expenditures                                   | <u>6,911</u>                             | <u>6,749</u>                                     | <u>26,580</u>                           | <u>243,649</u>                             |
| Excess (Deficiency) of Revenues<br>over Expenditures | 958                                      | (1,140)  | (5,968)                                 | 68,298                                     |
| Other Financing Sources (Uses)                       |  |  |   |  |
| Transfers in   | -  | 1,067  | -                                       | 4,918                                      |
| Transfers out  | -  | -  | -                                       | (10,171)                                   |
| Net Change in Fund Balances                          | 958                                      | (73)   | (5,968)                                 | 63,045                                     |
| Fund Balance, Beginning of Year                      | (958)                                    | 73   | 5,968                                   | 138,379                                    |
| Fund Balance, End of Year                            | <u>\$ -</u>                              | <u>\$ -</u>                                      | <u>\$ -</u>                             | <u>\$ 201,424</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, 2014**

---

|  | <u>June 30, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2014</u> |
|--|----------------------|------------------|-------------------|----------------------|
| <b>Butte County High School</b>          |                      |                  |                   |                      |
| <b>Activity Fund</b>                     |                      |                  |                   |                      |
| Assets                                   |                      |                  |                   |                      |
| Cash                                     | \$ 42,598            | \$ 131,627       | \$ 123,871        | \$ 50,354            |
| Liabilities                              |                      |                  |                   |                      |
| Due to student groups                    | \$ 42,598            | \$ 131,627       | \$ 123,871        | \$ 50,354            |
| <b>Arco Elementary</b>                   |                      |                  |                   |                      |
| <b>Activity Fund</b>                     |                      |                  |                   |                      |
| Assets                                   |                      |                  |                   |                      |
| Cash                                     | \$ 8,358             | \$ 8,986         | \$ 7,846          | \$ 9,498             |
| Liabilities                              |                      |                  |                   |                      |
| Due to student groups                    | \$ 8,358             | \$ 8,986         | \$ 7,846          | \$ 9,498             |
| <b>Howe Elementary</b>                   |                      |                  |                   |                      |
| <b>Activity Fund</b>                     |                      |                  |                   |                      |
| Assets                                   |                      |                  |                   |                      |
| Cash                                     | \$ 1,045             | \$ 362           | \$ 737            | \$ 670               |
| Liabilities                              |                      |                  |                   |                      |
| Due to student groups                    | \$ 1,045             | \$ 362           | \$ 737            | \$ 670               |
| <b>Total - All School Activity Funds</b> |                      |                  |                   |                      |
| Assets                                   |                      |                  |                   |                      |
| Cash                                     | \$ 52,001            | \$ 140,975       | \$ 132,454        | \$ 60,522            |
| Liabilities                              |                      |                  |                   |                      |
| Due to student groups                    | \$ 52,001            | \$ 140,975       | \$ 132,454        | \$ 60,522            |

See Independent Auditors' Report



**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2014**

---

|   | <u>General<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Plant<br/>Facility<br/>Fund</u> |
|---|-------------------------|----------------------------------|------------------------------------|
| <b>Butte and Custer Counties</b>                        |                         |                                  |                                    |
| Balance at June 30, 2013                                | \$ 69,854               | \$ 132,260                       | \$ 25,510                          |
| Add - Taxes Assessed for 2013<br>(Net of Cancellations) | 169,572                 | 307,338                          | 59,714                             |
| Less - Collections Received                             | <u>(169,104)</u>        | <u>(312,144)</u>                 | <u>(60,460)</u>                    |
| Balance at June 30, 2014                                | <u>\$ 70,322</u>        | <u>\$ 127,454</u>                | <u>\$ 24,764</u>                   |

See Independent Auditors' Report

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Long Term Debt – Future Principal and Interest Requirements**  
**June 30, 2014**

---

|                    | <b>Annual Payment</b>    |                        |                             |                             |
|--------------------|--------------------------|------------------------|-----------------------------|-----------------------------|
|                    | <b>Interest<br/>Rate</b> | <b>Fiscal<br/>Year</b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Payment</b> |
| General Obligation |                          |                        |                             |                             |
| Refunding Bonds    | 5.250%                   | 2015                   | \$ 280,000                  | \$ 52,300                   |
| Series 2005        | 4.000%                   | 2016                   | 295,000                     | 37,600                      |
|                    | 4.000%                   | 2017                   | 305,000                     | 25,800                      |
|                    | 4.250%                   | 2018                   | 320,000                     | 13,600                      |
|                    |                          |                        | <u>\$ 1,200,000</u>         | <u>\$ 129,300</u>           |

|               | <b>Annual Payment</b>    |                        |                             |                             |
|---------------|--------------------------|------------------------|-----------------------------|-----------------------------|
|               | <b>Interest<br/>Rate</b> | <b>Fiscal<br/>Year</b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Payment</b> |
| Business Note |                          |                        |                             |                             |
| Payable       | 4.620%                   | 2015                   | \$ 25,136                   | \$ 2,376                    |
|               | 4.620%                   | 2016                   | 26,297                      | 1,215                       |
|               |                          |                        | <u>\$ 51,433</u>            | <u>\$ 3,591</u>             |

See Independent Auditors' Report

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Butte County High School Activity Fund**  
**Statement of Cash Receipts Disbursements and Transfers**  
**Year Ended June 30, 2014**

| Name of Organization        | Balance<br>June 30,<br>2013 | Cash<br>Receipts | Cash<br>Disbursements | Balance<br>June 30,<br>2014 |
|-----------------------------|-----------------------------|------------------|-----------------------|-----------------------------|
| Athletics                   | \$ 6,985                    | \$ 28,608        | \$ 23,562             | \$ 12,031                   |
| Booster Club                | 2,278                       | 3,265            | 3,220                 | 2,323                       |
| Boys Basketball             | 3,010                       | 3,085            | 3,775                 | 2,320                       |
| Career Center               | 71                          | -                | -                     | 71                          |
| Cheerleaders                | 2,059                       | 8,419            | 8,558                 | 1,920                       |
| Class of 2013               | 660                         | -                | 660                   | -                           |
| Class of 2014               | 1,192                       | 827              | 2,019                 | -                           |
| Class of 2015               | 484                         | 938              | 239                   | 1,183                       |
| Class of 2016               | 78                          | 871              | 199                   | 750                         |
| Class of 2017               | -                           | 819              | 171                   | 648                         |
| Class of 2018               | -                           | 150              | -                     | 150                         |
| Compass Test                | 47                          | 40               | -                     | 87                          |
| Cross Country               | -                           | 532              | 335                   | 197                         |
| District Musical            | 493                         | -                | 250                   | 243                         |
| Drivers Education           | -                           | 4,000            | 4,000                 | -                           |
| Family & Consumer Science   | 36                          | -                | -                     | 36                          |
| Football                    | 1,525                       | 8,559            | 7,802                 | 2,282                       |
| Girls Basketball            | 4,211                       | 4,786            | 4,843                 | 4,154                       |
| High School                 | 2,530                       | 1,783            | 980                   | 3,333                       |
| Student Council High School | 877                         | 7,119            | 6,710                 | 1,286                       |
| IDLA                        | 1,715                       | 6,599            | 7,199                 | 1,115                       |
| Internet                    | 273                         | -                | 21                    | 252                         |
| Karen Pyron Scholarship     | 31                          | 40               | -                     | 71                          |
| Math Books                  | -                           | 900              | -                     | 900                         |
| Merit Test                  | -                           | 238              | 238                   | -                           |
| MS Football                 | 750                         | 250              | 839                   | 161                         |
| MS Girls Basketball         | -                           | 400              | 108                   | 292                         |
| MS Student Council          | 559                         | -                | -                     | 559                         |
| Music                       | 948                         | 6,916            | 7,391                 | 473                         |
| Natural Helpers             | 165                         | 1,092            | 1,257                 | -                           |
| Office Supplies             | 224                         | 129              | 353                   | -                           |

See Independent Auditors' Report

**BUTTE COUNTY SCHOOL DISTRICT NO. 111**  
**Butte County High School Activity Fund**  
**Statement of Cash Receipts Disbursements and Transfers (continued)**  
**Year Ended June 30, 2014**

| Name of Organization | Balance<br>June 30,<br>2013 | Cash<br>Receipts  | Cash<br>Disbursements | Balance<br>June 30,<br>2014 |
|----------------------|-----------------------------|-------------------|-----------------------|-----------------------------|
| P.E. Padlocks        | \$ 57                       | \$ 97             | \$ -                  | \$ 154                      |
| Pirate Log           | 4,161                       | 1,560             | 3,000                 | 2,721                       |
| Postage              | 100                         | -                 | 100                   | -                           |
| Sales Tax            | 318                         | 1,369             | 1,650                 | 37                          |
| Scholarships         | 555                         | 2,194             | 2,000                 | 749                         |
| Scholastic           | 246                         | 200               | 283                   | 163                         |
| Science              | -                           | 253               | 132                   | 121                         |
| Ski Club             | 955                         | -                 | -                     | 955                         |
| Student Activities   | 460                         | -                 | -                     | 460                         |
| Student Soda         | 753                         | 906               | 1,303                 | 356                         |
| Teacher Soda         | 28                          | -                 | -                     | 28                          |
| Title I Funds        | 100                         | -                 | -                     | 100                         |
| Travel               | -                           | 23,008            | 19,006                | 4,002                       |
| Uniforms             | 1,666                       | 500               | -                     | 2,166                       |
| Volleyball           | 1,027                       | 10,161            | 10,226                | 962                         |
| Welding              | 971                         | 1,014             | 1,442                 | 543                         |
|                      | <b>\$ 42,598</b>            | <b>\$ 131,627</b> | <b>\$ 123,871</b>     | <b>\$ 50,354</b>            |

See Independent Auditors' Report



RUDD & COMPANY<sup>INC.</sup>

**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, 2014, 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 15, 2014.

**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

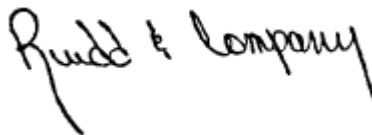
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Idaho Falls, Idaho  
September 15, 2014