

TETON COUNTY SCHOOL DISTRICT NO. 401

DRIGGS, IDAHO

**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

Year Ended June 30, 2009

TETON COUNTY SCHOOL DISTRICT NO. 401

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Teton County School District No. 401
Driggs, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Teton County School District No. 401 management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

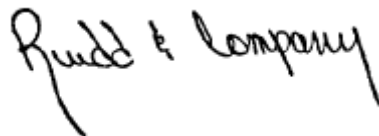
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 at June 30, 2009, and the respective changes in financial position there of for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2009 on our consideration of Teton County School District No. 401 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Teton County School District No. 401's basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Teton County School District No. 401. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

September 4, 2009

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2009

As management of the Teton County School District #401, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2009.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2009 by \$9,233,087. Of this amount, \$2,010,244 of unrestricted net assets may be used to meet the District's ongoing obligations.
- The District's net assets increased by \$1,350,184 as a result of this year's operations.
- The unreserved fund balance for the general fund was \$1,360,922 or 14% of the total general fund expenditures.
- Construction on the new Teton Middle School continued throughout the year. The school was nearing completion at June 30, 2009.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* present information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows.

The government-wide financial statements can be found on pages 12-14 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the child nutrition fund, the capital projects fund, and the plant facility fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund and all special revenue funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-16 and 18-19 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-34 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and are presented immediately following the notes to the financial statements. Combining fund statements and schedules can be found on pages 42-50 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9,233,087 at the close of the most recent fiscal year.

Net Assets	Governmental Assets	
	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 4,563,885	\$ 11,437,788
Capital Assets	<u>22,429,249</u>	<u>15,555,405</u>
Total Assets	<u>26,993,134</u>	<u>26,993,193</u>
Current Liabilities	2,043,750	2,901,279
Long-term Liabilities	<u>15,716,297</u>	<u>16,209,011</u>
Total Liabilities	<u>17,760,047</u>	<u>19,110,290</u>
Net Assets		
Invested in capital assets, net of related debt	6,325,411	(788,919)
Restricted	897,432	6,702,115
Unrestricted	<u>2,010,244</u>	<u>1,969,707</u>
Total Net Assets	<u>\$ 9,233,087</u>	<u>\$ 7,882,903</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

A portion of the District's net assets (68%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$2,010,244 may be used to meet the District's ongoing obligations to students, employees, and creditors.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

Changes in Net Assets	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Revenues		
Program revenues		
Charges for services	\$ 350,539	\$ 247,634
Operating grants and contributions	1,141,726	941,837
General revenues		
Property tax	3,800,846	3,896,350
State support	8,224,474	7,976,157
Other	476,748	1,175,930
Total Revenues	<u>13,994,333</u>	<u>14,237,908</u>
Expenses		
Instructional	6,815,716	6,417,178
Pupil support	649,283	626,067
Staff support	344,610	368,897
General administration	346,274	353,860
School administration	649,996	651,331
Operation	1,384,982	1,266,799
Transportation	711,588	646,808
Non-instructional	14,539	13,346
Interest	909,724	813,814
Depreciation	268,272	214,603
Child nutrition services	549,165	463,592
Total Expenses	<u>12,644,149</u>	<u>11,836,295</u>
Increase in Net Assets	<u>\$ 1,350,184</u>	<u>\$ 2,401,613</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved and undesignated fund balance was \$1,360,922. The unreserved and undesignated fund balance decreased by \$225,316 during the current fiscal year.

Expenditures for general District purposes totaled \$9,431,068, an increase of 4% during the current fiscal year.

The plant facility fund has a total fund balance of \$29,314, the majority of which is restricted for construction of facilities, purchase of equipment and related expenditures. The fund balance increased by \$279,314 during the current year.

The capital construction fund has a total fund balance of \$82,453 and is restricted for the construction of Teton Middle School. The fund balance decreased by \$6,209,429 during the current year.

The debt service fund has a total fund balance of \$365,058, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by \$46,909 during the current year.

The child nutrition fund has a total fund balance of \$58,544, all of which is reserved for the child nutrition program. The fund balance increased by \$24,786 during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

General Fund Budgetary Highlights

There were amendments made to the original budget.

During the year actual revenues were less than the final budgetary estimates by \$213,534 in the general fund.

During the current fiscal year, the \$213,534 negative budget to actual variance in total general fund revenues, and the 1,099,596 positive budget to actual variance in total general fund expenditures, are largely a result of state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year.

Capital Asset and Debt Administration

Capital Assets

The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2009 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	2009	2008
Land	\$ 951,000	\$ 951,000
Construction in progress	-	6,660,221
Buildings and improvements	23,646,108	10,138,447
Furniture and equipment	5,287,900	4,993,224
	29,885,008	22,742,892
Accumulated depreciation	(7,455,759)	(7,187,487)
Total Capital Assets, Net of Depreciation	\$ 22,429,249	\$ 15,555,405

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2009

Debt Administration

Outstanding debt at June 30, 2009 is outlined below:

Outstanding Debt	Governmental Activities	
	2009	2008
General obligation bonds	\$ 15,775,000	\$ 15,975,000
Note payable	-	33,264
Compensated absences	100,030	93,660
Bond premium, net of amortization	321,267	340,351
	<u>\$ 16,196,297</u>	<u>\$ 16,442,275</u>

Additional information on the District's long-term debt can be found in the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Teton School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Office, Teton School District, P.O. Box 775, Driggs, ID 83452.

Basic Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Net Assets
June 30, 2009

Assets	Governmental Activities
Cash and Investments	\$ 2,346,170
Receivables	
Property taxes	1,966,996
State of Idaho	145,630
Other	12,630
Bond Issue Costs, Net of Amortization	92,459
Capital Assets	
Land	951,000
Buildings and equipment , net of depreciation	<u>21,478,249</u>
Total Assets	<u>\$ 26,993,134</u>
 Liabilities	
Accounts payable	\$ 71,892
Salary contracts payable	1,205,987
Deferred revenue	791
Interest payable	285,080
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	480,000
Portion due or payable after one year:	
Bonds, capital leases, and contracts	15,395,030
Bond issue premium, net of amortization	<u>321,267</u>
Total Liabilities	<u>\$ 17,760,047</u>

Net Assets	Governmental Activities
Invested in capital assets, net of related debt	\$ 6,325,411
Restricted for:	
Debt service	677,168
Capital projects	220,264
Unrestricted	<u>2,010,244</u>
 Total Net Assets	 <u>\$ 9,233,087</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Activities
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instructional	\$ 6,815,716	\$ 130,675	\$ 579,884	\$ (6,105,157)
Pupil support	649,283	-	219,588	(429,695)
Staff support	344,610	-	-	(344,610)
General administration	346,274	-	-	(346,274)
School administration	649,996	-	-	(649,996)
Operation	1,384,982	-	-	(1,384,982)
Transportation	711,588	-	-	(711,588)
Non-instructional	14,539	-	-	(14,539)
Interest on				
long-term debt	909,724	-	-	(909,724)
Depreciation -				
unallocated*	268,272	-	-	(268,272)
Child nutrition services	549,165	219,864	342,254	12,953
Total Governmental Activities	\$ 12,644,149	\$ 350,539	\$ 1,141,726	(11,151,884)
General Revenues:				
Taxes:				
				2,191,288
				411,916
				1,197,642
				341,617
				8,224,474
				135,131
				12,502,068
				1,350,184
				7,882,903
				\$ 9,233,087

* This amount excludes the depreciation that is included in direct expenses of various programs.

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Balance Sheet – Governmental Funds
June 30, 2009

Assets	General Fund	Child Nutrition Fund
Cash and Investments	\$ 1,670,910	\$ 94,981
Due from Other Funds	98,513	-
Receivables		
Property taxes	1,144,587	-
State of Idaho	114,055	-
Other	3,477	189
Total Assets	<u>\$ 3,031,542</u>	<u>\$ 95,170</u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	-	-
Accounts payable	24,873	-
Salary contracts payable	1,061,521	36,626
Interest payable	-	-
Deferred revenues	584,226	-
Total Liabilities	<u>1,670,620</u>	<u>36,626</u>
 Fund Balances		
Reserved for		
Retirement of long-term debt	-	-
Construction commitments	-	-
Unreserved		
Undesignated	1,360,922	-
Undesignated, reported in special revenue funds	-	58,544
Total Fund Balances	<u>1,360,922</u>	<u>58,544</u>
Total Liabilities and Fund Balances	<u>\$ 3,031,542</u>	<u>\$ 95,170</u>

Debt Service Fund	Capital Construction Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 351,029	\$ 129,261	\$ -	\$ 99,989	\$ 2,346,170
-	-	-	-	98,513
611,219	-	211,190	-	1,966,996
-	-	-	31,575	145,630
-	-	-	8,964	12,630
\$ 962,248	\$ 129,261	\$ 211,190	\$ 140,528	\$ 4,569,939
-	-	73,379	25,134	98,513
-	46,808	-	211	71,892
-	-	-	107,840	1,205,987
285,080	-	-	-	285,080
312,110	-	108,497	791	1,005,624
597,190	46,808	181,876	133,976	2,667,096
365,058	-	-	-	365,058
-	82,453	29,314	-	111,767
-	-	-	-	1,360,922
-	-	-	6,552	65,096
365,058	82,453	29,314	6,552	1,902,843
\$ 962,248	\$ 129,261	\$ 211,190	\$ 140,528	\$ 4,569,939

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds	1,902,843
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$29,885,009 and the accumulated depreciation is \$7,455,758.	22,429,249
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(15,875,030)
Bond issuance costs reported as an expenditure in the fund financial statements are capitalized in the government-wide statements. The total costs are \$109,852 and the accumulated amortization is \$17,393.	92,459
Bond premium reported as a revenue in the fund financial statements is capitalized in the government-wide statements. The total premium is \$381,703 and the accumulated amortization is \$60,436.	(321,267)
Property tax revenue is recognized when earned rather than when available.	<u>1,004,833</u>
Net Assets - Governmental Activities	<u>\$ 9,233,087</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009

	<u>General Fund</u>	<u>Child Nutrition Fund</u>
Revenues		
Local sources		
Property taxes	\$ 1,954,419	\$ -
Earnings on investments	58,701	-
Lunch sales	-	198,993
Other	331,419	20,871
State sources		
State apportionment	7,744,182	-
Other	238,752	-
Federal sources		
Educational programs and other	11,906	342,254
Total Revenues	<u>10,339,379</u>	<u>562,118</u>
Expenditures		
Current		
Instructional	5,754,111	-
Pupil support	429,695	-
Staff support	344,610	-
General administration	346,274	-
School administration	649,996	-
Operation	1,181,755	-
Transportation	711,588	-
Non-instructional	13,039	549,165
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	-	9,167
Total Expenditures	<u>9,431,068</u>	<u>558,332</u>
Excess (Deficiency) of Revenues over Expenditures	908,311	3,786
Other Financing Sources (Uses)		
Transfers in	41,578	21,000
Transfers out	(1,175,205)	-
Net Change in Fund Balances	(225,316)	24,786
Fund Balance Beginning of Year	<u>1,586,238</u>	<u>33,758</u>
Fund Balance End of Year	<u>\$ 1,360,922</u>	<u>\$ 58,544</u>

	Debt Service Fund	Capital Construction Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$	1,068,286	\$ -	\$ 368,932	\$ -	\$ 3,391,637
	-	76,430	-	-	135,131
	-	-	-	-	198,993
	-	-	10,198	130,675	493,163
	-	-	-	-	7,744,182
	-	-	99,772	141,768	480,292
	-	-	-	787,566	1,141,726
	<u>1,068,286</u>	<u>76,430</u>	<u>478,902</u>	<u>1,060,009</u>	<u>13,585,124</u>
	-	-	-	1,055,235	6,809,346
	-	-	-	219,588	649,283
	-	-	-	-	344,610
	-	-	-	-	346,274
	-	-	-	-	649,996
	-	664	202,563	-	1,384,982
	-	-	-	-	711,588
	1,500	-	-	-	563,704
	200,000	-	33,264	-	233,264
	913,695	-	9,620	-	923,315
	-	6,713,195	419,754	-	7,142,116
	<u>1,115,195</u>	<u>6,713,859</u>	<u>665,201</u>	<u>1,274,823</u>	<u>19,758,478</u>
	(46,909)	(6,637,429)	(186,299)	(214,814)	(6,173,354)
	-	428,000	465,613	265,506	1,221,697
	-	-	-	(46,492)	(1,221,697)
	(46,909)	(6,209,429)	279,314	4,200	(6,173,354)
	<u>411,967</u>	<u>6,291,882</u>	<u>(250,000)</u>	<u>2,352</u>	<u>8,076,197</u>
\$	<u>365,058</u>	\$ <u>82,453</u>	\$ <u>29,314</u>	\$ <u>6,552</u>	\$ <u>1,902,843</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance - Governmental Funds	\$ (6,173,354)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,873,844
Property tax revenues received prior to the year for which they are levied are reported as deferred revenue in the governmental funds. The change however is recorded as revenues in the statement of activities.	409,209
Compensated absences (a long-term liability) is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.	(6,370)
Governmental funds report repayment of bond principal as an expenditure in the fund financial statements. These payments are shown as reductions in long-term debt in the government-wide statements. Interest is recognized as it accrues regardless of when it is due.	233,264
Governmental funds report bond issue costs as an expenditure, while these costs are amortized over the term of the bond as an increase in interest expense in the government-wide statements.	(5,493)
Governmental funds report bond premiums as an other financing source, while the premium is amortized over the term of the bond as a decrease in interest expense in the government-wide statements.	<u>19,084</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,350,184</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Fiduciary Net Assets – Agency Funds
June 30, 2009

Assets	Agency Funds
Cash and Investments	\$ 99,592
Total Assets	\$ 99,592
Liabilities	
Due to Student Groups	\$ 99,592
Total Liabilities	\$ 99,592

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies

The financial statements of the Teton County School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The Board of School Trustees, a five-member group, has responsibilities for all activities relating to public elementary and secondary school education within the jurisdiction of Teton County School District No. 401. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students 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 the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *child nutrition fund* accounts for the revenues and expenses associated with the operation of the District's food services.
- The *debt service fund* accounts for the accumulation of resources for, and the payment of long-term debt principal and interest.
- The *plant facility fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

- The *capital construction fund* accounts for resources accumulated and payments made for major construction projects of the District.

Additionally, the District reports the following fund types:

- The *student activities agency fund (a fiduciary fund)* accounts for assets held on behalf student groups.

Budgetary Policy

The District prepares budgets for all the governmental fund types. Such budgets are adopted on a basis generally consistent with generally accepted accounting principles.

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards and the amounts reported in comparison with budget reported on page 37:

	<u>Reported Amounts</u>	<u>Commodities Received</u>	<u>Amounts Reported in Comparison with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 562,118	\$ 56,260	\$ 505,858
Total expenditures	\$ 558,332	\$ 56,260	\$ 502,072

Under Idaho law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Under certain unusual circumstances, the District is allowed to reopen and amend its budget. Expenditures are not to exceed the budgeted amounts, except as allowed by law for certain events. The original budget was amended during the year to reflect beginning fund balances and adjust for additional local and state revenues.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

Inventories

The governmental funds of the District use the purchase method, whereby inventory items are considered expenditures when purchased. They are not included in the balance sheet of the general fund because the amounts on hand at year-end are immaterial.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

Buildings.....	50 yrs
Busses.....	10 yrs
Furniture.....	10 yrs
Equipment.....	10 yrs
Vehicles.....	8 yrs
Computer equipment.....	5 yrs

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

2. Cash and Investments

The District is authorized under Idaho Code to invest in cash, certificates of deposit, U.S. Government securities, commercial paper, and repurchase agreements. All investments must be held by or registered in the name of the District.

Cash balances of most of the District funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's cash balance. The District maintains checking accounts with one of the local banks. All excess funds are invested with the State Treasurer's pooled cash investment account. This account invests in time certificates of deposit, local government tax anticipation notes, federal loans, U.S. treasury notes and other U.S. governmental securities. Information regarding insurance or collateralization of amounts invested in the pooled accounts is not available.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation (at banks) up to \$250,000 per depository.

1. Deposits – At June 30, 2009, the carrying amount of the District's deposits was \$357,870 and the respective bank balances totaled \$447,163. Of the bank balances, \$250,000 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2009, \$197,163 of the District's total deposits of \$447,163 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

2. Cash and Short-Term Investments (continued)

3. Investments – As of June 30, 2009, the District had the following investments:

Investment Type	S&P Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	More Than 10
State Investment Pool	AAAf	\$ 2,087,892	\$ 2,087,892	\$ -	\$ -	\$ -

4. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment.
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations. Because the State Investment Pool as of June 30, 2009, had a weighted average maturity of 58 days, it was presented as an investment with a maturity of less than one year.
6. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

2. Cash and Short-Term Investments (continued)

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net assets	\$ 2,346,170
Cash and investments reported on the statement of fiduciary net assets	<u>99,592</u>
	<u>\$ 2,445,762</u>
Investments categorized	2,087,892
Deposits categorized	<u>357,870</u>
	<u>\$ 2,445,762</u>

3. Property Taxes

Property taxes of the District are based on the assessments against property owners as of the first Monday in January of the calendar year in which the fiscal year commences. Tax levies on such assessed values are certified to the counties prior to the commencement of the fiscal year. Taxes are collected by Teton County and are remitted to the District primarily in January of the fiscal year and the July following. Accordingly, the tax revenues for the fiscal year ended June 30, 2009, are generally based on the assessed values and tax levies established in 2008.

The District defers recognition of revenues relating to property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

4. Commitments

The District is in the process of constructing a new middle school. In conjunction with this project, the District has entered into a construction contract with Ormond Builders, Inc. at a bid price, including change orders, of \$11,056,158. The balance remaining on the contract as of June 30, 2009 was \$88,255. Bond proceeds and transfers from the general fund are being used to fund the construction.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

5. Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 951,000	\$ -	\$ -	\$ 951,000
Construction in progress	<u>6,660,221</u>	<u>6,847,440</u>	<u>(13,507,661)</u>	<u>-</u>
 Total Capital Assets, Not Being Depreciated	 <u>\$ 7,611,221</u>	 <u>\$ 6,847,440</u>	 <u>\$ (13,507,661)</u>	 <u>\$ 951,000</u>
 Capital Assets, Being Depreciated				
Buildings and improvements	\$ 10,138,447	\$ 13,507,661	\$ -	\$ 23,646,108
Furniture and equipment	<u>4,993,224</u>	<u>294,676</u>	<u>-</u>	<u>5,287,900</u>
 Total Capital Assets, Being Depreciated	 <u>15,131,671</u>	 <u>13,802,337</u>	 <u>-</u>	 <u>28,934,008</u>
 Accumulated Depreciation for				
Buildings and improvements	(2,609,218)	(202,770)	-	(2,811,988)
Furniture and equipment	<u>(4,578,269)</u>	<u>(65,502)</u>	<u>-</u>	<u>(4,643,771)</u>
 Total Accumulated Depreciation	 <u>(7,187,487)</u>	 <u>(268,272)</u>	 <u>-</u>	 <u>(7,455,759)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>\$ 7,944,184</u>			 <u>\$ 21,478,249</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

6. General Obligation School Refunding Bonds

On April 1, 2004, the District issued \$4,390,000 in general obligation bonds with an average interest of 2.6 percent to advance refund \$4,390,000 of outstanding 1996 series bonds with an average interest rate of 5.5 percent. The net proceeds were placed in escrow with Wells Fargo Bank, National Association to establish an irrevocable trust escrow fund consisting of cash and noncallable direct full faith and credit obligations of the United States of America. The escrow shall be used to refund \$4,390,000 of the outstanding series 1996 bonds and that amount shall be considered defeased and the liability for those bonds has been removed from the financial statements.

7. General Obligation Bonds Payable

Bonds outstanding at June 30, 2009, were as follows:

	<u>Intrest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Refunding Bonds, 2004 Issue (Original amount--\$4,390,000)	2.00% to 3.90%	2010 to 2017	\$ 3,785,000
General Obligation Bonds, 2006 Issue (Original amount--\$12,000,000)	4.00% to 5.00%	2010 to 2026	\$ 11,990,000

The amount to be provided for bond requirements in the accompanying financial statements represents the charge to be made for property taxes in future years to meet maturing bond requirements.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

7. General Obligation Bonds Payable

The annual requirements to amortize the above bond issues are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 480,000	\$ 684,193	\$ 1,164,193
2011	550,000	672,392	1,222,392
2012	630,000	653,168	1,283,168
2013	690,000	633,205	1,323,205
2014	750,000	609,824	1,359,824
Thereafter	12,675,000	3,782,075	16,457,075
	<u>\$ 15,775,000</u>	<u>\$ 7,034,857</u>	<u>\$ 22,809,857</u>

8. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2009:

	<u>2004 G.O. Refunding Bonds</u>	<u>2006 G.O. Bonds</u>	<u>Zion's Note Payable</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Long-term Obligations June 30, 2008	\$ 3,975,000	\$ 12,000,000	\$ 33,264	\$ 93,660	\$ 16,101,924
Obligations Incurred	-	-	-	6,370	6,370
Obligaitons Paid	<u>(190,000)</u>	<u>(10,000)</u>	<u>(33,264)</u>	<u>-</u>	<u>(233,264)</u>
Long-term Obligations June 30, 2009	<u>\$ 3,785,000</u>	<u>\$ 11,990,000</u>	<u>\$ -</u>	<u>\$ 100,030</u>	<u>\$ 15,875,030</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

9. Retirement Plan

Public Employee Retirement System of Idaho (PERSI) - The PERSI Based 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 provision is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited services, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0 % (2.3 % police/firefighter) of the average monthly salary for the highest consecutive 42 months.

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

The actuarially determined contribution requirements of Teton School District No. 401 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2009, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% 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. Teton School District No. 401 employer contributions required and paid were \$696,664, \$649,219, and \$569,502, for the three years ended June 30, 2009, 2008, and 2007, respectively.

10. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$56,260. The value was determined by confirmation with the State of Idaho Department of Education.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

11. Other Required Individual Fund Disclosures

The interfund balances at June 30, 2009 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 98,513	\$ -
Plant Facility Fund	-	73,379
Non-major Funds		
Vocational Education	-	7,459
Carl Perkins	-	4,688
Medicaid Administration	-	12,987
	<u>\$ 98,513</u>	<u>\$ 98,513</u>

Balances are a result from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made. All balances are expected to be eliminated during the next fiscal year.

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2009:

Fund	<u>Amount Exceeded</u>
Title I Migrant.....	\$ 158
Title VI - B.....	4,486
Medicaid Administration.....	15,435

Deficits in Individual Funds

There were no fund deficits at June 30, 2009.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2009

12. Interfund Transfers

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General	\$ 41,578	\$ (1,175,205)
Child Nutrition	21,000	-
Capital Construction	428,000	-
Plant Facility	465,613	-
Non Major Funds		
Federal Forest	-	(41,480)
Vocational Education	-	(4,914)
School Technology	160,541	-
Title I	4,468	-
Title I-B	7,311	-
Title I-Migrant	158	-
Title VI-B	48,005	-
Title VI B - Preschool	5,690	-
Carl Perkins	4,914	(98)
Title III	1,215	-
Title II-A	1,204	-
Medicaid Administration	32,000	-
	<u>\$ 1,221,697</u>	<u>\$ (1,221,697)</u>

Transfers were made to move bus depreciation to the plant facility fund and to cover costs of salaries, benefits and operating costs of special revenue funds.

Two significant transfers were made from the general fund to the plant facility fund and the capital construction fund to cover construction costs on the new Teton Middle School.

Required Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 2,194,000	\$ 2,184,287	\$ 1,954,419	\$ (229,868)
Earnings on investments	100,000	60,500	58,701	(1,799)
Other	388,000	291,650	331,419	39,769
State sources				
State apportionment	7,657,355	7,762,571	7,744,182	(18,389)
Other	264,000	241,372	238,752	(2,620)
Federal sources				
Educational programs and other	12,000	12,533	11,906	(627)
Total Revenues	10,615,355	10,552,913	10,339,379	(213,534)
Expenditures				
Current				
Instructional	5,934,153	5,868,109	5,754,111	113,998
Pupil support	437,943	443,351	429,695	13,656
Staff support	440,098	456,949	344,610	112,339
General administration	358,987	359,011	346,274	12,737
School administration	654,695	658,121	649,996	8,125
Operation	1,120,739	1,181,260	1,181,755	(495)
Transportation	699,019	737,516	711,588	25,928
Non-instructional	12,834	14,295	13,039	1,256
Contingency	916,768	812,052	-	812,052
Total Expenditures	10,575,236	10,530,664	9,431,068	1,099,596
Excess (Deficiency) of Revenues over Expenditures	40,119	22,249	908,311	886,062
Other Financing Sources (Uses)				
Transfers in	10,718	41,480	41,578	98
Transfers (out)	(700,837)	(1,649,967)	(1,175,205)	474,762
Net Change in Fund Balances	(650,000)	(1,586,238)	(225,316)	1,360,922
Fund Balance, Beginning of Year	650,000	1,586,238	1,586,238	-
Fund Balance, End of Year	\$ -	\$ -	\$ 1,360,922	\$ 1,360,922

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Lunch sales	170,000	\$ 170,000	\$ 198,993	\$ 28,993
Other	3,000	18,000	20,871	2,871
Federal sources				
Educational programs and other	215,000	260,000	285,994	25,994
Total Revenues	388,000	448,000	505,858	57,858
Expenditures				
Current				
Non-instructional	423,000	486,017	492,905	(6,888)
Capital outlay	15,000	16,741	9,167	7,574
Total Expenditures	438,000	502,758	502,072	686
Excess (Deficiency) of Revenues over Expenditures	(50,000)	(54,758)	3,786	58,544
Other Financing Sources (Uses)				
Transfers in	-	21,000	21,000	-
Net Change in Fund Balances	(50,000)	(33,758)	24,786	58,544
Fund Balance, Beginning of Year	50,000	33,758	33,758	-
Fund Balance, End of Year	\$ -	\$ -	\$ 58,544	\$ 58,544

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund
Year Ended June 30, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 1,165,192	\$ 1,165,192	\$ 1,068,286	\$ (96,906)
Total Revenues	<u>1,165,192</u>	<u>1,165,192</u>	<u>1,068,286</u>	<u>(96,906)</u>
Expenditures				
Current				
Non-instructional	3,000	3,000	1,500	1,500
Debt service				
Principal	413,467	435,000	200,000	235,000
Interest	687,292	687,293	913,695	(226,402)
Total Expenditures	<u>1,103,759</u>	<u>1,125,293</u>	<u>1,115,195</u>	<u>10,098</u>
Net Change in Fund Balances	61,433	39,899	(46,909)	(86,808)
Fund Balance, Beginning of Year	<u>411,967</u>	<u>411,967</u>	<u>411,967</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 473,400</u>	<u>\$ 451,866</u>	<u>\$ 365,058</u>	<u>\$ (86,808)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Construction Fund
Year Ended June 30, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Local sources				
Earnings on investments	\$ 119,170	\$ 76,750	\$ 76,430	\$ (320)
Total Revenues	119,170	76,750	76,430	(320)
Expenditures				
Current				
Operation	3,200	3,200	664	2,536
Capital outlay	7,228,870	6,915,432	6,713,195	202,237
Total Expenditures	7,232,070	6,918,632	6,713,859	204,773
Excess (Deficiency) of Revenues over Expenditures	(7,112,900)	(6,841,882)	(6,637,429)	204,453
Other Financing Sources (Uses)				
Transfers in	-	550,000	428,000	(122,000)
Net Change in Fund Balances	(7,112,900)	(6,291,882)	(6,209,429)	82,453
Fund Balance, Beginning of Year	7,112,900	6,291,882	6,291,882	-
Fund Balance, End of Year	\$ -	\$ -	\$ 82,453	\$ 82,453

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Plant Facility Fund
Year Ended June 30, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	400,000	\$ 400,000	\$ 368,932	\$ (31,068)
Other	-	10,198	10,198	-
State sources				
Other	95,291	99,772	99,772	-
Total Revenues	495,291	509,970	478,902	(31,068)
Expenditures				
Current				
Operation	192,175	192,175	202,563	(10,388)
Debt service				
Principal	33,264	33,264	33,264	-
Interest	1,736	12,144	9,620	2,524
Capital outlay	838,000	1,038,000	419,754	618,246
Total Expenditures	1,065,175	1,275,583	665,201	610,382
Excess (Deficiency) of Revenues over Expenditures	(569,884)	(765,613)	(186,299)	579,314
Other Financing Sources (Uses)				
Transfers in	269,884	765,613	465,613	(300,000)
Transfers out	-	-	-	-
Net Change in Fund Balances	(300,000)	-	279,314	279,314
Fund Balance, Beginning of Year	300,000	-	(250,000)	(250,000)
Fund Balance, End of Year	\$ -	\$ -	\$ 29,314	\$ 29,314

The Accompanying Notes are an Integral Part of the Financial Statements

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2009

	Federal Forest Fund	Driver Education Fund	Vocational Education Fund	School Technology Fund
Assets				
Cash and Investments	\$ -	\$ 6,065	\$ -	\$ 1,307
Receivables				
State of Idaho	-	1,670	9,244	7,674
Other	-	-	-	-
Total Assets	\$ -	\$ 7,735	\$ 9,244	\$ 8,981
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ -	\$ 7,459	\$ -
Accounts payable	-	103	108	-
Salary contracts payable	-	1,080	1,677	8,981
Deferred revenues	-	-	-	-
Total Liabilities	-	1,183	9,244	8,981
Fund Balances				
Unreserved				
Undesignated	-	6,552	-	-
Total Fund Balances	-	6,552	-	-
Total Liabilities and Fund Balances	\$ -	\$ 7,735	\$ 9,244	\$ 8,981

Substance Abuse Prevention Fund	Title I Fund	Title I-B Fund	Title I Migrant Fund	Title VIB Fund	Title VIB Preschool Fund
\$ -	\$ 19,751	\$ 9,146	\$ 1,093	\$ 44,411	\$ 3,224
-	-	-	-	-	-
-	4,276	-	-	-	-
\$ -	\$ 24,027	\$ 9,146	\$ 1,093	\$ 44,411	\$ 3,224
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	24,027	9,146	1,093	44,411	3,224
-	-	-	-	-	-
-	24,027	9,146	1,093	44,411	3,224
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 24,027	\$ 9,146	\$ 1,093	\$ 44,411	\$ 3,224

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2009

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund	Title IIA Fund
Assets				
Cash and Investments	\$ 791	\$ -	\$ 3,141	\$ 11,060
Receivables				
State of Idaho	-	-	-	-
Other	-	4,688	-	-
Total Assets	<u>\$ 791</u>	<u>\$ 4,688</u>	<u>\$ 3,141</u>	<u>\$ 11,060</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ 4,688	\$ -	\$ -
Accounts payable	-	-	-	-
Salary contracts payable	-	-	3,141	11,060
Deferred revenues	791	-	-	-
Total Liabilities	<u>791</u>	<u>4,688</u>	<u>3,141</u>	<u>11,060</u>
Fund Balances				
Unreserved				
Undesignated	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 791</u>	<u>\$ 4,688</u>	<u>\$ 3,141</u>	<u>\$ 11,060</u>

Drug Free Schools Fund	Medicaid Administration Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 99,989
-	12,987	31,575
-	-	8,964
<u>\$ -</u>	<u>\$ 12,987</u>	<u>\$ 140,528</u>

\$ -	\$ 12,987	\$ 25,134
-	-	211
-	-	107,840
-	-	791
<u>-</u>	<u>12,987</u>	<u>133,976</u>
<u>-</u>	<u>-</u>	<u>6,552</u>
<u>-</u>	<u>-</u>	<u>6,552</u>
<u>\$ -</u>	<u>\$ 12,987</u>	<u>\$ 140,528</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Federal Forest Fund	Drivers Education Fund	Vocational Education Fund	School Technology Fund
Revenues				
Local sources				
Other	\$ -	\$ 10,625	\$ -	\$ -
State sources				
Other	-	14,338	36,010	59,047
Federal sources				
Educational programs and other	41,480	-	-	-
Total Revenues	41,480	24,963	36,010	59,047
Expenditures				
Current				
Instructional	-	20,763	31,096	-
Pupil support	-	-	-	219,588
Total Expenditures	-	20,763	31,096	219,588
Excess (Deficiency) of Revenues over Expenditures	41,480	4,200	4,914	(160,541)
Other Financing Sources (Uses)				
Transfers in	-	-	-	160,541
Transfers out	(41,480)	-	(4,914)	-
Net Change in Fund Balances	-	4,200	-	-
Fund Balance, Beginning of Year	-	2,352	-	-
Fund Balance, End of Year	\$ -	\$ 6,552	\$ -	\$ -

Substance Abuse Prevention Fund	Title I Fund	Title I-B Fund	Title I Migrant Fund	Title VIB Fund	Title VIB Preschool Fund
\$ -	\$ -	\$ -	\$ -	\$ 5,615	\$ -
32,373	-	-	-	-	-
-	232,532	111,088	6,642	270,482	16,181
32,373	232,532	111,088	6,642	276,097	16,181
32,373	237,000	118,399	6,800	324,102	21,871
-	-	-	-	-	-
32,373	237,000	118,399	6,800	324,102	21,871
-	(4,468)	(7,311)	(158)	(48,005)	(5,690)
-	4,468	7,311	158	48,005	5,690
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2009

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund	Title IIA Fund
Revenues				
Local sources				
Other	\$ -	\$ -	\$ -	\$ -
State sources				
Other	-	-	-	-
Federal sources				
Educational programs and other	-	17,143	20,695	64,097
Total Revenues	-	17,143	20,695	64,097
Expenditures				
Current				
Instructional	-	21,959	21,910	65,301
Pupil support	-	-	-	-
Total Expenditures	-	21,959	21,910	65,301
Excess (Deficiency) of Revenues over Expenditures	-	(4,816)	(1,215)	(1,204)
Other Financing Sources (Uses)				
Transfers in	-	4,914	1,215	1,204
Transfers out	-	(98)	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

Drug Free Schools Fund	Medicaid Administration Fund	Total Nonmajor Governmental Funds
\$ -	\$ 114,435	\$ 130,675
-	-	141,768
<u>7,226</u>	<u>-</u>	<u>787,566</u>
<u>7,226</u>	<u>114,435</u>	<u>1,060,009</u>
7,226	146,435	1,055,235
<u>-</u>	<u>-</u>	<u>219,588</u>
<u>7,226</u>	<u>146,435</u>	<u>1,274,823</u>
-	(32,000)	(214,814)
-	32,000	265,506
<u>-</u>	<u>-</u>	<u>(46,492)</u>
-	-	4,200
<u>-</u>	<u>-</u>	<u>2,352</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,552</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Changes in Assets and Liabilities – Student Activities
Agency Funds
Year Ended June 30, 2009

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
Teton High School				
Activity Fund				
Assets				
Cash	\$ 103,116	\$ 289,229	\$ 310,455	\$ 81,890
Liabilities				
Due to student groups	\$ 103,116	\$ 289,229	\$ 310,455	\$ 81,890
Teton Middle School				
Activity Fund				
Assets				
Cash	\$ 12,209	\$ 48,368	\$ 49,064	\$ 11,513
Liabilities				
Due to student groups	\$ 12,209	\$ 48,368	\$ 49,064	\$ 11,513
Victor Elementary School				
Activity Fund				
Assets				
Cash	\$ 1,420	\$ 21,038	\$ 20,532	\$ 1,926
Liabilities				
Due to student groups	\$ 1,420	\$ 21,038	\$ 20,532	\$ 1,926
Tetonia Elementary School				
Activity Fund				
Assets				
Cash	\$ 2,549	\$ 11,432	\$ 10,778	\$ 3,203
Liabilities				
Due to student groups	\$ 2,549	\$ 11,432	\$ 10,778	\$ 3,203
Driggs Elementary School				
Activity Fund				
Assets				
Cash	\$ 557	\$ 21,874	\$ 21,371	\$ 1,060
Liabilities				
Due to student groups	\$ 557	\$ 21,874	\$ 21,371	\$ 1,060
Total - All School Activity Funds				
Assets				
Cash	\$ 119,851	\$ 391,941	\$ 412,200	\$ 99,592
Liabilities				
Due to student groups	\$ 119,851	\$ 391,941	\$ 412,200	\$ 99,592

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Teton County			
Balance at June 30, 2008	\$ 889,864	\$ 437,883	\$ 159,512
Add - Taxes Assessed for 2008 (Net of Cancellations)	2,236,480	1,193,316	409,655
Less - Collections Received	<u>1,981,757</u>	<u>1,019,980</u>	<u>357,977</u>
Balance at June 30, 2009	<u>\$ 1,144,587</u>	<u>\$ 611,219</u>	<u>\$ 211,190</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2009

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	2.000%	2010	\$ 430,000	\$ 113,555
School Bonds	3.000%	2011	440,000	104,955
Series 2004	2.500%	2012	450,000	91,755
	2.750%	2013	460,000	80,505
	3.900%	2014	475,000	67,855
	3.000%	2015	495,000	47,850
	3.125%	2016	510,000	33,000
	3.250%	2017	525,000	17,063
			\$ 3,785,000	\$ 556,538

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2009

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	4.000%	2010	\$ 50,000	\$ 570,638
School Bonds	4.000%	2011	110,000	567,437
Series 2006	4.250%	2012	180,000	561,413
	4.250%	2013	230,000	552,700
	4.250%	2014	275,000	541,969
	4.250%	2015	330,000	528,825
	4.250%	2016	385,000	513,050
	4.500%	2017	435,000	494,788
	5.000%	2018	1,000,000	460,000
	5.000%	2019	1,135,000	406,625
	5.000%	2020	1,225,000	347,625
	5.000%	2021	1,320,000	284,000
	4.250%	2022	1,000,000	229,750
	5.000%	2023	1,000,000	183,500
	5.000%	2024	1,050,000	132,250
	5.000%	2025	1,105,000	78,375
	4.375%	2026	1,160,000	25,375
			\$ 11,990,000	\$ 6,478,319

TETON COUNTY SCHOOL DISTRICT NO. 401
Teton High School Activity Fund
Statement of Cash Receipts Disbursements and Transfers
Year Ended June 30, 2009

Name of Organization	Balance June 30, 2,008	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2,009
Athletics	\$ 2,232	\$ 36,790	\$ 51,560	\$ 14,130	\$ 1,592
Baseball Travel	-	500	500	-	-
Baseball Camp	50	-	-	-	50
Baseball Spirit Packs	(457)	801	1,343	(75)	(1,074)
Softball Travel	-	675	675	-	-
Softball Spirit Packs	202	1,186	705	(42)	641
Boys Basketball Travel	-	365	340	-	25
Boys Basketball Camp	1,005	1,430	1,690	(114)	631
BBB Spirit Packs	(190)	440	396	114	(32)
Cheerleaders	5,805	12,595	20,204	-	(1,804)
Drill Team	3,651	7,274	7,093	(114)	3,718
Golf Travel	-	375	375	-	-
Golf Spirit Packs	(518)	210	-	20	(288)
Girls Basketball Travel	-	450	450	-	-
Girls Basketball Camp	1,643	2,730	733	-	3,640
GBB Spirit Packs	54	960	1,150	(35)	(171)
Football Travel	-	1,375	1,373	(2)	-
Football Camp	-	65	935	286	(584)
Football Spirit Packs	(101)	4,683	5,996	(325)	(1,739)
Track Travel	-	890	900	10	-
Track Spirit Packs	230	850	706	(29)	345
Cross Country Travel	-	900	875	(25)	-
X Cntry Food/Uniform	244	50	-	(50)	244
Volleyball Travel	-	675	700	25	-
Volleyball Camp	261	80	886	-	(545)
Volleyball Spirit Packs	17	1,077	644	33	483
Soccer Travel	-	890	940	50	-
Soccer Spirit Packs	463	2,620	3,143	(166)	(226)
Wrestling Travel	35	625	660	-	-
Wrestling Camp	122	-	-	-	122
Wrestling Spirit Packs	(348)	1,617	1,644	(72)	(447)
Class of 2004	1,000	-	-	-	1,000
Class of 2008	987	25	-	-	1,012
Class of 2009	2,012	4,738	9,412	4,150	1,488
Class of 2010	2,410	3,610	2,722	20	3,318
Class of 2011	713	1,775	285	(500)	1,703
Class of 2012	-	612	67	(240)	305
FFA	3,703	2,028	2,241	(13)	3,477
FCCLA	-	1,440	2,347	10	(897)
Honor Society	8,931	8,819	7,798	500	10,452
BPA	594	2,325	2,133	(306)	480
Debate Travel	10	1,254	1,194	(70)	-
Quiz Bowl	65	225	264	-	26
Agriculture	1,796	6,326	4,973	(53)	3,096
Art	101	3,636	3,329	(196)	212
Family/Consumer	676	2,470	2,580	(192)	374

TETON COUNTY SCHOOL DISTRICT NO. 401
Teton High School Activity Fund
Statement of Cash Receipts Disbursements and Transfers (continued)
Year Ended June 30, 2009

Name of Organization	Balance June 30, 2008	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2009
Woods	1,240	2,464	2,998	(235)	471
Business Department	618	397	311	227	931
ASB	72	15,063	-	(15,135)	-
Yearbook 2006	(10,901)	-	-	-	(10,901)
Yearbook 2007	(2,883)	-	-	-	(2,883)
Yearbook 2008	13,860	4,560	20,044	1,063	(561)
Yearbook 2009	-	14,248	160	(225)	13,863
Student Council	5,480	7,558	12,803	2,300	2,535
Yearbook II	814	3,825	2,190	650	3,099
Newspaper	1,465	1,764	2,952	520	797
Newspaper II	-	135	-	-	135
Bookstore	(40)	14,129	14,801	41	(671)
Donations	3,210	15,581	8,854	(3,710)	6,227
Senior Sneak	-	4,610	100	(4,510)	-
Building Rental	-	1,875	1,310	(565)	-
Auditorium Rental	-	1,200	2,073	565	(308)
Winter Sports	575	12,382	12,360	20	617
High School Office	465	6,712	7,114	50	113
Office II	2,581	18	2,581	-	18
Sales Tax	205	3,491	5,676	2,345	365
Vending	2,165	9,288	9,316	(141)	1,996
Sched. Change/Reprint	3,341	3,585	1,663	(801)	4,462
Book Damage/Replace	3,080	2,720	1,682	20	4,138
Scholarship Fund	32,268	5,800	23,950	-	14,118
Drivers Ed	-	12,060	10,887	27	1,200
IDLA	(50)	3,333	3,083	(100)	100
Drama	1,076	256	-	(1,091)	241
Play Club	-	4,395	2,892	976	2,479
Music Department	2,241	10,436	10,308	1,016	3,385
Science Club	122	496	510	(16)	92
Latino Club	(437)	170	-	-	(267)
Latino Scholarship	1,064	1,000	250	-	1,814
Library	1,229	976	1,147	-	1,058
Natural Helpers	-	-	-	-	-
Interact Club	412	30	-	-	442
National Forensics	262	1,010	1,316	-	(44)
Basin High School	2,084	1,201	1,163	(20)	2,102
Petty Cash	100	-	-	-	100
	\$ 103,116	\$ 289,229	\$ 310,455	\$ -	\$ 81,890

TETON COUNTY SCHOOL DISTRICT NO. 401
Teton Middle School Activity Fund
Statement of Cash Receipts Disbursements and Transfers
Year Ended June 30, 2009

<u>Name of Organization</u>	<u>Balance June 30, 2,008</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers</u>	<u>Balance June 30, 2,009</u>
General Account	\$ 367	\$ 82	\$ 446	\$ -	\$ 3
Rent	-	960	880	(80)	-
Winter Sports	-	13,667	11,611	(2,056)	-
Insurance	-	23	632	609	-
Library	844	188	515	-	517
Photo	301	1,295	88	-	1,508
Vending	179	1,553	1,279	-	453
Special Education	-	-	-	-	-
Art	81	756	917	80	-
Yearbook	614	3,142	2,421	-	1,335
Student Dues	4,468	8,117	7,760	(1,822)	3,003
Latino Club	630	509	1,057	-	82
Music	-	4,800	5,224	909	485
Office	4,195	6,026	6,724	-	3,497
General Athletics	52	-	860	808	-
Football	-	1,406	821	(585)	-
Wrestling	-	747	444	(303)	-
Boys Basketball	-	420	1,172	752	-
Girls Basketball	-	460	1,109	649	-
Cheer	72	800	205	-	667
Track	-	2,280	2,578	436	138
Volleyball	264	530	437	(309)	48
Student Council	-	266	1,483	937	(280)
TP	25	-	-	(25)	-
Nancy Shirts	117	341	401	-	57
	<u>\$ 12,209</u>	<u>\$ 48,368</u>	<u>\$ 49,064</u>	<u>\$ -</u>	<u>\$ 11,513</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

	Federal CFDA Number	Expenditures	Revenues Cash Basis
U.S. Department of Agriculture:			
Passed Through State Department of Education:			
* School Breakfast Program	10.553	\$ 76,838	\$ 76,838
* School Lunch Program	10.555	277,833	277,833
* Special Milk Program for Children	10.556	3,709	3,709
Passed Through Teton County			
Federal Forest	10.665	41,480	41,480
Total Department of Agriculture		<u>399,860</u>	<u>399,860</u>
U.S. Department of Education			
Passed Through State Department of Education:			
Title I-Basic	84.010	237,000	231,860
Title I-Migrant	84.011	6,800	6,642
Title VI-B	84.027	324,102	268,122
Perkins III	84.048	21,959	23,526
Title VI-B - Preschool	84.173	21,871	16,181
Drug Free Schools	84.186	7,226	7,226
Reading First Grant	84.357	118,399	97,238
English Language Acquisitions Grant	84.365	21,910	20,695
Improving Teacher Quality	84.367	65,301	64,097
Total Department of Education		<u>824,568</u>	<u>735,587</u>
U.S. Department of Health and Human Services			
Passed Through State Department of Health and Welfare:			
Social Services Block Grant	93.867	11,906	11,906
Total Department of Health and Human Services		<u>11,906</u>	<u>11,906</u>
Total Federal Assistance		<u>\$ 1,236,334</u>	<u>\$ 1,147,353</u>

* Major Federal Program

TETON COUNTY SCHOOL DISTRICT NO. 401
Note to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Teton County School District No. 401 and is presented in accordance with the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.



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*

The Board of Trustees
Teton County School District No. 401
Driggs, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2009, which collectively comprise Teton County School District No. 401's basic financial statements and have issued our report thereon dated September 4, 2009. 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 Teton County School District No. 401'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies

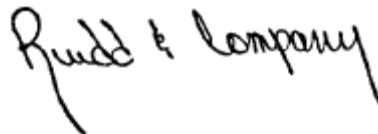
in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Teton County School District No. 401's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Teton County School District No. 401 in a separate letter dated September 4, 2009.

This report is intended solely for the information and use of management, the Board, others within the entity 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.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

September 4, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Teton County School District No. 401
Driggs, Idaho

Compliance

We have audited the compliance of Teton County School District No. 401 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Teton County School District No. 401's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Teton County School District No. 401's management. Our responsibility is to express an opinion on Teton County School District No. 401 compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Teton County School District No. 401's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Teton County School District No. 401's compliance with those requirements.

In our opinion, Teton County School District No. 401 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

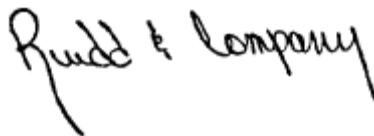
The management of Teton County School District No. 401 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Teton County School District No. 401's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control over compliance

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Board, others within the entity 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.



September 4, 2009

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material Weaknesses identified? No

Reportable conditions identified
that are not considered to be
material weaknesses? None Reported

Noncompliance material to financial
statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified
that are not considered to be
material weaknesses? None Reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? No

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2009

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	School Lunch Program
10.556	Special Milk Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes