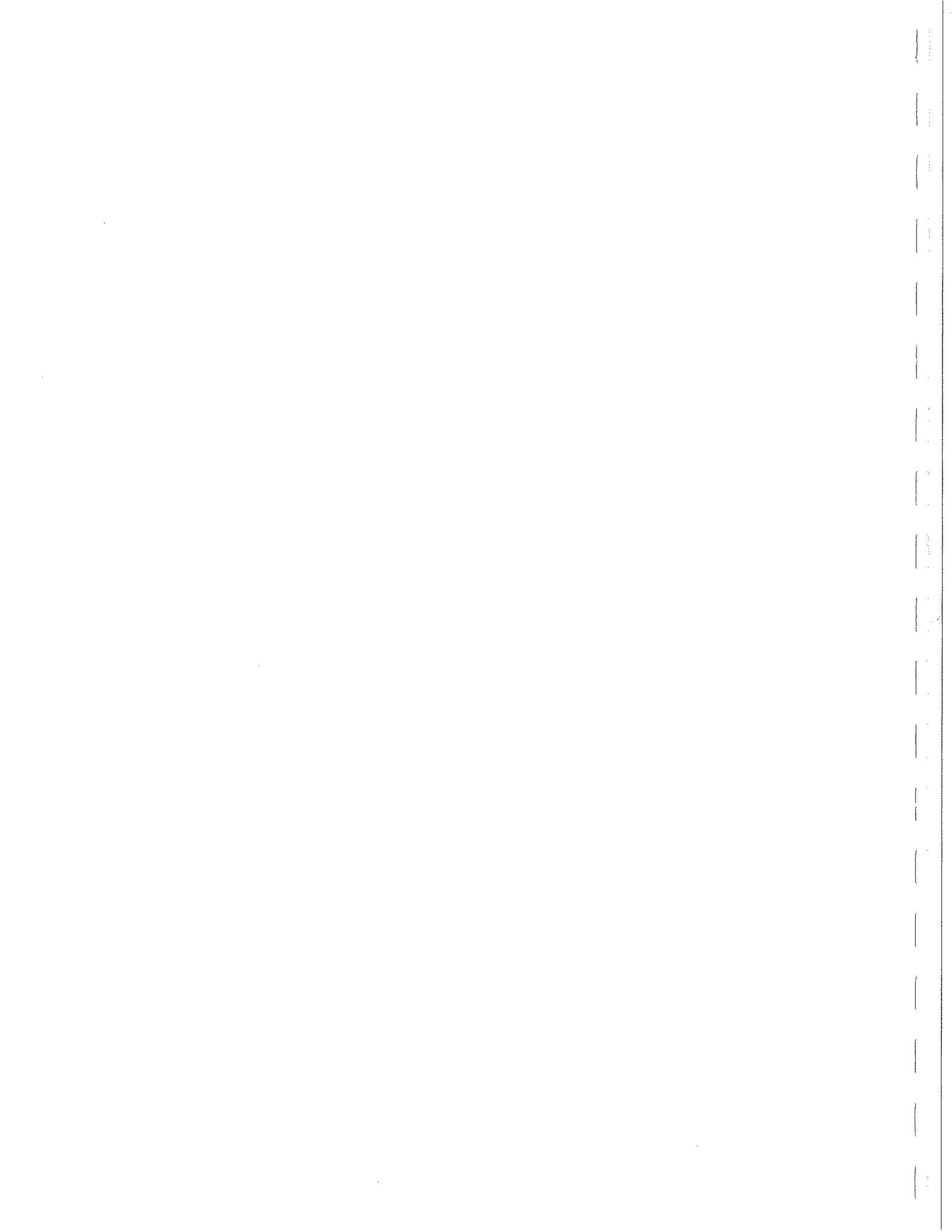


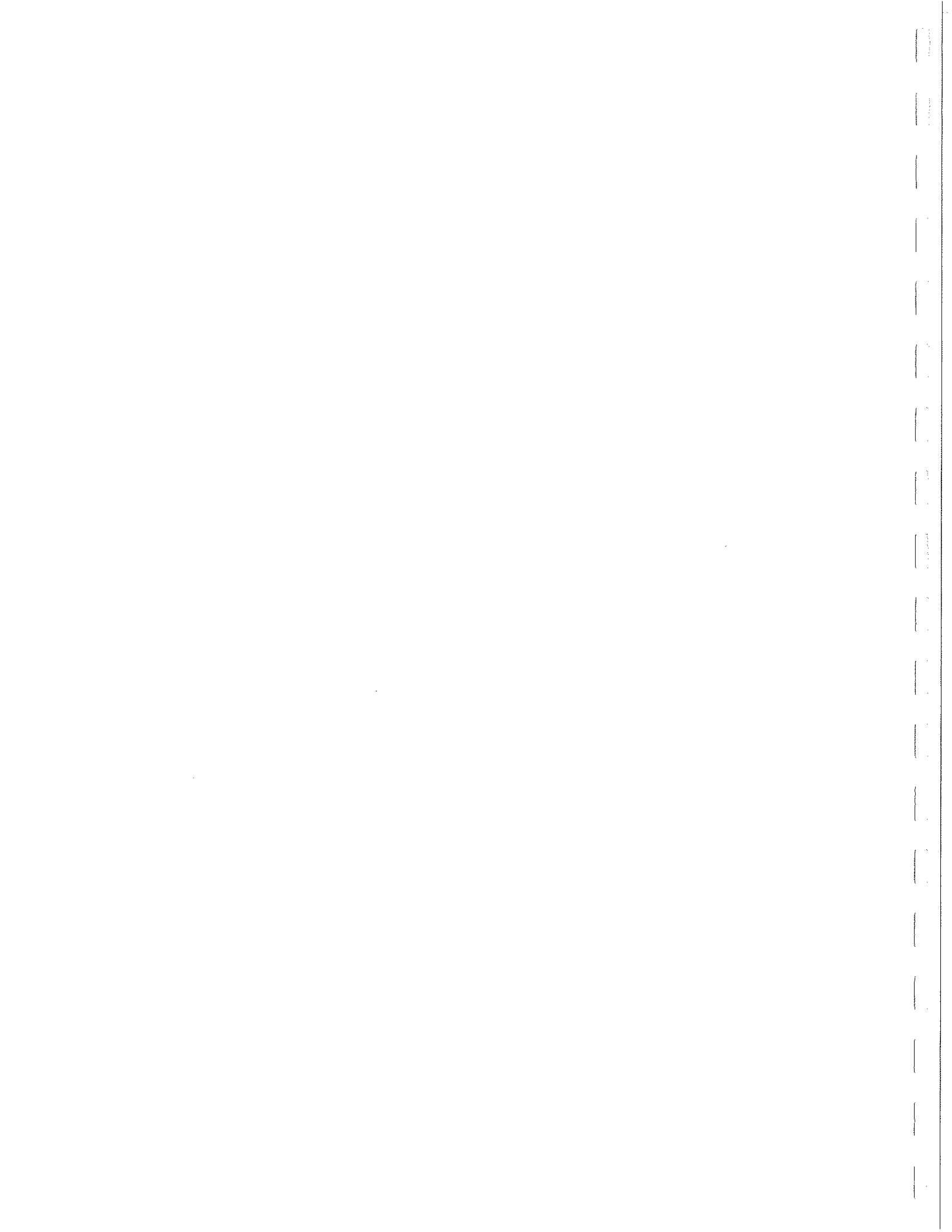
DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
ANNUAL FINANCIAL REPORT
JUNE 30, 2013



DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

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R. MICHAEL BURR

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

September 13, 2013

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In my opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government-wide activities of Dietrich School District No. 314, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Dietrich School District No. 314, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in 2013, the District adopted GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62), GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending June 30, 2013. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dietrich School District No. 314's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 13, 2013, on our consideration of the Dietrich School District No. 314's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dietrich School District No. 314's internal control over financial reporting and compliance

Sincerely,

R. Michael Burr

R. Michael Burr
Certified Public Accountant

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DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
STATEMENT OF NET POSITION
JUNE 30, 2013

		<u>Governmental Activities</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 72,222	
Investments	737,476	
Net Receivables	74,567	
Inventory	<u>11,953</u>	
 <u>TOTAL CURRENT ASSETS</u>		 \$ 896,218
 <u>NONCURRENT ASSETS</u>		
Long-Term Receivables	\$ 4,456	
Investments - Restricted	1,268,642	
Capital Assets (non-depreciated)	80,000	
Capital Assets (depreciated - net)	<u>2,441,527</u>	
 <u>TOTAL NONCURRENT ASSETS</u>		 <u>3,794,625</u>
 <u>TOTAL ASSETS</u>		 <u>4,690,843</u>
 <u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 13,204	
Salaries and Benefits Payable	178,914	
Interest Payable	6,237	
Current Portion of Long-Term Debt	<u>31,135</u>	
 <u>TOTAL CURRENT LIABILITIES</u>		 229,490
 <u>NONCURRENT LIABILITIES</u>		
Lease Payable (net of current portion)	\$ 51,840	
Bond Payable (net of current portion)	<u>1,947,000</u>	
 <u>TOTAL NONCURRENT LIABILITIES</u>		 <u>1,998,840</u>
 <u>TOTAL LIABILITIES</u>		 2,228,330
 <u>NET POSITION</u>		
Invested in Capital Assets, net of related debt	\$ 491,552	
Restricted for:		
Capital Projects	41,169	
Debt Service	1,298,446	
Special Projects/Grants	15,287	
Unrestricted	<u>616,059</u>	
 <u>TOTAL NET POSITION</u>		 <u>\$ 2,462,513</u>

See accompanying notes to the basic financial statements

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

<u>Primary Government Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$ 1,357,757		\$ 395,613	
Support	118,604			
General Administrative	249,134			
Custodial/Maintenance	158,877			
Student Transportation	110,099		49,848	
Non-Instructional - Food Service	121,834	\$ 37,210	125,067	
Debt Service - Interest on Debt	12,996		12,996	
	<u>2,129,301</u>	<u>37,210</u>	<u>583,524</u>	<u>\$ 0</u>
<u>Total Governmental Activities</u>				
 Business-Type Activities				
None	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Business-Type Activities</u>				
 <u>Total Primary Government</u>	<u>\$ 2,129,301</u>	<u>\$ 37,210</u>	<u>\$ 583,524</u>	<u>\$ 0</u>

General Revenue

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

Total General Revenue

Changes in Net Assets

Net Position - Beginning (restated)

Net Position - Ending

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (962,144)		\$ (962,144)
(118,604)		(118,604)
(249,134)		(249,134)
(158,877)		(158,877)
(60,251)		(60,251)
40,443		40,443
0		0
(1,508,567)		(1,508,567)
0	\$ 0	0
(1,508,567)	0	(1,508,567)
100,581		100,581
1,275,848		1,275,848
163,598		163,598
51,896		51,896
40,825		40,825
1,632,748	0	1,632,748
124,181	0	124,181
2,338,332	0	2,338,332
\$ 2,462,513	\$ 0	\$ 2,462,513

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Food Service Fund	Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 22,092	\$ 16,934	
Investments	728,577		
Property Taxes Receivable	9,714		\$ 36,041
Interfund Balances		63,596	271,783
Due From Other Governments	19,606		
Restricted Assets - Investments			1,268,642
TOTAL ASSETS	\$ 779,989	\$ 80,530	\$ 1,576,466
LIABILITIES			
Accounts Payable	\$ 1,697	\$ 11,507	
Interfund Balances	244,472		
Contracts and Benefits Payable	159,186		
TOTAL LIABILITIES	405,355	11,507	\$ 0
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Property Taxes	897		3,559
TOTAL DEFERRED INFLOWS OF RESOURCES	897	0	3,559
FUND BALANCES			
Restricted - Special Revenue Funds		69,023	
Restricted - Debt Service Fund			1,572,907
Restricted - Capital Projects Fund			
Restricted - State Grants	15,000		
Unassigned	358,737		
TOTAL FUND BALANCES	373,737	69,023	1,572,907
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 779,989	\$ 80,530	\$ 1,576,466

See accompanying notes to the basic financial statements

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 32,296 8,899	\$ 900	\$ 72,222 737,476 45,755 335,379 33,268 1,268,642
<u>\$ 41,195</u>	<u>\$ 14,562</u>	<u>\$ 2,492,742</u>
\$ 31,912 26	\$ 58,995 19,702	\$ 13,204 335,379 178,914
<u>31,938</u>	<u>78,697</u>	<u>527,497</u>
		<u>4,456</u>
<u>0</u>	<u>0</u>	<u>4,456</u>
9,257	(64,135)	4,888 1,572,907 9,257 15,000 358,737
<u>9,257</u>	<u>(64,135)</u>	<u>1,960,789</u>
<u>\$ 41,195</u>	<u>\$ 14,562</u>	<u>\$ 2,492,742</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Food Service Fund	Debt Service Fund
<u>REVENUES</u>			
Property Taxes and Penalty and Interest	\$ 11,185		\$ 100,615
State Foundation Support	1,496,559		
Other State Support/Grants	154,583		65,053
Federal Revenue/Grants	2,563	\$ 125,067	
Other Local Revenue	36,118	37,210	
	<u>1,701,008</u>	<u>162,277</u>	<u>165,668</u>
<u>EXPENDITURES</u>			
Instructional	1,127,128		
Support	100,725		
General Administrative	244,996		
Custodial/Maintenance	154,768		
Student Transportation	93,185		
Non-Instructional	8,639	112,769	
Capital Expenditures	105,192	427	
Debt Service - Principal	18,205		
Debt Service - Interest and Charges			10,339
	<u>1,852,838</u>	<u>113,196</u>	<u>10,339</u>
<u>EXCESS REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>(151,830)</u>	<u>49,081</u>	<u>155,329</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Earnings on Investments	1,569		39,256
Proceeds from Financing Capital Assets	86,442		
	<u>88,011</u>	<u>0</u>	<u>39,256</u>
<u>EXCESS REVENUES AND</u> <u>OTHER FINANCING SOURCES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>(63,819)</u>	<u>49,081</u>	<u>194,585</u>
<u>FUND BALANCE - BEGINNING</u>	<u>437,556</u>	<u>19,942</u>	<u>1,378,322</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 373,737</u>	<u>\$ 69,023</u>	<u>\$ 1,572,907</u>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 111,800
		1,496,559
	\$ 18,815	238,451
	160,330	287,960
\$ 776	2,302	76,406
<u>776</u>	<u>181,447</u>	<u>2,211,176</u>
	166,289	1,293,417
	7,300	108,025
	4,138	249,134
10,327		165,095
		93,185
		121,408
		105,619
12,993		31,198
1,069		11,408
<u>24,389</u>	<u>177,727</u>	<u>2,178,489</u>
<u>(23,613)</u>	<u>3,720</u>	<u>32,687</u>
		40,825
		86,442
<u>0</u>	<u>0</u>	<u>127,267</u>
(23,613)	3,720	159,954
<u>32,870</u>	<u>(67,855)</u>	<u>1,800,835</u>
<u>\$ 9,257</u>	<u>\$ (64,135)</u>	<u>\$ 1,960,789</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total Governmental Fund Balances \$ 1,960,789

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 \$4,144,246 net of accumulated depreciation of \$1,702,719 \$ 2,521,527

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 4,456

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

Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements. (6,237)

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	(82,975)
Outstanding Bonds	<u>(1,947,000)</u>

Net Changes 501,724

Net Position of Governmental Activities \$ 2,462,513

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, 2013

Net Change in Fund Balances - Governmental Fund Balances \$ 159,954

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	\$ (91,833)
- Capital Expenditures	124,111

Proceeds from capital lease is listed as other financing source in the funds but are reported as an increase in debt in the Statement of Activities.	(86,442)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(11,219)
--	----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets.	31,198
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>(1,588)</u>
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<u>Net Changes</u>	<u>(35,773)</u>
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<u>Change in Net Position of Governmental Activities</u>	<u>\$ 124,181</u>
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See accompanying notes to the basic financial statements

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 40,599
Accounts Receivable	<u>1,840</u>
<u>Total Assets</u>	<u>\$ 42,439</u>
<u>Liabilities</u>	
Due to Student Groups	<u>\$ 42,439</u>
<u>Total Liabilities</u>	<u>\$ 42,439</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, 2013

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, 2013.

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). 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 Position 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, 2013

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects

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

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

PROPRIETARY FUNDS

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

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
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 Position 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, 2013

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 Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the District.

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

Interfund Receivables and Payables

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

Receivables

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

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

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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 Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

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

Fund Financial Statements

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

Liability for Compensated Absences

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

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

Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts, 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

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

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

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

Equity Classifications (Net 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 Position 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 nonspendable, restricted, committed, assigned, or unassigned.

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Use of Estimates

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

2 - CASH AND INVESTMENTS

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

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

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

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

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

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2 - CASH AND INVESTMENTS (Continued)

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

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

At June 30, 2013, the District had a carrying value of cash deposits of \$111,774 and a bank balance of \$186,139. Based on the above definitions, the District is subject to \$0 of concentration of credit risk.

Idaho Code authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was \$2,006,118 (\$737,476 Idaho State Local Government Investment Pool and \$1,268,642 Zions Bank - Dreyfus Treasury Cash Management Account) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

The \$1,268,642 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, 2012, upon which the 2012 levy was based was \$39,336,150.

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2013, 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	0.0600	Voter Approved
Bond	0.2379	No Limit

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

At June 30, 2013, the components of taxes receivable are as follows:

<u>Property Tax year</u>	General Fund	Debt Service Fund	Total
2012	\$ 8,795	\$ 34,873	\$ 43,668
2011	198	703	901
2010	527	465	992
2009	194		194
<u>Total</u>	<u>\$ 9,714</u>	<u>\$ 36,041</u>	<u>\$ 45,755</u>

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2013, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2013, are deferred inflows of resources (deferred revenue). The components of deferred inflows of resources are as follows:

<u>Fund</u>	Amount
General Fund	\$ 897
Debt Service Fund	3,559
<u>Total</u>	<u>\$ 4,456</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, 2013, are as follows:

<u>Source - Description</u>	General Fund	Special Revenue	Total
State - Foundation	\$ 19,606		\$ 19,606
State - Other Support		\$ 5,643	5,643
Federal - Grant Awards		8,019	8,019
<u>Total</u>	<u>\$ 19,606</u>	<u>\$ 13,662</u>	<u>\$ 33,268</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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	9,289,854
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, 2013, 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	105,192		442,370
Equipment	131,259	18,918		150,177
Subtotal	<u>4,020,136</u>	<u>124,110</u>	<u>0</u>	<u>4,144,246</u>
Less accumulated depreciation for:				
Buildings and Improvements	(868,383)	(74,340)		(942,723)
Library	(207,569)	(10)		(207,579)
Heavy Equipment and Busses	(313,582)	(16,583)		(330,165)
Equipment	(131,259)	(900)		(132,159)
Subtotal	<u>(1,520,793)</u>	<u>(91,833)</u>	<u>0</u>	<u>(1,612,626)</u>
Net Depreciated Assets	<u>2,499,343</u>	<u>32,277</u>	<u>0</u>	<u>2,531,620</u>
Net Capital Assets	<u>\$ 2,579,343</u>	<u>\$ 32,277</u>	<u>\$ 0</u>	<u>\$ 2,611,620</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 64,340
Support	10,579
Student Transportation	<u>16,914</u>
Total	<u>\$ 91,833</u>

NOTE 7 - INTERFUND TRANSACTIONS

Interfund transfers and due to/from for the District for the year ended June 30, 2013, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Transfers:			
None			\$ 0
Due To/From:			
None			0

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, 2013, 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 53 to 54. 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, 2013

NOTE 9 - DEBT

The following is a summary of the District's long-term debt obligations and transactions for the year ended June 30, 2013:

	Amount Outstanding Beginning	Issued	Retired	Amount Outstanding Ending
Capital Lease @ 5.12% - Bus	\$ 27,732		\$ 12,994	\$ 14,738
Capital Lease @ 2.65% - Bus	0	\$ 86,442	18,205	68,237
Bond Issue @ 1.69%	1,947,000			1,947,000
Total	\$ 1,974,732	\$ 86,442	\$ 31,199	\$ 2,029,975

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, 2013, is as follows:

Year Ended June 30,	Bond Principal	Lease Principal	Interest	Total
2014		\$ 31,135	\$ 34,043	\$ 65,178
2015		16,831	33,609	50,440
2016		17,277	33,163	50,440
2017	\$ 1,947,000	17,732	32,708	1,997,440
Total	\$ 1,947,000	\$ 82,975	\$ 133,523	\$ 2,163,498

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, 2013

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, 2013, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% 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 \$123,175, \$118,172, and \$119,299 for the three years ended June 30, 2013, 2012, and 2011, respectively.

NOTE 11 - REQUIRED DISCLOSURE - DEFICIT FUND BALANCES

The following nonmajor funds had deficit fund balances at June 30, 2013:

Capital Construction	\$ (22)
Plant Facilities - Bus Depreciation	(31,912)
Title I-A Local Program	(31,964)
Title I-C Migrant	(7,207)
REAP	(16,496)
Title VI-B School Age	(12,751)
Title VI-B Preschool	(661)
Perkins III	(1,494)
State Basic Technology	(205)

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, 2013

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 premiums. Due to the high cost of obtaining actuarial prepared information and the small benefit it would provide, the District has determined that the implementation of GASB 45 is not cost effective for the District. Therefore, the District has not reported the OPEB cost or the net OPEB obligation in the general fund. The amount by which this departure would affect the assets, fund balances, and revenues of the general fund is not reasonably determinable.

NOTE 13 -- RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62), GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending June 30, 2013.

Implementation of GASB 62 did not have any financial reporting impact on the District for fiscal year ended June 30, 2013. Implementation of GASB 63 required the reclassification of Net Assets to Net Position and it also required reclassification of deferred outflows and deferred inflows into new categories called Deferred Outflows of Resources and Deferred Inflows of Resources.

As a result of implementing GASB 65, revenues previously recorded as deferred revenue in governmental funds until both measurable and available are reported as deferred inflows of resources until such time the revenue becomes available.

**REQUIRED SUPPLEMENTAL
INFORMATION SECTION**

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 400,000	\$ 437,556	\$ 37,556
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes	15,725	15,725	10,831	(4,894)
Property Tax Penalty and Interest	500	500	354	(146)
Other Local Revenue	13,600	30,300	36,118	5,818
<u>Total Local Revenue</u>	<u>29,825</u>	<u>46,525</u>	<u>47,303</u>	<u>778</u>
<u>State Revenue</u>				
Base Support Program	323,178	1,285,406	1,275,848	(9,558)
Transportation Support	40,000	50,000	49,848	(152)
Benefit Apportionment	1,114,447	162,219	170,863	8,644
Other State Support	88,390	97,350	154,583	57,233
Revenue in Lieu / Ag Replacement Tax	4,257		0	0
<u>Total State Revenue</u>	<u>1,570,272</u>	<u>1,594,975</u>	<u>1,651,142</u>	<u>56,167</u>
<u>Federal Revenue</u>				
Indirect Federal Revenue		120,000	2,563	(117,437)
<u>Total Federal Revenue</u>	<u>0</u>	<u>120,000</u>	<u>2,563</u>	<u>(117,437)</u>
<u>Other Sources</u>				
Earnings on Investments	2,000	2,000	1,569	(431)
Proceeds from Financing Capital Assets			86,442	86,442
<u>Total Other Sources</u>	<u>2,000</u>	<u>2,000</u>	<u>88,011</u>	<u>86,011</u>
<u>Amounts Available for Appropriations</u>	<u>1,602,097</u>	<u>2,163,500</u>	<u>2,226,575</u>	<u>63,075</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	265,792	300,000	318,201	(18,201)
Benefits	69,043	65,000	72,968	(7,968)
Purchased Services	150	150	6,475	(6,325)
Supplies	7,000	3,850	4,766	(916)
<u>Total Elementary School Program</u>	<u>341,985</u>	<u>369,000</u>	<u>402,410</u>	<u>(33,410)</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 272,976	\$ 300,000	\$ 349,533	\$ (49,533)
Benefits	72,877	70,000	82,853	(12,853)
Purchased Services	4,650	5,000	3,709	1,291
Supplies	6,500	6,000	6,393	(393)
<u>Total Secondary School Program</u>	<u>357,003</u>	<u>381,000</u>	<u>442,488</u>	<u>(61,488)</u>
<u>Exceptional Child Program</u>				
Salaries	60,000	100,000	90,043	9,957
Benefits	14,697	30,000	29,315	685
<u>Total Exceptional Child Program</u>	<u>74,697</u>	<u>130,000</u>	<u>119,358</u>	<u>10,642</u>
<u>Preschool</u>				
Salaries	17,295	15,400	17,873	(2,473)
Benefits	4,633	4,600	5,700	(1,100)
Supplies			184	(184)
<u>Total Preschool</u>	<u>21,928</u>	<u>20,000</u>	<u>23,757</u>	<u>(3,757)</u>
<u>Vocational</u>				
Salaries	74,682	65,000	68,679	(3,679)
Benefits	19,431	19,000	19,114	(114)
Supplies	3,000	2,000	3,861	(1,861)
<u>Total Vocational</u>	<u>97,113</u>	<u>86,000</u>	<u>91,654</u>	<u>(5,654)</u>
<u>Interscholastic Program</u>				
Salaries	39,000	40,500	35,556	4,944
Benefits	9,600	10,300	9,354	946
Purchased Services	3,000	1,200	1,235	(35)
Supplies	2,700	1,000	1,316	(316)
<u>Total School Activity</u>	<u>54,300</u>	<u>53,000</u>	<u>47,461</u>	<u>5,539</u>
<u>Total Instructional</u>	<u>947,026</u>	<u>1,039,000</u>	<u>1,127,128</u>	<u>(88,128)</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<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>Support</u>				
<u>Guidance</u>				
Purchased Services	\$ 1,500			0
Supplies	100		\$ 23	(23)
<u>Total Guidance</u>	<u>1,600</u>	<u>\$ 0</u>	<u>23</u>	<u>(23)</u>
<u>Special Services</u>				
Salaries	11,000			0
Purchased Services	10,294	110,000	42,393	67,607
<u>Total Special Services</u>	<u>21,294</u>	<u>110,000</u>	<u>42,393</u>	<u>67,607</u>
<u>Housing</u>				
Salaries			47	(47)
Benefits			4	(4)
Purchased Services			470	(470)
Supplies			263	(263)
<u>Total Housing</u>	<u>0</u>	<u>0</u>	<u>784</u>	<u>(784)</u>
<u>Educational Media</u>				
Salaries	30,000	5,500	4,907	593
Benefits	1,250	500	386	114
Supplies	2,500	5,000	4,998	2
<u>Total Educational Media</u>	<u>33,750</u>	<u>11,000</u>	<u>10,291</u>	<u>709</u>
<u>Technology Coordinator</u>				
Salaries	32,500	12,000	12,463	(463)
Benefits	9,455	2,000	2,492	(492)
Purchased Services	20,000	20,000	20,739	(739)
Supplies	4,500	8,000	11,540	(3,540)
<u>Total Technology Coordinator</u>	<u>66,455</u>	<u>42,000</u>	<u>47,234</u>	<u>(5,234)</u>
<u>Total Support</u>	<u>123,099</u>	<u>163,000</u>	<u>100,725</u>	<u>62,275</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>General Administrative</u>				
<u>Board of Education</u>				
Salaries	\$ 4,500	\$ 7,000	\$ 6,274	\$ 726
Benefits	1,825	1,500	1,274	226
Purchased Services	2,500	2,000	4,253	(2,253)
Supplies	1,000	500	340	160
<u>Total Board of Education</u>	<u>9,825</u>	<u>11,000</u>	<u>12,141</u>	<u>(1,141)</u>
<u>District Administration</u>				
Salaries	50,000	50,000	46,988	3,012
Benefits	23,500	11,000	9,834	1,166
Purchased Services	17,625	10,500	10,802	(302)
Supplies	4,000	4,000	4,001	(1)
Insurance	21,103	1,500	22,241	(20,741)
<u>Total District Administration</u>	<u>116,228</u>	<u>77,000</u>	<u>93,866</u>	<u>(16,866)</u>
<u>School Administration</u>				
Salaries	53,000	77,000	71,762	5,238
Benefits	13,600	21,000	19,845	1,155
Purchased Services	1,000	500	1,403	(903)
Supplies	1,500	1,500	1,492	8
<u>Total School Administration</u>	<u>69,100</u>	<u>100,000</u>	<u>94,502</u>	<u>5,498</u>
<u>Business Operations</u>				
Salaries	15,000	35,000	37,279	(2,279)
Benefits	3,700	7,000	7,208	(208)
<u>Total Business Operations</u>	<u>18,700</u>	<u>42,000</u>	<u>44,487</u>	<u>(2,487)</u>
<u>Administrative Technology</u>				
Salaries	8,000			0
Benefits	1,688			0
<u>Total Business Operations</u>	<u>9,688</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total General Administrative</u>	<u>223,541</u>	<u>230,000</u>	<u>244,996</u>	<u>(14,996)</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Custodial / Maintenance</u>				
<u>Custodians</u>				
Salaries	\$ 30,000	\$ 28,000	\$ 29,116	\$ (1,116)
Benefits	10,000	10,000	10,220	(220)
Purchased Services	300	500	331	169
Supplies	9,500	8,500	8,527	(27)
<u>Total Custodians</u>	<u>49,800</u>	<u>47,000</u>	<u>48,194</u>	<u>(1,194)</u>
<u>Maintenance - Buildings</u>				
Salaries	1,000	1,000	931	69
Benefits	300	500	261	239
Purchased Services	50,000	50,000	46,772	3,228
Supplies	250	500	762	(262)
<u>Total Maintenance - Buildings</u>	<u>51,550</u>	<u>52,000</u>	<u>48,726</u>	<u>3,274</u>
<u>Maintenance - Student Occupied</u>				
Salaries	27,000	27,500	29,931	(2,431)
Benefits	7,050	6,500	7,367	(867)
Purchased Services	4,440	3,000	4,133	(1,133)
Supplies	9,500	8,000	6,885	1,115
<u>Total Maintenance - Student Occ.</u>	<u>47,990</u>	<u>45,000</u>	<u>48,316</u>	<u>(3,316)</u>
<u>Maintenance - Grounds</u>				
Salaries	13,225	4,000	4,150	(150)
Benefits	1,500	1,000	1,149	(149)
Purchased Services	3,000	3,000	1,781	1,219
Supplies	750	1,000	952	48
<u>Total Maintenance - Grounds</u>	<u>18,475</u>	<u>9,000</u>	<u>8,032</u>	<u>968</u>
<u>Total Custodial / Maintenance</u>	<u>167,815</u>	<u>153,000</u>	<u>153,268</u>	<u>(268)</u>
<u>Security Program</u>				
Purchased Services	1,960	1,500	1,500	0
<u>Total Security Program</u>	<u>1,960</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
<u>School Transportation</u>				
Salaries	\$ 38,000	\$ 47,000	\$ 44,850	\$ 2,150
Benefits	10,453	12,000	10,683	1,317
Purchased Services	12,669	6,000	6,685	(685)
Supplies	16,200	25,000	22,889	2,111
Capital Outlay		18,000	86,442	(68,442)
Insurance	2,500			0
Debt Service - Principal	20,000		18,205	(18,205)
Debt Service - Interest	4,840			0
<u>Total School Transportation</u>	<u>104,662</u>	<u>108,000</u>	<u>189,754</u>	<u>(81,754)</u>
<u>General Transportation</u>				
Purchased Services	1,750	3,000	1,100	1,900
Supplies	10,500	10,000	6,978	3,022
Capital Outlay		19,000	18,750	250
<u>Total General Transportation</u>	<u>12,250</u>	<u>32,000</u>	<u>26,828</u>	<u>5,172</u>
<u>Total Transportation</u>	<u>116,912</u>	<u>140,000</u>	<u>216,582</u>	<u>(76,582)</u>
<u>Other Support Services</u>				
Purchased Services	9,000	3,000	2,794	206
Supplies	7,000	4,000	5,845	(1,845)
<u>Total Other Support Services</u>	<u>16,000</u>	<u>7,000</u>	<u>8,639</u>	<u>(1,639)</u>
<u>Non-Instructional</u>				
Salaries	5,050			0
Benefits				0
Supplies				0
<u>Total Non-Instructional</u>	<u>5,050</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Interfund Transfers</u>		30,000		30,000
<u>Total Charges to Appropriations</u>	<u>1,601,403</u>	<u>1,763,500</u>	<u>1,852,838</u>	<u>(89,338)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 694</u>	<u>\$ 400,000</u>	<u>\$ 373,737</u>	<u>\$ (26,263)</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 0	\$ 0	\$ 19,942	\$ 19,942
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	14,575	30,000	21,782	(8,218)
Adult Meal Sales			2,045	2,045
Other Local Revenue	150	1,000	13,383	12,383
<u>Total Local Revenue</u>	<u>14,725</u>	<u>31,000</u>	<u>37,210</u>	<u>6,210</u>
<u>Federal Revenue</u>				
Child Nutrition Reimbursement	84,435	116,000	125,067	9,067
<u>Total Federal Revenue</u>	<u>84,435</u>	<u>116,000</u>	<u>125,067</u>	<u>9,067</u>
<u>Other Sources</u>				
Interfund Transfers		3,000		(3,000)
<u>Total Other Sources</u>	<u>0</u>	<u>3,000</u>	<u>0</u>	<u>(3,000)</u>
<u>Amounts Available for Appropriations</u>	<u>99,160</u>	<u>150,000</u>	<u>182,219</u>	<u>32,219</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	32,000	29,000	32,066	(3,066)
Benefits	12,920	14,000	12,239	1,761
Purchased Services	3,200	1,000	1,905	(905)
Supplies	43,040	70,000	66,559	3,441
Capital Outlay	8,000	36,000	427	35,573
<u>Total Non-Instructional</u>	<u>99,160</u>	<u>150,000</u>	<u>113,196</u>	<u>36,804</u>
<u>Total Charges to Appropriations</u>	<u>99,160</u>	<u>150,000</u>	<u>113,196</u>	<u>36,804</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 69,023</u>	<u>\$ 69,023</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 - RECONCILIATION OF BUDGET TO GAAP

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

	<u>General Fund</u>	<u>Food Service</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,226,575	\$ 182,219
<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	(437,556)	(19,942)
Proceeds from capital leases are inflows of budgetary resources but are not revenues for financial reporting purposes	(86,442)	
Earnings from investments are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,569)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,701,008</u>	<u>\$ 162,277</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,852,838	\$ 113,196
<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>\$ 1,852,838</u>	<u>\$ 113,196</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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>
General Fund	\$ 1,763,500	\$ 1,852,838	\$ 89,338

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, 2013

	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>	<u>Title I-A Local Program</u>
<u>ASSETS</u>				
Cash	\$ 397		\$ 477	
Interfund Balances				
Due From Other Governments	<u>5,643</u>	<u>\$ 1,519</u>		<u>\$ 2,439</u>
<u>TOTAL ASSETS</u>	<u>\$ 6,040</u>	<u>\$ 1,519</u>	<u>\$ 477</u>	<u>\$ 2,439</u>
 <u>LIABILITIES</u>				
Accounts Payable				
Contracts and Benefits Payable	\$ 763	\$ 183		\$ 5,388
Interfund Balances		<u>1,541</u>		<u>29,015</u>
<u>TOTAL LIABILITIES</u>	<u>763</u>	<u>1,724</u>	<u>\$ 0</u>	<u>34,403</u>
 <u>FUND BALANCES</u>				
Unreserved	<u>5,277</u>	<u>(205)</u>	<u>477</u>	<u>(31,964)</u>
<u>TOTAL FUND BALANCES</u>	<u>5,277</u>	<u>(205)</u>	<u>477</u>	<u>(31,964)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 6,040</u>	<u>\$ 1,519</u>	<u>\$ 477</u>	<u>\$ 2,439</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Perkins III - Vocational Technology</u>
<u>ASSETS</u>				
Cash				
Interfund Balances				
Due From Other Governments	\$ 1,678		\$ 1,121	
<u>TOTAL ASSETS</u>	<u>\$ 1,678</u>	<u>\$ 0</u>	<u>1,121</u>	<u>\$ 0</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 5,702	\$ 6,183	\$ 322	
Contracts and Benefits Payable	3,183	6,568	1,460	\$ 1,494
Interfund Balances				
<u>TOTAL LIABILITIES</u>	<u>8,885</u>	<u>12,751</u>	<u>1,782</u>	<u>1,494</u>
 <u>FUND BALANCES</u>				
Unreserved	(7,207)	(12,751)	(661)	(1,494)
<u>TOTAL FUND BALANCES</u>	<u>(7,207)</u>	<u>(12,751)</u>	<u>(661)</u>	<u>(1,494)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,678</u>	<u>\$ 0</u>	<u>\$ 1,121</u>	<u>\$ 0</u>

Continued

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>	<u>Rural Education Achievement Program</u>	<u>Total</u>
<u>ASSETS</u>				
Cash		\$ 26		\$ 900
Interfund Balances				0
Due From Other Governments	\$ 1,262			13,662
<u>TOTAL ASSETS</u>	<u>\$ 1,262</u>	<u>\$ 26</u>	<u>\$ 0</u>	<u>\$ 14,562</u>
<u>LIABILITIES</u>				
Accounts Payable				\$ 0
Contracts and Benefits Payable			\$ 1,161	19,702
Interfund Balances	\$ 399		15,335	58,995
<u>TOTAL LIABILITIES</u>	<u>399</u>	<u>\$ 0</u>	<u>16,496</u>	<u>78,697</u>
<u>FUND BALANCES</u>				
Unreserved	863	26	(16,496)	(64,135)
<u>TOTAL FUND BALANCES</u>	<u>863</u>	<u>26</u>	<u>(16,496)</u>	<u>(64,135)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,262</u>	<u>\$ 26</u>	<u>\$ 0</u>	<u>\$ 14,562</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, 2013

	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>	<u>Title I-A Local Program</u>
<u>REVENUES</u>				
Local				
State	\$ 18,815			
Federal				\$ 58,409
	<u>18,815</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>58,409</u>
<u>TOTAL REVENUES</u>	<u>18,815</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>58,409</u>
<u>EXPENDITURES</u>				
Instructional	18,039			65,795
Support				1,192
Administrative				1,836
Non-Instructional - Food Service				
Capital Expenditures				
	<u>18,039</u>	<u>0</u>	<u>0</u>	<u>68,823</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>776</u>	<u>0</u>	<u>0</u>	<u>(10,414)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<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>776</u>	<u>0</u>	<u>0</u>	<u>(10,414)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>4,501</u>	<u>(205)</u>	<u>477</u>	<u>(21,550)</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 5,277</u>	<u>\$ (205)</u>	<u>\$ 477</u>	<u>\$ (31,964)</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, 2013

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Perkins III - Vocational Technology</u>
<u>REVENUES</u>				
Local				\$ 2,302
State				
Federal	\$ 32,940	\$ 50,556	\$ 8,680	
<u>TOTAL REVENUES</u>	<u>32,940</u>	<u>50,556</u>	<u>8,680</u>	<u>2,302</u>
<u>EXPENDITURES</u>				
Instructional	28,342	36,505	5,601	2,967
Support				
Administrative	1,144			
Non-Instructional - Food Service				
Capital Expenditures				
<u>TOTAL EXPENDITURES</u>	<u>29,486</u>	<u>36,505</u>	<u>5,601</u>	<u>2,967</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>3,454</u>	<u>14,051</u>	<u>3,079</u>	<u>(665)</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>	3,454	14,051	3,079	(665)
<u>FUND BALANCE - BEGINNING</u>	<u>(10,661)</u>	<u>(26,802)</u>	<u>(3,740)</u>	<u>(829)</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (7,207)</u>	<u>\$ (12,751)</u>	<u>\$ (661)</u>	<u>\$ (1,494)</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, 2013

	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>	<u>Rural Education Achievement Program</u>	<u>Total</u>
<u>REVENUES</u>				
Local				\$ 2,302
State				18,815
Federal	\$ 9,745			160,330
<u>TOTAL REVENUES</u>	<u>9,745</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>181,447</u>
<u>EXPENDITURES</u>				
Instructional	156		8,884	166,289
Support	1,141		4,967	7,300
Administrative	158	1,000		4,138
Non-Instructional - Food Service				0
Capital Expenditures				0
<u>TOTAL EXPENDITURES</u>	<u>1,455</u>	<u>1,000</u>	<u>13,851</u>	<u>177,727</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>8,290</u>	<u>(1,000)</u>	<u>(13,851)</u>	<u>3,720</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers				0
<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>8,290</u>	<u>(1,000)</u>	<u>(13,851)</u>	<u>3,720</u>
<u>FUND BALANCE - BEGINNING</u>	<u>(7,427)</u>	<u>1,026</u>	<u>(2,645)</u>	<u>(67,855)</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 863</u>	<u>\$ 26</u>	<u>\$ (16,496)</u>	<u>\$ (64,135)</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
COMBINING BALANCE SHEET SCHEDULE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<u>ASSETS</u>			
Cash		\$ 5,997	
Investments	\$ 4	8,895	
Interfund Balances			
<u>TOTAL ASSETS</u>	\$ 4	\$ 14,892	\$ 0
 <u>LIABILITIES</u>			
Accounts Payable			
Salaries and Benefits Payable	\$ 26		
Interfund Balances			\$ 31,912
<u>TOTAL LIABILITIES</u>	26	\$ 0	31,912
 <u>FUND BALANCES</u>			
Unreserved:			
Designated - Capital Projects	(22)	14,892	(31,912)
<u>TOTAL FUND BALANCES</u>	(22)	14,892	(31,912)
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>			
	\$ 4	\$ 14,892	\$ 0

<u>Student Occupied</u>	<u>Total</u>
\$ 26,299	\$ 32,296 8,899 0
<u>\$ 26,299</u>	<u>\$ 41,195</u>
	\$ 0 26 31,912
<u>\$ 0</u>	<u>31,938</u>
<u>26,299</u>	<u>9,257</u>
<u>26,299</u>	<u>9,257</u>
<u>\$ 26,299</u>	<u>\$ 41,195</u>

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
SCHEDULE OF CHANGE IN NET ASSETS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Student Group</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
High School Association of Students	\$ 4,735.19	\$ 14,369.50	\$ 15,381.14	\$ 3,723.55
District	(44.25)	97.40	53.15	0.00
Annual Club	5,572.41	5,005.00	7,920.64	2,656.77
Kindergarten	(171.82)	475.50	528.91	(225.23)
First Grade	191.27	157.70	237.48	111.49
Second Grade	207.73	262.00	261.33	208.40
Third Grade	395.70	131.15	215.42	311.43
Fourth Grade	320.49	155.10	274.03	201.56
Fifth Grade	(29.88)	64.39	253.97	(219.46)
Sixth Grade	42.13	240.75	332.53	(49.65)
Class of 2018	0.00	81.34	37.24	44.10
Class of 2017	0.00	44.21	37.21	7.00
Class of 2016	0.55	72.91	37.21	36.25
Class of 2015	138.35	348.22	66.83	419.74
Class of 2014	763.07	1,846.02	1,094.12	1,514.97
Class of 2013	978.51	1,154.52	2,133.03	0.00
Class of 2012	30.43		30.43	0.00
Future Farmers of America	951.69	3,637.76	4,332.26	257.19
IDFY	1,322.40	85.00	1,407.40	0.00
Music Club	112.00	1,873.07	1,370.83	614.24
YEA	1,000.00		1,000.00	0.00
Tutor Program	64.39		64.39	0.00
Library	112.79	1,470.22	1,248.52	334.49
Drama	2,171.17			2,171.17
Science Club	0.00	199.15	153.00	46.15
Move It	0.00	1,846.10	1,058.62	787.48
BPA	1,664.02	7,926.57	6,987.70	2,602.89
Athletics	(618.03)	39,911.80	30,933.47	8,360.30
Team Accounts	7,519.68	21,397.25	25,305.23	3,611.70
Tournament	636.34	17,513.09	18,149.43	0.00
Spanish Club	30.38		30.38	0.00
Rodeo	1,947.41	7,608.62	7,943.95	1,612.08
In & Out - Other	1,420.03	852.34	988.85	1,283.52
Cookbook	495.28		495.28	0.00
Scholarships	11,758.82	3,058.50	2,800.00	12,017.32
Total	<u>\$ 43,718.25</u>	<u>\$ 131,885.18</u>	<u>\$ 133,163.98</u>	<u>\$ 42,439.45</u>

R. MICHAEL BURR

Certified Public Accountant

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

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

September 13, 2013

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Dietrich School District No. 314's basic financial statements and have issued my report thereon dated September 13, 2013.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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. I consider the deficiency described in the accompanying schedule of findings and responses to be material a weakness, 2013-1.

Independent Auditor's 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 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. I consider number 2013-2 and 2013-3 of the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

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

Dietrich School District No. 314's Response to Findings

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

Purpose of this Report

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

Sincerely,

R. Michael Burr

R. Michael Burr
Certified Public Accountant

DIETRICH SCHOOL DISTRICT NO. 314
DIETRICH, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

FINDING 2013-1: Lack of Segregation of Duties

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

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

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

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

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

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

FINDING 2013-2: Failure to Timely Prepare Bank Reconciliations

Condition: It was discovered that bank reconciliations were not being done on a monthly basis as required by the District's internal control and accounts were out of balance..

Criteria: Reconciliations are done to ensure accuracy of check, deposits and other bank entries and should be done monthly to determine problems in a timely manner.

Cause: Workload not allowing sufficient time to prepare bank rec.

Effect: May allow for misstatements and/or errors to go undetected for a long period of time.

Recommendation: Prepare bank reconciliations on a monthly basis as required by District's internal control and correct all errors discovered.

Views of Responsible Official and Planned Corrective Actions: We concur with the recommendation and will prepare and review the required documents on a monthly basis.

FINDING 2013-3: Several Funds Were Out of Balance.

Condition: It was discovered that three funds were out of balance.

Criteria: Accounting standards dictate that funds stay in balance with debits and credits equaling the same amount.

Cause: Closing problems with accounting program not being investigated and corrected.

Effect: May allow for poor information and decisions being made on incorrect balances.

Recommendation: Correct balances and review to ensure it does not happen in the future.

Views of Responsible Official and Planned Corrective Actions: We concur with the recommendation and will take steps to ensure this does not happen in the future.

R. MICHAEL BURR

Certified Public Accountant

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

September 13, 2013

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, 2013. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in our letter to you dated July 9, 2013. Professional standards also require that I communicate to you the following information related to my audit.

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. As described in Note 13 to the financial statements, the Dietrich School District No. 314 changed accounting policies related to financial reporting by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 62 Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62), GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending June 30, 2013. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year are reported in the Statement of Net Position and Statement of Activities. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 Dietrich School District No. 314's financial statements was:

Management's estimate of the useful life of assets for depreciation is based on experience and general consensus. I evaluated the key factors and assumptions used to develop the useful life of assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Communication with Those Charged With Governance
at the Conclusion of the Audit

Page 2

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The list below summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Fair market value adjustment for investments in General Fund were not made for \$1,253.55
Fair market value adjustment for investments in Bind & Interest were not made for \$3,252.52
Investment interest was not recorded for \$10.86

In addition, the following material misstatement detected as a result of audit procedures was corrected by management. The misstatement was to reclassify revenue based on final information obtained from the State Department of Education after June 30, 2013 and correct problems with prior year's closing.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of the audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 13, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of our professional relationship and the responses were not a condition to my retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to the audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Dietrich School District No. 314's Board of Trustees and management of Dietrich School District No. 314 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, CPA

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

September 13, 2013

In planning and performing our audit of the financial statements of Dietrich School District No. 314, for the year ended June 30, 2013, 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, 2013, 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. Also, federal grant reimbursements are not being requested in a timely manner which contributes to the negative balances.
- 2) Interest revenue in Plant Facilities was incorrectly posted to the General Fund. Amount was immaterial and insignificant for audit purposes but should be reviewed by District administration.
- 3) Several student body accounts have had no activity for the past year or more. These accounts should be reviewed and determined if they should remain open.

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

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