

DIETRICH SCHOOL DISTRICT NO. 314  
DIETRICH, IDAHO  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2012



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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

August 24, 2012

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dietrich School District No. 314, management. Our responsibility is to express opinions on these financial statements based on our audit.

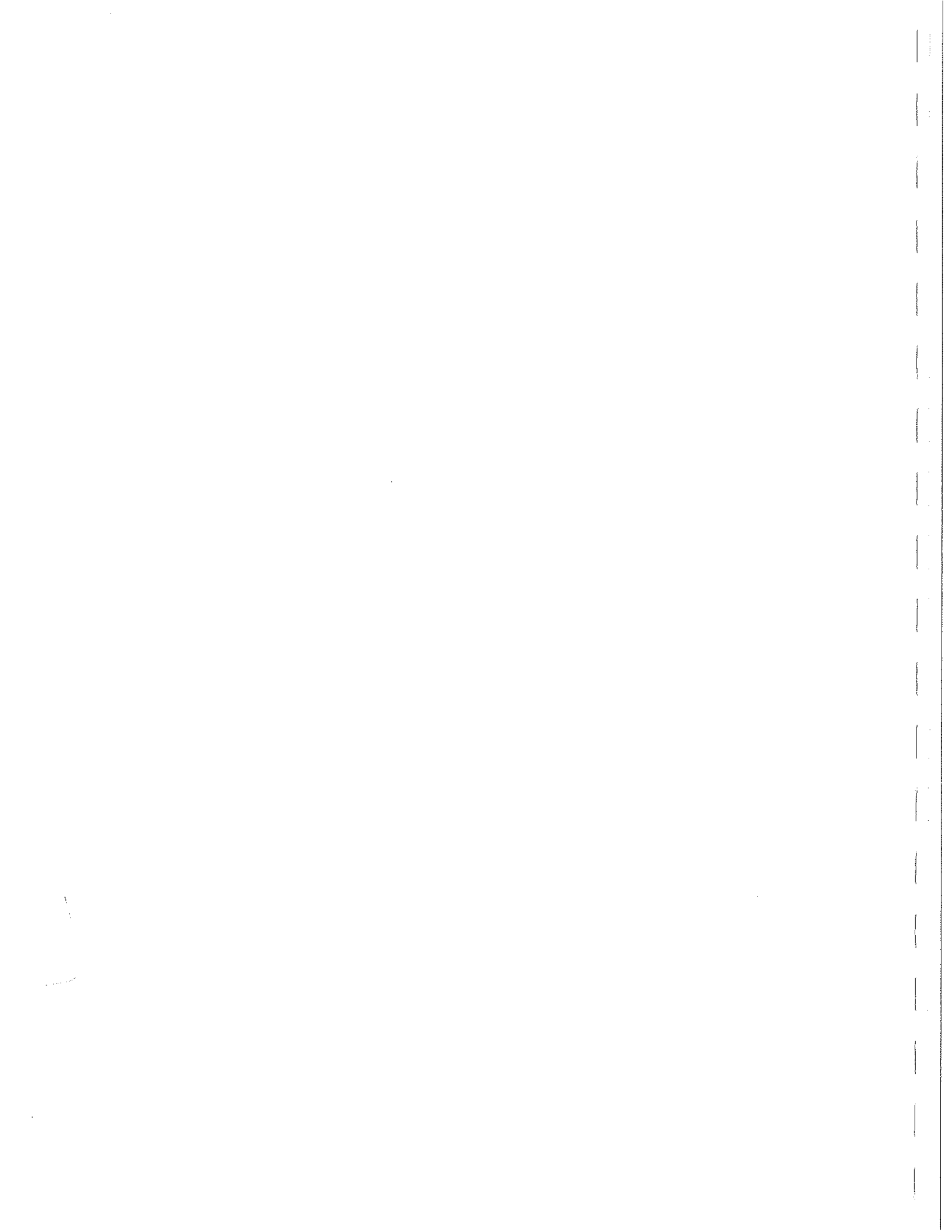
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

To Do \*  
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, fund balances, and revenues of the government-wide statements is not reasonably determinable.

In our opinion, except for the effects of not providing an adequate liability for other postemployment benefits for the government-wide statements as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Dietrich School District No. 314, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of all major funds and the aggregate remaining fund information off Dietrich School District No. 314, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To Do \*  
The District 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. Our opinion on the basic financial statements is not affected by this missing information.



Independent Auditor's Report

Page Two

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2012, on our consideration of the Dietrich School District No. 314 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dietrich School District No. 314's financial statements as a whole. The combining and individual nonmajor fund financial statements and agency fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. The agency, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant





**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

		<u>Governmental Activities</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 577,611	
Investments	18,919	
Net Receivables	167,443	
Prepaid Expenditures	12,738	
Inventory	11,953	
<b><u>TOTAL CURRENT ASSETS</u></b>		\$ 788,664
 <b><u>NONCURRENT ASSETS</u></b>		
Long-Term Receivables	\$ 15,675	
Investments - Restricted	1,236,240	
Capital Assets (non-depreciated)	80,000	
Capital Assets (depreciated - net)	2,409,250	
<b><u>TOTAL NONCURRENT ASSETS</u></b>		<u>3,741,165</u>
<b><u>TOTAL ASSETS</u></b>		<u>4,529,829</u>
 <b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 29,750	
Salaries and Benefits Payable	182,366	
Interest Payable	4,649	
Current Portion of Long-Term Debt	12,943	
<b><u>TOTAL CURRENT LIABILITIES</u></b>		229,708
 <b><u>NONCURRENT LIABILITIES</u></b>		
Lease Payable (net of current portion)	\$ 14,789	
Bond Payable (net of current portion)	1,947,000	
<b><u>TOTAL NONCURRENT LIABILITIES</u></b>		<u>1,961,789</u>
<b><u>TOTAL LIABILITIES</u></b>		2,191,497
 <b><u>NET ASSETS</u></b>		
Invested in Capital Assets, net of related debt	\$ 514,518	
Restricted for:		
Capital Projects	50,720	
Debt Service	1,386,056	
Unrestricted	387,038	
<b><u>TOTAL NET ASSETS</u></b>		<u>\$ 2,338,332</u>

See accompanying notes to the basic financial statements

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Primary Government Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction	\$ 1,315,543	\$ 620	\$ 575,130	
Support	197,551			
General Administrative	211,293			
Custodial/Maintenance	168,716			
Student Transportation	99,920		47,953	
Non-Instructional - Food Service	141,642	22,281		
Debt Service - Interest on Debt	43,040			
<b><u>Total Governmental Activities</u></b>	<b><u>2,177,705</u></b>	<b><u>22,901</u></b>	<b><u>623,083</u></b>	<b><u>\$ 0</u></b>
<b>Business-Type Activities</b>				
None				
<b><u>Total Business-Type Activities</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>Total Primary Government</u></b>	<b><u>\$ 2,177,705</u></b>	<b><u>\$ 22,901</u></b>	<b><u>\$ 623,083</u></b>	<b><u>\$ 0</u></b>

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

Total General Revenue

Changes in Net Assets

Net Assets - Beginning

Net Assets - 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
\$ (739,793)		\$ (739,793)
(197,551)		(197,551)
(211,293)		(211,293)
(168,716)		(168,716)
(51,967)		(51,967)
(119,361)		(119,361)
(43,040)		(43,040)
<u>(1,531,721)</u>		<u>(1,531,721)</u>
<u>0</u>	<u>\$ 0</u>	<u>0</u>
<u>(1,531,721)</u>	<u>0</u>	<u>(1,531,721)</u>
101,562		101,562
1,279,259		1,279,259
48,480		48,480
34,477		34,477
35,497		35,497
<u>1,499,275</u>	<u>0</u>	<u>1,499,275</u>
(32,446)	0	(32,446)
<u>2,370,778</u>	<u>0</u>	<u>2,370,778</u>
<u>\$ 2,338,332</u>	<u>\$ 0</u>	<u>\$ 2,338,332</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 381,255	\$ 29,098	\$ 122,064
Investments	10,020		
Property Taxes Receivable	10,884		32,401
Interfund Balances	61,217		
Due From Other Governments	127,876	5,213	
Prepaid Expenditures	12,738		
Restricted Assets - Investments			1,236,240
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 603,990</u></b>	<b><u>\$ 34,311</u></b>	<b><u>\$ 1,390,705</u></b>
 <b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 17,708	\$ 9,910	
Interfund Balances		1,597	
Contracts and Benefits Payable	145,434	2,862	
Deferred Revenue	3,292		\$ 12,383
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>166,434</u></b>	<b><u>14,369</u></b>	<b><u>12,383</u></b>
 <b><u>FUND BALANCES</u></b>			
Restricted - Special Revenue Funds		19,942	
Restricted - Debt Service Fund			1,378,322
Restricted - Capital Projects Fund			
Unassigned	437,556		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>437,556</u></b>	<b><u>19,942</u></b>	<b><u>1,378,322</u></b>
 <b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	 <b><u>\$ 603,990</u></b>	 <b><u>\$ 34,311</u></b>	 <b><u>\$ 1,390,705</u></b>

See accompanying notes to the basic financial statements

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 41,847 8,899	\$ 3,347  6,744	\$ 577,611 18,919 43,285 61,217 139,833 12,738 1,236,240
<u>\$ 50,746</u>	<u>\$ 10,091</u>	<u>\$ 2,089,843</u>
\$ 17,850 26	\$ 2,132 41,770 34,044	\$ 29,750 61,217 182,366 15,675
<u>17,876</u>	<u>77,946</u>	<u>289,008</u>
32,870	(67,855)	(47,913) 1,378,322 32,870 437,556
<u>32,870</u>	<u>(67,855)</u>	<u>1,800,835</u>
<u>\$ 50,746</u>	<u>\$ 10,091</u>	<u>\$ 2,089,843</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>			
Property Taxes and Penalty and Interest	\$ 35,556		\$ 80,643
State Foundation Support	1,499,927		
Other State Support/Grants	48,479		65,098
Federal Revenue/Grants	60,753	\$ 91,577	
Investment Earnings	2,428		33,050
Other Local Revenue	13,361	22,281	
<b>TOTAL REVENUES</b>	<u>1,660,504</u>	<u>113,858</u>	<u>178,791</u>
<b>EXPENDITURES</b>			
Instructional	1,015,474		
Support	187,872		
General Administrative	207,634		
Custodial/Maintenance	153,422		
Student Transportation	87,792		
Non-Instructional	2,415	139,227	
Capital Expenditures			
Debt Service - Principal			
Debt Service - Interest and Charges			60,572
<b>TOTAL EXPENDITURES</b>	<u>1,654,609</u>	<u>139,227</u>	<u>60,572</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,895</u>	<u>(25,369)</u>	<u>118,219</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In (Out)	(13,382)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,382)</u>	<u>0</u>	<u>0</u>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>(7,487)</u>	<u>(25,369)</u>	<u>118,219</u>
<b>FUND BALANCE - BEGINNING</b>	<u>445,043</u>	<u>45,311</u>	<u>1,260,103</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 437,556</u>	<u>\$ 19,942</u>	<u>\$ 1,378,322</u>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 116,199
		1,499,927
	\$ 18,684	132,261
	166,304	318,634
\$ 19		35,497
<u>18,625</u>	<u>3,111</u>	<u>57,378</u>
<u>18,644</u>	<u>188,099</u>	<u>2,159,896</u>
	231,783	1,247,257
		187,872
	3,659	211,293
		153,422
		87,792
		141,642
15,294		15,294
12,298		12,298
<u>1,765</u>		<u>62,337</u>
<u>29,357</u>	<u>235,442</u>	<u>2,119,207</u>
<u>(10,713)</u>	<u>(47,343)</u>	<u>40,689</u>
<u>7,646</u>	<u>5,736</u>	<u>0</u>
<u>7,646</u>	<u>5,736</u>	<u>0</u>
(3,067)	(41,607)	40,689
<u>35,937</u>	<u>(26,248)</u>	<u>1,760,146</u>
<u>\$ 32,870</u>	<u>\$ (67,855)</u>	<u>\$ 1,800,835</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2012**

Total Governmental Fund Balances \$ 1,800,835

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

Capital assets (non-depreciated and depreciated) used  
in governmental activities are not financial resources  
and, therefore, are not reported in the fund balances,  
\$80,000 of land and \$4,020,136 net of accumulated  
depreciation of \$1,610,886 \$ 2,489,250

Other long-term assets are not available to pay for  
current-period expenditures and therefore are deferred  
in the funds. 15,675

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. (4,649)

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	(27,732)
Outstanding Bonds	<u>(1,947,000)</u>

Net Changes 537,497

Net Assets of Governmental Activities \$ 2,338,332

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, 2012**

Net Change in Fund Balances - Governmental Fund Balances \$ 40,689

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	\$ (90,093)
- Capital Expenditures	0

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

(14,637)

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

12,298

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

19,297

Net Changes

(73,135)

Change in Net Assets of Governmental Activities

\$ (32,446)

See accompanying notes to the basic financial statements

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2012**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 43,145
Accounts Receivable	<u>573</u>
<u>Total Assets</u>	<u>\$ 43,718</u>
<u>Liabilities</u>	
Due to Student Groups	<u>\$ 43,718</u>
<u>Total Liabilities</u>	<u>\$ 43,718</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, 2012**

**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, 2012.

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

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

**B - REPORTING ENTITY**

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

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

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

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUNDS**

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

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

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

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

**PROPRIETARY FUNDS**

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

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

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

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

**Measurement Focus**

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

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

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**BASIS OF ACCOUNTING**

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

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

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

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

**Cash and Investments**

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

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

**Interfund Receivables and Payables**

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

**Receivables**

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

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories

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

Restricted Assets

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

Encumbrance Accounting

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

Capital Assets

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

Government-wide Statements

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

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



**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

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

**Fund Financial Statements**

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

**Liability for Compensated Absences**

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

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

**Long-Term Debt**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

Budget

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

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

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

Equity Classifications (Net Assets and Fund Balance)

Government-wide Financial Statements

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

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

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

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

Fund Statements

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

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

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

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

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

**Use of Estimates**

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

**2 - CASH AND INVESTMENTS**

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

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

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

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

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

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

At June 30, 2012, the District had a carrying value of cash deposits of \$616,672 and a bank balance of \$508,192. Based on the above definitions, the District is subject to \$191,358 of concentration of credit risk. Of this amount, \$191,358 is collateralized by a letter of credit (LOC) issued by the Federal Home Loan Bank of Seattle and provides for payment on demand.

Idaho Code authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was \$1,255,159 (\$18,919 Idaho State Local Government Investment Pool and \$1,236,240 Zions Bank - Dreyfus Treasury Cash Management Account) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

The \$1,126,240 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, 2011, upon which the 2011 levy was based was \$27,596,935.

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2012, 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	0.0536	Voter Approved
Bond	0.2019	No Limit

**DIETRICH SCHOOL DISTRICT NO. 314**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

At June 30, 2012, the components of taxes receivable are as follows:

<u>Property Tax year</u>	General Fund	Debt Service Fund	Total
2011	\$ 7,902	\$ 29,817	\$ 37,719
2010	2,573	2,185	4,758
2009	307		307
2008	102	399	501
<u>Total</u>	<u>\$ 10,884</u>	<u>\$ 32,401</u>	<u>\$ 43,285</u>

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2012, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2012, are deferred revenue. Amounts are eliminated for government-wide statements. The components of deferred revenue are as follows:

<u>Fund</u>	Amount
General Fund	\$ 3,292
Debt Service Fund	12,383
<u>Total</u>	<u>\$ 15,675</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, 2012, are as follows:

<u>Source - Description</u>	General Fund	Special Revenue	Total
State - Foundation	\$ 127,876		\$ 127,876
State - Other Support		\$ 6,744	6,744
Federal - Grant Awards		5,213	5,213
<u>Total</u>	<u>\$ 127,876</u>	<u>\$ 11,957</u>	<u>\$ 139,833</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 5 - RISK MANAGEMENT**

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

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

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 2,000,000
Building	9,289,854
Auto	3,000,000
Criminal Acts	300,000
Educators Legal Liability	2,000,000
Abuse and Molestation Coverage	2,000,000
Boiler & Machinery	50,000,000

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

**NOTE 6 - CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2012, 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			211,535
Heavy Equipment and Busses	337,178			337,178
Equipment	131,259			131,259
Subtotal	<u>4,020,136</u>	<u>0</u>	<u>0</u>	<u>4,020,136</u>
Less accumulated depreciation for:				
Buildings and Improvements	(868,383)	(74,340)		(942,723)
Library	(207,569)	(3,956)		(211,525)
Heavy Equipment and Busses	(313,582)	(11,797)		(325,379)
Equipment	(131,259)			(131,259)
Subtotal	<u>(1,520,793)</u>	<u>(90,093)</u>	<u>0</u>	<u>(1,610,886)</u>
Net Depreciated Assets	<u>2,499,343</u>	<u>(90,093)</u>	<u>0</u>	<u>2,409,250</u>
Net Capital Assets	<u>\$ 2,579,343</u>	<u>\$ (90,093)</u>	<u>\$ 0</u>	<u>\$ 2,489,250</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 68,286
Support	9,679
Student Transportation	<u>12,128</u>
Total	<u>\$ 90,093</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund transfers and due to/from for the District for the year ended June 30, 2012, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
<b>Transfers:</b>			
To cover past expenditures	Special Revenue	General Fund	\$ 5,736
To cover past expenditures	Capital Projects	General Fund	7,646
<b>Due To/From:</b>			
To cover current expenditures	Capital Projects	General Fund	17,850
To cover current expenditures	Special Revenue	General Fund	41,770
To cover current expenditures	Food Service	General Fund	1,597

**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, 2012, 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 51 - 52. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 9 - DEBT**

The following is a summary of the District's long-term debt obligations and transactions for the year ended June 30, 2012:

	Amount Outstanding Beginning	Issued	Retired	Amount Outstanding Ending
Capital Lease @ 5.12%	\$ 40,030	\$ 0	\$ 12,298	\$ 27,732
Bond Issue @ 1.69%	1,947,000			1,947,000
<b>Total</b>	<b>\$ 1,987,030</b>	<b>\$ 0</b>	<b>\$ 12,298</b>	<b>\$ 1,974,732</b>

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

The annual requirements to amortize the bond issue as of June 30, 2012, is as follows:

Year Ended June 30,	Bond Principal	Lease Principal	Interest	Total
2013		\$ 12,943	\$ 33,354	\$ 46,297
2014		14,789	32,680	47,469
2015			32,235	32,235
2016				
2017	\$ 1,947,000			1,947,000
<b>Total</b>	<b>\$ 1,947,000</b>	<b>\$ 27,732</b>	<b>\$ 98,269</b>	<b>\$ 2,073,001</b>

**NOTE 10 - RETIREMENT PLAN**

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



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 10 - RETIREMENT PLAN (Continued)**

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](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, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The District's employer contributions required and paid were \$118,172, \$119,299, and \$120,784 for the three years ended June 30, 2012, 2011, and 2010, respectively.

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

The following nonmajor funds had deficit fund balances at June 30, 2012:

Capital Construction	\$ (22)
Title II-A Improving eacher Quality	(7,427)
Title I-A Local Program	(21,550)
Title I-C Migrant	(10,661)
REAP	(2,645)
Title VI-B School Age	(26,802)
Title VI-B Preschool	(3,740)
Perkins III	(829)
State Basic Technology	(205)

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

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

Plan Description

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

Funding Policy

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

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation*

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

**REQUIRED SUPPLEMENTAL  
INFORMATION SECTION**

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<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>	\$ 21,964	\$ 21,964	\$ 445,043	\$ 423,079
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes	250	250	34,569	34,319
Property Tax Penalty and Interest	1,000	1,000	987	(13)
Investment Earnings	5,000	5,000	2,428	(2,572)
Other Local Revenue	11,500	11,500	13,361	1,861
<u>Total Local Revenue</u>	<u>17,750</u>	<u>17,750</u>	<u>51,345</u>	<u>33,595</u>
<u>State Revenue</u>				
Base Support Program	1,209,883	1,209,883	1,279,260	69,377
Transportation Support	50,000	50,000	47,953	(2,047)
Benefit Apportionment	163,207	163,207	172,714	9,507
Other State Support	82,053	82,053	48,479	(33,574)
Revenue in Lieu / Ag Replacement Tax				0
<u>Total State Revenue</u>	<u>1,505,143</u>	<u>1,505,143</u>	<u>1,548,406</u>	<u>43,263</u>
<u>Federal Revenue</u>				
Indirect Federal Revenue			60,753	60,753
<u>Total Federal Revenue</u>	<u>0</u>	<u>0</u>	<u>60,753</u>	<u>60,753</u>
<u>Other Sources</u>				
Interfund Transfers			6,476	6,476
<u>Total Other Sources</u>	<u>0</u>	<u>0</u>	<u>6,476</u>	<u>6,476</u>
<u>Amounts Available for Appropriations</u>	<u>1,544,857</u>	<u>1,544,857</u>	<u>2,112,023</u>	<u>567,166</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	317,436	317,436	278,489	38,947
Benefits	89,622	89,622	75,525	14,097
Purchased Services	150	150		150
Supplies	10,500	10,500	5,491	5,009
<u>Total Elementary School Program</u>	<u>417,708</u>	<u>417,708</u>	<u>359,505</u>	<u>58,203</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 238,305	\$ 238,305	\$ 294,388	\$ (56,083)
Benefits	81,174	81,174	76,247	4,927
Purchased Services	150	150	4,250	(4,100)
Supplies	8,700	8,700	6,048	2,652
<u>Total Secondary School Program</u>	<u>328,329</u>	<u>328,329</u>	<u>380,933</u>	<u>(52,604)</u>
<u>Exceptional Child Program</u>				
Salaries	47,428	47,428	83,457	(36,029)
Benefits	7,697	7,697	22,987	(15,290)
<u>Total Exceptional Child Program</u>	<u>55,125</u>	<u>55,125</u>	<u>106,444</u>	<u>(51,319)</u>
<u>Preschool</u>				
Salaries	17,624	17,624	17,294	330
Benefits	4,790	4,790	4,845	(55)
Supplies				0
<u>Total Preschool</u>	<u>22,414</u>	<u>22,414</u>	<u>22,139</u>	<u>275</u>
<u>Vocational</u>				
Salaries	73,357	73,357	68,571	4,786
Benefits	21,121	21,121	18,407	2,714
Supplies	3,000	3,000	6,456	(3,456)
<u>Total Vocational</u>	<u>97,478</u>	<u>97,478</u>	<u>93,434</u>	<u>4,044</u>
<u>Interscholastic Program</u>				
Salaries	27,190	27,190	38,067	(10,877)
Benefits	5,635	5,635	10,037	(4,402)
Purchased Services	1,250	1,250	2,210	(960)
Supplies	2,500	2,500	2,705	(205)
<u>Total School Activity</u>	<u>36,575</u>	<u>36,575</u>	<u>53,019</u>	<u>(16,444)</u>
<u>Total Instructional</u>	<u>957,629</u>	<u>957,629</u>	<u>1,015,474</u>	<u>(57,845)</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Support</u>				
<u>Guidance</u>				
Purchased Services	\$ 1,500	\$ 1,500	\$ 1,440	(1,340)
Supplies	100	100	26	74
<u>Total Guidance</u>	<u>1,600</u>	<u>1,600</u>	<u>1,466</u>	<u>(1,266)</u>
<u>Special Services</u>				
Purchased Services	12,500	12,500	54,304	(41,804)
<u>Total Special Services</u>	<u>12,500</u>	<u>12,500</u>	<u>54,304</u>	<u>(41,804)</u>
<u>Housing</u>				
Salaries			35,243	(35,243)
Benefits			6,616	(6,616)
Purchased Services			779	(779)
Supplies			594	(594)
<u>Total Housing</u>	<u>0</u>	<u>0</u>	<u>43,232</u>	<u>(43,232)</u>
<u>Educational Media</u>				
Salaries	6,000	6,000	4,107	1,893
Benefits	1,010	1,010	1,183	(173)
Supplies	2,500	2,500	5,097	(2,597)
<u>Total Educational Media</u>	<u>9,510</u>	<u>9,510</u>	<u>10,387</u>	<u>(877)</u>
<u>Technology Coordinator</u>				
Salaries	32,500	32,500	39,092	(6,592)
Benefits	2,700	2,700	11,540	(8,840)
Purchased Services	13,000	13,000	9,841	3,159
Supplies	6,000	6,000		6,000
<u>Total Technology Coordinator</u>	<u>54,200</u>	<u>54,200</u>	<u>60,473</u>	<u>(6,273)</u>
<u>Total Support</u>	<u>77,810</u>	<u>77,810</u>	<u>169,862</u>	<u>(93,452)</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 1,000	\$ 1,000	\$ 7,234	\$ (6,234)
Benefits	384	384	1,963	(1,579)
Purchased Services	4,500	4,500	18	4,482
Supplies	1,000	1,000	1,193	(193)
	<u>6,884</u>	<u>6,884</u>	<u>10,408</u>	<u>(3,524)</u>
<u>District Administration</u>				
Salaries	45,000	45,000	55,251	(10,251)
Benefits	28,110	28,110	21,082	7,028
Purchased Services	16,950	16,950	13,653	3,297
Supplies	4,000	4,000	3,384	616
Insurance	23,103	23,103	17,307	5,796
	<u>117,163</u>	<u>117,163</u>	<u>110,677</u>	<u>6,486</u>
<u>School Administration</u>				
Salaries	21,000	21,000	49,617	(28,617)
Benefits	12,175	12,175	14,179	(2,004)
Purchased Services	250	250	919	(669)
Supplies	500	500	1,557	(1,057)
	<u>33,925</u>	<u>33,925</u>	<u>66,272</u>	<u>(32,347)</u>
<u>Business Operations</u>				
Salaries	15,000	15,000	14,981	19
Benefits	4,950	4,950	2,392	2,558
Purchased Services				0
Supplies				0
	<u>19,950</u>	<u>19,950</u>	<u>17,373</u>	<u>2,577</u>
<u>Administrative Technology</u>				
Salaries	8,000	8,000	795	7,205
Benefits	1,688	1,688	153	1,535
	<u>9,688</u>	<u>9,688</u>	<u>948</u>	<u>8,740</u>
<u>Total Business Operations</u>	<u>187,610</u>	<u>187,610</u>	<u>205,678</u>	<u>(18,068)</u>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 20,527	\$ 20,527	\$ 29,191	\$ (8,664)
Benefits	7,900	7,900	9,600	(1,700)
Purchased Services	300	300	291	9
Supplies	8,500	8,500	8,877	(377)
<u>Total Custodians</u>	<u>37,227</u>	<u>37,227</u>	<u>47,959</u>	<u>(10,732)</u>
<u>Maintenance - Buildings</u>				
Salaries	5,480	5,480	931	4,549
Benefits	1,108	1,108	256	852
Purchased Services	45,850	45,850	48,160	(2,310)
Supplies	1,000	1,000	202	798
<u>Total Maintenance - Buildings</u>	<u>53,438</u>	<u>53,438</u>	<u>49,549</u>	<u>3,889</u>
<u>Maintenance - Student Occupied</u>				
Salaries	25,000	25,000	26,294	(1,294)
Benefits	6,390	6,390	7,014	(624)
Purchased Services	9,000	9,000	2,498	6,502
Supplies	7,500	7,500	9,380	(1,880)
<u>Total Maintenance - Student Occ.</u>	<u>47,890</u>	<u>47,890</u>	<u>45,186</u>	<u>2,704</u>
<u>Maintenance - Grounds</u>				
Salaries	13,225	13,225	4,584	8,641
Benefits	4,383	4,383	1,172	3,211
Purchased Services	3,000	3,000	2,583	417
Supplies	750	750	2,389	(1,639)
<u>Total Maintenance - Grounds</u>	<u>21,358</u>	<u>21,358</u>	<u>10,728</u>	<u>10,630</u>
<u>Total Custodial / Maintenance</u>	<u>159,913</u>	<u>159,913</u>	<u>153,422</u>	<u>6,491</u>
<u>Security Program</u>				
Purchased Services	1,960	1,960	1,956	4
<u>Total Security Program</u>	<u>1,960</u>	<u>1,960</u>	<u>1,956</u>	<u>4</u>

Continued



**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
<u>School Transportation</u>				
Salaries	\$ 29,000	\$ 29,000	\$ 41,976	\$ (12,976)
Benefits	10,313	10,313	10,444	(131)
Purchased Services	12,769	12,769	5,365	7,404
Supplies	16,200	16,200	15,446	754
Insurance	315	315	2,107	(1,792)
<u>Total School Transportation</u>	<u>68,597</u>	<u>68,597</u>	<u>75,338</u>	<u>(6,741)</u>
<u>General Transportation</u>				
Purchased Services	1,000	1,000	1,068	(68)
Supplies	6,250	6,250	11,386	(5,136)
<u>Total General Transportation</u>	<u>7,250</u>	<u>7,250</u>	<u>12,454</u>	<u>(5,204)</u>
<u>Total Transportation</u>	<u>75,847</u>	<u>75,847</u>	<u>87,792</u>	<u>(11,945)</u>
<u>Other Support Services</u>				
Purchased Services	8,000	8,000	11,271	(3,271)
Supplies	12,000	12,000	6,739	5,261
<u>Total Other Support Services</u>	<u>20,000</u>	<u>20,000</u>	<u>18,010</u>	<u>1,990</u>
<u>Non-Instructional</u>				
Salaries			1,415	(1,415)
Benefits	5,000	5,000	228	4,772
Supplies	50	50	772	(722)
<u>Total Non-Instructional</u>	<u>5,050</u>	<u>5,050</u>	<u>2,415</u>	<u>2,635</u>
<u>Interfund Transfers</u>	<u>24,840</u>	<u>24,840</u>	<u>19,858</u>	<u>4,982</u>
<u>Total Charges to Appropriations</u>	<u>1,510,659</u>	<u>1,510,659</u>	<u>1,674,467</u>	<u>(163,808)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 34,198</u>	<u>\$ 34,198</u>	<u>\$ 437,556</u>	<u>\$ 403,358</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>Budgetary Fund Balance - Beginning</u>	\$ 0	\$ 0	\$ 45,311	\$ 45,311
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	14,650	14,650	20,678	6,028
Adult Meal Sales			1,603	1,603
Other Local Revenue	75	75		(75)
<u>Total Local Revenue</u>	<u>14,725</u>	<u>14,725</u>	<u>22,281</u>	<u>7,556</u>
<u>Federal Revenue</u>				
Child Nutrition Reimbursement	84,435	84,435	91,577	7,142
<u>Total Federal Revenue</u>	<u>84,435</u>	<u>84,435</u>	<u>91,577</u>	<u>7,142</u>
<u>Amounts Available for Appropriations</u>	<u>99,160</u>	<u>99,160</u>	<u>159,169</u>	<u>60,009</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	32,000	32,000	42,728	(10,728)
Benefits	12,920	12,920	14,388	(1,468)
Purchased Services	3,200	3,200	2,399	801
Supplies	43,040	43,040	79,712	(36,672)
Capital Outlay	8,000	8,000		8,000
<u>Total Non-Instructional</u>	<u>99,160</u>	<u>99,160</u>	<u>139,227</u>	<u>(40,067)</u>
<u>Total Charges to Appropriations</u>	<u>99,160</u>	<u>99,160</u>	<u>139,227</u>	<u>(40,067)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,942</u>	<u>\$ 19,942</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2012**

**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	\$ 2,112,023	\$ 159,169
<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	(445,043)	(45,311)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(6,476)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,660,504</u>	<u>\$ 113,858</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,674,467	\$ 139,227
<u>Differences - Budget to GAAP</u>		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting	<u>(19,858)</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,654,609</u>	<u>\$ 139,227</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2012**

**NOTE 2 - REQUIRED FUND DISCLOSURE**

The following funds had excess actual expenditures over budgeted expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund	\$ 1,510,659	\$ 1,674,467	\$ 163,808
Food Service	99,160	139,227	40,067

**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, 2012**

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	Vocational Technology	State Basic Technology	State Drug Free	Title I-A Local Program
<b>ASSETS</b>				
Cash	\$ 1,844		\$ 477	
Interfund Balances				
Due From Other Governments	5,225	\$ 1,519		
<b><u>TOTAL ASSETS</u></b>	<b>\$ 7,069</b>	<b>\$ 1,519</b>	<b>\$ 477</b>	<b>\$ 0</b>
 <b>LIABILITIES</b>				
Accounts Payable	\$ 54			
Contracts and Benefits Payable	2,514	\$ 183		\$ 11,868
Interfund Balances		1,541		9,682
<b><u>TOTAL LIABILITIES</u></b>	<b>2,568</b>	<b>1,724</b>	<b>\$ 0</b>	<b>21,550</b>
 <b>FUND BALANCES</b>				
Unreserved	4,501	(205)	477	(21,550)
<b><u>TOTAL FUND BALANCES</u></b>	<b>4,501</b>	<b>(205)</b>	<b>477</b>	<b>(21,550)</b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b>\$ 7,069</b>	<b>\$ 1,519</b>	<b>\$ 477</b>	<b>\$ 0</b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

	<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				
Interfund Balances				
Due From Other Governments				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$          0</u></b>	<b><u>\$          0</u></b>	<b><u>          0</u></b>	<b><u>\$          0</u></b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable		\$          85		
Contracts and Benefits Payable	\$      4,724	12,373	\$      1,891	
Interfund Balances	5,937	14,344	1,849	\$          829
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>10,661</u></b>	<b><u>26,802</u></b>	<b><u>3,740</u></b>	<b><u>829</u></b>
 <b><u>FUND BALANCES</u></b>				
Unreserved	<u>(10,661)</u>	<u>(26,802)</u>	<u>(3,740)</u>	<u>(829)</u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(10,661)</u></b>	<b><u>(26,802)</u></b>	<b><u>(3,740)</u></b>	<b><u>(829)</u></b>
 <b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	 <b><u>\$          0</u></b>	 <b><u>\$          0</u></b>	 <b><u>\$          0</u></b>	 <b><u>\$          0</u></b>

Continued

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

	<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		\$ 1,026		\$ 3,347
Interfund Balances				0
Due From Other Governments				6,744
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,026</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 10,091</u></b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable			\$ 1,993	\$ 2,132
Contracts and Benefits Payable			491	34,044
Interfund Balances	\$ 7,427		161	41,770
<b><u>TOTAL LIABILITIES</u></b>	<b><u>7,427</u></b>	<b><u>\$ 0</u></b>	<b><u>2,645</u></b>	<b><u>77,946</u></b>
 <b><u>FUND BALANCES</u></b>				
Unreserved	(7,427)	1,026	(2,645)	(67,855)
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(7,427)</u></b>	<b><u>1,026</u></b>	<b><u>(2,645)</u></b>	<b><u>(67,855)</u></b>
 <b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>				
	<b><u>\$ 0</u></b>	<b><u>\$ 1,026</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 10,091</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, 2012**

	<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			\$ 40	
State	\$ 18,684			
Federal				\$ 44,196
	<u>18,684</u>	<u>\$ 0</u>	<u>40</u>	<u>44,196</u>
<b><u>TOTAL REVENUES</u></b>				
	<u>18,684</u>	<u>\$ 0</u>	<u>40</u>	<u>44,196</u>
<b><u>EXPENDITURES</u></b>				
Instructional	22,373			46,991
Support				
Administrative				1,837
Non-Instructional - Food Service				
Capital Expenditures				
	<u>22,373</u>	<u>0</u>	<u>0</u>	<u>48,828</u>
<b><u>TOTAL EXPENDITURES</u></b>				
	<u>22,373</u>	<u>0</u>	<u>0</u>	<u>48,828</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>				
	<u>(3,689)</u>	<u>0</u>	<u>40</u>	<u>(4,632)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers		5,736		
	<u>0</u>	<u>5,736</u>	<u>0</u>	<u>0</u>
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>				
	<u>0</u>	<u>5,736</u>	<u>0</u>	<u>0</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>				
	(3,689)	5,736	40	(4,632)
<b><u>FUND BALANCE - BEGINNING</u></b>				
	8,190	(5,941)	437	(16,918)
<b><u>FUND BALANCE - ENDING</u></b>				
	<u>\$ 4,501</u>	<u>\$ (205)</u>	<u>\$ 477</u>	<u>\$ (21,550)</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, 2012**

	<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				\$ 3,071
State				
Federal	\$ 23,125	\$ 75,990	\$ 5,889	
<b><u>TOTAL REVENUES</u></b>	<u>23,125</u>	<u>75,990</u>	<u>5,889</u>	<u>3,071</u>
<b><u>EXPENDITURES</u></b>				
Instructional	28,123	96,073	9,404	1,769
Support				
Administrative	1,337			
Non-Instructional - Food Service				
Capital Expenditures				
<b><u>TOTAL EXPENDITURES</u></b>	<u>29,460</u>	<u>96,073</u>	<u>9,404</u>	<u>1,769</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>(6,335)</u>	<u>(20,083)</u>	<u>(3,515)</u>	<u>1,302</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>	(6,335)	(20,083)	(3,515)	1,302
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(4,326)</u>	<u>(6,719)</u>	<u>(225)</u>	<u>(2,131)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (10,661)</u>	<u>\$ (26,802)</u>	<u>\$ (3,740)</u>	<u>\$ (829)</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, 2012**

	<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>REVENUES</u></b>				
Local				\$ 3,111
State				18,684
Federal	\$ 2,594		\$ 14,510	166,304
<b><u>TOTAL REVENUES</u></b>	<u>2,594</u>	<u>0</u>	<u>14,510</u>	<u>188,099</u>
<b><u>EXPENDITURES</u></b>				
Instructional	15,120		11,930	231,783
Support				0
Administrative	232	\$ 253		3,659
Non-Instructional - Food Service				0
Capital Expenditures				0
<b><u>TOTAL EXPENDITURES</u></b>	<u>15,352</u>	<u>253</u>	<u>11,930</u>	<u>235,442</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<u>(12,758)</u>	<u>(253)</u>	<u>2,580</u>	<u>(47,343)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Interfund Transfers				5,736
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,736</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>(12,758)</u>	<u>(253)</u>	<u>2,580</u>	<u>(41,607)</u>
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>5,331</u>	<u>1,279</u>	<u>(5,225)</u>	<u>(26,248)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (7,427)</u>	<u>\$ 1,026</u>	<u>\$ (2,645)</u>	<u>\$ (67,855)</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**COMBINING BALANCE SHEET SCHEDULE**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<b><u>ASSETS</u></b>			
Cash		\$ 15,548	
Investments	\$ 4	8,895	
Interfund Balances			
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 4</u></b>	<b><u>\$ 24,443</u></b>	<b><u>\$ 0</u></b>
 <b><u>LIABILITIES</u></b>			
Accounts Payable			
Salaries and Benefits Payable	\$ 26		
Interfund Balances			\$ 17,850
<b><u>TOTAL LIABILITIES</u></b>	<b><u>26</u></b>	<b><u>\$ 0</u></b>	<b><u>17,850</u></b>
 <b><u>FUND BALANCES</u></b>			
Unreserved:			
Designated - Capital Projects	(22)	24,443	(17,850)
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(22)</u></b>	<b><u>24,443</u></b>	<b><u>(17,850)</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 4</u></b>	<b><u>\$ 24,443</u></b>	<b><u>\$ 0</u></b>

<u>Student Occupied</u>	<u>Total</u>
\$ 26,299	\$ 41,847
	8,899
	<u>0</u>
<u>\$ 26,299</u>	<u>\$ 50,746</u>
	\$ 0
	26
	<u>17,850</u>
<u>\$ 0</u>	<u>17,876</u>
<u>26,299</u>	<u>32,870</u>
<u>26,299</u>	<u>32,870</u>
<u>\$ 26,299</u>	<u>\$ 50,746</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, 2012**

	<u>Capital Construction</u>	<u>Plant Facilities</u>	<u>P.F. - Bus Depreciation</u>
<b><u>REVENUES</u></b>			
State Revenue			
Other Local Revenue		\$ 18,625	
Investment Earnings		19	
<b><u>TOTAL REVENUE</u></b>	<b><u>\$ 0</u></b>	<b><u>18,644</u></b>	<b><u>\$ 0</u></b>
<b><u>EXPENDITURES</u></b>			
Purchased Services			
Supplies			
Capital Outlay		15,294	
Debt Service - Principal			12,298
Debt Service - Interest			1,765
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>0</u></b>	<b><u>15,294</u></b>	<b><u>14,063</u></b>
<b><u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u></b>	<b><u>0</u></b>	<b><u>3,350</u></b>	<b><u>(14,063)</u></b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Interfund Transfers		7,646	
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b><u>0</u></b>	<b><u>7,646</u></b>	<b><u>0</u></b>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<b><u>0</u></b>	<b><u>10,996</u></b>	<b><u>(14,063)</u></b>
<b><u>FUND BALANCE - BEGINNING</u></b>	<b><u>(22)</u></b>	<b><u>13,447</u></b>	<b><u>(3,787)</u></b>
<b><u>FUND BALANCE - ENDING</u></b>	<b><u>\$ (22)</u></b>	<b><u>\$ 24,443</u></b>	<b><u>\$ (17,850)</u></b>

<u>Student Occupied</u>	<u>Total</u>
	\$ 0
	18,625
	<u>19</u>
<u>\$ 0</u>	<u>18,644</u>
	0
	0
	15,294
	12,298
	<u>1,765</u>
<u>0</u>	<u>29,357</u>
<u>0</u>	<u>(10,713)</u>
	<u>7,646</u>
<u>0</u>	<u>7,646</u>
0	(3,067)
<u>26,299</u>	<u>35,937</u>
<u>\$ 26,299</u>	<u>\$ 32,870</u>

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF CHANGE IN NET ASSETS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Student Group</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
High School Association of Students District	\$ 6,046.76	\$ 21,347.71	\$ 22,659.28	\$ 4,735.19
Annual Club	33.75		78.00	(44.25)
Kindergarten	4,231.25	5,395.00	4,053.84	5,572.41
First Grade	(28.72)	439.69	582.79	(171.82)
Second Grade	63.96	330.01	202.70	191.27
Third Grade	59.26	743.88	595.41	207.73
Fourth Grade	0.00	601.70	206.00	395.70
Fifth Grade	0.00	595.16	274.67	320.49
Sixth Grade	0.00	161.62	191.50	(29.88)
Class of 2016	21.21	205.45	184.53	42.13
Class of 2015	80.03		79.48	0.55
Class of 2014	129.70	77.50	68.85	138.35
Class of 2013	603.52	258.50	98.95	763.07
Class of 2012	818.34	975.53	815.36	978.51
Class of 2011	1,025.31	367.19	1,362.07	30.43
Future Farmers of America	761.61	146.00	907.61	0.00
IDFY	(3,564.76)	9,015.95	4,499.50	951.69
Music Club	1,738.83	636.50	1,052.93	1,322.40
YEA	0.00	202.50	90.50	112.00
Tutor Program	1,000.00			1,000.00
Library	64.39			64.39
Drama	103.89	905.44	896.54	112.79
BPA	2,128.61	285.11	242.55	2,171.17
Athletics	2,037.94	3,186.43	3,560.35	1,664.02
Team Accounts	(1,748.49)	24,347.02	23,216.56	(618.03)
Tournament	15,070.29	20,982.80	28,533.41	7,519.68
Spanish Club	231.25	3,429.88	3,024.79	636.34
Rodeo	30.38			30.38
In & Out - Other	3,613.27	5,026.40	6,692.26	1,947.41
Cookbook	947.33	1,993.87	1,521.17	1,420.03
Scholarships	495.28			495.28
	<u>13,394.33</u>	<u>1,664.49</u>	<u>3,300.00</u>	<u>11,758.82</u>
<b>Total</b>	<b><u>\$ 49,388.52</u></b>	<b><u>\$ 103,321.33</u></b>	<b><u>\$ 108,991.60</u></b>	<b><u>\$ 43,718.25</u></b>



# R. MICHAEL BURR

Certified Public Accountant

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(208) 736-8747

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

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

August 24, 2012

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dietrich School District No. 314, as of and for the year ended June 30, 2012, which collectively comprise the Dietrich School District No. 314's basic financial statements and have issued our report thereon dated August 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2012-1.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting, 2012-2.

Compliance and Other Matters

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

We also noted certain additional matters that we reported to management of Dietrich School District No. 314, in a separate letter dated August 24, 2012.

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

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

Sincerely,

*R. Michael Barr*

**DIETRICH SCHOOL DISTRICT NO. 314**  
**DIETRICH, IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**FINDING 2012-1: 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: We concur with the recommendation. However, due to a lack of financial resources to pay for the additional staff and other controls currently in place, no action will be taken at this point.

**FINDING 2012-2: Failure to Timely Prepare Bank Reconciliations**

Effect: Mistakes and errors to go undetected and decisions to be based on wrong information.

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

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

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

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

Recommendation: Prepare bank reconciliations on a monthly basis as required by District's internal control.

Views: We concur with the recommendation and will prepare and review the required documents on a monthly basis.

# R. MICHAEL BURR

Certified Public Accountant

P.O. Box 2229

Twin Falls, ID 83303-2229

(208) 736-8747

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

August 24, 2012

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, 2012, and have issued my report thereon dated August 24, 2012. Professional standards require that I provide you with the following information related to my audit.

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

As stated in my engagement letter dated June 15, 2012, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

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

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

## Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 15, 2012.

## Significant Audit Findings

### Qualitative Aspects of Accounting Practices

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

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

## Communication with Those Charged with Governance

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

## Difficulties Encountered in Performing the Audit

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

## Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

## Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 August 24, 2012.

## 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, 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 my responses were not a condition to my retention.

This information is intended solely for the use of the 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  
Certified Public Accountant

# 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

August 24, 2012

In planning and performing our audit of the financial statements of Dietrich School District No. 314, for the year ended June 30, 2012, 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, 2012, are included in the schedule of finding and responses.

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

- 1) Several funds have negative fund balances. These items need to be reviewed and corrected if possible.
- 2) Grants with no future activity need to be closed into the General Fund to comply with the new definition of Special Revenue Funds.
- 3) Several student body accounts have had no activity for the past year or more. These accounts should be reviewed and determined if they should remain open.

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

Sincerely,

R. Michael Burr

R. Michael Burr  
Certified Public Accountant