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certified public accountants | business consultants

TETON COUNTY SCHOOL DISTRICT NO. 401

DRIGGS, IDAHO

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

Year Ended June 30, 2011

giving direction to your future

TETON COUNTY SCHOOL DISTRICT NO. 401
Table of Contents
June 30, 2011

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Statement of Net Assets	12-13
Statement of Activities.....	14
Balance Sheet – Governmental Funds	15-16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Fiduciary Net Assets – Agency Funds	21
Notes to Financial Statements.....	22-36
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Child Nutrition Fund	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	40
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Plant Facilities Fund	41

TETON COUNTY SCHOOL DISTRICT NO. 401
Table of Contents (continued)
June 30, 2011

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds.....	43-46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	47-50
Combining Statement of Changes in Assets and Liabilities Student Activities – Agency Funds.....	51
Activity in Taxes Receivable Accounts by Fund.....	52
General Bonded Debt – Future Principal and Interest Requirements	53-54
Teton High School Activity Fund – Statement of Cash Receipts, Disbursements and Transfers	55-56
Teton Middle School Activity Fund – Statement of Cash Receipts, Disbursements and Transfers	57
Schedule of Expenditures of Federal Awards.....	58
Note to the Schedule of Expenditures of Federal Awards	59
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60-61
Independent Auditors’ Report on Compliance With Requirements That Could Have a Direct and Material Effect On Each Major Program and On Internal Control Over Compliance In Accordance With OMB Circular A-133	62-63
Schedule of Findings and Questioned Costs	64-65



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, the aggregate discretely presented component unit, 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, 2011, 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.

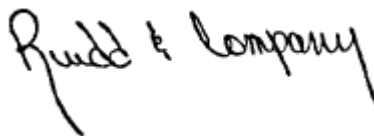
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 at June 30, 2011, 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 accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 38 through 41 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 inquires 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 Teton County School District No. 401's financial statements as a whole. The combining and individual nonmajor fund financial statements and the additional supplementary information are presented for purposes of additional analysis and are not a required part of the 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 Organization*, and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

September 7, 2011

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2011

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, 2011.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2011 by \$10,990,210. Of this amount, \$2,210,249 of unrestricted net assets may be used to meet the District's ongoing obligations.
- The District's net assets increased by \$593,578 as a result of this year's operations.
- The unassigned fund balance for the general fund was \$1,402,186 or 14.22% of the total general fund expenditures.

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* presents 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, 2011

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 eighteen 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, and the plant facility fund, all of which are considered to be major funds. Data from the other fourteen 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, 2011

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 22-36 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 43-51 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 \$10,990,210 at the close of the most recent fiscal year.

Net Assets	Governmental Assets	
	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 5,768,658	\$ 5,441,028
Capital Assets	<u>21,951,420</u>	<u>22,227,085</u>
Total Assets	<u>27,720,078</u>	<u>27,668,113</u>
Current Liabilities	2,237,585	2,134,113
Long-term Liabilities	<u>14,492,283</u>	<u>15,137,368</u>
Total Liabilities	<u>16,729,868</u>	<u>17,271,481</u>
Net Assets		
Invested in capital assets, net of related debt	6,910,610	6,626,683
Restricted	1,869,351	820,547
Unrestricted	<u>2,210,249</u>	<u>2,949,402</u>
Total Net Assets	<u>\$ 10,990,210</u>	<u>\$ 10,396,632</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2011

A portion of the District's net assets (62.88%) 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 (17.01%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$2,210,249 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, 2011

Changes in Net Assets	Governmental Activities	
	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 399,769	\$ 326,944
Operating grants and contributions	1,392,934	2,613,309
General revenues		
Property tax	4,320,834	4,360,629
State support	7,429,202	7,032,875
Other	523,959	536,169
Total Revenues	14,066,698	14,869,926
Expenses		
Instructional	7,007,752	7,111,049
Pupil support	633,333	799,358
Staff support	551,366	377,086
General administration	424,256	373,711
School administration	837,229	754,300
Operation	1,505,864	1,757,367
Transportation	695,136	699,505
Non-instructional	13,243	14,705
Interest	644,190	661,384
Depreciation	601,764	580,828
Child nutrition services	558,987	577,088
Total Expenses	13,473,120	13,706,381
Increase in Net Assets	\$ 593,578	\$ 1,163,545

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2011

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 unassigned fund balance may serve as a useful indicator of the District's net resources available for spending at the end of the year. The District has designated portions of the unassigned fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the governmental funds. Unassigned 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, the fund balance was \$2,369,575. The fund balance increased by \$170,781 during the current fiscal year.

Expenditures for general District purposes totaled \$9,863,332, an increase of .02% during the current fiscal year.

The plant facility fund has a total fund balance of \$44,398, the majority of which is restricted for construction of facilities, purchase of equipment and related expenditures. The fund balance increased by \$32,839 during the current year.

The debt service fund has a total fund balance of \$515,237, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$93,235 during the current year.

The child nutrition fund has a total fund balance of \$103,646, all of which is restricted for the child nutrition program. The fund balance increased by \$33,455 during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2011

General Fund Budgetary Highlights

There were amendments made to the original budget.

During the year actual revenues exceeded the final budgetary estimates by \$287,625 in the general fund.

During the current fiscal year, the \$287,625 positive budget to actual variance in total general fund revenues, and the \$700,028 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, 2011 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	2011	2010
Land	\$ 951,000	\$ 951,000
Buildings and improvements	23,917,098	23,826,570
Furniture and equipment	5,721,673	5,486,102
	<u>30,589,771</u>	<u>30,263,672</u>
Accumulated depreciation	<u>(8,638,351)</u>	<u>(8,036,587)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 21,951,420</u>	<u>\$ 22,227,085</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2011

Debt Administration

Outstanding debt at June 30, 2011 is outlined below:

Outstanding Debt	Governmental Activities	
	2011	2010
General obligation bonds	\$ 14,745,000	\$ 15,295,000
Compensated absences	94,187	90,187
Bond premium, net of amortization	283,096	302,181
	<u>\$ 15,122,283</u>	<u>\$ 15,687,368</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, 2011

	<u>Primary Government</u>	<u>Component Unit</u>
Assets	Governmental Activities	Teton Valley Education Foundation
Cash and Investments	\$ 2,867,563	\$ 106,102
Receivables		
Property taxes	2,195,309	-
State of Idaho	494,789	-
Other	129,524	-
Bond Issue Costs, Net of Amortization	81,473	-
Capital Assets		
Land	951,000	-
Buildings and equipment , net of depreciation	21,000,420	-
Total Assets	<u>\$ 27,720,078</u>	<u>\$ 106,102</u>
 Liabilities		
Accounts payable	\$ 52,290	\$ 5,763
Salary contracts payable	1,282,351	-
Deferred revenue	791	-
Interest payable	272,153	-
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, capital leases, and contracts	630,000	-
Portion due or payable after one year:		
Bonds, capital leases, and contracts	14,209,187	-
Bond issue premium, net of amortization	283,096	-
Total Liabilities	<u>\$ 16,729,868</u>	<u>\$ 5,763</u>

Net Assets	Primary Government	Component Unit
	Governmental Activities	Teton Valley Education Foundation
Invested in capital assets, net of related debt	\$ 6,910,610	\$ -
Restricted for:		
Debt service	813,451	-
Capital projects	1,055,900	-
Unrestricted	<u>2,210,249</u>	<u>100,339</u>
Total Net Assets	<u>\$ 10,990,210</u>	<u>\$ 100,339</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Balance Sheet – Governmental Funds
June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Total Teton Valley Education Foundation
Governmental Activities:					
Instructional	\$ 7,007,752	\$ 232,358	\$ 691,864	\$ (6,083,530)	
Pupil support	633,333	-	270,308	(363,025)	
Staff support	551,366	-	-	(551,366)	
General administration	424,256	-	-	(424,256)	
School administration	837,229	-	-	(837,229)	
Operation	1,505,864	-	-	(1,505,864)	
Transportation	695,136	-	-	(695,136)	
Non-instructional	13,243	-	-	(13,243)	
Interest on long-term debt	644,190	-	-	(644,190)	
Depreciation - unallocated*	601,764	-	-	(601,764)	
Child nutrition services	558,987	167,411	430,762	39,186	
Total Governmental Activities	\$ 13,473,120	\$ 399,769	\$ 1,392,934	(11,680,417)	
Component Unit:					
Education Foundation	\$ 69,880	\$ -	\$ 54,517		\$ (15,363)
Total Component Unit	\$ 69,880	\$ -	\$ 54,517		\$ (15,363)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes				\$ 2,620,562	\$ -
Property taxes, levied for capital outlay				399,417	-
Property taxes, levied for debt service				1,300,855	-
Other Local Support				513,791	-
State Support				7,429,202	-
Unrestricted Investment Earnings				10,168	338
Total General Revenues				12,273,995	338
Change in Net Assets				593,578	(15,025)
Net Assets - Beginning				10,396,632	115,364
Net Assets - Ending				\$ 10,990,210	\$ 100,339

* 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, 2011

Assets	General Fund	Child Nutrition Fund
Cash and Investments	\$ 2,218,808	\$ 134,296
Due from Other Funds	174,140	-
Receivables		
Property taxes	1,331,867	-
State of Idaho	463,547	-
Other	10,241	8,015
Total Assets	<u>\$ 4,198,603</u>	<u>\$ 142,311</u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	31,262	1,738
Salary contracts payable	1,137,747	36,927
Interest payable	-	-
Deferred revenues	660,019	-
Total Liabilities	<u>1,829,028</u>	<u>38,665</u>
Fund Balances		
Restricted	-	103,646
Committed	967,389	-
Unassigned	1,402,186	-
Total Fund Balances	<u>2,369,575</u>	<u>103,646</u>
Total Liabilities and Fund Balances	<u>\$ 4,198,603</u>	<u>\$ 142,311</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 429,480	\$ -	\$ 84,979	\$ 2,867,563
-	-	-	174,140
656,124	207,318	-	2,195,309
-	-	31,242	494,789
-	-	111,268	129,524
\$ 1,085,604	\$ 207,318	\$ 227,489	\$ 5,861,325
\$ -	\$ 74,813	\$ 99,327	\$ 174,140
-	3,585	15,705	52,290
-	-	107,677	1,282,351
272,153	-	-	272,153
298,214	84,522	791	1,043,546
570,367	162,920	223,500	2,824,480
515,237	44,398	-	663,281
-	-	3,989	971,378
-	-	-	1,402,186
515,237	44,398	3,989	3,036,845
\$ 1,085,604	\$ 207,318	\$ 227,489	\$ 5,861,325

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, 2011

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

Total Fund Balance - Governmental Funds	\$	3,036,845
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$30,589,771 and the accumulated depreciation is \$8,638,351.		21,951,420
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(14,839,187)
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 \$28,379.		81,473
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 \$98,607.		(283,096)
Property tax revenue is recognized when earned rather than when available.		<u>1,042,755</u>
Net Assets - Governmental Activities	<u>\$</u>	<u>10,990,210</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, 2011

	General Fund	Child Nutrition Fund
Revenues		
Local sources		
Property taxes	\$ 2,633,746	\$ -
Earnings on investments	10,168	-
Lunch sales	-	150,147
Other	499,556	17,264
State sources		
State apportionment	6,975,440	-
Other	439,628	-
Federal sources		
Educational programs and other	68,330	430,762
Total Revenues	<u>10,626,868</u>	<u>598,173</u>
Expenditures		
Current		
Instructional	6,007,614	-
Pupil support	363,025	-
Staff support	246,498	-
General administration	424,256	-
School administration	837,229	-
Operation	1,261,819	-
Transportation	695,136	-
Non-instructional	11,743	558,987
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	16,012	5,731
Total Expenditures	<u>9,863,332</u>	<u>564,718</u>
Excess (Deficiency) of Revenues over Expenditures	763,536	33,455
Other Financing Sources (Uses)		
Transfers in	32,176	-
Transfers out	<u>(624,931)</u>	<u>-</u>
Net Change in Fund Balances	170,781	33,455
Fund Balance Beginning of Year	<u>2,198,794</u>	<u>70,191</u>
Fund Balance End of Year	<u>\$ 2,369,575</u>	<u>\$ 103,646</u>

	Debt Service Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds			
\$	1,302,517	\$	402,005	\$	-	\$	4,338,268
	-		-		-		10,168
	-		-		-		150,147
	-	14,235	232,358		-		763,413
	-		-		-		6,975,440
	-		14,134		-		453,762
	-		893,842		-		1,392,934
	<u>1,302,517</u>		<u>416,240</u>		<u>1,140,334</u>		<u>14,084,132</u>
	-		996,138		-		7,003,752
	-		270,308		-		633,333
	-		304,868		-		551,366
	-		-		-		424,256
	-		-		-		837,229
	-	244,045	-		-		1,505,864
	-		-		-		695,136
	1,500		-		-		572,230
	550,000		-		-		550,000
	657,782		-		-		657,782
		304,356	-		-		326,099
	<u>1,209,282</u>		<u>548,401</u>		<u>1,571,314</u>		<u>13,757,047</u>
	93,235	(132,161)	(430,980)		-		327,085
	-	165,000	459,931		-		657,107
	-	-	(32,176)		-		(657,107)
	93,235	32,839	(3,225)		-		327,085
	<u>422,002</u>	<u>11,559</u>	<u>7,214</u>		<u>2,709,760</u>		
\$	<u>515,237</u>	\$	<u>44,398</u>	\$	<u>3,989</u>	\$	<u>3,036,845</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, 2011

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

Net Change in Fund Balance - Governmental Funds	\$	327,085
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 depreciation exceeded capital outlays in the current period.		(275,665)
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.		(17,434)
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.		(4,000)
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.		550,000
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.		19,085
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>593,578</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, 2011

Assets	Agency Funds
Cash and Investments	\$ 134,979
Total Assets	<u>\$ 134,979</u>
 Liabilities	
Due to Student Groups	<u>\$ 134,979</u>
Total Liabilities	<u>\$ 134,979</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2011

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.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. The Board of Trustees controls the operations of each of these activities through the budget process.

The component unit column in the accompanying financial statements includes the financial data of the District's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the District. The District is the only current, direct beneficiary of the Teton Valley Education Foundation.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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.

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, except that the commodities received for the child nutrition program are not budgeted.

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 39:

	<u>Reported</u> <u>Amounts</u>	<u>Commodities</u> <u>Received</u>	<u>Amounts</u> <u>Reported in</u> <u>Comparison</u> <u>with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 598,173	\$ (50,985)	\$ 547,188
Total expenditures	\$ 564,718	\$ (50,985)	\$ 513,733

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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.

Fund Equity

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor how those amounts may be spent. Designations of fund balances as non-spendable, restricted, committed, assigned or unassigned are based upon the types of constraints placed upon the outstanding balances.

2. Cash and Short-Term Investments (continued)

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

2. Cash and Short-Term Investments (continued)

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, 2011, the carrying amount of the District's deposits was \$120,898 and the respective bank balances totaled \$250,324. 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, 2011, \$250,000 of the District's total deposits of \$250,324 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2011, 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	\$ 2,881,644	\$ 2,881,644	\$ -	\$ -	\$ -

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, 2011, had a weighted average maturity of 122 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, 2011

2. Cash and Short-Term Investments (continued)

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net assets	\$ 2,867,563
Cash and investments reported on the statement of fiduciary net assets	<u>134,979</u>
	<u>\$ 3,002,542</u>
Investments categorized	\$ 2,881,644
Deposits categorized	<u>120,898</u>
	<u>\$ 3,002,542</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, 2011, are generally based on the assessed values and tax levies established in 2010.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

4. Capital Assets

Capital asset activity for the year ended June 30, 2011 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
Total Capital Assets, Not Being Depreciated	<u>\$ 951,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,000</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 23,826,570	\$ 90,528	\$ -	\$ 23,917,098
Furniture and equipment	5,486,102	235,571	-	5,721,673
Total Capital Assets, Being Depreciated	<u>29,312,672</u>	<u>326,099</u>	<u>-</u>	<u>29,638,771</u>
Accumulated Depreciation for				
Buildings and improvements	(3,287,918)	(477,738)		(3,765,656)
Furniture and equipment	(4,748,669)	(124,026)		(4,872,695)
Total Accumulated Depreciation	<u>(8,036,587)</u>	<u>(601,764)</u>	<u>-</u>	<u>(8,638,351)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 21,276,085</u>			<u>\$ 21,000,420</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

5. 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.

6. General Obligation Bonds Payable

Bonds outstanding at June 30, 2011, were as follows:

	Interest Rates	Maturity Dates	Amount
General Obligation Refunding Bonds, 2004 Issue (Original amount--\$4,390,000)	2.50% to 3.90%	2012 to 2017	\$ 2,915,000
General Obligation Bonds, 2006 Issue (Original amount--\$12,000,000)	4.25% to 5.00%	2012 to 2026	\$ 11,830,000

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, 2011

6. General Obligation Bonds Payable (continued)

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>
2012	\$ 630,000	\$ 653,168	\$ 1,283,168
2013	690,000	633,205	1,323,205
2014	750,000	609,824	1,359,824
2015	825,000	576,675	1,401,675
2016	895,000	546,050	1,441,050
Thereafter	10,955,000	2,659,351	13,614,351
	<u>\$ 14,745,000</u>	<u>\$ 5,678,273</u>	<u>\$ 20,423,273</u>

7. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2011:

	<u>2004 G.O. Refunding Bonds</u>	<u>2006 G.O. Bonds</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Long-term Obligations June 30, 2010	\$ 3,355,000	\$ 11,940,000	\$ 90,187	\$ 15,385,187
Obligations Incurred	-	-	4,000	4,000
Obligaitons Paid	<u>(440,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>(550,000)</u>
Long-term Obligations June 30, 2011	<u>\$ 2,915,000</u>	<u>\$ 11,830,000</u>	<u>\$ 94,187</u>	<u>\$ 14,839,187</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

8. 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, 2011, 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 \$739,126, \$728,086, and \$696,664, for the three years ended June 30, 2011, 2010, and 2009, respectively.

9. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$50,985. 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, 2011

10. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2011:

Fund	Amount Exceeded
Title I.....	\$ 6,514
Title VIB Preschool	2,038
Medicaid Administration.....	103,308

Deficits in Individual Funds

There were no fund deficits at June 30, 2011.

11. Interfund Transfers

The interfund balances at June 30, 2011 were as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	\$ 174,140	\$ -
Plant Facility Fund	-	74,813
Non-major Funds		
Vocational Education Fund	-	3,760
Title I Fund	-	35,616
Carl Perkins Grant Fund	-	14,804
Title IIA Fund	-	16,768
Title IID Technology Fund	-	15,170
Medicaid Administration Fund	-	13,209
	\$ 174,140	\$ 174,140

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

11. Interfund Transfers (continued)

Balances 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.

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General	\$ 32,176	\$ 624,931
Plant Facility	165,000	-
Non Major Funds		
Federal Forest	-	32,176
Vocational Education	3,237	-
School Technology	286,232	-
Title VI B	96,967	-
Title VI B - Preschool	2,038	-
Medicaid Administration	71,457	-
	<u>\$ 657,107</u>	<u>\$ 657,107</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.

12. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

12. Fund Balances (continued)

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. In the case of the District it is by Board action.

Assigned fund balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental fund, it may be necessary to report a negative residual balance as unassigned.

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Fund Balances:					
Restricted for:					
Child Nutrition	\$ -	\$ 103,646	\$ -	\$ -	\$ 103,646
Debt Service	-	-	515,237	-	515,237
Plant Facility	-	-	-	44,398	44,398
Committed to:					
2012 M&D					
Budget	967,389	-	-	-	967,389
2012 Driver					
Education	-	3,989	-	-	3,989
Unassigned:	1,402,186	-	-	-	1,402,186
Total					
Fund Balances	\$ 2,369,575	\$ 107,635	\$ 515,237	\$ 44,398	\$ 3,036,845

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2011

13. Teton Valley Education Foundation

The component unit column in the combined financial statements includes the financial data of the Teton Valley Education Foundation (the Foundation), the District's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the District. The Foundation's major purpose is to receive and disburse funds, property and gifts of any kind for the benefit of Teton County School District #401.

The Foundation uses the current financial resources measurement focus and the accrual basis of accounting. Revenues are recognized upon receipt. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Deposits and investments: At June 30, 2011, the carrying amount of the Foundation's deposits was \$106,102 and the respective bank balances totaled \$107,731. The entire bank balance was insured under FDIC coverage.

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, 2011

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 2,622,300	\$ 2,623,466	\$ 2,633,746	\$ 10,280
Earnings on investments	5,000	9,000	10,168	1,168
Other	298,000	353,000	499,556	146,556
State sources				
State apportionment	7,215,784	7,184,988	6,975,440	(209,548)
Other	88,872	88,872	439,628	350,756
Federal sources				
Educational programs and other	-	79,917	68,330	(11,587)
Total Revenues	10,229,956	10,339,243	10,626,868	287,625
Expenditures				
Current				
Instructional	6,036,028	6,162,524	6,007,614	154,910
Pupil support	345,935	372,734	363,025	9,709
Staff support	283,961	290,046	246,498	43,548
General administration	374,813	419,053	424,256	(5,203)
School administration	833,807	841,776	837,229	4,547
Operation	1,245,541	1,239,941	1,261,819	(21,878)
Transportation	707,457	704,938	695,136	9,802
Non-instructional	14,759	13,777	11,743	2,034
Capital outlay	-	-	16,012	(16,012)
Contingency	492,115	518,571	-	518,571
Total Expenditures	10,334,416	10,563,360	9,863,332	700,028
Excess (Deficiency) of				
Revenues over Expenditures	(104,460)	(224,117)	763,536	987,653
Other Financing Sources (Uses)				
Transfers in	28,800	32,177	32,176	(1)
Transfers (out)	(414,579)	(700,470)	(624,931)	75,539
Net Change in Fund Balances	(490,239)	(892,410)	170,781	1,063,191
Fund Balance, Beginning of Year	2,178,794	2,178,794	2,198,794	1,031,410
Fund Balance, End of Year	\$ 1,688,555	\$ 1,286,384	\$ 2,369,575	\$ 2,094,601

See Independent Auditors' Report

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, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Lunch sales	\$ 137,500	\$ 150,147	\$ 12,647
Other	15,000	17,264	2,264
Federal sources			
Educational programs and other	376,092	379,777	3,685
Total Revenues	528,592	547,188	18,596
Expenditures			
Current			
Non-instructional	598,783	508,002	90,781
Capital Outlay	-	5,731	(5,731)
Total Expenditures	598,783	513,733	85,050
Net Change in Fund Balances	(70,191)	33,455	103,646
Fund Balance, Beginning of Year	70,191	70,191	-
Fund Balance, End of Year	\$ -	\$ 103,646	\$ 103,646

See Independent Auditors' Report

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, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 1,286,992	\$ 1,302,517	\$ 15,525
Total Revenues	<u>1,286,992</u>	<u>1,302,517</u>	<u>15,525</u>
Expenditures			
Current			
Non-instructional	3,000	1,500	1,500
Debt service			
Principal	550,000	550,000	-
Interest	665,793	657,782	8,011
Total Expenditures	<u>1,218,793</u>	<u>1,209,282</u>	<u>9,511</u>
Net Change in Fund Balances	68,199	93,235	25,036
Fund Balance, Beginning of Year	<u>422,002</u>	<u>422,002</u>	<u>(4,755)</u>
Fund Balance, End of Year	<u>\$ 490,201</u>	<u>\$ 515,237</u>	<u>\$ 20,281</u>

See Independent Auditors' Report

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, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 400,000	\$ 402,005	\$ 2,005
Other	15,000	14,235	(765)
Total Revenues	<u>415,000</u>	<u>416,240</u>	<u>1,240</u>
Expenditures			
Current			
Operation	-	244,045	(244,045)
Capital outlay	591,559	304,356	287,203
Total Expenditures	<u>591,559</u>	<u>548,401</u>	<u>43,158</u>
Excess (Deficiency) of Revenues over Expenditures	(176,559)	(132,161)	44,398
Other Financing Sources (Uses)			
Transfers in	165,000	165,000	-
Net Change in Fund Balances	(11,559)	32,839	44,398
Fund Balance, Beginning of Year	<u>11,559</u>	<u>11,559</u>	<u>11,559</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 44,398</u>	<u>\$ 55,957</u>

See Independent Auditors' Report

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2011

	Federal Forest Fund	Driver Education Fund	Vocational Education Fund
Assets			
Cash and Investments	\$ -	\$ 4,922	\$ -
Receivables			
State of Idaho	-	-	5,269
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 4,922</u>	<u>\$ 5,269</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 3,760
Accounts payable	-	-	-
Salary contracts payable	-	933	1,509
Deferred revenues	-	-	-
Total Liabilities	<u>-</u>	<u>933</u>	<u>5,269</u>
Fund Balances			
Restricted	-	-	-
Committed	-	3,989	-
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>3,989</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,922</u>	<u>\$ 5,269</u>

School Technology Fund	Title I Fund	Title I-B Fund	Title VIB Fund	Title VIB Preschool Fund
\$ 3,369	\$ -	\$ 60	\$ 68,859	\$ 3,721
1,950	-	-	-	-
-	61,525	-	-	-
\$ 5,319	\$ 61,525	\$ 60	\$ 68,859	\$ 3,721
\$ -	\$ 35,616	\$ -	\$ -	\$ -
4,683	-	60	148	-
636	25,909	-	68,711	3,721
-	-	-	-	-
5,319	61,525	60	68,859	3,721
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 5,319	\$ 61,525	\$ 60	\$ 68,859	\$ 3,721

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2011

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund
Assets			
Cash and Investments	\$ 791	\$ -	\$ 3,257
Receivables			
State of Idaho	-	-	-
Other	-	14,804	-
Total Assets	<u>\$ 791</u>	<u>\$ 14,804</u>	<u>\$ 3,257</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 14,804	\$ -
Accounts payable	-	-	-
Salary contracts payable	-	-	3,257
Deferred revenues	791	-	-
Total Liabilities	<u>791</u>	<u>14,804</u>	<u>3,257</u>
Fund Balances			
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 791</u>	<u>\$ 14,804</u>	<u>\$ 3,257</u>

Title II A Fund	Title IID Technology Fund	Medicaid Administration Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 84,979
-	-	24,023	31,242
19,769	15,170	-	111,268
\$ 19,769	\$ 15,170	\$ 24,023	\$ 227,489
\$ 16,768	\$ 15,170	\$ 13,209	\$ 99,327
-	-	10,814	15,705
3,001	-	-	107,677
-	-	-	791
19,769	15,170	24,023	223,500
-	-	-	-
-	-	-	3,989
-	-	-	-
-	-	-	3,989
\$ 19,769	\$ 15,170	\$ 24,023	\$ 227,489

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Federal Forest Fund	Drivers Education Fund	Vocational Education Fund
Revenues			
Local sources			
Other	\$ -	\$ 6,450	\$ 27,057
State sources			
Other	-	14,134	-
Federal sources			
Educational programs and other	32,176	-	-
Total Revenues	<u>32,176</u>	<u>20,584</u>	<u>27,057</u>
Expenditures			
Current			
Instructional	-	23,809	30,294
Pupil support	-	-	-
Staff support	-	-	-
Total Expenditures	<u>-</u>	<u>23,809</u>	<u>30,294</u>
Excess (Deficiency) of Revenues over Expenditures	32,176	(3,225)	(3,237)
Other Financing Sources (Uses)			
Transfers in	-	-	3,237
Transfers out	<u>(32,176)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(3,225)	-
Fund Balance, Beginning of Year	<u>-</u>	<u>7,214</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 3,989</u>	<u>\$ -</u>

School Technology Fund	Title I Fund	Title I-B Fund	Title VIB Fund	Title VIB Preschool Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	308,152	7,267	424,002	16,339
-	308,152	7,267	424,002	16,339
-	308,152	7,267	520,969	18,377
-	-	-	-	-
286,232	-	-	-	-
286,232	308,152	7,267	520,969	18,377
(286,232)	-	-	(96,967)	(2,038)
286,232	-	-	96,967	2,038
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2011

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	-	21,337	21,792
Total Revenues	-	21,337	21,792
Expenditures			
Current			
Instructional	-	21,337	21,792
Pupil support	-	-	-
Staff support	-	-	-
Total Expenditures	-	21,337	21,792
Excess (Deficiency) of Revenues over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

Title II A Fund	Title IID Technology Fund	Medicaid Administration Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 198,851	\$ 232,358
-	-		14,134
<u>44,141</u>	<u>18,636</u>		<u>893,842</u>
<u>44,141</u>	<u>18,636</u>	<u>198,851</u>	<u>1,140,334</u>
44,141	-		996,138
-	-	270,308	270,308
<u>-</u>	<u>18,636</u>		<u>304,868</u>
<u>44,141</u>	<u>18,636</u>	<u>270,308</u>	<u>1,571,314</u>
-	-	(71,457)	(430,980)
-	-	71,457	459,931
<u>-</u>	<u>-</u>		<u>(32,176)</u>
-	-	-	(3,225)
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,214</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,989</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Changes in Assets and Liabilities – Student Activities
Agency Funds
Year Ended June 30, 2011

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
Teton High School				
Activity Fund				
Assets				
Cash	\$ 66,924	\$ 305,969	\$ 266,967	\$ 105,926
Liabilities				
Due to student groups	\$ 66,924	\$ 305,969	\$ 266,967	\$ 105,926
Teton Middle School				
Activity Fund				
Assets				
Cash	\$ 14,056	\$ 50,802	\$ 51,206	\$ 13,652
Liabilities				
Due to student groups	\$ 14,056	\$ 50,802	\$ 51,206	\$ 13,652
Victor Elementary School				
Activity Fund				
Assets				
Cash	\$ 6,485	\$ 23,785	\$ 20,658	\$ 9,612
Liabilities				
Due to student groups	\$ 6,485	\$ 23,785	\$ 20,658	\$ 9,612
Tetonia Elementary School				
Activity Fund				
Assets				
Cash	\$ 4,006	\$ 13,978	\$ 12,834	\$ 5,150
Liabilities				
Due to student groups	\$ 4,006	\$ 13,978	\$ 12,834	\$ 5,150
Driggs Elementary School				
Activity Fund				
Assets				
Cash	\$ 549	\$ 25,656	\$ 25,566	\$ 639
Liabilities				
Due to student groups	\$ 549	\$ 25,656	\$ 25,566	\$ 639
Total - All School Activity Funds				
Assets				
Cash	\$ 92,020	\$ 420,190	\$ 377,231	\$ 134,979
Liabilities				
Due to student groups	\$ 92,020	\$ 420,190	\$ 377,231	\$ 134,979

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2011

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Teton County			
Balance at June 30, 2010	\$ 1,370,200	\$ 626,204	\$ 207,357
Add - Taxes Assessed for 2010 (Net of Cancellations)	2,620,562	1,300,855	399,339
Less - Collections Received	<u>(2,658,895)</u>	<u>(1,270,935)</u>	<u>(399,378)</u>
Balance at June 30, 2011	<u>\$ 1,331,867</u>	<u>\$ 656,124</u>	<u>\$ 207,318</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	2.500%	2012	\$ 450,000	\$ 91,755
School Bonds	2.750%	2013	460,000	80,505
Series 2004	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
			\$ 2,915,000	\$ 338,028

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	4.250%	2012	180,000	561,413
Series 2006	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
			\$ 11,830,000	\$ 5,340,245

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Teton High School Activity Fund
Statement of Cash Receipts Disbursements and Transfers
Year Ended June 30, 2011

Name of Organization	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2011
Athletics	\$ 63	\$ 34,853	\$ 45,436	\$ 13,298	\$ 2,778
Jr. Class T-shirts	23	-	-	-	23
Baseball Travel	25	600	625	-	-
Baseball Camp	4	253	301	328	284
Baseball Spirit Packs	33	295	-	(328)	-
Softball Travel	50	550	575	-	25
Softball Spirit Packs	-	-	-	-	-
Boys Basketball Travel	-	800	800	-	-
Boys Basketball Camp	1,456	2,253	1,472	(27)	2,210
BBB Spirit Packs	2	-	-	(2)	-
Cheerleaders	(1,497)	17,043	13,757	(411)	1,378
Drill Team	1,248	16,219	9,385	(208)	7,874
Golf Travel	30	-	30	-	-
Golf Spirit Packs	27	-	-	-	27
Girls Basketball Travel	25	601	626	-	-
Girls Basketball Camp	3,485	4,887	4,981	(19)	3,372
GBB Spirit Packs	(50)	73	-	(23)	-
Football Travel	25	1,075	1,095	20	25
Football Camp	96	3,285	3,188	(25)	168
Football Spirit Packs	-	-	-	-	-
Track Travel	50	1,475	1,525	(25)	(25)
Track Spirit Packs	149	-	-	-	149
Cross Country Travel	-	1,125	1,125	-	-
X Cntry Food/Uniform	-	40	-	-	40
Volleyball Travel	-	675	675	-	-
Volleyball Camp	-	1,531	1,272	460	719
Volleyball Spirit Packs	460	-	-	(460)	-
Soccer Travel	25	1,025	1,050	25	25
Boys Soccer Spirit Packs	-	32	-	(32)	-
Girls Soccer Spirit Packs	-	-	-	-	-
Boys Soccer camp	1,767	3,962	5,350	(149)	230
Wrestling Travel	(41)	675	634	-	-
Wrestling Camp	17	231	231	-	17
Wrestling Spirit Packs	300	31	216	-	115
Class of 2004	1,000	-	-	-	1,000
Class of 2008	1,012	-	-	-	1,012
Class of 2009	1,101	3	-	-	1,104
Class of 2010	-	-	-	-	-
Class of 2011	3,547	5,578	8,360	(489)	276
Class of 2012	1,718	4,484	2,022	(328)	3,852
Class of 2013	320	2,007	492	(392)	1,443
Class of 2014	-	1,539	383	(395)	761
FFA	3,569	1,008	1,583	(15)	2,979
FCCLA	234	569	775	-	28
Honor Society	359	4,094	541	850	4,762
BPA	233	5,114	4,549	-	798
Debate Travel	50	730	780	-	-
Debate Club	308	607	123	-	792

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Teton High School Activity Fund
Statement of Cash Receipts Disbursements and Transfers (continued)
Year Ended June 30, 2011

Name of Organization	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2011
Quiz Bowl	146	-	-	-	146
Quiz Bowl Travel	-	375	375	-	-
Agriculture	3,088	4,287	5,661	(136)	1,578
Art	81	4,928	4,889	(225)	(105)
Family/Consumer Science	645	4,509	5,771	(217)	(834)
Woods	42	3,428	2,188	(54)	1,228
Business Department	1,360	341	282	(19)	1,400
ASB	5	14,162	80	(14,077)	10
Yearbook II	-	1,337	213	-	1,124
Yearbook 2006	(10,901)	10,901	-	-	-
Yearbook 2007	(2,883)	2,883	-	-	-
Yearbook 2008	(461)	461	-	-	-
Yearbook 2009	-	5	-	-	5
Yearbook 2010	11,946	2,646	13,919	(273)	400
Yearbook 2011	-	15,047	347	(50)	14,650
Student Council	1,827	6,656	6,227	1,580	3,836
Newspaper	2,293	110	1,330	-	1,073
Newspaper II	135	-	-	-	135
Bookstore	819	13,180	13,145	-	854
Donations	7,843	4,296	4,019	-	8,120
Building Rental	-	332	200	-	132
Auditorium Rental	476	1,385	1,239	-	622
Winter Sports	912	11,270	10,885	-	1,297
High School Office	(845)	7,179	6,311	-	23
Women's Fitness	-	1,088	728	(280)	80
Sales Tax	-	2,986	5,788	3,089	287
Vending	1,363	6,014	6,533	228	1,072
Sched. Change/Reprint	390	3,983	3,586	(835)	(48)
Book Damage/Replace	3,833	976	767	20	4,062
Scholarship Fund	16,054	9,050	5,350	-	19,754
Drivers Ed	200	6,450	6,550	(100)	-
IDLA	-	6,227	5,877	100	450
Drama	295	225	227	(5)	288
Play Club	2,119	2,391	3,469	-	1,041
Music Department	2,407	33,670	31,979	(343)	3,755
Science Club	-	20	-	-	20
Latino Club	-	772	296	-	476
Science Dept Detention	-	826	826	-	-
Library	603	950	1,118	4	439
National Forensics	(228)	30	-	-	(198)
Basin High School	2,037	876	2,431	(60)	422
Basin Marketing	-	395	404	-	(9)
Petty Cash	100	-	-	-	100
	\$ 66,924	\$ 305,969	\$ 266,967	\$ -	\$ 105,926

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Teton Middle School Activity Fund
Statement of Cash Receipts Disbursements and Transfers
Year Ended June 30, 2011

Name of Organization	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2011
General Account	\$ 100	\$ -	\$ 47	\$ -	\$ 53
Winter Sports	-	13,466	13,447	(19)	-
Insurance	-	206	287	81	-
Library	567	483	289	-	761
Photo	2,359	868	1,941	(32)	1,254
Vending	268	1,475	1,628	-	115
Art	-	640	640	-	-
Yearbook	1,253	3,664	3,221	-	1,696
Student Dues	3,924	12,909	10,602	1,110	7,341
Multicultural Club	397	-	350	(47)	0
Debate	-	-	-	47	47
Music	68	3,820	4,474	586	-
Office	3,076	2,977	4,350	-	1,703
Wrestling	-	670	96	(352)	222
Boys Basketball	-	800	1,315	515	-
Girls Basketball	-	480	658	178	-
Cheer	968	3,205	4,066	-	107
Track	463	1,225	1,379	(309)	-
Volleyball	392	459	773	-	78
Student Council	-	710	1,120	410	-
Gifted	164	2,242	20	(2,111)	275
Nancy Shirts	57	-	-	(57)	-
Charitable Donation	-	503	503	-	-
	\$ 14,056	\$ 50,802	\$ 51,206	\$ -	\$ 13,652

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Revenues Cash Basis</u>
U.S. Department of Agriculture			
Passed Through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 92,096	\$ 92,096
School Lunch Program	10.555	321,536	321,536
Special Milk Program for Children	10.556	3,384	3,384
Summer Food Service Program for Children	10.559	8,898	8,898
Child Nutrition Discretionary Grants	10.579	5,731	5,731
Passed Through Teton County			
Federal Forest	10.665	32,177	32,177
Total Department of Agriculture		<u>463,822</u>	<u>463,822</u>
U.S. Department of Education			
Passed Through State Department of Education:			
Education Jobs Fund ARRA	84.410A	63,830	63,830
* Title I Part A Cluster			
Title I-Basic	84.010	215,198	221,673
Title I-ARRA	84.389A	92,955	79,876
* Special Education Cluster			
Title VI-B	84.027	293,952	306,225
Title VI-B - Preschool	84.173	16,339	16,339
Title VI-B ARRA	84.391A	130,050	159,490
Title VI-B Preschool ARRA	84.392A	-	4,300
Perkins III	84.048	21,337	12,696
Reading First Grant	84.357	7,267	37,135
English Language Acquisitions Grant	84.365	25,155	25,155
Improving Teacher Quality	84.367	44,141	37,559
State Wide Data Systems	84.372	4,500	4,500
Education Technology State Grants ARRA	84.386A	18,636	34,830
Total Department of Education		<u>933,360</u>	<u>1,003,608</u>
Total Federal Assistance		<u>\$ 1,397,182</u>	<u>\$ 1,467,430</u>

* Major Federal Program

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Note to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

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.



RUDD & COMPANY_{INC.}

**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 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, 2011, which collectively comprise Teton County School District No. 401's basic financial statements and have issued our report thereon dated September 7, 2011. 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 Teton County School District No. 401's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

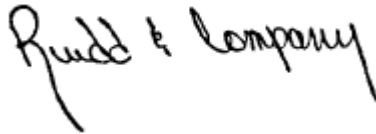
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We 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 or other matters 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 7, 2011

This report is intended solely for the information and use of management, the Board, others within the District 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 7, 2011



RUDD & COMPANY_{INC.}

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Teton County School District No. 401's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Teton County School District No. 401's major federal programs for the year ended June 30, 2011. 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, 2011.

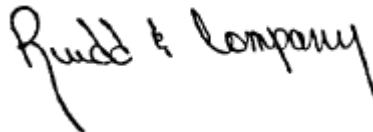
Internal Control over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies in internal control over compliance that might be deficiencies, 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 District 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 cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned centrally on the page.

September 7, 2011

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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 or 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, 2011

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
Title I Part A Cluster	
84.010	Title I Basic
84.389A	Title I – ARRA
Special Education Cluster	
84.027	Title VI-B
84.173	Title VI-B Preschool
84.391A	Title VI-B – ARRA
84.392A	Title VI-B Preschool - ARRA
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes