



**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, 2018**

*giving direction to your future*

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Table of Contents**  
**June 30, 2018**

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<b>Independent Auditors' Report</b> .....	1-3
<b>Management's Discussion and Analysis</b> .....	4-11
<b>Basic Financial Statements</b>	
Statement of Net Position .....	13-14
Statement of Activities.....	15
Balance Sheet – Governmental Funds .....	16-17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Net Position – Proprietary Fund .....	22
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund .....	23
Statement of Cash Flows – Proprietary Fund .....	24
Statement of Fiduciary Net Position – Agency Funds.....	25
Notes to Financial Statements.....	26-52
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	54
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Child Nutrition Fund .....	55

**TETON COUNTY SCHOOL DISTRICT NO. 401**

**Table of Contents**

**June 30, 2018**

---

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund .....	56
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Construction Fund.....	57
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Plant Facility Fund .....	58
Schedule of Employer’s Share of Net Pension Liability .....	59
Schedule of Employer’s Contributions.....	60
<b>Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	62-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	66-69
Combining Statement of Changes in Assets and Liabilities Student Activities – Agency Funds.....	70
Activity in Taxes Receivable Accounts by Fund.....	71
General Bonded Debt – Future Principal and Interest Requirements .....	72-74
Teton High School Activity Fund – Statement of Cash Receipts, Disbursements and Transfers .....	75-76
Schedule of Expenditures of Federal Awards.....	77
Note to the Schedule of Expenditures of Federal Awards .....	78
<b>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 <i>Government Auditing Standards</i> .....</b>	<b>79-80</b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Table of Contents**  
**June 30, 2018**

---

<b>Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance.....</b>	<b>81-83</b>
<b>Schedule of Findings and Questioned Costs.....</b>	<b>84-85</b>



## 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 business-type activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2018, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Teton County School District No. 401 as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 54 through 58, and pension information on pages 59 and 60 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.

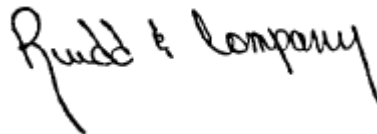
#### *Other Information*

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018 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.

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.

Idaho Falls, Idaho  
September 10, 2018

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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As management of the Teton County School District No. 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, 2018.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$12,719,746. Of this amount, \$770,713 of unrestricted net position may be used to meet the District's ongoing obligations.
- The District's net position increased by \$548,589 as a result of this year's operations.
- The general fund had \$13,744,188 in revenues and \$13,366,880 in expenditures. The general fund balance increased \$47,311 over the prior year.
- \$265,151 was transferred from the general fund to the state technology fund to cover technology related payroll and other expenditures.
- \$76,722 was transferred to the plant facility fund to cover the purchase of buses, required bus depreciation, and other capital purchases.
- Transfers were made to the Medicaid fund, IDEA Part B School Age and Preschool Age fund, and the Title III fund to reduce or eliminate fund deficits.
- The District issued \$33,510,000 in general obligation bonds during the year to fund construction of two new schools and remodel/maintenance projects on existing buildings.

**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.



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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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.

**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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2018**

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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.

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

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

The proprietary fund financial statements can be found on pages 22-24 of this report.

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

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 25 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 26-52 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 62-69 of this report.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2018**

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**Government-wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,719,746 at the close of the most recent fiscal year.

Net Position	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 43,634,608	\$ 6,961,679	\$ 288,952	\$ 216,593	\$ 43,923,560	\$ 7,178,272
Capital Assets	20,862,449	20,393,222	-	-	20,862,449	20,393,222
Total Assets	64,497,057	27,354,901	288,952	216,593	64,786,009	27,571,494
Deferred Outflows of Resources	1,727,582	3,833,946	-	-	1,727,582	3,833,946
Current Liabilities	3,424,889	2,740,304	-	-	3,424,889	2,740,304
Long-term Liabilities	44,748,100	13,505,061	-	-	44,748,100	13,505,061
Total Liabilities	48,172,989	16,245,365	-	-	48,172,989	16,245,365
Deferred Inflows of Resources	5,620,856	2,988,918	-	-	5,620,856	2,988,918
Net Position						
Net Investment in Capital Assets	9,911,549	9,349,840	-	-	9,911,549	9,349,840
Restricted	1,748,532	1,666,347	288,952	216,593	2,037,484	1,882,940
Unrestricted	770,713	938,377	-	-	770,713	938,377
Total Net Position	\$ 12,430,794	\$ 11,954,564	\$ 288,952	\$ 216,593	\$ 12,719,746	\$ 12,171,157

A portion of the District's net position, \$9,911,549, 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.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2018**

An additional portion of the District's net position, \$2,037,484 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$770,713 may be used to meet the District's ongoing obligations to students, employees, and creditors.

Changes in Net Position	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 253,987	\$ 254,994	\$ -	\$ -	\$ 253,987	\$ 254,994
Operating grants and contributions	1,379,037	1,390,208	97,539	115,002	1,476,576	1,505,210
General revenues						
Property tax	5,177,883	4,957,931	-	-	5,177,883	4,957,931
State support	10,564,406	9,574,564	-	-	10,564,406	9,574,564
Other	615,424	487,667	1,386	-	616,810	487,667
Total Revenues	17,990,737	16,665,364	98,925	115,002	18,089,662	16,780,366
Expenses						
Instructional	9,186,721	8,746,754	-	-	9,186,721	8,746,754
Pupil support	786,108	763,725	-	-	786,108	763,725
Staff support	765,738	742,393	-	-	765,738	742,393
General administration	384,312	481,244	-	-	384,312	481,244
School administration	993,155	1,043,406	-	-	993,155	1,043,406
Business operations	255,618	95,218	-	-	255,618	95,218
Operations	1,400,150	1,499,443	-	-	1,400,150	1,499,443
Transportation	937,850	938,183	-	-	937,850	938,183
Non-instructional	522,546	151,107	-	-	522,546	151,107
Interest	540,224	267,822	-	-	540,224	267,822
Other debt service cost	268,870	-	-	-	268,870	-
Depreciation	748,455	714,024	-	-	748,455	714,024
Child nutrition services	724,760	700,194	-	-	724,760	700,194
Healthcare	-	-	26,566	46,512	26,566	46,512
Total Expenses	17,514,507	16,143,513	26,566	46,512	17,541,073	16,190,025
Change in Net Position	\$ 476,230	\$ 521,851	\$ 72,359	\$ 68,490	\$ 548,589	\$ 590,341

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2018**

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**Financial Analysis of the District's Funds**

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

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

**General fund.** The general fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance was \$3,228,481, \$3,560,998 of which was committed as a reserve in accordance with the District's stabilization policy and \$21,322 of which is nonspendable in the form of prepaid expenses. The fund balance increased by \$47,311 during the current fiscal year.

Expenditures for general District purposes totaled \$13,366,880, an increase of 5% during the current fiscal year.

The plant facility fund has a total fund balance of \$0. The fund balance decreased by \$147,249 during the current year.

The capital construction fund has a total fund balance of \$36,363,058, all of which is restricted for capital projects. The fund balance increased by \$36,363,058 during the current year.

The debt service fund has a total fund balance of \$1,667,087, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$73,053 during the current year.

The child nutrition fund has a total fund balance of \$111,904, all of which is restricted for the child nutrition program. The fund balance decreased by \$5,556 during the current year.

The District's internal service fund has a total fund balance of \$288,952, all of which is restricted for healthcare reimbursements. The fund balance increased by \$72,359 during the current year.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management’s Discussion and Analysis (continued)**  
**June 30, 2018**

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**General Fund Budgetary Highlights**

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

During the current fiscal year, the \$25,379 negative budget to actual variance in total general fund revenues, and the \$109,282 negative budget to actual variance in total general fund expenditures, are largely a result of state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year.

**Capital Asset and Debt Administration**

**Capital Assets**

Capital assets at June 30, 2018 are outlined below:

<b>Capital Assets (Net of Depreciation)</b>	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Land	\$ 1,045,768	\$ 1,045,768
Construction in Progress	862,703	24,459
Buildings and improvements	24,865,772	24,518,083
Furniture and equipment	7,269,564	7,310,377
	34,043,807	32,898,687
Accumulated depreciation	(13,181,358)	(12,505,465)
<b>Total Capital Assets, Net of Depreciation</b>	<b>\$ 20,862,449</b>	<b>\$ 20,393,222</b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2018**

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**Debt Administration**

Outstanding debt at June 30, 2018 is outlined below:

<b>Outstanding Debt</b>	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
General obligation bonds	\$ 42,220,000	\$ 9,695,000
Compensated absences	61,541	69,402
	<b>\$ 42,281,541</b>	<b>\$ 9,764,402</b>

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

**Requests for Information**

This financial report is designed to provide a general overview of the Teton School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Office, Teton School District, P.O. Box 775, Driggs, ID 83422.

## **Basic Financial Statements**



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Net Position**  
**June 30, 2018**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Investments	\$ 41,176,135	\$ 288,952	\$ 41,465,087
Receivables			
Property taxes	1,687,374	-	1,687,374
State of Idaho	370,671	-	370,671
Other	379,106	-	379,106
Prepaid Expenses	21,322	-	21,322
Capital Assets			
Land	1,045,768	-	1,045,768
Construction in progress	862,703	-	862,703
Buildings and equipment, net of depreciation	18,953,978	-	18,953,978
Total Assets	<u>64,497,057</u>	<u>288,952</u>	<u>64,786,009</u>
<b>Deferred Outflows of Resources</b>			
Related to pensions	<u>1,727,582</u>	<u>-</u>	<u>1,727,582</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 66,224,639</u>	<u>\$ 288,952</u>	<u>\$ 66,513,591</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Liabilities</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accounts payable	\$ 243,534	\$ -	\$ 243,534
Salary contracts payable	1,698,391	-	1,698,391
Interest payable	452,964	-	452,964
Long-term liabilities:			
Portion due or payable within one year:			
Bonds, capital leases, and contracts	1,030,000	-	1,030,000
Portion due or payable after one year:			
OPEB liability	79,503	-	79,503
Net pension liability	3,417,056	-	3,417,056
Bonds, capital leases, and contracts	41,190,000	-	41,190,000
Compensated absences	61,541	-	61,541
<b>Total Liabilities</b>	<b>48,172,989</b>	<b>-</b>	<b>48,172,989</b>
<b>Deferred Inflows of Resources</b>			
Related to pensions	445,588	-	445,588
Bond issue premium, net of amortization	5,175,268	-	5,175,268
<b>Total Deferred Inflows of Resources</b>	<b>5,620,856</b>	<b>-</b>	<b>5,620,856</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 53,793,845</b>	<b>\$ -</b>	<b>\$ 53,793,845</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 9,911,549	\$ -	\$ 9,911,549
Restricted for:			
Debt service	1,748,532	-	1,748,532
Healthcare	-	288,952	288,952
Unrestricted	770,713	-	770,713
<b>Total Net Position</b>	<b>\$ 12,430,794</b>	<b>\$ 288,952</b>	<b>\$ 12,719,746</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Activities**  
**Year Ended June 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Primary Government						
Governmental Activities						
Instructional	\$ 9,186,721	\$ 39,816	\$ 645,833	\$ (8,501,072)	\$ -	\$ (8,501,072)
Pupil support	786,108	-	244,122	(541,986)	-	(541,986)
Staff support	797,487	-	-	(797,487)	-	(797,487)
General administration	384,312	-	-	(384,312)	-	(384,312)
School administration	993,155	-	-	(993,155)	-	(993,155)
Business operations	255,618	-	-	(255,618)	-	(255,618)
Operations	1,400,150	-	-	(1,400,150)	-	(1,400,150)
Transportation	937,850	-	-	(937,850)	-	(937,850)
Non-instructional	522,546	-	-	(522,546)	-	(522,546)
Interest on						
long-term debt	540,224	-	-	(540,224)	-	(540,224)
Other debt service cost	268,870	-	-	(268,870)	-	(268,870)
Depreciation - unallocated*	748,455	-	-	(748,455)	-	(748,455)
Child nutrition services	693,011	214,171	489,082	10,242	-	10,242
Total Governmental Activities	17,514,507	253,987	1,379,037	(15,881,483)	-	(15,881,483)
Business-Type Activities						
Healthcare	26,566	-	97,539	-	70,973	70,973
Total Business-Type Activities	26,566	-	97,539	-	70,973	70,973
Total Primary Government	\$ 17,541,073	\$ 253,987	\$ 1,476,576	(15,881,483)	70,973	(15,810,510)
General Revenues:						
Taxes:						
				3,287,648	-	3,287,648
				1,438,507	-	1,438,507
				451,728	-	451,728
				379,837	-	379,837
				27,680	-	27,680
				10,564,406	-	10,564,406
				207,907	1,386	209,293
				16,357,713	1,386	16,359,099
				476,230	72,359	548,589
				11,954,564	216,593	12,171,157
				\$ 12,430,794	\$ 288,952	\$ 12,719,746

\* 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, 2018**

<b>Assets</b>	<b>General Fund</b>	<b>Child Nutrition Fund</b>
Cash and Investments	\$ 3,249,272	\$ 159,347
Due from Other Funds	370,889	-
Receivables		
Property taxes	1,081,093	-
State of Idaho	272,840	-
Other	14,183	2,628
Prepaid Expenses	21,322	-
Total Assets	<u>\$ 5,009,599</u>	<u>\$ 161,975</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	68,020	379
Salary contracts payable	1,525,139	49,692
Total Liabilities	<u>1,593,159</u>	<u>50,071</u>
Deferred Inflows of Resources		
Unavailable revenues	187,959	-
Fund Balances (Deficits)		
Nonspendable	21,322	-
Restricted	18,347	111,904
Committed	3,560,998	-
Unassigned	(372,186)	-
Total Fund Balances (Deficits)	<u>3,228,481</u>	<u>111,904</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,009,599</u>	<u>\$ 161,975</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Debt Service Fund</b>	<b>Capital Construction Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,285,869	\$ 36,444,368	\$ -	\$ 37,279	\$ 41,176,135
-	-	-	-	370,889
462,663	-	143,618	-	1,687,374
-	-	-	97,831	370,671
-	56,700	-	305,595	379,106
-	-	-	-	21,322
<b>\$ 1,748,532</b>	<b>\$ 36,501,068</b>	<b>\$ 143,618</b>	<b>\$ 440,705</b>	<b>\$ 44,005,497</b>
\$ -	\$ -	\$ 113,936	\$ 256,953	\$ 370,889
-	138,010	4,807	32,318	243,534
-	-	-	123,560	1,698,391
-	138,010	118,743	412,831	2,312,814
81,445	-	24,875	-	294,279
-	-	-	-	21,322
1,667,087	36,363,058	-	27,874	38,188,270
-	-	-	-	3,560,998
-	-	-	-	(372,186)
1,667,087	36,363,058	-	27,874	41,398,404
<b>\$ 1,748,532</b>	<b>\$ 36,501,068</b>	<b>\$ 143,618</b>	<b>\$ 440,705</b>	<b>\$ 44,005,497</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net**  
**Position**  
**June 30, 2018**

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

Total Fund Balance - Governmental Funds	\$ 41,398,404
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$34,043,807 and the accumulated depreciation is \$13,181,358.	20,862,449
Long-term liabilities, including bonds payable and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(42,814,008)
Pension contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability is recorded on the government-wide statements.	(2,135,062)
Bond premium reported as a revenue in the fund financial statements is capitalized in the government-wide statements. The total premium is \$6,121,520 and the accumulated amortization is \$946,252.	(5,175,268)
Property tax revenue is recognized when earned rather than when available.	<u>294,279</u>
Net Position - Governmental Activities	<u>\$ 12,430,794</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, 2018**

	<b>General Fund</b>	<b>Child Nutrition Fund</b>
Revenues		
Local sources		
Property taxes	\$ 3,313,087	\$ -
Earnings on investments	62,708	-
Lunch sales	-	214,171
Tuition - Out of State	253,494	-
Other	151,851	-
State sources		
State apportionment	9,368,400	-
Other	624,648	-
Federal sources		
Educational programs and other	-	489,082
Total Revenues	<u>13,774,188</u>	<u>703,253</u>
Expenditures		
Current		
Instructional	8,444,630	-
Pupil support	549,597	-
Staff support	324,171	-
General administration	388,990	-
School administration	1,023,620	-
Business operations	259,874	-
Operation	1,416,617	-
Transportation	959,381	-
Non-instructional	-	693,011
Debt Service		
Principal	-	-
Interest	-	-
Other debt service cost	-	-
Capital outlay	-	31,749
Total Expenditures	<u>13,366,880</u>	<u>724,760</u>
Excess (Deficiency) of Revenues over Expenditures	407,308	(21,507)
Other Financing Sources (Uses)		
Other financing source - bond proceeds	-	-
Other financing source - bond premium	-	-
Transfers in	29,718	15,951
Transfers out	<u>(389,715)</u>	<u>-</u>
Net Change in Fund Balances	47,311	(5,556)
Fund Balance Beginning of Year	<u>3,181,170</u>	<u>117,460</u>
Fund Balance End of Year	<u>\$ 3,228,481</u>	<u>\$ 111,904</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	<b>Debt Service Fund</b>	<b>Capital Construction Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	1,416,514	\$ -	\$ 439,714	\$ -	\$ 5,169,315
	10,930	134,269	-	-	207,907
	-	-	-	-	214,171
	-	-	-	-	253,494
	1,014	1,158	-	39,816	193,839
	-	-	-	-	9,368,400
	37,195	-	-	534,163	1,196,006
	-	-	-	889,955	1,379,037
	<u>1,465,653</u>	<u>135,427</u>	<u>439,714</u>	<u>1,463,934</u>	<u>17,982,169</u>
	-	-	-	960,028	9,404,658
	-	-	-	252,492	802,089
	-	-	-	479,133	803,304
	-	-	-	-	388,990
	-	-	-	-	1,023,620
	-	-	-	-	259,874
	-	-	-	-	1,416,617
	-	-	-	-	959,381
	400	189,666	340,455	438	1,223,970
	985,000	-	-	-	985,000
	407,200	-	-	-	407,200
	-	268,870	-	-	268,870
	-	862,703	323,230	-	1,217,682
	<u>1,392,600</u>	<u>1,321,239</u>	<u>663,685</u>	<u>1,692,091</u>	<u>19,161,255</u>
	73,053	(1,185,812)	(223,971)	(228,157)	(1,179,086)
	-	33,510,000	-	-	33,510,000
	-	4,038,870	-	-	4,038,870
	-	-	76,722	297,042	419,433
	-	-	-	(29,718)	(419,433)
	73,053	36,363,058	(147,249)	39,167	36,369,784
	<u>1,594,034</u>	<u>-</u>	<u>147,249</u>	<u>(11,293)</u>	<u>5,028,620</u>
\$	<u>1,667,087</u>	\$ <u>36,363,058</u>	\$ <u>-</u>	\$ <u>27,874</u>	\$ <u>41,398,404</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, 2018**

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

Net Change in Fund Balance - Governmental Funds	\$ 36,369,784
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	469,227
Property tax revenues received prior to the year for which they are levied are reported as unavailable revenues in the governmental funds. The change however is recorded as an adjustment to revenues in the statement of activities.	8,568
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.	7,861
The governmental funds report sale of bonds as an other financing source while it is treated as an increase in the liability in the government-wide statements.	(33,510,000)
The governmental funds report repayment of bond principal and related accrued interest as an expenditure. These payments are shown as a reduction to long-term debt in the government-wide statements.	601,961
The governmental funds report current pension contributions as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined pension liability from the previous year to the current year.	355,715
Governmental funds report bond premiums as revenue, while the premium is amortized over the term of the bond as a decrease in interest expense in the government-wide statements.	<u>(3,826,886)</u>
Change in Net Position of Governmental Activities	<u>\$ 476,230</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2018**

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	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets</b>	
Cash and Investments	\$ 288,952
Total Assets	<u>\$ 288,952</u>
<b>Net Position</b>	
Restricted	
Healthcare Reimbursements	<u>\$ 288,952</u>
Total Net Position	<u>\$ 288,952</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**Year Ended June 30, 2018**

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	<b>Governmental Activities - Internal Service Fund</b>
Operating Revenues	
Healthcare contributions	\$ 97,539
Earnings on investments	1,386
Total Operating Revenues	<u>98,925</u>
Operating Expenses	
Insurance claims and expenses	<u>26,566</u>
Total Operating Expenses	<u>26,566</u>
Change in Net Position	72,359
Net Position - Beginning	<u>216,593</u>
Net Position - Ending	<u>\$ 288,952</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2018**

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	<b>Governmental Activities - Internal Service Fund</b>
Cash Flows from Operating Activities	
Cash received from other funds for healthcare contributions	\$ 97,539
Earnings on investments	1,386
Payments for insurance claims and expenses	<u>(26,566)</u>
Net increase in cash and cash equivalents	72,359
Cash - Beginning	<u>216,593</u>
Cash - Ending	<u>\$ 288,952</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 72,359</u>
Net cash provided by operating activities	<u>\$ 72,359</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, 2018**

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<b>Assets</b>	<b>Agency Funds</b>
Cash and Investments	\$ 180,170
Total Assets	<u>\$ 180,170</u>
 <b>Liabilities</b>	
Due to Student Groups	\$ 180,170
Total Liabilities	<u>\$ 180,170</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements**  
**June 30, 2018**

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**1. Summary of Significant Accounting Policies**

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

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

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

**Government-wide and fund financial statements**

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

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

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

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

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *child nutrition fund* accounts for the revenues and expenses associated with the operation of the District's food services.
- The *debt service fund* accounts for the accumulation of resources for, and the payment of long-term debt principal and interest.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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

- The *capital construction fund* accounts for resources accumulated and payments made for bond issue projects of the District.
- The *plant facility fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

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

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

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

**Budgetary Policy**

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



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards and the amounts reported in comparison with budget reported on page 55:

	<b>Reported</b>	<b>Commodities</b>	<b>Amounts</b>
	<b>Amounts</b>	<b>Received</b>	<b>Reported in</b>
	<b>Amounts</b>	<b>Received</b>	<b>Comparison</b>
	<b>Amounts</b>	<b>Received</b>	<b>with Budget</b>
Child Nutrition Fund			
Total revenues	\$ 489,082	\$ (76,109)	\$ 412,973
Total expenditures	\$ 724,760	\$ (76,109)	\$ 648,651

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

**Encumbrances**

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

**Inventories**

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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

**Capital Assets**

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

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

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

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

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

**Deferred Outflows/Inflows of Resources**

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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

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

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

**Pensions**

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

**Use of Estimates**

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

**Fund Equity**

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**2. Cash and Investments**

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

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

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

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

1. Deposits – At June 30, 2018, the carrying amount of the District's deposits was \$217,323 and the respective bank balances totaled \$337,925. Of the bank balances, all 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, 2018, all of the District's total deposits were covered by federal depository insurance.
3. Investments – As of June 30, 2018, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 41,427,934	\$ 41,427,934	\$ -	\$ -	\$ -

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**2. Cash and Investments (continued)**

4. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment.
  
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations. Because the State Investment Pool as of June 30, 2018, had a weighted average maturity of 94 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 position	\$ 41,465,087
Cash and investments reported on the statement of fiduciary net position	<u>180,170</u>
	<u>\$ 41,645,257</u>
 Investments categorized	 \$ 41,427,934
Deposits categorized	<u>217,323</u>
	<u>\$ 41,645,257</u>

**3. Property Taxes**

Property taxes of the District are based on the assessments against property owners as of the first Monday in January of the calendar year in which the fiscal year commences. Tax levies on such assessed values are certified to the counties prior to the commencement of the fiscal year. Taxes are collected by Teton County and are remitted to the District primarily in January of the fiscal year and the July following. Accordingly, the tax revenues for the fiscal year ended June 30, 2018, are generally based on the assessed values and tax levies established in 2017.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**3. Property Taxes (continued)**

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

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2018 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	\$ 1,045,768	\$ -	\$ -	\$ 1,045,768
Construction in progress	24,459	862,703	(24,459)	862,703
	<u>31,828,460</u>	<u>862,703</u>	<u>(24,459)</u>	<u>32,135,336</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 1,070,227</u>	<u>\$ 862,703</u>	<u>\$ (24,459)</u>	<u>\$ 1,908,471</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 24,518,083	\$ 347,689	\$ -	\$ 24,865,772
Furniture and equipment	7,310,377	31,749	(72,562)	7,269,564
	<u>31,828,460</u>	<u>379,438</u>	<u>(72,562)</u>	<u>32,135,336</u>
Total Capital Assets, Being Depreciated	<u>31,828,460</u>	<u>379,438</u>	<u>(72,562)</u>	<u>32,135,336</u>
Accumulated Depreciation for				
Buildings and improvements	(6,623,712)	(511,135)	-	(7,134,847)
Furniture and equipment	(5,881,753)	(237,320)	72,562	(6,046,511)
	<u>(12,505,465)</u>	<u>(748,455)</u>	<u>72,562</u>	<u>(13,181,358)</u>
Total Accumulated Depreciation	<u>(12,505,465)</u>	<u>(748,455)</u>	<u>72,562</u>	<u>(13,181,358)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 19,322,995</u>			<u>\$ 18,953,978</u>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**5. General Obligation School Refunding Bonds**

On December 21, 2012, the District issued \$9,855,000 in general obligation bonds with an average interest rate of 4.3% to advance refund \$9,995,000 of outstanding 2006 series bonds with an average interest rate of 4.8%. The net proceeds were placed in escrow to establish an irrevocable trust escrow fund consisting of cash and noncallable direct full faith and credit obligations of the United States of America. The refunded portion of the 2006 series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The amount of the remaining defeased debt as of June 30, 2018 was \$8,995,000.

**6. General Obligation Bonds Payable**

Bonds outstanding at June 30, 2018, were as follows:

	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Amount</b>
General Obligation Refunding Bonds, Series 2012 Issue (Original amount--\$9,855,000)	3.25% to 5.00%	2019 to 2026	\$ 8,710,000
General Obligation Bonds, Series 2018A Issue (Original amount--\$2,220,000)	5.00%	2019 to 2026	\$ 2,220,000
General Obligation Refunding Bonds, Series 2018B Issue (Original amount--\$31,290,000)	4.00% to 5.00%	2019 to 2039	\$ 31,290,000

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**6. General Obligation Bonds Payable (continued)**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,030,000	\$ 356,825	\$ 1,386,825
2020	1,090,000	2,373,873	3,463,873
2021	1,145,000	1,717,806	2,862,806
2022	1,450,000	1,663,431	3,113,431
2023	1,520,000	1,595,881	3,115,881
Thereafter	35,985,000	14,175,259	50,160,259
	<u>\$ 42,220,000</u>	<u>\$ 21,883,075</u>	<u>\$ 64,103,075</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, 2018:

	<u>2012 G.O. Refunding Bonds</u>	<u>2018A G.O. Bonds</u>	<u>2018B G.O. Bonds</u>	<u>Compensated Absences Payable</u>	<u>Net Pension Liability</u>	<u>OPEB Liability</u>	<u>Total</u>
Long-term Obligations June 30, 2017	\$ 9,695,000	\$ -	\$ -	\$ 69,402	\$ 4,684,187	\$ 41,472	\$ 14,490,061
Obligations Incurred	-	2,220,000	31,290,000	-	-	38,031	33,548,031
Obligations Paid	(985,000)	-	-	(7,861)	(1,267,131)	-	(2,259,992)
Long-term Obligations June 30, 2018	<u>\$ 8,710,000</u>	<u>\$ 2,220,000</u>	<u>\$ 31,290,000</u>	<u>\$ 61,541</u>	<u>\$ 3,417,056</u>	<u>\$ 79,503</u>	<u>\$ 45,778,100</u>
Due within one year	<u>\$ 1,030,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,030,000</u>



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**8. Non-monetary Transactions**

The District received commodities from the U.S. Government valued at \$76,109. The value was determined by confirmation with the State of Idaho Department of Education.

**9. Pension Plan**

*Plan Description*

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**9. Pension Plan (continued)**

Employee membership data related to the PERSI Base Plan, as of June 30, 2017, was as follows:

Retirees and beneficiaries currently receiving benefits	45,468
Terminated employees entitled to but not yet receiving benefits	12,669
Active plan members	<u>70,073</u>
	<u>128,210</u>

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**9. Pension Plan (continued)**

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, the employee contribution rate was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District's contributions required and paid were \$1,036,420, \$984,569, and \$914,478 for the years ended June 30, 2018, 2017, and 2016, respectively.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportion was 0.280 percent.

For the year ended June 30, 2018, the District recognized pension expense (revenue) of \$(355,715). At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 396,549
Changes in assumptions or other inputs	81,398	-
Net difference between projected and actual earnings on pension plan investments	609,764	263,719
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	(214,680)
Employer contributions subsequent to the measurement date	<u>1,036,420</u>	<u>-</u>
Total	<u>\$ 1,727,582</u>	<u>\$ 445,588</u>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**9. Pension Plan (continued)**

\$1,036,420 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016, the beginning of the measurement period ended June 30, 2017, is 5.5 and 5.5 for the measurement period ended June 30, 2016.

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

<u>Fiscal Year</u>		
2019	.....	\$ (186,467)
2020	.....	466,355
2021	.....	170,159
2022	.....	(216,217)
2023	.....	11,744

*Actuarial Assumptions*

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**9. Pension Plan (continued)**

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.25%
Salary increases		4.5 - 10.00%
Salary inflation		3.75%
Investment rate of return	7.10%, net of investment expenses	
Cost-of-living adjustments		1%

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**9. Pension Plan (continued)**

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

**Capital Market Assumptions**

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70.00%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50%-65%
International	9.25%	20.20%	15.00%	10%-20%
Fixed Income	3.05%	3.75%	30.00%	23%-33%
Cash	2.25%	0.90%	0.00%	0%-5%
			<b>Expected Real Return</b>	<b>Expected Risk</b>
<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\*Expected arithmetic return net of fees and expenses

**Actuarial Assumptions:**

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
<b>Long-Term Expected Geometric Rate of Return, Net Investment Expenses</b>	<b>7.10%</b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**9. Pension Plan (continued)**

*Discount Rate*

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

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

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.10%)</b>	<b>Discount Rate</b>	<b>(8.10%)</b>
	<hr/>	<hr/>	<hr/>
Employer's proportionate share of the net pension liability (asset)	\$ 10,230,282	\$ 4,401,625	\$ (442,144)

*Pension plan fiduciary net position*

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**10. Other Post Employment Benefits**

*Plan Description.* Teton County School District No. 401’s Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Teton County School District No. 401 does not fund any portion of retiree life insurance or long-term care; thus there is no liability for life or long-term care calculated in the obligation. A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District’s health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership with a PERSI employer. The retiree is on the same medical plan as the District’s active employees.

*Funding Policy.* The contribution requirement of plan members is established by the District’s insurance committee in conjunction with our insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018, the District contributed approximately \$1,020,607 to the plan for current premiums or approximately 64% of total premiums. Plan members receiving benefits contributed approximately \$577,584 or approximately 36% of the total premiums. Retirees are required to pay 100% of the premiums for both the retiree and the dependent coverage.

Monthly contribution rates in effect for the retirees under age 65 during fiscal year 2018 were as follows:

<u>Coverage</u>	<u>PPO</u>	<u>Health Savings</u>	<u>Dental</u>	<u>Vision</u>
Retiree Only	\$ 561	\$ 422	\$ 40	\$ 8
Retiree & Spouse	1,234	921	86	12
Retiree & Child	864	647	77	12
Retiree & Children	1,004	750	114	21
Retiree & Family	1,430	1,066	153	21

*Annual OPEB Cost and Net OPEB Obligation.* The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty years.



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**10. Other Post Employment Benefits (continued)**

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to Teton County School District No. 401's Post-Retirement Healthcare Plan:

Annual required contribution	\$ 53,229
Adjustment to annual required contribution	<u>(109)</u>
Annual OPEB cost (expense)	53,120
Contributions made	<u>(15,089)</u>
Decrease in net OPEB obligation	38,031
Net OPEB obligation - beginning of year	<u>41,472</u>
Net OPEB obligation - end of year	<u>\$ 79,503</u>
Annual OPEB cost	\$ 56,591
Percentage of OPEB cost contributed	26.7%
Net OPEB obligation	\$ 79,503

Three year disclosure of the District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is not necessary, as fiscal year 2017 was the year of implementation for GASB Statement 45.

*Funded Status and Funding Progress.* As of July 1, 2016, the most recent actuarial valuation date, the projected actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was \$295,278. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded the AAL and UAAL are equal. The covered payroll (annual payroll of active employees covered by the plan) was \$9,155,654 and the ratio of the UAAL to covered payroll was 3.2%.

**10. Other Post Employment Benefits (continued)**

Actuarial valuation of an ongoing plan involves estimates of the value of the reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress will be presented in the future when multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits is available.

*Actuarial Methods and Assumptions.* Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method is used. The actuarial assumption included a 3.72% discount rate assuming the District will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes that 45% of future retirees will elect medical coverage. The annual healthcare cost trend rate of 7.5% for medical and prescription drugs initially, decreasing approximately .5% per year until reaching an ultimate rate of 4.59%. It was assumed salary increases will be 3.75% per annum. The UAAL is being amortized as a level percentage of projected payrolls over a twenty five year time period.

## **11. Fair Value Measurements**

The District has implemented GASB No. 72, *Fair Value Measurement and Application*. This guidance requires government entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

GASB No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market.
- Level 2 Inputs – Inputs other than the quoted process in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

GASB No. 72 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**11. Fair Value Measurements (continued)**

Fair value assets measured on a recurring basis at June 30, 2018 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
State investment pool	\$ 41,427,934	\$ 41,427,934	\$ -	\$ -
Total	<u>\$ 41,427,934</u>	<u>\$ 41,427,934</u>	<u>\$ -</u>	<u>\$ -</u>

All investments have been valued using a market approach. There were no changes in the valuation techniques during the year. There are no assets or liabilities measured at fair value on a nonrecurring basis.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**12. Interfund Balances and Transfers**

The interfund balances at June 30, 2018 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 370,889	\$ -
Plant Facility Fund	-	113,936
Non-major Funds		
Medicaid Fund	-	79,162
Title I-A ESEA Basic Fund	-	31,589
IDEA Part B School Age Fund	-	81,727
IDEA Part B Preschool Fund	-	2,313
Perkins III Professional Technical Fund	-	5,602
Title III ESEA LEP Fund	-	18,619
Title II-A ESEA Improving Fund	-	23,096
21st Century Grant Fund	-	14,653
Title IV-A Student Support Fund	-	192
	<u>\$ 370,889</u>	<u>\$ 370,889</u>

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**12. Interfund Balances and Transfers (continued)**

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ 29,718	\$ 389,715
Child Nutrition Fund	15,951	-
Plant Facility Fund	76,722	-
Non Major Funds		
Federal Forest Fund	-	29,718
Medicaid Fund	29,961	-
State Technology Fund	265,151	-
IDEA Part B School Age Fund	1,175	-
Title III ESEA LEP Fund	755	-
	<u>\$ 419,433</u>	<u>\$ 419,433</u>

Transfers were made to move bus depreciation to the plant facility fund, to cover capital purchases in the plant facility fund, to cover costs of salaries, benefits and operating costs of special revenue funds, and to reduce deficits in some funds.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**13. Other Required Individual Fund Disclosures**

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2018:

<b>Fund</b>	<b>Amount Exceeded</b>
General Fund.....	\$ 109,282
Capital Construction Fund.....	195,928
State Technology Fund.....	14,736
State Substance Abuse Fund.....	766
IDEA Part B School Age Fund.....	1,175
Title III ESEA LEP Fund.....	1,264

**Deficits in Individual Funds**

There were no funds that had deficits as of June 30, 2018.

**14. Other Commitments**

The District has entered into an agreement with multiple contractors for remodel and construction of new schools for the District. As of June 30, 2018, the District had total outstanding construction contracts totaling \$30,555,894.

**15. Fund Balances**

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

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

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

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2018**

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**15. Fund Balances (continued)**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Plant Facility Fund</b>	<b>Total</b>
Fund Balances:					
Nonspendable:					
Prepaid Expenses	\$ 21,322	\$ -	\$ -	\$ -	\$ 21,322
Restricted for:					
Child Nutrition	-	111,904	-	-	111,904
Debt Service	-	-	1,667,087	-	1,667,087
Bond projects	-	-	-	36,363,058	36,363,058
State LEP	6,503	-	-	-	6,503
State Remediation	11,844	-	-	-	11,844
Driver Education	-	4,218	-	-	4,218
ISEE	-	20,000	-	-	20,000
Vocational Education	-	3,656	-	-	3,656
Committed for:					
Stabilization policy	3,560,998	-	-	-	3,560,998
Unassigned:	(372,186)	-	-	-	(372,186)
<b>Total</b>					
Fund Balances	<b>\$ 3,228,481</b>	<b>\$ 139,778</b>	<b>\$ 1,667,087</b>	<b>\$ 36,363,058</b>	<b>\$ 41,398,404</b>



**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, 2018**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Local sources				
Property taxes	\$ 3,176,000	\$ 3,356,024	\$ 3,313,087	\$ (42,937)
Earnings on investments	25,000	53,725	62,708	8,983
Tuition - out of state	195,000	257,418	253,494	(3,924)
Other	255,000	297,366	151,851	(145,515)
State sources				
State apportionment	9,581,268	9,439,248	9,368,400	(70,848)
Other	407,281	395,786	624,648	228,862
<b>Total Revenues</b>	<b>13,639,549</b>	<b>13,799,567</b>	<b>13,774,188</b>	<b>(25,379)</b>
<b>Expenditures</b>				
Current				
Instructional	8,030,694	8,416,541	8,444,630	(28,089)
Pupil support	526,532	527,186	549,597	(22,411)
Staff support	363,593	308,483	324,171	(15,688)
General administration	337,354	373,120	388,990	(15,870)
School administration	893,930	913,960	1,023,620	(109,660)
Business operations	236,313	289,359	259,874	29,485
Operation	1,344,860	1,422,043	1,416,617	5,426
Transportation	1,069,821	936,576	959,381	(22,805)
Contingency	545,302	70,330	-	70,330
<b>Total Expenditures</b>	<b>13,348,399</b>	<b>13,257,598</b>	<b>13,366,880</b>	<b>(109,282)</b>
Excess (Deficiency) of				
Revenues over Expenditures	291,150	541,969	407,308	(134,661)
Other Financing Sources (Uses)				
Transfers in	2,100	3,681	29,718	26,037
Transfers (out)	(293,250)	(545,650)	(389,715)	155,935
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>47,311</b>	<b>47,311</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,181,170</b>	<b>3,181,170</b>	<b>3,181,170</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,181,170</b>	<b>\$ 3,181,170</b>	<b>\$ 3,228,481</b>	<b>\$ 47,311</b>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Child Nutrition Fund**  
**Year Ended June 30, 2018**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Lunch sales	\$ 138,942	\$ 217,819	\$ 214,171	\$ (3,648)
State sources				
Other	-	715	-	(715)
Federal sources				
Educational programs and other	519,058	495,445	412,973	(82,472)
Total Revenues	<u>658,000</u>	<u>713,979</u>	<u>627,144</u>	<u>(86,835)</u>
Expenditures				
Current				
Non-instructional	708,000	751,233	616,902	134,331
Capital outlay	-	-	31,749	(31,749)
Total Expenditures	<u>708,000</u>	<u>751,233</u>	<u>648,651</u>	<u>102,582</u>
Excess (Deficiency) of Revenues over Expenditures	(50,000)	(37,254)	(21,507)	15,747
Other Financing Sources (Uses)				
Transfers in	-	-	15,951	15,951
Net Change in Fund Balances	(50,000)	(37,254)	(5,556)	31,698
Fund Balance, Beginning of Year	<u>117,460</u>	<u>117,460</u>	<u>117,460</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 67,460</u>	<u>\$ 80,206</u>	<u>\$ 111,904</u>	<u>\$ 31,698</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, 2018**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Property taxes	\$ 1,451,300	\$ 1,446,439	\$ 1,416,514	\$ (29,925)
Earnings on investments	2,500	3,378	10,930	7,552
Other	-	1,014	1,014	-
State sources				
Other	37,195	37,195	37,195	-
<b>Total Revenues</b>	<b>1,490,995</b>	<b>1,488,026</b>	<b>1,465,653</b>	<b>(22,373)</b>
Expenditures				
Current				
Non-instructional	400	400	400	-
Debt service				
Principal	2,340,000	985,000	985,000	-
Interest	1,070,144	407,200	407,200	-
<b>Total Expenditures</b>	<b>3,410,544</b>	<b>1,392,600</b>	<b>1,392,600</b>	<b>-</b>
Net Change in Fund Balances	(1,919,549)	95,426	73,053	(22,373)
Fund Balance, Beginning of Year	1,594,034	1,594,034	1,594,034	-
Fund Balance, End of Year	<b>\$ (325,515)</b>	<b>\$ 1,689,460</b>	<b>\$ 1,667,087</b>	<b>\$ (22,373)</b>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Capital Construction Fund**  
**Year Ended June 30, 2018**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Local sources			
Earnings on investments	\$ 96,914	\$ 134,269	\$ 37,355
Other	-	1,158	1,158
Total Revenues	<u>96,914</u>	<u>135,427</u>	<u>38,513</u>
Expenditures			
Current			
Non-instructional	-	189,666	(189,666)
Debt service			
Other debt service cost	-	268,870	(268,870)
Capital outlay	<u>1,125,311</u>	<u>862,703</u>	<u>262,608</u>
Total Expenditures	<u>1,125,311</u>	<u>1,321,239</u>	<u>(195,928)</u>
Excess (Deficiency) of Revenues over Expenditures	(1,028,397)	(1,185,812)	(157,415)
Other Financing Sources (Uses)			
Other financing source - bond proceeds	37,280,000	33,510,000	(3,770,000)
Other financing source - bond premium	<u>-</u>	<u>4,038,870</u>	<u>4,038,870</u>
Net Change in Fund Balances	36,251,603	36,363,058	111,455
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 36,251,603</u>	<u>\$ 36,363,058</u>	<u>\$ 111,455</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, 2018**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Property taxes	\$ 425,000	\$ 440,924	\$ 439,714	\$ (1,210)
Total Revenues	425,000	440,924	439,714	(1,210)
Expenditures				
Current				
Non-instructional	-	-	340,455	(340,455)
Capital outlay	696,600	891,851	323,230	568,621
Total Expenditures	696,600	891,851	663,685	228,166
Excess (Deficiency) of Revenues over Expenditures	(271,600)	(450,927)	(223,971)	226,956
Other Financing Sources (Uses)				
Transfers in	271,600	303,678	76,722	(226,956)
Net Change in Fund Balances	-	(147,249)	(147,249)	-
Fund Balance, Beginning of Year	147,249	147,249	147,249	-
Fund Balance, End of Year	\$ 147,249	\$ -	\$ -	\$ -

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Employer's Share of Net Pension Liability**  
**Year Ended June 30, 2018**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.280%	0.276%	0.268%	26.400%
Employer's proportionate share of the net pension liability	\$ 4,401,625	\$ 5,598,544	\$ 3,522,844	\$ 1,943,196
Employer's covered payroll	\$ 9,155,654	\$ 8,697,606	\$ 8,078,428	\$ 8,216,108
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	48.08%	64.37%	43.61%	23.52%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2017 (measurement date).

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Employer Contributions**  
**Year Ended June 30, 2018**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 944,303	\$ 820,972	\$ 875,073	\$ 857,887
Contributions in relation to the statutorily required contribution	1,036,420	984,569	914,478	935,157
Contribution (deficiency) excess	1,036,420	163,597	39,405	77,270
Employer's covered payroll	9,155,654	8,697,606	8,078,428	8,261,108
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

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

Data is measured as of June 30, 2018.

See Independent Auditors' Report



## **Supplementary Information**

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2018**

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	<b>Federal Forest Fund</b>	<b>Medicaid Fund</b>	<b>Drivers Education Fund</b>
Assets			
Cash and Investments	\$ -	\$ -	\$ 5,746
Receivables			
State of Idaho	-	97,831	-
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 97,831</u>	<u>\$ 5,746</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 79,162	\$ -
Accounts payable	-	10,832	-
Salary contracts payable	-	7,837	1,528
Total Liabilities	<u>-</u>	<u>97,831</u>	<u>1,528</u>
Fund Balances			
Restricted	-	-	4,218
Total Fund Balances	<u>-</u>	<u>-</u>	<u>4,218</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 97,831</u>	<u>\$ 5,746</u>

See Independent Auditors' Report

<b>After School Program Fund</b>	<b>Vocational Education Fund</b>	<b>State Technology Fund</b>	<b>State Substance Abuse Fund</b>	<b>Title I-A Basic Fund</b>
\$ 20,000	\$ 10,905	\$ 628	\$ -	\$ -
-	-	-	-	-
-	-	-	-	79,172
<b>\$ 20,000</b>	<b>\$ 10,905</b>	<b>\$ 628</b>	<b>\$ -</b>	<b>\$ 79,172</b>
\$ -	\$ -	\$ -	\$ -	\$ 31,589
-	5,479	603	-	715
-	1,770	25	-	46,868
-	7,249	628	-	79,172
20,000	3,656	-	-	-
20,000	3,656	-	-	-
<b>\$ 20,000</b>	<b>\$ 10,905</b>	<b>\$ 628</b>	<b>\$ -</b>	<b>\$ 79,172</b>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2018**

	<b>IDEA Part B School Age Fund</b>	<b>IDEA Part B Preschool Fund</b>	<b>Perkins III Professional Technical Fund</b>
<b>Assets</b>			
Cash and Investments	\$ -	\$ -	\$ -
<b>Receivables</b>			
State of Idaho	-	-	-
Other	131,271	4,837	18,657
Total Assets	<u>\$ 131,271</u>	<u>\$ 4,837</u>	<u>\$ 18,657</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ 81,727	\$ 2,313	\$ 5,602
Accounts payable	-	-	13,055
Salary contracts payable	49,544	2,524	-
Total Liabilities	<u>131,271</u>	<u>4,837</u>	<u>18,657</u>
<b>Fund Balances</b>			
Restricted	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 131,271</u>	<u>\$ 4,837</u>	<u>\$ 18,657</u>

See Independent Auditors' Report

<b>Title III ESEA LEP Fund</b>	<b>Title II-A ESEA Improving Fund</b>	<b>21st Century Grant Fund</b>	<b>Title IV-A Student Support Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 37,279
-	-	-	-	97,831
20,129	23,730	24,694	3,105	305,595
<u>\$ 20,129</u>	<u>\$ 23,730</u>	<u>\$ 24,694</u>	<u>\$ 3,105</u>	<u>\$ 440,705</u>
\$ 18,619	\$ 23,096	\$ 14,653	\$ 192	\$ 256,953
-	634	1,000	-	32,318
1,510	-	9,041	2,913	123,560
20,129	23,730	24,694	3,105	412,831
-	-	-	-	27,874
-	-	-	-	27,874
<u>\$ 20,129</u>	<u>\$ 23,730</u>	<u>\$ 24,694</u>	<u>\$ 3,105</u>	<u>\$ 440,705</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, 2018**

	<b>Federal Forest Fund</b>	<b>Medicaid Fund</b>	<b>Drivers Education Fund</b>
Revenues			
Local sources			
Other	\$ -	\$ -	\$ 12,850
State sources			
Other	-	244,122	14,625
Federal sources			
Educational programs and other	29,718	-	-
<b>Total Revenues</b>	<b>29,718</b>	<b>244,122</b>	<b>27,475</b>
Expenditures			
Current			
Instructional	-	-	25,440
Pupil support	-	252,492	-
Staff support	-	-	-
Non-instructional	-	-	-
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>252,492</b>	<b>25,440</b>
Excess (Deficiency) of Revenues over Expenditures	29,718	(8,370)	2,035
Other Financing Sources (Uses)			
Transfers in	-	29,961	-
Transfers (out)	(29,718)	-	-
Net Change in Fund Balances	-	21,591	2,035
Fund Balance, Beginning of Year	-	(21,591)	2,183
Fund Balance, End of Year	\$ -	\$ -	\$ 4,218

See Independent Auditors' Report

<b>After School Program Fund</b>	<b>Vocational Education Fund</b>	<b>State Technology Fund</b>	<b>State Substance Abuse Fund</b>	<b>Title I-A Basic Fund</b>
\$ 20,000	\$ -	\$ 6,966	\$ -	\$ -
-	45,228	207,016	23,172	-
-	-	-	-	339,652
<u>20,000</u>	<u>45,228</u>	<u>213,982</u>	<u>23,172</u>	<u>339,652</u>
-	44,287	-	28,572	339,652
-	-	-	-	-
-	-	479,133	-	-
-	-	-	-	-
-	-	-	-	-
-	<u>44,287</u>	<u>479,133</u>	<u>28,572</u>	<u>339,652</u>
20,000	941	(265,151)	(5,400)	-
-	-	265,151	-	-
-	-	-	-	-
<u>20,000</u>	<u>941</u>	<u>-</u>	<u>(5,400)</u>	<u>-</u>
-	2,715	-	5,400	-
<u>\$ 20,000</u>	<u>\$ 3,656</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, 2018**

	<b>IDEA Part B School Age Fund</b>	<b>IDEA Part B Preschool Fund</b>	<b>Perkins III Professional Technical Fund</b>
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	307,329	13,915	18,657
<b>Total Revenues</b>	<b>307,329</b>	<b>13,915</b>	<b>18,657</b>
Expenditures			
Current			
Instructional	308,504	13,915	18,657
Pupil support	-	-	-
Staff support	-	-	-
Non-instructional	-	-	-
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<b>308,504</b>	<b>13,915</b>	<b>18,657</b>
Excess (Deficiency) of Revenues over Expenditures	(1,175)	-	-
Other Financing Sources (Uses)			
Transfers in	1,175	-	-
Transfers (out)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report



<b>Title III ESEA LEP Fund</b>	<b>Title II-A ESEA Improving Fund</b>	<b>21st Century Grant Fund</b>	<b>Title IV-A Student Support Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 39,816
-	-	-	-	534,163
<u>26,601</u>	<u>53,995</u>	<u>90,555</u>	<u>9,533</u>	<u>889,955</u>
<u>26,601</u>	<u>53,995</u>	<u>90,555</u>	<u>9,533</u>	<u>1,463,934</u>
26,918	53,995	90,555	9,533	960,028
-	-	-	-	252,492
-	-	-	-	479,133
438	-	-	-	438
-	-	-	-	-
<u>27,356</u>	<u>53,995</u>	<u>90,555</u>	<u>9,533</u>	<u>1,692,091</u>
(755)	-	-	-	(228,157)
755	-	-	-	297,042
-	-	-	-	(29,718)
-	-	-	-	39,167
-	-	-	-	(11,293)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,874</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, 2018**

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
<b>Teton High School</b>				
Assets				
Cash	\$ 118,300	\$ 415,235	\$ 376,831	\$ 156,704
Liabilities				
Due to student groups	\$ 118,300	\$ 415,235	\$ 376,831	\$ 156,704
<b>Teton Middle School</b>				
Assets				
Cash	\$ 7,038	\$ 119,415	\$ 119,044	\$ 7,409
Liabilities				
Due to student groups	\$ 7,038	\$ 119,415	\$ 119,044	\$ 7,409
<b>Rendezvous Elementary School</b>				
Assets				
Cash	\$ 648	\$ 43,724	\$ 40,112	\$ 4,260
Liabilities				
Due to student groups	\$ 648	\$ 43,724	\$ 40,112	\$ 4,260
<b>Victor Elementary School</b>				
Assets				
Cash	\$ 2,260	\$ 20,050	\$ 20,265	\$ 2,045
Liabilities				
Due to student groups	\$ 2,260	\$ 20,050	\$ 20,265	\$ 2,045
<b>Tetonia Elementary School</b>				
Assets				
Cash	\$ 9,898	\$ 14,898	\$ 18,482	\$ 6,314
Liabilities				
Due to student groups	\$ 9,898	\$ 14,898	\$ 18,482	\$ 6,314
<b>Driggs Elementary School</b>				
Assets				
Cash	\$ 707	\$ 27,460	\$ 24,729	\$ 3,438
Liabilities				
Due to student groups	\$ 707	\$ 27,460	\$ 24,729	\$ 3,438
<b>Total - All School Activity Funds</b>				
Assets				
Cash	\$ 138,851	\$ 640,782	\$ 599,463	\$ 180,170
Liabilities				
Due to student groups	\$ 138,851	\$ 640,782	\$ 599,463	\$ 180,170

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2018**

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	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
<b>Teton County</b>			
Balance at June 30, 2017	\$ 1,085,121	\$ 461,959	\$ 130,808
Add - Taxes Assessed for 2017 (Net of Cancellations)	3,287,648	1,438,507	451,729
Less - Collections Received	<u>(3,291,676)</u>	<u>(1,437,803)</u>	<u>(438,919)</u>
Balance at June 30, 2018	<u>\$ 1,081,093</u>	<u>\$ 462,663</u>	<u>\$ 143,618</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements**  
**Year Ended June 30, 2018**

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	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	5.000%	2019	\$ 1,030,000	\$ 356,825
School Bonds	5.000%	2020	1,090,000	303,825
Series 2012	5.000%	2021	1,145,000	247,950
	5.000%	2022	1,030,000	193,575
	4.000%	2023	1,040,000	147,025
	4.000%	2024	1,080,000	104,625
	4.000%	2025	1,125,000	60,525
	3.250%	2026	1,170,000	19,013
			\$ 8,710,000	\$ 1,433,363

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements (continued)**  
**Year Ended June 30, 2018**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2019	\$ -	\$ -
Series 2018A	5.000%	2020	-	156,325
	5.000%	2021	-	111,000
	5.000%	2022	420,000	111,000
	5.000%	2023	480,000	90,000
	5.000%	2024	510,000	66,000
	5.000%	2025	530,000	40,500
	5.000%	2026	280,000	14,000
			\$ 2,220,000	\$ 588,825

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements (continued)**  
**Year Ended June 30, 2018**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2019	\$ -	\$ -
Series 2018B	5.000%	2020	-	1,913,723
	5.000%	2021	-	1,358,856
	5.000%	2022	-	1,358,856
	5.000%	2023	-	1,358,856
	5.000%	2024	-	1,358,856
	5.000%	2025	-	1,358,856
	5.000%	2026	280,000	1,358,856
	5.000%	2027	1,795,000	1,344,856
	5.000%	2028	1,885,000	1,255,106
	5.000%	2029	1,980,000	1,160,856
	5.000%	2030	2,075,000	1,061,856
	5.000%	2031	2,180,000	958,106
	4.000%	2032	2,290,000	849,106
	4.000%	2033	2,380,000	757,506
	4.000%	2034	2,475,000	662,306
	4.000%	2035	2,575,000	563,306
	4.000%	2036	2,680,000	460,306
	4.000%	2037	2,785,000	353,106
	4.000%	2038	2,895,000	241,706
	4.250%	2039	3,015,000	125,906
			\$ 31,290,000	\$ 19,860,887

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, 2018**

Name of Organization	Balance June 30, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Athletics	\$ (6,305)	\$ 87,411	\$ 75,725	\$ 5,381
Principal Account	1,566	1,914	2,265	1,215
Baseball Travel	800	980	1,780	-
Baseball Camp	(647)	3,991	3,082	262
Softball Travel	600	610	1,210	-
Softball Camp	(225)	1,532	1,307	-
Boys Basketball Travel	2,060	745	2,805	-
Boys Basketball Camp	(335)	7,715	7,380	-
Calculator Rental	1,048	400	84	1,364
Cheerleaders	177	25,370	19,931	5,616
Cheerleader Travel	1,435	525	1,960	-
Drill Team	1,408	11,312	10,145	2,575
Drill Team Travel	250	200	450	-
Girls Basketball Travel	675	550	1,225	-
Girls Basketball Camp	983	2,303	1,178	2,108
Golf	-	500	-	500
Football Travel	1,075	1,390	2,465	-
Football Camp	(1,751)	14,979	11,782	1,446
Track Travel	1,500	1,620	3,120	-
Track Spirit Packs	1,358	120	-	1,478
Cross Country Travel	1,025	925	1,950	-
X Cntry Food/Uniform	1,463	380	490	1,353
Volleyball Travel	600	670	1,270	-
Volleyball Camp	2,150	7,722	6,359	3,513
Soccer Travel	1,050	895	-	1,945
Girls Soccer Camp	1,422	1,316	2,738	-
Boys Soccer Camp	1,228	-	96	1,132
Wrestling Travel	1,063	750	1,813	-
Wrestling Camp	2,232	12,109	11,945	2,396
Class of 2011	350	-	-	350
Class of 2013	1,680	-	-	1,680
Class of 2014	1,463	-	-	1,463
Class of 2015	524	-	-	524
Class of 2016	1,221	-	(401)	1,622
Class of 2017	(902)	902	-	-
Class of 2018	4,804	8,343	10,984	2,163
Class of 2019	2,387	5,363	1,422	6,328
Class of 2020	392	1,894	675	1,611
Class of 2021	-	1,346	521	825
FFA	3,960	4,186	3,932	4,214
FCCLA	561	520	629	452
Voice	115	898	1,013	-
Source of Strength	1,564	-	364	1,200
Honor Society	665	6,322	6,590	397

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, 2018**

Name of Organization	Balance June 30, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
BPA	982	9,187	8,933	1,236
Debate Travel	-	375	375	-
Debate Club	1,213	1,607	1,298	1,522
Agriculture	4,829	4,944	8,139	1,634
Art	6,166	2,520	4,239	4,447
Family/Consumer Science	(1)	3,776	3,776	(1)
Woods	2,541	3,752	5,394	899
Robotics	3,232	8,027	4,972	6,287
Business Department	44	-	-	44
ASB	1,080	12,950	14,030	-
Yearbook II	1,862	65	328	1,599
Yearbook 2014	3,110	-	3,110	-
Yearbook 2015	1,030	-	1,030	-
Yearbook 2016	5,902	50	5,902	50
Yearbook 2017	9,355	26,648	12,710	23,293
Student Council	2,733	9,788	11,917	604
Newspaper	1,528	1,110	416	2,222
Bookstore	1,080	326	630	776
Donations	(625)	687	-	62
Building Rental	585	540	1,125	-
Auditorium Rental	3,409	1,765	32	5,142
Winter Sports	4,120	14,369	13,642	4,847
Outdoor Fitness	7,071	2,968	8,219	1,820
High School Office	486	16,514	12,980	4,020
Sales Tax	-	5,505	5,419	86
Vending	447	10,365	5,749	5,063
Sched. Change/Reprint	1,462	600	114	1,948
Book Damage/Replace	7,747	1,051	410	8,388
Scholarship Fund	6,115	5,900	1,550	10,465
Drivers Ed	-	13,475	12,100	1,375
IDLA	75	15	-	90
Play Club	1,320	4,892	4,123	2,089
Music Department	(708)	29,887	21,447	7,732
Music Travel	125	1,135	1,260	-
Environmental Club	150	384	534	-
Latino Club	1,161	-	-	1,161
Library	1,144	502	278	1,368
Interact Club	741	848	366	1,223
Petty Cash	100	-	-	100
	\$ 118,300	\$ 415,235	\$ 376,831	\$ 156,704

See Independent Auditors' Report



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Revenues Cash Basis</u>
<b>U.S. Department of Agriculture</b>			
Passed Through State Department of Education:			
* Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 136,050	\$ 136,050
National School Lunch Program	10.555	406,444	406,444
Summer Food Service Program for Children	10.559	5,189	5,189
Total Child Nutrition Cluster		547,683	547,683
State Administrative Expenses	10.560	715	715
Passed Through Teton County			
* Federal Forest	10.665	29,718	29,718
Total Department of Agriculture		578,116	578,116
<b>U.S. Department of Education</b>			
Passed Through State Department of Education:			
Title I-Basic	84.010	339,652	342,390
Special Education Cluster			
IDEA Part B School Age	84.027	307,329	245,112
IDEA Part B - Preschool	84.173	13,915	9,910
Total Special Education Cluster		321,244	255,022
Career and Technical Education	84.048	18,657	21,298
Twenty-First Century Community Learning Centers	84.287	90,555	92,409
English Language Acquisition Grant	84.365	26,601	12,588
Improving Teacher Quality	84.367	53,995	72,585
Student Support and Academic Enrichment	84.424	9,533	6,429
Total Department of Education		860,237	802,721
Total Federal Assistance		\$ 1,438,353	\$ 1,380,837

\* 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, 2018**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Teton County School District No. 401 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Teton County School District No. 401, it is not intended to and does not present the financial position or change in net assets of the District.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowed or are limited as to reimbursement.

The District is not eligible to use the 10% de minimis indirect cost rate.



**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 business-type activities, each major fund, and the aggregate remaining fund information of Teton County School District No. 401 as of and for the year ended June 30, 2018, 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 September 10, 2018.

**Internal Control over Financial Reporting**

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

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

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

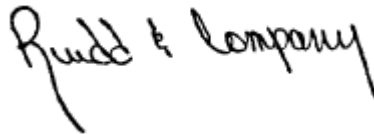
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Idaho Falls, Idaho  
September 10, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

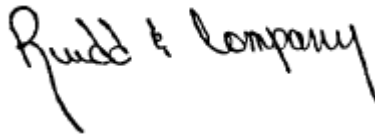
### **Report on Internal Control Over Compliance**

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control over compliance.

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

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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  
September 10, 2018

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

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

***Financial Statements***

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

***Federal Awards***

Internal control over major programs:	
Material weaknesses identified?	No
Significant Deficiencies identified?	No
Type or auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedules of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2018**

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**Section I - Summary of Auditors' Results (continued)**

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program</b>
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	School Lunch Program
10.559	Summer Food Service Program
10.665	School and Roads - Grants to States
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None