

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
ANNUAL FINANCIAL REPORT
JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

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

August 24, 2010

We 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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dietrich School District No. 314, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not adopted a methodology for reporting other postemployment benefits under the guidelines of *GASB 45* in the general fund 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 general fund. The amount by which this departure would affect the assets, fund balances, and revenues of the general fund is not reasonably determinable.

In our opinion, except for the effects of not providing an adequate liability for other postemployment benefits for the general fund as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of Dietrich School District No. 314, as of June 30, 2010, 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.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, all other major funds and the aggregate remaining fund information of Dietrich School District No. 314, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The District has not presented the "Management's Discussion and Analysis" that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2010, on our consideration of the Dietrich School District No. 314 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 28 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dietrich School District No. 314, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,

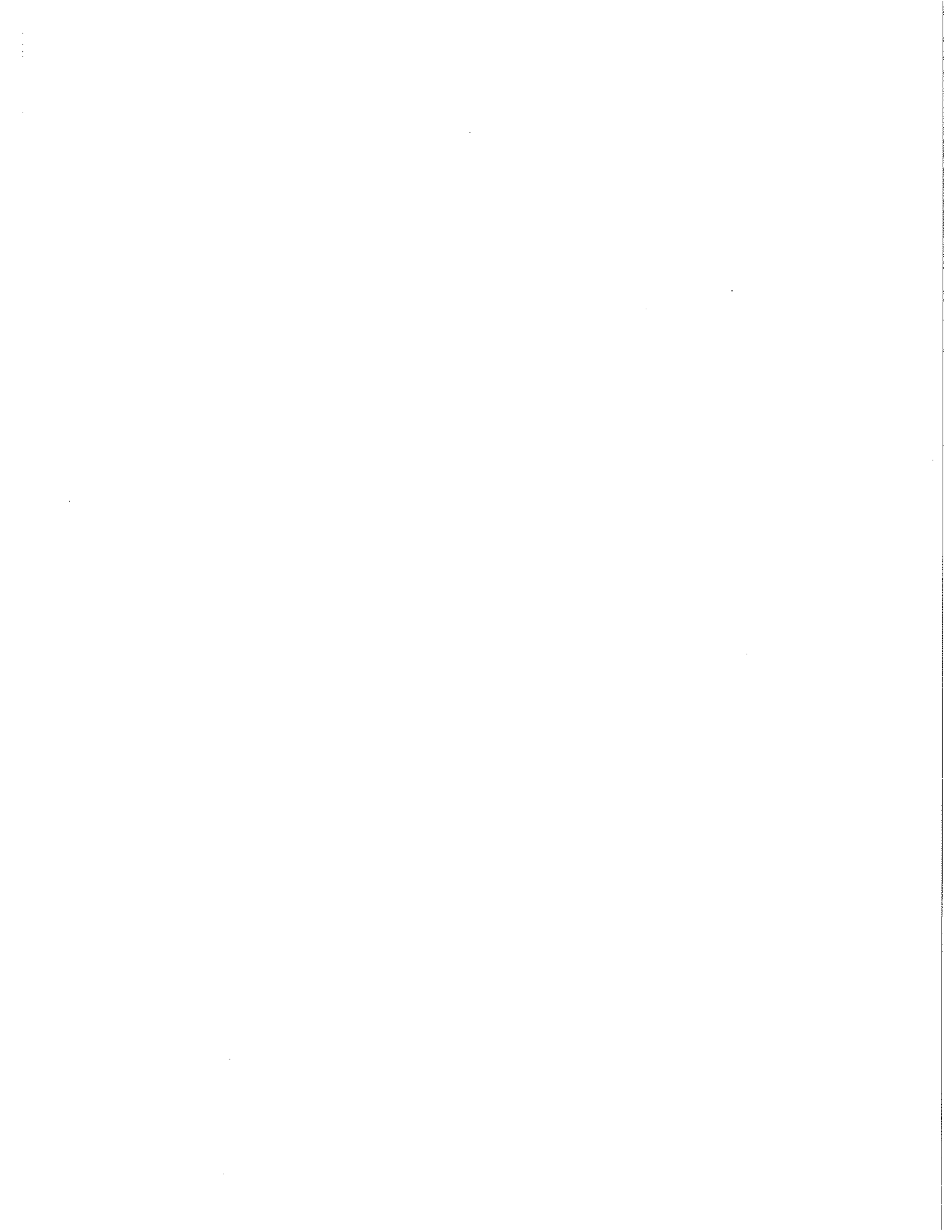
R. Michael Burr

R. Michael Burr
Certified Public Accountant

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
STATEMENT OF NET ASSETS
JUNE 30, 2010

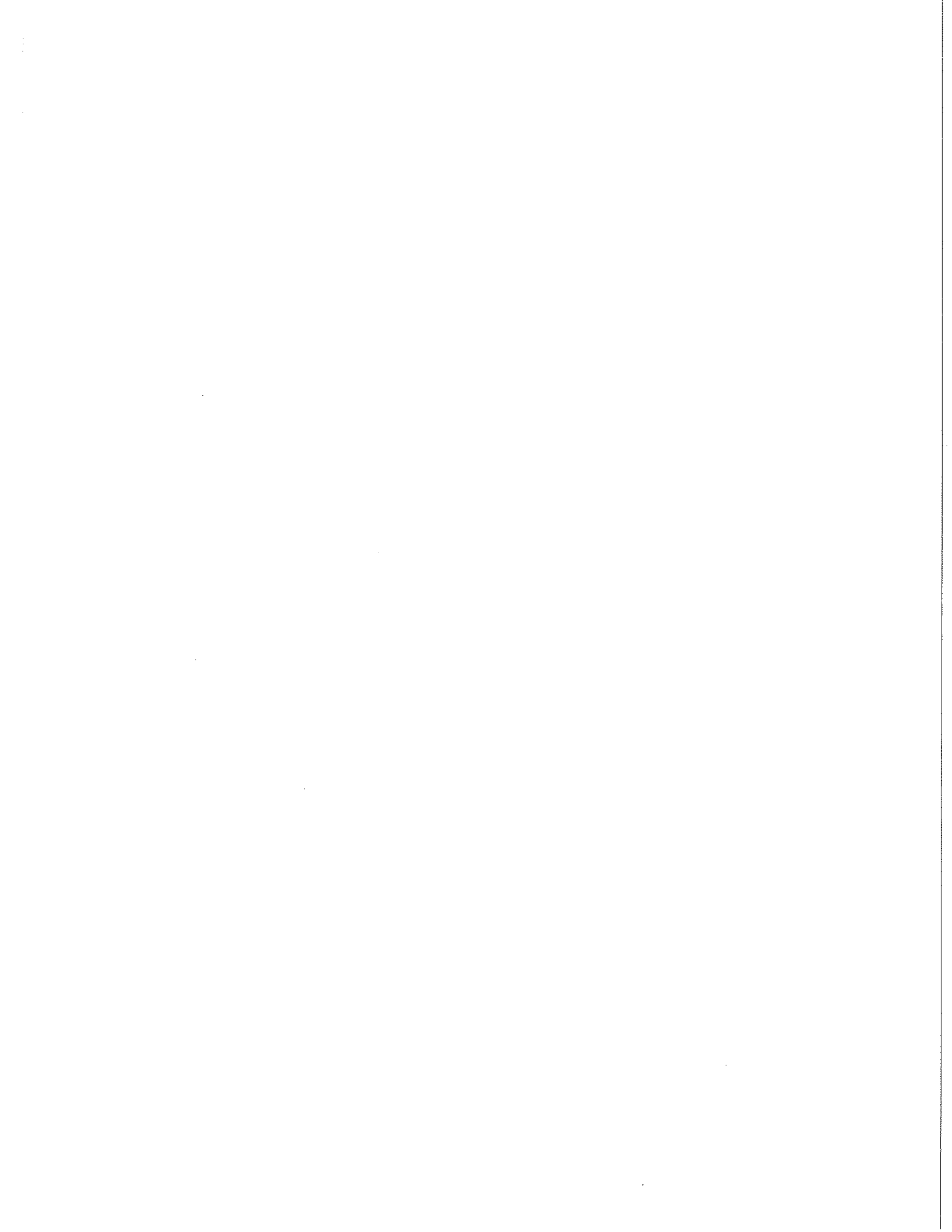
		<u>Governmental Activities</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 733,417	
Investments	33,120	
Net Receivables	176,572	
Inventory	11,953	
TOTAL CURRENT ASSETS		\$ 955,062
NONCURRENT ASSETS		
Long-Term Receivables	\$ 7,090	
Investments - Restricted	835,858	
Capital Assets (non-depreciated)	80,000	
Capital Assets (depreciated - net)	2,589,439	
TOTAL NONCURRENT ASSETS		3,512,387
		4,467,449
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 63,825	
Salaries and Benefits Payable	191,193	
Interest Payable	24,034	
Current Portion of Long-Term Debt	17,509	
TOTAL CURRENT LIABILITIES		296,561
NONCURRENT LIABILITIES		
Lease Payable (net of current portion)	\$ 40,030	
Bond Payable (net of current portion)	1,947,000	
TOTAL NONCURRENT LIABILITIES		1,987,030
		2,283,591
NET ASSETS		
Invested in Capital Assets, net of related debt	\$ 640,866	
Restricted for:		
Capital Projects	(32,624)	
Debt Service	876,217	
Federal and State Programs	76,710	
Unrestricted	622,689	
TOTAL NET ASSETS		\$ 2,183,858

See accompanying notes to the basic financial statements

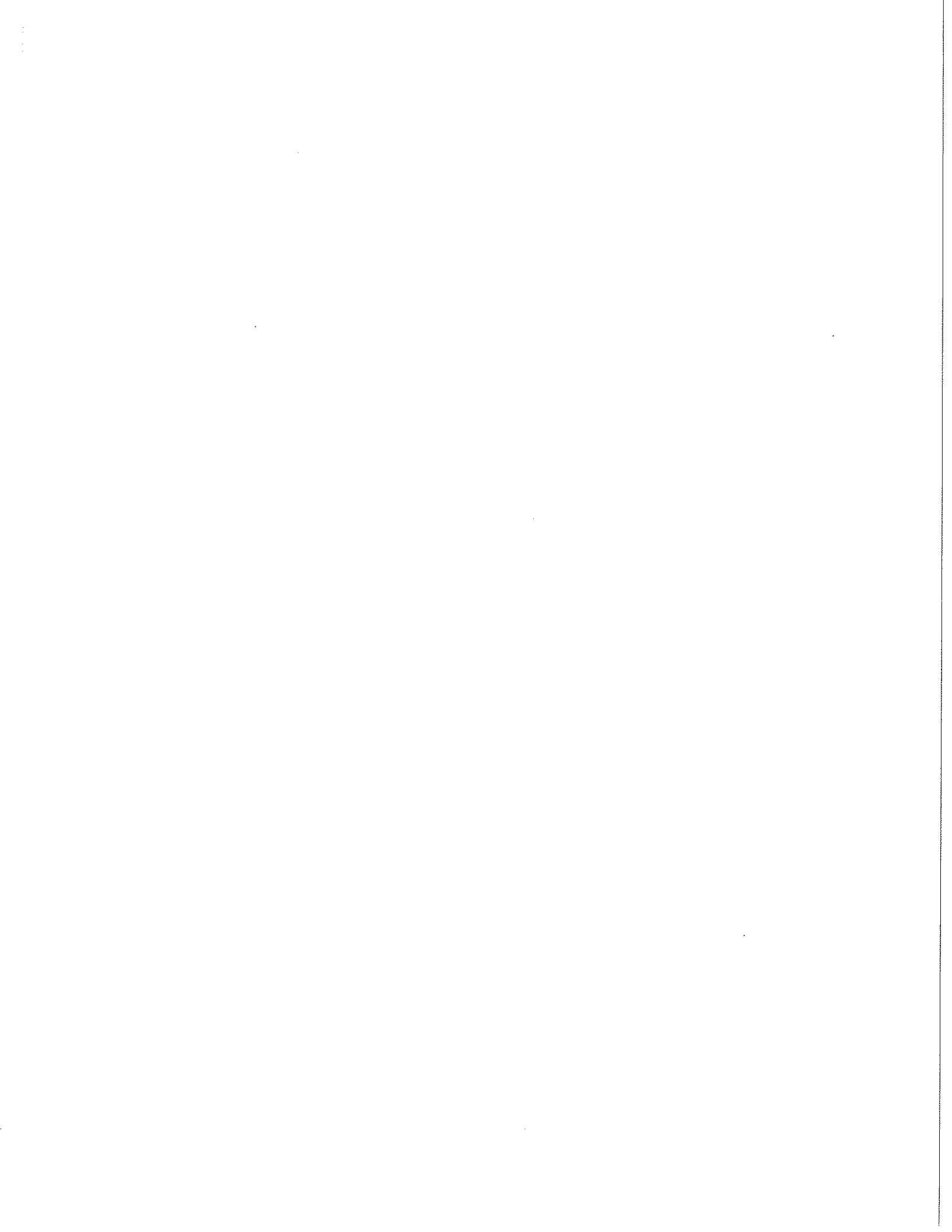


Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (356,119)		\$ (356,119)
(227,975)		(227,975)
(300,135)		(300,135)
(162,630)		(162,630)
(75,892)		(75,892)
21,393		21,393
25,733		25,733
(1,075,625)		(1,075,625)
0	\$ 0	0
(1,075,625)	0	(1,075,625)
22,638		22,638
1,146,252		1,146,252
11,323		11,323
28,115		28,115
34,366		34,366
1,242,694	0	1,242,694
167,069	0	167,069
2,016,789	0	2,016,789
\$ 2,183,858	\$ 0	\$ 2,183,858



<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,396		\$ 733,417
15,314		33,120
		17,262
82,502	\$ 15,424	339,780
	56,078	166,400
		835,858
<u>\$ 101,212</u>	<u>\$ 71,502</u>	<u>\$ 2,125,837</u>
\$ 51,308	\$ 4,670	\$ 63,825
67,106	68,939	339,780
26	36,320	191,193
		7,090
<u>118,440</u>	<u>109,929</u>	<u>601,888</u>
		835,858
	(38,427)	2,691
		279,761
(17,228)		(17,228)
		422,867
<u>(17,228)</u>	<u>(38,427)</u>	<u>1,523,949</u>
<u>\$ 101,212</u>	<u>\$ 71,502</u>	<u>\$ 2,125,837</u>



<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 27,463
		1,394,761
\$ 19,716	\$ 181,965	330,474
	237,113	560,185
38		34,366
<u>1,053</u>	<u>2,988</u>	<u>60,057</u>
<u>20,807</u>	<u>422,066</u>	<u>2,407,306</u>
	221,390	1,242,273
	189,994	218,718
	17,754	297,325
2,003		155,046
		54,781
		116,684
7,584		7,584
20,856		20,856
<u>3,998</u>		<u>39,687</u>
<u>34,441</u>	<u>429,138</u>	<u>2,152,954</u>
<u>(13,634)</u>	<u>(7,072)</u>	<u>254,352</u>
	<u>(1,928)</u>	<u>0</u>
<u>0</u>	<u>(1,928)</u>	<u>0</u>
(13,634)	(9,000)	254,352
<u>(3,594)</u>	<u>(29,427)</u>	<u>1,269,597</u>
<u>\$ (17,228)</u>	<u>\$ (38,427)</u>	<u>\$ 1,523,949</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

<u>Total Governmental Fund Balances</u>	\$ 1,523,949
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Amounts Reported for Governmental Activities in the Statement of Net Assets 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 \$4,020,136 net of accumulated depreciation of \$4,430,697.	\$ 2,669,439
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	7,090
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Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements.	11,953
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Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements.	(24,034)
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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	(57,539)
Outstanding Bonds	<u>(1,947,000)</u>

<u>Net Changes</u>	<u>659,909</u>
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<u>Net Assets of Governmental Activities</u>	<u>\$ 2,183,858</u>
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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, 2010

Net Change in Fund Balances - Governmental Fund Balances \$ 254,352

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	\$ (103,401)
- Capital Expenditures	0

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(4,825)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets.

20,856

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

87

Net Changes

(87,283)

Change in Net Assets of Governmental Activities

\$ 167,069

See accompanying notes to the basic financial statements

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 54,237
Accounts Receivable	<u>762</u>
<u>Total Assets</u>	<u>\$ 54,999</u>
<u>Liabilities</u>	
Due to Student Groups	<u>\$ 54,999</u>
<u>Total Liabilities</u>	<u>\$ 54,999</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, 2010

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, 2010.

The District is a public educational agency operating under the laws and regulations of the State of Idaho. 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. 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.

C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the District as a whole. They include all funds of the District except for fiduciary funds with all interfund activities removed. *Governmental activities* generally are financed through taxes, State foundation funds, grants, and other intergovernmental revenues. The District has no business-type activities that primarily rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect costs are all allocated to the administrative function. The District has no proprietary funds, therefore, there are no activities outside of the governmental funds.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. 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.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds - The Capital Project Fund is used to account for resources restricted 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 the accumulation of financial resources 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.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Assets 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.
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 assets (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 assets.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

F - ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, "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.

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 Assets. 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 of year-end 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.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Assets. 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:

<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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Net Assets and Fund Balance)

Government-wide Financial Statements

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

Investment in Capital Assets, Net of Related Debt - The component of net assets 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 assets—Consists of net assets 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 assets—All other net assets 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 reserved and unreserved, with unreserved further split between designated and undesignated.

Reserved Fund Balance - That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Unreserved Fund Balance - Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of the fund balance that is available for budgeting in future periods. Designated fund balances represents tentative plans for future use of financial resources.

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.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

2 - CASH AND INVESTMENTS (Continued)

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.

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, 2010, the District had a carrying value of cash deposits of \$784,985 and a bank balance of \$827,699. Based on the above definitions, the District is subject to \$508,192 of concentration of credit risk. Of this amount, \$377,940 is collateralized by a letter of credit (LOC) issued by the Federal Home Loan Bank of Seattle and provides for payment on demand.

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 \$868,978 (\$33,120 Idaho State Local Government Investment Pool and \$835,858 Zions Bank - Dreyfus Treasury Cash Management Account) which approximates market value. The Idaho State Local Government Investment Pool has a credit rating of AA+ from Standard & Poor's.

The \$835,858 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, 2009, upon which the 2009 levy was based was \$38,748,728.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2010, 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
Emergency	0.0550	Voter Approved
Bond	0.0000	No Limit

At June 30, 2010, 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>
2009	\$ 9,149	\$ 0	\$ 9,149
2008	801	3,123	3,924
2007	437	3,752	4,189
<u>Total</u>	<u>\$ 10,387</u>	<u>\$ 6,875</u>	<u>\$ 17,262</u>

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2010, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2010, are deferred revenue. Amounts are eliminated for government-wide statements. The components of deferred revenue are as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 4,638
Debt Service Fund	2,452
<u>Total</u>	<u>\$ 7,090</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, 2010, are as follows:

<u>Source - Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
State - Foundation	\$ 30,454		\$ 30,454
State - Other Support	67,106	\$ 1,176	68,282
Federal - Grant Awards		67,664	67,664
<u>Total</u>	<u>\$ 97,560</u>	<u>\$ 68,840</u>	<u>\$ 166,400</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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.

The District controls risk of loss by having adequate insurance coverage. The type and coverage amount is listed below:

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 2,000,000
Building	9,298,653
Auto	3,000,000
Criminal Acts	300,000
Educators Legal Liability	2,000,000
Abuse and Molestation Coverage	2,000,000
Boiler & Machinery	50,000,000

The District believes that the above coverage is proper to protect the District from any losses.

NOTE 6 - CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2010, was as follows (beginning amounts restated to reflect GASB 34):

	<u>Primary Government - Governmental Activities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</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	3,340,164			3,340,164
Library	211,535			211,535
Heavy Equipment and Busses	337,178			337,178
Equipment	131,259			131,259
Subtotal	<u>4,020,136</u>	<u>0</u>	<u>0</u>	<u>4,020,136</u>
Less accumulated depreciation for:				
Buildings and Improvements	(719,703)	(74,340)		(794,043)
Library	(197,101)	(6,512)		(203,613)
Heavy Equipment and Busses	(280,673)	(21,111)		(301,784)
Equipment	(129,819)	(1,438)		(131,257)
Subtotal	<u>(1,327,296)</u>	<u>(103,401)</u>	<u>0</u>	<u>(1,430,697)</u>
Net Depreciated Assets	<u>2,692,840</u>	<u>(103,401)</u>	<u>0</u>	<u>2,589,439</u>
Net Capital Assets	<u>\$ 2,772,840</u>	<u>\$ (103,401)</u>	<u>\$ 0</u>	<u>\$ 2,669,439</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 68,785
Support	9,257
General Administration	2,810
Student Transportation	21,111
Non-Instructional - Food Service	<u>1,438</u>
 Total	 <u>\$ 103,401</u>

NOTE 7 - INTERFUND TRANSACTIONS

Interfund transfers and due to/from for the District for the year ended June 30, 2010, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Transfers:			
To cover past expenditures	General Fund	Special Revenue	\$ 1,928
Due To/From:			
To cover current expenditures	General Fund	Debt Service	188,339
To cover current expenditures	General Fund	Capital Projects	15,396
To cover current expenditures	Special Revenue	Debt Service	53,515
To cover current expenditures	Food Service	General Fund	20,504

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, 2010, 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 54 - 55. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - DEBT

The following is a summary of the District's long-term debt obligations and transactions for the year ended June 30, 2010:

	Amount Outstanding Beginning	Issued	Retired	Amount Outstanding Ending
Capital Lease	\$ 78,395	\$ 0	\$ 20,856	\$ 57,539
Bond Issue @ 1.69%	1,947,000			1,947,000
Total	\$ 2,025,395	\$ 0	\$ 20,856	\$ 2,004,539

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, 2010, is as follows:

Year Ended June 30,	Bond Principal	Lease Principal	Interest	Total
2011		17,509	34,700	52,209
2012		12,298	33,999	46,297
2013		12,943	33,354	46,297
2014		14,789	32,680	47,469
2015			32,235	32,235
2016	\$ 1,947,000		32,235	1,979,235
Total	\$ 1,947,000	\$ 57,539	\$ 199,203	\$ 2,203,742

NOTE 10 - RETIREMENT PLAN

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

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 - RETIREMENT PLAN (Continued)

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2010, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% (7.665% + .04% effective March 1, 2010) for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The District's employer contributions required and paid were \$120,784, \$112,432, and \$109,985 for the three years ended June 30, 2010, 2008, and 2007, respectively.

NOTE 11 - REQUIRED DISCLOSURE - DEFICIT FUND BALANCES

The following nonmajor funds had deficit fund balances at June 30, 2010:

Capital Construction	\$ (53,746)
Plant Facilities - Bus Depreciation	(57,106)
Title I-A Local Program	(16,918)
Title I-C Migrant	(4,326)
REAP	(25,997)
Title VI-B School Age	(6,719)
Title VI-B Preschool	(1,533)
Perkins III	(2,346)
Title III ESEA	(197)

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.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 permiums. Due to the high cost of obtaining actuarial prepared information and the small benefit it would provide, the District has determined that the implementaion 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.

**REQUIRED SUPPLEMENTAL
INFORMATION SECTION**

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 2,427	\$ 2,427	\$ 244,281	\$ 241,854
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes	8,650	8,650	18,549	9,899
Property Tax Penalty and Interest			129	129
Investment Earnings	12,500	12,500	4,510	(7,990)
Other Local Revenue	7,000	7,000	30,645	23,645
<u>Total Local Revenue</u>	<u>28,150</u>	<u>28,150</u>	<u>53,833</u>	<u>25,683</u>
<u>State Revenue</u>				
Base Support Program	1,295,382	1,295,382	1,146,252	(149,130)
Transportation Support	67,263	67,263	73,585	6,322
Benefit Apportionment	172,674	172,674	174,924	2,250
Other State Support	50,962	50,962	60,237	9,275
Revenue in Lieu / Ag Replacement Tax	3,223	3,223	3,223	0
<u>Total State Revenue</u>	<u>1,589,504</u>	<u>1,589,504</u>	<u>1,458,221</u>	<u>(131,283)</u>
<u>Federal Revenue</u>				
Indirect Federal Revenue			208,928	208,928
<u>Total Federal Revenue</u>	<u>0</u>	<u>0</u>	<u>208,928</u>	<u>208,928</u>
<u>Other Sources</u>				
Interfund Transfers			1,928	1,928
<u>Total Other Sources</u>	<u>0</u>	<u>0</u>	<u>1,928</u>	<u>1,928</u>
<u>Amounts Available for Appropriations</u>	<u>1,620,081</u>	<u>1,620,081</u>	<u>1,967,191</u>	<u>347,110</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	299,225	299,225	333,596	(34,371)
Benefits	87,108	87,108	84,657	2,451
Purchased Services	1,150	1,150	2,201	(1,051)
Supplies	18,025	18,025	7,735	10,290
<u>Total Elementary School Program</u>	<u>405,508</u>	<u>405,508</u>	<u>428,189</u>	<u>(22,681)</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<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	\$ 361,424	\$ 361,424	\$ 308,537	\$ 52,887
Benefits	105,580	105,580	82,692	22,888
Purchased Services	2,512	2,512	3,579	(1,067)
Supplies	14,358	14,358	3,124	11,234
<u>Total Secondary School Program</u>	<u>483,874</u>	<u>483,874</u>	<u>397,932</u>	<u>85,942</u>
<u>Exceptional Child Program</u>				
Salaries	103,562	103,562	50,782	52,780
Benefits	19,499	19,499	12,527	6,972
Supplies	300	300	158	142
<u>Total Exceptional Child Program</u>	<u>123,361</u>	<u>123,361</u>	<u>63,467</u>	<u>59,894</u>
<u>Preschool</u>				
Salaries			9,435	(9,435)
Benefits			2,509	(2,509)
Supplies	1,000	1,000	40	960
<u>Total Preschool</u>	<u>1,000</u>	<u>1,000</u>	<u>11,984</u>	<u>(10,984)</u>
<u>Vocational</u>				
Salaries			64,492	(64,492)
Benefits			16,259	(16,259)
Supplies	2,100	2,100		2,100
<u>Total Vocational</u>	<u>2,100</u>	<u>2,100</u>	<u>80,751</u>	<u>(78,651)</u>
<u>Interscholastic Program</u>				
Salaries	27,035	27,035	26,878	157
Benefits	8,919	8,919	6,875	2,044
Purchased Services			3,714	(3,714)
Supplies	200	200	1,093	(893)
<u>Total School Activity</u>	<u>36,154</u>	<u>36,154</u>	<u>38,560</u>	<u>(2,406)</u>
<u>Total Instructional</u>	<u>1,051,997</u>	<u>1,051,997</u>	<u>1,020,883</u>	<u>31,114</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Support</u>				
<u>Guidance</u>				
Purchased Services	\$ 1,200	\$ 1,200	\$ 1,430	(1,330)
Supplies	100	100	41	59
<u>Total Guidance</u>	<u>1,300</u>	<u>1,300</u>	<u>1,471</u>	<u>(1,271)</u>
<u>Special Services</u>				
Purchased Services	20,000	20,000	10,849	9,151
<u>Total Special Services</u>	<u>20,000</u>	<u>20,000</u>	<u>10,849</u>	<u>9,151</u>
<u>Housing</u>				
Purchased Services			6,840	(6,840)
Supplies			803	(803)
<u>Total Housing</u>	<u>0</u>	<u>0</u>	<u>7,643</u>	<u>(7,643)</u>
<u>Educational Media</u>				
Salaries	6,819	6,819	5,828	991
Benefits	1,308	1,308	1,119	189
Supplies	4,000	4,000	108	3,892
<u>Total Educational Media</u>	<u>12,127</u>	<u>12,127</u>	<u>7,055</u>	<u>5,072</u>
<u>Technology Coordinator</u>				
Salaries	3,000	3,000	216	2,784
Benefits			620	(620)
Purchased Services	1,023	1,023		1,023
Supplies	4,000	4,000	870	3,130
<u>Total Technology Coordinator</u>	<u>8,023</u>	<u>8,023</u>	<u>1,706</u>	<u>6,317</u>
<u>Total Support</u>	<u>41,450</u>	<u>41,450</u>	<u>28,724</u>	<u>11,626</u>
<u>General Administrative</u>				
<u>Board of Education</u>				
Salaries	2,000	2,000	682	1,318
Benefits	430	430	238	192
Purchased Services	3,000	3,000		3,000
Supplies	120	120	638	(518)
<u>Total Board of Education</u>	<u>5,550</u>	<u>5,550</u>	<u>1,558</u>	<u>3,992</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>District Administration</u>				
Salaries	\$ 75,000	\$ 75,000	\$ 75,526	\$ (526)
Benefits	28,764	28,764	26,654	2,110
Purchased Services	16,700	16,700	12,288	4,412
Supplies	2,500	2,500	4,384	(1,884)
Insurance	24,108	24,108	38,521	(14,413)
<u>Total District Administration</u>	<u>147,072</u>	<u>147,072</u>	<u>157,373</u>	<u>(10,301)</u>
<u>School Administration</u>				
Salaries	63,017	63,017	67,619	(4,602)
Benefits	20,018	20,018	20,182	(164)
Purchased Services	1,000	1,000	1,450	(450)
Supplies	100	100	710	(610)
<u>Total School Administration</u>	<u>84,135</u>	<u>84,135</u>	<u>89,961</u>	<u>(5,826)</u>
<u>Business Operations</u>				
Salaries	10,000	10,000	23,814	(13,814)
Benefits	5,880	5,880	6,865	(985)
<u>Total Business Operations</u>	<u>15,880</u>	<u>15,880</u>	<u>30,679</u>	<u>(14,799)</u>
<u>Total General Administrative</u>	<u>252,637</u>	<u>252,637</u>	<u>279,571</u>	<u>(16,127)</u>
<u>Custodial / Maintenance</u>				
<u>Custodians</u>				
Salaries	25,978	25,978	25,171	807
Benefits	8,947	8,947	9,265	(318)
Purchased Services	250	250	358	(108)
Supplies	6,000	6,000	8,946	(2,946)
<u>Total Custodians</u>	<u>41,175</u>	<u>41,175</u>	<u>43,740</u>	<u>(2,565)</u>
<u>Maintenance - Buildings</u>				
Salaries			2,067	(2,067)
Benefits			350	(350)
Purchased Services	51,100	51,100	48,457	2,643
Supplies	1,000	1,000	672	328
<u>Total Maintenance - Buildings</u>	<u>52,100</u>	<u>52,100</u>	<u>51,546</u>	<u>554</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<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>Maintenance - Student Occupied</u>				
Salaries	\$ 24,483	\$ 24,483	\$ 20,754	\$ 3,729
Benefits	8,659	8,659	6,133	2,526
Purchased Services	5,000	5,000	11,394	(6,394)
Supplies	10,000	10,000	6,063	3,937
<u>Total Maintenance - Student Occ.</u>	<u>48,142</u>	<u>48,142</u>	<u>44,344</u>	<u>3,798</u>
<u>Maintenance - Grounds</u>				
Salaries	6,000	6,000	6,942	(942)
Benefits	1,152	1,152	2,124	(972)
Purchased Services	1,800	1,800	2,392	(592)
Supplies	3,500	3,500	1,955	1,545
<u>Total Maintenance - Grounds</u>	<u>12,452</u>	<u>12,452</u>	<u>13,413</u>	<u>(961)</u>
<u>Total Custodial / Maintenance</u>	<u>153,869</u>	<u>153,869</u>	<u>153,043</u>	<u>(2,972)</u>
<u>Security Program</u>				
Purchased Services	300	300	1,564	(1,264)
<u>Total Security Program</u>	<u>300</u>	<u>300</u>	<u>1,564</u>	<u>(1,264)</u>
<u>Student Transportation</u>				
<u>School Transportation</u>				
Salaries	31,522	31,522	24,491	7,031
Benefits	10,300	10,300	5,574	4,726
Purchased Services	12,850	12,850	6,765	6,085
Supplies	24,150	24,150	12,266	11,884
Insurance	312	312	2,986	(2,674)
<u>Total School Transportation</u>	<u>79,134</u>	<u>79,134</u>	<u>52,082</u>	<u>27,052</u>
<u>Activity Transportation</u>				
Purchased Services	1,000	1,000		1,000
Supplies	6,950	6,950	2,699	4,251
<u>Total Activity Transportation</u>	<u>7,950</u>	<u>7,950</u>	<u>2,699</u>	<u>5,251</u>
<u>Total Transportation</u>	<u>87,084</u>	<u>87,084</u>	<u>54,781</u>	<u>32,303</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<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>Other Support Services</u>				
Purchased Services	\$ 7,700	\$ 7,700	\$ 5,148	\$ 2,552
Supplies	7,000	7,000	492	6,508
<u>Total Other Support Services</u>	<u>14,700</u>	<u>14,700</u>	<u>5,640</u>	<u>9,060</u>
<u>Non-Instructional</u>				
Benefits	2,649	2,649	118	2,531
<u>Total Non-Instructional</u>	<u>2,649</u>	<u>2,649</u>	<u>118</u>	<u>2,531</u>
<u>Interfund Transfers</u>	12,031	12,031		12,031
<u>Total Charges to Appropriations</u>	<u>1,616,717</u>	<u>1,616,717</u>	<u>1,544,324</u>	<u>72,393</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 3,364</u>	<u>\$ 3,364</u>	<u>\$ 422,867</u>	<u>\$ 419,503</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 0	\$ 0	\$ 10,965	\$ 10,965
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	22,010	22,010	17,423	(4,587)
Adult Meal Sales	350	350	7,543	7,193
Other Local Revenue			405	405
<u>Total Local Revenue</u>	<u>22,360</u>	<u>22,360</u>	<u>25,371</u>	<u>3,011</u>
<u>Federal Revenue</u>				
Child Nutrition Reimbursement	81,100	81,100	114,144	33,044
<u>Total Federal Revenue</u>	<u>81,100</u>	<u>81,100</u>	<u>114,144</u>	<u>33,044</u>
<u>Amounts Available for Appropriations</u>	<u>103,460</u>	<u>103,460</u>	<u>150,480</u>	<u>47,020</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	37,665	37,665	36,622	1,043
Benefits	7,757	7,757	12,317	(4,560)
Purchased Services	400	400	368	32
Supplies	57,638	57,638	60,055	(2,417)
<u>Total Non-Instructional</u>	<u>103,460</u>	<u>103,460</u>	<u>109,362</u>	<u>(5,902)</u>
<u>Total Charges to Appropriations</u>	<u>103,460</u>	<u>103,460</u>	<u>109,362</u>	<u>(5,902)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,118</u>	<u>\$ 41,118</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

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	\$ 1,967,191	\$ 150,480
<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	(244,281)	(10,965)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,928)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,720,982</u>	<u>\$ 139,515</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,544,324	\$ 109,362
<u>Differences - Budget to GAAP</u>		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting	<u>0</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,544,324</u>	<u>\$ 109,362</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

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>
Food Service	\$ 103,460	\$ 109,362	\$ 5,902

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.

SUPPLEMENTAL INFORMATION SECTION

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Driver's Education</u>	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>
<u>ASSETS</u>				
Cash				
Interfund Balances		\$ 6,004		\$ 937
Due From Other Governments		5,696	\$ 22,971	
<u>TOTAL ASSETS</u>	<u>\$ 0</u>	<u>\$ 11,700</u>	<u>\$ 22,971</u>	<u>\$ 937</u>
<u>LIABILITIES</u>				
Accounts Payable		\$ 34	\$ 3,364	\$ 500
Contracts and Benefits Payable		2,590	1,664	
Interfund Balances			13,235	
<u>TOTAL LIABILITIES</u>	<u>\$ 0</u>	<u>2,624</u>	<u>18,263</u>	<u>500</u>
<u>FUND BALANCES</u>				
Unreserved	0	9,076	4,708	437
<u>TOTAL FUND BALANCES</u>	<u>0</u>	<u>9,076</u>	<u>4,708</u>	<u>437</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 0</u>	<u>\$ 11,700</u>	<u>\$ 22,971</u>	<u>\$ 937</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Title I-A Local Program</u>	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>
<u>ASSETS</u>				
Cash				
Interfund Balances				
Due From Other Governments	<u>\$ 18,891</u>	<u>\$ 6,910</u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>\$ 18,891</u>	<u>\$ 6,910</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <u>LIABILITIES</u>				
Accounts Payable			\$ 80	
Contracts and Benefits Payable	\$ 16,830	\$ 4,742	6,633	\$ 728
Interfund Balances	<u>18,979</u>	<u>6,494</u>	<u>6</u>	<u>805</u>
<u>TOTAL LIABILITIES</u>	<u>35,809</u>	<u>11,236</u>	<u>6,719</u>	<u>1,533</u>
 <u>FUND BALANCES</u>				
Unreserved	<u>(16,918)</u>	<u>(4,326)</u>	<u>(6,719)</u>	<u>(1,533)</u>
<u>TOTAL FUND BALANCES</u>	<u>(16,918)</u>	<u>(4,326)</u>	<u>(6,719)</u>	<u>(1,533)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 18,891</u>	<u>\$ 6,910</u>	<u>\$ 0</u>	<u>\$ 0</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Perkins III - Vocational Technology</u>	<u>Title III ESEA Language Instruction for LEP</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>
<u>ASSETS</u>				
Cash				
Interfund Balances	\$ 3,152		\$ 5,331	
Due From Other Governments				\$ 1,610
<u>TOTAL ASSETS</u>	<u>\$ 3,152</u>	<u>\$ 0</u>	<u>\$ 5,331</u>	<u>\$ 1,610</u>
 <u>LIABILITIES</u>				
Accounts Payable		\$ 197		
Contracts and Benefits Payable				
Interfund Balances	\$ 5,498			\$ 1,553
<u>TOTAL LIABILITIES</u>	<u>5,498</u>	<u>197</u>	<u>\$ 0</u>	<u>1,553</u>
 <u>FUND BALANCES</u>				
Unreserved	(2,346)	(197)	5,331	57
<u>TOTAL FUND BALANCES</u>	<u>(2,346)</u>	<u>(197)</u>	<u>5,331</u>	<u>57</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 3,152</u>	<u>\$ 0</u>	<u>\$ 5,331</u>	<u>\$ 1,610</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Rural Education Achievement Program</u>	<u>Total</u>
<u>ASSETS</u>		
Cash		\$ 0
Interfund Balances		15,424
Due From Other Governments		56,078
<u>TOTAL ASSETS</u>	<u>\$ 0</u>	<u>\$ 71,502</u>
 <u>LIABILITIES</u>		
Accounts Payable	\$ 495	\$ 4,670
Contracts and Benefits Payable	3,133	36,320
Interfund Balances	22,369	68,939
<u>TOTAL LIABILITIES</u>	<u>25,997</u>	<u>109,929</u>
 <u>FUND BALANCES</u>		
Unreserved	(25,997)	(38,427)
<u>TOTAL FUND BALANCES</u>	<u>(25,997)</u>	<u>(38,427)</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>		
	<u>\$ 0</u>	<u>\$ 71,502</u>

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, 2010

	<u>Driver's Education</u>	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>
<u>REVENUES</u>				
Local				
State		\$ 18,972	\$ 28,760	\$ 4,737
Federal				
<u>TOTAL REVENUES</u>	<u>\$ 0</u>	<u>18,972</u>	<u>28,760</u>	<u>4,737</u>
<u>EXPENDITURES</u>				
Instructional		15,602		
Support			30,207	4,995
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				
<u>TOTAL EXPENDITURES</u>	<u>0</u>	<u>15,602</u>	<u>30,207</u>	<u>4,995</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>0</u>	<u>3,370</u>	<u>(1,447)</u>	<u>(258)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers	(1,928)			
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(1,928)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(1,928)</u>	<u>3,370</u>	<u>(1,447)</u>	<u>(258)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>1,928</u>	<u>5,706</u>	<u>6,155</u>	<u>695</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 0</u>	<u>\$ 9,076</u>	<u>\$ 4,708</u>	<u>\$ 437</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, 2010

	<u>Title I-A Local Program</u>	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>
REVENUES				
Local				
State			\$ 129,496	
Federal	\$ 95,220	\$ 27,068	63,458	\$ 9,801
<u>TOTAL REVENUES</u>	<u>95,220</u>	<u>27,068</u>	<u>192,954</u>	<u>9,801</u>
EXPENDITURES				
Instructional	80,616	23,395	48,723	9,777
Support	523		142,373	1,040
Administrative	14,081	3,673		
Non-Instructional - Food Service				
Capital Expenditures				
<u>TOTAL EXPENDITURES</u>	<u>95,220</u>	<u>27,068</u>	<u>191,096</u>	<u>10,817</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>0</u>	<u>0</u>	<u>1,858</u>	<u>(1,016)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers				
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>0</u>	<u>0</u>	<u>1,858</u>	<u>(1,016)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>(16,918)</u>	<u>(4,326)</u>	<u>(8,577)</u>	<u>(517)</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (16,918)</u>	<u>\$ (4,326)</u>	<u>\$ (6,719)</u>	<u>\$ (1,533)</u>

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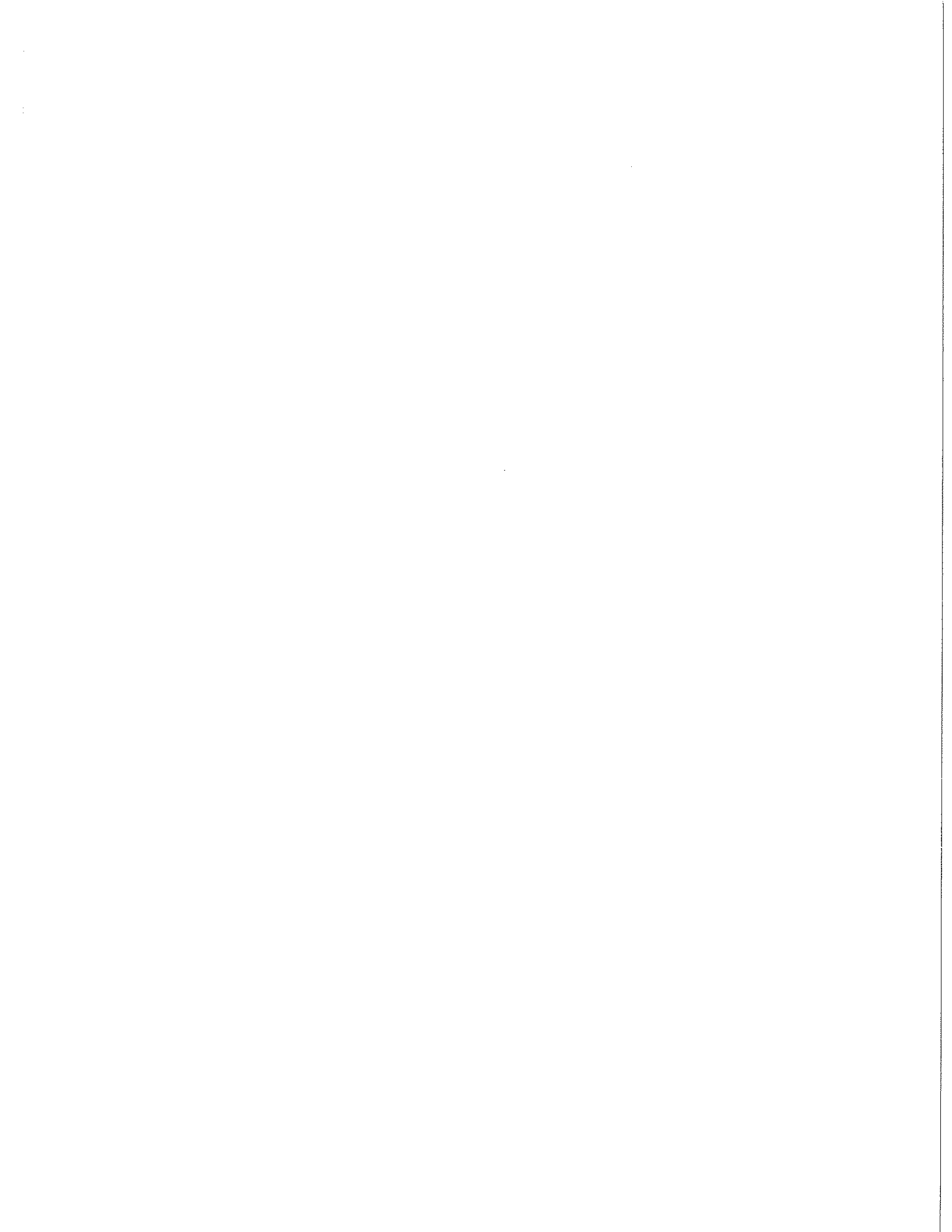
DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Perkins III - Vocational Technology</u>	<u>Title III ESEA Language Instruction for LEP</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>
REVENUES				
Local	\$ 2,988			
State				
Federal			\$ 6,187	\$ 1,899
<u>TOTAL REVENUES</u>	<u>2,988</u>	<u>\$ 0</u>	<u>6,187</u>	<u>1,899</u>
EXPENDITURES				
Instructional	3,041	197	1,846	
Support			2,198	1,899
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				
<u>TOTAL EXPENDITURES</u>	<u>3,041</u>	<u>197</u>	<u>4,044</u>	<u>1,899</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>(53)</u>	<u>(197)</u>	<u>2,143</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers				
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(53)</u>	<u>(197)</u>	<u>2,143</u>	<u>0</u>
<u>FUND BALANCE - BEGINNING</u>	<u>(2,293)</u>	<u>0</u>	<u>3,188</u>	<u>57</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (2,346)</u>	<u>\$ (197)</u>	<u>\$ 5,331</u>	<u>\$ 57</u>

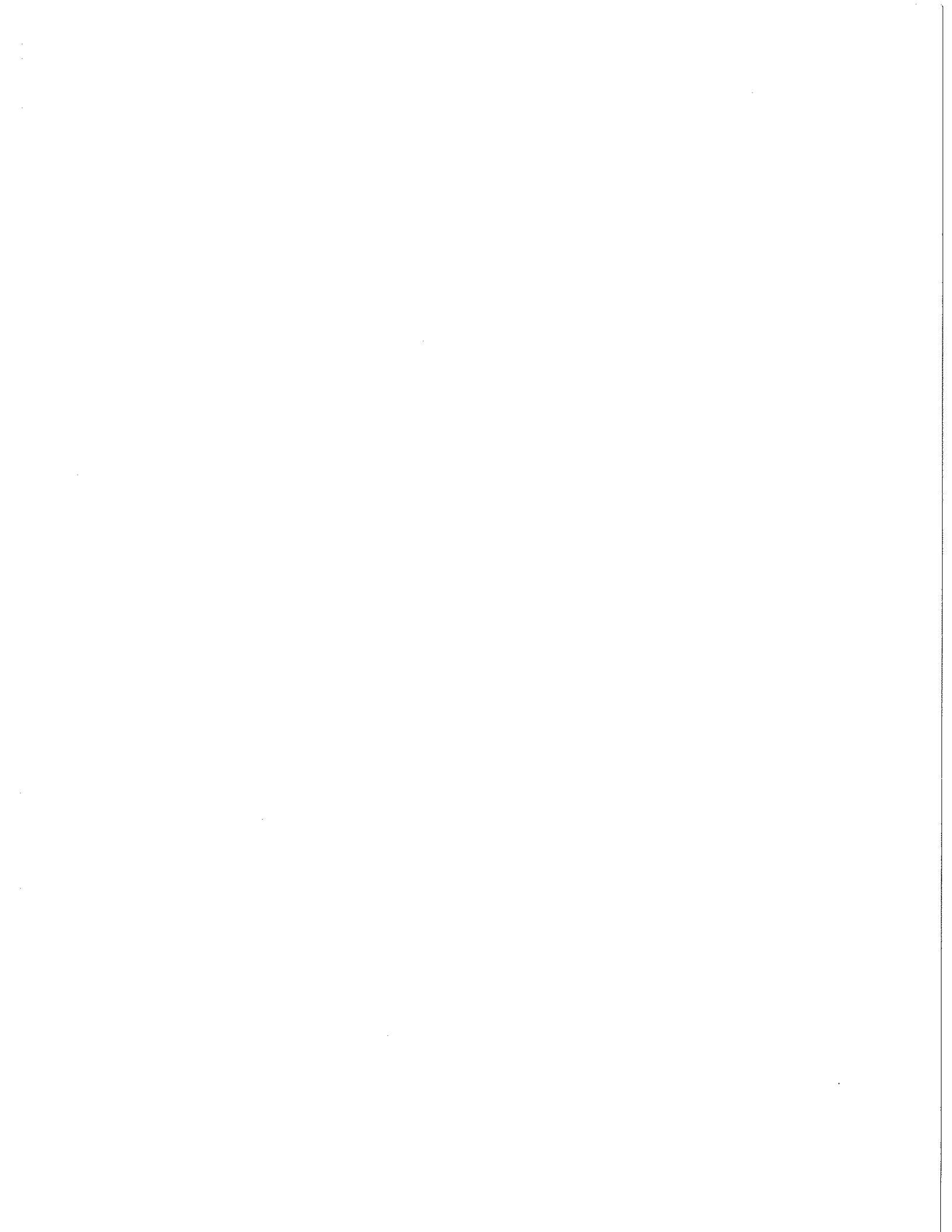
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DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Rural Education Achievement Program</u>	<u>Total</u>
<u>REVENUES</u>		
Local		\$ 2,988
State		181,965
Federal	\$ 33,480	<u>237,113</u>
<u>TOTAL REVENUES</u>	<u>33,480</u>	<u>422,066</u>
<u>EXPENDITURES</u>		
Instructional	38,193	221,390
Support	6,759	189,994
Administrative		17,754
Non-Instructional - Food Service		0
Capital Expenditures		<u>0</u>
<u>TOTAL EXPENDITURES</u>	<u>44,952</u>	<u>429,138</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>(11,472)</u>	<u>(7,072)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund Transfers		<u>(1,928)</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>(1,928)</u>
<u>NET CHANGE IN FUND BALANCE</u>	(11,472)	(9,000)
<u>FUND BALANCE - BEGINNING</u>	<u>(14,525)</u>	<u>(29,427)</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (25,997)</u>	<u>\$ (38,427)</u>



<u>P.F. - Lottery</u>	<u>Student Occupied</u>	<u>Total</u>
		\$ 3,396
		15,314
\$ 43,666	\$ 26,299	82,502
<u>\$ 43,666</u>	<u>\$ 26,299</u>	<u>\$ 101,212</u>
	\$	\$ 51,308
		26
		67,106
<u>\$ 0</u>	<u>0</u>	<u>118,440</u>
<u>43,666</u>	<u>26,299</u>	<u>(17,228)</u>
<u>43,666</u>	<u>26,299</u>	<u>(17,228)</u>
<u>\$ 43,666</u>	<u>\$ 26,299</u>	<u>\$ 101,212</u>



<u>P.F. - Lottery</u>	<u>Student Occupied</u>	<u>Total</u>
\$ 19,716		\$ 19,716
		1,053
		38
<u>19,716</u>	<u>\$ 0</u>	<u>20,807</u>
		0
		2,003
		7,584
		20,856
		3,998
<u>0</u>	<u>0</u>	<u>34,441</u>
<u>19,716</u>	<u>0</u>	<u>(13,634)</u>
		0
<u>0</u>	<u>0</u>	<u>0</u>
19,716	0	(13,634)
<u>23,950</u>	<u>26,299</u>	<u>(3,594)</u>
<u>\$ 43,666</u>	<u>\$ 26,299</u>	<u>\$ (17,228)</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
SCHEDULE OF CHANGE IN NET ASSETS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Student Group</u>	Beginning Balance	Receipts	Disbursements	Ending Balance
High School Association of Students	\$ (6,055.76)	\$ 39,120.86	\$ 34,911.63	\$ (1,846.53)
District	33.00			33.00
Annual Club	4,995.92	3,712.50	4,545.68	4,162.74
Kindergarten	46.01	296.05	466.32	(124.26)
First Grade	0.00	295.73	295.73	0.00
Second Grade	0.00	192.50	192.50	0.00
Third Grade	0.00	136.15	136.15	0.00
Fourth Grade	0.00	87.00	87.00	0.00
Fifth Grade	0.00	75.25	75.25	0.00
Sixth Grade	0.00	553.00	353.00	200.00
Class of 2015	0.00	611.21	313.35	297.86
Class of 2014	529.82	295.78	102.76	722.84
Class of 2013	673.66	178.10	7.85	843.91
Class of 2012	1,188.57	284.75	152.08	1,321.24
Class of 2011	2,134.22	1,239.27	1,099.15	2,274.34
Class of 2010	1,913.46	616.89	2,530.35	0.00
Future Farmers of America	(1,178.91)	5,421.79	6,592.99	(2,350.11)
IDFY	1,488.45	946.41	936.46	1,498.40
YEA	(701.94)	1,701.94	500.00	500.00
Tutor Program	64.39			64.39
Social Committee	(138.08)	404.77	266.69	0.00
Library	173.63	686.47	868.07	(7.97)
Drama	1,145.68	2,432.81	2,009.51	1,568.98
BPA	(405.15)	4,613.64	3,705.66	502.83
Athletics	888.56	22,428.16	20,802.49	2,514.23
Team Accounts	7,727.87	22,584.67	21,166.57	9,145.97
Tournament	2,826.15	11,955.19	14,281.34	500.00
Spanish Club	14.38	26.00	10.00	30.38
Rodeo	1,686.18	4,722.70	4,016.85	2,392.03
Read-a-thon	53.56			53.56
PSAT	(48.00)	48.00		0.00
In & Out - Other	315.87	17,998.10	789.85	17,524.12
Cookbook	(284.72)	750.00		465.28
Scholarships	12,334.56	2,577.27	2,200.00	12,711.83
Total	\$ 31,421.38	\$ 146,992.96	\$ 123,415.28	\$ 54,999.06

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Agency's Number</u>	<u>Direct or Federal Disbursement/ Expenditure</u>
<u>U.S. Department of Agriculture</u>			
National School Lunch Program - Cash	10.555	Note 2	64,772
National School Lunch Program - Commodities	10.555	Note 2	7,701
National School Breakfast Program	10.553	Note 2	35,921
Summer Food Service Program	10.559	Note 2	5,632
Special Milk Program for Children	10.556	Note 2	118
			<hr/>
<u>Total U.S. Department of Agriculture</u>			114,144
<u>U.S. Department of Education</u>			
Direct-			
Rural Education Achievement Program	84.358A		44,952
Pass-through-			
Title I-A Basic Grant	84.010	Note 2	59,685
Title I-A Basic Grant (ARRA)	84.389A	Note 2	35,535
Title I-C Migrant Education	84.011	Note 2	27,068
Title VI-B Special Education School Age	84.027	Note 2	63,458
Title VI-B Special Education Preschool	84.173	Note 2	8,478
Title VI-B Special Education Preschool (ARRA)	84.392A	Note 2	2,339
State Fiscal Stabilization Fund (ARRA)	84.394A	Note 2	205,928
Statewide Longitudinal Data Systems Grant Program	84.372	Note 2	3,000
Title III NCLB English Language Acquisition	84.365	Note 2	197
Title II-A NCLB Improving Teacher Quality	84.367	Note 2	4,044
Title IV Drug Free Schools	84.186	Note 2	1,899
			<hr/>
<u>Total U.S. Department of Education</u>			456,583
			<hr/>
<u>Total</u>			<u>\$ 570,727</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

SHOSHONE JOINT SCHOOL DISTRICT NO. 312
SHOSHONE, IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Shoshone Joint School District No. 312 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - PASS-THROUGH NUMBER

Grant revenue is passed through the Idaho State Department of Education. The department has assigned no pass-through number.

NOTE 3 - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and used.

R. MICHAEL BURR

Certified Public Accountant

P.O. Box 2229
Twin Falls, ID 83303-2229

(208) 736-8747

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

August 24, 2010

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314, as of and for the year ended June 30, 2010, which collectively comprise the Dietrich School District No. 314's basic financial statements and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dietrich School District No. 314's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dietrich School District No. 314's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Dietrich School District No. 314's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, 2010-1, 2010-2, and 2010-3 . 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.

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*
Page Two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Dietrich School District No. 314's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described on the schedule findings and responses, we consider item 2010-2 to be material weaknesses.

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, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We also noted certain additional matters that we reported to management of Dietrich School District No. 314, in a separate letter dated August 24, 2010.

Dietrich School District No. 314's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Dietrich School District No. 314's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, Board of Trustees, and the State of Idaho and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

R. Michael Burr

R. Michael Burr
Certified Public Accountant

R. MICHAEL BURR

Certified Public Accountant

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

August 24, 2010

Compliance

We have audited the compliance of Dietrich School District No. 314, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Dietrich School District No. 314's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Dietrich School District No. 314's management. Our responsibility is to express an opinion on Dietrich School District No. 314's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dietrich School District No. 314's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dietrich School District No. 314's compliance with those requirements.

In our opinion, Dietrich School District No. 314, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Dietrich School District No. 314 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Dietrich School District No. 314's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dietrich School District No. 314's internal control over compliance.

Report on Compliance with Requirements That Could Have a Direct and
Material Effect on Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133
Page Two

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Dietrich School District No. 314's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Dietrich School District No. 314's response and, accordingly, we express no opinion on it.

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

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, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Dietrich School District No. 314.
2. Two reportable conditions disclosed during the audit of the general purpose financial statements is reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Item 2010-2 of the conditions is reported as a material weakness.
3. No instances of noncompliance material to the general purpose financial statements of Dietrich School District No. 314 were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Dietrich School District No. 314 expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Dietrich School District No. 314 are reported in Part C of this schedule.
7. The programs tested as major programs included:

IDEA Special Education Part B Cluster	84.027, 84.391, 84.173, 84.392
National School Lunch Program Cluster	10.555, 10.553, 10.559, 10.556
State Fiscal Stabilization Fund	84.394A
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Dietrich School District No. 314 was determined to be a high-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Reportable Conditions

2010-1 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

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

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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

Response: 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 point.

2010-2 Lack of Personnel Capable of Writing Report

Condition: The District does not have personnel that possess the knowledge and training to write the financial report with full disclosures.

Criteria: Full knowledge and training are required to write the financial report and disclosures to ensure that they are free of any material misstatements.

Effect: This condition could allow a material misstatement to be made to the financial statements and required disclosures to be omitted.

Recommendation: We recommend that certain personnel receive the training required to write the financial report and prepare all required disclosures.

Response: We concur with the finding but due to time and cost restrictions, we feel that it is more efficient to have the report written by outside sources.

2010-3: Lack of a Formal Accounting Policy Manual

Condition: The District has no accounting policy and procedure manual

Criteria: A complete accounting and procedure manual helps ensure that all controls and procedures will continue in the event of any personnel changes.

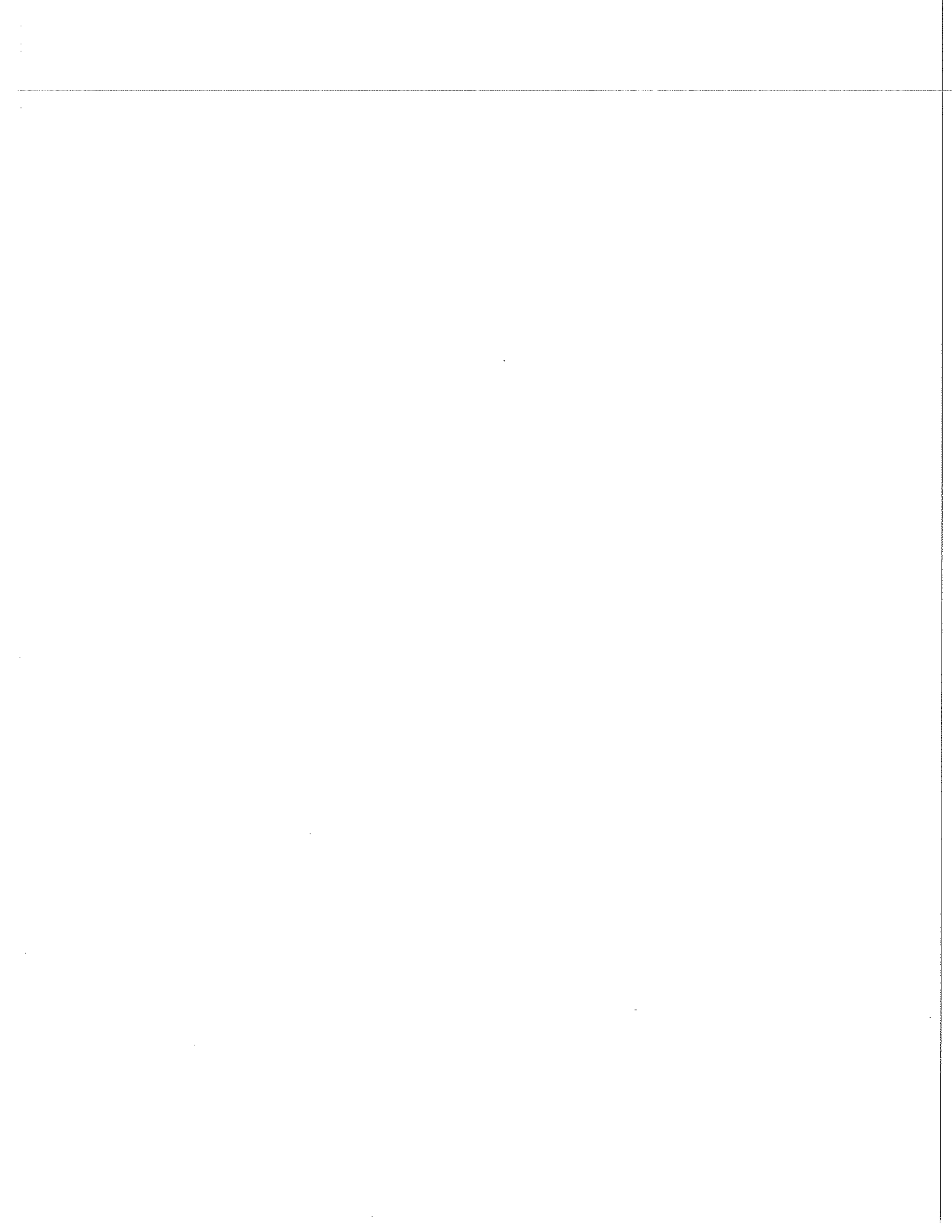
Effect: This could result in a lack of continuity of job procedures with personnel turnover and no written control procedures to follow in order to safeguard assets.

Recommendation: We recommend that the District either prepare or purchase an accounting policy and procedure manual and evaluate internal controls to be included in the manual.

Response: We agree and aware of this issue. We are in the process of producing this

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None





DIETRICH SCHOOL DISTRICT NO. 314

406 NORTH PARK

DIETRICH, IDAHO 83324

PHONE # (208) 544-2158

Summary Schedule of Prior Audit Findings

Finding 2009-1 Lack of Segregation of Duties

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

2009-2: Lack of a Formal Accounting Policy Manual

This finding has not changed, but we continue to work on the manual with the intention of completing it the year.

2009-3 Lack of Personnel Capable of Writing Report

This finding has not changed, but due to time and cost restrictions, we continue to believe that it is more efficient to have the report written by outside sources.

DIETRICH SCHOOL DISTRICT NO. 314

406 NORTH PARK
DIETRICH, IDAHO 83324
PHONE # (208) 544-2158

Corrective Action Plan

Idaho Department of Education
Boise, Idaho

August 24, 2010

Dietrich School District No. 314 respectfully submits the following corrective action plan for the year ended June 30, 2010. The name and address of the independent public accounting firm is R. Michael Burr CPA, P.O. Box 2229, Twin Falls, ID, 83301.

Audit Period: Year ended June 30, 2010

The findings from the August 24, 2010, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

A. Findings - Financial Statement Audit

Reportable Condition - 2010-1 Segregation of Duties

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

Action Taken: We agree with the findings; however, the lack of segregation of duties does not effect the federal award programs. Until sufficient funds are provided to employ additional District personnel, we will continue to have a lack of segregation of duties.

Reportable Condition - 2010-2 Personnel not Possessing Knowledge to Prepare Financial Statements and Disclosures

Recommendation: Have personnel obtain required education.

Action Taken: We agree with the findings; however, it is not time or cost efficient for the District. At this time we will continue to outsource the writing of the report and disclosures.

Reportable Condition - 2010-3 Lack of a Formal Accounting Policy Manual

Recommendation: We recommend that the District either prepare or purchase an accounting policy and procedure manual and evaluate internal controls to be included in the manual.

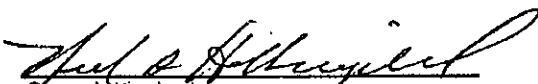
Action Taken - We will continue to work on the manual with an attempt to complete this year.

B. Findings - Federal Award Programs

None

If the Idaho Department of Education has any questions regarding the plan, please call Marci Stimpson at (208) 544-2158.

Sincerely


Superintendent

R. MICHAEL BURR

Certified Public Accountant

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

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

August 24, 2010

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314 for the year ended June 30, 2010, and have issued my report thereon dated August 24, 2010. Professional standards require that I provide you with the following information related to my audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated June 15, 2010, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

As part of my audit, I considered the internal control of Dietrich School District No. 314. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of Dietrich School District No. 314's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 15, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Dietrich School District No. 314 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2007-08 fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

R. MICHAEL BURR

Certified Public Accountant

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MANAGEMENT LETTER

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

August 24, 2010

In planning and performing our audit of the financial statements of Dietrich School District No. 314, for the year ended June 30, 2010, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Dietrich School District No. 314's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

The reportable conditions we believe existed at June 30, 2010, are included in the schedule of finding and responses.

There were also other items we need to cover. These items are as follows:

- 1) Several funds have negative fund balances. These items need to be reviewed and corrected if possible.
- 2) Implementation of GASB 54 needs to be done for the 2010-2011 fiscal year.
- 3) The maintenance match requirements by the state should be reviewed to maximize any benefit that can be obtained from the change in the law that effects the 2010-2011 fiscal year.

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

Sincerely,

R. Michael Burr

R. Michael Burr
Certified Public Accountant