



**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, 2012**

*giving direction to your future*

**TETON COUNTY SCHOOL DISTRICT NO. 401**

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**June 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Teton County School District No. 401 management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

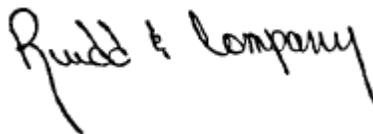
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 at June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012 on our consideration of Teton County School District No. 401 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Teton County School District No. 401's financial statements as a whole. The combining and individual nonmajor fund financial statements and the other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements, other 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in black ink and is positioned to the right of the date.

September 27, 2012

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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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, 2012.

**Financial Highlights**

- The assets of the District exceeded its liabilities at June 30, 2012 by \$10,053,731. Of this amount, \$1,951,111 of unrestricted net assets may be used to meet the District's ongoing obligations.
- The District's net assets decreased by (\$936,479) as a result of this year's operations.
- The unassigned fund balance for the general fund was \$518,116 or 4.88% of the total general fund expenditures.

**Overview of the Financial Statements**

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

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

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2012**

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**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 seventeen 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 thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2012**

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

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-36 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and are presented immediately following the notes to the financial statements. Combining fund statements and schedules can be found on pages 43-50 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$10,053,731 at the close of the most recent fiscal year.

Net Assets	Governmental Assets	
	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 4,692,779	\$ 5,768,658
Capital Assets	<u>21,451,299</u>	<u>21,951,420</u>
Total Assets	<u>26,144,078</u>	<u>27,720,078</u>
Current Liabilities	2,309,426	2,237,585
Long-term Liabilities	<u>13,780,921</u>	<u>14,492,283</u>
Total Liabilities	<u>16,090,347</u>	<u>16,729,868</u>
Net Assets		
Invested in capital assets, net of related debt	7,148,269	6,910,610
Restricted	954,351	1,869,351
Unrestricted	<u>1,951,111</u>	<u>2,210,249</u>
Total Net Assets	<u>\$ 10,053,731</u>	<u>\$ 10,990,210</u>



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2012**

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A portion of the District's net assets (71.10%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (9.50%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$1,951,111 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, 2012**

<b>Changes in Net Assets</b>	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2011</b>
Revenues		
Program revenues		
Charges for services	\$ 186,474	\$ 399,769
Operating grants and contributions	1,368,582	1,392,934
General revenues		
Property tax	4,360,122	4,320,834
State support	6,888,208	7,429,202
Gain on sale of capital assets	117,125	-
Other	576,710	523,959
<b>Total Revenues</b>	<b>13,497,221</b>	<b>14,066,698</b>
Expenses		
Instructional	7,236,474	7,007,752
Pupil support	734,819	633,333
Staff support	625,772	551,366
General administration	489,093	424,256
School administration	874,942	837,229
Operations	1,433,939	1,505,864
Transportation	775,273	695,136
Non-instructional	366,137	13,243
Interest	625,633	644,190
Depreciation	618,588	601,764
Child nutrition services	653,030	558,987
<b>Total Expenses</b>	<b>14,433,700</b>	<b>13,473,120</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (936,479)</b>	<b>\$ 593,578</b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2012**

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**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 \$1,460,964. The fund balance decreased by (\$908,611) during the current fiscal year.

Expenditures for general District purposes totaled \$10,622,515, an increase of 7.70% during the current fiscal year.

The plant facility fund has a total fund balance of \$21,706, the majority of which is restricted for construction of facilities, purchase of equipment and related expenditures. The fund balance decreased by (\$22,692) during the current year.

The debt service fund has a total fund balance of \$587,868, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$72,631 during the current year.

The child nutrition fund has a total fund balance of \$72,262, all of which is restricted for the child nutrition program. The fund balance decreased by (\$31,384) during the current year.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management’s Discussion and Analysis (continued)**  
**June 30, 2012**

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**General Fund Budgetary Highlights**

There were amendments made to the original budget.

During the year actual revenues exceeded the final budgetary estimates by \$359,025 in the general fund.

During the current fiscal year, the \$359,025 positive budget to actual variance in total general fund revenues, and the 189,801 positive budget to actual variance in total general fund expenditures, are largely a result of state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year.

**Capital Asset and Debt Administration**

**Capital Assets**

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

Capital assets at June 30, 2012 are outlined below:

<b>Capital Assets (Net of Depreciation)</b>	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Land	\$ 951,000	\$ 951,000
Buildings and improvements	23,826,417	23,917,098
Furniture and equipment	5,898,025	5,721,673
	30,675,442	30,589,771
Accumulated depreciation	(9,224,143)	(8,638,351)
Total Capital Assets, Net of Depreciation	<u>\$ 21,451,299</u>	<u>\$ 21,951,420</u>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2012**

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**Debt Administration**

Outstanding debt at June 30, 2012 is outlined below:

<b>Outstanding Debt</b>	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ 14,115,000	\$ 14,745,000
Compensated absences	91,910	94,187
Bond premium, net of amortization	264,011	283,096
	<b>\$ 14,470,921</b>	<b>\$ 15,122,283</b>

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

**Requests for Information**

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

## **Basic Financial Statements**

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Primary Government</u>	<u>Component Unit</u>
<b>Assets</b>	<b>Governmental Activities</b>	<b>Teton Valley Education Foundation</b>
Cash and Investments	\$ 2,041,220	\$ 108,124
Receivables		
Property taxes	2,065,286	-
State of Idaho	163,715	-
Other	346,577	-
Bond Issue Costs, Net of Amortization	75,981	-
Capital Assets		
Land	951,000	-
Buildings and equipment , net of depreciation	<u>20,500,299</u>	<u>-</u>
Total Assets	<u>\$ 26,144,078</u>	<u>\$ 108,124</u>
<b>Liabilities</b>		
Accounts payable	\$ 16,253	\$ 3,998
Salary contracts payable	1,338,486	-
Deferred revenue	852	-
Interest payable	263,835	-
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, capital leases, and contracts	690,000	-
Portion due or payable after one year:		
Bonds, capital leases, and contracts	13,425,000	-
Compensated absences	91,910	-
Bond issue premium, net of amortization	<u>264,011</u>	<u>-</u>
Total Liabilities	<u>\$ 16,090,347</u>	<u>\$ 3,998</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Net Assets</b>	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Teton Valley Education Foundation</b>
Invested in capital assets, net of related debt	\$ 7,148,269	\$ -
Restricted for:		
Debt service	871,702	-
Capital projects	82,649	-
Unrestricted	<u>1,951,111</u>	<u>104,126</u>
Total Net Assets	<u>\$ 10,053,731</u>	<u>\$ 104,126</u>

The Accompanying Notes are an Integral Part of the Financial Statements



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Activities**  
**June 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Teton Valley Education Foundation
Governmental Activities:					
Instructional	\$ 7,236,474	\$ 10,575	\$ 733,739	\$ (6,492,160)	\$ -
Pupil support	734,819	-	189,096	(545,723)	-
Staff support	625,772	-	-	(625,772)	-
General administration	489,093	-	-	(489,093)	-
School administration	874,942	-	-	(874,942)	-
Business operations	93,941	-	-	(93,941)	-
Operation	1,339,998	-	-	(1,339,998)	-
Transportation	775,273	-	-	(775,273)	-
Non-instructional	366,137	-	-	(366,137)	-
Interest on long-term debt	625,633	-	-	(625,633)	-
Depreciation - unallocated*	618,588	-	-	(618,588)	-
Child nutrition services	653,030	175,899	445,747	(31,384)	-
<b>Total Governmental Activities</b>	<b>\$ 14,433,700</b>	<b>\$ 186,474</b>	<b>\$ 1,368,582</b>	<b>(12,878,644)</b>	<b>-</b>
Component Unit:					
Education Foundation	\$ 79,592	\$ -	\$ 30,100		\$ (49,492)
<b>Total Component Unit</b>	<b>\$ 79,592</b>	<b>\$ -</b>	<b>\$ 30,100</b>		<b>\$ (49,492)</b>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes				\$ 2,634,662	\$ -
Property taxes, levied for debt service				1,328,975	-
Property taxes, levied for capital outlay				396,485	-
Other Local Support				568,445	52,568
Gain on Sale of Capital Assets				117,125	-
State Support				6,888,208	-
Unrestricted Investment Earnings				8,265	711
<b>Total General Revenues</b>				<b>11,942,165</b>	<b>53,279</b>
<b>Change in Net Assets</b>				<b>(936,479)</b>	<b>3,787</b>
Net Assets - Beginning				10,990,210	100,339
Net Assets - Ending				\$ 10,053,731	\$ 104,126

\* 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, 2012**

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<b>Assets</b>	<b>General Fund</b>	<b>Child Nutrition Fund</b>
Cash and Investments	\$ 1,307,546	\$ 110,338
Due from Other Funds	137,800	-
Receivables		
Property taxes	1,251,190	-
State of Idaho	131,287	-
Other	299,045	9,056
Total Assets	<u>\$ 3,126,868</u>	<u>\$ 119,394</u>
 <b>Liabilities and Fund Balances</b>		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	10,366	-
Salary contracts payable	1,167,448	47,132
Interest payable	-	-
Deferred revenues	488,090	-
Total Liabilities	<u>1,665,904</u>	<u>47,132</u>
Fund Balances		
Restricted	-	72,262
Committed	942,848	-
Unassigned	518,116	-
Total Fund Balances	<u>1,460,964</u>	<u>72,262</u>
Total Liabilities and Fund Balances	<u>\$ 3,126,868</u>	<u>\$ 119,394</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Debt Service Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 511,668	\$ -	\$ 111,668	\$ 2,041,220
-	-	-	137,800
623,869	190,227	-	2,065,286
-	-	32,428	163,715
-	-	38,476	346,577
<b>\$ 1,135,537</b>	<b>\$ 190,227</b>	<b>\$ 182,572</b>	<b>\$ 4,754,598</b>
\$ -	\$ 83,434	\$ 54,366	\$ 137,800
-	5,802	85	16,253
-	-	123,906	1,338,486
263,835	-	-	263,835
283,834	79,285	851	852,060
<b>547,669</b>	<b>168,521</b>	<b>179,208</b>	<b>2,608,434</b>
587,868	21,706	-	681,836
-	-	3,364	946,212
-	-	-	518,116
<b>587,868</b>	<b>21,706</b>	<b>3,364</b>	<b>2,146,164</b>
<b>\$ 1,135,537</b>	<b>\$ 190,227</b>	<b>\$ 182,572</b>	<b>\$ 4,754,598</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2012**

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

Total Fund Balance - Governmental Funds	\$	2,146,164
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$30,675,442 and the accumulated depreciation is \$9,224,143.		21,451,299
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(14,206,910)
Bond issuance costs reported as an expenditure in the fund financial statements are capitalized in the government-wide statements. The total costs are \$109,852 and the accumulated amortization is \$33,871.		75,981
Bond premium reported as a revenue in the fund financial statements is capitalized in the government-wide statements. The total premium is \$381,703 and the accumulated amortization is \$117,692.		(264,011)
Property tax revenue is recognized when earned rather than when available.		<u>851,208</u>
Net Assets - Governmental Activities	\$	<u>10,053,731</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, 2012**

	<b>General Fund</b>	<b>Child Nutrition Fund</b>
Revenues		
Local sources		
Property taxes	\$ 2,806,591	\$ -
Earnings on investments	8,265	-
Lunch sales	-	165,282
Other	684,249	10,617
State sources		
State apportionment	6,501,847	-
Other	130,816	-
Federal sources		
Educational programs and other	234,021	445,747
Total Revenues	<u>10,365,789</u>	<u>621,646</u>
Expenditures		
Current		
Instructional	6,212,504	-
Pupil support	545,723	-
Staff support	267,547	-
General administration	489,093	-
School administration	874,942	-
Business operations	93,941	-
Operation	1,339,998	-
Transportation	775,273	-
Non-instructional	14,030	653,030
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	9,464	-
Total Expenditures	<u>10,622,515</u>	<u>653,030</u>
Excess (Deficiency) of Revenues over Expenditures	(256,726)	(31,384)
Other Financing Sources (Uses)		
Transfers in	36,503	-
Transfers out	(688,388)	-
Net Change in Fund Balances	(908,611)	(31,384)
Fund Balance Beginning of Year	<u>2,369,575</u>	<u>103,646</u>
Fund Balance End of Year	<u>\$ 1,460,964</u>	<u>\$ 72,262</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	<b>Debt Service Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>			
\$	1,343,356	\$	401,723	\$	-	\$	4,551,670
	-		-		-		8,265
	-		-		-		165,282
	-	59,204	10,575		-		764,645
	-		-		-		6,501,847
	-		255,545		-		386,361
	-		688,814		-		1,368,582
	<u>1,343,356</u>		<u>460,927</u>		<u>954,934</u>		<u>13,746,652</u>
	-		1,026,247		-		7,238,751
	-		189,096		-		734,819
	-		358,225		-		625,772
	-		-		-		489,093
	-		-		-		874,942
	-		-		-		93,941
	-		-		-		1,339,998
	-		-		-		775,273
	1,500	350,607	-		-		1,019,167
	630,000		-		-		630,000
	639,225		-		-		639,225
	-	166,888	-		-		176,352
	<u>1,270,725</u>		<u>517,495</u>		<u>1,573,568</u>		<u>14,637,333</u>
	72,631	(56,568)	(618,634)		-		(890,681)
	-	33,876	654,512		-		724,891
	-	-	(36,503)		-		(724,891)
	72,631	(22,692)	(625)		-		(890,681)
	<u>515,237</u>		<u>44,398</u>		<u>3,989</u>		<u>3,036,845</u>
\$	<u>587,868</u>	\$	<u>21,706</u>	\$	<u>3,364</u>	\$	<u>2,146,164</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, 2012**

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

Net Change in Fund Balance - Governmental Funds	\$ (890,681)
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.	(442,236)
Property tax revenues received prior to the year for which they are levied are reported as deferred revenue in the governmental funds. The change however is recorded as an adjustment to revenues in the statement of activities.	(191,548)
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold	(57,885)
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.	2,279
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.	630,000
Governmental funds report bond issue costs as an expenditure, while these costs are amortized over the term of the bond as an increase in interest expense in the government-wide statements.	(5,493)
Governmental funds report bond premiums as an other financing source, while the premium is amortized over the term of the bond as a decrease in interest expense in the government-wide statements.	<u>19,085</u>
Change in Net Assets of Governmental Activities	<u>\$ (936,479)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Fiduciary Net Assets – Agency Funds**  
**June 30, 2012**

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<b>Assets</b>	<b>Agency Funds</b>
Cash and Investments	\$ 123,367
Total Assets	<u>\$ 123,367</u>
 <b>Liabilities</b>	
Due to Student Groups	<u>\$ 123,367</u>
Total Liabilities	<u>\$ 123,367</u>

The Accompanying Notes are an Integral Part of the Financial Statements



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements**  
**June 30, 2012**

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**1. Summary of Significant Accounting Policies**

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

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

**Reporting Entity**

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

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

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 assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements**  
**June 30, 2012**

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**1. Summary of Significant Accounting Policies (continued)**

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**Measurement focus, basis of accounting, and financial statement presentation**

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**1. Summary of Significant Accounting Policies (continued)**

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

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

**Budgetary Policy**

The District prepares budgets for all the governmental fund types. Such budgets are adopted on a basis generally consistent with generally accepted accounting principles, except that the commodities received for the child nutrition program are not budgeted.

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards and the amounts reported in comparison with budget reported on page 39:

	<b>Reported Amounts</b>	<b>Commodities Received</b>	<b>Amounts Reported in Comparison with Budget</b>
Child Nutrition Fund			
Total revenues	\$ 621,646	\$ (48,515)	\$ 573,131
Total expenditures	\$ 653,030	\$ (48,515)	\$ 604,515

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**1. Summary of Significant Accounting Policies (continued)**

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

**Encumbrances**

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

**Inventories**

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

**Capital Assets**

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**1. Summary of Significant Accounting Policies (continued)**

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

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

**Use of Estimates**

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

**Fund Equity**

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

**2. Cash and Short-Term Investments (continued)**

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**2. Cash and Short-Term Investments (continued)**

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

1. Deposits – At June 30, 2012, the carrying amount of the District's deposits was \$201,933 and the respective bank balances totaled \$262,529. 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, 2012, \$12,529 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, 2012, 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	\$ 1,962,654	\$ 1,962,654	\$ -	\$ -	\$ -

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.

4. 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, 2012, had a weighted average maturity of 85 days, it was presented as an investment with a maturity of less than one year.
5. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District's policy to limit investments to the safest types of securities and to diversify the District's investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**2. Cash and Short-Term Investments (continued)**

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net assets	\$ 2,041,220
Cash and investments reported on the statement of fiduciary net assets	<u>123,367</u>
	<u>\$ 2,164,587</u>
Investments categorized	\$ 1,962,654
Deposits categorized	<u>201,933</u>
	<u>\$ 2,164,587</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, 2012, are generally based on the assessed values and tax levies established in 2011.

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets, Not Being Depreciated				
Land	\$ 951,000	\$ -	\$ -	\$ 951,000
Total Capital Assets, Not Being Depreciated	<u>\$ 951,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,000</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 23,917,098	\$ -	\$ (90,681)	\$ 23,826,417
Furniture and equipment	5,721,673	176,352	-	5,898,025
Total Capital Assets, Being Depreciated	<u>29,638,771</u>	<u>176,352</u>	<u>(90,681)</u>	<u>29,724,442</u>
Accumulated Depreciation for				
Buildings and improvements	(3,765,656)	(476,679)	32,796	(4,209,539)
Furniture and equipment	(4,872,695)	(141,909)	-	(5,014,604)
Total Accumulated Depreciation	<u>(8,638,351)</u>	<u>(618,588)</u>	<u>32,796</u>	<u>(9,224,143)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 21,000,420</u>			<u>\$ 20,500,299</u>



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**5. General Obligation School Refunding Bonds**

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

**6. General Obligation Bonds Payable**

Bonds outstanding at June 30, 2012, were as follows:

	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Amount</b>
General Obligation Refunding Bonds, 2004 Issue (Original amount--\$4,390,000)	2.50% to 3.90%	2012 to 2017	\$ 2,465,000
General Obligation Bonds, 2006 Issue (Original amount--\$12,000,000)	4.25% to 5.00%	2012 to 2026	\$ 11,650,000

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, 2012**

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**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>
2013	\$ 690,000	\$ 633,205	\$ 1,323,205
2014	750,000	609,824	1,359,824
2015	825,000	576,675	1,401,675
2016	895,000	546,050	1,441,050
2017	960,000	511,851	1,471,851
Thereafter	9,995,000	2,147,500	12,142,500
	<u>\$ 14,115,000</u>	<u>\$ 5,025,105</u>	<u>\$ 19,140,105</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, 2012:

	<u>2004 G.O. Refunding Bonds</u>	<u>2006 G.O. Bonds</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Long-term Obligations June 30, 2011	\$ 2,915,000	\$ 11,830,000	\$ 94,187	\$ 14,839,187
Obligations Incurred	-	-	-	-
Obligaitons Paid	<u>(450,000)</u>	<u>(180,000)</u>	<u>(2,277)</u>	<u>(632,277)</u>
Long-term Obligations June 30, 2012	<u>\$ 2,465,000</u>	<u>\$ 11,650,000</u>	<u>\$ 91,910</u>	<u>\$ 14,206,910</u>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**8. Retirement Plan**

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

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

The actuarially determined contribution requirements of Teton School District No. 401 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. Teton School District No. 401 employer contributions required and paid were \$775,304, \$739,126, and \$728,086, for the three years ended June 30, 2012, 2011, and 2010, respectively.

**9. Non-monetary Transactions**

The District received commodities from the U.S. Government valued at \$48,515. The value was determined by confirmation with the State of Idaho Department of Education.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**10. Other Required Individual Fund Disclosures**

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2012:

<b>Fund</b>	<b>Amount Exceeded</b>
Plant Facility Fund.....	\$ 7,268
Title I Fund.....	29,917
Title III Fund.....	500
Title IIA Fund.....	1,066
Medicaid Administration Fund.....	19,096

**Deficits in Individual Funds**

There were no fund deficits at June 30, 2012.

**11. Interfund Transfers**

The interfund balances at June 30, 2012 were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Major Funds		
General Fund	\$ 137,800	\$ -
Plant Facility Fund	-	83,434
Non-major Funds		
Vocational Education Fund	-	9,298
Carl Perkins Grant Fund	-	18,241
Title IIA Fund	-	8,524
Medicaid Administration Fund	-	18,303
	<b>\$ 137,800</b>	<b>\$ 137,800</b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**11. Interfund Transfers (continued)**

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

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ 36,503	\$ 688,388
Plant Facility Fund	33,876	-
Non Major Funds		
Federal Forest Fund	-	36,503
Vocational Education Fund	86	-
School Technology Fund	290,363	-
Title I Fund	108,134	-
Title VIB Fund	203,773	-
Title VIB Preschool Fund	2,862	-
Title IIA Fund	2,885	-
Medicaid Administration Fund	46,409	-
	<u>\$ 724,891</u>	<u>\$ 724,891</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.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**12. Fund Balances (continued)**

**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.

**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.

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Funds</b>	<b>Total</b>
Fund Balances:					
Restricted for:					
Child Nutrition	\$ -	\$ 72,262	\$ -	\$ -	\$ 72,262
Debt Service	-	-	587,868	-	587,868
Plant Facility	-	-	-	21,706	21,706
Committed to:					
2013 M&D					
Budget	942,848	-	-	-	942,848
2013 Driver					
Education	-	3,364	-	-	3,364
Unassigned:	518,116	-	-	-	518,116
<b>Total</b>					
Fund Balances	<b>\$ 1,460,964</b>	<b>\$ 75,626</b>	<b>\$ 587,868</b>	<b>\$ 21,706</b>	<b>\$ 2,146,164</b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2012**

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**13. Teton Valley Education Foundation**

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

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

Deposits and investments: At June 30, 2012, the carrying amount of the Foundation's deposits was \$108,124 and the respective bank balances totaled \$112,237. The entire bank balance was insured under FDIC coverage.

**Required Supplementary Information**



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2012**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive Negative</b>
<b>Revenues</b>				
Local sources				
Property taxes	\$ 2,624,723	\$ 2,624,723	\$ 2,806,591	\$ 181,868
Earnings on investments	11,000	11,000	8,265	(2,735)
Other	343,000	553,010	684,249	131,239
State sources				
State apportionment	6,653,330	6,465,889	6,501,847	35,958
Other	168,121	118,121	130,816	12,695
Federal sources				
Educational programs and other	213,597	234,021	234,021	-
<b>Total Revenues</b>	<b>10,013,771</b>	<b>10,006,764</b>	<b>10,365,789</b>	<b>359,025</b>
<b>Expenditures</b>				
Current				
Instructional	6,160,919	6,272,726	6,212,504	60,222
Pupil support	524,832	544,322	545,723	(1,401)
Staff support	280,415	312,404	267,547	44,857
General administration	418,233	471,219	489,093	(17,874)
School administration	798,955	877,346	874,942	2,404
Business operations	107,123	93,941	93,941	-
Operation	1,267,423	1,339,253	1,339,998	(745)
Transportation	788,672	784,768	775,273	9,495
Non-instructional	15,269	16,337	14,030	2,307
Capital outlay	-	-	9,464	(9,464)
Contingency	100,000	100,000	-	100,000
<b>Total Expenditures</b>	<b>10,461,841</b>	<b>10,812,316</b>	<b>10,622,515</b>	<b>189,801</b>
<b>Excess (Deficiency) of</b>				
Revenues over Expenditures	(448,070)	(805,552)	(256,726)	548,826
<b>Other Financing Sources (Uses)</b>				
Transfers in	28,959	36,503	36,503	-
Transfers (out)	(548,278)	(657,678)	(688,388)	(30,710)
<b>Net Change in Fund Balances</b>	<b>(967,389)</b>	<b>(1,426,727)</b>	<b>(908,611)</b>	<b>518,116</b>
<b>Fund Balance, Beginning of Year</b>	<b>967,389</b>	<b>2,369,575</b>	<b>2,369,575</b>	<b>1,031,410</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ 942,848</b>	<b>\$ 1,460,964</b>	<b>\$ 1,549,526</b>

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, 2012**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Local sources			
Lunch sales	\$ 145,000	\$ 165,282	\$ 20,282
Other	16,500	10,617	(5,883)
Federal sources			
Educational programs and other	375,000	397,232	22,232
<b>Total Revenues</b>	<b>536,500</b>	<b>573,131</b>	<b>36,631</b>
Expenditures			
Current			
Non-instructional	645,762	604,515	41,247
<b>Total Expenditures</b>	<b>645,762</b>	<b>604,515</b>	<b>41,247</b>
Excess (Deficiency) of			
Revenues over Expenditures	(109,262)	(31,384)	77,878
Other Financing Sources (Uses)			
Transfers in	5,616	-	(5,616)
Net Change in Fund Balances	(103,646)	(31,384)	72,262
Fund Balance, Beginning of Year	103,646	103,646	-
Fund Balance, End of Year	\$ -	\$ 72,262	\$ 72,262

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, 2012**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Local sources			
Property taxes	\$ 1,328,092	\$ 1,343,356	\$ 15,264
Total Revenues	1,328,092	1,343,356	15,264
Expenditures			
Current			
Non-instructional	3,000	1,500	1,500
Debt service			
Principal	630,000	630,000	-
Interest	647,543	639,225	8,318
Total Expenditures	1,280,543	1,270,725	9,818
Net Change in Fund Balances	47,549	72,631	25,082
Fund Balance, Beginning of Year	515,237	515,237	-
Fund Balance, End of Year	\$ 562,786	\$ 587,868	\$ 25,082

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, 2012**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Local sources			
Property taxes	\$ 400,000	\$ 401,723	\$ 1,723
Other	59,203	59,204	1
Total Revenues	459,203	460,927	1,724
Expenditures			
Current			
Non-instructional	350,000	350,607	(607)
Capital outlay	160,000	166,888	(6,888)
Total Expenditures	510,000	517,495	(7,495)
Excess (Deficiency) of Revenues over Expenditures	(50,797)	(56,568)	(5,771)
Other Financing Sources (Uses)			
Transfers in	6,399	33,876	27,477
Net Change in Fund Balances	(44,398)	(22,692)	21,706
Fund Balance, Beginning of Year	44,398	44,398	-
Fund Balance, End of Year	\$ -	\$ 21,706	\$ 21,706

See Independent Auditors' Report

## **Supplementary Information**

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2012**

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	<b>Federal Forest Fund</b>	<b>Driver Education Fund</b>	<b>Vocational Education Fund</b>
Assets			
Cash and Investments	\$ -	\$ 4,678	\$ -
Receivables			
State of Idaho	-	-	10,744
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 4,678</u>	<u>\$ 10,744</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 9,298
Accounts payable	-	85	-
Salary contracts payable	-	1,229	1,446
Deferred revenues	-	-	-
Total Liabilities	<u>-</u>	<u>1,314</u>	<u>10,744</u>
Fund Balances			
Committed	-	3,364	-
Total Fund Balances	<u>-</u>	<u>3,364</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,678</u>	<u>\$ 10,744</u>

See Independent Auditors' Report

<b>School Technology Fund</b>	<b>Title I Fund</b>	<b>Title I-B Fund</b>	<b>Title VIB Fund</b>	<b>Title VIB Preschool Fund</b>
\$ 621	\$ 29,020	\$ 60	\$ 74,526	\$ 1,308
-	-	-	-	-
-	-	-	-	1,308
<b>\$ 621</b>	<b>\$ 29,020</b>	<b>\$ 60</b>	<b>\$ 74,526</b>	<b>\$ 2,616</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
621	29,020	-	74,526	2,616
-	-	60	-	-
621	29,020	60	74,526	2,616
-	-	-	-	-
-	-	-	-	-
<b>\$ 621</b>	<b>\$ 29,020</b>	<b>\$ 60</b>	<b>\$ 74,526</b>	<b>\$ 2,616</b>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2012**

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	<b>Title V-A Innovative Fund</b>	<b>Carl Perkins Grant Fund</b>	<b>Title III Fund</b>
<b>Assets</b>			
Cash and Investments	\$ 791	\$ -	\$ 664
<b>Receivables</b>			
State of Idaho	-	-	-
Other	-	18,241	2,651
Total Assets	<u>\$ 791</u>	<u>\$ 18,241</u>	<u>\$ 3,315</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 18,241	\$ -
Accounts payable	-	-	-
Salary contracts payable	-	-	3,315
Deferred revenues	791	-	-
Total Liabilities	<u>791</u>	<u>18,241</u>	<u>3,315</u>
<b>Fund Balances</b>			
Committed	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 791</u>	<u>\$ 18,241</u>	<u>\$ 3,315</u>

See Independent Auditors' Report



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<b>Title II A Fund</b>	<b>Medicaid Administration Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 111,668
-	21,684	32,428
16,276	-	38,476
<b>\$ 16,276</b>	<b>\$ 21,684</b>	<b>\$ 182,572</b>
\$ 8,524	\$ 18,303	\$ 54,366
-	-	85
7,752	3,381	123,906
-	-	851
16,276	21,684	179,208
-	-	3,364
-	-	3,364
<b>\$ 16,276</b>	<b>\$ 21,684</b>	<b>\$ 182,572</b>

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, 2012**

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	<b>Federal Forest Fund</b>	<b>Drivers Education Fund</b>	<b>Vocational Education Fund</b>
Revenues			
Local sources			
Other	\$ -	\$ 10,575	\$ -
State sources			
Other	-	12,307	32,689
Federal sources			
Educational programs and other	36,503	-	-
<b>Total Revenues</b>	<b>36,503</b>	<b>22,882</b>	<b>32,689</b>
Expenditures			
Current			
Instructional	-	23,507	32,775
Pupil support	-	-	-
Staff support	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>23,507</b>	<b>32,775</b>
Excess (Deficiency) of Revenues over Expenditures	36,503	(625)	(86)
Other Financing Sources (Uses)			
Transfers in	-	-	86
Transfers out	(36,503)	-	-
Net Change in Fund Balances	-	(625)	-
Fund Balance, Beginning of Year	-	3,989	-
Fund Balance, End of Year	\$ -	\$ 3,364	\$ -

See Independent Auditors' Report

<b>School Technology Fund</b>	<b>Title I Fund</b>	<b>Title I-B Fund</b>	<b>Title VIB Fund</b>	<b>Title VIB Preschool Fund</b>
\$ -	\$ -	\$ -	\$ -	
67,862	-	-	-	
-	236,098	-	286,323	16,167
<u>67,862</u>	<u>236,098</u>	<u>-</u>	<u>286,323</u>	<u>16,167</u>
-	344,232	-	490,096	19,029
-	-	-	-	-
358,225	-	-	-	-
<u>358,225</u>	<u>344,232</u>	<u>-</u>	<u>490,096</u>	<u>19,029</u>
(290,363)	(108,134)	-	(203,773)	(2,862)
290,363	108,134	-	203,773	2,862
-	-	-	-	-
-	-	-	-	-
<u>\$ -</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, 2012**

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund
<b>Revenues</b>			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	-	18,241	21,163
<b>Total Revenues</b>	<b>-</b>	<b>18,241</b>	<b>21,163</b>
<b>Expenditures</b>			
Current			
Instructional	-	18,241	21,163
Pupil support	-	-	-
Staff support	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>18,241</b>	<b>21,163</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	-
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report

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<b>Title II A Fund</b>	<b>Medicaid Administration Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 10,575
-	142,687	255,545
<u>74,319</u>	<u>-</u>	<u>688,814</u>
<u>74,319</u>	<u>142,687</u>	<u>954,934</u>
77,204	-	1,026,247
-	189,096	189,096
<u>-</u>	<u>-</u>	<u>358,225</u>
<u>77,204</u>	<u>189,096</u>	<u>1,573,568</u>
(2,885)	(46,409)	(618,634)
2,885	46,409	654,512
<u>-</u>	<u>-</u>	<u>(36,503)</u>
-	-	(625)
<u>-</u>	<u>-</u>	<u>3,989</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,364</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2012**

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<b>Teton High School</b>				
Assets				
Cash	\$ 105,926	\$ 299,901	\$ 309,386	\$ 96,441
Liabilities				
Due to student groups	\$ 105,926	\$ 299,901	\$ 309,386	\$ 96,441
<b>Teton Middle School</b>				
Assets				
Cash	\$ 13,652	\$ 50,713	\$ 53,251	\$ 11,114
Liabilities				
Due to student groups	\$ 13,652	\$ 50,713	\$ 53,251	\$ 11,114
<b>Rendezvous Elementary School</b>				
Assets				
Cash	\$ -	\$ 27,442	\$ 25,126	\$ 2,316
Liabilities				
Due to student groups	\$ -	\$ 27,442	\$ 25,126	\$ 2,316
<b>Victor Elementary School</b>				
Assets				
Cash	\$ 9,612	\$ 17,859	\$ 19,969	\$ 7,502
Liabilities				
Due to student groups	\$ 9,612	\$ 17,859	\$ 19,969	\$ 7,502
<b>Tetonia Elementary School</b>				
Assets				
Cash	\$ 5,150	\$ 6,625	\$ 7,247	\$ 4,528
Liabilities				
Due to student groups	\$ 5,150	\$ 6,625	\$ 7,247	\$ 4,528
<b>Driggs Elementary School</b>				
Assets				
Cash	\$ 639	\$ 22,133	\$ 21,306	\$ 1,466
Liabilities				
Due to student groups	\$ 639	\$ 22,133	\$ 21,306	\$ 1,466
<b>Total - All School Activity Funds</b>				
Assets				
Cash	\$ 134,979	\$ 424,673	\$ 436,285	\$ 123,367
Liabilities				
Due to student groups	\$ 134,979	\$ 424,673	\$ 436,285	\$ 123,367

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2012**

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	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
<b>Teton County</b>			
Balance at June 30, 2011	\$ 1,331,867	\$ 656,124	\$ 207,318
Add - Taxes Assessed for 2011 (Net of Cancellations)	2,633,915	1,333,066	401,395
Less - Collections Received	<u>(2,714,592)</u>	<u>(1,365,321)</u>	<u>(418,486)</u>
Balance at June 30, 2012	<u>\$ 1,251,190</u>	<u>\$ 623,869</u>	<u>\$ 190,227</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements**  
**June 30, 2012**

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	<b>Annual Payment</b>			
	<b>Interest Rate</b>	<b>Fiscal Year</b>	<b>Principal Amount</b>	<b>Interest Payment</b>
General Obligation				
Refunding	2.750%	2013	\$ 460,000	\$ 80,505
School Bonds	3.900%	2014	475,000	67,855
Series 2004	3.000%	2015	495,000	47,850
	3.125%	2016	510,000	33,000
	3.250%	2017	525,000	17,063
			<u>\$ 2,465,000</u>	<u>\$ 246,273</u>

See Independent Auditors' Report



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements (continued)**  
**June 30, 2012**

	<b>Annual Payment</b>			
	<b>Interest Rate</b>	<b>Fiscal Year</b>	<b>Principal Amount</b>	<b>Interest Payment</b>
General Obligation				
School Bonds	4.250%	2013	\$ 230,000	\$ 552,700
Series 2006	4.250%	2014	275,000	541,969
	4.250%	2015	330,000	528,825
	4.250%	2016	385,000	513,050
	4.500%	2017	435,000	494,788
	5.000%	2018	1,000,000	460,000
	5.000%	2019	1,135,000	406,625
	5.000%	2020	1,225,000	347,625
	5.000%	2021	1,320,000	284,000
	4.250%	2022	1,000,000	229,750
	5.000%	2023	1,000,000	183,500
	5.000%	2024	1,050,000	132,250
	5.000%	2025	1,105,000	78,375
	4.375%	2026	1,160,000	25,375
			<b>\$ 11,650,000</b>	<b>\$ 4,778,832</b>

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, 2012**

<b>Name of Organization</b>	<b>Balance June 30, 2011</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers</b>	<b>Balance June 30, 2012</b>
Athletics	\$ 2,778	\$ 39,278	\$ 58,199	\$ 16,254	\$ 111
Principal Account	23	1,048	-	(840)	231
Baseball Travel	-	450	-	(450)	-
Baseball Camp	284	4,156	2,615	(169)	1,656
Softball Travel	25	505	-	(530)	-
Softball Camp	-	3,372	2,479	(119)	774
Boys Basketball Travel	-	750	675	(75)	-
Boys Basketball Camp	2,210	2,340	2,403	(150)	1,997
Cheerleaders	1,378	10,624	10,103	(292)	1,607
Drill Team	7,874	10,602	15,151	(321)	3,004
Golf Spirit Packs	27	-	-	-	27
Girls Basketball Travel	-	1,261	-	(1,261)	-
Girls Basketball Camp	3,372	3,943	4,094	401	3,622
Football Travel	25	1,250	1,145	(130)	-
Football Camp	168	3,157	2,486	-	839
Track Travel	(25)	1,436	25	(1,386)	-
Track Spirit Packs	149	-	-	-	149
Cross Country Travel	-	900	898	(2)	-
X Cntry Food/Uniform	40	2,508	1,573	-	975
Volleyball Travel	-	930	880	(50)	-
Volleyball Camp	719	14,889	12,961	440	3,087
Soccer Travel	25	1,025	978	(72)	-
Girls Soccer Camp	-	4,671	4,234	-	437
Boys Soccer Camp	230	1,894	1,106	(25)	993
Wrestling Travel	-	565	175	(390)	-
Wrestling Camp	17	-	-	115	132
Wrestling Spirit Packs	115	-	-	(115)	-
Class of 2004	1,000	-	1,000	-	-
Class of 2008	1,012	-	1,012	-	-
Class of 2009	1,104	-	1,104	-	-
Class of 2011	276	75	351	-	-
Class of 2012	3,852	5,041	9,779	4,135	3,249
Class of 2013	1,443	3,835	1,443	-	3,835
Class of 2014	761	3,076	1,304	-	2,533
Class of 2015	-	548	244	-	304
FFA	2,979	1,535	1,594	-	2,920
FCCLA	28	1,033	515	26	572
Honor Society	4,762	3,742	9,426	840	(82)
BPA	798	5,348	5,045	485	1,586
Debate Travel	-	413	205	(208)	-
Debate Club	792	103	100	(243)	552
Quiz Bowl	146	-	46	-	100
Quiz Bowl Travel	-	375	375	-	-
Agriculture	1,578	1,800	1,631	(67)	1,680
Art	(105)	4,981	4,373	(266)	237
Family/Consumer Science	(834)	3,754	2,576	(175)	169
Woods	1,228	1,861	2,904	(100)	85
Robotics	-	6,500	3,698	-	2,802

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, 2012**

Name of Organization	Balance June 30, 2011	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2012
Business Department	1,400	482	1,772	16	126
ASB	10	13,394	40	(13,364)	-
Yearbook II	1,124	1,626	211	-	2,539
Yearbook 2008	-	-	-	(15)	(15)
Yearbook 2009	5	-	-	-	5
Yearbook 2010	400	-	-	-	400
Yearbook 2011	14,650	1,521	14,712	(875)	584
Yearbook 2012	-	9,015	4,685	(172)	4,158
Student Council	3,836	5,738	8,222	1,393	2,745
Newspaper	1,073	195	470	-	798
Newspaper II	135	-	-	-	135
Bookstore	854	14,629	15,173	(608)	(298)
Donations	8,120	4,530	7,414	(2,322)	2,914
Senior Sneak	-	4,320	20	(4,240)	60
Building Rental	132	690	822	-	-
Auditorium Rental	622	2,053	598	-	2,077
Winter Sports	1,297	10,880	9,726	-	2,451
High School Office	23	6,608	6,722	158	67
Women's Fitness	80	282	303	(29)	30
Sales Tax	287	2,495	6,342	3,916	356
Vending	1,072	7,558	6,530	(37)	2,063
Sched. Change/Reprint	(48)	3,860	985	(20)	2,807
Book Damage/Replace	4,062	792	1,990	(116)	2,748
Scholarship Fund	19,754	10,800	6,550	1,000	25,004
Drivers Ed	-	9,300	9,300	-	-
IDLA	450	4,800	5,100	-	150
Drama	288	240	451	(5)	72
Play Club	1,041	2,320	4,497	-	(1,136)
Music Department	3,755	23,374	23,467	(183)	3,479
Environmental Club	20	310	26	-	304
Latino Club	476	946	371	-	1,051
Library	439	839	768	-	510
National Forensics	(198)	15	60	243	-
Basin High School	422	520	1,119	-	(177)
Basin Marketing	(9)	195	35	-	151
Petty Cash	100	-	-	-	100
	\$ 105,926	\$ 299,901	\$ 309,386	\$ -	\$ 96,441

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Teton Middle School Activity Fund**  
**Statement of Cash Receipts Disbursements and Transfers**  
**Year Ended June 30, 2012**

<b>Name of Organization</b>	<b>Balance June 30, 2011</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers</b>	<b>Balance June 30, 2012</b>
General Account	\$ 53	\$ 1,232	\$ -	\$ -	\$ 1,285
Winter Sports	-	15,012	14,724	-	288
Insurance	-	-	243	-	(243)
Library	761	155	93	-	823
Photo	1,254	860	1,734	-	380
Vending	115	1,050	723	-	442
Yearbook	1,696	3,181	3,390	-	1,487
Student Dues	7,341	14,790	17,897	-	4,234
Debate	47	-	-	-	47
Music	-	3,139	3,043	-	96
Office	1,703	3,509	2,263	-	2,949
Wrestling	222	799	1,254	-	(233)
Boys Basketball	-	460	1,416	-	(956)
Girls Basketball	-	480	605	-	(125)
Cheer	107	1,034	1,279	-	(138)
Track	-	2,396	2,198	-	198
Volleyball	78	420	594	-	(96)
Student Council	-	1,333	395	-	938
Gifted	275	502	1,039	-	(262)
Charitable Donation	-	361	361	-	-
	<u>\$ 13,652</u>	<u>\$ 50,713</u>	<u>\$ 53,251</u>	<u>\$ -</u>	<u>\$ 11,114</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Revenues Cash Basis</u>
<b>U.S. Department of Agriculture</b>			
Passed Through State Department of Education:			
* Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 111,001	\$ 111,001
National School Lunch Program	10.555	324,997	324,997
Special Milk Program for Children	10.556	569	569
Summer Food Service Program for Children	10.559	8,140	8,140
Passed Through Teton County			
Federal Forest	10.665	<u>36,503</u>	<u>36,503</u>
Total Department of Agriculture		<u>481,210</u>	<u>481,210</u>
<b>U.S. Department of Education</b>			
Passed Through State Department of Education:			
Education Jobs Fund ARRA	84.410A	234,021	234,021
Title I Part A Cluster			
Title I-Basic	84.010	197,034	258,559
Title I-ARRA	84.389A	39,064	39,064
Special Education Cluster			
Title VI-B	84.027	286,323	286,323
Title VI-B - Preschool	84.173	16,167	14,859
Vocational Education Grant	84.048	18,241	14,805
English Language Acquisition Grant	84.365	21,163	18,512
Improving Teacher Quality	84.367	74,319	77,812
Education Technology State Grants ARRA	84.386A	<u>-</u>	<u>15,170</u>
Total Department of Education		<u>886,332</u>	<u>959,125</u>
Total Federal Assistance		<u>\$ 1,367,542</u>	<u>\$ 1,440,335</u>

\* Major Federal Program

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Note to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

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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**<sub>INC.</sub>

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2012, which collectively comprise Teton County School District No. 401's basic financial statements and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of Teton County School District No. 401 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Teton County School District No. 401's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control over financial reporting.

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

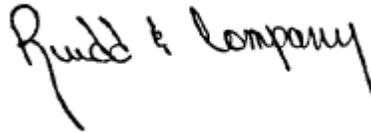
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of Teton County School District No. 401 in a separate letter dated September 27, 2012.

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

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

September 27, 2012





**RUDD & COMPANY**<sub>INC.</sub>

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

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

**Compliance**

We have audited Teton County School District No. 401's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Teton County School District No. 401's major federal programs for the year ended June 30, 2012. Teton County School District No. 401's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Teton County School District No. 401's management. Our responsibility is to express an opinion on Teton County School District No. 401 compliance based on our audit.

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

In our opinion, Teton County School District No. 401 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

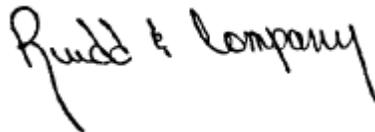
## **Internal Control over Compliance**

Management of Teton County School District No. 401 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Teton County School District No. 401's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control over compliance.

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

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

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

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

September 27, 2012

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2012**

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**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material Weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	None Reported
Type or auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2012**

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Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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