



RUDD & COMPANY PLLC
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, 2015

giving direction to your future

TETON COUNTY SCHOOL DISTRICT NO. 401
Table of Contents
June 30, 2015

Independent Auditors' Report	1-4
Management's Discussion and Analysis	5-12
Basic Financial Statements	
Statement of Net Position	14-15
Statement of Activities.....	16
Balance Sheet – Governmental Funds	17-18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Agency Funds.....	26
Notes to Financial Statements.....	27-49
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	51
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Child Nutrition Fund	52

TETON COUNTY SCHOOL DISTRICT NO. 401

Table of Contents

June 30, 2015

Statement of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – Debt Service Fund53

Statement of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – Plant Facility Fund54

Schedule of Employer’s Share of Net Pension Liability55

Schedule of Employer’s Contributions56

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental
Funds 58-61

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental
Funds 62-65

Combining Statement of Changes in Assets and Liabilities
Student Activities – Agency Funds66

Activity in Taxes Receivable Accounts by Fund67

General Bonded Debt – Future Principal and Interest
Requirements 68-70

Teton High School Activity Fund – Statement of Cash
Receipts, Disbursements and Transfers 71-72

Schedule of Expenditures of Federal Awards73

Note to the Schedule of Expenditures of Federal Awards74

**Independent Auditors’ 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* 75-76**

TETON COUNTY SCHOOL DISTRICT NO. 401
Table of Contents
June 30, 2015

Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by OMB Circular A-133..... 77-79

Schedule of Findings and Questioned Costs..... 80-81

Summary Schedule of Prior Audit Findings82



RUDD & COMPANY^{INC.}

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition Fund	Unmodified
Debt Service Fund	Unmodified
Plant Facility Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Government Activities

The District has not obtained an actuarial valuation of its other post employee benefits (OPEB). Employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB costs on the accrual basis of accounting. The amount by which this departure would affect the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of Teton County School District No. 401 as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Teton County School District No. 401 as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison information on pages 51 through 54, and pension information on pages 55 and 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

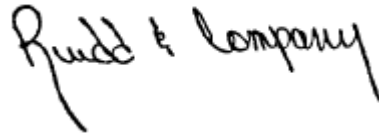
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teton County School District No. 401's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015, on our consideration of the Teton County School District No. 401's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teton County School District No. 401's internal control over financial reporting and compliance.

Idaho Falls, Idaho
October 7, 2015

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2015

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, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$9,612,434. Of this amount, \$788,867 of unrestricted net position may be used to meet the District's ongoing obligations.
- The District's net position increased by \$3,496,226 as a result of this year's operations.
- The general fund had \$12,050,357 in revenues and \$10,737,995 in expenditures. The general fund balance increased \$994,329 over the prior year.
- The District has a net pension liability of \$1,133,685 on the government-wide financial statements.

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 position* presents information on all of the assets, liabilities and deferred outflows/inflows of the District, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position of the District changed during the most recent fiscal year. All changes in net position 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 14-16 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2015

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 nineteen 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 fifteen 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 17-18 and 20-21 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2015

Proprietary Funds. The District maintains only one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for healthcare reimbursements as a self-insurance mechanism. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the health insurance internal service fund.

The proprietary fund financial statements can be found on pages 23-25 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.

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 26 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 27-49 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 58-66 of this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,612,434 at the close of the most recent fiscal year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2015

Net Position	Governmental Assets	
	2015	2014
Current and Other Assets	\$ 6,894,038	\$ 5,535,332
Capital Assets	20,260,460	20,515,191
Total Assets	27,154,498	26,050,523
Deferred Outflows of Resources	1,096,911	809,511
Current Liabilities	2,433,519	2,235,960
Long-term Liabilities	11,861,625	16,678,872
Total Liabilities	14,295,144	18,914,832
Deferred Inflows of Resources	4,343,831	1,828,994
Net Position		
Net Investment in Capital Assets	7,041,670	6,311,197
Restricted	1,781,897	1,529,085
Unrestricted	788,867	(1,724,074)
Total Net Position	\$ 9,612,434	\$ 6,116,208

A portion of the District's net position, \$7,041,670, 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 position, \$1,781,897, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$788,867 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, 2015

Changes in Net Position	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 201,288	\$ 187,725
Operating grants and contributions	1,438,735	1,267,005
General revenues		
Property tax	5,289,472	5,277,015
State support	8,282,864	7,755,863
Other	2,103,759	533,231
Total Revenues	<u>17,316,118</u>	<u>15,020,839</u>
Expenses		
Instructional	7,351,839	6,757,109
Pupil support	1,085,254	719,032
Staff support	219,428	459,817
General administration	500,702	417,830
School administration	833,791	792,563
Business operations	91,586	128,325
Operations	1,208,111	1,145,290
Transportation	783,249	762,344
Non-instructional	117,971	164,529
Interest	352,779	583,136
Depreciation	646,515	630,156
Child nutrition services	628,667	674,076
Total Expenses	<u>13,819,892</u>	<u>13,234,207</u>
Change in Net Position	<u>\$ 3,496,226</u>	<u>\$ 1,786,632</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2015

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 \$3,164,177. The fund balance increased by \$993,692 during the current fiscal year.

Expenditures for general District purposes totaled \$10,737,995, an increase of 8.5% during the current fiscal year.

The plant facility fund has a total fund balance of \$275,240, all of which is restricted. The fund balance increased by \$47,836 during the current year.

The debt service fund has a total fund balance of \$1,291,509, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$210,052 during the current year.

The child nutrition fund has a total fund balance of \$97,730, all of which is restricted for the child nutrition program. The fund balance increased by \$48,382 during the current year.

The District's internal service fund has a total fund balance of \$60,277, all of which is restricted for healthcare reimbursements. The fund balance increased by \$60,277 during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2015

General Fund Budgetary Highlights

There were amendments made to the original budget to reflect grants received and corresponding expenditures.

During the current fiscal year, the \$281,468 positive budget to actual variance in total general fund revenues, and the \$159,829 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

Capital assets at June 30, 2015 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Land	\$ 951,000	\$ 951,000
Construction in progress	-	25,112
Buildings and improvements	23,983,887	23,932,088
Furniture and equipment	<u>6,452,262</u>	<u>6,087,166</u>
	31,387,149	30,995,366
Accumulated depreciation	<u>(11,126,689)</u>	<u>(10,480,175)</u>
Total Capital Assets, Net of Depreciation	<u><u>\$ 20,260,460</u></u>	<u><u>\$ 20,515,191</u></u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2015

Debt Administration

Outstanding debt at June 30, 2015 is outlined below:

Outstanding Debt	Governmental Activities	
	2015	2014
General obligation bonds	\$ 11,550,000	\$ 12,375,000
Compensated absences	72,940	79,030
	\$ 11,622,940	\$ 14,283,024

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 Position
June 30, 2015

Assets	Governmental Activities
Cash and Investments	\$ 4,543,370
Receivables	
Property taxes	1,895,726
State of Idaho	244,349
Other	210,593
Capital Assets	
Land	951,000
Buildings and equipment, net of depreciation	<u>19,309,460</u>
Total Assets	<u>27,154,498</u>
 Deferred Outflows of Resources	
Pension liability - changes of assumptions	<u>1,096,911</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,251,409</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities
Accounts payable	\$ 17,098
Salary contracts payable	1,378,360
Interest payable	143,061
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	895,000
Portion due or payable after one year:	
Net pension liability	1,133,685
Bonds, capital leases, and contracts	10,655,000
Compensated absences	72,940
	<hr/>
Total Liabilities	14,295,144
	<hr/>
Deferred Inflows of Resources	
Pension liability - net difference between actual and expected experience	2,675,041
Bond issue premium, net of amortization	1,668,790
	<hr/>
Total Deferred Inflows of Resources	4,343,831
	<hr/>
Total Liabilities and Deferred Inflows of Resources	\$ 18,638,975
	<hr/>
Net Position	
Net investment in capital assets	\$ 7,041,670
Restricted for:	
Debt service	1,413,809
Capital projects	307,811
Healthcare	60,277
Unrestricted	788,867
	<hr/>
Total Net Position	\$ 9,612,434
	<hr/>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Activities
Year Ended June 30, 2015

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	\$ 7,351,839	\$ 16,310	\$ 857,017	\$ (6,478,512)
Pupil support	1,085,254	-	102,433	(982,821)
Staff support	219,428	-	-	(219,428)
General administration	500,702	-	-	(500,702)
School administration	833,791	-	-	(833,791)
Business operations	91,586	-	-	(91,586)
Operations	1,208,111	-	-	(1,208,111)
Transportation	783,249	-	-	(783,249)
Non-instructional	117,971	-	-	(117,971)
Interest on long-term debt	352,779	-	-	(352,779)
Depreciation - unallocated*	646,515	-	-	(646,515)
Child nutrition services	628,667	184,978	479,285	35,596
Total Governmental Activities	\$ 13,819,892	\$ 201,288	\$ 1,438,735	(12,179,869)
General Revenues:				
Taxes:				
				\$ 3,391,022
				1,499,964
				398,486
				568,252
				8,282,864
				6,991
				1,528,516
				15,676,095
				3,496,226
				6,116,208
				\$ 9,612,434

* 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, 2015

Assets	General Fund	Child Nutrition Fund	Debt Service Fund
Cash and Investments	\$ 3,121,203	\$ 138,781	\$ 1,011,652
Due from Other Funds	103,179	-	-
Receivables			
Property taxes	1,206,996	-	545,218
State of Idaho	233,549	-	-
Other	1,935	-	-
Total Assets	<u>\$ 4,666,862</u>	<u>\$ 138,781</u>	<u>\$ 1,556,870</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	17,098	-	-
Salary contracts payable	1,218,199	41,051	-
Interest payable	-	-	143,061
Total Liabilities	<u>1,235,297</u>	<u>41,051</u>	<u>143,061</u>
Deferred Inflows of Resources			
Unavailable revenues	267,388	-	122,300
Fund Balances (Deficits)			
Restricted	128,690	97,730	1,291,509
Unassigned	3,035,487	-	-
Total Fund Balances (Deficits)	<u>3,164,177</u>	<u>97,730</u>	<u>1,291,509</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,666,862</u>	<u>\$ 138,781</u>	<u>\$ 1,556,870</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 164,299	\$ 47,158	\$ 4,483,093
-	-	103,179
143,512	-	1,895,726
-	10,800	244,349
-	208,658	210,593
<u>\$ 307,811</u>	<u>\$ 266,616</u>	<u>\$ 6,936,940</u>
\$ -	\$ 103,179	\$ 103,179
-	-	17,098
-	119,110	1,378,360
-	-	143,061
<u>-</u>	<u>222,289</u>	<u>1,641,698</u>
<u>32,571</u>	<u>-</u>	<u>422,259</u>
275,240	44,327	1,837,496
<u>-</u>	<u>-</u>	<u>3,035,487</u>
<u>275,240</u>	<u>44,327</u>	<u>4,872,983</u>
<u>\$ 307,811</u>	<u>\$ 266,616</u>	<u>\$ 6,936,940</u>

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
Position
June 30, 2015

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

Total Fund Balance - Governmental Funds	\$	4,872,983
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$31,387,149 and the accumulated depreciation is \$11,126,689.		20,260,460
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(11,622,940)
Pension contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability is recorded on the government-wide statements.		(2,711,815)
Bond premium reported as a revenue in the fund financial statements is capitalized in the government-wide statements. The total premium is \$2,082,650 and the accumulated amortization is \$413,860.		(1,668,790)
Property tax revenue is recognized when earned rather than when available.		422,259
Internal service funds are used to charge the cost of healthcare reimbursement claims to individual funds. The assets and liabilities of the fund are included in governmental activities on the statement of net position.		<u>60,277</u>
Net Position - Governmental Activities	<u>\$</u>	<u>9,612,434</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, 2015

	General Fund	Child Nutrition Fund	Debt Service Fund
Revenues			
Local sources			
Property taxes	\$ 3,490,239	\$ -	\$ 1,550,375
Earnings on investments	6,991	-	-
Lunch sales	-	184,978	-
Other	568,252	-	-
State sources			
State apportionment	7,490,829	-	-
Other	492,158	-	-
Federal sources			
Educational programs and other	1,888	479,285	-
Total Revenues	12,050,357	664,263	1,550,375
Expenditures			
Current			
Instructional	6,418,053	-	-
Pupil support	662,220	-	-
Staff support	219,428	-	-
General administration	499,502	-	-
School administration	833,791	-	-
Business operations	91,586	-	-
Operation	1,208,111	-	-
Transportation	769,688	-	-
Non-instructional	-	628,667	2,340
Debt Service			
Principal	-	-	825,000
Interest	-	-	512,983
Capital outlay	35,616	-	-
Total Expenditures	10,737,995	628,667	1,340,323
Excess (Deficiency) of Revenues over Expenditures	1,312,362	35,596	210,052
Other Financing Sources (Uses)			
Transfers in	51,146	12,786	-
Transfers out	(369,816)	-	-
Net Change in Fund Balances	993,692	48,382	210,052
Fund Balance Beginning of Year	2,170,485	49,348	1,081,457
Fund Balance End of Year	\$ 3,164,177	\$ 97,730	\$ 1,291,509

The Accompanying Notes are an Integral Part of the Financial Statements

	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$	413,428	\$ -	\$ 5,454,042
	-	-	6,991
	-	-	184,978
	-	16,310	584,562
	-	-	7,490,829
	-	299,877	792,035
	-	957,562	1,438,735
	<u>413,428</u>	<u>1,273,749</u>	<u>15,952,172</u>
	-	1,000,153	7,418,206
	-	423,034	1,085,254
	-	-	219,428
	-	1,200	500,702
	-	-	833,791
	-	-	91,586
	-	-	1,208,111
	-	13,561	783,249
	115,631	-	746,638
	-	-	825,000
	-	-	512,983
	<u>317,569</u>	<u>38,599</u>	<u>391,784</u>
	<u>433,200</u>	<u>1,476,547</u>	<u>14,616,732</u>
	(19,772)	(202,798)	1,335,440
	67,608	289,422	420,962
	<u>-</u>	<u>(51,146)</u>	<u>(420,962)</u>
	47,836	35,478	1,335,440
	<u>227,404</u>	<u>8,849</u>	<u>3,537,543</u>
\$	<u>275,240</u>	<u>\$ 44,327</u>	<u>\$ 4,872,983</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, 2015

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

Net Change in Fund Balance - Governmental Funds	\$	1,335,440
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.		(254,731)
Property tax revenues received prior to the year for which they are levied are reported as unavailable revenues in the governmental funds. The change however is recorded as an adjustment to revenues in the statement of activities.		(164,570)
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.		6,090
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.		825,000
The governmental funds report current pension contributions as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined pension liability from the previous year to the current year.		1,528,516
Governmental funds report bond premiums as revenue, while the premium is amortized over the term of the bond as a decrease in interest expense in the government-wide statements.		160,204
Internal service funds are used to charge the costs of healthcare reimbursements claims to individual funds. The net revenue of internal service funds is reported with governmental activities.		<u>60,277</u>
Change in Net Position of Governmental Activities	\$	<u>3,496,226</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Net Position
Proprietary Funds
June 30, 2015

	Governmental Activities - Internal Service Fund
Assets	
Cash and Investments	\$ 60,277
Total Assets	<u>\$ 60,277</u>
Net Position	
Restricted	
Healthcare Reimbursements	<u>\$ 60,277</u>
Total Net Position	<u>\$ 60,277</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
Operating Revenues	
Healthcare Contributions	\$ 107,428
Total Operating Revenues	<u>107,428</u>
Operating Expenses	
Insurance claims and expenses	<u>47,151</u>
Total Operating Expenses	<u>47,151</u>
Change in Net Position	60,277
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ 60,277</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities	
Cash received from other funds for healthcare contributions	\$ 107,428
Payments for insurance claims and expenses	<u>(47,151)</u>
Net increase in cash and cash equivalents	60,277
Cash - Beginning	<u>-</u>
Cash - Ending	<u>\$ 60,277</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 60,277</u>
Net cash provided by operating activities	<u>\$ 60,277</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Fiduciary Net Position – Agency Funds
June 30, 2015

Assets	Agency Funds
Cash and Investments	\$ 135,556
Total Assets	<u>\$ 135,556</u>
 Liabilities	
Due to Student Groups	\$ 135,556
Total Liabilities	<u>\$ 135,556</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2015

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.

The District has a revenue spending policy that provides for programs with multiple revenue sources. The District will use restricted fund balances first followed in order by committed, assigned and finally unassigned. The District currently applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses 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, proprietary 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
June 30, 2015

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 are the proprietary fund financial statements and 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. All revenues and expenses of the internal service fund are classified as operating as they relate to the benefit costs of employees.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

- 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 *internal service fund* accounts for risk management services for self-insured healthcare provided to other governmental functions on a cost reimbursement basis.
- The *student activities agency fund (a fiduciary fund)* accounts for assets held on behalf student groups.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide statements. Balances between funds included in the governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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 52:

	Reported Amounts	Commodities Received	Amounts Reported in Comparison with Budget
Child Nutrition Fund			
Total revenues	\$ 664,263	\$ (52,950)	\$ 611,313
Total expenditures	\$ 628,667	\$ (52,950)	\$ 575,717

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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
Buses.....	10 yrs
Furniture.....	10 yrs
Equipment.....	10 yrs
Vehicles.....	8 yrs
Computer equipment.....	5 yrs

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has only one type of deferred outflows of resources. This amount relates to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability. This amount is reported only in the government-wide financial statements.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has three types of items in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes and grant revenues received in advance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has a deferred premium on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding. The third type of deferred inflows of resources relates to the effect on the calculation of the net pension liability of the difference between projected and actual investment earnings on the defined benefit pension plan.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

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.

The District's cash and cash equivalents are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

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, 2015, the carrying amount of the District's deposits was \$344,177 and the respective bank balances totaled \$356,264. 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, 2015, \$106,264 of the District's total deposits were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2015, 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	\$ 4,334,749	\$ 4,334,749	\$ -	\$ -	\$ -

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

2. Cash and Investments (continued)

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, 2015, had a weighted average maturity of 118 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.

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net assets	\$ 4,543,370
Cash and investments reported on the statement of fiduciary net assets	<u>135,556</u>
	<u>\$ 4,678,926</u>
 Investments categorized	 \$ 4,334,749
Deposits categorized	<u>344,177</u>
	<u>\$ 4,678,926</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, 2015, are generally based on the assessed values and tax levies established in 2014.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

3. Property Taxes (continued)

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. Capital Assets

Capital asset activity for the year ended June 30, 2015 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	25,112	-	(25,112)	-
Total Capital Assets, Not Being Depreciated	<u>\$ 976,112</u>	<u>\$ -</u>	<u>\$ (25,112)</u>	<u>\$ 951,000</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 23,932,088	\$ 51,799	\$ -	\$ 23,983,887
Furniture and equipment	6,087,165	365,097	-	6,452,262
Total Capital Assets, Being Depreciated	<u>30,019,253</u>	<u>416,896</u>	<u>-</u>	<u>30,436,149</u>
Accumulated Depreciation for				
Buildings and improvements	(5,166,118)	(479,471)	-	(5,645,589)
Furniture and equipment	(5,314,056)	(167,044)	-	(5,481,100)
Total Accumulated Depreciation	<u>(10,480,174)</u>	<u>(646,515)</u>	<u>-</u>	<u>(11,126,689)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 19,539,079</u>			<u>\$ 19,309,460</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

5. General Obligation School Refunding Bonds

On December 21, 2012, the District issued \$9,855,000 in general obligation bonds with an average interest rate of 4.3% to advance refund \$9,995,000 of outstanding 2006 series bonds with an average interest rate of 4.8%. The net proceeds were placed in escrow 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 refunded portion of the 2006 series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

6. General Obligation Bonds Payable

Bonds outstanding at June 30, 2015, were as follows:

	Interest Rates	Maturity Dates	Amount
General Obligation Refunding Bonds, 2004 Issue (Original amount--\$4,390,000)	3.00% to 3.90%	2016 to 2017	\$ 1,035,000
General Obligation Bonds, 2006 Issue (Original amount--\$12,000,000)	4.25% to 4.50%	2016 to 2017	\$ 820,000
General Obligation Refunding Bonds, Series 2012 Issue (Original amount--\$9,855,000)	3.25% to 5.00%	2018 to 2026	\$ 9,695,000

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, 2015

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>
2016	\$ 895,000	\$ 484,906	\$ 1,379,906
2017	960,000	450,144	1,410,144
2018	985,000	407,200	1,392,200
2019	1,030,000	356,825	1,386,825
2020	1,090,000	303,825	1,393,825
Thereafter	6,590,000	772,713	7,362,713
	<u>\$ 11,550,000</u>	<u>\$ 2,775,613</u>	<u>\$ 14,325,613</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, 2015:

	<u>2004 G.O. Refunding Bonds</u>	<u>2006 G.O. Bonds</u>	<u>2012 G.O. Refunding Bonds</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Long-term Obligations June 30, 2014	\$ 1,530,000	\$ 1,150,000	\$ 9,695,000	\$ 79,030	\$ 12,454,030
Obligations Incurred	-	-	-	-	-
Obligations Paid	<u>(495,000)</u>	<u>(330,000)</u>	<u>-</u>	<u>(6,090)</u>	<u>(831,090)</u>
Long-term Obligations June 30, 2015	<u>\$ 1,035,000</u>	<u>\$ 820,000</u>	<u>\$ 9,695,000</u>	<u>\$ 72,940</u>	<u>\$ 11,622,940</u>
Due within one year	<u>\$ 510,000</u>	<u>\$ 385,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,000</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan

Plan Description

The District contributes to the Public Employee Retirement System of Idaho Base Plan (Base Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2014, was as follows:

Retirees and beneficiaries currently receiving benefits	40,776
Terminated employees entitled to by not yet receiving benefits	11,504
Active plan members	<u>66,223</u>
	<u>118,503</u>

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointment officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan (continued)

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law.

The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2015, the employee contribution rate was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's contributions required and paid were \$935,157, \$809,911, and \$775,304 for the years ended June 30, 2015, 2014, and 2013, respectively.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the District's proportion was 0.264 percent.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan (continued)

For the year ended June 30, 2015, the District recognized pension expense (revenue) of \$(593,359). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 241,218
Changes in assumptions or other inputs	161,754	-
Net difference between projected and actual earnings on pension plan investments	-	2,433,823
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Employer contributions subsequent to the measurement date	<u>935,157</u>	<u>-</u>
Total	<u>\$ 1,096,911</u>	<u>\$ 2,675,041</u>

\$935,157 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013, the beginning of the measurement period ended June 30, 2014, is 5.6 years.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Fiscal Year</u>		
2015	.....	\$ (625,730)
2016	.....	(625,730)
2017	.....	(625,730)
2018	.....	(625,730)
2019	.....	(10,365)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.25%
Salary increases		4.5 - 10.25%
Salary inflation		3.75%
Investment rate of return	7.10%, net of investment expenses	
Cost-of-living adjustments		1%

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan (continued)

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan (continued)

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			<u>0.40%</u>
Long-Term Expected Rate of Return, Net of Investment Expenses			<u>7.10%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

8. Pension Plan (continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
	<hr/>	<hr/>	<hr/>
Employer's proportionate share of the net pension liability (asset)	\$ 6,748,153	\$ 1,943,196	\$ (2,051,124)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

9. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$52,950. The value was determined by confirmation with the State of Idaho Department of Education.

10. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2015:

Fund	Amount Exceeded
	<hr/>
State Technology Fund.....	\$ 81,871
Title III ESEA LEP Fund.....	51
21st Century Grant Fund.....	750

Deficits in Individual Funds

There are no funds with deficits at June 30, 2015.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

11. Interfund Transfers

The interfund balances at June 30, 2015 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 103,179	\$ -
Non-major Funds		
Vocational Education Fund	-	4,949
Title I-A ESEA Basic Fund	-	18,808
Title VI-B IDEA School Age Fund	-	9,910
Title VI-B IDEA Preschool Fund	-	14
Title VI-B Rural Low Income Fund	-	2,638
Perkins III Professional Technical Fund	-	24,323
Title III ESEA LEP Fund	-	2,296
Title II-A ESEA Improving Fund	-	35,760
21st Century Grant Fund	-	4,481
	<u>\$ 103,179</u>	<u>\$ 103,179</u>

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

11. Interfund Transfers (continued)

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ 51,146	\$ 369,816
Child Nutrition Fund	12,786	-
Plant Facility Fund	67,608	-
Non Major Funds		
Federal Forest Fund	-	29,997
State Technology Fund	253,169	-
State Substance Abuse Fund	282	-
Title VI-B IDEA School Age Fund	34,556	-
Title VI-B IDEA Preschool Fund	1,415	-
21st Century Grant Fund	-	21,149
	<u>\$ 420,962</u>	<u>\$ 420,962</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, 2015

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	Plant Facility Fund	Total
Fund Balances:					
Restricted for:					
Child Nutrition	\$ -	\$ 97,730	\$ -	\$ -	\$ 97,730
Debt Service	-	-	1,291,509	-	1,291,509
Plant Facility	-	-	-	275,240	275,240
Driver Education	-	5,832	-	-	5,832
State ISEE Grant	-	2,450	-	-	2,450
Vocational Education	-	3,154	-	-	3,154
Medicaid	-	32,891	-	-	32,891
LEP	44,172	-	-	-	44,172
Remediation	47,388	-	-	-	47,388
Leadership	543	-	-	-	543
Professional Dev	36,587	-	-	-	36,587
Unassigned:	3,035,487	-	-	-	3,035,487
Total					
Fund Balances	\$ 3,164,177	\$ 142,057	\$ 1,291,509	\$ 275,240	\$ 4,872,983

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2015

13. Prior Period Adjustment

Below is a summary of the balances affected by the prior period adjustment:

	<u>Previously Reported</u>	<u>Change</u>	<u>Restated</u>
Deferred outflows of resources	\$ -	\$ 809,511	\$ 809,511
Net pension liability	-	5,049,842	5,049,842
Net position	2,516,257	(4,240,331)	(1,724,074)

In the year ended June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to defined benefit pension plans.

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 3,100,000	\$ 3,385,907	\$ 3,490,239	\$ 104,332
Earnings on investments	3,000	4,150	6,991	2,841
Other	531,009	419,549	568,252	148,703
State sources				
State apportionment	7,249,393	7,478,515	7,490,829	12,314
Other	448,791	480,768	492,158	11,390
Federal sources				
Educational programs and other	-	-	1,888	1,888
Total Revenues	11,332,193	11,768,889	12,050,357	281,468
Expenditures				
Current				
Instructional	6,366,208	6,405,272	6,418,053	(12,781)
Pupil support	598,657	566,447	662,220	(95,773)
Staff support	264,708	290,410	219,428	70,982
General administration	437,133	498,470	499,502	(1,032)
School administration	835,019	842,089	833,791	8,298
Business operations	128,325	91,586	91,586	-
Operation	1,351,678	1,281,981	1,208,111	73,870
Transportation	809,847	821,569	769,688	51,881
Non-instructional	16,405	-	-	-
Capital outlay	-	-	35,616	(35,616)
Contingency	100,000	100,000	-	100,000
Total Expenditures	10,907,980	10,897,824	10,737,995	159,829
Excess (Deficiency) of				
Revenues over Expenditures	424,213	871,065	1,312,362	441,297
Other Financing Sources (Uses)				
Transfers in	75,198	33,654	51,146	17,492
Transfers (out)	(486,867)	(418,661)	(369,816)	48,845
Net Change in Fund Balances	12,544	486,058	993,692	507,634
Fund Balance, Beginning of Year	-	2,170,485	2,170,485	-
Fund Balance, End of Year	\$ 12,544	\$ 2,656,543	\$ 3,164,177	\$ 507,634

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Local sources				
Lunch sales	\$ 151,500	\$ 267,530	\$ 184,978	\$ (82,552)
Other	7,500	7,500	-	(7,500)
Federal sources				
Educational programs and other	400,000	400,000	426,335	26,335
Total Revenues	559,000	675,030	611,313	(63,717)
Expenditures				
Current				
Non-instructional	596,857	675,030	575,717	99,313
Total Expenditures	596,857	675,030	575,717	99,313
Excess (Deficiency) of Revenues over Expenditures	(37,857)	-	35,596	35,596
Other Financing Sources (Uses)				
Transfers in	37,857	-	12,786	12,786
Net Change in Fund Balances	-	-	48,382	48,382
Fund Balance, Beginning of Year	-	49,348	49,348	-
Fund Balance, End of Year	\$ -	\$ 49,348	\$ 97,730	\$ 48,382

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 2,775,000	\$ 1,577,975	\$ 1,550,375	\$ (27,600)
Total Revenues	<u>2,775,000</u>	<u>1,577,975</u>	<u>1,550,375</u>	<u>(27,600)</u>
Expenditures				
Current				
Non-instructional	3,000	1,340	2,340	(1,000)
Debt service				
Principal	1,655,000	941,098	825,000	116,098
Interest	<u>1,065,075</u>	<u>583,612</u>	<u>512,983</u>	<u>70,629</u>
Total Expenditures	<u>2,723,075</u>	<u>1,526,050</u>	<u>1,340,323</u>	<u>185,727</u>
Net Change in Fund Balances	51,925	51,925	210,052	(213,327)
Fund Balance, Beginning of Year	<u>1,049,744</u>	<u>1,081,457</u>	<u>1,081,457</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,101,669</u>	<u>\$ 1,133,382</u>	<u>\$ 1,291,509</u>	<u>\$ (213,327)</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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Local sources				
Property taxes	\$ 400,000	\$ 431,295	\$ 413,428	\$ (17,867)
Total Revenues	400,000	431,295	413,428	(17,867)
Expenditures				
Current				
Non-instructional	-	-	115,631	(115,631)
Capital outlay	378,000	486,295	317,569	168,726
Total Expenditures	378,000	486,295	433,200	53,095
Excess (Deficiency) of Revenues over Expenditures	22,000	(55,000)	(19,772)	35,228
Other Financing Sources (Uses)				
Transfers in	53,000	55,000	67,608	12,608
Net Change in Fund Balances	75,000	-	47,836	47,836
Fund Balance, Beginning of Year	75,000	227,404	227,404	-
Fund Balance, End of Year	\$ 150,000	\$ 227,404	\$ 275,240	\$ 47,836

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2015

	<u>2015</u>
Employer's Portion of net the pension liability	0.264%
Employer's proportionate share of the net pension liability	\$ 1,943,196
Employer's covered-employee payroll	8,261,108
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.52%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2014 (measurement date).

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Employer Contributions
Year Ended June 30, 2015

	<u>2015</u>
Statutorily required contribution	\$ 935,157
Contributions in relation to the statutorily required contribution	935,157
Contribution (deficiency) excess	-
Employer's covered-employee payroll	8,261,108
Contributions as a percentage of covered-employee payroll	11.32%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data is measured as of June 30, 2015.

See Independent Auditors' Report

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2015

	Federal Forest Fund	Medicaid Fund	Drivers Education Fund	State ISEE Grant Fund
Assets				
Cash and Investments	\$ -	\$ 36,295	\$ 7,189	\$ 3,050
Receivables				
State of Idaho	-	-	-	-
Other	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 36,295</u>	<u>\$ 7,189</u>	<u>\$ 3,050</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Salary contracts payable	-	3,404	1,357	600
Total Liabilities	<u>-</u>	<u>3,404</u>	<u>1,357</u>	<u>600</u>
Fund Balances				
Restricted	-	32,891	5,832	2,450
Total Fund Balances	<u>-</u>	<u>32,891</u>	<u>5,832</u>	<u>2,450</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 36,295</u>	<u>\$ 7,189</u>	<u>\$ 3,050</u>

See Independent Auditors' Report

Vocational Education Fund	State Technology Fund	State Substance Abuse Prevention Fund	Title I-A Basic Fund	Title VI-B IDEA School Age Fund
\$ -	\$ 624	\$ -	\$ -	\$ -
10,800	-	-	-	-
-	-	-	53,958	70,087
<u>\$ 10,800</u>	<u>\$ 624</u>	<u>\$ -</u>	<u>\$ 53,958</u>	<u>\$ 70,087</u>
\$ 4,949	\$ -	\$ -	\$ 18,808	\$ 9,910
<u>2,697</u>	<u>624</u>	<u>-</u>	<u>35,150</u>	<u>60,177</u>
<u>7,646</u>	<u>624</u>	<u>-</u>	<u>53,958</u>	<u>70,087</u>
<u>3,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 10,800</u>	<u>\$ 624</u>	<u>\$ -</u>	<u>\$ 53,958</u>	<u>\$ 70,087</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2015

	Title VI-B IDEA Preschool Fund	Title VI-B Rural and Low Income Fund	Perkins III Professional Technical Fund	Title III ESEA LEP Fund
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Receivables				
State of Idaho	-	-	-	-
Other	2,873	7,914	24,323	6,895
Total Assets	<u>\$ 2,873</u>	<u>\$ 7,914</u>	<u>\$ 24,323</u>	<u>\$ 6,895</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 14	\$ 2,638	\$ 24,323	\$ 2,296
Salary contracts payable	<u>2,859</u>	<u>5,276</u>	<u>-</u>	<u>4,599</u>
Total Liabilities	<u>2,873</u>	<u>7,914</u>	<u>24,323</u>	<u>6,895</u>
Fund Balances				
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,873</u>	<u>\$ 7,914</u>	<u>\$ 24,323</u>	<u>\$ 6,895</u>

See Independent Auditors' Report

Title II-A ESEA Improving Fund	21st Century Grant Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 47,158
-	-	10,800
<u>38,127</u>	<u>4,481</u>	<u>208,658</u>
<u>\$ 38,127</u>	<u>\$ 4,481</u>	<u>\$ 266,616</u>
\$ 35,760	\$ 4,481	\$ 103,179
<u>2,367</u>	<u>-</u>	<u>119,110</u>
<u>38,127</u>	<u>4,481</u>	<u>222,289</u>
<u>-</u>	<u>-</u>	<u>44,327</u>
<u>-</u>	<u>-</u>	<u>44,327</u>
<u>\$ 38,127</u>	<u>\$ 4,481</u>	<u>\$ 266,616</u>

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, 2015

	Federal Forest Fund	Medicaid Fund	Drivers Education Fund	State ISEE Grant Fund
Revenues				
Local sources				
Other	\$ -	\$ -	\$ 15,100	\$ -
State sources				
Other	-	102,433	13,966	-
Federal sources				
Educational programs and other	29,997	-	-	-
Total Revenues	29,997	102,433	29,066	-
Expenditures				
Current				
Instructional	-	-	26,180	-
Pupil support	-	69,542	-	299
General administration	-	-	-	-
Transportation	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	69,542	26,180	299
Excess (Deficiency) of Revenues over Expenditures	29,997	32,891	2,886	(299)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(29,997)	-	-	-
Net Change in Fund Balances	-	32,891	2,886	(299)
Fund Balance, Beginning of Year	-	-	2,946	2,749
Fund Balance, End of Year	\$ -	\$ 32,891	\$ 5,832	\$ 2,450

See Independent Auditors' Report

Vocational Education Fund	State Technology Fund	State Substance Abuse Prevention Fund	Title I-A Basic Fund	Title VI-B IDEA School Age Fund
\$ -	\$ 460	\$ -	\$ -	\$ -
37,978	133,105	12,395	-	-
-	-	-	297,670	327,028
<u>37,978</u>	<u>133,565</u>	<u>12,395</u>	<u>297,670</u>	<u>327,028</u>
37,978	-	12,677	297,670	361,584
-	353,193	-	-	-
-	-	-	-	-
-	-	-	-	-
-	33,541	-	-	-
<u>37,978</u>	<u>386,734</u>	<u>12,677</u>	<u>297,670</u>	<u>361,584</u>
-	(253,169)	(282)	-	(34,556)
-	253,169	282	-	34,556
-	-	-	-	-
-	-	-	-	-
<u>3,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2015

	Title VI-B IDEA Preschool Fund	Title VI-B Rural and Low Income Fund	Perkins III Professional Technical Fund	Title III ESEA LEP Fund
Revenues				
Local sources				
Other	\$ -	\$ -	\$ -	\$ -
State sources				
Other	-	-	-	-
Federal sources				
Educational programs and other	15,723	31,589	22,524	27,755
Total Revenues	<u>15,723</u>	<u>31,589</u>	<u>22,524</u>	<u>27,755</u>
Expenditures				
Current				
Instructional	17,138	31,589	17,466	27,755
Pupil support	-	-	-	-
General administration	-	-	-	-
Transportation	-	-	-	-
Capital Outlay	-	-	5,058	-
Total Expenditures	<u>17,138</u>	<u>31,589</u>	<u>22,524</u>	<u>27,755</u>
Excess (Deficiency) of Revenues over Expenditures	(1,415)	-	-	-
Other Financing Sources (Uses)				
Transfers in	1,415	-	-	-
Transfers (out)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

Title II-A ESEA Improving Fund	21st Century Grant Fund	Total Nonmajor Governmental Funds
\$ -	\$ 750	\$ 16,310
-	-	299,877
<u>44,627</u>	<u>160,649</u>	<u>957,562</u>
<u>44,627</u>	<u>161,399</u>	<u>1,273,749</u>
43,427	126,689	1,000,153
-	-	423,034
1,200	-	1,200
-	13,561	13,561
<u>-</u>	<u>-</u>	<u>38,599</u>
<u>44,627</u>	<u>140,250</u>	<u>1,476,547</u>
-	21,149	(202,798)
-	-	289,422
<u>-</u>	<u>(21,149)</u>	<u>(51,146)</u>
-	-	35,478
<u>-</u>	<u>-</u>	<u>8,849</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,327</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, 2015

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
Teton High School				
Assets				
Cash	\$ 101,920	\$ 316,118	\$ 301,416	\$ 116,622
Liabilities				
Due to student groups	\$ 101,920	\$ 316,118	\$ 301,416	\$ 116,622
Teton Middle School				
Assets				
Cash	\$ 4,741	\$ 42,943	\$ 43,606	\$ 4,078
Liabilities				
Due to student groups	\$ 4,741	\$ 42,943	\$ 43,606	\$ 4,078
Rendezvous Elementary School				
Assets				
Cash	\$ 151	\$ 17,333	\$ 17,369	\$ 115
Liabilities				
Due to student groups	\$ 151	\$ 17,333	\$ 17,369	\$ 115
Victor Elementary School				
Assets				
Cash	\$ 5,843	\$ 20,995	\$ 17,990	\$ 8,848
Liabilities				
Due to student groups	\$ 5,843	\$ 20,995	\$ 17,990	\$ 8,848
Tetonia Elementary School				
Assets				
Cash	\$ 4,454	\$ 7,850	\$ 6,588	\$ 5,716
Liabilities				
Due to student groups	\$ 4,454	\$ 7,850	\$ 6,588	\$ 5,716
Driggs Elementary School				
Assets				
Cash	\$ 1,212	\$ 24,385	\$ 25,420	\$ 177
Liabilities				
Due to student groups	\$ 1,212	\$ 24,385	\$ 25,420	\$ 177
Total - All School Activity Funds				
Assets				
Cash	\$ 120,671	\$ 429,624	\$ 412,389	\$ 135,556
Liabilities				
Due to student groups	\$ 120,671	\$ 429,624	\$ 412,389	\$ 135,556

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Teton County			
Balance at June 30, 2014	\$ 1,182,292	\$ 544,799	\$ 144,945
Add - Taxes Assessed for 2014 (Net of Cancellations)	3,351,145	1,506,341	394,381
Less - Collections Received	<u>3,326,441</u>	<u>1,505,922</u>	<u>395,815</u>
Balance at June 30, 2015	<u>\$ 1,206,996</u>	<u>\$ 545,218</u>	<u>\$ 143,511</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2015

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	3.125%	2016	\$ 510,000	\$ 25,031
School Bonds	3.250%	2017	525,000	8,531
Series 2004			<u>\$ 1,035,000</u>	<u>\$ 33,562</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2015

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	4.250%	2016	\$ 385,000	\$ 28,050
Series 2006	4.500%	2017	435,000	\$ 9,788
			\$ 820,000	\$ 37,838

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2015

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	4.000%	2016	\$ -	\$ 431,825
School Bonds	4.000%	2017	-	431,825
Series 2012	5.000%	2018	985,000	407,200
	5.000%	2019	1,030,000	356,825
	5.000%	2020	1,090,000	303,825
	5.000%	2021	1,145,000	247,950
	5.000%	2022	1,030,000	193,575
	4.000%	2023	1,040,000	147,025
	4.000%	2024	1,080,000	104,625
	4.000%	2025	1,125,000	60,525
	3.250%	2026	1,170,000	19,013
			\$ 9,695,000	\$ 2,704,213

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, 2015

Name of Organization	Balance June 30, 2014	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2015
Athletics	\$ 665	\$ 34,418	\$ 45,615	\$ 18,864	\$ 8,332
Principal Account	1,000	3,105	811	-	3,294
Baseball Travel	625	825	825	(625)	-
Baseball Camp	460	700	886	-	274
Softball Travel	525	575	575	(525)	-
Softball Camp	(88)	125	-	-	37
Boys Basketball Travel	525	625	-	-	1,150
Boys Basketball Camp	1,661	145	-	-	1,806
Calculator Rental	687	1,250	45	(118)	1,774
Cheerleaders	102	10,171	9,465	(123)	685
Cheerleader Travel	-	372	382	10	-
Drill Team	4,858	11,608	15,569	(243)	654
Drill Team Travel	125	375	375	(125)	-
Golf Spirit Packs	27	-	-	(27)	-
Girls Basketball Travel	710	750	775	(685)	-
Girls Basketball Camp	528	1,885	1,585	-	828
Football Travel	1,425	1,490	1,490	(1,425)	-
Football Camp	454	9,311	7,558	(229)	1,978
Track Travel	1,750	1,900	1,900	(1,750)	-
Track Spirit Packs	183	318	143	-	358
Cross Country Travel	25	1,100	1,100	(25)	-
X Cntry Food/Uniform	153	1,105	860	-	398
Volleyball Travel	15	525	525	(15)	-
Volleyball Camp	(329)	10,928	6,032	(134)	4,433
Soccer Travel	100	1,000	1,000	(100)	-
Girls Soccer Camp	3,187	178	2,968	-	397
Boys Soccer Camp	50	178	-	-	228
Wrestling Travel	150	975	1,000	(125)	-
Wrestling Camp	1,587	1,721	1,469	-	1,839
Class of 2011	-	350	-	-	350
Class of 2012	1,050	-	1,050	-	-
Class of 2013	1,680	-	-	-	1,680
Class of 2014	1,765	98	400	-	1,463
Class of 2015	5,272	1,856	10,310	5,391	2,209
Class of 2016	2,535	2,987	2,148	(392)	2,982
Class of 2017	574	2,243	621	(267)	1,929
Class of 2018	-	1,568	247	(761)	560
FFA	5,062	1,810	3,167	-	3,705
FCCLA	741	-	-	-	741
Voice	555	4,959	5,255	(15)	244
Source of Strength	2,737	3,600	4,600	-	1,737
Honor Society	609	6,246	6,679	320	496
BPA	89	2,389	1,663	-	815
Debate Travel	200	350	350	(200)	-
Debate Club	793	273	210	-	856
Quiz Bowl	100	-	-	(100)	-
Agriculture	1,349	5,180	3,055	(75)	3,399

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, 2015

<u>Name of Organization</u>	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers</u>	<u>Balance June 30, 2015</u>
Art	448	5,252	4,126	(275)	1,299
Family/Consumer Science	173	2,190	3,250	(38)	(925)
Woods	72	2,838	420	(32)	2,458
Robotics	3,267	4,488	4,491	496	3,760
Business Department	44	-	-	-	44
ASB	40	14,850	40	(14,155)	695
Yearbook II	75	1,220	44	-	1,251
Yearbook 2008	(15)	-	-	-	(15)
Yearbook 2009	5	-	-	-	5
Yearbook 2013	(916)	-	-	916	-
Yearbook 2014	7,650	3,630	7,580	(815)	2,885
Yearbook 2015	-	8,395	75	(2,212)	6,108
Student Council	3,098	7,277	9,940	1,492	1,927
Newspaper	619	1,730	1,984	-	365
Newspaper II	105	-	-	-	105
Bookstore	(2,677)	12,242	8,514	-	1,051
Donations	2,038	20,000	10,551	-	11,487
Senior Sneak	-	3,935	130	(3,365)	440
Building Rental	60	310	-	-	370
Auditorium Rental	3,641	1,830	3,583	-	1,888
Winter Sports	2,374	15,242	16,497	-	1,119
High School Office	22	3,529	3,591	17	(23)
Women's Fitness	30	-	-	-	30
Sales Tax	528	2,735	5,477	2,214	-
Vending	2,108	9,481	9,213	(842)	1,534
Sched. Change/Reprint	1,167	835	1,484	(203)	315
Book Damage/Replace	3,844	1,329	200	-	4,973
Scholarship Fund	15,804	9,175	9,400	-	15,579
Drivers Ed	3,180	12,395	15,075	-	500
IDLA	270	375	570	-	75
Drama	246	-	-	(246)	-
Play Club	3,776	8,417	12,590	247	(150)
Music Department	1,325	25,467	26,761	275	306
Music Travel	-	2,100	550	25	1,575
Environmental Club	141	9	-	-	150
Latino Club	1,121	506	86	-	1,541
Library	1,204	757	597	-	1,364
Interact Club	677	1,992	1,889	-	780
National Forensics	5	20	-	-	25
Petty Cash	100	-	-	-	100
	<u>\$ 101,920</u>	<u>\$ 316,118</u>	<u>\$ 301,416</u>	<u>\$ -</u>	<u>\$ 116,622</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

	<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	\$ 136,243	\$ 136,243
National School Lunch Program	10.555	336,958	336,958
Summer Food Service Program for Children	10.559	6,085	6,085
Total Child Nutrition Cluster		479,286	479,286
Team Nutrition Grant	10.574	1,888	1,888
Passed Through Teton County			
Federal Forest	10.665	29,997	29,997
Total Department of Agriculture		511,171	511,171
U.S. Department of Education			
Passed Through State Department of Education:			
* Title I-Basic	84.010	297,670	743,723
Special Education Cluster			
Title VI-B	84.027	361,584	501,141
Title VI-B - Preschool	84.173	17,138	28,374
Total Special Education Cluster		378,722	529,515
Vocational Education Grant	84.048	22,524	22,193
Twenty-First Century Community Learning Centers	84.287	140,250	156,167
Rural Education	84.358	31,589	53,036
English Language Acquisition Grant	84.365	27,755	39,372
Improving Teacher Quality	84.367	44,627	29,218
Total Department of Education		943,137	1,573,224
Total Federal Assistance		\$ 1,454,308	\$ 2,084,395

* 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, 2015

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^{PLC}

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Teton County School District No. 401's basic financial statements, and have issued our report thereon dated October 7, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Teton County School District No. 401's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teton County School District No. 401's internal control. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

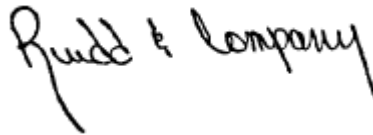
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Teton County School District No. 401's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Idaho Falls, Idaho
October 7, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Teton County School District No. 401's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Teton County School District No. 401's compliance.

Opinion on Each Major Federal Program

In our opinion, Teton County School District No. 401, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Teton County School District No. 401 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Teton County School District No. 401's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 and correct, 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 and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rudd & Company

Idaho Falls, Idaho
October 7, 2015

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Qualified
Internal control over financial reporting:	
Material Weaknesses identified?	No
Significant Deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant Deficiencies identified?	No
Type or auditors' report issued on compliance for major programs:	Unmodified
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, 2015

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program
84.010	Title I-A Basic
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Findings – Major Federal Award Programs

None

TETON COUNTY SCHOOL DISTRICT NO. 401
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

U.S. DEPARTMENT OF EDUCATION

Title I – Basic – CFDA No. 84.010

Finding 2013-1

Conditions: During a previous fiscal year, the District participated with the State of Idaho Department of Education in a monitoring program over federal programs including Title I – Basic. During this process, several findings were documented and the District was instructed to make various improvements.

Recommendation: Comply with State monitoring recommendations.

Current Status: The District completed the recommendations made by the State Department of Education. There were no similar findings noted in the current year.

Finding 2013-2

Condition: A significant deficiency in the oversight of the Title I program was noted based upon the results of the Idaho State Department of Education monitoring process and results.

Recommendation: Procedures should be established to ensure proper technical training for Program Administrators. State recommendations should be implemented.

Current Status: The District has hired and trained a federal program administrator resulting in the completion of the State recommendations and correction of the noted deficiencies.