

**BOX ELDER
SCHOOL DISTRICT
BRIGHAM CITY, UTAH**

**ANNUAL FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**



Box Elder


School District


Dr. Ron Tolman, Superintendent

BOARD OF EDUCATION
Connie Archibald
Lynn Capener
Karen Cronin
James Fuller
Nancy Kennedy
Bryan Smith
Heather Young

Certification of Annual Financial Report

Under penalty of perjury, I, Dr. Ron Tolman and Rodney L. Cook certify that the annual financial report of Box Elder School District for the year ended June 30, 2014 fairly presents in all material respects the financial condition and results of operation of Box Elder School District.

Signature: 
Chief Administrative Officer
Dr. Ron Tolman

Signature: 
Chief Financial Officer
Rodney L. Cook

Notes:

- a. This certification is to be submitted with the annual financial report to the Office of the Utah State Auditor.
- b. *Utah Code* 11-50-202 designates the **chief administrative officer** as the individual appointed as the chief administrative officer of the political subdivision in accordance with statute; or if a chief administrative officer is not appointed in accordance with statute, the individual designated as the chief administrative officer by the governing body of the political subdivision. In designating a chief administrative officer, the governing body shall designate the individual who holds a managerial or similar position to perform administrative duties or functions for the political subdivision.
- c. *Utah Code* 11-50-202 designates the **chief financial officer** as the individual appointed as the chief financial officer of the political subdivision in accordance with statute; or if a chief financial officer is not appointed in accordance with statute, the individual designated as the chief financial officer by the governing body of the political subdivision. In designating a chief financial officer, the governing body shall designate the individual who has primary responsibility for preparing the annual financial report.

BOX ELDER SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

BOX ELDER SCHOOL DISTRICT
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Box Elder

School District

Dr. Ron Tolman, Superintendent

BOARD OF EDUCATION
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Bryan Smith
Heather Young

October 24, 2014

To: President Smith, Members of the Board of Education, and the Patrons of the Box Elder School District:

State law requires that school districts publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed Certified Public Accountants in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the annual financial report of the Box Elder School District (District) for the fiscal year ended June 30, 2014.

These statements are designed to meet the needs of a broad spectrum of readers of financial statements and are divided into three major sections:

- Introductory section – Introduces the reader to the report and includes this transmittal letter.
- Financial section – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.

Internal controls This report consists of management's representations concerning the finance related internal controls of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audits Wiggins & Co. P.C., a firm of licensed Certified Public Accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a

test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the District's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's Single Audit Section of this report.

Management's discussion and analysis GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

District profile The District was created by a resolution of the Box Elder County Commissioners on June 20, 1907. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing and adopting policy, adopting the budget, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District, which are congruent with boundaries of Box Elder County. To accomplish this purpose, as of Fall 2014, the District operates two traditional high schools (grades 10-12), two middle schools (grades 8-9), two intermediate schools (grades 6-7), and 14 elementary schools (grades k-5). The District also operates three schools in the far western area of the county, which are designated as Necessarily Existent Small Schools (NESS). These schools have enrollments of 11 to 36 students and provide instruction for classes ranging from kindergarten through tenth grade. In addition, the District operates an alternative high school, Dale Young Community High School. As of October 1, 2014, the District had an enrollment of 11,242 students.

Budgetary control The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at fiscal year end with the exception of those indicated as committed against the fund balance. During May of each year, the superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Also included is the final budget for the fiscal year ending June 30th.

If the district does not propose to exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is formally adopted by resolution of the Board after public input. If the District proposes to exceed the certified tax rate, the budget is formally adopted in August when data is available to set the rates.

The District's fiscal 2014 balances along with anticipated revenues are sufficient to meet the fiscal 2015 budget as presented to the public in June of 2014.

Economic condition and outlook The economic prospect for the District is largely dependent on state aid, which is 68% of general fund revenues. Since 1988, the State of Utah has been able to end each fiscal year with a surplus. However, from fiscal years 2008 through 2011, there were no increases from the state and the district lost students to the newly opened charter school. Public Education has been the recipient of a generous effort by lawmakers and the governor, to be held harmless in budgeting. In fiscal years 2011 through 2013 slow economic recovery required the use of set aside fund balance to balance the general fund budget. With improved economic conditions and student growth the district general fund balanced and had surplus in the 2013-14 fiscal year.

The Certified Tax Rate Valuation for Box Elder County has increased by 22.23% over five years from 2009 to 2014. (Utah State Tax Commission) The construction of the Proctor & Gamble manufacturing facility and the Ruby Pipeline will serve to increase property values over the next few years despite a loss of \$73,000,000 taxable value with the shutdown of ATK's production facilities. Total non-farm payroll in the county has decreased from \$738,870,420 in 2006 to \$533,630,666 in 2012. (-27.8%) (Utah Division of Work Force Services) Median household income increased from \$50,231 to \$55,918 (11.3%) over the same period. (US Dept. Commerce census figures)

Student enrollment Enrollment has declined from a high of 11,320 in the October 1st count in 1993 to 10,506 in 2003 with an increase to 11,242 in 2014, which is 111 students more than last year. The district has almost recovered from the student loss as a result of the opening of the Promontory School of Expeditionary Learning, K-8 Charter School, in Perry, Utah. As of October 1, 2014, it is estimated 396 students enrolled in the charter school who were attending our schools previously.

The state school finance program for fiscal 2014 provided every Utah school district with a basic operation program of \$2,899 per weighted pupil unit (WPU), plus added amounts for other special programs and grants. Below is a historical review of WPU values for the past five years.

Fiscal Year	WPU Value	Dollar Change	Percent Change
2009-10	2,577	\$0	0%
2010-11	2,577	\$0	0%
2011-12	2,816	\$239	8.49%
2012-13	2,842	\$83	2.86%
2013-14	2,899	\$57	1.97%

Cash management and investments The District utilizes the Utah Public Treasurer's Investment Fund (UPTIF) as a cash and investment pool as well as a Zions Bank Liquid Asset Management (LAM) account, both of which are available for use by all funds. The UPTIF is an external deposit and investment pool shared by various governmental entities in the State in which monies are pooled to improve investment efficiency and yield. These funds are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The LAM account invests in similar state money management council approved investments.


Both investments comply with the provisions of the Utah Money Management Act. This law requires the depositing of funds in a "qualified depository" which is defined as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. The District considers the actions of the Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

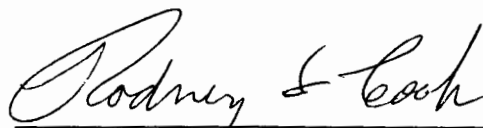
Risk management The District participates with an equity position in the Utah School Boards Risk Management Mutual Insurance Association to cover its workers compensation risks. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District also participates in the State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entity's annual premiums are designed to pay claims and build sufficient reserves to allow the system to protect participants with its own capital. The pool reinsures excess loss to preserve the capital base.

Acknowledgements We express our appreciation to everyone in the business department and the Superintendent's office who assisted in the preparation of this report. We also thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,



Dr. Ronald Tolman
Superintendent



Rodney L. Cook
Business Administrator

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Box Elder School District
Brigham City, Utah 84302

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Box Elder School District, Utah (the "District"), 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.

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, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Box Elder School District as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-13 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 Box Elder School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued a report dated October 24, 2014, on our consideration of Box Elder School District'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 on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wiggins & Co., PC
Brigham City, Utah
October 24, 2014

Management's Discussion and Analysis

As the management of the Box Elder School District (District), 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 ended June 30, 2014. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 4 of this report.

Financial Highlights

The District categorizes its revenues in three groups by source, federal, state, and local. Federal revenues include categorical funding for special programs, grants, and other specifically designated purposes. State revenues include categorical funding as described above, enrollment based funding using weighted pupil units (WPU), and other funding which is distributed by various formulas designed to assure an equitable allocation among all districts in the state. Local revenues are derived from property tax, tuition, other fees and charges, and interest income.

On November 6, 2007, District patrons approved a \$70,000,000 bond issue for the purpose of purchasing one or more school sites, buildings and furnishings and improving existing school property. On August 27, 2008, \$25,000,000 of that authorization was issued at a premium of \$597,277.25 and construction/refurbishing of the District's two high schools began. An additional \$31,000,000 issue was closed on June 17, 2009 at a premium of \$618,633.00. Those projects were completed during the Fiscal Year ending June 30, 2011. At the meeting of October 12, 2011, the Board adopted a Parameters Resolution in preparation for the sale of the remaining \$14,000,000 to complete the elementary school projects. The sale was held on November 9, 2011 and the District received a premium of \$1,864,248.90 on the sale. The premium received on the sale of these three issues has allowed the District to replace the gym at the Box Elder Middle School and to build a replacement for the elementary school at Snowville. In addition, the Municipal Building Authority (MBA) sought and received an additional \$3,000,000 through a Qualified School Construction Bond (QSCB). Zions Bank purchased the entire issue at par but with an interest rate of 0%. That funding has been applied to the construction of the Fielding Elementary school. The Snowville School and Box Elder Middle School Gym projects were both completed in the 2013 fiscal year.

Overview of the Financial Statements

This discussion and analysis is 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.

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 and deferred outflows and liabilities and deferred inflows of the District, with the difference between the two 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 presents 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 the related cash flows. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The Government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: government funds, proprietary 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 the 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 six 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 Debt Service Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 – 20 of this report.

Proprietary funds Proprietary funds are used to account for the business-type activities, such as leasing buildings or equipment, which may properly be conducted by the governmental entity. Proprietary funds are reflected in the government-wide financial statement.

The District uses a proprietary fund to account for the activities of the Municipal Building Authority. The basic proprietary fund financial statements can be found on pages 21 - 23 of this report.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 24 of this report.

Component unit A Component Unit is a distinct legal entity separate from the District, the resource of which is dedicated to furthering the interests of the District. These funds are **not** reflected in the government-wide financial statements because the resources of those funds are not available at the District's discretion. However, since those resources are dedicated to furthering the interests of the District the financial statements of the Box Elder County School District Foundation are presented as a component unit.

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 25 – 50 of this report.

Other information The combining statements referred to in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51 - 57 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The District assets and deferred outflows exceeded liabilities and deferred inflows by \$118,424,669 at the close of the most recent fiscal year.

BOX EDER SCHOOL DISTRICTS Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Cash and other assets	\$ 86,002,868	\$ 84,335,376	\$ 309,787	\$ 321,968	\$ 86,312,655	\$ 84,657,344
Capital assets	126,540,256	125,825,602	2,857,610	2,932,081	129,397,866	128,757,683
Total assets	212,543,124	210,160,978	3,167,397	3,254,049	215,710,521	213,415,027
Other Liabilities	8,059,879	7,392,767	-	-	8,059,879	7,392,767
Long-term liabilities outstanding	58,434,025	63,013,258	2,572,000	2,786,000	61,006,025	65,799,258
Total liabilities	66,493,904	70,406,025	2,572,000	2,786,000	69,065,904	73,192,025
Deferred Inflows (Unearned Property Taxes)	27,624,551	27,942,066	-	-	27,624,551	27,942,066
Total Liabilities and Deferred Inflows	94,118,455	98,348,091	2,572,000	2,786,000	96,690,455	101,134,091
Net position:						
Invested in capital assets, net of related debt	76,907,167	71,864,319	285,610		77,192,777	71,864,319
Restricted	41,381,282	39,400,293			41,381,282	39,400,293
Unrestricted	136,220	548,275	309,787	468,049	446,007	1,016,324
Total net position	\$ 118,424,669	\$ 111,812,887	\$ 595,397	\$ 468,049	\$ 119,020,066	\$ 112,280,936

The largest portion of the District's net position (65%) reflects its investment in capital assets (e.g. land, water stock, buildings and improvements, furniture and equipment), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) 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 (35%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$446,007 may be used to meet the District's ongoing obligations to students, employees, and creditors.

BOX ELDER SCHOOL DISTRICT'S Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 7,075,544	\$ 6,912,024	\$ 214,000	\$ 213,909	\$ 7,289,544	\$ 7,125,933
Operating grants and contributions	23,837,262	23,137,279	128,236	148,800	23,965,498	23,286,079
Capital grants and contributions	114,144	13,464			114,144	13,464
General revenues:						
Property taxes	30,156,617	33,210,405			30,156,617	33,210,405
Federal and state aid not restricted to specific purposes	30,841,645	27,668,024			30,841,645	27,668,024
Earnings on investments	667,019	762,437		283	667,019	762,720
Gain (loss) on sale of assets	32,769	42,493			32,769	42,493
Total revenues	92,725,000	91,746,126	342,236	362,992	93,067,236	92,109,118
Expenses:						
Instructional services	47,413,196	46,938,190			47,413,196	46,938,190
Supporting services:						
Students	2,141,012	2,137,811			2,141,012	2,137,811
Instructional staff	1,466,246	1,363,773			1,466,246	1,363,773
District administration	700,183	676,940			700,183	676,940
School administration	4,548,671	4,581,746			4,548,671	4,581,746
Business	1,832,940	2,174,953			1,832,940	2,174,953
Operation and maintenance of facilities	6,948,237	6,873,260			6,948,237	6,873,260
Transportation	4,418,188	4,414,699			4,418,188	4,414,699
Non-instructional services	1,914,300	1,835,006			1,914,300	1,835,006
Community services	1,621,274	1,752,830			1,621,274	1,752,830
Student Activities	3,382,584	3,193,005			3,382,584	3,193,005
School food services	4,747,594	5,016,215			4,747,594	5,016,215
Capital outlay	2,762,220	3,257,572			2,762,220	3,257,572
Interest on long-term liabilities	2,216,573	2,352,790			2,216,573	2,352,790
Total expenses	86,113,218	86,568,790	-	-	86,113,218	86,568,790
Business Type Activities:						
Municipal Building Authority		-	214,888	188,412		-
Excess of revenues over expenditures	6,611,782	5,177,336	127,348	174,580	6,739,130	5,351,916
Change in net position	6,611,782	5,177,336	127,348	174,580	6,739,130	5,351,916
Net position-beginning-as restated	111,812,887	106,635,551	468,049	293,469	112,280,936	106,929,020
Net position-ending	\$ 118,424,669	\$ 111,812,887	\$ 595,397	\$ 468,049	\$ 119,020,066	\$ 112,280,936

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position, both for the District as a whole, as well as for its separate governmental activities. This status is consistent with that of the prior fiscal year.

The total net position of the District grew by \$6,739,130 during the fiscal year. This is due to the new construction projects, prudent budgeting and careful management of the District's funds.

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.

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 fund balance is divided between non-spendable, restricted, committed, assigned and unassigned balances. The District has portions of the assigned fund balance to set resources aside for certain government-wide liabilities that are not recognized in the governmental funds. State law allows for assigned balances in the General Fund to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are set aside by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the fiscal year, the unassigned fund balance was \$2,921,754. The Governmental Accounting Standards Board (GASB) Statement #54 has established a requirement for categorization of the fund balances that combines the former designations of Undistributed Reserve and Unappropriated balances together in a new category, named Unassigned. This category has a combined balance of \$2,921,754 which includes the Undistributed Reserve, or 'Rainy Day' fund established and reserved by Board action in the amount of \$2,320,000. The total fund balance was \$9,488,433. The unassigned fund balance decreased by \$194,797 while the total fund balance increased by \$1,111,577 during the current fiscal year. Key factors in this change are as follows:

- The decrease in unassigned fund balances is due to increased assigned revenues.
- The increase in fund balance occurred from increased program and assigned revenues.

Expenditures for general District purposes totaled \$67,712,029 an increase of 3% over the previous year. Instructional services represent 64% of general fund expenditures.

The General Fund balances have been assigned or restricted for the following purposes:

- Assignment for undistributed reserve of \$2,320,000 or 3.3% of General Fund budgeted revenues. As allowed by state law, the District has established reserves within the General Fund, which are set aside for contingencies or possible reductions in state funding. These funds are not to be used in negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating. State law limits such reserves to 5% of general fund budgeted revenues.
- Restriction or assignment for programs of \$6,566,679. Fund balance within the General Fund is restricted or set aside to pay for assigned purposes, commitments and program activities at June 30, 2014 that will be re-appropriated and honored during the subsequent year.

General Fund salaries totaled \$40,040,314 while the associated fringe benefits of retirement, social security, unemployment, worker's compensation, and health and accident insurance added \$18,246,765 in wage related expense, which taken together accounts for 86% of General Fund expenditures.

The Capital Projects Fund has a total balance of \$28,395,933, all of which is reserved for acquisition of capital assets and purchase of construction supplies and related expenditures. These funds will also be used for some of the expense related to the ongoing major construction projects and other major capital maintenance.

The School Lunch Special Revenue Fund balance of \$981,604 includes \$119,600 for inventories. The entire balance is to be used for the school lunch program.

The Box Elder County School District Foundation received income in the form of grants, contributions, and earnings on investments of \$47,905 which is a decrease of \$13,018 from the previous year.

General Fund Budgetary Highlights

The amount expended was \$2,004,512 less than the final budget or 2.9% of total general fund expenditures. Final revenues were lower than final budgetary estimates by \$328,842 or .5%

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.

The District operates schools in twenty-three locations with administrative and maintenance facilities at three separate sites. These buildings total more than 1,732,139 square feet and are spread across an area of 5,723 square miles, which is more than any of the three smallest states. These structures and their additions have construction dates ranging from 1912 to 2014.

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District, which was \$4,054,337,970. Therefore, the legal debt limit at June 30, 2014, is \$162,173,519. General obligation debt at June 30, 2014 was \$49,490,000 resulting in a legal debt margin of \$112,683,519.

Additional information on the District's long-term debt can be found in Note 6 to the basic financial statements.

Changing Enrollment within the District

The components of changing enrollment are migration and the kindergarten-to-grade-12 (K-12) differential. The K-12 differential is the variance in the number of kindergarten students entering and the number of grade 12 students leaving the District in a given year.

Enrollment in the District declined since 1993, from a high of 11,320 down to 10,506 in 2003 then back up to the present level of 11,242, as compared to last year's enrollment of 11,131. With the current birth and migration trends the student population is increasing at a rate of about 1% per year. Any increase in student population will also increase basic funding from the state.

Requests for Information

This financial report is designed to provide a general overview of the Box Elder School District's finances for all those with an interest in such matters. Questions concerning any of the information provided in this report or requests for additional financial information or copies of the separately issued Foundation report should be addressed to the Office of the Business Administrator, Box Elder School District, 960 South Main, Brigham City, Utah 84302-3162.

Basic Financial Statements

BOX ELDER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 35,505,875	\$ 309,699	\$ 35,815,574	\$ 440,191
Investments	15,336,923	-	15,336,923	7,829
Receivables:				
Taxes	27,624,551	-	27,624,551	-
Accounts	52,120	-	52,120	480
Intergovernmental	1,797,061	-	1,797,061	-
Deposits	5,566,738	-	5,566,738	-
Inventories	119,600	-	119,600	-
Restricted cash and cash equivalents	-	88	88	-
Capital assets:				
Land, construction in progress, and water stock	13,071,244	-	13,071,244	-
Other capital assets, net of depreciation	113,469,012	2,857,610	116,326,622	-
Total assets	212,543,124	3,167,397	215,710,521	448,500
Liabilities and Deferred Inflows of Resources:				
Accounts payable	1,427,443	-	1,427,443	18,702
Contracts and retainage payable	108,131	-	108,131	-
Deposits payable	373,669	-	373,669	-
Accrued interest	1,015,998	-	1,015,998	-
Accrued salaries and benefits	3,886,762	-	3,886,762	-
Due to clubs	1,247,876	-	1,247,876	-
Unearned revenue	-	-	-	-
Noncurrent liabilities:				
Due within one year	4,395,000	214,000	4,609,000	-
Due in more than one year	54,039,025	2,358,000	56,397,025	-
Total liabilities	66,493,904	2,572,000	69,065,904	18,702
Deferred Inflows of Resources:				
Unearned property taxes	27,624,551	-	27,624,551	-
Total liabilities and deferred inflows of resources	94,118,455	2,572,000	96,690,455	18,702
Net Position:				
Invested in capital assets, net of related debt	76,907,167	285,610	77,192,777	-
Restricted for:				
Non-expendable amounts:				
School food services inventory	119,600	-	119,600	-
Endowments	-	-	-	34,900
Expendable amounts:				
State and other programs	5,837,439	-	5,837,439	-
Student activities	635,048	-	635,048	-
School food services	862,004	-	862,004	-
Debt service	9,336,919	-	9,336,919	-
Capital projects	24,590,272	-	24,590,272	-
Foundation programs	-	-	-	362,003
Unrestricted	136,220	309,787	446,007	32,895
Total net position	\$ 118,424,669	\$ 595,397	\$ 119,020,066	\$ 429,798

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

**BOX ELDER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Box Elder School District Foundation
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
Instructional services	\$ 47,413,196	\$ 1,777,581	\$ 15,850,183	\$ 114,144	\$ (29,671,288)	\$ -	\$ (29,671,288)	\$ -
Supporting services:								
Students	2,141,012	684,247	17,027	-	(1,439,738)	-	(1,439,738)	-
Instructional staff	1,466,246	-	11,083	-	(1,455,163)	-	(1,455,163)	-
District administration	700,183	-	-	-	(700,183)	-	(700,183)	-
School administration	4,548,671	-	-	-	(4,548,671)	-	(4,548,671)	-
Business	1,832,940	-	-	-	(1,832,940)	-	(1,832,940)	-
Operation and maintenance of facilities	6,948,237	-	-	-	(6,948,237)	-	(6,948,237)	-
Transportation	4,418,188	102,260	2,768,399	-	(1,547,529)	-	(1,547,529)	-
Non K-12 instructional services	1,914,300	99,324	1,206,288	-	(608,688)	-	(608,688)	-
Community services	1,621,274	178,041	-	-	(1,443,233)	-	(1,443,233)	-
Student activities	3,382,584	2,936,046	549,605	-	103,067	-	103,067	-
School food services	4,747,594	1,186,833	3,434,677	-	(126,084)	-	(126,084)	-
Facilities acquisition/construction/operation	2,762,220	111,212	-	-	(2,651,008)	-	(2,651,008)	-
Interest and fiscal charges on long-term liabilities	2,216,573	-	-	-	(2,216,573)	-	(2,216,573)	-
Total governmental activities	86,113,218	7,075,544	23,837,262	114,144	(55,086,268)	-	(55,086,268)	-
Business-type activities:								
Municipal Building Authority	214,888	214,000	128,236	-	-	127,348	127,348	-
Total primary government	86,328,106	7,289,544	23,965,498	114,144	(55,086,268)	127,348	(54,958,920)	-
Component unit:								
Box Elder School District Foundation	47,764	-	47,152	-				(612)
General revenues:								
Property taxes levied for:								
Basic rate					5,362,085	-	5,362,085	-
Voted leeway					2,085,894	-	2,085,894	-
Board local leeway					6,587,264	-	6,587,264	-
Debt service					7,380,536	-	7,380,536	-
Capital outlay					8,740,838	-	8,740,838	-
Federal and state aid not restricted to specific purposes					30,841,645	-	30,841,645	-
Earnings on investments					667,019	-	667,019	1,291
Gain (loss) on sale of assets					32,769	-	32,769	-
Total general revenues					61,698,050	-	61,698,050	1,291
Change in net position					6,611,782	127,348	6,739,130	679
Net position - beginning of year - as restated					111,812,887	468,049	112,280,936	429,119
Net position - end of year					\$ 118,424,669	\$ 595,397	\$ 119,020,066	\$ 429,798

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

BOX ELDER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and cash equivalents	\$ 8,885,430	\$ 4,448,800	\$ 20,210,731	\$ 2,526,852	\$ 36,071,813
Investments	5,980,458	-	9,818,233	-	15,798,691
Receivables:					
Taxes	13,528,658	6,592,050	7,503,843	-	27,624,551
Account	49,573	-	136	2,411	52,120
Intergovernmental	1,431,546	-	-	365,515	1,797,061
Restricted cash and cash equivalents	-	-	-	-	-
Deposits	70,000	5,496,738	-	-	5,566,738
Inventory	-	-	-	119,600	119,600
Total Assets	<u>\$ 29,945,665</u>	<u>\$ 16,537,588</u>	<u>\$ 37,532,943</u>	<u>\$ 3,014,378</u>	<u>\$ 87,030,574</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 551,201	\$ -	\$ 801,358	\$ 74,884	\$ 1,427,443
Contracts and retainage payable	-	-	108,131	-	108,131
Deposits payable	1,401,375	-	-	-	1,401,375
Due to clubs	-	-	-	1,247,876	1,247,876
Accrued salaries and benefits	3,811,796	-	-	74,966	3,886,762
Unearned revenue	1,164,202	608,619	723,678	-	2,496,499
Total Liabilities	<u>6,928,574</u>	<u>608,619</u>	<u>1,633,167</u>	<u>1,397,726</u>	<u>10,568,086</u>
Deferred Inflows of Resources:					
Unearned property taxes	13,528,658	6,592,050	7,503,843	-	27,624,551
Total Liabilities and Deferred Inflows of Resources	<u>20,457,232</u>	<u>7,200,669</u>	<u>9,137,010</u>	<u>1,397,726</u>	<u>38,192,637</u>
Fund Balances:					
Non-spendable:					
Inventories	-	-	-	119,600	119,600
Restricted:					
State programs	2,031,778	-	3,805,661	-	5,837,439
Debt service	-	9,336,919	-	-	9,336,919
Other programs	-	-	-	-	-
Committed:					
Capital projects-BEHS natatorium	-	-	800,000	-	800,000
Assigned:					
Capital projects	-	-	23,790,272	-	23,790,272
Non-major special revenue funds	-	-	-	1,497,052	1,497,052
Other purposes	4,534,901	-	-	-	4,534,901
Unassigned	2,921,754	-	-	-	2,921,754
Total Fund Balance	<u>9,488,433</u>	<u>9,336,919</u>	<u>28,395,933</u>	<u>1,616,652</u>	<u>48,837,937</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 29,945,665</u>	<u>\$ 16,537,588</u>	<u>\$ 37,532,943</u>	<u>\$ 3,014,378</u>	<u>\$ 87,030,574</u>

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

BOX ELDER SCHOOL DISTRICT
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 assets are different because:

Total fund balance - governmental funds	\$ 48,837,937
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$188,214,014 and the accumulated depreciation is \$(61,673,758).	126,540,256
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Property tax revenue is recognized when earned (claim to resources established) rather than when available. A portion of the deferred property tax revenue is not available.	2,496,499
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Cash and deposits payable are offset in the governmental wide financial statements but reported in the fund financial statements because the transactions are between two different funds. \$1,027,706 was eliminated from cash and cash equivalents and deposits payable for the government wide financial statements because the Student Activities Fund reported the investment held by the District as cash and cash equivalents in the fund financial statements and the General Fund reported a corresponding deposits payable.

-

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	\$ (49,490,000)	
Bond premium	(1,952,326)	
Termination benefits	(6,510,236)	
Compensated absences	(338,374)	
Accrued interest on bonds	(1,015,998)	
Capital lease payable	(143,089)	
	(59,450,023)	(59,450,023)

Total net position - governmental activities	\$ 118,424,669
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The notes to the financial statements are an integral part of this statement.

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds			Other	
	General	Debt Service	Capital Projects	Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 14,841,724	\$ 7,758,929	\$ 9,225,737	\$ -	\$ 31,826,390
Charges for services	2,157,204	-	111,212	4,122,879	6,391,295
Other programs and grants	169,064	-	-	-	169,064
Contributions	-	-	-	549,605	549,605
Earnings on investments	143,191	28,388	155,204	13,119	339,902
State aid	46,744,295	-	-	731,076	47,475,371
Federal aid	4,579,658	-	-	2,390,933	6,970,591
Total revenues	68,635,136	7,787,317	9,492,153	7,807,612	93,722,218
Expenditures:					
Current:					
Instructional services	43,400,984	-	-	-	43,400,984
Supporting services:					
Students	2,154,959	-	-	-	2,154,959
Instructional staff	1,445,294	-	-	-	1,445,294
General administration	590,357	-	-	-	590,357
School administration	4,262,154	-	-	-	4,262,154
Business	1,785,795	-	-	-	1,785,795
Operation and maintenance of facilities	6,483,578	-	-	-	6,483,578
Student transportation	4,082,124	-	-	-	4,082,124
Student activities	-	-	-	3,382,584	3,382,584
Non K-12 instructional services	1,884,739	-	-	-	1,884,739
Community services	1,622,045	-	-	-	1,622,045
School food services	-	-	-	4,149,363	4,149,363
Facilities acquisition/construction	-	-	9,085,149	-	9,085,149
Debt service:					
Principal retirement	-	4,260,000	-	-	4,260,000
Interest and fiscal charges	-	2,277,856	-	-	2,277,856
Other	-	-	-	-	-
Total expenditures	67,712,029	6,537,856	9,085,149	7,531,947	90,866,981
Excess (deficiency) of revenues over (under) expenditures	923,107	1,249,461	407,004	275,665	2,855,237
Other financing sources (uses):					
Sale of fixed assets	-	-	71,147	-	71,147
Proceeds from issuance of capital lease	-	-	-	-	-
Operating transfers in	188,470	-	-	-	188,470
Operating transfers out	-	-	-	(188,470)	(188,470)
Total other financing sources (uses)	188,470	-	71,147	(188,470)	71,147
Net change in fund balances	1,111,577	1,249,461	478,151	87,195	2,926,384
Fund balances - beginning	8,376,856	8,087,458	27,917,782	1,529,457	45,911,553
Fund balances - ending	\$ 9,488,433	\$ 9,336,919	\$ 28,395,933	\$ 1,616,652	\$ 48,837,937

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

BOX ELDER SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances-total governmental funds	\$ 2,926,384
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Also, in the Governmental funds proceeds from sale of capital assets is recorded as revenue, whereas in the statement of activities, capital asset sale proceeds are netted against the cost of the capital assets and the accumulated depreciation. Below are the changes for 2014:

Capital outlays	\$ 6,322,929	
Depreciation expense	(5,569,897)	
Gain on sale of capital assets	32,769	
Proceeds from sale of capital assets	<u>(71,147)</u>	
		714,654

Property tax revenues received prior to the year for which they are being levied are reported as unearned revenue in the governmental funds. However, they are recorded as revenue in the statement of activities. Deferred property tax revenues decreased during the year.	(1,669,772)
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In the statement of activities, commodities received are recognized as revenue and commodities used as an expense. The amount received and expensed during 2014 was \$312,668.	-
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Accrued interest on long-term debt reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. This is the current year change in the liability, reported as a decrease in interest expense in the statement of activities.	61,283
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. During 2013, they consist of the following:

Bond principal payments	\$ 4,260,000	
Capital lease payments	68,194	
Amortization of bond premium	<u>327,117</u>	
		4,655,311

In the statement of activities, certain operating expenses, such as compensated absences and termination benefits, are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During 2014, compensated absences payable increased by \$51,634 and termination benefits payable increased by \$24,444.	<u>(76,078)</u>
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Changes in net position of governmental activities	<u>\$ 6,611,782</u>
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The notes to the financial statements are an integral part of this statement.

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Property taxes	\$ 14,278,343	\$ 14,393,256	\$ 14,841,724	\$ 448,468
Charges for services	2,019,500	1,984,287	2,157,204	172,917
Other programs and grants	500	500	169,064	168,564
Earnings on investments	180,000	181,300	143,191	(38,109)
Contributions	-	-	-	-
State aid	45,684,584	47,850,635	46,744,295	(1,106,340)
Federal aid	3,954,000	4,554,000	4,579,658	25,658
Total revenues	66,116,927	68,963,978	68,635,136	(328,842)
Expenditures:				
Current:				
Instructional services	44,105,357	45,181,398	43,400,984	1,780,414
Supporting services:				
Students	2,223,898	2,105,242	2,154,959	(49,717)
Instructional staff	1,462,956	1,464,961	1,445,294	19,667
General administration	627,784	607,741	590,357	17,384
School administration	4,318,728	4,343,976	4,262,154	81,822
Business/Personnel/IT	1,592,072	1,675,827	1,785,795	(109,968)
Operation and maintenance of facilities	6,653,007	6,592,014	6,483,578	108,436
Student transportation	4,426,392	4,218,621	4,082,124	136,497
Non K-12 instructional services	-	1,843,794	1,884,739	(40,945)
Community services	1,964,527	1,682,967	1,622,045	60,922
Total expenditures	67,374,721	69,716,541	67,712,029	2,004,512
Excess of revenues over expenditures	(1,257,794)	(752,563)	923,107	1,675,670
Other financing sources (uses):				
Proceeds from capital lease	-	-	-	-
Other financing sources	1,095,000	-	-	-
Transfer in	-	-	188,470	188,470
Transfer out	-	-	-	-
Total other financing sources (uses)	1,095,000	-	188,470	188,470
Net change in fund balances	(162,794)	(752,563)	1,111,577	1,864,140
Fund balances - beginning	8,376,856	8,376,856	8,376,856	-
Fund balances - ending	\$ 8,214,062	\$ 7,624,293	\$ 9,488,433	\$ 1,864,140

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

BOX ELDER SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	<u>Major Enterprise Fund</u> <u>Municipal Building</u> <u>Authority Fund</u>
Assets:	
Cash and cash equivalents	\$ 309,699
Receivables:	
Accounts	-
Restricted cash and cash equivalents	88
Capital assets:	
Land, construction in progress, and water stock	-
Buildings, net of depreciation	<u>2,857,610</u>
Total assets	<u>3,167,397</u>
Liabilities:	
Accounts payable	-
Accrued interest	-
Noncurrent liabilities:	
Due within one year	214,000
Due in more than one year	<u>2,358,000</u>
Total liabilities	<u>2,572,000</u>
Net Position:	
Invested in capital assets, net of related debt	-
Unrestricted	<u>595,397</u>
Total net position	<u>\$ 595,397</u>

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

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Enterprise Fund- Municipal Building Authority
Operating revenues:	
Charges for sales and services:	
Lease revenue	\$ 214,000
Other services	-
Total operating revenues	<u>214,000</u>
Operating expenses:	
Municipal Building Authority management	-
Depreciation	74,223
Total operating expenses	<u>74,223</u>
Operating income	<u>139,777</u>
Nonoperating revenues (expenses):	
Intergovernmental	128,236
Investment earnings	-
Interest and fiscal charges	(140,665)
Bond issuance costs amortization	-
Gain (Loss) on sale of fixed assets	-
Total nonoperating revenue (expenses)	<u>(12,429)</u>
Income before contributions and transfers	127,348
Transfers in	-
Transfers out	-
Change in net position	127,348
Total net position - beginning	468,049
Total net position - ending	<u>\$ 595,397</u>

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

BOX ELDER SCHOOL DISTRICT
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Enterprise Fund Municipal Building Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund lease of facilities	\$ 214,000
Payments to suppliers	-
Payments to employees	-
Other receipts	-
Net cash provided (used) by operating activities	<u>214,000</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out to other funds	-
Net cash used by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	-
Intergovernmental Build America Bonds interest subsidy	128,236
Principal payments on lease revenue bonds	(214,000)
Interest paid on lease revenue bonds	(138,166)
Fiscal charges paid on lease revenue bonds	(2,500)
Net cash provided (used) from capital and related financing activities	<u>(226,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	-
Net cash provided from investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(12,430)
Cash and cash equivalents beginning of year	<u>322,217</u>
Cash and cash equivalents end of year	<u>\$ 309,787</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income	\$ 139,777
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization expense	74,223
Change in assets and liabilities:	
Accounts receivable	-
Accounts payable	-
Accrued payroll liabilities	-
Obligation for compensated absences	-
Net cash provided by (used in) operating activities	<u>\$ 214,000</u>

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

BOX ELDER SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
JUNE 30, 2014

	Agency Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 49,420
Receivables-accounts	26,286
Total assets	<u>\$ 75,706</u>
Liabilities	
Accounts payable	\$ 8,520
Accrued salaries and benefits	2,993
Intergovernmental payable	64,193
Total liabilities	<u>\$ 75,706</u>

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

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Box Elder School District is located in the north-central and north-western portion of the State of Utah. It was organized by State Statute and serves the citizens of Box Elder County. The District provides educational and related services.

The financial statements of Box Elder School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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 of the District's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements include the School District, which is a political subdivision with corporate powers created under Utah State law, and its blended component unit, the Municipal Building Authority of Box Elder School District, collectively referred to as the financial reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present Box Elder School District (referred to as the "primary government" for reporting purposes) and its' "component units" (separate legal entities for which the District is considered to be financially accountable). Box Elder School District Foundation is a discrete component unit, although a legally separate entity of Box Elder School District.

The Municipal Building Authority of Box Elder School District is governed by a seven-member board which is the Board of Education. Its sole purpose is to finance and construct the District's public facilities. The financial statements of the Municipal Building Authority of Box Elder School District are included in the accompanying financial statements as a blended component unit.

Box Elder School District Foundation is a separate but affiliated, self-sustaining, not-for-profit organization. The Foundation was established to provide support for the Box Elder School District, its faculty and students, and to promote, sponsor and carry out educational, scientific, charitable and related activities and objectives within the Box Elder School District. It is governed by a board of directors of up to 15 individuals. The Foundation is considered to be a component unit of the District because the purpose of the Foundation is to exclusively, or almost exclusively, benefit the District by soliciting contributions and managing the funds. The Foundation has an audit performed annually, separate from the District. A copy of that audit report can be obtained by writing to the Box Elder District Foundation, 960 South Main, Brigham City, Utah 84302.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the function program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the district function activity. Program revenues include 1) charges for services that report fees, tuition, rent, and other charges to users of the District's services; 2) operating grants and contributions that finance annual operating activities; and 3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program users. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. Administrative overhead charges are included in direct expenses.

Fund Financial Statements. 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 in separate columns in the fund financial statements. The remaining governmental funds are combined into a single column and reported as other nonmajor funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. 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.

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days, and therefore do not meet the "available" criterion, are reported as deferred revenue until collected. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Minimum school program revenues and other revenues from the Utah State Office of Education are considered "measurable" and recognized as revenue when available and remitted to the District in time to be used to pay current obligations. Grant revenue is recognized when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenue items are considered to be measurable and available only when cash is received by the District.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on long-term debt as well as expenditures related to compensated absences, termination benefits and arbitrage rebates which are recognized only when payment is due.

The District reports the following major governmental funds:

General Fund – This fund accounts for all activities not accounted for by other funds of the District and is the principal fund. The main sources of revenue for this fund are property taxes and minimum school programs funded by the Utah State office of Education.

Debt Service Fund – The Debt Service Fund is used to account for specific revenue sources that are legally restricted to debt service expenditures for specific purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or maintenance of major capital projects.

The District's nonmajor governmental funds include three special revenue funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Fund Financial Statements. Proprietary funds include enterprise funds. Enterprise funds report the activities for which a fee is charged to external users for goods or services. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The Municipal Building Authority (MBA) of Box Elder School District is the only proprietary fund reported in the financial statements. The MBA Fund accounts for the activity and operations of leasing and constructing public facilities.

Fiduciary Fund Financial Statements. The District has one fiduciary fund – Agency Fund. Agency Funds are used to account for assets held by the District as an agent for other governments, private organizations, or individuals. Agency Funds are accounted for using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus.

D. Budgets

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for funds. All annual appropriations lapse at fiscal year end. Budgets are presented on the modified accrual basis of accounting for governmental funds. Budgets are not adopted on a District level for the Box Elder School District Foundation, which is presented as a discretely presented component unit in the financial statements.

The district operates within the budget requirements as specified by State law. The financial reports reflect the following budgetary standards.

1. In May of each year, the District management submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. A final budget for the current year, ending June 30th, is also included.
2. The tentative budget is made available for public inspection at least ten days prior to a public hearing on adoption of the final budget.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

3. If the budget does not propose to exceed the certified tax rate, a public hearing for taxpayer input is held prior to June 22nd of each year. The budget is then legally adopted by resolution of the Board. If the budget proposes a tax rate that exceeds the certified tax rate, the budget is formally adopted in August, when data is available to set new rates.
4. Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board, but increased appropriations in the governmental funds require a public hearing prior to amending the budget. Budgets may be increased provided that notice of such action is published seven days before the meeting. The budgetary information presented includes the original budget and the final amended budget.
5. Minor interim adjustments in estimated revenue and appropriations during the year ended June 30, 2014, have been included in the final budget approved by the Board, as presented in the financial statements.
6. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as a designation to the fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.
7. As determined by State law, the level for which expenditures may not legally exceed appropriations is the total budget of a given fund.
8. Negative variances in total revenues and positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on fund balance. Budgets generally assume expenditure of all available resources. Therefore, when the budget is prepared, it is assumed that these funds will not have a carryover or revenue to a subsequent year. Some program revenues received, but not spent, are restricted and deferred to the subsequent fiscal year.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Deposits and Investments

Unrestricted cash balances of all funds are combined to form a pool of cash and investments which is managed by the Business Administrator in accordance with the Utah Money Management Act. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool. Restricted cash consists of that portion of pooled cash that is restricted for a specific use due to constraints imposed by external parties or enabling legislation, or is cash held in trust in compliance with bond covenants, terms and conditions. Restricted cash is held in the capital project account because the funds are restricted for the purpose of building or remodeling instructional facilities. When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Investments are recorded at fair value based upon quoted market prices as of year end, except where there is no material difference between cost and fair value. The difference between the purchase price and market price when material is recorded as interest income.

A statement of cash flows is presented for proprietary funds under the direct method. For purposes of the statement of cash flows, the District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Utah Public Treasurer's Investment Fund (PTIF) to be cash and cash equivalents.

F. Interfund transactions

Interfund transactions represent transactions between different funds within the District. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenses resulting from such transactions.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

Capital assets include land, buildings, improvements other than buildings, leasehold improvements, furniture, fixtures and equipment, vehicles and construction in progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental activities. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000; real property thresholds vary by type of asset, but are generally established at the same amount. Assets purchased or constructed are generally recorded at cost. If precise cost is not available, the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend asset's lives are not capitalized.

When constructing capital assets, interest expense incurred relating to governmental activities is not capitalized.

Land, water stock, and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is charged to the various functional expenses in the government-wide Statement of Activities. Accumulated depreciation is reported on the government-wide Statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	10-40 years
Improvements	5-40 years
Equipment	5-20 years
Vehicles	5-10 years

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

It is the District's policy to permit employees to accumulate earned-but-not-used vacation benefits in accordance with negotiated agreements. The District has placed a cap on the amount of accumulated vacation benefits that will be compensated. The cap depends on employee classification and is limited to 10 days for classified employees, 15 days for administrators working under 229 day contracts and 20 days for administrators working under 243 day contracts. An estimate of vacation pay plus related payroll taxes is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

I. Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, defeasance costs, (the difference between the carrying amount of the defeased debt and its reacquisition price in bond refunding), are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are expensed as incurred as directed in GASB 65.

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

J. Net Position/Fund Balances

The difference between assets and liabilities is "Net Position" on the government-wide and "Fund Balance" on the governmental fund financial statements. Net position is divided into invested in capital assets (net of related debt), restricted non-spendable, restricted expendable, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Net Position/Fund Balances (continued)

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financials are as follows.

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified only school food service inventory as non-spendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purposes unless the School Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted or committed. This intent can be expressed by the School Board or the District Business Administrator. No other body or official has the authority to constrain such amounts. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance for any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Net Position/Fund Balances (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

K. Inventories

Inventories for the School Food Services Special Revenue Fund are valued at average cost utilizing the weighted average method.

L. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. To help manage these risks, the District participates in the Utah State Risk Management Fund, a public entity that operates like an insurance carrier. The District also participates in the Utah School Boards Risk Management Mutual Insurance Association to cover its workers compensation risks.

M. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2. PROPERTY TAX

The property tax revenue of the District is collected and distributed by the Box Elder County Treasurer as an agent for the District. Utah statutes establish the process by which taxes are levied and collected. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. Property tax revenue received by the District includes uncollected taxes (including delinquencies and accrued interest and penalties). It is expected that delinquent property taxes will be collected within a five year period, after which time, the County Treasurer may force sale of property to collect the delinquent portion. These property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. The property taxes levied for 2014 have been included in the taxes receivable and unearned property tax liability for the governmental fund presentation. These have been adjusted for the government-wide presentation.

An annual uniform fee based on the age of motor vehicles is levied in lieu of ad valorem tax (property tax) on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the motor vehicle is located in the same proportion in which revenue from ad valorem property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected by the county.

NOTE 3. RECEIVABLES

Receivables at June 30, 2014, consist of the following:

	<u>Taxes</u>	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Total</u>
Governmental funds:				
General Fund	\$13,528,658	\$ 49,573	\$ 1,431,546	\$ 15,009,777
Debt Service Fund	6,592,050	-	-	6,592,050
Capital Projects Fund	7,503,843	136	-	7,503,979
Nonmajor Funds	-	2,411	365,515	367,926
Total receivables	<u>\$27,624,551</u>	<u>\$ 52,120</u>	<u>\$ 1,797,061</u>	<u>\$ 29,473,732</u>

No allowance for uncollectible accounts has been provided because the District believes that all accounts receivable are collectible.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,626,715	\$ 587,072	\$ -	\$ -	\$ 11,213,787
Construction in progress	1,380,910	4,261,373	(3,859,826)	-	1,782,457
Water stock	75,000	-	-	-	75,000
Total capital assets not being depreciated	12,082,625	4,848,445	(3,859,826)	-	13,071,244
Capital assets being depreciated:					
Buildings and improvements	153,268,835	3,808,232	(58,918)	(14,206)	157,003,943
Furniture, machinery and equipment and vehicles	17,222,473	1,526,078	(623,930)	14,206	18,138,827
Total capital assets being depreciated	170,491,308	5,334,310	(682,848)	-	175,142,770
Less accumulated depreciation					
Buildings and improvements	(45,168,496)	(4,267,651)	34,251	-	(49,401,896)
Furniture, machinery and equipment and vehicles	(11,579,835)	(1,302,246)	610,219	-	(12,271,862)
Total accumulated depreciation	(56,748,331)	(5,569,897)	644,470	-	(61,673,758)
Total capital assets being depreciated, net	113,742,977	(235,587)	(38,378)	-	113,469,012
Governmental activity capital assets, net	\$ 125,825,602	\$ 4,612,858	\$ (3,898,204)	\$ -	\$ 126,540,256
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 2,968,945	\$ -	\$ -	\$ -	\$ 2,968,945
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	2,968,945	-	-	-	2,968,945
Capital assets being depreciated:					
Buildings and improvements	-	-	-	-	-
Less accumulated depreciation					
Buildings and improvements	(37,112)	(74,223)	-	-	(111,335)
Total capital assets being depreciated, net	(37,112)	(74,223)	-	-	(111,335)
Business-type activity capital assets, net	\$ 2,931,833	\$ (74,223)	\$ -	\$ -	\$ 2,857,610

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 3,901,035
Support services:	
General administration	65,726
School administration	383,374
Business	55,975
Operations/Maintenance of plant	475,001
Student transportation	340,594
Community services	335,865
School food services	12,327
Total depreciation expense - governmental activities	\$ 5,569,897
Business-type activities:	
Municipal Building Authority	\$ 74,223

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4. CAPITAL ASSETS (continued)

The District has construction commitments for the construction projects for remodeling at Bear River Natatorium and Box Elder Natatorium. Funds have been restricted or assigned in Capital Project Fund for these commitments.

NOTE 5. RETIREMENT PLANS

Defined Benefit Plans- Box Elder School District contributes to the State and School Contributory Retirement System Tier 1 and 2 and State and School Noncontributory Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and Schools Contributory Retirement System and State and Schools Noncontributory Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1 (800) 365-8772.

Funding Policy- Plan members in the State and Schools Contributory Retirement System Tier 1 are required to contribute 6.00% of their annual covered salary (5% paid by the employer for the employee) and Box Elder School District is required to contribute 15.97% of their annual covered salary. In the State and Schools Contributory Retirement System Tier 2 there are no employee contributions and the School District contributes 16.75% of eligible salary. In the State and Schools Noncontributory Retirement System, Box Elder School District is required to contribute 20.46% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the Board.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5. RETIREMENT PLANS (continued)

Box Elder School District's contributions to the State and Schools Contributory Retirement System Tier 1 and 2 for the years ended June 30, 2014, 2013 and 2012, were \$265,309, \$177,523, and \$143,703, respectively; and for the State and Schools Noncontributory Retirement System the contributions for June 30, 2014 2013 and 2012 were \$7,251,441, \$6,751,930, and \$6,260,518 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans- The District also participates in the Utah Retirement System 401(k) plan. The District funds 1.5% of eligible payroll cost. Vesting is immediate. The District contributed \$1,383,550 in 2014 and employee contributions were \$566,937.

The District also participates in the Educators Mutual Insurance association 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributed \$11,204 in 2014 and employee contributions were \$10,076.

The District also offers its employees deferred compensation plans created in accordance with Internal Revenue code Sections 457 and 403(b). The plans, available to all full-time employees, permit them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$17,430 for 2014. This plan is administered by the Utah Retirement Systems. Employee contributions to the Section 403(b) plan totaled \$297,506. This plan is administered by National Benefits, a third party administrator.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6. LONG-TERM OBLIGATIONS

The District had the following long-term obligations at June 30, 2014.

The District patrons approved the issuance of up to \$70 million in general obligation bonds in fiscal year 2008. The Board decided to spend the funds for the construction of improvements at the two high schools and the construction of potential elementary schools in areas with significant need. On September 10, 2008, \$25 million of the approved bonds were issued. The District received a bond premium of \$597,277 and paid bond issuance costs of \$266,475, including an underwriter's discount of \$170,000. The bond premium is being amortized over the 20 year life of the bonds. Principal and interest payments began July 15, 2009 and end July 15, 2028. The interest rate on the bonds ranges from 3%-5%. The following is a debt service schedule in five year increments over the life of the bonds.

2008 General Obligation School Building Bonds:

Years	Principal	Interest	Total	Interest Rate
2015	\$ 875,000	\$ 772,488	\$ 1,647,488	3.50%
2016	900,000	739,175	1,639,175	3.50%
2017	950,000	702,175	1,652,175	4.00%
2018	975,000	663,675	1,638,675	4.00%
2019	1,025,000	622,394	1,647,394	4.00%
2020-2024	5,800,000	2,332,031	8,132,031	4.00%-5.00%
2025-2029	7,275,000	832,625	8,107,625	4.25%-5.00%
	<u>\$ 17,800,000</u>	<u>\$ 6,664,563</u>	<u>\$ 24,464,563</u>	

On July 1, 2009, \$31 million of the approved bonds were issued. The District received a bond premium of \$618,633 and paid bond issuance costs of \$292,077, including an underwriter's discount of \$202,387. The bond premium is being amortized over the 20 year life of the bonds. Principal and interest payments began January 15, 2010 and end January 15, 2029. The interest rate on the bonds ranges from 3%-5%. The following is a debt service schedule in five year increments over the life of the bonds.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6. LONG-TERM OBLIGATIONS (continued)

2009 General Obligation School Building Bonds:

Years	Principal	Interest	Total	Interest Rate
2015	\$ 925,000	\$ 8,552,375	\$ 9,477,375	3.00%
2016	950,000	814,874	1,764,874	3.00%
2017	1,000,000	795,875	1,795,875	4.00%
2018	1,025,000	735,375	1,760,375	4.00%
2019	1,075,000	693,375	1,768,375	4.00%-4.25%
2020-2024	6,050,000	2,754,797	8,804,797	4.00%-4.25%
2025-2029	7,475,000	1,280,234	8,755,234	4.00%-4.50%
2030	1,700,000	40,375	1,740,375	4.75%
	<u>\$ 20,200,000</u>	<u>\$15,667,280</u>	<u>\$ 35,867,280</u>	

On November 23, 2011, \$14 million of the approved bonds were issued. The District received a bond premium of \$1,864,249 and paid bond issuance costs of \$113,462, including an underwriter's discount of \$47,419. The bond premium is being amortized over the 7 year life of the bonds. Principal and interest payments began July 15, 2012 and end July 15, 2018. The interest rate on the bonds ranges from 3%-5%. The following is a debt service schedule in five year increments over the life of the bonds.

2011 General Obligation School Building Bonds:

Years	Principal	Interest	Total	Interest Rate
2015	\$ 2,595,000	\$ 492,900	\$ 3,087,900	4.00%
2016	2,710,000	373,250	3,083,250	5.00%
2017	2,825,000	234,875	3,059,875	5.00%
2018	2,985,000	89,625	3,074,625	5.00%
2019	375,000	7,500	382,500	4.00%
	<u>\$ 11,490,000</u>	<u>\$ 1,198,150</u>	<u>\$ 12,688,150</u>	

The Municipal Building Authority of Box Elder School District (MBA), a blended component unit of Box Elder School District, entered into agreements to issue Qualified School Construction Bonds in the amount of \$3,000,000, for the construction of new school. The bonds were issued on June 2, 2011, and are payable May 15, 2026. The District has entered into a master lease agreement with the MBA, dated June 2, 2011, which requires the District to lease the school facility from the MBA through May 16, 2026. The lease amount is equal to the annual debt service plus \$1 for each fiscal year the lease is in force. The lease provides for a purchase price, which may be exercised by the District anytime during the period of the lease, equivalent to the outstanding principal balance on the lease revenue bonds. The bond interest rate is 4.96% for the length of the bond. However, the annual interest amount of approximately \$148,800 will be subsidized by the U.S. Government resulting in no annual cost to the District. The following is debt service schedule of the bonds.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6. LONG-TERM OBLIGATIONS (continued)

2011 Municipal Building Authority Qualified School Construction Bonds:

Year	Principal	Interest	Subsidized interest	Total	Interest Rate
2015	\$ 214,000	\$ 127,571	\$ (114,814)	\$ 226,757	4.96%
2016	\$ 214,000	\$ 116,957	\$ (105,261)	\$ 225,696	4.96%
2017	\$ 214,000	\$ 106,342	\$ (106,342)	\$ 214,000	4.96%
2018	\$ 214,000	\$ 95,728	\$ (95,728)	\$ 214,000	4.96%
2019	\$ 214,000	\$ 85,114	\$ (85,114)	\$ 214,000	4.96%
2020-2024	\$ 1,072,000	\$ 266,302	\$ (266,302)	\$ 1,072,000	4.96%
2025-2026	\$ 430,000	\$ 31,992	\$ (31,992)	\$ 430,000	4.96%
	<u>\$ 2,572,000</u>	<u>\$ 830,006</u>	<u>\$ (805,553)</u>	<u>\$ 2,596,453</u>	

Effective July 1, 2006, the Board approved a termination benefit plan, which, upon termination, provides for the payout of sick leave benefits and a retirement bonus. During the year ended June 30, 2014, \$1,450,492 was expended on these benefit plans. The plan is financed on a pay-as-you-go basis. The District has a potential for termination benefits for 396 eligible employees. For 2014, the District has recorded a liability of \$6,510,236, which is calculated at the net present value of the estimated liability.

Termination Benefits

Sick Leave Benefit:

Employees are eligible after they have completed 15 years of contracted service with the District – employees receive 2% of their unused, accumulated sick leave for each year of service in the District, plus 1% per year for each year of experience granted by the District upon employment, to a maximum of 60%.

Retirement Bonus:

Employees are eligible after they qualify for School District Retirement, as defined in Policy 3306, 3-3-1 –employees receive a retirement bonus generated at 30% per year of full-time contracted employment in the District, multiplied by the value of the weighted pupil unit for the year of retirement with an amount not to exceed nine times the value of the weighted pupil unit for the year of retirement. For classified employees who are eligible and less than fulltime employees, the percentages are lower.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6. LONG-TERM OBLIGATIONS (continued)

Compensated Absences

Classified and Administrative employees are eligible for vacation benefits. Classified employees may carry over a maximum of 20 days vacation to the following year but upon termination will only be compensated for up to 10 days at the rate in effect at the time of termination. Administrative employees who are under contract for 229 working days may be compensated for up to 15 days and administrative employees under contract for 243 or more working days may be compensated for up to 20 days.

Capital Lease

The remaining long-term obligation is a capital lease entered into with DeLage Landen Public Finance for the purchase of computer equipment. See note 10 for additional information. Transactions affecting long-term obligations are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds payable	\$ 53,750,000	\$ -	\$ (4,260,000)	\$49,490,000	\$ 4,395,000
G.O. bond premium	2,279,443	-	(327,117)	1,952,326	-
Capital lease payable	211,283	-	(68,194)	143,089	-
Compensated absences	286,740	380,442	(328,808)	338,374	-
Accrued termination benefits	6,485,792	1,450,492	(1,426,048)	6,510,236	-
Total Governmental Activities	\$ 63,013,258	\$ 1,830,934	\$ (6,410,167)	\$58,434,025	\$ 4,395,000
Business-type activities:					
Bonds payable	\$ 2,786,000	\$ -	\$ (214,000)	2,572,000	\$ 214,000

NOTE 7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2014, no funds had expenditures in excess of the approved final budget.

No funds had deficit fund balances at June 30, 2014.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8. CASH AND INVESTMENTS

The District maintains a Deposit and Investment Pool that is available for use by all funds of the District. Each fund type's portion of this pool is disclosed on the governmental funds balance sheet as "cash and cash equivalents".

The District complies with the Utah Money Management Act (Utah Code Section 51, Chapter 7) and related Rules of the Money management Council (Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined in the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market funds and obligations of governmental agencies within the State of Utah. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficient adequate protection of its uninsured bank deposits.

Deposits

At June 30, 2014, the carrying amount of the District deposits was \$3,369,125 and the bank balance was \$5,998,392. Of the bank balance, \$1,239,849 was covered by federal depository insurance. Deposits are not collateralized nor are they required to be by state stature. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the District follows these recommendations. The Foundation had deposits of \$77,713 with a bank balance of \$88,996, all of which was insured.

Investments

At June 30, 2014, the District's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rated
Corporate Bonds	\$ 15,336,922	less than 1 year	A- to AAA
Commercial paper/repurchase agreements	-	less than 270 days	none
Utah Public Treasurer's Investment Fund	32,495,958	N/A	not rated
Total	\$ 47,832,880		

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8. CASH AND INVESTMENTS (continued)

Investments (continued)

At June 30, 2014, the Foundation's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	
Certificates of deposit	\$ 7,829	less than 1 year	
Utah Public Treasurer's Investment Fund	362,478	N/A	not rated
	<u>\$ 370,307</u>		

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments do not exceed the period of availability of the funds invested. The Act further limits the remaining term to maturity on all investments in commercial paper to 270 days or less and fixed-income securities to 365 days or less. The District has no investment policy that would further limit its interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing exposure to credit risk is to comply with the Act and other related rules. The Act and other related rules limit investments in commercial paper to a first tier rating of investments in fixed-income to a rating of A or higher as rated by Moody's Investor Service or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices. All of the District's investments in corporate bonds and commercial paper meet this requirement with ratings of, at least, A or P-1. No one investment exceeds 5% of the total investment pool.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. At June 30, 2014, the District had 32.4% of its' investments in Federal Home Loan Bank and 45.6% in Freddie Mac. The District places no other limits on the amount it may invest in any one issuer.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8. CASH AND INVESTMENTS (continued)

Custodial Credit Risk. For an investment, the custodial 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 investments that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. All of the District's investments in corporate bonds and commercial paper are uninsured and uncollateralized and held by the agent in the District's name.

As reported in the financial statements:

Government Wide:

Cash and cash equivalents	\$ 35,815,574
Investments	15,336,923
Restricted cash and cash equivalents	88
Restricted investments	-

Component Unit:

Cash and cash equivalents	440,191
Investments	7,829
Fiduciary Funds - cash and cash equivalents	49,420
	<u>\$ 51,650,025</u>

The PTIF is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund investments must comply with the provisions of the Utah Money Management Act. The Fund is not SEC registered and is unrated. Participant accounts with PTIF are not insured or otherwise guaranteed by the State of Utah. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top rated domestic commercial held by the Utah State Treasurer. The portfolio has a weighted average life of 90 days or less. The fair value of the District's position in the fund is the same as the value of the fund shares.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9. RECONCILIATION OF INTERFUND BALANCES AND TRANSFERS

There were no interfund due to/due from balances during 2014 and the only interfund transfer was to close out the Non K-12 Fund Special Revenue Fund into the General Fund. This transfer was \$188,470.

\$1,027,706 in school funds reported in the Other Governmental Funds column as cash and cash equivalents and as deposits payable in the General Fund, have been eliminated in the reporting of the government wide statements.

NOTE 10. CAPITAL LEASE OBLIGATION

The District entered into a capital lease with Dell Financial Services for the purchase of computer back-up and storage equipment. The economic substance of the lease is that the District is financing the acquisition of the assets through a lease, and accordingly, it is recorded in the District's financial statements.

The following is an analysis of the leased assets included in the property and equipment.

Computer storage and back-up equipment	\$ 287,429
Less: accumulated depreciation	<u>(95,810)</u>
	<u><u>\$ 191,619</u></u>

The lease is secured by the assets. The lease agreement contains a bargain purchase price option at the end of the lease. The following is a schedule by years of the future minimum lease payments required under the lease together with the present value at year end:

2015	\$ 75,040
2016	<u>75,040</u>
Total minimum lease payments	150,080
Less: amount representing interest	<u>(6,991)</u>
Present value of minimum lease payments	<u><u>\$ 143,089</u></u>

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11. MEMBERSHIP CHANGES

The District receives funding from the Utah State Office of Education (USOE) based on formulas calculated using the District's membership figures. As District membership increases or decreases, corresponding funding from the USOE has the potential to increase or decrease. The amount of any potential change is not available.

NOTE 12. RISK MANAGEMENT

The District maintains insurance coverage for general liability, automobile, personal injury, errors and omissions, employee dishonest, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible, automobile physical damage is insured to actual value with a \$500 deductible, other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experience related annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

There are several lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the financial statement of the District.

The District maintains workers compensation insurance through the Utah School Boards Risk Management Mutual Insurance Association (Association). Annual premiums are charged to users by the Association to enable the payment of claims and to accumulate reserves for any unforeseen issues. Independent coverage is obtained to insure sufficient reserves and funds are available when needed. This is a pooled arrangement where the participants pay experience rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities. Periodic billing premiums are received to cover any unanticipated changes from the facts and circumstances used to calculate the annual premium.

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 13. RESTRICTED/ASSIGNED FUND BALANCE/NET POSITION DETAIL

The detail of the aggregated amounts in the Statement of Net Position and the Balance Sheet is as follows at June 30, 2014:

Fund balances-governmental funds:

Restricted state programs:

General Fund:

Tort reserve	\$ 46,873
Special education	481,820
Gifted/talented	26,543
Advanced placement	1,556
Concurrent enrollment	145,737
At risk-homeless	41,962
Youth in custody	118,360
Trust lands	184,705
Drivers education	78,858
Dual Immersion	12,743
Extended day kindergarten	40,073
Performance plus	108,179
Library books	659
State literacy	22,183
Job enhancement	15,023
USTAR	2,510
CTE programs	703,994
Total General Fund	<u>2,031,778</u>

Capital Project Fund:

Capital Outlay Foundation School Building Program	<u>3,805,661</u>
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Net Position-Governmental activities	<u><u>\$ 5,837,439</u></u>
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Fund balance-governmental funds:

Assigned-other purposes:

General Fund:

Credit recovery	\$ 25,409
Classified professional development	7,421
Americorp	12,939
Wellness	13,665
Budget shortfalls	2,862,744
Termination benefits	1,000,000
Special ed health services	117,272
E-rate	495,451
Total General Fund	<u><u>\$ 4,534,901</u></u>

BOX ELDER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 14. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports 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 (expenditure/expense) until then. The District currently has no items that fall within this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports one of these items. Unearned property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These amounts also are reported on the government-wide statement of net position.

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE-
BUDGET AND ACTUAL
MAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Property tax	\$ 6,770,000	\$ 7,490,000	\$ 7,758,929	\$ 268,929
Earnings on investments	50,000	25,000	28,388	3,388
Other	-	-	-	-
Total revenues	6,820,000	7,515,000	7,787,317	272,317
Expenditures:				
Debt service:				
Principal retirement	4,385,000	4,885,000	4,260,000	625,000
Interest and fiscal charges	2,630,000	2,630,000	2,277,856	352,144
Other	-	-	-	-
Total expenditures	7,015,000	7,515,000	6,537,856	977,144
Excess (deficiency) of revenues over (under) expenditures	(195,000)	-	1,249,461	1,249,461
Other financing sources (uses):				
Proceeds from sale of general obligation bonds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(195,000)	-	1,249,461	1,249,461
Fund balance - beginning	8,087,458	8,087,458	8,087,458	-
Fund balance - ending	\$ 7,892,458	\$ 8,087,458	\$ 9,336,919	\$ 1,249,461

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Property taxes	\$ 8,099,568	\$ 9,100,000	\$ 9,225,737	\$ 125,737
Charges for services	85,000	150,000	111,212	(38,788)
Contributions	-	-	-	-
Earnings on investments	90,000	125,000	155,204	30,204
Total local sources	8,274,568	9,375,000	9,492,153	117,153
State sources:				
Restricted grants in aid	15,000	-	-	-
Total state sources	15,000	-	-	-
Federal sources:				
Restricted grants in aid	-	-	-	-
Total federal sources	-	-	-	-
Total revenues	8,289,568	9,375,000	9,492,153	117,153
Expenditures:				
Support services:				
Operation and maintenance of facilities	-	-	-	-
Student transportation	-	-	-	-
Facilities acquisition/construction	9,015,000	10,895,000	9,085,149	1,809,851
Lease payment to MBA Fund	-	-	-	-
Total expenditures	9,015,000	10,895,000	9,085,149	1,809,851
Excess (deficiency) of revenues over (under) expenditures	(725,432)	(1,520,000)	407,004	1,927,004
Other Financing Sources (Uses):				
Sale of fixed assets	25,000	25,000	71,147	46,147
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total other financing sources (uses)	25,000	25,000	71,147	46,147
Net change in fund balances	(700,432)	(1,495,000)	478,151	1,973,151
Fund balance - beginning	27,917,782	27,917,782	27,917,782	-
Fund balance - ending	\$27,217,350	\$ 26,422,782	\$ 28,395,933	\$ 1,973,151

BOX ELDER SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Student Activities Fund	Non K-12 Fund	School Food Service Fund	
Assets:				
Cash and cash equivalents	\$ 1,950,186	\$ -	\$ 576,666	\$ 2,526,852
Receivables:				
Accounts	-	-	2,411	2,411
Intergovernmental	-	-	365,515	365,515
Inventory	-	-	119,600	119,600
Total assets	<u>\$ 1,950,186</u>	<u>\$ -</u>	<u>\$ 1,064,192</u>	<u>\$ 3,014,378</u>
Liabilities:				
Accounts payable	\$ 67,262	\$ -	\$ 7,622	\$ 74,884
Due to clubs	1,247,876	-	-	1,247,876
Accrued salaries and benefits	-	-	74,966	74,966
Unearned revenue	-	-	-	-
Total liabilities	<u>1,315,138</u>	<u>-</u>	<u>82,588</u>	<u>1,397,726</u>
Fund balances:				
Non-spendable:				
Inventory	-	-	119,600	119,600
Restricted:				
State programs	-	-	-	-
Assigned:				
Non K-12 programs	-	-	-	-
Student Activities	635,048	-	-	635,048
School Food Service	-	-	862,004	862,004
Total fund balances	<u>635,048</u>	<u>-</u>	<u>981,604</u>	<u>1,616,652</u>
Total liabilities and fund balances	<u>\$ 1,950,186</u>	<u>\$ -</u>	<u>\$ 1,064,192</u>	<u>\$ 3,014,378</u>

BOX ELDER SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Student Activities Fund	Non K-12 Fund	School Food Service Fund	
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ -
Charges for services	2,936,046	-	1,186,833	4,122,879
Contributions	549,605	-	-	549,605
Earnings on investments	10,284	-	2,835	13,119
State aid	-	-	731,076	731,076
Federal aid	-	-	2,390,933	2,390,933
Total revenues	<u>3,495,935</u>	<u>-</u>	<u>4,311,677</u>	<u>7,807,612</u>
Expenditures:				
Student activities	3,382,584	-	-	3,382,584
Non K-12 instructional services	-	-	-	-
School food services	-	-	4,149,363	4,149,363
Total expenditures	<u>3,382,584</u>	<u>-</u>	<u>4,149,363</u>	<u>7,531,947</u>
Excess of revenues over expenditures	<u>113,351</u>	<u>-</u>	<u>162,314</u>	<u>275,665</u>
Other financing sources:				
Sale of fixed assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	(188,470)	-	(188,470)
Total other financing sources (uses)	<u>-</u>	<u>(188,470)</u>	<u>-</u>	<u>(188,470)</u>
Net change in fund balances	<u>113,351</u>	<u>(188,470)</u>	<u>162,314</u>	<u>87,195</u>
Fund balances - beginning	<u>521,697</u>	<u>188,470</u>	<u>819,290</u>	<u>1,529,457</u>
Fund balances - ending	<u>\$ 635,048</u>	<u>\$ -</u>	<u>\$ 981,604</u>	<u>\$ 1,616,652</u>

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SCHOOL ACTIVITIES FUND
NONMAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Local sources:				
Charges for services	\$ 2,110,000	\$ 2,210,000	\$ 2,936,046	\$ 726,046
Contributions/grants	725,000	725,000	549,605	(175,395)
Earnings on investments	12,200	12,200	10,284	(1,916)
Total local sources	2,847,200	2,947,200	3,495,935	548,735
State sources:				
Teacher materials & supplies	752,800	752,800	-	(752,800)
Other state revenue	-	-	-	-
Total state sources	752,800	752,800	-	(752,800)
Total revenues	3,600,000	3,700,000	3,495,935	(204,065)
Expenditures:				
Student activities	3,600,000	3,700,000	3,382,584	317,416
Total expenditures	3,600,000	3,700,000	3,382,584	317,416
Excess (deficiency) of revenues over (under) expenditures	-	-	113,351	113,351
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	-	113,351	113,351
Fund balances - beginning	521,697	521,697	521,697	-
Fund balances - ending	\$ 521,697	\$ 521,697	\$ 635,048	\$ 113,351

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
NON K-12 FUND
MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Local sources:				
Property taxes and fee in lieu	\$ -	\$ -	\$ -	\$ -
Charges for services	680,500	-	-	-
Earnings on investments	5,500	-	-	-
Total local sources	686,000	-	-	-
State sources:				
Adult education	145,500	-	-	-
Special education preschool	740,000	-	-	-
Special education-severely disabled	91,900	-	-	-
Drivers education	105,000	-	-	-
Other state revenue	-	-	-	-
Total State Sources	1,082,400	-	-	-
Federal sources:				
Pre-school incentive	270,000	-	-	-
Migrant program	-	-	-	-
Adult education	-	-	-	-
Other federal revenue	-	-	-	-
Total federal sources	270,000	-	-	-
Total revenues	2,038,400	-	-	-
Expenditures:				
Non-instructional services	1,867,174	-	-	-
Community services	-	-	-	-
Total expenditures	1,867,174	-	-	-
Excess (deficiency) of revenues over				
(under) expenditures	171,226	-	-	-
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	(188,470)	(188,470)	-
Total other financing sources (uses)	-	(188,470)	(188,470)	-
Excess (deficiency) of revenue and other sources				
over expenditures and other uses	171,226	(188,470)	(188,470)	-
Fund balances - beginning	188,470	188,470	188,470	-
Fund balances - ending	\$ 359,696	\$ -	\$ -	\$ -

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SCHOOL FOOD SERVICES
NONMAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Local sources:				
Lunch sales	\$ 1,326,000	\$ 1,432,029	\$ 1,186,833	\$ (245,196)
Earnings on investments	-	-	2,835	2,835
Other Income	6,000	7,500	-	(7,500)
Total local sources	1,332,000	1,439,529	1,189,668	(249,861)
State sources:				
State lunch program	645,000	750,000	731,076	(18,924)
Total state sources	645,000	750,000	731,076	(18,924)
Federal sources:				
School lunch reimbursement	320,000	380,000	389,134	9,134
School lunch free and reduced reimbursement	1,490,000	1,717,670	1,561,396	(156,274)
School breakfast	389,500	389,500	411,464	21,964
District certification program	-	-	6,619	6,619
Other child nutrition:				
Child and adult	-	12,830	22,320	9,490
Other	-	-	-	-
Total federal sources	2,199,500	2,500,000	2,390,933	(109,067)
Total revenues	4,176,500	4,689,529	4,311,677	(377,852)
Expenditures:				
School food services:				
Salaries	1,431,529	1,553,320	1,377,453	175,867
Employee benefits	500,065	793,410	473,875	319,535
Purchased services	-	4,000	38,352	(34,352)
Supplies and materials	2,120,000	2,186,270	2,011,787	174,483
Equipment	60,000	60,000	7,237	52,763
Other objects	118,000	118,000	240,659	(122,659)
Total expenditures	4,229,594	4,715,000	4,149,363	565,637
Excess (deficiency) of revenues over (under) expenditures	(53,094)	(25,471)	162,314	187,785
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(53,094)	(25,471)	162,314	187,785
Fund balances - beginning	819,290	819,290	819,290	-
Fund balances - ending	\$ 766,196	\$ 793,819	\$ 981,604	\$ 187,785

Reports and Schedules
Required by
OMB Circular A-133

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

To the Board of Education
Box Elder School District
Brigham City, UT 84302

Report on Compliance for Each Major Federal Program

We have audited Box Elder School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Box Elder School District's major federal programs for the year ended June 30, 2014. Box Elder School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Box Elder School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Box Elder School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Box Elder School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Box Elder School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Box Elder School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Box Elder School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Box Elder School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information of the management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wiggins & Co., PC

Brigham City, Utah
October 24, 2014

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass - Thru Grantor/ Program Title	Federal CFDA Number	Pass-Thru Grantor's Number	Expenditures
U.S. Department of Agriculture			
<u>Passed through Utah State Office of Education:</u>			
National School Lunch Program Cluster:			
School Breakfast Program	10.553	44	\$ 411,464
National School Lunch Program	10.555	42/43	1,950,530
Food Distribution-Commodities	10.555	NA	312,668
Total National School Lunch Program Cluster			<u>2,674,662</u>
District Certification Program	10.579	NA	6,619
 <u>Passed through Box Elder County:</u>			
Secure Payments for States and Counties Containing Federal Lands	10.665	N/A	53,189
Total U.S. Department of Agriculture			<u>2,734,470</u>
 U.S. Department of Education			
<u>Passed through Utah State Office of Education:</u>			
<u>Special Education Cluster:</u>			
IDEA Disabilities Act-Special Education	84.027	19	2,307,042 X
IDEA Special Education-Preschool Grants	84.173	52	<u>115,311 X</u>
Total Special Education Cluster			2,422,353
Title I Grant to Local Education Agencies	84.010	8	835,673
Migrant Education-State Grant Program	84.011	15	112,818 X
Career and Technical Education-Basic Grants to States	84.048	20/21	92,588
English Language Acquisition Grants	84.365	73	33,803
Improving Teacher Quality State Grants	84.367	74	<u>303,525 X</u>
 Total U.S. Department of Education			<u>3,800,760</u>
 Corporation for National and Community Service			
<u>Passed through Ogden City School District:</u>			
Utah Americorp Literacy Initiative	94.006	N/A	<u>41,462</u>
Total Corporation for National and Community Service			<u>41,462</u>
 Total Expenditures of Federal Awards			<u>\$ 6,576,692</u>

The accompanying notes are an integral part of this schedule.

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to the District's financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to, and does not, present either the financial position, changes in fund balances or other current funds revenue, expenditures and other changes of the District. The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Box Elder School District (District). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included in the schedule. Of the federal awards presented in the Schedule, the District provided no federal awards to subrecipients.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the schedule is presented in accordance with OMB Circular A-133.

Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, would be included in federal awards, if applicable, and therefore, would be reported on the schedule. Federal awards do not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal government for which the Federal Government procures tangible goods or services are not considered to be federal awards.

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures or expenses to be used in defining Type A and Type B federal award programs. Type A programs, for the District, are those programs, which exceed \$300,000 in federal expenditures, distributions, or issuances for the year ended June 30, 2014.

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity

The reporting entity is fully described in Note 1 of the District's financial statements. The schedule includes all federal award programs administered by the District for the year ended June 30, 2014.

Basis of Accounting

The expenditures in the schedule are recognized as incurred based on the modified accrual basis of accounting, which is the same basis of accounting used by the District's governmental funds as described in Note 1 to the District's basic financial statements, and the cost accounting principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*. Under these cost principles certain types of expenditures are not allowable or are limited as to reimbursement.

The schedule does not include matching expenditures.

Some of the District's federal awards are received directly from the granting federal agency (i.e., the District is the primary recipient). However, the majority of federal awards, as identified on the schedule, are passed through a separate entity prior to receipt by the District (i.e., the District is a sub-recipient).

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3. RECONCILIATION OF AMOUNTS REPORTED ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE DISTRICT'S FINANCIAL REPORT

The following is a reconciliation of the amounts reported in the Schedule of Expenditures of Federal Awards with the amounts reported in the District's fund financial statements.

Federal funds reported in the General Fund	\$ 4,579,658
Federal funds reported in the School Lunch Fund	<u>2,390,933</u>
	6,970,591
Plus:	
Amount recorded on Schedule for Food Distribution not recorded on the fund financial statements.	312,668
Amount of Medicaid funds recorded as federal in General Fund statements but are charges for services	(684,247)
Amount received from Internal Revenue Service for revenue and expense of interest on Qualified School Construction Build America Bonds of \$128,236.	-
Amount recorded in School Food Service Fund as federal revenue but is reimbursement for food services.	<u>(22,320)</u>
Expenditures of Federal Awards	<u><u>\$ 6,576,692</u></u>

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section 1 – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:
Internal control over financial reporting:

Unmodified

Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not
considered to be a material weakness? yes X none reported

Noncompliance material to financial statements yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not
considered to be a material weakness? yes X none reported

Type of Auditor's report on compliance for major
programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133, Section
.510(a)?

 yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027
84.173
84.011
84.367

Special Education Cluster:
Special Education
Special Education -Preschool
Migrant Education
Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section II – Financial Statement findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

There were no significant deficiencies and no material weaknesses noted during our audit, which are required to be reported.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs noted during our audit that are required to be reported in accordance with OMB A-133. Accordingly, no such matters are reported.