



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, 2013

giving direction to your future

TETON COUNTY SCHOOL DISTRICT NO. 401

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June 30, 2013

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2013, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Teton County School District No. 401 as of June 30, 2013, 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 on pages 4 through 11 and analysis and budgetary comparison information on pages 40 through 44 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

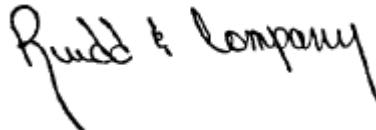
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teton County School District No. 401's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes 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 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 11, 2013, 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 11, 2013

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2013

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, 2013.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at June 30, 2013 by \$8,569,907. Of this amount, \$1,352,824 of unrestricted net position may be used to meet the District's ongoing obligations.
- The District's net position decreased by \$1,483,824 as a result of this year's operations.
- The unassigned fund balance for the general fund was \$457,631 or 4.4% 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 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 13-15 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2013

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, the Title I fund and the plant facility fund, all of which are considered to be major funds. Data from the other twelve 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 16-17 and 19-20 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, 2013

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 22 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 23-38 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 46-53 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 exceeded liabilities by \$8,569,907 at the close of the most recent fiscal year.

Net Position	Governmental Assets	
	2013	2012
Current and Other Assets	\$ 4,479,958	\$ 4,692,779
Capital Assets	21,039,594	21,451,299
Total Assets	25,519,552	26,144,078
Current Liabilities	2,495,882	2,309,426
Long-term Liabilities	12,464,565	13,516,910
Total Liabilities	14,960,447	15,826,336
Deferred Inflows of Resources	1,989,198	264,011
Net Position		
Net Investment in Capital Assets	5,913,016	7,148,269
Restricted	1,304,067	954,351
Unrestricted	1,352,824	1,951,111
Total Net Position	\$ 8,569,907	\$ 10,053,731

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2013

A portion of the District's net position, \$5,913,016, 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, \$1,304,067, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$1,352,824 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, 2013

Changes in Net Position	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Charges for services	\$ 176,742	\$ 186,474
Operating grants and contributions	1,207,548	1,368,582
General revenues		
Property tax	4,634,690	4,360,122
State support	7,127,870	6,888,208
Gain on sale of capital assets	-	117,125
Other	<u>606,588</u>	<u>576,710</u>
Total Revenues	<u>13,753,438</u>	<u>13,497,221</u>
Expenses		
Instructional	7,219,587	7,236,474
Pupil support	755,974	734,819
Staff support	510,898	625,772
General administration	439,820	489,093
School administration	739,483	874,942
Operations	1,338,689	1,433,939
Transportation	776,477	775,273
Non-instructional	321,423	366,137
Interest	1,836,654	625,633
Depreciation	625,875	618,588
Child nutrition services	<u>672,382</u>	<u>653,030</u>
Total Expenses	<u>15,237,262</u>	<u>14,433,700</u>
Change in Net Position	<u>\$ (1,483,824)</u>	<u>\$ (936,479)</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2013

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 \$1,013,782. The fund balance decreased by \$447,182 during the current fiscal year.

Expenditures for general District purposes totaled \$10,466,299, a decrease of \$156,216 during the current fiscal year.

The plant facility fund has a total fund deficit of \$(4,374), all of which is unassigned. The fund balance decreased by \$26,080 during the current year.

The debt service fund has a total fund balance of \$1,049,744, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$461,876 during the current year.

The child nutrition fund has a total fund balance of \$31,908, all of which is restricted for the child nutrition program. The fund balance decreased by \$40,354 during the current year.

The Title I fund has a total fund balance of \$0. The fund balance did not change during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2013

General Fund Budgetary Highlights

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

During the year actual revenues exceeded the final budgetary estimates by \$428,768 in the general fund.

During the current fiscal year, the \$428,768 positive budget to actual variance in total general fund revenues, and the \$59,384 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, 2013 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Land	\$ 951,000	\$ 951,000
Buildings and improvements	23,932,088	23,826,417
Furniture and equipment	<u>6,006,524</u>	<u>5,898,025</u>
	30,889,612	30,675,442
Accumulated depreciation	<u>(9,850,018)</u>	<u>(9,224,143)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 21,039,594</u>	<u>\$ 21,451,299</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2013

Debt Administration

Outstanding debt at June 30, 2013 is outlined below:

Outstanding Debt	Governmental Activities	
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 13,285,000	\$ 14,115,000
Compensated absences	89,565	91,910
Bond premium, net of amortization	<u>1,989,198</u>	<u>264,011</u>
	<u>\$ 15,363,763</u>	<u>\$ 14,470,921</u>

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

Requests for Information

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

Basic Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Net Position
June 30, 2013

	<u>Primary Government</u>	<u>Component Unit</u>
Assets	Governmental Activities	Teton Valley Education Foundation
Cash and Investments	\$ 1,642,270	\$ 89,027
Receivables		
Property taxes	1,875,627	-
State of Idaho	208,126	-
Other	606,315	-
Bond Issue Costs, Net of Amortization	147,620	-
Capital Assets		
Land	951,000	-
Buildings and equipment, net of depreciation	20,088,594	-
Total Assets	<u>\$ 25,519,552</u>	<u>\$ 89,027</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	Primary Government	Component Unit
	Governmental Activities	Teton Valley Education Foundation
Liabilities		
Accounts payable	\$ 123,946	\$ 9,500
Salary contracts payable	1,361,657	-
Interest payable	100,279	-
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, capital leases, and contracts	910,000	-
Portion due or payable after one year:		
Bonds, capital leases, and contracts	12,375,000	-
Compensated absences	89,565	-
Total Liabilities	<u>14,960,447</u>	<u>9,500</u>
Deferred Inflows of Resources		
Bond issue premium, net of amortization	<u>1,989,198</u>	<u>-</u>
Total Liabilities and Deferred Outflows of Resources	<u>\$ 16,949,645</u>	<u>\$ 9,500</u>
Net Position		
Net investment in capital assets	\$ 5,913,016	\$ -
Restricted for:		
Debt service	1,245,807	-
Capital projects	58,260	-
Unrestricted	<u>1,352,824</u>	<u>79,527</u>
Total Net Position	<u>\$ 8,569,907</u>	<u>\$ 79,527</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Activities
Year Ended June 30, 2013

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	\$ 7,211,763	\$ 15,190	\$ 550,134	\$ (6,646,439)	\$ -
Pupil support	755,974	-	186,938	(569,036)	-
Staff support	510,898	-	-	(510,898)	-
General administration	439,820	-	-	(439,820)	-
School administration	739,483	-	-	(739,483)	-
Business operations	115,828	-	-	(115,828)	-
Operation	1,222,861	-	-	(1,222,861)	-
Transportation	776,477	-	-	(776,477)	-
Non-instructional	329,247	-	-	(329,247)	-
Interest on long-term debt	1,836,654	-	-	(1,836,654)	-
Depreciation - unallocated*	625,875	-	-	(625,875)	-
Child nutrition services	672,382	161,552	470,476	(40,354)	-
Total Governmental Activities	\$ 15,237,262	\$ 176,742	\$ 1,207,548	(13,852,972)	-
Component Unit:					
Education Foundation	\$ 91,496	\$ -	\$ 66,470		\$ (25,026)
Total Component Unit	\$ 91,496	\$ -	\$ 66,470		\$ (25,026)
General Revenues:					
Taxes:					
				\$ 2,845,817	\$ -
				1,389,726	-
				399,147	-
				601,525	-
				7,127,870	-
				5,063	427
				12,369,148	427
				(1,483,824)	(24,599)
				10,053,731	104,126
				\$ 8,569,907	\$ 79,527

* 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, 2013

Assets	General Fund	Child Nutrition Fund	Title I Fund
Cash and Investments	\$ 709,891	\$ 79,513	\$ -
Due from Other Funds	347,784	-	-
Receivables			
Property taxes	1,148,535	-	-
State of Idaho	144,346	-	-
Other	284,895	1,993	274,733
Total Assets	<u>\$ 2,635,451</u>	<u>\$ 81,506</u>	<u>\$ 274,733</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 236,701
Accounts payable	22,963	1,222	224
Salary contracts payable	1,201,257	48,376	37,808
Interest payable	-	-	-
Total Liabilities	<u>1,224,220</u>	<u>49,598</u>	<u>274,733</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>397,449</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted	-	31,908	-
Committed	556,151	-	-
Unassigned	457,631	-	-
Total Fund Balances (Deficits)	<u>1,013,782</u>	<u>31,908</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,635,451</u>	<u>\$ 81,506</u>	<u>\$ 274,733</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 782,890	\$ -	\$ 69,976	\$ 1,642,270
-	-	-	347,784
563,197	163,895	-	1,875,627
-	-	63,780	208,126
-	1,553	43,141	606,315
<u>\$ 1,346,087</u>	<u>\$ 165,448</u>	<u>\$ 176,897</u>	<u>\$ 4,680,122</u>
\$ -	\$ 21,149	\$ 89,934	\$ 347,784
-	90,414	9,123	123,946
-	-	74,216	1,361,657
<u>100,279</u>	<u>-</u>	<u>-</u>	<u>100,279</u>
<u>100,279</u>	<u>111,563</u>	<u>173,273</u>	<u>1,933,666</u>
<u>196,064</u>	<u>58,259</u>	<u>-</u>	<u>651,772</u>
1,049,744	-	-	1,081,652
-	-	3,624	559,775
<u>-</u>	<u>(4,374)</u>	<u>-</u>	<u>453,257</u>
<u>1,049,744</u>	<u>(4,374)</u>	<u>3,624</u>	<u>2,094,684</u>
<u>\$ 1,346,087</u>	<u>\$ 165,448</u>	<u>\$ 176,897</u>	<u>\$ 4,680,122</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, 2013

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

Total Fund Balance - Governmental Funds	\$	2,094,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$30,889,612 and the accumulated depreciation is \$9,850,018.		21,039,594
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(13,374,565)
Bond issuance costs reported as an expenditure in the fund financial statements are capitalized in the government-wide statements. The total costs are \$154,555 and the accumulated amortization is \$6,935.		147,620
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 \$93,452.		(1,989,198)
Property tax revenue is recognized when earned rather than when available.		<u>651,772</u>
Net Position - Governmental Activities	\$	<u>8,569,907</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, 2013

	General Fund	Child Nutrition Fund	Title I Fund
Revenues			
Local sources			
Property taxes	\$ 2,936,458	\$ -	\$ -
Earnings on investments	5,063	-	-
Lunch sales	-	153,662	-
Other	601,525	7,890	-
State sources			
State apportionment	6,668,899	-	-
Other	214,939	-	-
Federal sources			
Educational programs and other	-	470,476	310,943
Total Revenues	10,426,884	632,028	310,943
Expenditures			
Current			
Instructional	6,348,865	-	311,003
Pupil support	569,036	-	-
Staff support	231,809	-	-
General administration	439,820	-	-
School administration	739,483	-	-
Business operations	115,828	-	-
Operation	1,222,861	-	-
Transportation	776,477	-	-
Non-instructional	14,296	672,382	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	7,824	-	-
Total Expenditures	10,466,299	672,382	311,003
Excess (Deficiency) of Revenues over Expenditures	(39,415)	(40,354)	(60)
Other Financing Sources (Uses)			
Other financing source - refunding bonds	-	-	-
Other financing use - payment to refunded bond escrow agent	-	-	-
Transfers in	40,943	-	60
Transfers out	(448,710)	-	-
Net Change in Fund Balances	(447,182)	(40,354)	-
Fund Balance Beginning of Year	1,460,964	72,262	-
Fund Balance (Deficit) End of Year	\$ 1,013,782	\$ 31,908	\$ -

The Accompanying Notes are an Integral Part of the Financial Statements

	Debt Service Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds			
\$	1,477,497	\$	420,171	\$	-	\$	4,834,126
	-	-	-	-	-	5,063	153,662
	-	-	15,190	-	-	624,605	6,668,899
	-	-	-	-	-	458,971	244,032
	-	-	426,129	-	-	1,207,548	-
	<u>1,477,497</u>	<u>420,171</u>	<u>685,351</u>	<u>13,952,874</u>	<u>1,015,621</u>	<u>503,966</u>	<u>1,035,083</u>
	-	-	554,240	-	-	7,214,108	-
	-	-	186,938	-	-	755,974	-
	-	-	279,089	-	-	510,898	-
	-	-	-	-	-	439,820	-
	-	-	-	-	-	739,483	-
	-	-	-	-	-	115,828	-
	-	-	-	-	-	1,222,861	-
	-	-	-	-	-	776,477	-
	2,515	312,436	-	-	-	1,001,629	-
	690,000	-	-	-	-	690,000	-
	323,106	-	-	-	-	323,106	-
	-	191,530	14,816	-	-	214,170	-
	<u>1,015,621</u>	<u>503,966</u>	<u>1,035,083</u>	<u>14,004,354</u>	<u>461,876</u>	<u>(83,795)</u>	<u>(349,732)</u>
	461,876	(83,795)	(349,732)	-	-	(51,480)	-
	9,855,000	-	-	-	-	9,855,000	-
	(9,855,000)	-	-	-	-	(9,855,000)	-
	-	57,715	390,995	-	-	489,713	-
	-	-	(41,003)	-	-	(489,713)	-
	<u>461,876</u>	<u>(26,080)</u>	<u>260</u>	<u>(51,480)</u>	<u>587,868</u>	<u>21,706</u>	<u>3,364</u>
	587,868	21,706	3,364	2,146,164	-	-	-
\$	<u>1,049,744</u>	\$	<u>(4,374)</u>	\$	<u>3,624</u>	\$	<u>2,094,684</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, 2013

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

Net Change in Fund Balance - Governmental Funds	\$ (51,480)
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.	(411,705)
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.	(199,436)
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.	2,345
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.	830,000
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.	71,639
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>(1,725,187)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,483,824)</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, 2013

Assets	Agency Funds
Cash and Investments	\$ 115,971
Total Assets	<u>\$ 115,971</u>
 Liabilities	
Due to Student Groups	\$ 115,971
Total Liabilities	<u>\$ 115,971</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2013

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 Position 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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2013

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, 2013

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 *Title I fund* accounts for the revenues and expenses associated with operation of the federal Title I program.
- 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 42:

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

1. Summary of Significant Accounting Policies (continued)

	<u>Reported</u> <u>Amounts</u>	<u>Commodities</u> <u>Received</u>	<u>Amounts</u> <u>Reported in</u> <u>Comparison</u> <u>with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 632,028	\$ (52,815)	\$ 579,213
Total expenditures	\$ 672,382	\$ (52,815)	\$ 619,567

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

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

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

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.

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 two 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. 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.

Use of Estimates

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

1. Deposits – At June 30, 2013, the carrying amount of the District's deposits was \$120,960 and the respective bank balances totaled \$346,821. 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, 2013, \$96,821 of the District's total deposits were not covered by federal depository insurance, and thus were exposed to custodial credit risk.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

2. Cash and Short-Term Investments (continued)

3. Investments – As of June 30, 2013, 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	\$ 1,637,281	\$ 1,637,281	\$ -	\$ -	\$ -

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, 2013, had a weighted average maturity of 102 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	\$ 1,642,270
Cash and investments reported on the statement of fiduciary net assets	<u>115,971</u>
	<u>\$ 1,758,241</u>
Investments categorized	\$ 1,637,281
Deposits categorized	<u>120,960</u>
	<u>\$ 1,758,241</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

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, 2013, are generally based on the assessed values and tax levies established in 2012.

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, 2013

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets, Not Being Depreciated				
Land	\$ 951,000	\$ -	\$ -	\$ 951,000
Total Capital Assets, Not Being Depreciated	<u>\$ 951,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,000</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 23,826,417	\$ 105,671	\$ -	\$ 23,932,088
Furniture and equipment	5,898,025	108,499	-	6,006,524
Total Capital Assets, Being Depreciated	<u>29,724,442</u>	<u>214,170</u>	<u>-</u>	<u>29,938,612</u>
Accumulated Depreciation for				
Buildings and improvements	(4,209,539)	(477,937)	-	(4,687,476)
Furniture and equipment	(5,014,604)	(147,938)	-	(5,162,542)
Total Accumulated Depreciation	<u>(9,224,143)</u>	<u>(625,875)</u>	<u>-</u>	<u>(9,850,018)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 20,500,299</u>			<u>\$ 20,088,594</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

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 escrow shall be used to refund \$9,995,000 of the outstanding series 2006 bonds and that amount shall be considered defeased and the liability for that portion of those bonds has been removed from the financial statements. As of June 30, 2013, \$9,995,000 of the defeased debt is still outstanding.

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was \$796,685.

The economic gain to the District as a result of the refunding was \$732,248 which represents the difference between the present value of the old debt service and the present value of the refunding debt service.

6. General Obligation Bonds Payable

Bonds outstanding at June 30, 2013, were as follows:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Refunding Bonds, 2004 Issue (Original amount--\$4,390,000)	3.00% to 3.90%	2014 to 2017	\$ 2,005,000
General Obligation Bonds, 2006 Issue (Original amount--\$12,000,000)	4.25% to 4.50%	2014 to 2017	\$ 1,425,000
General Obligation Refunding Bonds, Series 2012 Issue (Original amount--\$9,855,000)	3.25% to 5.00%	2014 to 2026	\$ 9,855,000

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

6. General Obligation Bonds Payable (continued)

requirements.

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>
2014	\$ 910,000	\$ 931,189	\$ 1,841,189
2015	825,000	1,008,500	1,833,500
2016	895,000	977,875	1,872,875
2017	960,000	943,675	1,903,675
2018	985,000	431,825	1,416,825
Thereafter	8,710,000	1,624,650	10,334,650
	<u>\$ 13,285,000</u>	<u>\$ 5,917,714</u>	<u>\$ 19,202,714</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, 2013:

	<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, 2012	\$ 2,465,000	\$ 11,650,000	\$ -	\$ 91,910	\$ 14,206,910
Obligations Incurred	-	-	9,855,000	5,250	9,860,250
Obligations Paid	(460,000)	(10,225,000)	-	(7,595)	(10,692,595)
Long-term Obligations June 30, 2013	<u>\$ 2,005,000</u>	<u>\$ 1,425,000</u>	<u>\$ 9,855,000</u>	<u>\$ 89,565</u>	<u>\$ 13,374,565</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

8. Retirement Plan

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

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

The actuarially determined contribution requirements of Teton School District No. 401 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2013, 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 \$795,378, \$775,304, and \$739,126, for the three years ended June 30, 2013, 2012, and 2011, respectively.

9. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$52,815. 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, 2013

10. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2013:

Fund	Amount Exceeded
Plant Facility Fund.....	\$ 82,260
Child Nutrition Fund.....	5,805
Driver Education Fund.....	3,125
Vocational Education Fund.....	381
School Technology Fund.....	6,989
Title I Fund.....	3,436
Title VIB Fund.....	5,361
Carl Perkins Fund.....	423
Medicaid Administration Fund.....	9,938

Deficits in Individual Funds

The plant facility fund had a deficit of \$4,374 at June 30, 2013.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

11. Interfund Transfers

The interfund balances at June 30, 2013 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 347,784	\$ -
Plant Facility Fund	-	21,149
Title I Fund	-	236,701
Non-major Funds		
Vocational Education Fund	-	4,824
Carl Perkins Grant Fund	-	21,348
Title III Fund	-	16,948
Title IIA Fund	-	44,104
Medicaid Administration Fund	-	2,710
	<u>\$ 347,784</u>	<u>\$ 347,784</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

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	\$ 40,943	\$ 448,710
Plant Facility Fund	57,715	-
Title I Fund	60	-
Non Major Funds		
Federal Forest Fund	-	40,152
Vocational Education Fund	447	-
School Technology Fund	238,148	-
Title I-B Fund	-	60
Title VIB Fund	103,247	-
Title VIB Preschool Fund	3,451	-
Title V-A Innovative Fund	-	791
Carl Perkins Grant Fund	536	-
Medicaid Administration Fund	45,166	-
	<u>\$ 489,713</u>	<u>\$ 489,713</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, 2013

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.

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Fund Balances:					
Restricted for:					
Child Nutrition	\$ -	\$ 31,908	\$ -	\$ -	\$ 31,908
Debt Service	-	-	1,049,744	-	1,049,744
Committed to:					
2014 M&D					
Budget	556,151	-	-	-	556,151
2014 Driver					
Education	-	3,624	-	-	3,624
Unassigned:	457,631	-	-	(4,374)	453,257
Total					
Fund Balances	\$ 1,013,782	\$ 35,532	\$ 1,049,744	\$ (4,374)	\$ 2,094,684

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2013

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, 2013, the carrying amount of the Foundation's deposits was \$89,027 and the respective bank balances totaled \$89,027. 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, 2013

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 2,625,465	\$ 2,846,072	\$ 2,936,458	\$ 90,386
Earnings on investments	10,000	5,000	5,063	63
Other	517,500	506,941	601,525	94,584
State sources				
State apportionment	6,561,998	6,514,982	6,668,899	153,917
Other	125,121	125,121	214,939	89,818
Total Revenues	9,840,084	9,998,116	10,426,884	428,768
Expenditures				
Current				
Instructional	6,065,183	6,120,370	6,348,865	(228,495)
Pupil support	553,158	600,664	569,036	31,628
Staff support	253,462	238,590	231,809	6,781
General administration	438,617	430,515	439,820	(9,305)
School administration	822,705	830,670	739,483	91,187
Business operations	104,000	113,533	115,828	(2,295)
Operation	1,270,644	1,290,272	1,222,861	67,411
Transportation	753,036	783,921	776,477	7,444
Non-instructional	16,337	17,148	14,296	2,852
Capital outlay	-	-	7,824	(7,824)
Contingency	100,000	100,000	-	100,000
Total Expenditures	10,377,142	10,525,683	10,466,299	59,384
Excess (Deficiency) of				
Revenues over Expenditures	(537,058)	(527,567)	(39,415)	488,152
Other Financing Sources (Uses)				
Transfers in	37,000	40,152	40,943	791
Transfers (out)	(398,842)	(417,398)	(448,710)	(31,312)
Net Change in Fund Balances	(898,900)	(904,813)	(447,182)	457,631
Fund Balance, Beginning of Year	898,900	898,900	1,460,964	562,064
Fund Balance, End of Year	\$ -	\$ (5,913)	\$ 1,013,782	\$ 1,019,695

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, 2013

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Local sources				
Lunch sales	\$ 150,000	\$ 150,000	\$ 153,662	\$ 3,662
Other	16,500	16,500	7,890	(8,610)
Federal sources				
Educational programs and other	375,000	375,000	417,661	42,661
Total Revenues	541,500	541,500	579,213	37,713
Expenditures				
Current				
Non-instructional	584,500	613,762	619,567	(5,805)
Total Expenditures	584,500	613,762	619,567	(5,805)
Net Change in Fund Balances	(43,000)	(72,262)	(40,354)	43,518
Fund Balance, Beginning of Year	43,000	43,000	72,262	29,262
Fund Balance, End of Year	\$ -	\$ (29,262)	\$ 31,908	\$ 72,780

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Title I Fund
Year Ended June 30, 2013

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Federal sources				
Educational programs and other	\$ 278,853	\$ 305,289	\$ 310,943	\$ 5,654
Total Revenues	<u>278,853</u>	<u>305,289</u>	<u>310,943</u>	<u>5,654</u>
Expenditures				
Current				
Instructional	<u>278,853</u>	<u>307,567</u>	<u>311,003</u>	<u>(3,436)</u>
Total Expenditures	<u>278,853</u>	<u>307,567</u>	<u>311,003</u>	<u>(3,436)</u>
Excess (Deficiency) of				
Revenues over Expenditures	-	(2,278)	(60)	2,218
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>2,278</u>	<u>60</u>	<u>(2,218)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 1,365,667	\$ 1,477,497	\$ 111,830
Total Revenues	<u>1,365,667</u>	<u>1,477,497</u>	<u>111,830</u>
Expenditures			
Current			
Non-instructional	3,000	2,515	485
Debt service			
Principal	690,000	690,000	-
Interest	<u>626,880</u>	<u>323,106</u>	<u>303,774</u>
Total Expenditures	<u>1,319,880</u>	<u>1,015,621</u>	<u>304,259</u>
Excess (Deficiency) of			
Revenues over Expenditures	45,787	461,876	(192,429)
Other Financing Sources (Uses)			
Other financing source - refunding bonds	-	9,855,000	9,855,000
Other financing use - payment to refunded bond escrow agent	<u>-</u>	<u>(9,855,000)</u>	<u>(9,855,000)</u>
Net Change in Fund Balances	45,787	461,876	(192,429)
Fund Balance, Beginning of Year	<u>-</u>	<u>587,868</u>	<u>587,868</u>
Fund Balance, End of Year	<u>\$ 45,787</u>	<u>\$ 1,049,744</u>	<u>\$ 395,439</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, 2013

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Local sources				
Property taxes	\$ 400,000	\$ 400,000	\$ 420,171	\$ 20,171
State sources				
Other	-	47,016	-	(47,016)
Total Revenues	400,000	447,016	420,171	(26,845)
Expenditures				
Current				
Non-instructional	-	-	312,436	(312,436)
Capital outlay	400,000	421,706	191,530	230,176
Total Expenditures	400,000	421,706	503,966	(82,260)
Excess (Deficiency) of Revenues over Expenditures	-	25,310	(83,795)	(109,105)
Other Financing Sources (Uses)				
Transfers in	-	-	57,715	57,715
Net Change in Fund Balances	-	25,310	(26,080)	(51,390)
Fund Balance, Beginning of Year	-	-	21,706	21,706
Fund Balance, End of Year	\$ -	\$ 25,310	\$ (4,374)	\$ (29,684)

See Independent Auditors' Report

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2013

	Federal Forest Fund	Driver Education Fund	Vocational Education Fund
Assets			
Cash and Investments	\$ -	\$ 3,202	\$ -
Receivables			
State of Idaho	-	4,095	6,337
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 7,297</u>	<u>\$ 6,337</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 4,824
Accounts payable	-	-	-
Salary contracts payable	-	3,673	1,513
Total Liabilities	<u>-</u>	<u>3,673</u>	<u>6,337</u>
Fund Balances			
Committed	-	3,624	-
Total Fund Balances	<u>-</u>	<u>3,624</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 7,297</u>	<u>\$ 6,337</u>

See Independent Auditors' Report

School Technology Fund	Title I-B Fund	Title VIB Fund	Title VIB Preschool Fund
\$ 7,128	\$ -	\$ 57,822	\$ 1,824
-	-	-	-
-	-	-	1,447
\$ 7,128	\$ -	\$ 57,822	\$ 3,271
-	-	-	-
6,502	-	88	-
626	-	57,734	3,271
7,128	-	57,822	3,271
-	-	-	-
-	-	-	-
\$ 7,128	\$ -	\$ 57,822	\$ 3,271

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2013

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund
Assets			
Cash and Investments	\$ -	\$ -	\$ -
Receivables			
State of Idaho	-	-	-
Other	-	21,348	20,346
Total Assets	\$ -	\$ 21,348	\$ 20,346
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 21,348	\$ 16,948
Accounts payable	-	-	-
Salary contracts payable	-	-	3,398
Total Liabilities	-	21,348	20,346
Fund Balances			
Committed	-	-	-
Total Fund Balances	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ 21,348	\$ 20,346

See Independent Auditors' Report

Title IIA Fund	Medicaid Administration Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 69,976
44,781	8,567	63,780
-	-	43,141
<u>\$ 44,781</u>	<u>\$ 8,567</u>	<u>\$ 176,897</u>
\$ 44,104	\$ 2,710	\$ 89,934
83	2,450	9,123
594	3,407	74,216
<u>44,781</u>	<u>8,567</u>	<u>173,273</u>
<u>-</u>	<u>-</u>	<u>3,624</u>
<u>-</u>	<u>-</u>	<u>3,624</u>
<u>\$ 44,781</u>	<u>\$ 8,567</u>	<u>\$ 176,897</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, 2013

	Federal Forest Fund	Drivers Education Fund	Vocational Education Fund
Revenues			
Local sources			
Other	\$ -	\$ 15,190	\$ -
State sources			
Other	-	13,559	32,944
Federal sources			
Educational programs and other	40,152	-	-
Total Revenues	40,152	28,749	32,944
Expenditures			
Current			
Instructional	-	28,489	33,391
Pupil support	-	-	-
Staff support	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	28,489	33,391
Excess (Deficiency) of Revenues over Expenditures	40,152	260	(447)
Other Financing Sources (Uses)			
Transfers in	-	-	447
Transfers (out)	(40,152)	-	-
Net Change in Fund Balances	-	260	-
Fund Balance, Beginning of Year	-	3,364	-
Fund Balance, End of Year	\$ -	\$ 3,624	\$ -

See Independent Auditors' Report

School Technology Fund	Title I-B Fund	Title VIB Fund	Title VIB Preschool Fund
\$ -	\$ -	\$ -	\$ -
55,757	-	-	-
-	60	280,253	16,109
<u>55,757</u>	<u>60</u>	<u>280,253</u>	<u>16,109</u>
-	-	383,500	19,560
-	-	-	-
279,089	-	-	-
14,816	-	-	-
<u>293,905</u>	<u>-</u>	<u>383,500</u>	<u>19,560</u>
(238,148)	60	(103,247)	(3,451)
238,148	-	103,247	3,451
<u>-</u>	<u>(60)</u>	<u>-</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<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, 2013

	Title V-A Innovative Fund	Carl Perkins Grant Fund	Title III Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	791	21,349	20,346
Total Revenues	791	21,349	20,346
Expenditures			
Current			
Instructional	-	21,885	20,346
Pupil support	-	-	-
Staff support	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	21,885	20,346
Excess (Deficiency) of Revenues over Expenditures	791	(536)	-
Other Financing Sources (Uses)			
Transfers in	-	536	-
Transfers (out)	(791)	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report

Title IIA Fund	Medicaid Administration Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 15,190
-	141,772	244,032
<u>47,069</u>	<u>-</u>	<u>426,129</u>
<u>47,069</u>	<u>141,772</u>	<u>685,351</u>
47,069	-	554,240
-	186,938	186,938
-	-	279,089
<u>-</u>	<u>-</u>	<u>14,816</u>
<u>47,069</u>	<u>186,938</u>	<u>1,035,083</u>
-	(45,166)	(349,732)
-	45,166	390,995
<u>-</u>	<u>-</u>	<u>(41,003)</u>
-	-	260
<u>-</u>	<u>-</u>	<u>3,364</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,624</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, 2013

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Teton High School				
Assets				
Cash	\$ 96,441	\$ 340,595	\$ 339,836	\$ 97,200
Liabilities				
Due to student groups	\$ 96,441	\$ 340,595	\$ 339,836	\$ 97,200
Teton Middle School				
Assets				
Cash	\$ 11,114	\$ 49,278	\$ 52,446	\$ 7,946
Liabilities				
Due to student groups	\$ 11,114	\$ 49,278	\$ 52,446	\$ 7,946
Rendezvous Elementary School				
Assets				
Cash	\$ 2,316	\$ 9,387	\$ 11,390	\$ 313
Liabilities				
Due to student groups	\$ 2,316	\$ 9,387	\$ 11,390	\$ 313
Victor Elementary School				
Assets				
Cash	\$ 7,502	\$ 21,597	\$ 22,431	\$ 6,668
Liabilities				
Due to student groups	\$ 7,502	\$ 21,597	\$ 22,431	\$ 6,668
Tetonia Elementary School				
Assets				
Cash	\$ 4,528	\$ 9,625	\$ 10,871	\$ 3,282
Liabilities				
Due to student groups	\$ 4,528	\$ 9,625	\$ 10,871	\$ 3,282
Driggs Elementary School				
Assets				
Cash	\$ 1,466	\$ 25,436	\$ 26,340	\$ 562
Liabilities				
Due to student groups	\$ 1,466	\$ 25,436	\$ 26,340	\$ 562
Total - All School Activity Funds				
Assets				
Cash	\$ 123,367	\$ 455,918	\$ 463,314	\$ 115,971
Liabilities				
Due to student groups	\$ 123,367	\$ 455,918	\$ 463,314	\$ 115,971

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Teton County			
Balance at June 30, 2012	\$ 1,251,190	\$ 623,869	\$ 190,227
Add - Taxes Assessed for 2012 (Net of Cancellations)	2,845,838	1,389,727	399,146
Less - Collections Received	<u>(2,948,493)</u>	<u>(1,450,399)</u>	<u>(425,478)</u>
Balance at June 30, 2013	<u>\$ 1,148,535</u>	<u>\$ 563,197</u>	<u>\$ 163,895</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2013

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	3.900%	2014	\$ 475,000	\$ 67,855
School Bonds	3.000%	2015	495,000	47,850
Series 2004	3.125%	2016	510,000	33,000
	3.250%	2017	525,000	17,063
			<u>\$ 2,005,000</u>	<u>\$ 165,768</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2013

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	4.250%	2014	\$ 275,000	\$ 541,969
Series 2006	4.250%	2015	330,000	528,825
	4.250%	2016	385,000	513,050
	4.500%	2017	435,000	494,787
			<u>\$ 1,425,000</u>	<u>\$ 2,078,631</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2013

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	4.000%	2014	\$ 160,000	\$ 321,365
School Bonds	4.000%	2015	-	431,825
Series 2012	4.000%	2016	-	431,825
	4.000%	2017	-	431,825
	5.000%	2018	985,000	431,825
	5.000%	2019	1,030,000	382,575
	5.000%	2020	1,090,000	331,075
	5.000%	2021	1,145,000	276,575
	5.000%	2022	1,030,000	219,325
	4.000%	2023	1,040,000	167,825
	4.000%	2024	1,080,000	126,225
	4.000%	2025	1,125,000	83,025
	3.250%	2026	1,170,000	38,025
			\$ 9,855,000	\$ 3,673,315

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, 2013

Name of Organization	Balance June 30, 2012	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2013
Athletics	\$ 111	\$ 39,522	\$ 52,471	\$ 16,675	\$ 3,837
Principal Account	231	-	-	(231)	-
Baseball Travel	-	505	480	-	25
Baseball Camp	1,656	556	1,247	-	965
Softball Travel	-	574	574	-	-
Softball Camp	774	1,953	2,450	(471)	(194)
Boys Basketball Travel	-	750	750	-	-
Boys Basketball Camp	1,997	5,393	5,305	-	2,085
Calculator Rental	-	795	-	231	1,026
Cheerleaders	1,607	12,292	10,735	(270)	2,894
Cheerleader Travel	-	500	500	-	-
Drill Team	3,004	13,383	12,136	15	4,266
Drill Team Travel	-	150	150	-	-
Golf Spirit Packs	27	-	-	-	27
Girls Basketball Travel	-	600	600	-	-
Girls Basketball Camp	3,622	2,162	3,537	-	2,247
Football Travel	-	1,415	1,415	-	-
Football Camp	839	9,166	8,496	-	1,509
Track Travel	-	1,907	1,907	-	-
Track Spirit Packs	149	3,052	3,494	281	(12)
Cross Country Travel	-	1,125	1,125	-	-
X Cntry Food/Uniform	975	3,749	4,727	-	(3)
Volleyball Travel	-	625	625	-	-
Volleyball Camp	3,087	6,805	9,788	-	104
Soccer Travel	-	1,225	1,225	-	-
Girls Soccer Camp	437	3,839	3,460	-	816
Boys Soccer Camp	993	1,494	2,082	(227)	178
Wrestling Travel	-	625	625	-	-
Wrestling Camp	132	4,849	3,960	1,016	2,037
Wrestling Spirit Packs	-	1,016	-	(1,016)	-
Class of 2012	3,249	-	2,199	-	1,050
Class of 2013	3,835	6,533	11,073	2,335	1,630
Class of 2014	2,533	4,309	2,068	(423)	4,351
Class of 2015	304	2,648	699	(322)	1,931
Class of 2016	-	1,632	230	(564)	838
FFA	2,920	2,134	1,533	(35)	3,486
FCCLA	572	434	265	-	741
Honor Society	(82)	7,383	6,921	42	422
BPA	1,586	2,490	4,021	-	55
Debate Travel	-	525	525	-	-
Debate Club	552	199	118	-	633
Quiz Bowl	100	-	-	-	100
Quiz Bowl Travel	-	325	325	-	-
Agriculture	1,680	3,489	1,893	(138)	3,138
Art	237	4,602	4,158	(313)	368
Family/Consumer Science	169	4,180	4,248	(237)	(136)
Woods	85	1,874	1,786	(76)	97
Robotics	2,802	2,300	2,243	-	2,859

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, 2013

Name of Organization	Balance June 30, 2012	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2013
Business Department	126	8	-	-	134
ASB	-	15,988	295	(15,688)	5
Yearbook II	2,539	1,297	342	(2,228)	1,266
Yearbook 2008	(15)	-	-	-	(15)
Yearbook 2009	5	-	-	-	5
Yearbook 2010	400	-	-	(400)	-
Yearbook 2011	584	123	-	(657)	50
Yearbook 2012	4,158	3,650	10,969	3,286	125
Yearbook 2013	-	8,406	4,219	(252)	3,935
Student Council	2,745	6,481	9,155	1,642	1,713
Newspaper	798	468	645	-	621
Newspaper II	135	-	-	(30)	105
Bookstore	(298)	17,038	15,737	122	1,125
Donations	2,914	4,354	4,570	50	2,748
Senior Sneak	60	2,815	50	(2,825)	-
Building Rental	-	768	513	-	255
Auditorium Rental	2,077	2,180	1,291	-	2,966
Winter Sports	2,451	11,343	11,370	(1,512)	912
High School Office	67	6,757	6,800	-	24
Women's Fitness	30	-	-	-	30
Sales Tax	356	2,297	5,177	2,798	274
Vending	2,063	9,248	8,559	680	3,432
Sched. Change/Reprint	2,807	4,432	3,438	(1,301)	2,500
Book Damage/Replace	2,748	776	396	-	3,128
Scholarship Fund	25,004	14,400	14,700	-	24,704
Drivers Ed	-	14,095	13,970	-	125
IDLA	150	15,740	15,990	100	-
Drama	72	190	75	(9)	178
Play Club	(1,136)	6,284	4,916	-	232
Music Department	3,479	22,356	25,242	(48)	545
Environmental Club	304	-	253	-	51
Latino Club	1,051	457	603	-	905
Library	510	463	219	-	754
Interact Club	-	2,381	1,546	-	835
National Forensics	-	5	-	-	5
Basin High School	(177)	631	431	-	23
Basin Marketing	151	80	196	-	35
Petty Cash	100	-	-	-	100
	\$ 96,441	\$ 340,595	\$ 339,836	\$ -	\$ 97,200

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, 2013

Name of Organization	Balance June 30, 2012	Cash Receipts	Cash Disbursements	Transfers	Balance June 30, 2013
General Account	\$ 1,285	\$ -	\$ -	\$ (1,285)	\$ -
Student Store	-	4,581	2,404	-	2,177
Winter Sports	288	14,695	13,122	(1,861)	-
Insurance	(243)	713	713	243	-
Library	823	274	-	15	1,112
Photo	380	-	-	474	854
Vending	442	768	617	(38)	555
Yearbook	1,487	3,606	3,080	(2,013)	-
Student Dues	4,234	6,422	9,828	(828)	-
Debate	47	-	-	(47)	-
Music	96	3,514	3,034	-	576
Office	2,949	7,203	13,105	3,993	1,040
Athletics	-	6,284	5,160	-	1,124
Wrestling	(233)	-	-	233	-
Boys Basketball	(956)	-	-	956	-
Girls Basketball	(125)	-	-	125	-
Cheer	(138)	-	-	138	-
Track	198	-	-	(198)	-
Volleyball	(96)	-	-	96	-
Student Council	938	704	853	(265)	524
Gifted	(262)	514	530	262	(16)
	\$ 11,114	\$ 49,278	\$ 52,446	\$ -	\$ 7,946

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

	<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	\$ 122,740	\$ 122,740
National School Lunch Program	10.555	345,275	345,275
Special Milk Program for Children	10.556	468	468
Summer Food Service Program for Children	10.559	1,993	8,936
Passed Through Teton County			
Federal Forest	10.665	40,152	40,152
Total Department of Agriculture		<u>510,628</u>	<u>517,571</u>
U.S. Department of Education			
Passed Through State Department of Education:			
Title I Part A Cluster			
* Title I-Basic	84.010	311,003	36,210
Special Education Cluster			
Title VI-B	84.027	275,253	280,253
Title VI-B - Preschool	84.173	16,109	15,970
Special Education State Program	84.323	5,000	5,000
Vocational Education Grant	84.048	21,349	18,241
English Language Acquisition Grant	84.365	20,346	2,651
Improving Teacher Quality	84.367	47,069	18,563
Total Department of Education		<u>696,129</u>	<u>376,888</u>
Total Federal Assistance		<u>\$ 1,206,757</u>	<u>\$ 894,459</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, 2013

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



RUDD & COMPANY^{INC.}

**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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2013, 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 11, 2013.

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.

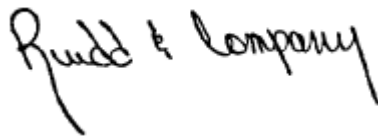
Compliance and Other Matters

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*.

We noted certain matters that we reported to management of Teton County School District No. 401 in a separate letter dated October 11, 2013.

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.

A handwritten signature in cursive script that reads "Rudd & Company".

Idaho Falls, Idaho
October 11, 2013



RUDD & COMPANY^{INC.}

**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, 2013. 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-1. Our opinion on each major federal program is not modified with respect to these matters.

Teton County School District No. 401's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Teton County School District No. 401's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

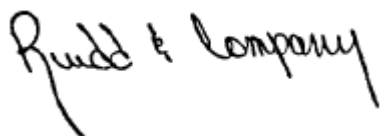
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-2, that we consider to be a significant deficiency.

Teton County School District No. 401's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Teton County School District No. 401's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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.

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

Idaho Falls, Idaho
October 11, 2013

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
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?	Yes
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?	Yes

**TETON COUNTY SCHOOL DISTRICT NO. 401
 Schedule of Findings and Questioned Costs (continued)
 Year Ended June 30, 2013**

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I – Basic
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Findings – Major Federal Award Programs

U.S. DEPARTMENT OF EDUCATION

Title I – Basic – CFDA No. 84.010 – Year ended June 30, 2013

2013-1

Conditions and Criteria: The District recently 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.

Effect: Title I program requirements are not being fully documented by the District requiring additional technical training in program requirements.

Cause: District personnel over Title I programs not fully documenting those items required to be implemented under the program.

Context: The findings identified by the Idaho State Department of Education included student identification, program needs assessments, services and evaluation, use and oversight of paraprofessionals, parent notification and involvement, school improvement, program services, teacher and paraprofessional qualifications, fiscal account ability, comparability, military recruiter access, time distribution records and report card reporting items.

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2013

Auditors' Recommendation: Comply with State monitoring recommendations.

View of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and is in the process of receiving additional technical training and working with the State Department of Education to meet compliance requirements.

2013-2

Condition and Criteria: 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.

Effect: Effective monitoring of controls over compliance need to be improved through additional technical training and improved communication.

Cause: Additional technical training and oversight instruction not be offered or implemented by program personnel.

Context: The various findings and recommendations for improvement to the Title I program are outlined by the State Department of Education in its report to District Administration.

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

View of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and is in the process of receiving additional technical training and working with the State Department of Education to meet compliance requirements.