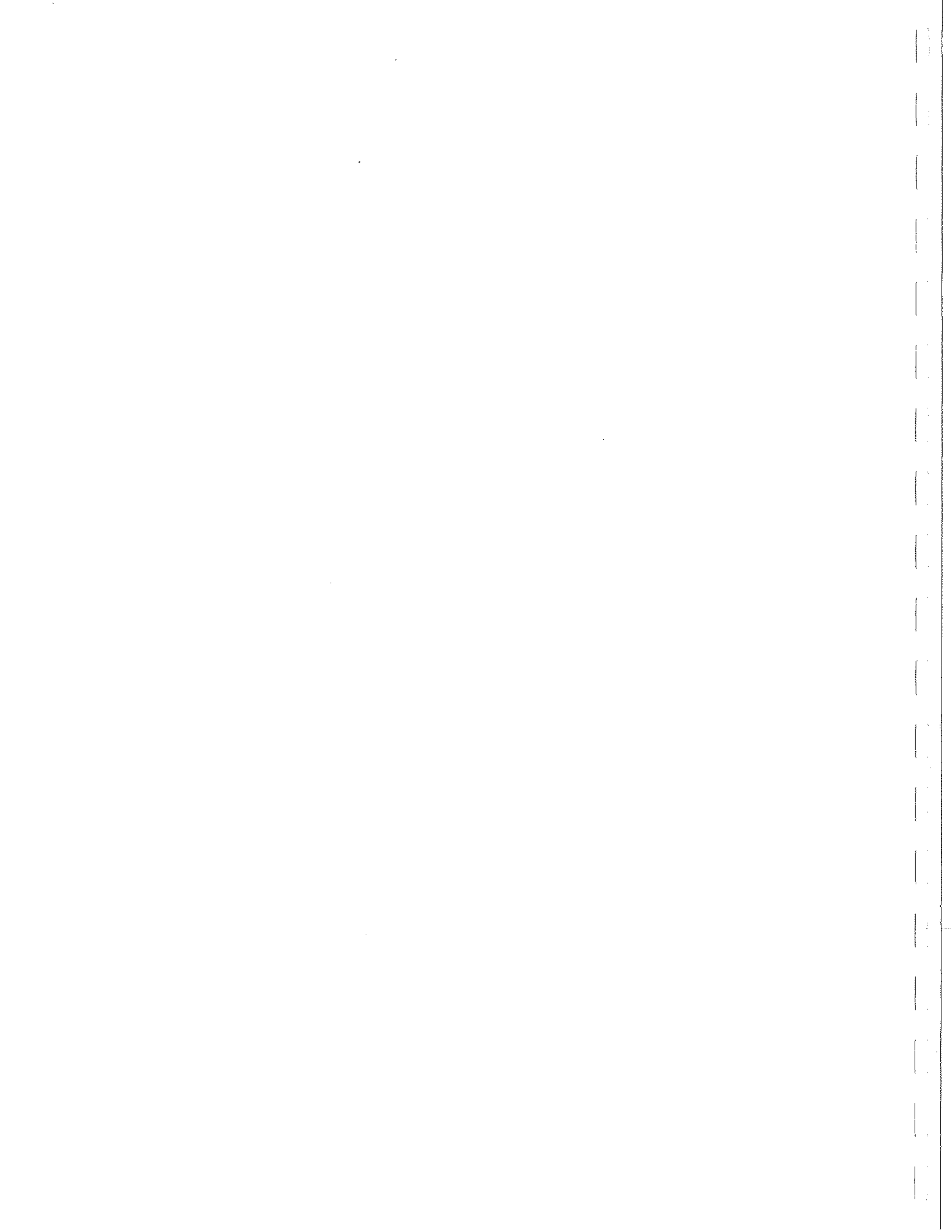


**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2014**



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2014**

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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 5, 2014

### **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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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, 2014, 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, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 13 to the financial statements, in 2013, the District early implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities (GASB 65)* for the fiscal year ending June 30, 2013. Because of the early implementation, there are no required adjustments as would be expected had the early implementation not occurred. 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 5, 2014, 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, 2014**

		<u>Governmental Activities</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 354,153	
Investments	619,462	
Net Receivables	186,866	
Inventory	<u>11,953</u>	
<b><u>TOTAL CURRENT ASSETS</u></b>		<b>\$ 1,172,434</b>
<b><u>NONCURRENT ASSETS</u></b>		
Long-Term Receivables	\$ 5,402	
Investments - Restricted	1,454,175	
Capital Assets (non-depreciated)	80,000	
Capital Assets (depreciated - net)	<u>2,362,818</u>	
<b><u>TOTAL NONCURRENT ASSETS</u></b>		<b><u>3,902,395</u></b>
<b><u>TOTAL ASSETS</u></b>		<b><u>5,074,829</u></b>
<b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 8,945	
Salaries and Benefits Payable	205,385	
Interest Payable	1,046	
Current Portion of Long-Term Debt	<u>19,055</u>	
<b><u>TOTAL CURRENT LIABILITIES</u></b>		<b>234,431</b>
<b><u>NONCURRENT LIABILITIES</u></b>		
Lease Payable (net of current portion)	\$ 35,008	
Bond Payable (net of current portion)	<u>1,947,000</u>	
<b><u>TOTAL NONCURRENT LIABILITIES</u></b>		<b><u>1,982,008</u></b>
<b><u>TOTAL LIABILITIES</u></b>		<b>2,216,439</b>
<b><u>NET POSITION</u></b>		
Invested in Capital Assets, net of related debt	\$ 440,709	
Restricted for:		
Capital Projects	4,917	
Debt Service	1,508,938	
Special Projects/Grants	117,615	
Unrestricted	<u>786,211</u>	
<b><u>TOTAL NET POSITION</u></b>		<b><u>\$ 2,858,390</u></b>

See accompanying notes to the basic financial statements

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Primary Government Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction	\$ 1,218,445	\$ 1,656	\$ 433,684	
Support	247,082			
General Administrative	339,362			
Custodial/Maintenance	255,178			
Student Transportation	76,402		69,034	
Non-Instructional - Food Service	146,094	26,320	115,843	
Debt Service - Interest on Debt	30,352		59,165	
<u>Total Governmental Activities</u>	<u>2,312,915</u>	<u>27,976</u>	<u>677,726</u>	<u>\$ 0</u>
<b>Business-Type Activities</b>				
None				
<u>Total Business-Type Activities</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Primary Government</u>	<u>\$ 2,312,915</u>	<u>\$ 27,976</u>	<u>\$ 677,726</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

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
\$ (783,105)		\$ (783,105)
(247,082)		(247,082)
(339,362)		(339,362)
(255,178)		(255,178)
(7,368)		(7,368)
(3,931)		(3,931)
28,813		28,813
<u>(1,607,213)</u>		<u>(1,607,213)</u>
<u>0</u>	<u>\$ 0</u>	<u>0</u>
<u>(1,607,213)</u>	<u>0</u>	<u>(1,607,213)</u>
152,580		152,580
1,315,076		1,315,076
295,237		295,237
161,546		161,546
78,651		78,651
<u>2,003,090</u>	<u>0</u>	<u>2,003,090</u>
395,877	0	395,877
<u>2,462,513</u>	<u>0</u>	<u>2,462,513</u>
<u>\$ 2,858,390</u>	<u>\$ 0</u>	<u>\$ 2,858,390</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 265,741	\$ 80,467	
Investments	619,458		
Property Taxes Receivable	5,035		\$ 54,763
Interfund Balances			307,972
Due From Other Governments	76,150	10,158	
Restricted Assets - Investments			1,454,175
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 966,384</u></b>	<b><u>\$ 90,625</u></b>	<b><u>\$ 1,816,910</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 7,773		
Interfund Balances	192,697		
Contracts and Benefits Payable	184,353	\$ 11,160	
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>384,823</u></b>	<b><u>11,160</u></b>	<b><u>\$ 0</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows from Property Taxes	455		4,947
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>	<b><u>455</u></b>	<b><u>0</u></b>	<b><u>4,947</u></b>
<b><u>FUND BALANCES</u></b>			
Restricted - Special Revenue Funds		79,465	
Restricted - Debt Service Fund			1,811,963
Restricted - Capital Projects Fund			
Unassigned	581,106		
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>581,106</u></b>	<b><u>79,465</u></b>	<b><u>1,811,963</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>	<b><u>\$ 966,384</u></b>	<b><u>\$ 90,625</u></b>	<b><u>\$ 1,816,910</u></b>

See accompanying notes to the basic financial statements

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 6,085 4	\$ 1,860	\$ 354,153 619,462 59,798 307,972 132,470 1,454,175
<u>6,089</u>	<u>48,022</u>	<u>2,928,030</u>
\$ 1,172 27,734	\$ 87,541 9,872	\$ 8,945 307,972 205,385
<u>28,906</u>	<u>97,413</u>	<u>522,302</u>
<u>0</u>	<u>0</u>	<u>5,402</u>
(22,817)	(49,391)	30,074 1,811,963 (22,817) 581,106
<u>(22,817)</u>	<u>(49,391)</u>	<u>2,400,326</u>
<u>\$ 6,089</u>	<u>\$ 48,022</u>	<u>\$ 2,928,030</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>REVENUES</u></b>			
Property Taxes and Penalty and Interest	\$ 13,481		\$ 138,153
State Foundation Support	1,563,220		
Other State Support/Grants	295,237		59,165
Federal Revenue/Grants		\$ 115,843	
Other Local Revenue	144,643	40,693	
<b><u>TOTAL REVENUES</u></b>	<b><u>2,016,581</u></b>	<b><u>156,536</u></b>	<b><u>197,318</u></b>
<b><u>EXPENDITURES</u></b>			
Instructional	944,886		
Support	212,595		
General Administrative	338,433		3,500
Custodial/Maintenance	251,296		
Student Transportation	63,722		
Non-Instructional		146,094	
Capital Expenditures			
Debt Service - Principal			
Debt Service - Interest and Charges			32,188
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>1,810,932</u></b>	<b><u>146,094</u></b>	<b><u>35,688</u></b>
<b><u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>205,649</u></b>	<b><u>10,442</u></b>	<b><u>161,630</u></b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Earnings on Investments	1,220		77,426
Proceeds From Sale of Personal Property	500		
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b><u>1,720</u></b>	<b><u>0</u></b>	<b><u>77,426</u></b>
<b><u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u></b>	<b><u>207,369</u></b>	<b><u>10,442</u></b>	<b><u>239,056</u></b>
<b><u>FUND BALANCE - BEGINNING</u></b>	<b><u>373,737</u></b>	<b><u>69,023</u></b>	<b><u>1,572,907</u></b>
<b><u>FUND BALANCE - ENDING</u></b>	<b><u>\$ 581,106</u></b>	<b><u>\$ 79,465</u></b>	<b><u>\$ 1,811,963</u></b>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 151,634
		1,563,220
	\$ 25,524	379,926
	229,050	344,893
\$ 1,735	1,951	189,022
<u>1,735</u>	<u>256,525</u>	<u>2,628,695</u>
	220,202	1,165,088
	19,244	231,839
		341,933
1,547		252,843
		63,722
		146,094
	2,335	2,335
28,912		28,912
3,355		35,543
<u>33,814</u>	<u>241,781</u>	<u>2,268,309</u>
<u>(32,079)</u>	<u>14,744</u>	<u>360,386</u>
5		78,651
		500
<u>5</u>	<u>0</u>	<u>79,151</u>
(32,074)	14,744	439,537
<u>9,257</u>	<u>(64,135)</u>	<u>1,960,789</u>
<u>\$ (22,817)</u>	<u>\$ (49,391)</u>	<u>\$ 2,400,326</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2014**

Total Governmental Fund Balances \$ 2,400,326

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

Capital assets (non-depreciated and depreciated) used in governmental activities are not financial resources and, therefore, are not reported in the fund balances, \$80,000 of land and \$4,153,140 net of accumulated depreciation of \$1,790,322. \$ 2,442,818

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 5,402

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. (1,046)

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	(54,063)
Outstanding Bonds	<u>(1,947,000)</u>

Net Changes 458,064

Net Position of Governmental Activities \$ 2,858,390

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, 2014**

Net Change in Fund Balances - Governmental Fund Balances \$ 439,537

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	\$ (96,844)
- Capital Expenditures	18,135

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

946

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

28,912

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

5,191

Net Changes

(43,660)

Change in Net Position of Governmental Activities

\$ 395,877

See accompanying notes to the basic financial statements

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 50,700
<u>Total Assets</u>	<u>50,700</u>
<u>Liabilities</u>	
Due to Student Groups	<u>50,700</u>
<u>Total Liabilities</u>	<u>50,700</u>
<u>Total Net Position</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**NOTES TO BASIC**  
**FINANCIAL STATEMENTS**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014.

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

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

**B - REPORTING ENTITY**

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

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

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

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

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

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

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

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

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

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

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

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

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

**PROPRIETARY FUNDS**

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

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

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

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

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

**Measurement Focus**

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

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

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

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

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

**BASIS OF ACCOUNTING**

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

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

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

**Cash and Investments**

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

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

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

Interfund Receivables and Payables

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

Receivables

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

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

Inventories

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

Restricted Assets

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

Encumbrance Accounting

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



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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Capital Assets

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

Government-wide Statements

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

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

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

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

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

**Fund Financial Statements**

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

**Liability for Compensated Absences**

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

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

**Long-Term Debt**

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

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

**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.

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

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

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

**Equity Classifications (Net Position and Fund Balance)**

**Government-wide Financial Statements**

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

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

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

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

**Fund Statements**

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

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.

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

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.

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.

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

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

At June 30, 2014, the District had a carrying value of cash deposits of \$405,251 and a bank balance of \$446,439. Based on the above definitions, the District is subject to \$612 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 \$2,164,637 (\$619,462 Idaho State Local Government Investment Pool and \$1,454,175 Zions Bank - Dreyfus Treasury Cash Management Account) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

The \$1,454,175 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, 2013, upon which the 2013 levy was based was \$41,957,416.

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2014, 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	0.0307	Voter Approved
Bond	0.3337	No Limit

At June 30, 2014, the components of taxes receivable are as follows:

<u>Property Tax year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
2013	\$ 4,774	\$ 53,741	\$ 58,515
2012	191	755	946
2011	70	267	337
<u>Total</u>	<u>\$ 5,035</u>	<u>\$ 54,763</u>	<u>\$ 59,798</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES (Continued)**

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2014, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2014, are deferred inflows of resources (deferred revenue). The components of deferred inflows of resources are as follows:

Fund	Amount
General Fund	\$ 455
Debt Service Fund	4,947
<u>Total</u>	<u>\$ 5,402</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, 2014, are as follows:

Source - Description	General Fund	Special Revenue	Total
State - Foundation	\$ 76,150		\$ 76,150
State - Other Support		\$ 7,162	7,162
Federal - Grant Awards		49,158	49,158
<u>Total</u>	<u>\$ 76,150</u>	<u>\$ 56,320</u>	<u>\$ 132,470</u>

**NOTE 5 - RISK MANAGEMENT**

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

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

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 2,000,000
Building	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

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

Capital asset activity for the District for the year ended June 30, 2014, was as follows (beginning amounts restated to reflect GASB 34):

	Primary Government - Governmental Activities			
	Beginning Balance	Additions	Retirements	Ending Balance
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	8,585	9,241	210,879
Heavy Equipment and Busses	442,370			442,370
Equipment	150,177	9,550		159,727
Subtotal	<u>4,144,246</u>	<u>18,135</u>	<u>9,241</u>	<u>4,153,140</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,017,063)	(74,340)		(1,091,403)
Library	(211,535)	(2,862)	(9,241)	(205,156)
Heavy Equipment and Busses	(341,962)	(15,030)		(356,992)
Equipment	(132,159)	(4,612)		(136,771)
Subtotal	<u>(1,612,626)</u>	<u>(96,844)</u>	<u>(9,241)</u>	<u>(1,790,322)</u>
Net Depreciated Assets	<u>2,531,620</u>	<u>(78,709)</u>	<u>0</u>	<u>2,362,818</u>
Net Capital Assets	<u>\$ 2,611,620</u>	<u>\$ (78,709)</u>	<u>\$ 0</u>	<u>\$ 2,442,818</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 61,942
Support	15,243
Administration	6,979
Student Transportation	<u>12,680</u>
Total	<u>\$ 96,844</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund transfers and due to/from for the District for the year ended June 30, 2014, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Transfers:			
None			\$ 0
Due To/From:			
To cover current expenditures	Special Revenue	Debt Service Fund	9,872
To cover current expenditures	General Fund	Debt Service Fund	192,697
To cover current expenditures	Food Service	Debt Service Fund	11,160

**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, 2014, 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.

**NOTE 9 - DEBT**

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

	<u>Amount Outstanding Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding Ending</u>
Capital Lease @ 5.12% - Bus	\$ 14,738		\$ 12,515	\$ 2,223
Capital Lease @ 2.65% - Bus	68,237		16,397	51,840
Bond Issue @ 1.69%	<u>1,947,000</u>			<u>1,947,000</u>
<u>Total</u>	<u>\$ 2,029,975</u>	<u>\$ 0</u>	<u>\$ 28,912</u>	<u>\$ 2,001,063</u>

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



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**NOTE 9 - DEBT (Continued)**

The annual requirements to amortize the bond issue as of June 30, 2014, is as follows:

<u>Year Ended June 30,</u>	<u>Bond Principal</u>	<u>Lease Principal</u>	<u>Interest</u>	<u>Total</u>
2015		\$ 19,055	\$ 33,609	\$ 52,664
2016		17,277	33,163	50,440
2017	\$ 1,947,000	17,731	32,708	1,997,439
<u>Total</u>	<u>\$ 1,947,000</u>	<u>\$ 54,063</u>	<u>\$ 99,480</u>	<u>\$ 2,100,543</u>

**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.

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](http://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, 2014, the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members and 8.36% for police/firefighters. The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. The District's employer contributions required and paid were \$138,531, \$123,175, and \$118,172 for the three years ended June 30, 2014, 2013, and 2012, respectively.

**NOTE 11 - REQUIRED DISCLOSURE - DEFICIT FUND BALANCES**

The following nonmajor funds had deficit fund balances at June 30, 2014:

Plant Facilities - Bus Depreciation	\$ (64,179)
Title I-A Local Program	(27,919)
Title I-C Migrant	(6,782)
REAP	(12,684)
Title VI-B School Age	(11,732)
Title VI-B Preschool	(661)
Perkins III	(1,464)
Title IV-A Drug Free Schools	(720)

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

**Plan Description**

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

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

**NOTE 13 – IMPLEMENTATION OF GASB 65**

The District early implemented GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) in the fiscal year ending June 30, 2013. As a result of early implementing GASB 65, any restatement of beginning balances was made and reported for the fiscal year ended June 30, 2013. Therefore, no restatements were required for the fiscal year ending June 30, 2014

**REQUIRED SUPPLEMENTAL  
INFORMATION SECTION**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<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	\$ 373,737	\$ 373,737
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes		96,994	12,765	(84,229)
Property Tax Penalty and Interest		614	716	102
Other Local Revenue	16,000	143,249	144,643	1,394
<u>Total Local Revenue</u>	<u>16,000</u>	<u>240,857</u>	<u>158,124</u>	<u>(82,733)</u>
<u>State Revenue</u>				
Base Support Program	1,382,000	1,220,180	1,315,076	94,896
Transportation Support	49,000	74,890	69,034	(5,856)
Benefit Apportionment	191,500	179,088	179,110	22
Other State Support	198,000	242,827	279,723	36,896
Lottery Revenue	19,000	17,832	4,920	(12,912)
Revenue in Lieu / Ag Replacement Tax			10,594	10,594
<u>Total State Revenue</u>	<u>1,839,500</u>	<u>1,734,817</u>	<u>1,858,457</u>	<u>123,640</u>
<u>Other Sources</u>				
Earnings on Investments	2,000	1,011	1,220	209
Proceeds from Sale of Personal Property		500	500	0
Interfund Transfers	4,000			0
<u>Total Other Sources</u>	<u>6,000</u>	<u>1,511</u>	<u>1,720</u>	<u>209</u>
<u>Amounts Available for Appropriations</u>	<u>1,861,500</u>	<u>1,977,185</u>	<u>2,392,038</u>	<u>414,853</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	245,747	253,000	259,464	(6,464)
Benefits	71,500	75,900	81,851	(5,951)
Supplies	4,900	4,900	4,500	400
<u>Total Elementary School Program</u>	<u>322,147</u>	<u>333,800</u>	<u>345,815</u>	<u>(12,015)</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<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	\$ 320,631	\$ 310,000	\$ 260,493	\$ 49,507
Benefits	92,900	93,000	75,250	17,750
Purchased Services	5,000	270	50	220
Supplies	4,100	3,648	2,943	705
<u>Total Secondary School Program</u>	<u>422,631</u>	<u>406,918</u>	<u>338,736</u>	<u>68,182</u>
<u>Exceptional Child Program</u>				
Salaries	61,653	61,653	67,589	(5,936)
Benefits	20,700	20,700	20,959	(259)
<u>Total Exceptional Child Program</u>	<u>82,353</u>	<u>82,353</u>	<u>88,548</u>	<u>(6,195)</u>
<u>Preschool</u>				
Salaries	21,617	21,617	15,038	6,579
Benefits	6,400	6,400	4,152	2,248
<u>Total Preschool</u>	<u>28,017</u>	<u>28,017</u>	<u>19,190</u>	<u>8,827</u>
<u>Vocational</u>				
Salaries	81,950	81,951	82,740	(789)
Benefits	24,800	24,800	26,597	(1,797)
Supplies	1,000	1,001	2,103	(1,102)
<u>Total Vocational</u>	<u>107,750</u>	<u>107,752</u>	<u>111,440</u>	<u>(3,688)</u>
<u>Interscholastic / Activity Program</u>				
Salaries	25,850	32,141	31,561	580
Benefits	5,000	9,642	6,219	3,423
Purchased Services			1,912	(1,912)
Supplies	1,000	670	670	0
<u>Total Interscholastic / Activity Program</u>	<u>31,850</u>	<u>42,453</u>	<u>40,362</u>	<u>2,091</u>
<u>Summer School</u>				
Salaries	800	600	600	0
Benefits	200	194	195	(1)
<u>Total Summer School</u>	<u>1,000</u>	<u>794</u>	<u>795</u>	<u>(1)</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Total Instructional</u>	\$ 995,748	\$ 1,002,087	\$ 944,886	\$ 57,201
<u>Support</u>				
<u>Guidance</u>				
Salaries	35,835	16,440	17,903	(1,463)
Benefits	15,300	5,425	5,233	192
Purchased Services	1,500	1,862	1,861	1
Supplies	500	10	7	3
<u>Total Guidance</u>	<u>53,135</u>	<u>23,737</u>	<u>25,004</u>	<u>(1,267)</u>
<u>Special Services</u>				
Purchased Services	120,000	150,000	132,678	17,322
<u>Total Special Services</u>	<u>120,000</u>	<u>150,000</u>	<u>132,678</u>	<u>17,322</u>
<u>Housing</u>				
Supplies			93	(93)
<u>Total Housing</u>	<u>0</u>	<u>0</u>	<u>93</u>	<u>(93)</u>
<u>Educational Media</u>				
Salaries	19,761	19,761	16,009	3,752
Benefits	8,200	8,200	2,135	6,065
Supplies	2,000	10,290	9,189	1,101
<u>Total Educational Media</u>	<u>29,961</u>	<u>38,251</u>	<u>27,333</u>	<u>10,918</u>
<u>Technology Coordinator</u>				
Salaries	5,000	6,100	5,529	571
Benefits	1,000	1,800	1,478	322
Purchased Services	25,000	15,000	18,152	(3,152)
Supplies	9,000	2,200	2,328	(128)
<u>Total Technology Coordinator</u>	<u>40,000</u>	<u>25,100</u>	<u>27,487</u>	<u>(2,387)</u>
<u>Total Support</u>	<u>243,096</u>	<u>237,088</u>	<u>212,595</u>	<u>24,493</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>General Administrative</u>				
<u>Board of Education</u>				
Salaries	\$ 1,440	\$ 6,200	\$ 6,390	\$ (190)
Benefits	500	1,848	1,796	52
Purchased Services	1,200	650	503	147
Supplies	1,000	1,290	1,154	136
<u>Total Board of Education</u>	<u>4,140</u>	<u>9,988</u>	<u>9,843</u>	<u>145</u>
<u>District Administration</u>				
Salaries	93,500	93,501	91,467	2,034
Benefits	23,000	23,000	21,872	1,128
Purchased Services	3,000	15,156	16,818	(1,662)
Supplies	2,500	4,965	4,946	19
Insurance		13,562	13,562	0
<u>Total District Administration</u>	<u>122,000</u>	<u>150,184</u>	<u>148,665</u>	<u>1,519</u>
<u>School Administration</u>				
Salaries	37,362	81,628	88,609	(6,981)
Benefits	9,700	24,488	27,800	(3,312)
Purchased Services		1,409	1,409	0
Supplies		301	280	21
<u>Total School Administration</u>	<u>47,062</u>	<u>107,826</u>	<u>118,098</u>	<u>(10,272)</u>
<u>Business Operations</u>				
Salaries	60,291	50,000	42,977	7,023
Benefits	20,700	15,000	9,694	5,306
<u>Total Business Operations</u>	<u>80,991</u>	<u>65,000</u>	<u>52,671</u>	<u>12,329</u>
<u>Total General Administrative</u>	<u>254,193</u>	<u>332,998</u>	<u>329,277</u>	<u>3,721</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Custodial / Maintenance</u>				
<u>Custodians</u>				
Salaries	\$ 28,111	\$ 30,000	\$ 29,326	\$ 674
Benefits	11,800	9,000	9,374	(374)
Purchased Services	21,000	2,560		2,560
Supplies	7,848	8,000	7,070	930
<u>Total Custodians</u>	<u>68,759</u>	<u>49,560</u>	<u>45,770</u>	<u>3,790</u>
<u>Maintenance - Buildings</u>				
Supplies			624	(624)
<u>Total Maintenance - Buildings</u>	<u>0</u>	<u>0</u>	<u>624</u>	<u>(624)</u>
<u>Maintenance - Student Occupied</u>				
Salaries	43,952	43,952	51,547	(7,595)
Benefits	13,300	13,300	15,756	(2,456)
Purchased Services	48,000	116,000	113,035	2,965
Supplies	8,000	13,000	19,667	(6,667)
<u>Total Maintenance - Student Occ.</u>	<u>113,252</u>	<u>186,252</u>	<u>200,005</u>	<u>(13,753)</u>
<u>Maintenance - Grounds</u>				
Salaries	4,000	4,000	355	3,645
Benefits	1,000	1,000		1,000
Purchased Services	3,000	3,500	3,493	7
Supplies	1,000	2,000	1,049	951
<u>Total Maintenance - Grounds</u>	<u>9,000</u>	<u>10,500</u>	<u>4,897</u>	<u>5,603</u>
<u>Total Custodial / Maintenance</u>	<u>191,011</u>	<u>246,312</u>	<u>251,296</u>	<u>(4,984)</u>
<u>Security Program</u>				
Purchased Services	2,000	800	860	(60)
Supplies	200	900	60	840
<u>Total Security Program</u>	<u>2,200</u>	<u>1,700</u>	<u>920</u>	<u>780</u>

Continued



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<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	\$ 27,000	\$ 27,000	\$ 25,849	\$ 1,151
Benefits	8,100	8,100	8,601	(501)
Purchased Services	11,000	11,000	9,166	1,834
Supplies	25,000	25,000		25,000
Insurance	4,400	4,400	17,669	(13,269)
<u>Total School Transportation</u>	<u>75,500</u>	<u>75,500</u>	<u>61,285</u>	<u>14,215</u>
<u>General Transportation</u>				
Purchased Services			28	(28)
Supplies			2,409	(2,409)
<u>Total General Transportation</u>	<u>0</u>	<u>0</u>	<u>2,437</u>	<u>(2,437)</u>
<u>Total Transportation</u>	<u>75,500</u>	<u>75,500</u>	<u>63,722</u>	<u>11,778</u>
<u>Other Support Services</u>				
Purchased Services	10,000	10,000	2,178	7,822
Supplies			6,058	(6,058)
<u>Total Other Support Services</u>	<u>10,000</u>	<u>10,000</u>	<u>8,236</u>	<u>1,764</u>
<u>Non-Instructional</u>				
Salaries				0
Benefits	2,500	2,500		2,500
Supplies				0
<u>Total Non-Instructional</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Contingency Reserve	50,000	50,000		
Interfund Transfers	31,052	19,000		19,000
<u>Total Charges to Appropriations</u>	<u>1,855,300</u>	<u>1,977,185</u>	<u>1,810,932</u>	<u>166,253</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 6,200</u>	<u>\$ 0</u>	<u>\$ 581,106</u>	<u>\$ 581,106</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<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	\$ 69,023	\$ 69,023
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	30,000	25,760	22,287	(3,473)
Adult Meal Sales			4,033	4,033
Other Local Revenue	1,000	14,373	14,373	0
<u>Total Local Revenue</u>	<u>31,000</u>	<u>40,133</u>	<u>40,693</u>	<u>560</u>
<u>Federal Revenue</u>				
Child Nutrition Reimbursement	116,000	81,028	115,843	34,815
<u>Total Federal Revenue</u>	<u>116,000</u>	<u>81,028</u>	<u>115,843</u>	<u>34,815</u>
<u>Other Sources</u>				
Interfund Transfers	3,000	3,000		(3,000)
<u>Total Other Sources</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>(3,000)</u>
<u>Amounts Available for Appropriations</u>	<u>150,000</u>	<u>124,161</u>	<u>225,559</u>	<u>101,398</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	29,000	29,000	44,236	(15,236)
Benefits	14,000	18,000	19,399	(1,399)
Purchased Services	1,000	1,030	1,029	1
Supplies	70,000	67,931	81,430	(13,499)
Capital Outlay	36,000	8,200		8,200
<u>Total Non-Instructional</u>	<u>150,000</u>	<u>124,161</u>	<u>146,094</u>	<u>(21,933)</u>
<u>Total Charges to Appropriations</u>	<u>150,000</u>	<u>124,161</u>	<u>146,094</u>	<u>(21,933)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,465</u>	<u>\$ 79,465</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**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	\$ 2,392,038	\$ 225,559
<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	(373,737)	(69,023)
Proceeds from sale of personal property are inflows of budgetary resources but are not revenues for financial reporting	(500)	
Earnings from investments are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,220)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 2,016,581</u>	<u>\$ 156,536</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,810,932	\$ 146,094
<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>\$ 1,810,932</u>	<u>\$ 146,094</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**NOTE 2 - REQUIRED FUND DISCLOSURE**

The following funds had excess actual expenditures over budgeted expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Food Service	\$ 124,161	\$ 146,094	\$ 21,933

**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, 2014**

	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>	<u>Title I-A Local Program</u>
<b>ASSETS</b>				
Cash	\$ 1,860			
Due From Other Governments	<u>5,643</u>	<u>\$ 1,519</u>		<u>\$ 13,844</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 7,503</u></b>	<b><u>\$ 1,519</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 13,844</u></b>
 <b>LIABILITIES</b>				
Accounts Payable				
Contracts and Benefits Payable				
Interfund Balances		<u>\$ (2,233)</u>	<u>\$ (477)</u>	<u>\$ 41,763</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 0</u></b>	<b><u>(2,233)</u></b>	<b><u>(477)</u></b>	<b><u>41,763</u></b>
 <b>FUND BALANCES</b>				
Unreserved	<u>7,503</u>	<u>3,752</u>	<u>477</u>	<u>(27,919)</u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>7,503</u></b>	<b><u>3,752</u></b>	<b><u>477</u></b>	<b><u>(27,919)</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 7,503</u></b>	<b><u>\$ 1,519</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 13,844</u></b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Perkins III - Vocational Technology</u>
<b><u>ASSETS</u></b>				
Cash				
Due From Other Governments	\$ 6,536	\$ 11,643	\$ 2,173	
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 6,536</u></b>	<b><u>11,643</u></b>	<b><u>2,173</u></b>	<b><u>\$ 0</u></b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable				
Contracts and Benefits Payable	\$ 6,478	\$ 3,394		
Interfund Balances	6,840	19,981	\$ 2,834	\$ 1,464
<b><u>TOTAL LIABILITIES</u></b>	<b><u>13,318</u></b>	<b><u>23,375</u></b>	<b><u>2,834</u></b>	<b><u>1,464</u></b>
 <b><u>FUND BALANCES</u></b>				
Unreserved	(6,782)	(11,732)	(661)	(1,464)
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(6,782)</u></b>	<b><u>(11,732)</u></b>	<b><u>(661)</u></b>	<b><u>(1,464)</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 6,536</u></b>	<b><u>\$ 11,643</u></b>	<b><u>\$ 2,173</u></b>	<b><u>\$ 0</u></b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	<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>
<b><u>ASSETS</u></b>				
Cash				\$ 1,860
Due From Other Governments	\$ 4,804			46,162
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 4,804</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 48,022</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable				\$ 0
Contracts and Benefits Payable				9,872
Interfund Balances	\$ 3,965	\$ 720	\$ 12,684	87,541
<b><u>TOTAL LIABILITIES</u></b>	<b><u>3,965</u></b>	<b><u>720</u></b>	<b><u>12,684</u></b>	<b><u>97,413</u></b>
<b><u>FUND BALANCES</u></b>				
Unreserved	839	(720)	(12,684)	(49,391)
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>839</u></b>	<b><u>(720)</u></b>	<b><u>(12,684)</u></b>	<b><u>(49,391)</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 4,804</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 48,022</u></b>



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Vocational Technology</u>	<u>State Basic Technology</u>	<u>State Drug Free</u>	<u>Title I-A Local Program</u>
<b><u>REVENUES</u></b>				
Local				
State	\$ 18,810	\$ 6,714		
Federal				\$ 85,816
	<u>18,810</u>	<u>6,714</u>	<u>\$ 0</u>	<u>85,816</u>
<b><u>TOTAL REVENUES</u></b>				
	<u>18,810</u>	<u>6,714</u>	<u>\$ 0</u>	<u>85,816</u>
<b><u>EXPENDITURES</u></b>				
Instructional	14,249	2,757		81,771
Support				
Administrative				
Non-Instructional - Food Service				
Capital Expenditures	2,335			
	<u>16,584</u>	<u>2,757</u>	<u>0</u>	<u>81,771</u>
<b><u>TOTAL EXPENDITURES</u></b>				
	<u>16,584</u>	<u>2,757</u>	<u>0</u>	<u>81,771</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>				
	<u>2,226</u>	<u>3,957</u>	<u>0</u>	<u>4,045</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>				
	2,226	3,957	0	4,045
<b><u>FUND BALANCE - BEGINNING</u></b>				
	5,277	(205)	477	(31,964)
<b><u>FUND BALANCE - ENDING</u></b>				
	<u>\$ 7,503</u>	<u>\$ 3,752</u>	<u>\$ 477</u>	<u>\$ (27,919)</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, 2014**

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Perkins III - Vocational Technology</u>
<b><u>REVENUES</u></b>				
Local				\$ 1,951
State				
Federal	\$ 26,337	\$ 47,315	\$ 5,878	
<b><u>TOTAL REVENUES</u></b>	<u>26,337</u>	<u>47,315</u>	<u>5,878</u>	<u>1,951</u>
<b><u>EXPENDITURES</u></b>				
Instructional	25,912	27,052	5,878	1,921
Support		19,244		
Administrative				
Non-Instructional - Food Service				
Capital Expenditures				
<b><u>TOTAL EXPENDITURES</u></b>	<u>25,912</u>	<u>46,296</u>	<u>5,878</u>	<u>1,921</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>425</u>	<u>1,019</u>	<u>0</u>	<u>30</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers				
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	425	1,019	0	30
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(7,207)</u>	<u>(12,751)</u>	<u>(661)</u>	<u>(1,494)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (6,782)</u>	<u>\$ (11,732)</u>	<u>\$ (661)</u>	<u>\$ (1,464)</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, 2014**

	<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>
<b>REVENUES</b>				
Local				\$ 1,951
State				25,524
Federal	\$ 7,944		\$ 55,760	229,050
<b>TOTAL REVENUES</b>	<u>7,944</u>	<u>\$ 0</u>	<u>55,760</u>	<u>256,525</u>
<b>EXPENDITURES</b>				
Instructional	7,968	746	51,948	220,202
Support				19,244
Administrative				0
Non-Instructional - Food Service				0
Capital Expenditures				2,335
<b>TOTAL EXPENDITURES</b>	<u>7,968</u>	<u>746</u>	<u>51,948</u>	<u>241,781</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(24)</u>	<u>(746)</u>	<u>3,812</u>	<u>14,744</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers				0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCE</b>	(24)	(746)	3,812	14,744
<b>FUND BALANCE - BEGINNING</b>	<u>863</u>	<u>26</u>	<u>(16,496)</u>	<u>(64,135)</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 839</u>	<u>\$ (720)</u>	<u>\$ (12,684)</u>	<u>\$ (49,391)</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<b><u>ASSETS</u></b>			
Cash		\$ 6,085	
Investments	\$ 4		
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 4</u></b>	<b><u>\$ 6,085</u></b>	<b><u>\$ 0</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable		\$ 1,172	
Salaries and Benefits Payable			
Interfund Balances		(10,146)	\$ 64,179
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 0</u></b>	<b><u>(8,974)</u></b>	<b><u>64,179</u></b>
<b><u>FUND BALANCES</u></b>			
Unreserved:			
Designated - Capital Projects	4	15,059	(64,179)
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>4</u></b>	<b><u>15,059</u></b>	<b><u>(64,179)</u></b>
 <b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	 <b><u>\$ 4</u></b>	 <b><u>\$ 6,085</u></b>	 <b><u>\$ 0</u></b>

<u>Student Occupied</u>	<u>Total</u>
	\$ 6,085 4
<u>\$ 0</u>	<u>\$ 6,089</u>
	\$ 1,172 0
<u>\$ (26,299)</u>	<u>27,734</u>
<u>(26,299)</u>	<u>28,906</u>
<u>26,299</u>	<u>(22,817)</u>
<u>26,299</u>	<u>(22,817)</u>
<u>\$ 0</u>	<u>\$ 6,089</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<b><u>REVENUES</u></b>			
State Revenue			
Other Local Revenue	\$ 26	\$ 1,709	
<b><u>TOTAL REVENUE</u></b>	<u>26</u>	<u>1,709</u>	<u>\$ 0</u>
<b><u>EXPENDITURES</u></b>			
Purchased Services			
Supplies		1,547	
Capital Outlay			
Debt Service - Principal			28,912
Debt Service - Interest			3,355
<b><u>TOTAL EXPENDITURES</u></b>	<u>0</u>	<u>1,547</u>	<u>32,267</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>26</u>	<u>162</u>	<u>(32,267)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Investment Earnings		5	
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>0</u>	<u>5</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	26	167	(32,267)
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(22)</u>	<u>14,892</u>	<u>(31,912)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 4</u>	<u>\$ 15,059</u>	<u>\$ (64,179)</u>

<u>Student Occupied</u>	<u>Total</u>
	\$ 0
	<u>1,735</u>
<u>\$ 0</u>	<u>1,735</u>
	0
	1,547
	0
	28,912
	<u>3,355</u>
<u>0</u>	<u>33,814</u>
<u>0</u>	<u>(32,079)</u>
	<u>5</u>
<u>0</u>	<u>5</u>
0	(32,074)
<u>26,299</u>	<u>9,257</u>
<u>\$ 26,299</u>	<u>\$ (22,817)</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF CHANGE IN NET POSITION - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Student Group</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
High School Association of Students	\$ 4,124.95	\$ 4.21	\$ 4,514.76	\$ (385.60)
Student Council	751.56	1,223.51	1,239.42	735.65
Annual Club	2,656.77	4,040.00	3,985.06	2,711.71
Kindergarten	(225.23)	388.36	99.06	64.07
First Grade	111.49	394.40	76.33	429.56
Second Grade	208.40	929.50	577.83	560.07
Third Grade	201.56	475.75	66.00	611.31
Fourth Grade	311.43	406.00	39.00	678.43
Fifth Grade	(219.46)	459.27	147.00	92.81
Sixth Grade	(49.65)	931.23	325.68	555.90
Class of 2019	0.00	269.63	46.38	223.25
Class of 2018	44.10	134.00		178.10
Class of 2017	7.00			7.00
Class of 2016	36.25	67.50	3.82	99.93
Class of 2015	419.74	2,435.09	1,292.54	1,562.29
Class of 2014	1,514.97	92.74	1,607.71	0.00
Dig Pink	0.00	154.00	154.00	0.00
Blue Devil Boosters	0.00	7,708.07	3,309.72	4,398.35
Future Farmers of America	257.19	1,156.26	1,085.02	328.43
IDFY	0.00			0.00
Music Club	614.24	249.92	393.20	470.96
YEA	0.00	894.00	894.00	0.00
Library	334.49	2,589.74	1,072.62	1,851.61
Drama	2,171.17	576.90	496.37	2,251.70
Science Club	46.15	149.50	187.50	8.15
BPA	2,602.89	3,972.39	3,432.33	3,142.95
Athletics	8,360.30	13,941.08	15,730.24	6,571.14
Team Accounts	3,611.70	25,330.40	19,871.70	9,070.40
Wellness Programs	787.48	6.00	336.13	457.35
Tournament	0.00	10,163.52	10,163.52	0.00
Rodeo	1,612.08	7,803.60	7,062.04	2,353.64
In & Out - Other	0.00	586.59	582.60	3.99
Concessions / Sales Tax	130.56	11,253.97	10,283.87	1,100.66
Ski Club	0.00	575.00	575.00	0.00
SPED	0.00	763.66	568.21	195.45
Scholarships	12,017.32	5,003.00	6,650.00	10,370.32
<b>Total</b>	<b>\$ 42,439.45</b>	<b>\$ 105,128.79</b>	<b>\$ 96,868.66</b>	<b>\$ 50,699.58</b>



# R. MICHAEL BURR

Certified Public Accountant

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

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

September 5, 2014

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, 2014, 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 5, 2014.

### 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, 2014-1.

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 2014-2 and 2014-3 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, 2014**

**FINDING 2014-1: 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 2014-2: 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: New program was used and not fully trained on the bank rec portion.

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 2014-3: Several Beginning Fund Balance Were Incorrect**

Condition: It was discovered that six funds did not have the correct beginning fund balance.

Criteria: Accounting standards dictate that fund balances carryover from the prior year with any changes being shown through adjusting journal entris.

Cause: A new accounting program was used and beginning amounts were not correctly input.

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

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

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

September 5, 2014

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, 2014. 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, 2014. 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. 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.

### *Difficulties Encountered in Performing the Audit*

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

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

Page 2

*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 \$867.24  
Fair market value adjustment for investments in Bond & Interest were not made for \$4,498.21

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, 2014, correct problems with new program's beginning balances, and adjust for transactions in the bond sinking fund.

*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 5, 2014.

*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.

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

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

## MANAGEMENT LETTER

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

September 5, 2014

In planning and performing our audit of the financial statements of Dietrich School District No. 314, for the year ended June 30, 2014, 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, 2014, 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) Fund 424 "Plant Facility - Bus Depreciation" has the bus leases being paid from it. However, no revenue or transfers are being posted resulting in a larger negative fund balance.
- 3) GASB 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 will go into effect for the 2014-15 fiscal year.

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

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

