



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, 2019

giving direction to your future

TETON COUNTY SCHOOL DISTRICT NO. 401
Table of Contents
June 30, 2019

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
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.....	26-53
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	55
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Child Nutrition Fund	56

TETON COUNTY SCHOOL DISTRICT NO. 401

Table of Contents

June 30, 2019

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	57
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Construction Fund.....	58
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Plant Facility Fund	59
Schedule of Employer’s Share of Net Pension Liability	60
Schedule of Employer’s Contributions.....	61
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds.....	63-66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	67-70
Combining Statement of Changes in Assets and Liabilities Student Activities – Agency Funds.....	71
Activity in Taxes Receivable Accounts by Fund.....	72
General Bonded Debt – Future Principal and Interest Requirements	73-75
Teton High School Activity Fund – Statement of Cash Receipts, Disbursements and Transfers	76-77
Schedule of Expenditures of Federal Awards.....	78
Note to the Schedule of Expenditures of Federal Awards	79
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>	80-81

TETON COUNTY SCHOOL DISTRICT NO. 401
Table of Contents
June 30, 2019

Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance.....	82-84
Schedule of Findings and Questioned Costs.....	85-87



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, 2019, 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, 2019, 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 55 through 59, and pension information on pages 60 and 61 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.

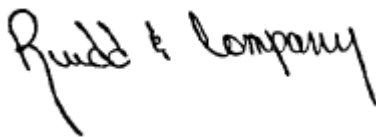
Other Information

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 October 10, 2019 on our consideration of the Teton County School District No. 401's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teton County School District No. 401's internal control over financial reporting and compliance.



Idaho Falls, Idaho
October 10, 2019

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2019

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, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$13,567,822. Of this amount, \$(2,981,279) is unrestricted.
- The District's net position increased by \$848,076 as a result of this year's operations.
- The general fund had \$14,708,509 in revenues and \$14,632,981 in expenditures. The general fund balance decreased \$261,683 over the prior year.
- \$278,442 was transferred from the general fund to the state technology fund to cover technology related payroll and other expenditures.
- \$81,430 was transferred to the plant facility fund to cover the purchase of buses, required bus depreciation, and other capital purchases.

Overview of the Financial Statements

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

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

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2019

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 nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the child nutrition fund, the capital construction fund, and the plant facility fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund and all special revenue funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2019

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 26-53 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 63-70 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2019

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 \$12,713,349 at the close of the most recent fiscal year.

Net Position	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 31,006,715	\$ 43,634,608	\$ 324,246	\$ 288,952	\$ 31,330,961	\$ 43,923,560
Capital Assets	36,826,133	20,862,449	-	-	36,826,133	20,862,449
Total Assets	<u>67,832,848</u>	<u>64,497,057</u>	<u>324,246</u>	<u>288,952</u>	<u>68,157,094</u>	<u>64,786,009</u>
Deferred Outflows of Resources	<u>1,852,778</u>	<u>1,727,582</u>	<u>-</u>	<u>-</u>	<u>1,852,778</u>	<u>1,727,582</u>
Current Liabilities	7,650,154	3,424,889	-	-	7,650,154	3,424,889
Long-term Liabilities	<u>43,433,268</u>	<u>44,748,100</u>	<u>-</u>	<u>-</u>	<u>43,433,268</u>	<u>44,748,100</u>
Total Liabilities	<u>51,083,422</u>	<u>48,172,989</u>	<u>-</u>	<u>-</u>	<u>51,083,422</u>	<u>48,172,989</u>
Deferred Inflows of Resources	<u>5,358,628</u>	<u>5,620,856</u>	<u>-</u>	<u>-</u>	<u>5,358,628</u>	<u>5,620,856</u>
Net Position						
Net Investment in Capital Assets	14,083,043	9,911,549	-	-	14,083,043	9,911,549
Restricted	2,141,812	1,748,532	324,246	288,952	2,466,058	2,037,484
Unrestricted	<u>(2,981,279)</u>	<u>770,713</u>	<u>-</u>	<u>-</u>	<u>(2,981,279)</u>	<u>770,713</u>
Total Net Position	<u>\$ 13,243,576</u>	<u>\$ 12,430,794</u>	<u>\$ 324,246</u>	<u>\$ 288,952</u>	<u>\$ 13,567,822</u>	<u>\$ 12,719,746</u>

A portion of the District's net position, \$14,083,043 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, 2019

An additional portion of the District's net position, \$2,466,058 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$(2,981,279).

Changes in Net Position	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 423,176	\$ 253,987	\$ -	\$ -	\$ 423,176	\$ 253,987
Operating grants and contributions	1,420,110	1,379,037	76,340	97,539	1,496,450	1,476,576
General revenues						
Property tax	6,990,328	5,177,883	-	-	6,990,328	5,177,883
State support	10,838,685	10,564,406	-	-	10,838,685	10,564,406
Other	1,546,163	615,424	3,763	1,386	1,549,926	616,810
Total Revenues	21,218,462	17,990,737	80,103	98,925	21,298,565	18,089,662
Expenses						
Instructional	9,991,904	9,186,721	-	-	9,991,904	9,186,721
Pupil support	676,561	786,108	-	-	676,561	786,108
Staff support	856,377	765,738	-	-	856,377	765,738
General administration	556,218	384,312	-	-	556,218	384,312
School administration	1,041,161	993,155	-	-	1,041,161	993,155
Business operations	288,540	255,318	-	-	288,540	255,318
Operations	1,540,768	1,400,150	-	-	1,540,768	1,400,150
Transportation	1,050,902	937,850	-	-	1,050,902	937,850
Non-instructional	297,393	522,546	-	-	297,393	522,546
Interest	2,704,651	540,224	-	-	2,704,651	540,224
Other debt service cost	-	268,870	-	-	-	268,870
Depreciation	744,144	748,455	-	-	744,144	748,455
Child nutrition services	657,061	724,760	-	-	657,061	724,760
Healthcare	-	-	44,809	26,566	44,809	26,566
Total Expenses	20,405,680	17,514,207	44,809	26,566	20,450,489	17,540,773
Change in Net Position	\$ 812,782	\$ 476,530	\$ 35,294	\$ 72,359	\$ 848,076	\$ 548,889

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2019

Financial Analysis of the District's Funds

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

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

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance was \$2,966,798, \$3,756,105 of which was committed as a reserve in accordance with the District's stabilization policy and \$700 of which is nonspendable in the form of prepaid expenses. The fund balance decreased by \$261,683 during the current fiscal year.

Expenditures for general District purposes totaled \$14,632,981 an increase of 9.5% during the current fiscal year.

The plant facility fund has a total fund balance of \$189,602. The fund balance increased by \$189,602 during the current year.

The capital construction fund has a total fund balance of \$20,610,182, all of which is restricted for capital projects. The fund balance decreased by \$15,752,876 during the current year.

The debt service fund has a total fund balance of \$2,014,859, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$347,772 during the current year.

The child nutrition fund has a total fund balance of \$93,499, all of which is restricted for the child nutrition program. The fund balance decreased by \$18,405 during the current year.

The District's internal service fund has a total fund balance of \$324,246 all of which is restricted for healthcare reimbursements. The fund balance increased by \$35,294 during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2019

General Fund Budgetary Highlights

During the current fiscal year, the \$499,009 positive budget to actual variance in total general fund revenues, and the \$713,991 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

The capital construction fund and plant facility fund are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. During the current fiscal year the District made several significant capital purchases related to the construction of two new schools, remodels of existing schools, and miscellaneous equipment.

Capital Assets

Capital assets at June 30, 2019 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	2019	2018
Land	\$ 1,045,768	\$ 1,045,768
Construction in Progress	17,371,008	862,703
Buildings and improvements	24,968,042	24,865,772
Furniture and equipment	7,366,817	7,269,564
	50,751,635	34,043,807
Accumulated depreciation	(13,925,502)	(13,181,358)
Total Capital Assets, Net of Depreciation	\$ 36,826,133	\$ 20,862,449

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2019

Debt Administration

Outstanding debt at June 30, 2019 is outlined below:

Outstanding Debt	Governmental Activities	
	2019	2018
General obligation bonds	\$ 41,190,000	\$ 42,220,000
Compensated absences	63,674	61,541
	<u>\$ 41,253,674</u>	<u>\$ 42,281,541</u>

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

Requests for Information

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

Basic Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Net Position
June 30, 2019

Assets	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 27,829,776	\$ 323,688	\$ 28,153,464
Receivables			
Property taxes	2,205,959	-	2,205,959
State of Idaho	413,610	-	413,610
Other	556,670	558	557,228
Prepaid Expenses	700	-	700
Capital Assets			
Land	1,045,768	-	1,045,768
Construction in progress	17,371,008	-	17,371,008
Buildings and equipment, net of depreciation	18,409,357	-	18,409,357
Total Assets	<u>67,832,848</u>	<u>324,246</u>	<u>68,157,094</u>
Deferred Outflows of Resources			
Related to pensions	<u>1,852,778</u>	<u>-</u>	<u>1,852,778</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 69,685,626</u>	<u>\$ 324,246</u>	<u>\$ 70,009,872</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 2,900,935	\$ -	\$ 2,900,935
Salary contracts payable	1,826,223	-	1,826,223
Interest payable	1,832,996	-	1,832,996
Long-term liabilities:			
Portion due or payable within one year:			
Bonds, capital leases, and contracts	1,090,000	-	1,090,000
Portion due or payable after one year:			
OPEB liability	108,556	-	108,556
Net pension liability	3,161,038	-	3,161,038
Bonds, capital leases, and contracts	40,100,000	-	40,100,000
Compensated absences	63,674	-	63,674
Total Liabilities	51,083,422	-	51,083,422
Deferred Inflows of Resources			
Related to pensions	550,685	-	550,685
Bond issue premium, net of amortization	4,807,943	-	4,807,943
Total Deferred Inflows of Resources	5,358,628	-	5,358,628
Total Liabilities and Deferred Inflows of Resources	\$ 56,442,050	\$ -	\$ 56,442,050
Net Position			
Net investment in capital assets	\$ 14,083,043	\$ -	\$ 14,083,043
Restricted for:			
Debt service	2,141,812	-	2,141,812
Healthcare	-	324,246	324,246
Unrestricted	(2,981,279)	-	(2,981,279)
Total Net Position	\$ 13,243,576	\$ 324,246	\$ 13,567,822

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
Instructional	\$ 9,991,904	\$ 217,676	\$ 776,920	\$ (8,997,308)	\$ -	\$ (8,997,308)
Pupil support	676,561	-	180,607	(495,954)	-	(495,954)
Staff support	856,377	-	-	(856,377)	-	(856,377)
General administration	556,218	-	-	(556,218)	-	(556,218)
School administration	1,041,161	-	-	(1,041,161)	-	(1,041,161)
Business operations	288,540	-	-	(288,540)	-	(288,540)
Operations	1,540,768	-	-	(1,540,768)	-	(1,540,768)
Transportation	1,050,902	-	-	(1,050,902)	-	(1,050,902)
Non-instructional	297,393	-	-	(297,393)	-	(297,393)
Interest on long-term debt	2,704,651	-	-	(2,704,651)	-	(2,704,651)
Depreciation - unallocated*	744,144	-	-	(744,144)	-	(744,144)
Child nutrition services	657,061	205,500	462,583	11,022	-	11,022
Total Governmental Activities	20,405,680	423,176	1,420,110	(18,562,394)	-	(18,562,394)
Business-Type Activities						
Healthcare	44,809	-	76,340	-	31,531	31,531
Total Business-Type Activities	44,809	-	76,340	-	31,531	31,531
Total Primary Government	\$ 20,450,489	\$ 423,176	\$ 1,496,450	(18,562,394)	31,531	(18,530,863)
		General Revenues:				
		Taxes:				
			Property taxes, levied for general purposes	3,443,270	-	3,443,270
			Property taxes, levied for debt service	3,081,925	-	3,081,925
			Property taxes, levied for capital outlay	465,133	-	465,133
			Other Local Support	645,713	-	645,713
			State Support	10,838,685	-	10,838,685
			Unrestricted Investment Earnings	900,450	3,763	904,213
			Total General Revenues	19,375,176	3,763	19,378,939
			Change in Net Position	812,782	35,294	848,076
			Net Position - Beginning	12,430,794	288,952	12,719,746
			Net Position - Ending	\$ 13,243,576	\$ 324,246	\$ 13,567,822

* 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, 2019

Assets	General Fund	Child Nutrition Fund
Cash and Investments	\$ 3,122,400	\$ 138,813
Due from Other Funds	380,285	-
Receivables		
Property taxes	1,093,663	-
State of Idaho	352,493	-
Other	7,099	3,474
Prepaid Expenses	700	-
Total Assets	<u>\$ 4,956,640</u>	<u>\$ 142,287</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	173,016	779
Salary contracts payable	1,655,491	48,009
Total Liabilities	<u>1,828,507</u>	<u>48,788</u>
Deferred Inflows of Resources		
Unavailable revenues	161,335	-
Fund Balances (Deficits)		
Nonspendable	700	-
Restricted	25,719	93,499
Committed	3,756,105	-
Unassigned	(815,726)	-
Total Fund Balances (Deficits)	<u>2,966,798</u>	<u>93,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,956,640</u>	<u>\$ 142,287</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Capital Construction Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,174,869	\$ 23,254,853	\$ 63,693	\$ 75,148	\$ 27,829,776
-	-	-	-	380,285
964,650	-	147,646	-	2,205,959
-	-	-	61,117	413,610
2,293	52,294	-	491,510	556,670
-	-	-	-	700
\$ 2,141,812	\$ 23,307,147	\$ 211,339	\$ 627,775	\$ 31,387,000
\$ -	\$ -	\$ -	\$ 380,285	\$ 380,285
-	2,696,965	-	30,175	2,900,935
-	-	-	122,723	1,826,223
-	2,696,965	-	533,183	5,107,443
126,953	-	21,737	-	310,025
-	-	-	-	700
2,014,859	20,610,182	189,602	94,592	23,028,453
-	-	-	-	3,756,105
-	-	-	-	(815,726)
2,014,859	20,610,182	189,602	94,592	25,969,532
\$ 2,141,812	\$ 23,307,147	\$ 211,339	\$ 627,775	\$ 31,387,000

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, 2019

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

Total Fund Balance - Governmental Funds	\$ 25,969,532
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$50,751,635 and the accumulated depreciation is \$13,925,502.	36,826,133
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.	(43,195,226)
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.	(1,858,945)
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.	(4,807,943)
Property tax revenue is recognized when earned rather than when available.	<u>310,025</u>
Net Position - Governmental Activities	<u>\$ 13,243,576</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, 2019

	<u>General Fund</u>	<u>Child Nutrition Fund</u>
Revenues		
Local sources		
Property taxes	\$ 3,469,894	\$ -
Earnings on investments	121,108	-
Lunch sales	-	205,500
Tuition - Out of State	354,273	-
Other	279,139	-
State sources		
State apportionment	9,800,197	-
Other	683,898	-
Federal sources		
Educational programs and other	-	462,583
Total Revenues	<u>14,708,509</u>	<u>668,083</u>
Expenditures		
Current		
Instructional	9,195,587	-
Pupil support	565,155	-
Staff support	266,375	-
General administration	558,616	-
School administration	1,063,853	-
Business operations	291,806	-
Operation	1,552,994	-
Transportation	1,067,547	-
Non-instructional	24,173	657,061
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	46,875	29,427
Total Expenditures	<u>14,632,981</u>	<u>686,488</u>
Excess (Deficiency) of Revenues over Expenditures	75,528	(18,405)
Other Financing Sources (Uses)		
Transfers in	22,661	-
Transfers out	<u>(359,872)</u>	<u>-</u>
Net Change in Fund Balances	(261,683)	(18,405)
Fund Balance Beginning of Year	<u>3,228,481</u>	<u>111,904</u>
Fund Balance End of Year	<u>\$ 2,966,798</u>	<u>\$ 93,499</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Capital Construction Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,036,417	\$ -	\$ 468,271	\$ -	\$ 6,974,582
23,913	755,429	-	-	900,450
-	-	-	-	205,500
-	-	-	-	354,273
9,911	-	2,390	217,676	509,116
-	-	-	-	9,800,197
-	-	-	354,590	1,038,488
-	-	-	957,527	1,420,110
<u>3,070,241</u>	<u>755,429</u>	<u>470,661</u>	<u>1,529,793</u>	<u>21,202,716</u>
-	-	-	959,130	10,154,717
-	-	-	124,568	689,723
-	-	-	594,332	860,707
525	-	-	600	559,741
-	-	-	-	1,063,853
-	-	-	-	291,806
-	-	-	-	1,552,994
-	-	-	-	1,067,547
-	-	279,494	-	960,728
1,030,000	-	-	-	1,030,000
1,691,944	-	-	-	1,691,944
-	16,508,305	82,995	40,226	16,707,828
<u>2,722,469</u>	<u>16,508,305</u>	<u>362,489</u>	<u>1,718,856</u>	<u>36,631,588</u>
347,772	(15,752,876)	108,172	(189,063)	(15,428,872)
-	-	81,430	278,442	382,533
-	-	-	(22,661)	(382,533)
347,772	(15,752,876)	189,602	66,718	(15,428,872)
<u>1,667,087</u>	<u>36,363,058</u>	<u>-</u>	<u>27,874</u>	<u>41,398,404</u>
<u>\$ 2,014,859</u>	<u>\$ 20,610,182</u>	<u>\$ 189,602</u>	<u>\$ 94,592</u>	<u>\$ 25,969,532</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, 2019

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

Net Change in Fund Balance - Governmental Funds	\$ (15,428,872)
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.	15,963,684
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.	15,746
Compensated absences (a long-term liability) is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.	(2,133)
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.	(379,085)
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.	276,117
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>367,325</u>
Change in Net Position of Governmental Activities	<u>\$ 812,782</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, 2019

	Governmental Activities - Internal Service Fund
Assets	
Cash and Investments	\$ 323,688
Receivables	<u>558</u>
Total Assets	<u>\$ 324,246</u>
Net Position	
Restricted	
Healthcare Reimbursements	<u>\$ 324,246</u>
Total Net Position	<u>\$ 324,246</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, 2019

	Governmental Activities - Internal Service Fund
Operating Revenues	
Healthcare contributions	\$ 76,340
Earnings on investments	3,763
Total Operating Revenues	<u>80,103</u>
Operating Expenses	
Insurance claims and expenses	<u>44,809</u>
Total Operating Expenses	<u>44,809</u>
Change in Net Position	35,294
Net Position - Beginning	<u>288,952</u>
Net Position - Ending	<u>\$ 324,246</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, 2019

	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities	
Cash received from other funds for healthcare contributions	\$ 76,340
Earnings on investments	3,205
Payments for insurance claims and expenses	<u>(44,809)</u>
Net increase in cash and cash equivalents	34,736
Cash - Beginning	<u>288,952</u>
Cash - Ending	<u>\$ 323,688</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 35,294</u>
Net cash provided by operating activities	<u>\$ 35,294</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, 2019

Assets	Agency Funds
Cash and Investments	<u>\$ 238,717</u>
Total Assets	<u>\$ 238,717</u>
Liabilities	
Due to Student Groups	<u>\$ 238,717</u>
Total Liabilities	<u>\$ 238,717</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2019

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, 2019

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, 2019

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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 56:

	<u>Reported</u> <u>Amounts</u>	<u>Commodities</u> <u>Received</u>	<u>Amounts</u> <u>Reported in</u> <u>Comparison</u> <u>with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 668,083	\$ (71,806)	\$ 596,277
Total expenditures	\$ 686,488	\$ (71,806)	\$ 614,682

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.

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, 2019

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, 2019

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, 2019

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, 2019, the carrying amount of the District's deposits was \$804,078 and the respective bank balances totaled \$813,045. Of the bank balances, \$250,000 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2019, \$563,045 of the District's total deposits were not covered by federal depository insurance and thus were exposed to credit risk.
3. Investments – As of June 30, 2019, 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	\$ 27,588,103	\$ 27,588,103	\$ -	\$ -	\$ -

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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, 2019, 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	\$ 28,153,464
Cash and investments reported on the statement of fiduciary net position	238,717
	<u>\$ 28,392,181</u>
 Investments categorized	 \$ 27,588,103
Deposits categorized	804,078
	<u>\$ 28,392,181</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, 2019, are generally based on the assessed values and tax levies established in 2018.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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, 2019 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	<u>862,703</u>	<u>16,508,305</u>	<u>-</u>	<u>17,371,008</u>
 Total Capital Assets, Not Being Depreciated	 <u>\$ 1,908,471</u>	 <u>\$ 16,508,305</u>	 <u>\$ -</u>	 <u>\$ 18,416,776</u>
 Capital Assets, Being Depreciated				
Buildings and improvements	\$ 24,865,772	\$ 102,270	\$ -	\$ 24,968,042
Furniture and equipment	<u>7,269,564</u>	<u>97,253</u>	<u>-</u>	<u>7,366,817</u>
 Total Capital Assets, Being Depreciated	 <u>32,135,336</u>	 <u>199,523</u>	 <u>-</u>	 <u>32,334,859</u>
 Accumulated Depreciation for				
Buildings and improvements	(7,134,847)	(515,560)	-	(7,650,407)
Furniture and equipment	<u>(6,046,511)</u>	<u>(228,584)</u>	<u>-</u>	<u>(6,275,095)</u>
 Total Accumulated Depreciation	 <u>(13,181,358)</u>	 <u>(744,144)</u>	 <u>-</u>	 <u>(13,925,502)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>\$ 18,953,978</u>			 <u>\$ 18,409,357</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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, 2019 was \$7,860,000.

6. General Obligation Bonds Payable

Bonds outstanding at June 30, 2019, were as follows:

	Interest Rates	Maturity Dates	Amount
General Obligation Refunding Bonds, Series 2012 Issue (Original amount--\$9,855,000)	3.25% to 5.00%	2020 to 2026	\$ 7,680,000
General Obligation Bonds, Series 2018A Issue (Original amount--\$2,220,000)	5.00%	2020 to 2026	\$ 2,220,000
General Obligation Refunding Bonds, Series 2018B Issue (Original amount--\$31,290,000)	4.00% to 5.00%	2020 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, 2019

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>
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
2024	1,590,000	1,529,481	3,119,481
Thereafter	34,395,000	12,645,778	47,040,778
	<u>\$ 41,190,000</u>	<u>\$ 21,526,250</u>	<u>\$ 62,716,250</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, 2019:

	<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, 2018	\$ 8,710,000	\$ 2,220,000	\$ 31,290,000	\$ 61,541	\$ 3,417,056	\$ 79,503	\$ 45,778,100
Obligations Incurred	-	-	-	2,133	-	29,053	31,186
Obligations Paid	(1,030,000)	-	-	-	(256,018)	-	(1,286,018)
Long-term Obligations June 30, 2019	<u>\$ 7,680,000</u>	<u>\$ 2,220,000</u>	<u>\$ 31,290,000</u>	<u>\$ 63,674</u>	<u>\$ 3,161,038</u>	<u>\$ 108,556</u>	<u>\$ 44,523,268</u>
Due within one year	<u>\$ 1,090,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,000</u>

8. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$71,806. The value was determined by confirmation with the State of Idaho Department of Education.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board. Employee membership data related to the PERSI Base Plan, as of June 30, 2018, was as follows:

Retirees and beneficiaries currently receiving benefits	46,907
Terminated employees entitled to but not yet receiving benefits	13,133
Active plan members	<u>71,112</u>
	<u>131,152</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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

9. Pension Plan (continued)

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

Member and Employer Contributions

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

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, 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 \$1,118,887, 1,036,420, and \$984,569, for the years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was 0.285 percent.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

9. Pension Plan (continued)

For the year ended June 30, 2019, the District recognized pension expense (revenue) of \$(276,117). At June 30, 2019, 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	\$ 460,762	\$ 317,010
Changes in assumptions or other inputs	273,129	-
Net difference between projected and actual earnings on pension plan investments	-	466,362
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	(232,685)
Employer contributions subsequent to the measurement date	<u>1,118,887</u>	<u>-</u>
Total	<u>\$ 1,852,778</u>	<u>\$ 550,687</u>

\$1,118,887 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, 2019.

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, 2017, the beginning of the measurement period ended June 30, 2018, is 4.9 and 4.9 for the measurement period ended June 30, 2017.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

9. Pension Plan (continued)

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

<u>Fiscal Year</u>		
2020	.....	\$ 408,476
2021	.....	107,480
2022	.....	(285,023)
2023	.....	(60,738)
2024	.....	13,009

Actuarial Assumptions

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

The total pension liability in the July 1, 2018 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%

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

9. Pension Plan (continued)

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

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

An experience study was performed 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, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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

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

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

9. Pension Plan (continued)

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%
			Expected	
	Expected	Expected	Real	Expected
<u>Total Fund</u>	<u>Return</u>	<u>Inflation</u>	<u>Return</u>	<u>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	<u>0.40%</u>
Long-Term Expected Geometric Rate of Return, Net Investment Expenses	<u><u>7.10%</u></u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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:

	1% Decrease	Current	1% Increase
	(6.10%)	Discount Rate	(8.10%)
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the net pension liability (asset)	\$ 10,507,185	\$ 4,197,457	\$ (1,027,256)

Pension plan fiduciary net position

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

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

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 2019, the District contributed approximately \$1,078,000 to the plan for current premiums or approximately 64% of total premiums. Plan members receiving benefits contributed approximately \$617,000 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 2019 were as follows:

<u>Coverage</u>	<u>w/ Prescription Drug Coverage</u>		
	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Retiree Only	\$ 714	\$ 641	\$ 654
Retiree & Spouse	1,427	1,282	1,308
	<u>w/o Prescription Drug Coverage</u>		
	<u>Dental</u>	<u>Vision</u>	
Retiree Only	\$ 275	\$ 41	\$ 24
Retiree & Spouse	549	82	49

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

10. Other Post Employment Benefits (continued)

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.

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	\$ 52,799
Adjustment to annual required contribution	<u>(208)</u>
Annual OPEB cost (expense)	52,591
Contributions made	<u>(23,538)</u>
Decrease in net OPEB obligation	29,053
Net OPEB obligation - beginning of year	<u>79,503</u>
Net OPEB obligation - end of year	<u>\$ 108,556</u>
Annual OPEB cost	\$ 52,591
Percentage of OPEB cost contributed	44.8%
Net OPEB obligation	\$ 108,556

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

10. Other Post Employment Benefits (continued)

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 \$329,094. 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 \$9,884,161 and the ratio of the UAAL to covered payroll was 3.3%.

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, 2019

11. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State investment pool	\$ 27,588,103	\$ 27,588,103	\$ -	\$ -
Total	\$ 27,588,103	\$ 27,588,103	\$ -	\$ -

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, 2019

12. Interfund Balances and Transfers

The interfund balances at June 30, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 380,285	\$ -
Non-major Funds		
Drivers Education Fund	-	13,123
Title I-A ESEA Basic Fund	-	276,871
IDEA Part B School Age Fund	-	47,043
IDEA Part B Preschool Fund	-	3,694
Perkins III Professional Technical Fund	-	3,693
Title III ESEA LEP Fund	-	13,999
Title II-A ESEA Improving Fund	-	12,175
Title IV-A Student Support Fund	-	9,687
	<u>\$ 380,285</u>	<u>\$ 380,285</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, 2019

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	\$ 22,661	\$ 359,872
Plant Facility Fund	81,430	-
Non Major Funds		
Federal Forest Fund	-	22,661
State Technology Fund	278,442	-
	<u>\$ 382,533</u>	<u>\$ 382,533</u>

Transfers were made to move bus depreciation to the plant facility fund and to cover costs of salaries, benefits and operating costs of special revenue funds.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

13. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2019:

Fund	Amount Exceeded
General Fund.....	\$ 713,991
Drivers Education Fund.....	4,919
After School Program Fund.....	129,730
Vocational Technical Fund.....	25,568
State Technology Fund.....	104,420
Title I-A Basic Fund.....	59,203
IDEA Part B Preschool Fund.....	2,250
Title III ESEA LEP Fund.....	2,258
Title II-A ESEA Improving Fund.....	584
Title IV-A Student Support Fund.....	3,312

Deficits in Individual Funds

There were no funds that had deficits as of June 30, 2019.

14. 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, 2019

14. 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.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>	<u>Plant Facility Fund</u>	<u>Total</u>
Fund Balances:						
Nonspendable:						
Prepaid Expenses	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ 700
Restricted for:						
Child Nutrition	-	93,499	-	-	-	93,499
Debt Service	-	-	2,014,859	-	-	2,014,859
Bond Projects	-	-	-	20,610,182	-	20,610,182
Plant Facility	-	-	-	-	189,602	189,602
State LEP	5,140	-	-	-	-	5,140
State Remediation	12,140	-	-	-	-	12,140
Professional Dev	8,439	-	-	-	-	8,439
Driver Education	-	9,121	-	-	-	9,121
ISEE	-	21,825	-	-	-	21,825
Vocational Education	-	5,716	-	-	-	5,716
Substance Abuse	-	1,891	-	-	-	1,891
Medicaid	-	56,039	-	-	-	56,039
Committed for:						
Stabilization policy	3,756,105	-	-	-	-	3,756,105
Unassigned:	(815,726)	-	-	-	-	(815,726)
Total						
Fund Balances	<u>\$ 2,966,798</u>	<u>\$ 188,091</u>	<u>\$ 2,014,859</u>	<u>\$ 20,610,182</u>	<u>\$ 189,602</u>	<u>\$ 25,969,532</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2019

15. Fund Stabilization Policy

The Board has adopted a minimum unassigned fund balance in its General Fund of three (3) months of operation reserve of the subsequent year's budgeted expenditures and outgoing transfers. When the fund balance falls below the minimum range, the District will replenish the shortage of deficiency using the budget strategies and timeframes.

16. 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, 2019, the District had total outstanding construction contracts totaling approximately \$19,360,000.

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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 3,152,425	\$ 3,469,894	\$ 317,469
Earnings on investments	53,725	121,108	67,383
Tuition - out of state	257,000	354,273	97,273
Other	362,256	279,139	(83,117)
State sources			
State apportionment	9,781,706	9,800,197	18,491
Other	602,388	683,898	81,510
Total Revenues	14,209,500	14,708,509	499,009
Expenditures			
Current			
Instructional	8,570,523	9,195,587	(625,064)
Pupil support	610,397	565,155	45,242
Staff support	348,397	266,375	82,022
General administration	422,038	558,616	(136,578)
School administration	1,120,433	1,063,853	56,580
Business operations	311,677	291,806	19,871
Operation	1,546,368	1,552,994	(6,626)
Transportation	939,157	1,067,547	(128,390)
Non-instructional	-	24,173	(24,173)
Contingency	50,000	-	50,000
	-	46,875	(46,875)
Total Expenditures	13,918,990	14,632,981	(713,991)
Excess (Deficiency) of			
Revenues over Expenditures	290,510	75,528	(214,982)
Other Financing Sources (Uses)			
Transfers in	34,490	22,661	(11,829)
Transfers (out)	(325,000)	(359,872)	(34,872)
Net Change in Fund Balances	-	(261,683)	(261,683)
Fund Balance, Beginning of Year	3,228,481	3,228,481	-
Fund Balance, End of Year	\$ 3,228,481	\$ 2,966,798	\$ (261,683)

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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Lunch sales	\$ 65,000	\$ 205,500	\$ 140,500
Other	78,500	-	(78,500)
Federal sources			
Educational programs and other	521,500	390,777	(130,723)
Total Revenues	<u>665,000</u>	<u>596,277</u>	<u>(68,723)</u>
Expenditures			
Current			
Non-instructional	708,782	585,255	123,527
Capital outlay	-	29,427	(29,427)
Total Expenditures	<u>708,782</u>	<u>614,682</u>	<u>94,100</u>
Net Change in Fund Balances	(43,782)	(18,405)	25,377
Fund Balance, Beginning of Year	<u>111,904</u>	<u>111,904</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 68,122</u>	<u>\$ 93,499</u>	<u>\$ 25,377</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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 3,400,000	\$ 3,036,417	\$ (363,583)
Earnings on investments	-	23,913	23,913
Other	-	9,911	9,911
Total Revenues	<u>3,400,000</u>	<u>3,070,241</u>	<u>(329,759)</u>
Expenditures			
Current			
General administration	400	525	(125)
Debt service			
Principal	1,090,000	1,030,000	60,000
Interest	<u>2,309,600</u>	<u>1,691,944</u>	<u>617,656</u>
Total Expenditures	<u>3,400,000</u>	<u>2,722,469</u>	<u>677,531</u>
Net Change in Fund Balances	-	347,772	347,772
Fund Balance, Beginning of Year	<u>1,667,087</u>	<u>1,667,087</u>	-
Fund Balance, End of Year	<u>\$ 1,667,087</u>	<u>\$ 2,014,859</u>	<u>\$ 347,772</u>

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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Earnings on investments	\$ 428,759	\$ 755,429	\$ 326,670
Total Revenues	428,759	755,429	326,670
Expenditures			
Current			
Non-instructional	-	-	-
Capital outlay	21,024,120	16,508,305	4,515,815
Total Expenditures	21,024,120	16,508,305	4,515,815
Net Change in Fund Balances	(20,595,361)	(15,752,876)	4,842,485
Fund Balance, Beginning of Year	36,363,058	36,363,058	-
Fund Balance, End of Year	\$ 15,767,697	\$ 20,610,182	\$ 4,842,485

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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 460,000	\$ 468,271	\$ 8,271
Other	-	2,390	(2,390)
Total Revenues	<u>460,000</u>	<u>470,661</u>	<u>5,881</u>
Expenditures			
Current			
Non-instructional	-	279,494	(279,494)
Capital outlay	<u>585,000</u>	<u>82,995</u>	<u>502,005</u>
Total Expenditures	<u>585,000</u>	<u>362,489</u>	<u>222,511</u>
Excess (Deficiency) of Revenues over Expenditures	(125,000)	108,172	228,392
Other Financing Sources (Uses)			
Transfers in	<u>75,000</u>	<u>81,430</u>	<u>6,430</u>
Net Change in Fund Balances	(50,000)	189,602	234,822
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (50,000)</u>	<u>\$ 189,602</u>	<u>\$ 234,822</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.285%	0.280%	0.276%	0.268%	0.264%
Employer's proportionate share of the net pension liability	\$ 3,161,038	\$ 4,401,625	\$ 5,598,544	\$ 3,522,844	\$ 1,943,196
Employer's covered payroll	\$ 9,884,161	\$ 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	31.98%	48.08%	64.37%	43.61%	23.52%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	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, 2018 (measurement date).

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Employer Contributions
Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 1,105,103	\$ 944,303	\$ 820,972	\$ 857,073	\$ 857,887
Contributions in relation to					
the statutorily required contribution	1,118,887	1,036,420	984,569	914,478	935,157
Contribution (deficiency) excess	13,784	92,117	163,597	39,405	77,270
Employer's covered payroll	9,884,161	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%	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, 2019.

See Independent Auditors' Report

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2019

	Federal Forest Fund	Drivers Education Fund	After School Program Fund
Assets			
Cash and Investments	\$ -	\$ -	\$ 34,473
Receivables			
State of Idaho	-	9,125	-
Other	-	14,720	-
Total Assets	<u>\$ -</u>	<u>\$ 23,845</u>	<u>\$ 34,473</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 13,123	\$ -
Accounts payable	-	-	-
Salary contracts payable	-	1,601	12,648
Total Liabilities	<u>-</u>	<u>14,724</u>	<u>12,648</u>
Fund Balances			
Restricted	-	9,121	21,825
Total Fund Balances	<u>-</u>	<u>9,121</u>	<u>21,825</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 23,845</u>	<u>\$ 34,473</u>

See Independent Auditors' Report

Vocational Education Fund	State Technology Fund	State Substance Abuse Fund	Medicaid Fund	Title I-A Basic Fund
\$ 7,410	\$ 8,466	\$ 1,891	\$ 22,908	\$ -
-	4,709	-	47,283	-
-	-	-	-	317,564
\$ 7,410	\$ 13,175	\$ 1,891	\$ 70,191	\$ 317,564
\$ -	\$ -	\$ -	\$ -	\$ 276,871
-	13,175	-	6,000	-
1,694	-	-	8,152	40,693
1,694	13,175	-	14,152	317,564
5,716	-	1,891	56,039	-
5,716	-	1,891	56,039	-
\$ 7,410	\$ 13,175	\$ 1,891	\$ 70,191	\$ 317,564

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2019

	IDEA Part B School Age Fund	IDEA Part B Preschool Fund	Perkins III Professional Technical Fund
Assets			
Cash and Investments	\$ -	\$ -	\$ -
Receivables			
State of Idaho	-	-	-
Other	91,349	6,718	14,693
Total Assets	<u>\$ 91,349</u>	<u>\$ 6,718</u>	<u>\$ 14,693</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 47,043	\$ 3,694	\$ 3,693
Accounts payable	-	-	11,000
Salary contracts payable	44,306	3,024	-
Total Liabilities	<u>91,349</u>	<u>6,718</u>	<u>14,693</u>
Fund Balances			
Restricted	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 91,349</u>	<u>\$ 6,718</u>	<u>\$ 14,693</u>

See Independent Auditors' Report

Title III ESEA LEP Fund	Title II-A ESEA Improving Fund	Title IV-A Student Support Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 75,148
-	-	-	61,117
19,833	12,175	14,458	491,510
\$ 19,833	\$ 12,175	\$ 14,458	\$ 627,775
\$ 13,999	\$ 12,175	\$ 9,687	\$ 380,285
-	-	-	30,175
5,834	-	4,771	122,723
19,833	12,175	14,458	533,183
-	-	-	94,592
-	-	-	94,592
\$ 19,833	\$ 12,175	\$ 14,458	\$ 627,775

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, 2019

	Federal Forest Fund	Drivers Education Fund	After School Program Fund
Revenues			
Local sources			
Other	\$ -	\$ 16,725	\$ 131,555
State sources			
Other	-	16,875	-
Federal sources			
Educational programs and other	22,661	-	-
Total Revenues	22,661	33,600	131,555
Expenditures			
Current			
Instructional	-	28,697	129,130
Pupil support	-	-	-
Staff support	-	-	-
General administration	-	-	600
Non-instructional	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	28,697	129,730
Excess (Deficiency) of Revenues over Expenditures	22,661	4,903	1,825
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	(22,661)	-	-
Net Change in Fund Balances	-	4,903	1,825
Fund Balance, Beginning of Year	-	4,218	20,000
Fund Balance, End of Year	\$ -	\$ 9,121	\$ 21,825

See Independent Auditors' Report

Vocational Education Fund	State Technology Fund	State Substance Abuse Fund	Medicaid Fund	Title I-A Basic Fund
\$ -	\$ 69,396	\$ -	\$ -	\$ -
44,628	260,094	23,500	-	-
-	-	-	180,607	318,684
<u>44,628</u>	<u>329,490</u>	<u>23,500</u>	<u>180,607</u>	<u>318,684</u>
42,568	-	2,779	-	310,888
-	-	-	124,568	-
-	594,332	-	-	-
-	-	-	-	-
-	-	-	-	-
-	13,600	18,830	-	7,796
<u>42,568</u>	<u>607,932</u>	<u>21,609</u>	<u>124,568</u>	<u>318,684</u>
2,060	(278,442)	1,891	56,039	-
-	278,442	-	-	-
-	-	-	-	-
<u>2,060</u>	<u>-</u>	<u>1,891</u>	<u>56,039</u>	<u>-</u>
<u>3,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,716</u>	<u>\$ -</u>	<u>\$ 1,891</u>	<u>\$ 56,039</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, 2019

	IDEA Part B School Age Fund	IDEA Part B Preschool Fund	Perkins III Professional Technical Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	308,298	18,753	14,693
Total Revenues	308,298	18,753	14,693
Expenditures			
Current			
Instructional	308,298	18,753	14,693
Pupil support	-	-	-
Staff support	-	-	-
General administration	-	-	-
Non-instructional	-	-	-
Capital Outlay	-	-	-
Total Expenditures	308,298	18,753	14,693
Excess (Deficiency) of Revenues over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report

Title III ESEA LEP Fund	Title II-A ESEA Improving Fund	Title IV-A Student Support Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 217,676
-	-	9,493	354,590
<u>28,350</u>	<u>51,023</u>	<u>14,458</u>	<u>957,527</u>
<u>28,350</u>	<u>51,023</u>	<u>23,951</u>	<u>1,529,793</u>
28,350	51,023	23,951	959,130
-	-	-	124,568
-	-	-	594,332
-	-	-	600
-	-	-	-
-	-	-	40,226
<u>28,350</u>	<u>51,023</u>	<u>23,951</u>	<u>1,718,856</u>
-	-	-	(189,063)
-	-	-	278,442
-	-	-	(22,661)
-	-	-	66,718
-	-	-	27,874
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,592</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, 2019

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
Teton High School				
Assets				
Cash	\$ 156,704	\$ 418,970	\$ 363,898	\$ 211,776
Liabilities				
Due to student groups	\$ 156,704	\$ 418,970	\$ 363,898	\$ 211,776
Teton Middle School				
Assets				
Cash	\$ 7,409	\$ 75,088	\$ 82,821	\$ (324)
Liabilities				
Due to student groups	\$ 7,409	\$ 75,088	\$ 82,821	\$ (324)
Rendezvous Elementary School				
Assets				
Cash	\$ 4,260	\$ 57,162	\$ 48,566	\$ 12,856
Liabilities				
Due to student groups	\$ 4,260	\$ 57,162	\$ 48,566	\$ 12,856
Victor Elementary School				
Assets				
Cash	\$ 2,045	\$ 15,340	\$ 14,724	\$ 2,661
Liabilities				
Due to student groups	\$ 2,045	\$ 15,340	\$ 14,724	\$ 2,661
Tetonia Elementary School				
Assets				
Cash	\$ 6,314	\$ 13,592	\$ 12,559	\$ 7,347
Liabilities				
Due to student groups	\$ 6,314	\$ 13,592	\$ 12,559	\$ 7,347
Driggs Elementary School				
Assets				
Cash	\$ 3,438	\$ 25,830	\$ 24,867	\$ 4,401
Liabilities				
Due to student groups	\$ 3,438	\$ 25,830	\$ 24,867	\$ 4,401
Total - All School Activity Funds				
Assets				
Cash	\$ 180,170	\$ 605,982	\$ 547,435	\$ 238,717
Liabilities				
Due to student groups	\$ 180,170	\$ 605,982	\$ 547,435	\$ 238,717

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Teton County			
Balance at June 30, 2018	\$ 1,081,093	\$ 462,663	\$ 143,618
Add - Taxes Assessed for 2018 (Net of Cancellations)	3,442,129	3,098,092	464,767
Less - Collections Received	<u>(3,429,559)</u>	<u>(2,596,105)</u>	<u>(460,739)</u>
Balance at June 30, 2019	<u>\$ 1,093,663</u>	<u>\$ 964,650</u>	<u>\$ 147,646</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements
Year Ended June 30, 2019

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	5.000%	2020	\$ 1,090,000	\$ 303,825
School Bonds	5.000%	2021	1,145,000	247,950
Series 2012	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
			<u>\$ 7,680,000</u>	<u>\$ 1,076,538</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
Year Ended June 30, 2019

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2020	\$ -	\$ 156,325
Series 2018A	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, 2019

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2020	\$ -	\$ -
Series 2018B	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
			<u>\$ 31,290,000</u>	<u>\$ 17,947,164</u>

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, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Athletics	\$ 5,381	\$ 53,123	\$ 58,725	\$ (221)
Principal Account	1,215	37,531	19,668	19,078
Baseball Travel	-	975	-	975
Baseball Camp	262	1,841	1,687	416
Softball Travel	-	529	-	529
Softball Camp	-	646	567	79
Boys Basketball Travel	-	860	810	50
Boys Basketball Camp	-	3,613	3,390	223
Calculator Rental	1,364	100	1,160	304
Cheerleaders	5,616	26,818	28,800	3,634
Cheerleader Travel	-	576	575	1
Drill Team	2,575	10,401	11,995	981
Drill Team Travel	-	375	350	25
Girls Basketball Travel	-	657	-	657
Girls Basketball Camp	2,108	2,062	3,462	708
Golf	500	-	-	500
Football Travel	-	1,165	1,140	25
Football Camp	1,446	7,169	7,645	970
Track Travel	-	1,850	-	1,850
Track Spirit Packs	1,478	4,278	4,829	927
Cross Country Travel	-	875	875	-
X Cntry Food/Uniform	1,353	928	-	2,281
Volleyball Travel	-	476	475	1
Volleyball Camp	3,513	7,413	6,709	4,217
Soccer Travel	1,945	950	2,595	300
Girls Soccer Camp	-	4	-	4
Boys Soccer Camp	1,132	-	-	1,132
Wrestling Travel	-	700	575	125
Wrestling Camp	2,396	17,741	16,806	3,331
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	1,622	-	-	1,622
Class of 2018	2,163	3	596	1,570
Class of 2019	6,328	3,652	9,146	834
Class of 2020	1,611	4,380	1,433	4,558
Class of 2021	825	1,774	515	2,084
Class of 2022	-	1,278	569	709
FFA	4,214	11,901	12,715	3,400
FCCLA	452	-	-	452
Source of Strength	1,200	449	513	1,136
Honor Society	397	15,909	15,579	727

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, 2019

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
BPA	1,236	1,775	1,660	1,351
Debate Travel	-	351	-	351
Debate Club	1,522	1,320	1,821	1,021
Agriculture	1,634	4,228	2,738	3,124
Art	4,447	3,904	5,644	2,707
Family/Consumer Science	(1)	1,630	646	983
Woods	899	1,939	2,655	183
Robotics	6,287	8,849	5,088	10,048
Business Department	44	-	-	44
ASB	-	12,374	11,105	1,269
Yearbook II	1,599	-	-	1,599
Yearbook 2014	-	25	-	25
Yearbook 2016	50	-	-	50
Yearbook 2017	23,293	1,670	10,930	14,033
Yearbook 2019	-	8,766	-	8,766
Student Council	604	4,714	2,239	3,079
Newspaper	2,222	602	36	2,788
Bookstore	776	701	1,389	88
Donations	62	-	-	62
Senior Sneak	-	5,120	2,810	2,310
Building Rental	-	630	-	630
Auditorium Rental	5,142	1,538	1,244	5,436
Winter Sports	4,847	21,472	10,955	15,364
Outdoor Fitness	1,820	2,572	2,689	1,703
High School Office	4,020	41	878	3,183
State Funded	-	7,960	10,020	(2,060)
Sales Tax	86	4,710	5,170	(374)
Vending	5,063	15,190	7,749	12,504
Sched. Change/Reprint	1,948	180	218	1,910
Book Damage/Replace	8,388	901	1,377	7,912
Scholarship Fund	10,465	8,700	7,008	12,157
Drivers Ed	1,375	13,345	-	14,720
District Office	-	5,994	9,894	(3,900)
IDLA	90	-	-	90
Play Club	2,089	9,307	5,723	5,673
Music Department	7,732	41,643	36,723	12,652
Music Travel	-	25	-	25
Environmental Club	-	3,504	602	2,902
Latino Club	1,161	196	233	1,124
Library	1,368	10	94	1,284
Interact Club	1,223	82	656	649
Petty Cash	100	-	-	100
	\$ 156,704	\$ 418,970	\$ 363,898	\$ 211,776

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Revenues Cash Basis</u>
U.S. Department of Agriculture			
Passed Through State Department of Education:			
* Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 108,995	\$ 108,995
National School Lunch Program	10.555	344,919	344,919
Summer Food Service Program for Children	10.559	10,452	10,452
Total Child Nutrition Cluster		464,366	464,366
Passed Through Teton County			
Federal Forest	10.665	22,661	22,661
Total Department of Agriculture		487,027	487,027
U.S. Department of Education			
Passed Through State Department of Education:			
Title I-Basic	84.010	318,684	80,293
Special Education Cluster			
IDEA Part B School Age	84.027	308,298	348,221
IDEA Part B - Preschool	84.173	18,753	16,873
Total Special Education Cluster		327,051	365,094
Career and Technical Education	84.048	14,693	18,657
Twenty-First Century Community Learning Centers	84.287	-	24,698
English Language Acquisition Grant	84.365	28,350	28,646
Improving Teacher Quality	84.367	51,023	62,578
Student Support and Academic Enrichment	84.424	23,951	12,598
Total Department of Education		763,752	592,564
Total Federal Assistance		\$ 1,250,779	\$ 1,079,591

* 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, 2019

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, 2019. 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, 2019, and the related notes to the financial statements, which collectively comprise Teton County School District No. 401's basic financial statements, and have issued our report thereon dated October 10, 2019.

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 and therefore, material weaknesses or significant

deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-01 that we consider to be material weaknesses.

Compliance and Other Matters

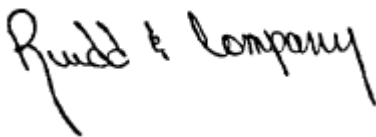
As part of obtaining reasonable assurance about whether Teton County School District No. 401's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

Teton County School District No. 401's Response to Findings

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

Purpose of this Report

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



Idaho Falls, Idaho
October 10, 2019



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, 2019. 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, 2019.

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.

Rudd & Company

Idaho Falls, Idaho
October 10, 2019

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material Weaknesses identified?	Yes
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, 2019**

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

CFDA Number(s)	Child Nutrition Cluster	Name of Federal Program
10.553		School Breakfast Program
10.555		School Lunch Program
10.559		Summer Food Service Program

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

2019-01

Condition: During the fiscal year, the District was the victim of fraud in the form of an email phishing scam which resulted in a construction payment being transferred electronically to a fraudulent bank account.

Criteria: Internal controls should be in place that prevent ACH payments being made without proper approval from appropriate levels of management.

Cause: An employee requested that the bank increase allowable ACH transfer amounts and made an electronic payment on a construction project without approval from appropriate levels of management.

Effect: Because controls were not in place to prevent changes in allowable transfer amounts and ACH payments being made without approval from appropriate levels of management, payments could be made without the approval or knowledge of management.

Recommendation: Procedures should be implemented requiring enhanced security procedures regarding all construction invoices, payments and verification of payments received by contractors. Cybersecurity training should be conducted for all staff and district personnel to increase awareness of phishing scams and emails and other cyber threats.

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedules of Findings and Questioned Costs (continued)
Year Ended June 30, 2019

Section II – Financial Statement Findings (continued)

Views of Responsible Officials and Planned Corrective Actions: Teton County School District No. 401 agrees with the finding and the recommended procedures have been implemented.

Section III – Federal Award Findings and Questioned Costs

None