

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2016**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2016**

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Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Trustees  
Dietrich School District No. 314  
Dietrich, ID 83324

September 16, 2016

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Basis for Qualified Opinion**

Management has not adopted a methodology for reporting other postemployment benefits under the guidelines of GASB 45 in the government-wide statements and, accordingly, has not considered the need to record a liability for such benefits. Accounting principles generally accepted in the United States of America require that an adequate liability be provided for postemployment benefits, which would increase the liabilities and decrease fund balance and change the revenues in the government-wide statements. The amount by which this departure would affect the assets, net position, and expenses of the government-wide statements is not reasonably determinable.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government-wide activities of Dietrich School District No. 314, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Dietrich School District No. 314, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer's contribution on pages 36 through 46 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dietrich School District No. 314's basic financial statements. The 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 combining and individual financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated September 10, 2016, on our consideration of the Dietrich School District No. 314's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dietrich School District No. 314's internal control over financial reporting and compliance

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
<b><u>CURRENT ASSETS</u></b>	
Cash and Cash Equivalents	\$ 112,732
Investments	1,050,729
Net Receivables	86,886
Inventory	<u>11,953</u>
 <b><u>TOTAL CURRENT ASSETS</u></b>	 <b>\$ 1,262,300</b>
 <b><u>NONCURRENT ASSETS</u></b>	
Long-Term Receivables	\$ 2,437
Investments - Restricted	1,815,156
Capital Assets (non-depreciated)	80,000
Capital Assets (depreciated - net)	<u>2,328,257</u>
 <b><u>TOTAL NONCURRENT ASSETS</u></b>	 <b><u>4,225,850</u></b>
 <b><u>TOTAL ASSETS</u></b>	 <b><u>5,488,150</u></b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension Obligations	<u>\$ 365,324</u>
 <b><u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u></b>	 <b><u>365,324</u></b>
 <b><u>LIABILITIES</u></b>	
<b><u>CURRENT LIABILITIES</u></b>	
Accounts Payable	\$ 24,315
Salaries and Benefits Payable	173,493
Interest Payable	446
Current Portion of Long-Term Debt	<u>1,990,396</u>
 <b><u>TOTAL CURRENT LIABILITIES</u></b>	 <b>2,188,650</b>
 <b><u>NONCURRENT LIABILITIES</u></b>	
Net Pension Liability	\$ 556,301
Lease Payable (net of current portion)	97,198
Bond Payable (net of current portion)	<u>0</u>
 <b><u>TOTAL NONCURRENT LIABILITIES</u></b>	 <b><u>653,499</u></b>
 <b><u>TOTAL LIABILITIES</u></b>	 <b><u>2,842,149</u></b>

See accompanying notes to the basic financial statements

	<u>Governmental Activities</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Sources	<u>\$ 358,821</u>	
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>		<u>358,821</u>
 <u>NET POSITION</u>		
Invested in Capital Assets, net of related debt	\$ 320,217	
Restricted for:		
Capital Projects	2,774	
Debt Service	2,186,143	
Federal and State Programs	34,260	
Unrestricted	<u>109,110</u>	
<u>TOTAL NET POSITION</u>		<u>\$ 2,652,504</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Primary Government Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Governmental Activities:</u>				
Instruction	\$ 1,204,411	\$ 2,811	\$ 367,077	
Support	177,285			
General Administrative	317,105			
Custodial/Maintenance	165,037			
Student Transportation	156,287		71,709	
Non-Instructional - Food Service	161,427	27,196	99,973	
Debt Service - Interest on Debt	37,114		53,974	
<u>Total Governmental Activities</u>	2,218,666	30,007	592,733	\$ 0
 <u>Business-Type Activities</u>				
None	0	0	0	0
<u>Total Business-Type Activities</u>	0	0	0	0
<u>Total Primary Government</u>	\$ 2,218,666	\$ 30,007	\$ 592,733	\$ 0

General Revenue

Property Taxes  
State Formula Support  
Other State Support  
Local Revenue  
Investment Earnings

Total General Revenue

Changes in Net Assets

Net Position - Beginning (Restated)

Net Position - Ending

See accompanying notes to the basic financial statements



Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (834,523)		\$ (834,523)
(177,285)		(177,285)
(317,105)		(317,105)
(165,037)		(165,037)
(84,578)		(84,578)
(34,258)		(34,258)
16,860		16,860
(1,595,926)		(1,595,926)
0	\$ 0	0
(1,595,926)	0	(1,595,926)
93,046		93,046
1,361,690		1,361,690
199,606		199,606
100,455		100,455
86,306		86,306
1,841,103	0	1,841,103
245,177	0	245,177
2,407,327	0	2,407,327
\$ 2,652,504	\$ 0	\$ 2,652,504

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 24,228	\$ 50,577	\$ 23,755
Investments	1,050,729		1,815,156
Property Taxes Receivable			34,984
Interfund Balances			312,248
Due From Other Governments	46,876		
Restricted Assets - Investments			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 1,121,833</u></b>	<b><u>\$ 50,577</u></b>	<b><u>\$ 2,186,143</u></b>
 <b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 16,946	\$ 98	
Interfund Balances	304,785		
Contracts and Benefits Payable	153,147	8,970	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>474,878</u></b>	<b><u>9,068</u></b>	<b><u>\$ 0</u></b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows from Property Taxes			2,437
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>2,437</u></b>
 <b><u>FUND BALANCES</u></b>			
Restricted - Special Revenue Funds		41,509	
Restricted - Debt Service Fund			2,183,706
Restricted - Capital Projects Fund			
Unassigned	646,955		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>646,955</u></b>	<b><u>41,509</u></b>	<b><u>2,183,706</u></b>
 <b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>	 <b><u>\$ 1,121,833</u></b>	 <b><u>\$ 50,577</u></b>	 <b><u>\$ 2,186,143</u></b>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,774	\$ 11,398	\$ 112,732
		2,865,885
		34,984
		312,248
	7,463	54,339
		0
<u>\$ 2,774</u>	<u>\$ 18,861</u>	<u>\$ 3,380,188</u>
	\$ 7,271	\$ 24,315
	7,463	312,248
	11,376	173,493
<u>\$ 0</u>	<u>26,110</u>	<u>510,056</u>
		<u>2,437</u>
<u>0</u>	<u>0</u>	<u>2,437</u>
	(7,249)	34,260
2,774		2,183,706
		2,774
		646,955
<u>2,774</u>	<u>(7,249)</u>	<u>2,867,695</u>
<u>\$ 2,774</u>	<u>\$ 18,861</u>	<u>\$ 3,380,188</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>REVENUES</u></b>			
Property Taxes and Penalty and Interest	\$ 526		\$ 92,520
State Foundation Support	1,618,417		
Other State Support/Grants	199,308		53,974
Federal Revenue/Grants		\$ 99,973	
Other Local Revenue	<u>97,379</u>	<u>27,196</u>	
<b><u>TOTAL REVENUES</u></b>	<u>1,915,630</u>	<u>127,169</u>	<u>146,494</u>
<b><u>EXPENDITURES</u></b>			
Instructional	981,602		
Support	133,509		
General Administrative	310,266		
Custodial/Maintenance	161,427		
Student Transportation	132,090		
Non-Instructional	19,342	133,159	
Capital Expenditures	41,508	15,178	
Debt Service - Principal			
Debt Service - Interest and Charges			<u>36,546</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>1,779,744</u>	<u>148,337</u>	<u>36,546</u>
<b><u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>135,886</u>	<u>(21,168)</u>	<u>109,948</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Earnings on Investments	3,823		82,483
Proceeds From Capital Leases			
Transfers In (Out)	<u>(46,809)</u>	<u>3,400</u>	
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>(42,986)</u>	<u>3,400</u>	<u>82,483</u>
<b><u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u></b>	92,900	(17,768)	192,431
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>554,055</u>	<u>59,277</u>	<u>1,991,275</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 646,955</u>	<u>\$ 41,509</u>	<u>\$ 2,183,706</u>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 93,046
		1,618,417
	\$ 46,070	299,352
	129,989	229,962
\$ 13	11,874	136,462
<u>13</u>	<u>187,933</u>	<u>2,377,239</u>
	147,608	1,129,210
	30,221	163,730
	1,287	311,553
		161,427
		132,090
		152,501
122,863	9,033	188,582
17,277		17,277
928		37,474
<u>141,068</u>	<u>188,149</u>	<u>2,293,844</u>
<u>(141,055)</u>	<u>(216)</u>	<u>83,395</u>
		86,306
122,863		122,863
(2,446)	45,855	0
<u>120,417</u>	<u>45,855</u>	<u>209,169</u>
(20,638)	45,639	292,564
<u>23,412</u>	<u>(52,888)</u>	<u>2,575,131</u>
<u>\$ 2,774</u>	<u>\$ (7,249)</u>	<u>\$ 2,867,695</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2016**

Total Governmental Fund Balances \$ 2,867,695

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets (non-depreciated and depreciated) used in governmental activities are not financial resources and, therefore, are not reported in the fund balances, \$80,000 of land and \$4,329,804 net of accumulated depreciation of \$2,001,547. \$ 2,408,257

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 2,437

Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements. 11,953

Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements. (446)

Amounts resulting from pension liabilities as a result of GASB 68 are not recorded in the fund statements:

-Deferred Outflows Pension Obligations	365,324
-Deferred Inflows Pension Sources	(358,821)
-Net Pension Liability	(556,301)

Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Capital Leases	(140,594)
Outstanding Bonds	<u>(1,947,000)</u>

Net Changes (215,191)

Net Position of Governmental Activities \$ 2,652,504

See accompanying notes to the basic financial statements

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Governmental Fund Balances \$ 292,564

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

- Depreciation	\$ (113,833)
- Capital Expenditures	154,656

Proceeds obtained from capital lease transactions are not other financing resources for the Statement of Activities.	(122,863)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	298
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets.	17,277
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Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds.	16,718
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In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	360
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<u>Net Changes</u>	(47,387)
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<u>Change in Net Position of Governmental Activities</u>	\$ 245,177
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See accompanying notes to the basic financial statements

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 53,013
<u>Total Assets</u>	<u>53,013</u>
<u>Liabilities</u>	
Due to Student Groups	<u>53,013</u>
<u>Total Liabilities</u>	<u>53,013</u>
<u>Total Net Position</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements



**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of Dietrich School District No. 314 are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the year ended June 30, 2016.

The District is governed by an elected Board of Trustees which possesses final decision making authority and is held primarily accountable for those decisions. The Board is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance school system operations and construction. All operations controlled by the Board are included within these financial statements.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

**B - REPORTING ENTITY**

These financial statements present the District (the primary government) and any component units of the District. As defined by GASB No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relationships with the District. Based on this definition, the District has no component units.

The District was established on July 18, 1910, as petitioned to Lincoln County under the laws and regulations of the State of Idaho. Idaho Code 33-301 *School Districts Bodies Corporate* states that each school district, now or hereafter established, when validly organized and existing, is declared to be a body corporate and politic, and in its corporate capacity may sue and be sued and may acquire, hold and convey real and personal property necessary to its establishment, extension and existence. It shall have authority to issue negotiable coupon bonds and incur such other debt, in the amounts and manner, as provided by law. Title 33 of Idaho statutes dictates the laws that the District must operate under.

**C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's federal grants, state grants, debt service, capital projects, plant facilities, and general administrative services are classified as governmental activities. The District has no services classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (local revenue, education foundation support, grants, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (instruction, support, administrative, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs. All interfund activity has been eliminated.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. *GASBS No. 34* sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District can electively add funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Special Revenue Funds - Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects

Capital Project Funds - The Capital Project Fund is used to account for resources restricted, committed or assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund - The Debt Service Fund accounts for all financial resources restricted, committed or assigned for the payment of interest and principle on the general long-term debt of the District. Ad valorem taxes are used for the payment of principal and interest on the District's judgment.

**PROPRIETARY FUNDS**

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The District has no enterprise funds.

**FIDUCIARY FUNDS (Not included in government-wide statements)**

Agency Funds - Agency funds account for assets held by the District in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency fund maintained by the District is the student body account.

**E - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
  
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual - Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.
  
1. Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

**F - ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits of the District.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods/services type transactions are classified as "due to/from other funds." Short-term interfund loans are reported as "interfund receivable/payable ." Long-term interfund loans (noncurrent portion) are reported as "advances to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 7 for details of interfund transactions, including receivables and payables at year-end. All interfund activity has been eliminated in the government-wide statement of activity.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, grants, and State foundation funding. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

In the government-wide statements, materials, supplies and food commodities are carried in an inventory account at the lower of cost or market and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance, operating, and instructional supplies. In the fund financial statements, inventory items are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to bond proceeds to be used for a capital construction project of the District and to state and federal grants. For expenditures that apply to both restricted and unrestricted resources, the District uses restricted funds first.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts and can represent a reservation of fund balances in the governmental fund financial statements. The District does not use encumbrance accounting. Therefore, there is no reservation of fund balance.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Outflows of Resources

Deferred outflows of resources are decreases in net assets that relate to future periods and are reported in a separate section of its government-wide and governmental funds financial statements. Deferred outflows of resources from pension obligations affect the government-wide statements and no deferred outflows effect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

Deferred inflows of resources reflects an increase in net assets that applies to a future period(s) and is because the District will not recognize the related revenues until a future event occurs. The District's governmental funds report a separate section for deferred inflows of resources and has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The deferred outflows of resources reported in its government-wide financial statements is from pension sources.

Capital Assets

The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. For fund financial statements, the District has maintained a \$500 limit before an item is recorded as a capital expenditure. The limits for the government-wide statements vary and are shown below.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets are not required to be valued and reported on the District's financial statements and the District has not elected to report them. Therefore, the value of any infrastructure assets purchased prior to July 1, 2003, are not included in these statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<u>Description</u>	<u>Life</u>	<u>Capitalization Amount</u>
Aggregate Cost of Library Books	3	\$5,000
Automobiles	5	\$5,000
Office and Light-weight Equipment	5	\$5,000
Heavy Equipment	7	\$10,000
Buildings and Improvements	40	\$15,000
Infrastructure	50	\$50,000

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Liability for Compensated Absences

Employees are allowed to accrue 5 days personal leave each year. At the end of the year, the employees are paid for all unused personal days. The days are paid at the rate paid to substitutes and is included in their June pay check. Therefore, no liability for compensated absences has been incurred or recorded at year end.

Vacation and sick days are not allowed to be carried over at the District level. Therefore, there is no liability associated with vacation or sick leave days.

Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bond premiums are reported in the deferred inflows of resources section in the statement of net position. Bonds payable are reported net of the applicable bond premium of discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and 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.

Pensions

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



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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budget

The Board of Trustees adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The District is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the District:

1. At least 28 days prior to its annual meeting, the board of trustees shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
2. At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
3. The board of trustees shall publish a summary statement of the budget and a complete copy of the budget shall be submitted to the Idaho State Board of Education.
4. The District may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

Equity Classifications (Net Position and Fund Balance)

Government-wide Financial Statements

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Investment in Capital Assets, Net of Related Debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position—All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - Includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority, the Board of Trustees.

Assigned Fund Balance - Includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned Fund Balance - Includes the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**2 - CASH AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of Idaho Code Sections 33-701 and 67-1210. Under Idaho Code, the District, at its own discretion, may invest funds in time deposits and certificates of deposits provided by the depository bank at interest rates approximating United States treasury bill rates.

The classifications of risk associated with cash and investments are concentration of credit risk, interest rate risk, credit risk, and custodial credit risk. These are defined as:

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk - The exposure to an unfavorable change in interest rates.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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**2 - CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The District does not have formal investment policies to limit the concentration of credit risk or the interest rate risk.

At June 30, 2016, the District had a carrying value of cash deposits of \$165,745 and a bank balance of \$176,820. Based on the above definitions, the District is subject to \$0 of concentration of credit risk.

Idaho Code authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was \$2,865,885 (\$1,050,729 Idaho State Local Government Investment Pool and \$1,815,156 Zions Bank - Dreyfus Treasury Cash Management Account) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

The \$1,815,156 invested with Zions Bank is a sinking fund required by the QZAB bond obtained by the District. Amounts are deposited into the account and are restricted by bond covenants to be used strictly for the retirement of the QZAB bond and interest. Funds are invested in obligations of the U.S. government and do not require disclosure of credit quality ratings.

Investments by the City in the State Treasury Pool are specifically excluded from reporting for custodial credit risk and concentration of credit risk by GASB 40.

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES**

The District's property tax is levied each October on the value listed as of the prior January 1 for all property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2015, upon which the 2015 levy was based was \$45,475,608.

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2016, and maximum levy rates limited by Idaho Code Section 33-802 are as follows:

<u>Type</u>	<u>Rate</u>	<u>Maximum Rate</u>
General	0.0000	Not Allowed
Bond	0.1946	No Limit

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**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES (Continued)**

At June 30, 2016, the components of taxes receivable are as follows:

<u>Property Tax year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
2015	\$ 0	\$ 34,014	\$ 34,014
2014		420	420
2013	0	395	395
2012	0	155	155
<u>Total</u>	<u>\$ 0</u>	<u>\$ 34,984</u>	<u>\$ 34,984</u>

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2016, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2016, are deferred inflows of resources (deferred revenue). The components of deferred inflows of resources are as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 0
Debt Service Fund	2,437
<u>Total</u>	<u>\$ 2,437</u>

For government-wide statements, an allowance for uncollectable taxes is calculated. However, historical information shows that the uncollectable amount is immaterial to these statements and no allowance will be recorded until it becomes a material amount.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives support from the State of Idaho through the School Foundation Program. Amounts due from federal and state governments at June 30, 2016, are as follows:

<u>Source - Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
State - Foundation	\$ 46,876		\$ 46,876
State - Other Support		\$ 7,463	7,463
Federal - Grant Awards		0	0
<u>Total</u>	<u>\$ 46,876</u>	<u>\$ 7,463</u>	<u>\$ 54,339</u>

**NOTE 5 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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**NOTE 5 - RISK MANAGEMENT ( Continued)**

The District controls risk of loss by having adequate insurance coverage. The type and coverage amount is listed below and is believed to be proper to protect the District from any losses:

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 2,000,000
Building	10,000,000
Auto	2,000,000
Errors and Omissions	2,000,000
Chemical	500,000

**NOTE 6 - CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2016, was as follows (beginning amounts restated to reflect GASB 34):

	<u>Primary Government - Governmental Activities</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	
Non-depreciated assets:				
Land	\$ 80,000			\$ 80,000
Construction-in-progress	0			0
Subtotal	<u>80,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>80,000</u>
Other capital assets:				
Buildings and Improvements	3,362,172			3,362,172
Library	210,879			210,879
Heavy Equipment and Busses	442,370	141,862		584,232
Equipment	159,727	12,794		172,521
Subtotal	<u>4,175,148</u>	<u>154,656</u>	<u>0</u>	<u>4,329,804</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,166,293)	(74,890)		(1,241,183)
Library	(208,018)	(2,861)		(210,879)
Heavy Equipment and Busses	(372,020)	(29,643)		(401,663)
Equipment	(141,383)	(6,439)		(147,822)
Subtotal	<u>(1,887,714)</u>	<u>(113,833)</u>	<u>0</u>	<u>(2,001,547)</u>
Net Depreciated Assets	<u>2,287,434</u>	<u>40,823</u>	<u>0</u>	<u>2,328,257</u>
Net Capital Assets	<u>\$ 2,367,434</u>	<u>\$ 40,823</u>	<u>\$ 0</u>	<u>\$ 2,408,257</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 65,353
Support	14,291
Administration	6,496
Custodial/Maintenance	1,780
Student Transportation	24,966
Non-Instructional - Food Service	<u>947</u>
Total	<u>\$ 113,833</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund transfers and due to/from for the District for the year ended June 30, 2016, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
<u>Transfers:</u>			
To cover old over expenditures	Food Service	General Fund	\$ 3,400
To cover old over expenditures	Special Revenue	Capital Projects	2,446
To cover old over expenditures	Special Revenue	General Fund	43,409
 <u>Due To/From:</u>			
To cover current expenditures	Special Revenue	Debt Service	7,463
To cover current expenditures	General Fund	Debt Service	304,785

**NOTE 8 - CONTINGENCIES**

The District is not aware of any pending or threatened litigation which would adversely affect the District. The District has received several federal/state grants for specific purposes that were subject to review and audit of compliance conditions of the programs. Some of these programs require unobligated amounts at September 30, 2016, to be returned. Since this amount is not capable of being measured at year end, no accrual has been recorded. The reports on internal accounting controls and compliance elements are contained on pages 61 to 62. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

**NOTE 9 - REQUIRED DISCLOSURE - DEFICIT FUND BALANCES**

The following nonmajor funds had deficit fund balances at June 30, 2016:

Title I-A Local Program	\$ (4,976)
REAP	(1,221)
Special Education—Grants to States (IDEA, Part B)	(3,423)

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**NOTE 10 - DEBT**

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

	Amount Outstanding Beginning	Issued	Retired	Amount Outstanding Ending
Capital Lease @ 2.65% - Bus	\$ 0	\$ 122,863	\$ 0	\$ 122,863
Capital Lease @ 2.65% - Bus	35,008		17,277	17,731
Bond Issue @ 1.69%	1,947,000			1,947,000
<u>Total</u>	<u>\$ 1,982,008</u>	<u>\$ 122,863</u>	<u>\$ 17,277</u>	<u>\$ 2,087,594</u>

The bond is a "Qualified Zone Academy" Bond as described in Internal Revenue Code Section 1397E(d)(4). The facility must meet certain criteria in order to qualify and the District must adopt a curriculum designed for the new job market and a comprehensive science program with laboratory and equipment. Curriculum must be reviewed to monitor the progress of the programs. Also, payments will be made for \$115,000.00 to a sinking fund that will be used to pay the principal at maturity.

The annual requirements to amortize the bond issue as of June 30, 2016, is as follows:

Year Ended June 30,	Bond Principal	Lease Principal	Interest	Total
2017	\$ 1,947,000	\$ 43,396	\$ 32,976	2,023,372
2018		23,357	2,576	25,933
2019		23,976	1,957	25,933
2020		24,612	1,321	25,933
2021		25,253	680	25,933
<u>Total</u>	<u>\$ 1,947,000</u>	<u>\$ 140,594</u>	<u>\$ 39,510</u>	<u>\$ 2,127,104</u>

**NOTE 11 - RETIREMENT PLAN**

Plan Description

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

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**JUNE 30, 2016**

**NOTE 11 - RETIREMENT PLAN (Continued)**

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

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

**Pension Benefits**

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

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

**Member and Employer Contributions**

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters of covered compensation. The District's employer contributions required and paid were \$129,174, \$145,103 and \$138,531 for the three years ended June 30, 2016, 2015, and 2014, respectively.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2015, the District's proportion was .0422452 percent.



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - RETIREMENT PLAN (Continued)**

For the year ended June 30, 2016, the District recognized pension expense (revenue) of \$110,856. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 66,688
Changes in assumptions or other inputs	20,260	-
Net difference between projected and actual earnings on pension plan investments	204,734	292,134
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	11,156	-
District contributions subsequent to the measurement date	129,174	
	\$ 365,324	\$ 358,822
Total		

\$129,174 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 and 5.6 for the measurement period ended June 30, 2014.

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

Year ended		
<u>June 30,</u>		
2016	\$	(57,065)
2017	\$	(57,065)
2018	\$	(57,065)
2019	\$	41,419
2020	\$	(4,053)
Thereafter	\$	-

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - RETIREMENT PLAN (Continued)**

Actuarial Assumptions

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

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

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

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

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

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

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - RETIREMENT PLAN (Continued)**

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			<u>0.40%</u>
Long-Term Expected Rate of Return, Net of Investment Expenses			<u><u>7.10%</u></u>

**Discount Rate**

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

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

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

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Employer's proportionate share of the net pension liability (asset)	<u>\$ 1,354,946</u>	<u>\$ 556,301</u>	<u>\$ (107,667)</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - RETIREMENT PLAN (Continued)**

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2016, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS**

The Dietrich School District No. 314 has not implemented *Governmental Accounting Standards Board (GASB) Statement 45*. *Statement 45* is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with other postemployment benefits (OPEB) other than pensions. Reported OPEBs may include postretirement medical, dental, pharmacy, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Typically an actuary (or actuaries) with both pension and health experience must perform the calculations following generally accepted actuarial methods. *GASB 45* was instigated by the Governmental Accounting Standards Board (GASB) in July, 2004, because of the growing concern over the potential magnitude of government employer obligations for postemployment benefits.

Plan Description

The District participates in a postretirement health insurance program administered by Public Employee Retirement System of Idaho (PERSI). PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions for state and school employees while employed and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave.

Funding Policy

Payment to the Fund is done monthly and is based on a percentage of salary. The percentage is determined by PERSI and reported and paid by the District on a monthly basis.

Annual OPEB Cost and Net OPEB Obligation

Any OPEB costs is due to the increase in annual premiums of current employees due to the retired employees being placed in the same pool for the determination of current year premiums. Due to the high cost of obtaining actuarial prepared information and the small benefit it would provide, the District has determined that the implementation of *GASB 45* is not cost effective for the District. Therefore, the District has not reported the OPEB cost or the net OPEB obligation in the general fund. The amount by which this departure would affect the assets, fund balances, and revenues of the general fund is not reasonably determinable.

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - EARNINGS ON INVESTMENTS**

The components of earnings on investments are:

Interest Income	\$ 55,631
Unrealized Gain (Loss) on Investments	<u>30,675</u>
Net Income	<u><u>\$ 86,306</u></u>

Unrealized gain on investments is a result of the fair market value adjustment required by generally accepted accounting principals. Any gains or losses will not be realized unless the investments are fully liquidated by the District and the State of Idaho.

**REQUIRED SUPPLEMENTAL  
INFORMATION SECTION**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 427,700	\$ 534,100	\$ 554,055	\$ 19,955
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes	33,000	300	497	197
Property Tax Penalty and Interest			29	29
Other Local Revenue	22,100	82,500	97,379	14,879
<u>Total Local Revenue</u>	55,100	82,800	97,905	15,105
<u>State Revenue</u>				
Base Support Program	1,303,100	1,363,100	1,361,690	(1,410)
Transportation Support	76,000	71,600	71,709	109
Benefit Apportionment	178,200	185,000	185,018	18
Other State Support	233,600	156,400	160,800	4,400
Lottery Revenue	30,300	38,500	38,508	8
Revenue in Lieu / Ag Replacement Tax	3,000	3,000	0	(3,000)
<u>Total State Revenue</u>	1,824,200	1,817,600	1,817,725	125
<u>Other Sources</u>				
Earnings on Investments	1,400	3,000	3,823	823
<u>Total Other Sources</u>	1,400	3,000	3,823	823
<u>Amounts Available for Appropriations</u>	2,308,400	2,437,500	2,473,508	36,008
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	289,600	290,200	290,037	163
Benefits	98,600	88,800	88,588	212
Supplies	7,000	3,700	3,453	247
<u>Total Elementary School Program</u>	395,200	382,700	382,078	622

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Secondary School Program</u>				
Salaries	\$ 287,100	\$ 294,200	\$ 294,153	\$ 47
Benefits	88,500	85,000	84,869	131
Purchased Services	700	3,100	0	3,100
Supplies	6,500	2,400	5,673	(3,273)
<u>Total Secondary School Program</u>	<u>382,800</u>	<u>384,700</u>	<u>384,695</u>	<u>5</u>
<u>Exceptional Child Program</u>				
Salaries	46,000	47,000	47,002	(2)
Benefits	14,400	14,400	14,440	(40)
Supplies	900	0	0	0
<u>Total Exceptional Child Program</u>	<u>61,300</u>	<u>61,400</u>	<u>61,442</u>	<u>(42)</u>
<u>Vocational</u>				
Salaries	65,900	65,900	65,900	0
Benefits	23,600	23,600	23,405	195
Supplies	0	14,000	14,514	(514)
Capital Purchases	0	15,300	15,284	16
<u>Total Vocational</u>	<u>89,500</u>	<u>118,800</u>	<u>119,103</u>	<u>(303)</u>
<u>School Activity</u>				
Salaries	14,600	3,100	33,523	(30,423)
Benefits	2,900	700	9,135	(8,435)
Purchased Services	0	0	1,056	(1,056)
Supplies	0	0	2,083	(2,083)
<u>Total School Activity</u>	<u>17,500</u>	<u>3,800</u>	<u>45,797</u>	<u>(41,997)</u>
<u>Interscholastic</u>				
Salaries	31,000	33,600	3,149	30,451
Benefits	6,200	9,100	622	8,478
Purchased Services	2,000	1,200	0	1,200
Supplies	0	2,000	0	2,000
<u>Total Interscholastic</u>	<u>39,200</u>	<u>45,900</u>	<u>3,771</u>	<u>42,129</u>

Continued



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Total Instructional</u>	\$ 985,500	\$ 997,300	\$ 996,886	\$ 414
<u>Support</u>				
<u>Guidance</u>				
Salaries	24,500	24,500	24,511	(11)
Benefits	8,600	5,400	5,362	38
Purchased Services	1,800	3,300	3,249	51
Supplies	200	200	160	40
<u>Total Guidance</u>	35,100	33,400	33,282	118
<u>Special Services</u>				
Purchased Services	99,000	50,700	52,231	(1,531)
Supplies	0	400	399	1
<u>Total Special Services</u>	99,000	51,100	52,630	(1,530)
<u>Instruction Improvement</u>				
Salaries	0	15,600	14,600	1,000
Benefits	0	3,000	2,881	119
Purchased Services	0	21,300	5,482	15,818
Supplies	0	500	465	35
<u>Total Instruction Improvement</u>	0	40,400	23,428	16,972
<u>Educational Media</u>				
Salaries	6,800	7,000	6,544	456
Benefits	500	500	501	(1)
Supplies	2,900	3,500	3,334	166
<u>Total Educational Media</u>	10,200	11,000	10,379	621
<u>Technology Coordinator</u>				
Salaries	10,000	0	0	0
Purchased Services	0	4,700	4,136	564
Supplies	34,900	9,700	9,654	46
Capital Outlay	9,900	1,500	1,429	71
<u>Total Technology Coordinator</u>	54,800	15,900	15,219	681
<u>Total Support</u>	199,100	151,800	134,938	16,862

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>General Administrative</u>				
<u>Board of Education</u>				
Salaries	\$ 2,400	\$ 2,700	\$ 2,715	\$ (15)
Benefits	900	1,300	1,185	115
Purchased Services	5,000	7,000	7,063	(63)
Supplies	1,700	2,000	1,935	65
	<u>10,000</u>	<u>13,000</u>	<u>12,898</u>	<u>102</u>
<u>District Administration</u>				
Salaries	80,000	43,200	43,200	0
Benefits	0	20,500	20,301	199
Purchased Services	43,200	13,600	13,811	(211)
Supplies	9,000	800	730	70
Capital Outlay	2,500	12,200	11,149	1,051
Insurance	9,000	5,900	5,884	16
	<u>143,700</u>	<u>96,200</u>	<u>95,075</u>	<u>1,125</u>
<u>School Administration</u>				
Salaries	66,200	84,700	84,662	38
Benefits	23,200	23,700	23,576	124
Purchased Services	1,100	3,100	2,539	561
Supplies	3,500	2,800	2,802	(2)
Capital Outlay	0	1,200	1,149	51
	<u>94,000</u>	<u>115,500</u>	<u>114,728</u>	<u>772</u>
<u>Business Operations</u>				
Salaries	60,900	60,600	60,578	22
Benefits	22,200	21,700	21,567	133
Purchased Services	0	4,000	3,726	274
Supplies	7,500	4,200	12,640	(8,440)
Capital Outlay	0	900	866	34
	<u>90,600</u>	<u>91,400</u>	<u>99,377</u>	<u>(7,977)</u>
<u>Business Operations</u>				
Supplies	0	1,400	1,352	48
	<u>0</u>	<u>1,400</u>	<u>1,352</u>	<u>48</u>
<u>Total General Administrative</u>	<u>338,300</u>	<u>317,500</u>	<u>323,430</u>	<u>(5,930)</u>

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**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Custodial / Maintenance</u>				
<u>Custodians</u>				
Salaries	\$ 29,900	\$ 27,500	\$ 27,301	\$ 199
Benefits	13,100	9,300	8,879	421
Purchased Services	0	55,800	54,970	830
Supplies	49,000	5,400	5,096	304
<u>Total Custodians</u>	<u>92,000</u>	<u>98,000</u>	<u>96,246</u>	<u>1,754</u>
<u>Maintenance - Buildings</u>				
Purchased Services	0	2,300	2,184	116
Supplies	0	2,100	1,574	526
<u>Total Maintenance - Buildings</u>	<u>0</u>	<u>4,400</u>	<u>3,758</u>	<u>642</u>
<u>Maintenance - Student Occupied</u>				
Salaries	29,000	25,000	25,116	(116)
Benefits	9,200	8,300	8,345	(45)
Purchased Services	0	200	238	(38)
Supplies	28,000	20,000	18,337	1,663
Capital Outlay	0	1,400	1,400	0
Insurance	0	1,100	1,118	(18)
<u>Total Maintenance - Student Occ.</u>	<u>66,200</u>	<u>56,000</u>	<u>54,554</u>	<u>1,446</u>
<u>Maintenance - Grounds</u>				
Purchased Services	0	2,100	2,051	49
Supplies	17,700	6,000	6,218	(218)
Capital Outlay	0	10,300	10,231	69
<u>Total Maintenance - Grounds</u>	<u>17,700</u>	<u>18,400</u>	<u>18,500</u>	<u>(100)</u>
<u>Total Custodial / Maintenance</u>	<u>175,900</u>	<u>176,800</u>	<u>173,058</u>	<u>3,742</u>
<u>Security Program</u>				
Purchased Services	1,300	6,300	6,242	58
Supplies	4,600	700	630	70
<u>Total Security Program</u>	<u>5,900</u>	<u>7,000</u>	<u>6,872</u>	<u>128</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
<u>School Transportation</u>				
Salaries	\$ 49,200	\$ 55,900	\$ 54,712	\$ 1,188
Benefits	14,200	24,800	23,198	1,602
Purchased Services	21,300	18,000	17,802	198
Supplies	24,600	17,000	16,486	514
Insurance	15,000	16,700	16,651	49
<u>Total School Transportation</u>	<u>124,300</u>	<u>132,400</u>	<u>128,849</u>	<u>3,551</u>
<u>General Transportation</u>				
Purchased Services	5,000	2,300	1,973	327
Supplies	2,700	300	1,268	(968)
<u>Total General Transportation</u>	<u>7,700</u>	<u>2,600</u>	<u>3,241</u>	<u>(641)</u>
<u>Total Transportation</u>	<u>132,000</u>	<u>135,000</u>	<u>132,090</u>	<u>2,910</u>
<u>Other Support Services</u>				
Purchased Services	4,000	5,200	5,466	(266)
Supplies	6,000	5,500	3,057	2,443
<u>Total Other Support Services</u>	<u>10,000</u>	<u>10,700</u>	<u>8,523</u>	<u>2,177</u>
<u>Non-Instructional</u>				
Benefits	0	3,500	3,095	405
Supplies	0	900	852	48
<u>Total Non-Instructional</u>	<u>0</u>	<u>4,400</u>	<u>3,947</u>	<u>453</u>
Contingency Reserve	15,000	91,100		91,100
Interfund Transfers	19,000	21,600	46,809	(25,209)
<u>Total Charges to Appropriations</u>	<u>1,880,700</u>	<u>1,913,200</u>	<u>1,826,553</u>	<u>86,647</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 427,700</u>	<u>\$ 524,300</u>	<u>\$ 646,955</u>	<u>\$ 122,655</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 63,400	\$ 59,300	\$ 59,277	\$ (23)
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	24,000	24,500	21,270	(3,230)
Adult Meal Sales		600	5,123	4,523
Other Local Revenue			803	803
<u>Total Local Revenue</u>	<u>24,000</u>	<u>25,100</u>	<u>27,196</u>	<u>2,096</u>
<u>Federal Revenue</u>				
Child Nutrition Reimbursement	95,000	96,700	99,973	3,273
<u>Total Federal Revenue</u>	<u>95,000</u>	<u>96,700</u>	<u>99,973</u>	<u>3,273</u>
<u>Other Sources</u>				
Interfund Transfers		3,400	3,400	0
<u>Total Other Sources</u>	<u>0</u>	<u>3,400</u>	<u>3,400</u>	<u>0</u>
<u>Amounts Available for Appropriations</u>	<u>182,400</u>	<u>184,500</u>	<u>189,846</u>	<u>5,346</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	44,000	41,500	41,027	473
Benefits	25,000	20,600	20,538	62
Purchased Services	1,000	100	78	22
Supplies	75,000	73,700	71,516	2,184
Capital Outlay	6,000	15,200	15,178	22
<u>Total Non-Instructional</u>	<u>151,000</u>	<u>151,100</u>	<u>148,337</u>	<u>2,763</u>
<u>Total Charges to Appropriations</u>	<u>151,000</u>	<u>151,100</u>	<u>148,337</u>	<u>2,763</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 31,400</u>	<u>\$ 33,400</u>	<u>\$ 41,509</u>	<u>\$ 8,109</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**PERSI - BASE PLAN**  
**LAST 10 FISCAL YEARS \***

<u>Year Ended June 30,</u>	<u>Employer's portion of net pension liability</u>	<u>Employer's proportionate share of the net pension liability</u>	<u>Employer's covered- employee payroll</u>	<u>Employer's proportional share of the net pension liability as a percentage of its covered- employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2016	4.2245200%	\$ 556,301	\$ 1,141,115	48.75%	91.38%
2015	0.0421504%	\$ 310,293	\$ 1,281,828	24.21%	94.95%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*
2008	*	*	*	*	*
2007	*	*	*	*	*

Data reported is measured as of July 1, 2015

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERSI - BASE PLAN**  
**LAST 10 FISCAL YEARS \***

<u>Year Ended June 30,</u>	<u>Statutorily required</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution (deficiency) excess</u>	<u>Employer's covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
2016	\$ 129,174	\$ 129,174	\$ -	\$ 1,141,115	11.32%
2015	\$ 145,103	\$ 145,103	\$ -	\$ 1,281,828	11.32%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*
2008	*	*	*	*	*
2007	*	*	*	*	*

Data reported is measured as of June 30, 2016

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**

**NOTE 1 - RECONCILIATION OF BUDGET TO GAAP**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

	<u>General Fund</u>	<u>Food Service</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,473,508	\$ 189,846
<u>Differences - Budget to GAAP</u>		
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(554,055)	(59,277)
Earnings from investments are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(3,823)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,915,630</u>	<u>\$ 130,569</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,826,553	\$ 148,337
<u>Differences - Budget to GAAP</u>		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting	<u>(46,809)</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,779,744</u>	<u>\$ 148,337</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**

**NOTE 2 - REQUIRED FUND DISCLOSURE**

The following funds had excess actual expenditures over budgeted expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
None	\$ 0	\$ 0	\$ 0

**NOTE 3 - BUDGET PROCESS**

The Board of Trustees adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The District is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the District:

- 1) At least 28 days prior to its annual meeting, the board of trustees shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
- 2) At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
- 3) The board of trustees shall publish a summary statement of the budget and a complete copy of the budget shall be submitted to the Idaho State Board of Education.
- 4) The District may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.
- 5) The legal budget is adopted at the function level.

**NOTE 4 - PENSION DISCLOSURES**

The following information is required to be disclosed as it relates to the pension:

- Changes of benefit terms: None
- Changes in composition of the population covered by the benefit terms: None
- Changes of assumptions: Actuarial assumptions are disclosed in Note 9 of the financial statements. Since this reporting is a new requirement, the prior assumptions are not available.



**SUPPLEMENTAL INFORMATION SECTION**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>	<u>Title I-A Local Program</u>
<b><u>ASSETS</u></b>				
Cash		\$ 1,372	\$ 1,677	
Due From Other Governments	\$ 7,463			
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 7,463</u></b>	<b><u>\$ 1,372</u></b>	<b><u>\$ 1,677</u></b>	<b><u>\$ 0</u></b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable			\$ 300	
Contracts and Benefits Payable	\$ 1,756			\$ 4,976
Interfund Balances	7,463			
<b><u>TOTAL LIABILITIES</u></b>	<b><u>9,219</u></b>	<b><u>\$ 0</u></b>	<b><u>300</u></b>	<b><u>4,976</u></b>
 <b><u>FUND BALANCES</u></b>				
Unreserved	(1,756)	1,372	1,377	(4,976)
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(1,756)</u></b>	<b><u>1,372</u></b>	<b><u>1,377</u></b>	<b><u>(4,976)</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 7,463</u></b>	<b><u>\$ 1,372</u></b>	<b><u>\$ 1,677</u></b>	<b><u>\$ 0</u></b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Perkins III - Vocational Technology</u>
<b><u>ASSETS</u></b>				
Cash				\$ 971
Due From Other Governments				
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 971</u></b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable				\$ 971
Contracts and Benefits Payable		\$ 3,423		
Interfund Balances				
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 0</u></b>	<b><u>3,423</u></b>	<b><u>\$ 0</u></b>	<b><u>971</u></b>
 <b><u>FUND BALANCES</u></b>				
Unreserved	(0)	(3,423)	0	0
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(0)</u></b>	<b><u>(3,423)</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ (0)</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 971</u></b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>	<u>Rural Education Achievement Program</u>	<u>Mayor's Challenge</u>
<b><u>ASSETS</u></b>				
Cash				\$ 969
Due From Other Governments				
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 969</u></b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable				\$
Contracts and Benefits Payable			\$ 1,221	
Interfund Balances				
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>1,221</u></b>	<b><u>0</u></b>
 <b><u>FUND BALANCES</u></b>				
Unreserved	0	0	(1,221)	969
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(1,221)</u></b>	<b><u>969</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 969</u></b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	<u>Audio Visual</u>	<u>Weight Room</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 409	\$ 6,000	\$ 11,398
Due From Other Governments	<u>          </u>	<u>          </u>	<u>7,463</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 409</u></b>	<b><u>\$ 6,000</u></b>	<b><u>\$ 18,861</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable		\$ 6,000	\$ 7,271
Contracts and Benefits Payable			11,376
Interfund Balances	<u>          </u>	<u>          </u>	<u>7,463</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 0</u></b>	<b><u>6,000</u></b>	<b><u>26,110</u></b>
<b><u>FUND BALANCES</u></b>			
Unreserved	<u>409</u>	<u>0</u>	<u>(7,249)</u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>409</u></b>	<b><u>0</u></b>	<b><u>(7,249)</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 409</u></b>	<b><u>\$ 6,000</u></b>	<b><u>\$ 18,861</u></b>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>	<u>Title I-A Local Program</u>
<b><u>REVENUES</u></b>				
Local				
State	\$ 17,683	\$ 23,432	\$ 4,955	
Federal				\$ 45,965
	<u>17,683</u>	<u>23,432</u>	<u>4,955</u>	<u>45,965</u>
<b><u>TOTAL REVENUES</u></b>	<u>17,683</u>	<u>23,432</u>	<u>4,955</u>	<u>45,965</u>
<b><u>EXPENDITURES</u></b>				
Instructional	21,190			47,507
Support		22,265		
Administrative			1,287	
Non-Instructional - Food Service				
Capital Expenditures	3,840		2,291	
	<u>25,030</u>	<u>22,265</u>	<u>3,578</u>	<u>47,507</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>25,030</u>	<u>22,265</u>	<u>3,578</u>	<u>47,507</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>(7,347)</u>	<u>1,167</u>	<u>1,377</u>	<u>(1,542)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers	1,991	(8,391)	(1,244)	28,328
	<u>1,991</u>	<u>(8,391)</u>	<u>(1,244)</u>	<u>28,328</u>
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>1,991</u>	<u>(8,391)</u>	<u>(1,244)</u>	<u>28,328</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	(5,356)	(7,224)	133	26,786
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>3,600</u>	<u>8,596</u>	<u>1,244</u>	<u>(31,762)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (1,756)</u>	<u>\$ 1,372</u>	<u>\$ 1,377</u>	<u>\$ (4,976)</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Perkins III - Vocational Technology</u>
<b><u>REVENUES</u></b>				
Local				\$ 2,374
State				
Federal	\$ 27,400	\$ 44,398		
<b><u>TOTAL REVENUES</u></b>	<u>27,400</u>	<u>44,398</u>	<u>\$ 0</u>	<u>2,374</u>
<b><u>EXPENDITURES</u></b>				
Instructional	22,608	39,898		1,227
Support	1,905	1,470		
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				1,147
<b><u>TOTAL EXPENDITURES</u></b>	<u>24,513</u>	<u>41,368</u>	<u>0</u>	<u>2,374</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>2,887</u>	<u>3,030</u>	<u>0</u>	<u>0</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers	(37)	5,024	933	1,631
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>(37)</u>	<u>5,024</u>	<u>933</u>	<u>1,631</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	2,850	8,054	933	1,631
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(2,850)</u>	<u>(11,477)</u>	<u>(933)</u>	<u>(1,631)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (0)</u>	<u>\$ (3,423)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>	<u>Rural Education Achievement Program</u>	<u>Mayor's Challenge</u>
<b><u>REVENUES</u></b>				
Local				\$ 2,000
State				
Federal	\$ 4,502		\$ 7,724	
<b><u>TOTAL REVENUES</u></b>	<u>4,502</u>	<u>\$ 0</u>	<u>7,724</u>	<u>2,000</u>
<b><u>EXPENDITURES</u></b>				
Instructional	100		8,945	133
Support	4,347			
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				898
<b><u>TOTAL EXPENDITURES</u></b>	<u>4,447</u>	<u>0</u>	<u>8,945</u>	<u>1,031</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>55</u>	<u>0</u>	<u>(1,221)</u>	<u>969</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers	(813)	720	17,713	
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>(813)</u>	<u>720</u>	<u>17,713</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>(758)</u>	<u>720</u>	<u>16,492</u>	<u>969</u>
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>758</u>	<u>(720)</u>	<u>(17,713)</u>	<u>0</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,221)</u>	<u>\$ 969</u>

Continued



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Audio Visual</u>	<u>Weight Room</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Local	\$ 1,500	\$ 6,000	\$ 11,874
State			46,070
Federal			129,989
	<u>1,500</u>	<u>6,000</u>	<u>187,933</u>
<b><u>EXPENDITURES</u></b>			
Instructional		6,000	147,608
Support	234		30,221
Administrative			1,287
Non-Instructional - Food Service			0
Capital Expenditures	857		9,033
	<u>1,091</u>	<u>6,000</u>	<u>188,149</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>			
	<u>409</u>	<u>0</u>	<u>(216)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Interfund Transfers			45,855
	<u>0</u>	<u>0</u>	<u>45,855</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>			
	409	0	45,639
<b><u>FUND BALANCE - BEGINNING</u></b>			
	<u>0</u>	<u>0</u>	<u>(52,888)</u>
<b><u>FUND BALANCE - ENDING</u></b>			
	<u>\$ 409</u>	<u>\$ 0</u>	<u>\$ (7,249)</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<b><u>ASSETS</u></b>			
Cash		\$ 2,774	
Interfund Balances			
Investments			
<b><u>TOTAL ASSETS</u></b>	<b>\$ 0</b>	<b>\$ 2,774</b>	<b>\$ 0</b>
 <b><u>LIABILITIES</u></b>			
Accounts Payable		\$	
Salaries and Benefits Payable			
Interfund Balances			
<b><u>TOTAL LIABILITIES</u></b>	<b>\$ 0</b>	<b>0</b>	<b>\$</b>
 <b><u>FUND BALANCES</u></b>			
Unreserved:			
Designated - Capital Projects	0	2,774	0
<b><u>TOTAL FUND BALANCES</u></b>	<b>0</b>	<b>2,774</b>	<b>0</b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b>\$ 0</b>	<b>\$ 2,774</b>	<b>\$ 0</b>

<u>Student Occupied</u>	<u>Total</u>
	\$ 2,774
	0
	<u>0</u>
<u>\$ 0</u>	<u>\$ 2,774</u>

	\$ 0
	0
	<u>0</u>
<u>\$ 0</u>	<u>0</u>

<u>0</u>	<u>2,774</u>
<u>0</u>	<u>2,774</u>
<u>\$ 0</u>	<u>\$ 2,774</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<u>REVENUES</u>			
Other Local Revenue	_____	\$ 13	_____
<u>TOTAL REVENUE</u>	<u>\$ 0</u>	<u>13</u>	<u>\$ 0</u>
<u>EXPENDITURES</u>			
Capital Outlay	_____	_____	122,863
Debt Service - Principal	_____	_____	17,277
Debt Service - Interest	_____	_____	928
<u>TOTAL EXPENDITURES</u>	<u>0</u>	<u>0</u>	<u>141,068</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>0</u>	<u>13</u>	<u>(141,068)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds From Capital Leases	_____	_____	122,863
Transfer In (Out)	(4)	(14,897)	38,754
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(4)</u>	<u>(14,897)</u>	<u>161,617</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(4)</u>	<u>(14,884)</u>	<u>20,549</u>
<u>FUND BALANCE - BEGINNING</u>	<u>4</u>	<u>17,658</u>	<u>(20,549)</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 0</u>	<u>\$ 2,774</u>	<u>\$ 0</u>

<u>Student Occupied</u>	<u>Total</u>
	\$ 13
\$ 0	13
	122,863
	17,277
	928
0	141,068
0	(141,055)
(26,299)	122,863
	(2,446)
(26,299)	120,417
(26,299)	(20,638)
26,299	23,412
<u>\$ 0</u>	<u>\$ 2,774</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF CHANGE IN NET POSITION - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Student Group</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
High School Association of Students	\$ (762.86)	\$ 766.32	\$ 3.46	\$ 0.00
Student Council	352.13	239.00	194.55	396.58
General Student Body	124.35	8.46	51.04	81.77
Annual Club	5,015.57	6,307.74	8,004.70	3,318.61
Kindergarten	64.07	25.00	39.57	49.50
First Grade	429.56	11.32		440.88
Second Grade	560.07	257.99		818.06
Third Grade	611.31	141.20	74.99	677.52
Fourth Grade	678.43			678.43
Fifth Grade	222.80	200.69	132.84	290.65
Sixth Grade	573.54	166.00	258.75	480.79
Class of 2019	304.87			304.87
Class of 2018	178.10			178.10
Class of 2017	607.39	1,352.50	526.67	1,433.22
Class of 2016	1,493.04	165.00	1,658.04	0.00
Class of 2015	148.73	51.53	200.26	0.00
Class of 2020	100.00	378.00		478.00
Class of 2021	0.00	526.73	51.53	475.20
Class of 2022	0.00	100.00		100.00
Dig Pink	0.00			0.00
Blue Devil Boosters	5,200.70	4,561.40	3,056.31	6,705.79
Dig Pink	0.00	176.00	176.00	0.00
Future Farmers of America	788.73	1,761.60	1,668.89	881.44
YEA	0.00	881.00	881.00	0.00
Music Club	346.92	45.00	283.39	108.53
Ski/Skate	10.00	605.00	580.00	35.00
Library	2,177.09	1,560.39	1,328.11	2,409.37
Drama	2,256.70			2,256.70
Science Club	8.15			8.15
BPA	652.98	6,219.59	2,264.36	4,608.21
Athletics	4,420.65	16,418.77	18,043.11	2,796.31
Box Tops/Field Trips	311.10	2.00	129.00	184.10
Team Accounts	14,982.32	29,909.78	35,133.90	9,758.20
Field Trips	434.26	1,159.80	1,497.72	96.34
Tournament	0.00	945.00	945.00	0.00
Rodeo	401.14	2,597.49	2,150.44	848.19
In & Out - Other	0.00	626.00	626.00	0.00
Concessions	804.47	12,551.23	13,010.19	345.51
Sales Tax	0.00	1,122.25	1,122.25	0.00
SPED	195.45			195.45
Scholarships	12,093.02	4,130.50	4,650.00	11,573.52
<b>Total</b>	<b><u>\$ 55,784.78</u></b>	<b><u>\$ 95,970.28</u></b>	<b><u>\$ 98,742.07</u></b>	<b><u>\$ 53,012.99</u></b>

R. MICHAEL BURR

Certified Public Accountant

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Chairman and Board of Trustees  
Dietrich School District No. 314  
Dietrich, ID 83324

September 16, 2016

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Dietrich School District No. 314's basic financial statements and have issued my report thereon dated September 16, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Dietrich School District No. 314's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dietrich School District No. 314's internal control. Accordingly, I do not express an opinion on the effectiveness of Dietrich School District No. 314's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be material weaknesses, 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dietrich School District No. 314's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Dietrich School District No. 314's Response to Findings

Dietrich School District No. 314's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Dietrich School District No. 314's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**FINDING 2016-001: Lack of Segregation of Duties**

Condition: Only one person is employed by the District in the accounting department which does not allow for a strict segregation of duties.

Criteria: Segregation of duties is an internal control that should be in place to provide reasonable assurance that one person does not have complete control over the entire

Cause: There are not enough personnel hired to allow for a strict segregation of duties.

Effect: May allow for misstatement of general purpose financial statements and misuse of assets.

Recommendation: Hire additional staff to provide a proper segregation of duties.

Views of Responsible Official and Planned Corrective Actions: We concur with the recommendation. However, due to a lack of financial resources to pay for the additional staff and other controls currently in place, no action will be taken at this

**Summary Schedule of Prior Audit Findings**

**Finding 2015-001 Lack of Segregation of Duties**

The District believes that this finding applies only to the financial reporting and does not effect the federal award programs. No corrective action was taken.

**FINDING 2015-002: Failure to Timely Prepare Bank Reconciliations**

The District corrected this finding.

**FINDING 2015-003: Several Beginning Fund Balance Were Incorrect**

The District corrected this finding.

**FINDING 2015-004: Internal Revenue Service Payroll Reports not Properly Filed**

The District corrected this finding.