



**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, 2020**

*giving direction to your future*

**TETON COUNTY SCHOOL DISTRICT NO. 401**

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**June 30, 2020**

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## 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

***Summary of Opinions***

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

***Basis for Qualified Opinion on Governmental Activities***

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

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of Teton County School District No. 401 as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Teton County School District No. 401 as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison information on pages 60 through 64, pension information on pages 65 and 66, and OPEB information on pages 67 and 68 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.

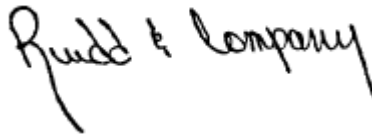
### *Other Information*

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 9, 2020 on our consideration of the Teton County School District No. 401's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teton County School District No. 401's internal control over financial reporting and compliance.

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

Idaho Falls, Idaho  
October 9, 2020



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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As management of the Teton County School District No. 401, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2020.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$16,053,836. Of this amount, \$1,922,885 is unrestricted.
- The District's net position increased by \$1,773,317 as a result of this year's operations.
- The general fund had \$15,318,290 in revenues and \$15,124,422 in expenditures. The general fund balance decreased \$199,744 over the prior year.
- \$407,543 was transferred from the general fund to the state technology fund to cover technology related payroll and other expenditures.
- \$553,536 was transferred to the capital construction fund from the plant facility fund to cover the excess costs of the construction of schools 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, 2020**

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

The government-wide financial statements can be found on pages 14-17 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, 2020**

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The basic governmental fund financial statements can be found on pages 18-19 and 21-22 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 24-26 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 27 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 28-58 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 70-78 of this report.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management’s Discussion and Analysis (continued)**  
**June 30, 2020**

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**Government-wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,053,836 at the close of the most recent fiscal year.

Net Position	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 8,800,773	\$ 31,571,537	\$ 314,102	\$ 324,246	\$ 9,114,875	\$ 31,895,783
Capital Assets	56,707,568	36,826,133	-	-	56,707,568	36,826,133
Total Assets	65,508,341	68,397,670	314,102	324,246	65,822,443	68,721,916
Deferred Outflows of Resources	1,853,136	2,034,204	-	-	1,853,136	2,034,204
Current Liabilities	4,536,324	7,650,154	-	-	4,536,324	7,650,154
Long-term Liabilities	41,328,735	43,433,268	-	-	41,328,735	43,433,268
Total Liabilities	45,865,059	51,083,422	-	-	45,865,059	51,083,422
Deferred Inflows of Resources	5,756,684	5,392,179	-	-	5,756,684	5,392,179
Net Position						
Net Investment in Capital Assets	10,988,603	14,083,043	-	-	10,988,603	14,083,043
Restricted	2,758,246	2,141,812	314,102	324,246	3,072,348	2,466,058
Unrestricted	1,992,885	(2,268,582)	-	-	1,992,885	(2,268,582)
Total Net Position	\$ 15,739,734	\$ 13,956,273	\$ 314,102	\$ 324,246	\$ 16,053,836	\$ 14,280,519

A portion of the District’s net position, \$10,988,603 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, 2020**

An additional portion of the District's net position, \$3,072,348 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$1,992,885.

Changes in Net Position	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 294,381	\$ 423,176	\$ -	\$ -	\$ 294,381	\$ 423,176
Operating grants and contributions	1,591,247	1,420,110	59,720	76,340	1,650,967	1,496,450
General revenues						
Property tax	7,281,507	6,990,328	-	-	7,281,507	6,990,328
State support	11,688,132	10,838,685	-	-	11,688,132	10,838,685
Other	843,022	1,546,163	5,324	3,763	848,346	1,549,926
Total Revenues	21,698,289	21,218,462	65,044	80,103	21,763,333	21,298,565
Expenses						
Instructional	10,454,193	9,991,904	-	-	10,454,193	9,991,904
Pupil support	740,293	676,561	-	-	740,293	676,561
Staff support	1,112,440	856,377	-	-	1,112,440	856,377
General administration	468,516	556,218	-	-	468,516	556,218
School administration	1,049,794	1,041,161	-	-	1,049,794	1,041,161
Business operations	335,825	288,540	-	-	335,825	288,540
Operations	1,625,274	1,540,768	-	-	1,625,274	1,540,768
Transportation	1,000,191	1,050,902	-	-	1,000,191	1,050,902
Non-instructional	949,177	297,393	-	-	949,177	297,393
Interest	751,707	2,704,651	-	-	751,707	2,704,651
Depreciation	722,215	744,144	-	-	722,215	744,144
Child nutrition services	705,203	657,061	-	-	705,203	657,061
Healthcare	-	-	75,188	44,809	75,188	44,809
Total Expenses	19,914,828	20,405,680	75,188	44,809	19,990,016	20,450,489
Change in Net Position	\$ 1,783,461	\$ 812,782	\$ (10,144)	\$ 35,294	\$ 1,773,317	\$ 848,076

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

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

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

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

**General fund.** The general fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance was \$2,767,054, \$3,904,670 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 \$199,744 during the current fiscal year.

Expenditures for general District purposes totaled \$15,124,422 an increase of 3.4% during the current fiscal year.

The plant facility fund has a total fund balance of \$70,495. The fund balance decreased by \$119,107 during the current year.

The capital construction fund has a total fund balance of \$0. The fund balance decreased by \$20,610,182 during the current year.

The debt service fund has a total fund balance of \$2,577,125, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$562,266 during the current year.

The child nutrition fund has a total fund balance of \$95,141, all of which is restricted for the child nutrition program. The fund balance increased by \$1,642 during the current year.

The District's internal service fund has a total fund balance of \$314,102 all of which is restricted for healthcare reimbursements. The fund balance decreased by \$10,144 during the current year.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management’s Discussion and Analysis (continued)**  
**June 30, 2020**

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**General Fund Budgetary Highlights**

During the current fiscal year, the \$136,637 positive budget to actual variance in total general fund revenues, and the \$198,617 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, a bus, and miscellaneous equipment.

**Capital Assets**

Capital assets at June 30, 2020 are outlined below:

<b>Capital Assets (Net of Depreciation)</b>	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 1,045,768	\$ 1,045,768
Construction in Progress	-	17,371,008
Buildings and improvements	62,765,900	24,968,042
Furniture and equipment	7,484,568	7,366,817
	71,296,236	50,751,635
Accumulated depreciation	(14,588,668)	(13,925,502)
Total Capital Assets, Net of Depreciation	<u>\$ 56,707,568</u>	<u>\$ 36,826,133</u>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Management’s Discussion and Analysis (continued)**  
**June 30, 2020**

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**Debt Administration**

Outstanding debt at June 30, 2020 is outlined below:

<b>Outstanding Debt</b>	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
General obligation bonds	\$ 40,100,000	\$ 41,190,000
Compensated absences	62,173	63,674
	<u>\$ 40,162,173</u>	<u>\$ 41,253,674</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, 2020**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Investments	\$ 4,851,192	\$ 314,102	\$ 5,165,294
Receivables			
Property taxes	2,420,741	-	2,420,741
State of Idaho	487,005	-	487,005
Other	371,632	-	371,632
Prepaid Expenses	700	-	700
PERSI Sick Leave Asset	669,503	-	669,503
Capital Assets			
Land	1,045,768	-	1,045,768
Buildings and equipment, net of depreciation	55,661,800	-	55,661,800
Total Assets	<u>65,508,341</u>	<u>314,102</u>	<u>65,822,443</u>
<b>Deferred Outflows of Resources</b>			
Pension related	1,721,721	-	1,721,721
OPEB related	131,415	-	131,415
Total Deferred Outflows of Resources	<u>1,853,136</u>	<u>-</u>	<u>1,853,136</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 67,361,477</u>	<u>\$ 314,102</u>	<u>\$ 67,675,579</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Liabilities</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accounts payable	\$ 313,104	\$ -	\$ 313,104
Salary contracts payable	1,899,872	-	1,899,872
Interest payable	1,178,348	-	1,178,348
Long-term liabilities:			
Portion due or payable within one year:			
Bonds, capital leases, and contracts	1,145,000	-	1,145,000
Portion due or payable after one year:			
OPEB liability	108,556	-	108,556
Net pension liability	2,203,006	-	2,203,006
Bonds, capital leases, and contracts	38,955,000	-	38,955,000
Compensated absences	62,173	-	62,173
<b>Total Liabilities</b>	<b>45,865,059</b>	<b>-</b>	<b>45,865,059</b>
<b>Deferred Inflows of Resources</b>			
Pension related	1,261,530	-	1,261,530
OPEB related	54,537	-	54,537
Bond issue premium, net of amortization	4,440,617	-	4,440,617
<b>Total Deferred Inflows of Resources</b>	<b>5,756,684</b>	<b>-</b>	<b>5,756,684</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 51,621,743</b>	<b>\$ -</b>	<b>\$ 51,621,743</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 10,988,603	\$ -	\$ 10,988,603
Restricted for:			
Debt service	2,758,246	-	2,758,246
Healthcare	-	314,102	314,102
Unrestricted	1,992,885	-	1,992,885
<b>Total Net Position</b>	<b>\$ 15,739,734</b>	<b>\$ 314,102</b>	<b>\$ 16,053,836</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Activities**  
**Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
Instructional	\$ 10,454,193	\$ 119,418	\$ 854,623
Pupil support	740,293	-	194,057
Staff support	1,112,440	-	-
General administration	468,516	-	-
School administration	1,049,794	-	-
Business operations	335,825	-	-
Operations	1,625,274	-	-
Transportation	1,000,191	-	-
Non-instructional	949,177	-	-
Interest on			
long-term debt	751,707	-	-
Depreciation -			
unallocated*	722,215	-	-
Child nutrition services	705,203	174,963	542,567
Total Governmental Activities	<u>19,914,828</u>	<u>294,381</u>	<u>1,591,247</u>
Business-Type Activities			
Healthcare	75,188	-	59,720
Total Business-Type Activities	<u>75,188</u>	<u>-</u>	<u>59,720</u>
Total Primary Government	<u>\$ 19,990,016</u>	<u>\$ 294,381</u>	<u>\$ 1,650,967</u>

\* This amount excludes the depreciation that is included in direct expenses of various programs.

General Revenues:  
Taxes:  
  Property taxes, levied for general purposes  
  Property taxes, levied for debt service  
  Property taxes, levied for capital outlay  
Other Local Support  
State Support  
Unrestricted Investment Earnings  
Total General Revenues  
Change in Net Position  
Net Position - Beginning (restated)  
Net Position - Ending

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Net (Expense) Revenues and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (9,480,152)	\$ -	\$ (9,480,152)
(546,236)	-	(546,236)
(1,112,440)	-	(1,112,440)
(468,516)	-	(468,516)
(1,049,794)	-	(1,049,794)
(335,825)	-	(335,825)
(1,625,274)	-	(1,625,274)
(1,000,191)	-	(1,000,191)
(949,177)	-	(949,177)
(751,707)	-	(751,707)
(722,215)	-	(722,215)
12,327	-	12,327
<u>(18,029,200)</u>	<u>-</u>	<u>(18,029,200)</u>
-	(15,468)	(15,468)
-	(15,468)	(15,468)
(18,029,200)	(15,468)	(18,044,668)
3,348,706	-	3,348,706
3,449,751	-	3,449,751
483,050	-	483,050
471,729	-	471,729
11,688,132	-	11,688,132
<u>371,293</u>	<u>5,324</u>	<u>376,617</u>
19,812,661	5,324	19,817,985
1,783,461	(10,144)	1,773,317
<u>\$ 13,956,273</u>	<u>\$ 324,246</u>	<u>\$ 14,280,519</u>
<u>\$ 15,739,734</u>	<u>\$ 314,102</u>	<u>\$ 16,053,836</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Balance Sheet – Governmental Funds**  
**June 30, 2020**

<b>Assets</b>	<b>General Fund</b>	<b>Child Nutrition Fund</b>
Cash and Investments	\$ 3,090,869	\$ 106,634
Due from Other Funds	237,414	-
Receivables		
Property taxes	1,114,807	-
State of Idaho	472,463	-
Other	-	45,097
Prepaid Expenses	700	-
Total Assets	<u>\$ 4,916,253</u>	<u>\$ 151,731</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	242,893	3,526
Salary contracts payable	1,721,180	53,064
Total Liabilities	<u>1,964,073</u>	<u>56,590</u>
Deferred Inflows of Resources		
Unavailable revenues	185,126	-
Fund Balances		
Nonspendable	700	-
Restricted	-	95,141
Committed	3,904,670	-
Unassigned	(1,138,316)	-
Total Fund Balances	<u>2,767,054</u>	<u>95,141</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,916,253</u>	<u>\$ 151,731</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Debt Service Fund</b>	<b>Capital Construction Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,612,664	\$ -	\$ -	\$ 41,025	\$ 4,851,192
-	-	-	-	237,414
1,145,582	-	160,352	-	2,420,741
-	-	-	14,542	487,005
-	-	-	326,535	371,632
-	-	-	-	700
<b>\$ 2,758,246</b>	<b>\$ -</b>	<b>\$ 160,352</b>	<b>\$ 382,102</b>	<b>\$ 8,368,684</b>
\$ -	\$ -	\$ 60,561	\$ 176,853	\$ 237,414
-	-	-	66,685	313,104
-	-	-	125,628	1,899,872
-	-	60,561	369,166	2,450,390
181,121	-	29,296	-	395,543
-	-	-	-	700
2,577,125	-	70,495	12,936	2,755,697
-	-	-	-	3,904,670
-	-	-	-	(1,138,316)
<b>2,577,125</b>	<b>-</b>	<b>70,495</b>	<b>12,936</b>	<b>5,522,751</b>
<b>\$ 2,758,246</b>	<b>\$ -</b>	<b>\$ 160,352</b>	<b>\$ 382,102</b>	<b>\$ 8,368,684</b>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Position**  
**June 30, 2020**

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

Total Fund Balance - Governmental Funds	\$	5,522,751
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$71,296,236 and the accumulated depreciation is \$14,588,668.		56,707,568
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.		(41,449,077)
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.		(1,742,815)
PERSI sick leave contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability and related net deferred inflows and outflows are recorded on the government-wide statements.		746,381
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 \$1,680,903.		(4,440,617)
Property tax revenue is recognized when earned rather than when available.		395,543
Net Position - Governmental Activities	<u>\$</u>	<u>15,739,734</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, 2020**

	<u>General Fund</u>	<u>Child Nutrition Fund</u>
Revenues		
Local sources		
Property taxes	\$ 3,324,915	\$ -
Earnings on investments	161,888	-
Lunch sales	-	174,963
Tuition - Out of State	371,507	-
Other	71,427	-
State sources		
State apportionment	9,394,055	-
Other	1,994,498	-
Federal sources		
Educational programs and other	-	542,567
Total Revenues	<u>15,318,290</u>	<u>717,530</u>
Expenditures		
Current		
Instructional	9,579,400	-
Pupil support	604,190	-
Staff support	390,680	-
General administration	468,478	-
School administration	1,058,631	-
Business operations	337,678	-
Operation	1,630,107	-
Transportation	1,006,815	-
Non-instructional	338	705,203
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	48,105	27,965
Total Expenditures	<u>15,124,422</u>	<u>733,168</u>
Excess (Deficiency) of Revenues over Expenditures	193,868	(15,638)
Other Financing Sources (Uses)		
Transfers in	104,331	17,280
Transfers out	<u>(497,943)</u>	<u>-</u>
Net Change in Fund Balances	(199,744)	1,642
Fund Balance Beginning of Year	<u>2,966,798</u>	<u>93,499</u>
Fund Balance End of Year	<u>\$ 2,767,054</u>	<u>\$ 95,141</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	<b>Debt Service Fund</b>	<b>Capital Construction Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	3,395,583	\$ -	\$ 475,491	\$ -	\$ 7,195,989
	10,122	199,283	-	-	371,293
	-	-	-	-	174,963
	-	-	-	-	371,507
	21,642	-	7,153	119,418	219,640
	-	-	-	-	9,394,055
	-	-	-	299,579	2,294,077
	-	-	-	1,048,680	1,591,247
	<u>3,427,347</u>	<u>199,283</u>	<u>482,644</u>	<u>1,467,677</u>	<u>21,612,771</u>
	-	-	-	986,091	10,565,491
	-	-	-	146,146	750,336
	-	-	-	725,572	1,116,252
	1,400	-	-	-	469,878
	-	-	-	-	1,058,631
	-	-	-	-	337,678
	-	-	-	-	1,630,107
	-	-	-	-	1,006,815
	-	932,690	18,802	-	1,657,033
	1,090,000	-	-	-	1,090,000
	1,773,681	-	-	-	1,773,681
	-	20,430,311	97,269	-	20,603,650
	<u>2,865,081</u>	<u>21,363,001</u>	<u>116,071</u>	<u>1,857,809</u>	<u>42,059,552</u>
	562,266	(21,163,718)	366,573	(390,132)	(20,446,781)
	-	553,536	67,856	412,807	1,155,810
	-	-	(553,536)	(104,331)	(1,155,810)
	562,266	(20,610,182)	(119,107)	(81,656)	(20,446,781)
	<u>2,014,859</u>	<u>20,610,182</u>	<u>189,602</u>	<u>94,592</u>	<u>25,969,532</u>
\$	<u>2,577,125</u>	\$ -	\$ 70,495	\$ 12,936	\$ 5,522,751

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, 2020**

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

Net Change in Fund Balance - Governmental Funds	\$ (20,446,781)
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.	19,881,435
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.	85,518
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.	1,501
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.	1,744,648
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.	116,130
The governmental funds report contributions to the plan for post employment benefits as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined OPEB asset (liability) from the previous year to the current year.	33,684
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>367,326</u>
Change in Net Position of Governmental Activities	<u>\$ 1,783,461</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, 2020**

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	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets</b>	
Cash and Investments	\$ 314,102
Total Assets	<u>\$ 314,102</u>
<b>Net Position</b>	
Restricted	
Healthcare Reimbursements	<u>\$ 314,102</u>
Total Net Position	<u>\$ 314,102</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, 2020**

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	<b>Governmental Activities - Internal Service Fund</b>
Operating Revenues	
Healthcare contributions	\$ 59,720
Earnings on investments	5,324
Total Operating Revenues	<u>65,044</u>
Operating Expenses	
Insurance claims and expenses	<u>75,188</u>
Total Operating Expenses	<u>75,188</u>
Change in Net Position	(10,144)
Net Position - Beginning	<u>324,246</u>
Net Position - Ending	<u>\$ 314,102</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, 2020**

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	<b>Governmental Activities - Internal Service Fund</b>
Cash Flows from Operating Activities	
Cash received from other funds for healthcare contributions	\$ 59,720
Earnings on investments	5,882
Payments for insurance claims and expenses	<u>(75,188)</u>
Net increase in cash and cash equivalents	(9,586)
Cash - Beginning	<u>323,688</u>
Cash - Ending	<u>\$ 314,102</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (10,144)
Change in receivables	<u>558</u>
Net cash provided by operating activities	<u>\$ (9,586)</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, 2020**

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<b>Assets</b>	<b>Agency Funds</b>
Cash and Investments	\$ 227,059
Total Assets	<u>\$ 227,059</u>
 <b>Liabilities</b>	
Due to Student Groups	<u>\$ 227,059</u>
Total Liabilities	<u>\$ 227,059</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements**  
**June 30, 2020**

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**1. Summary of Significant Accounting Policies**

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

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

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

**Government-wide and fund financial statements**

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

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

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



**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, 2020**

---

**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, 2020**

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

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards and the amounts reported in comparison with budget reported on page 61:

	<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	\$ 717,530	\$ (74,485)	\$ 643,045
Total expenditures	\$ 733,168	\$ (74,485)	\$ 658,683

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, 2020**

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

**Capital Assets**

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

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

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

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

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

**Deferred Outflows/Inflows of Resources**

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

The District has only one type of deferred outflows of resources. These amounts relate 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 OPEB net liability (asset) and the net difference between projected and actual investment earnings on the pension plan investments. These amounts are reported only in the government-wide financial statements.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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

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

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

**Other Post Employment Benefits (OPEB)**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments 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.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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

**Fund Equity**

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

**2. Cash and 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, 2020, the carrying amount of the District's deposits was \$103,340 and the respective bank balances totaled \$1,496,909. Of the bank balances, \$371,911 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, 2020, \$1,124,998 of the District's total deposits were not covered by federal depository insurance and thus were exposed to credit risk.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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

3. Investments – As of June 30, 2020, 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	\$ 5,289,013	\$ 5,289,013	\$ -	\$ -	\$ -

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, 2020, had a weighted average maturity of 177 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.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	\$ 5,165,294
Cash and investments reported on the statement of fiduciary net position	<u>227,059</u>
	<u>\$ 5,392,353</u>
Investments categorized	\$ 5,289,013
Deposits categorized	<u>103,340</u>
	<u>\$ 5,392,353</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, 2020, are generally based on the assessed values and tax levies established in 2019.

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



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2020 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>17,371,008</u>	<u>20,396,275</u>	<u>(37,767,283)</u>	<u>-</u>
 Total Capital Assets, Not Being Depreciated	 <u>\$ 18,416,776</u>	 <u>\$ 20,396,275</u>	 <u>\$ (37,767,283)</u>	 <u>\$ 1,045,768</u>
 Capital Assets, Being Depreciated				
Buildings and improvements	\$ 24,968,042	\$ 37,797,858	\$ -	\$ 62,765,900
Furniture and equipment	<u>7,366,817</u>	<u>176,800</u>	<u>(59,049)</u>	<u>7,484,568</u>
 Total Capital Assets, Being Depreciated	 <u>32,334,859</u>	 <u>37,974,658</u>	 <u>(59,049)</u>	 <u>70,250,468</u>
 Accumulated Depreciation for				
Buildings and improvements	(7,650,407)	(517,264)	-	(8,167,671)
Furniture and equipment	<u>(6,275,095)</u>	<u>(204,951)</u>	<u>59,049</u>	<u>(6,420,997)</u>
 Total Accumulated Depreciation	 <u>(13,925,502)</u>	 <u>(722,215)</u>	 <u>59,049</u>	 <u>(14,588,668)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>\$ 18,409,357</u>			 <u>\$ 55,661,800</u>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**5. General Obligation School Refunding Bonds**

On December 21, 2012, the District issued \$9,855,000 in general obligation bonds with an average interest rate of 4.3% to advance refund \$9,995,000 of outstanding 2006 series bonds with an average interest rate of 4.8%. The net proceeds were placed in escrow to establish an irrevocable trust escrow fund consisting of cash and noncallable direct full faith and credit obligations of the United States of America. The refunded portion of the 2006 series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The amount of the remaining defeased debt as of June 30, 2020 was \$6,635,000.

**6. General Obligation Bonds Payable**

Bonds outstanding at June 30, 2020, were as follows:

	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Amount</b>
General Obligation Refunding Bonds, Series 2012 Issue (Original amount--\$9,855,000)	3.25% to 5.00%	2021 to 2026	\$ 6,590,000
General Obligation Bonds, Series 2018A Issue (Original amount--\$2,220,000)	5.00%	2021 to 2026	\$ 2,220,000
General Obligation Refunding Bonds, Series 2018B Issue (Original amount--\$31,290,000)	4.00% to 5.00%	2021 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, 2020**

**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>
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
2025	1,655,000	1,459,881	3,114,881
Thereafter	32,740,000	11,185,897	43,925,897
	<u>\$ 40,100,000</u>	<u>\$ 19,152,377</u>	<u>\$ 59,252,377</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, 2020:

	<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, 2019	\$ 7,680,000	\$ 2,220,000	\$ 31,290,000	\$ 63,674	\$ 3,161,038	\$ 108,556	\$ 44,523,268
Obligations Incurred	-	-	-	-	-	-	-
Obligations Paid	(1,090,000)	-	-	(1,501)	(958,032)	-	(2,049,533)
Long-term Obligations June 30, 2020	<u>\$ 6,590,000</u>	<u>\$ 2,220,000</u>	<u>\$ 31,290,000</u>	<u>\$ 62,173</u>	<u>\$ 2,203,006</u>	<u>\$ 108,556</u>	<u>\$ 42,473,735</u>
Due within one year	<u>\$ 1,145,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,145,000</u>

**8. Non-monetary Transactions**

The District received commodities from the U.S. Government valued at \$74,485. 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, 2020**

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**9. Pension Plan**

*Plan Description*

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board. Employee membership data related to the PERSI Base Plan, as of June 30, 2019, was as follows:

Retirees and beneficiaries currently receiving benefits	48,120
Terminated employees entitled to but not yet receiving benefits	13,536
Active plan members	<u>72,502</u>
	<u>134,158</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, 2020**

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**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, 2019, 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 \$1,228,218, \$1,118,887, and \$1,036,420, for the years ended June 30, 2020, 2019, and 2018, respectively.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.291 percent.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**9. Pension Plan (continued)**

For the year ended June 30, 2020, the District recognized pension expense (revenue) of \$(116,132). At June 30, 2020, 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	\$ 308,719	\$ 391,502
Changes in assumptions or other inputs	184,784	-
Net difference between projected and actual earnings on pension plan investments	-	1,131,673
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	(261,645)
Employer contributions subsequent to the measurement date	<u>1,228,218</u>	<u>-</u>
Total	<u>\$ 1,721,721</u>	<u>\$ 1,261,530</u>

\$1,228,218 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, 2021.

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, 2018, the beginning of the measurement period ended June 30, 2019, is 4.8 and 4.9 for the measurement period ended June 30, 2018.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**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>		
2021	.....	\$ (32,293)
2022	.....	(433,500)
2023	.....	(203,391)
2024	.....	(114,884)
2025	.....	16,041

*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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.00%
Salary increases		3.75%
Salary inflation		3.75%
Investment rate of return	7.05%, net of investment expenses	
Cost-of-living adjustments		1%

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**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, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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, 2020**

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**9. Pension Plan (continued)**

<u>Asset Class</u>		<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	Barclays Aggregate	30%	3.05%	80.00%
Broad US Equities	Wilshire 5000/Russell 3000	55%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15%	8.45%	6.20%
Assumed Inflation - Mean			2.25%	3.25%
Assumed Inflation - Standard Deviation			1.50%	2.00%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
<b>Valuation Assumptions Chosen by PERSI Board:</b>				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				<u>3.00%</u>
<b>Long-Term Expected Geometric Rate of Return, Net Investment Expenses</b>				<b><u><u>7.05%</u></u></b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**9. Pension Plan (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.05%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.05%)</u>	<u>1% Increase</u> <u>(8.05%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 10,033,396	\$ 3,321,893	\$ (2,228,306)

*Pension plan fiduciary net position*

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

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

**10. PERSI Sick Leave Insurance Reserve Fund**

**Plan Description**

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI 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 the Sick Leave Plan. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Sick Leave 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.

**OPEB Benefits**

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

**Employer Contributions**

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. In the current fiscal year, the Board declared a sick leave rate holiday for 18 months beginning on January 1, 2020. The District's contributions were \$58,055 for the year ended June 30, 2020.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**10. PERSI Sick Leave Insurance Reserve Fund (continued)**

**OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2019, the District's proportion was 0.699 percent.

For the year ended June 30, 2020 the District recognized OPEB expense (expense offset) of \$(33,683). \$58,055 reported as deferred outflows of resources related to OPEBs resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2021.

**Actuarial Assumptions**

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

The long-term expected rate of return on OPEB 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 OPEB 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. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

**10. PERSI Sick Leave Insurance Reserve Fund (continued)**

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.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**10. PERSI Sick Leave Insurance Reserve Fund (continued)**

**Capital Market Assumptions**

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70.00%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50%-65%
International	9.25%	20.20%	15.00%	10%-20%
Fixed Income	3.05%	3.75%	30.00%	23%-33%
Cash	2.25%	0.90%	0.00%	0%-5%
			<b>Expected</b>	
<b>Total Fund</b>	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Real Return</b>	<b>Expected Risk</b>
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>0.35%</u>
<b>Long-Term Expected Geometric Rate of Return, Net Investment Expenses</b>	<b><u><u>7.05%</u></u></b>

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**10. PERSI Sick Leave Insurance Reserve Fund (continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.05%. 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 OPEB plan's 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

**Sensitivity of the net OPEB asset to changes in the discount rate.**

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease</b> <b>(6.05%)</b>	<b>Current</b> <b>Discount Rate</b> <b>(7.05%)</b>	<b>1% Increase</b> <b>(8.05%)</b>
Employer's proportionate share of the net OPEB liability (asset)	\$ (589,533)	\$ (669,503)	\$ (745,560)

**OPEB plan fiduciary net position**

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

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

## **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, 2020**

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

Fair value assets measured on a recurring basis at June 30, 2020 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
State investment pool	\$ 5,289,013	\$ 5,289,013	\$ -	\$ -
Total	\$ 5,289,013	\$ 5,289,013	\$ -	\$ -

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, 2020**

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**12. Interfund Balances and Transfers**

The interfund balances at June 30, 2020 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 237,414	\$ -
Plant Facility Fund	-	60,561
Non-major Funds		
Drivers Education Fund	-	2,490
Title I-A ESEA Basic Fund	-	81,489
IDEA Part B School Age Fund	-	55,006
IDEA Part B Preschool Fund	-	18
Perkins III Professional Technical Fund	-	8,835
Title III ESEA LEP Fund	-	3,231
Title II-A ESEA Improving Fund	-	25,784
	<u>\$ 237,414</u>	<u>\$ 237,414</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, 2020**

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

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ 104,331	\$ 497,943
Child Nutrition Fund	17,280	-
Capital Construction Fund	553,536	
Plant Facility Fund	67,856	553,536
Non Major Funds		
Federal Forest Fund	-	20,617
State Technology Fund	407,543	-
Medicaid Fund	-	83,714
IDEA Part B Preschool Fund	2,153	-
Title III ESEA LEP Fund	2,633	-
Title II-A ESEA Improving Fund	478	-
	<u>\$ 1,155,810</u>	<u>\$ 1,155,810</u>

Transfers were made to move bus depreciation to the plant facility fund, to cover costs of salaries, benefits and operating costs of special revenue funds, and to cover excess costs on construction of schools and school remodels in the capital construction fund.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**13. Other Required Individual Fund Disclosures**

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2020:

<b>Fund</b>	<b>Amount Exceeded</b>
State Vocational Technical Fund.....	\$ 10,594
State Technology Fund.....	69,228
State Substance Abuse Fund.....	15,846
Title I-A Basic Fund.....	61,875
Title III ESEA LEP Fund.....	2,542
Title IV-A Student Support Fund.....	153

**Deficits in Individual Funds**

There were no funds that had deficits as of June 30, 2020.

**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, 2020**

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**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	-	95,141	-	-	-	95,141
Debt Service	-	-	2,577,125	-	-	2,577,125
Plant Facility	-	-	-	-	70,495	70,495
Driver Education	-	10,442	-	-	-	10,442
Vocational Education	-	2,494	-	-	-	2,494
Committed for:						
Stabilization policy	3,904,670	-	-	-	-	3,904,670
Unassigned:	(1,138,316)	-	-	-	-	(1,138,316)
Total						
Fund Balances	<u>\$ 2,767,054</u>	<u>\$ 108,077</u>	<u>\$ 2,577,125</u>	<u>\$ -</u>	<u>\$ 70,495</u>	<u>\$ 5,522,751</u>

**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. Based upon the subsequent year budget amount of \$15,618,682, the required reserve calculation amounts to \$3,904,670. When the fund balance falls below the minimum range, the District will replenish the shortage of deficiency using the budget strategies and timeframes.

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**16. Prior Period Adjustment**

In the year ended June 30, 2020, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to post-employment benefits other than pensions. The government-wide financial statements have been restated to include these amounts.

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

	<u>Previously Reported</u>		<u>Change</u>		<u>Restated</u>
Deferred outflows of resources	\$ 1,852,778	\$	181,426	\$	2,034,204
Deferred inflows of resources	5,358,628		33,551		5,392,179
PERSI Sick Leave Asset	-		564,822		564,822
Net position	13,243,576		712,697		13,956,273

**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, 2020**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Property taxes	\$ 3,103,000	\$ 3,348,892	\$ 3,324,915	\$ (23,977)
Earnings on investments	60,000	60,000	161,888	101,888
Tuition - out of state	310,000	360,000	371,507	11,507
Other	172,000	172,000	71,427	(100,573)
State sources				
State apportionment	10,252,758	9,302,958	9,394,055	91,097
Other	622,031	1,937,803	1,994,498	56,695
<b>Total Revenues</b>	<b>14,519,789</b>	<b>15,181,653</b>	<b>15,318,290</b>	<b>136,637</b>
Expenditures				
Current				
Instructional	8,740,230	9,835,599	9,579,400	256,199
Pupil support	611,028	608,947	604,190	4,757
Staff support	413,368	333,529	390,680	(57,151)
General administration	428,150	440,114	468,478	(28,364)
School administration	1,112,049	991,339	1,058,631	(67,292)
Business operations	351,822	339,755	337,678	2,077
Operation	1,579,448	1,498,611	1,630,107	(131,496)
Transportation	941,815	1,224,807	1,006,815	217,992
Non-instructional	-	338	338	-
Contingency	50,000	50,000	-	50,000
Capital outlay	-	-	48,105	(48,105)
<b>Total Expenditures</b>	<b>14,227,910</b>	<b>15,323,039</b>	<b>15,124,422</b>	<b>198,617</b>
Excess (Deficiency) of Revenues over Expenditures	291,879	(141,386)	193,868	335,254
Other Financing Sources (Uses)				
Transfers in	-	100,000	104,331	4,331
Transfers (out)	(291,000)	(991,000)	(497,943)	493,057
Net Change in Fund Balances	879	(1,032,386)	(199,744)	832,642
Fund Balance, Beginning of Year	2,966,798	2,966,798	2,966,798	-
Fund Balance, End of Year	\$ 2,967,677	\$ 1,934,412	\$ 2,767,054	\$ 832,642

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, 2020**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Lunch sales	\$ 110,000	\$ 110,000	\$ 174,963	\$ 64,963
Other	100,000	100,000	-	(100,000)
Federal sources				
Educational programs and other	490,000	490,000	468,082	(21,918)
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>643,045</u>	<u>(56,955)</u>
Expenditures				
Current				
Non-instructional	671,886	695,070	630,718	64,352
Capital outlay	-	-	27,965	(27,965)
Total Expenditures	<u>671,886</u>	<u>695,070</u>	<u>658,683</u>	<u>36,387</u>
Excess (Deficiency) of				
Revenues over Expenditures	28,114	4,930	(15,638)	(20,568)
Other Financing Sources (Uses)				
Transfers in	16,000	16,000	17,280	1,280
Net Change in Fund Balances	44,114	20,930	1,642	(19,288)
Fund Balance, Beginning of Year	93,499	93,499	93,499	-
Fund Balance, End of Year	<u>\$ 137,613</u>	<u>\$ 114,429</u>	<u>\$ 95,141</u>	<u>\$ (19,288)</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, 2020**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Property taxes	\$ 3,550,000	\$ 3,441,304	\$ 3,395,583	\$ (45,721)
Earnings on investments	-	-	10,122	10,122
Other	-	-	21,642	21,642
Total Revenues	<u>3,550,000</u>	<u>3,441,304</u>	<u>3,427,347</u>	<u>(13,957)</u>
Expenditures				
Current				
General administration	-	950	1,400	(450)
Debt service				
Principal	1,090,000	1,090,000	1,090,000	-
Interest	2,400,000	2,400,000	1,773,681	626,319
Total Expenditures	<u>3,490,000</u>	<u>3,490,950</u>	<u>2,865,081</u>	<u>625,869</u>
Net Change in Fund Balances	60,000	(49,646)	562,266	611,912
Fund Balance, Beginning of Year	<u>2,014,859</u>	<u>2,014,859</u>	<u>2,014,859</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,074,859</u>	<u>\$ 1,965,213</u>	<u>\$ 2,577,125</u>	<u>\$ 611,912</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, 2020**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Earnings on investments	\$ -	\$ 190,000	\$ 199,283	\$ 9,283
Total Revenues	<u>-</u>	<u>190,000</u>	<u>199,283</u>	<u>9,283</u>
Expenditures				
Current				
Non-instructional	-	-	932,690	(932,690)
Capital outlay	<u>20,600,000</u>	<u>22,101,891</u>	<u>20,430,311</u>	<u>1,671,580</u>
Total Expenditures	<u>20,600,000</u>	<u>22,101,891</u>	<u>21,363,001</u>	<u>738,890</u>
Excess (Deficiency) of Revenues over Expenditures	(20,600,000)	(21,911,891)	(21,163,718)	748,173
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>1,150,000</u>	<u>553,536</u>	<u>(596,464)</u>
Net Change in Fund Balances	(20,600,000)	(20,761,891)	(20,610,182)	151,709
Fund Balance, Beginning of Year	<u>20,610,182</u>	<u>20,610,182</u>	<u>20,610,182</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,182</u>	<u>\$ (151,709)</u>	<u>\$ -</u>	<u>\$ 151,709</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**Plant Facility Fund**  
**Year Ended June 30, 2020**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Property taxes	\$ 480,000	\$ 480,000	\$ 475,491	\$ (4,509)
Other	-	-	7,153	(7,153)
Total Revenues	<u>480,000</u>	<u>480,000</u>	<u>482,644</u>	<u>(11,662)</u>
Expenditures				
Current				
Non-instructional	-	-	18,802	(18,802)
Capital outlay	200,000	200,000	97,269	102,731
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>116,071</u>	<u>83,929</u>
Excess (Deficiency) of Revenues over Expenditures	280,000	280,000	366,573	72,267
Other Financing Sources (Uses)				
Transfers in	75,000	75,000	67,856	(7,144)
Transfers out	-	(450,000)	(553,536)	(103,536)
Net Change in Fund Balances	355,000	(95,000)	(119,107)	(38,413)
Fund Balance, Beginning of Year	<u>189,602</u>	<u>189,602</u>	<u>189,602</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 544,602</u>	<u>\$ 94,602</u>	<u>\$ 70,495</u>	<u>\$ (38,413)</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Employer's Share of Net Pension Liability**  
**Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net pension liability	0.291%	0.285%	0.280%
Employer's proportionate share of the net pension liability	\$ 3,321,893	\$ 3,161,038	\$ 4,401,625
Employer's covered payroll	\$ 10,261,457	\$ 9,884,161	\$ 9,155,654
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	32.37%	31.98%	48.08%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.276%	0.268%	0.264%
Employer's proportionate share of the net pension liability	\$ 5,598,544	\$ 3,522,844	\$ 1,943,196
Employer's covered payroll	\$ 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	64.37%	43.61%	23.52%
Plan fiduciary net position as a percentage of the total pension liability	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, 2019 (measurement date).

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Employer Contributions – PERSI**  
**Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,113,554	\$ 1,105,103	\$ 944,303
Contributions in relation to the statutorily required contribution	1,228,218	1,118,887	1,036,420
Contribution (deficiency) excess	(114,664)	13,784	92,117
Employer's covered payroll	\$ 10,261,457	9,884,161	9,155,654
Contributions as a percentage of covered payroll	11.97%	11.32%	11.32%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 820,972	\$ 857,073	\$ 857,887
Contributions in relation to the statutorily required contribution	984,569	914,478	935,157
Contribution (deficiency) excess	163,597	39,405	77,270
Employer's covered payroll	\$ 8,697,606	\$ 8,078,428	\$ 8,261,108
Contributions as a percentage of covered payroll	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, 2020.

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Employer's Share of Net OPEB Asset – PERSI OPEB Plan**  
**Last 10 Fiscal Years\***

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net OPEB asset	0.699%	0.681%	0.683%
Employer's proportionate share of the net OPEB asset	\$ 669,503	\$ 564,822	\$ 524,149
Employer's covered - employee payroll	\$ 10,261,457	\$ 9,884,161	\$ 9,155,654
Employer's proportionate share of the net OPEB asset as a percentage of its covered -employee payroll	6.52%	5.71%	5.72%
Plan fiduciary net position as a percentage of the total OPEB asset	138.51%	135.69%	136.78%

\* GASB Statement NO. 75 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, 2019 (measurement date).

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Employer's Contributions – PERSI OPEB Plan**  
**Last 10 Fiscal Years\***

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 65,636	\$ 60,700	\$ 55,062
Contributions in relation to the statutorily required contribution	58,055	114,657	106,205
Contribution (deficiency) excess	7,581	(53,957)	(51,143)
Employer's covered - employee payroll	\$ 10,261,457	\$ 9,884,161	\$ 9,155,654
Contributions as a percentage of covered - employee payroll	0.57%	1.16%	1.16%

\* GASB Statement NO. 75 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, 2020.



## **Supplementary Information**

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2020**

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	<b>Federal Forest Fund</b>	<b>Drivers Education Fund</b>	<b>After School Program Fund</b>
Assets			
Cash and Investments	\$ -	\$ -	\$ -
Receivables			
State of Idaho	-	14,542	-
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 14,542</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 2,490	\$ -
Accounts payable	-	1,610	-
Salary contracts payable	-	-	-
Total Liabilities	<u>-</u>	<u>4,100</u>	<u>-</u>
Fund Balances			
Restricted	-	10,442	-
Total Fund Balances	<u>-</u>	<u>10,442</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 14,542</u>	<u>\$ -</u>

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<b>State Vocational Education Fund</b>	<b>State Technology Fund</b>	<b>State Substance Abuse Fund</b>	<b>Medicaid Fund</b>	<b>Title I-A Basic Fund</b>
\$ 4,381	\$ 17,116	\$ -	\$ 19,528	\$ -
-	-	-	-	-
-	-	-	-	159,033
<b>\$ 4,381</b>	<b>\$ 17,116</b>	<b>\$ -</b>	<b>\$ 19,528</b>	<b>\$ 159,033</b>
\$ -	\$ -	\$ -	\$ -	\$ 81,489
-	17,116	-	-	39,060
1,887	-	-	19,528	38,484
1,887	17,116	-	19,528	159,033
2,494	-	-	-	-
2,494	-	-	-	-
<b>\$ 4,381</b>	<b>\$ 17,116</b>	<b>\$ -</b>	<b>\$ 19,528</b>	<b>\$ 159,033</b>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2020**

	<b>IDEA Part B School Age Fund</b>	<b>IDEA Part B Preschool Fund</b>	<b>Perkins III Professional Technical Fund</b>
<b>Assets</b>			
Cash and Investments	\$ -	\$ -	\$ -
<b>Receivables</b>			
State of Idaho	-	-	-
Other	112,721	3,158	15,543
Total Assets	<u>\$ 112,721</u>	<u>\$ 3,158</u>	<u>\$ 15,543</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ 55,006	\$ 18	\$ 8,835
Accounts payable	3,270	-	5,629
Salary contracts payable	54,445	3,140	1,079
Total Liabilities	<u>112,721</u>	<u>3,158</u>	<u>15,543</u>
<b>Fund Balances</b>			
Restricted	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 112,721</u>	<u>\$ 3,158</u>	<u>\$ 15,543</u>

See Independent Auditors' Report

<b>Title III ESEA LEP Fund</b>	<b>Title II-A ESEA Improving Fund</b>	<b>Title IV-A Student Support Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 41,025
-	-	-	14,542
8,504	27,576	-	326,535
<b>\$ 8,504</b>	<b>\$ 27,576</b>	<b>\$ -</b>	<b>\$ 382,102</b>
\$ 3,231	\$ 25,784	\$ -	\$ 176,853
-	-	-	66,685
5,273	1,792	-	125,628
8,504	27,576	-	369,166
-	-	-	12,936
-	-	-	12,936
<b>\$ 8,504</b>	<b>\$ 27,576</b>	<b>\$ -</b>	<b>\$ 382,102</b>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	<b>Federal Forest Fund</b>	<b>Drivers Education Fund</b>	<b>After School Program Fund</b>
<b>Revenues</b>			
Local sources			
Other	\$ -	\$ 15,126	\$ 4,445
State sources			
Other	-	14,542	-
Federal sources			
Educational programs and other	20,617	-	-
<b>Total Revenues</b>	<b>20,617</b>	<b>29,668</b>	<b>4,445</b>
<b>Expenditures</b>			
Current			
Instructional	-	28,347	25,272
Pupil support	-	-	-
Staff support	-	-	998
<b>Total Expenditures</b>	<b>-</b>	<b>28,347</b>	<b>26,270</b>
Excess (Deficiency) of Revenues over Expenditures	20,617	1,321	(21,825)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers (out)	(20,617)	-	-
Net Change in Fund Balances	-	1,321	(21,825)
Fund Balance, Beginning of Year	-	9,121	21,825
Fund Balance, End of Year	\$ -	\$ 10,442	\$ -

See Independent Auditors' Report

<b>State Vocational Education Fund</b>	<b>State Technology Fund</b>	<b>State Substance Abuse Fund</b>	<b>Medicaid Fund</b>	<b>Title I-A Basic Fund</b>
\$ -	\$ 99,847	\$ -	\$ -	\$ -
44,628	217,184	23,225	-	-
-	-	-	194,057	365,136
<u>44,628</u>	<u>317,031</u>	<u>23,225</u>	<u>194,057</u>	<u>365,136</u>
47,850	-	25,116	20,236	365,136
-	-	-	146,146	-
-	724,574	-	-	-
<u>47,850</u>	<u>724,574</u>	<u>25,116</u>	<u>166,382</u>	<u>365,136</u>
(3,222)	(407,543)	(1,891)	27,675	-
-	407,543	-	-	-
-	-	-	(83,714)	-
<u>(3,222)</u>	<u>-</u>	<u>(1,891)</u>	<u>(56,039)</u>	<u>-</u>
5,716	-	1,891	56,039	-
<u>\$ 2,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds (continued)**  
**Year Ended June 30, 2020**

	<b>IDEA Part B School Age Fund</b>	<b>IDEA Part B Preschool Fund</b>	<b>Perkins III Professional Technical Fund</b>
<b>Revenues</b>			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	320,891	16,750	21,932
<b>Total Revenues</b>	<b>320,891</b>	<b>16,750</b>	<b>21,932</b>
<b>Expenditures</b>			
Current			
Instructional	320,891	18,903	21,932
Pupil support	-	-	-
Staff support	-	-	-
<b>Total Expenditures</b>	<b>320,891</b>	<b>18,903</b>	<b>21,932</b>
Excess (Deficiency) of Revenues over Expenditures	-	(2,153)	-
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	2,153	-
Transfers (out)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report



<b>Title III ESEA LEP Fund</b>	<b>Title II-A ESEA Improving Fund</b>	<b>Title IV-A Student Support Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 119,418
-	-	-	299,579
34,718	50,942	23,637	1,048,680
34,718	50,942	23,637	1,467,677
37,351	51,420	23,637	986,091
-	-	-	146,146
-	-	-	725,572
37,351	51,420	23,637	1,857,809
(2,633)	(478)	-	(390,132)
2,633	478	-	412,807
-	-	-	(104,331)
-	-	-	(81,656)
-	-	-	94,592
\$ -	\$ -	\$ -	\$ 12,936

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, 2020**

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
<b>Teton High School</b>				
Assets				
Cash	\$ 211,776	\$ 413,837	\$ 425,767	\$ 199,846
Liabilities				
Due to student groups	\$ 211,776	\$ 413,837	\$ 425,767	\$ 199,846
<b>Teton Middle School</b>				
Assets				
Cash	\$ (324)	\$ 71,159	\$ 68,348	\$ 2,487
Liabilities				
Due to student groups	\$ (324)	\$ 71,159	\$ 68,348	\$ 2,487
<b>Rendezvous Elementary School</b>				
Assets				
Cash	\$ 12,856	\$ 61,435	\$ 65,492	\$ 8,799
Liabilities				
Due to student groups	\$ 12,856	\$ 61,435	\$ 65,492	\$ 8,799
<b>Victor Elementary School</b>				
Assets				
Cash	\$ 2,661	\$ 21,180	\$ 20,350	\$ 3,491
Liabilities				
Due to student groups	\$ 2,661	\$ 21,180	\$ 20,350	\$ 3,491
<b>Tetonia Elementary School</b>				
Assets				
Cash	\$ 7,347	\$ 18,905	\$ 19,546	\$ 6,706
Liabilities				
Due to student groups	\$ 7,347	\$ 18,905	\$ 19,546	\$ 6,706
<b>Driggs Elementary School</b>				
Assets				
Cash	\$ 4,401	\$ 27,373	\$ 26,044	\$ 5,730
Liabilities				
Due to student groups	\$ 4,401	\$ 27,373	\$ 26,044	\$ 5,730
<b>Total - All School Activity Funds</b>				
Assets				
Cash	\$ 238,717	\$ 613,889	\$ 625,547	\$ 227,059
Liabilities				
Due to student groups	\$ 238,717	\$ 613,889	\$ 625,547	\$ 227,059

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2020**

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	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
<b>Teton County</b>			
Balance at June 30, 2019	\$ 1,093,663	\$ 964,650	\$ 147,646
Add - Taxes Assessed for 2019 (Net of Cancellations)	3,340,916	3,473,868	481,939
Less - Collections Received	<u>(3,319,772)</u>	<u>(3,292,936)</u>	<u>(469,233)</u>
Balance at June 30, 2020	<u>\$ 1,114,807</u>	<u>\$ 1,145,582</u>	<u>\$ 160,352</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements**  
**Year Ended June 30, 2020**

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	<b>Annual Payment</b>			
	<b>Interest Rate</b>	<b>Fiscal Year</b>	<b>Principal Amount</b>	<b>Interest Payment</b>
General Obligation				
Refunding	5.000%	2021	\$ 1,145,000	\$ 247,950
School Bonds	5.000%	2022	1,030,000	193,575
Series 2012	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>\$ 6,590,000</u>	<u>\$ 772,713</u>

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements (continued)**  
**Year Ended June 30, 2020**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2021	\$ -	\$ 111,000
Series 2018A	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	\$ 432,500

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**General Bonded Debt – Future Principal and Interest Requirements (continued)**  
**Year Ended June 30, 2020**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2021	\$ -	\$ 1,358,856
Series 2018B	5.000%	2022	-	1,358,856
	5.000%	2023	-	1,358,856
	5.000%	2024	-	1,358,856
	5.000%	2025	-	1,358,856
	5.000%	2026	280,000	1,358,856
	5.000%	2027	1,795,000	1,344,856
	5.000%	2028	1,885,000	1,255,106
	5.000%	2029	1,980,000	1,160,856
	5.000%	2030	2,075,000	1,061,856
	5.000%	2031	2,180,000	958,106
	4.000%	2032	2,290,000	849,106
	4.000%	2033	2,380,000	757,506
	4.000%	2034	2,475,000	662,306
	4.000%	2035	2,575,000	563,306
	4.000%	2036	2,680,000	460,306
	4.000%	2037	2,785,000	353,106
	4.000%	2038	2,895,000	241,706
	4.250%	2039	3,015,000	125,906
			\$ 31,290,000	\$ 17,947,164

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, 2020**

Name of Organization	Balance June 30, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Athletics	\$ (221)	\$ 58,721	\$ 53,560	\$ 4,940
Principal Account	19,078	73,799	76,191	16,686
Baseball Travel	975	561	1,536	-
Baseball Camp	416	2,108	1,646	878
Softball Travel	529	400	929	-
Softball Camp	79	2,798	2,146	731
Boys Basketball Travel	50	800	850	-
Boys Basketball Camp	223	6,090	5,515	798
Calculator Rental	304	200	100	404
Cheerleaders	3,634	11,262	7,804	7,092
Cheerleader Travel	1	525	526	-
Drill Team	981	12,656	9,754	3,883
Drill Team Travel	25	276	301	-
Girls Basketball Travel	657	525	1,182	-
Girls Basketball Camp	708	1,651	2,261	98
Golf	500	75	75	500
Football Travel	25	1,232	1,257	-
Football Camp	970	5,415	4,745	1,640
Track Travel	1,850	1,650	3,500	-
Track Spirit Packs	927	4,425	2,013	3,339
Cross Country Travel	-	866	866	-
X Cntry Food/Uniform	2,281	32	-	2,313
Volleyball Travel	1	1,397	1,398	-
Volleyball Camp	4,217	8,060	6,787	5,490
Soccer Travel	300	835	1,135	-
Girls Soccer Camp	4	-	-	4
Boys Soccer Camp	1,132	-	-	1,132
Wrestling Travel	125	576	701	-
Wrestling Camp	3,331	9,780	5,966	7,145
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	1,570	-	1,570	-
Class of 2019	834	-	834	-
Class of 2020	4,558	5,074	9,632	-
Class of 2021	2,084	1,693	918	2,859
Class of 2022	709	922	343	1,288
Class of 2023	-	1,349	889	460
FFA	3,400	10,368	10,806	2,962
FCCLA	452	82	464	70
Voice	-	1,399	411	988
Source of Strength	1,136	-	1,136	-
Honor Society	727	6,109	6,388	448

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Teton High School Activity Fund**  
**Statement of Cash Receipts, Disbursements and Transfers (continued)**  
**Year Ended June 30, 2020**

Name of Organization	Balance June 30, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
BPA	1,351	4,631	4,634	1,348
Debate Travel	351	125	476	-
Debate Club	1,021	1,600	2,621	-
Agriculture	3,124	3,932	4,282	2,774
Art	2,707	3,780	3,245	3,242
Family/Consumer Science	983	1,320	1,053	1,250
Woods	183	1,823	322	1,684
Robotics	10,048	6,210	2,877	13,381
Business Department	44	-	44	-
ASB	1,269	10,192	11,424	37
Yearbook II	1,599	-	1,599	-
Yearbook 2014	25	-	25	-
Yearbook 2016	50	-	50	-
Yearbook 2017	14,033	-	14,033	-
Yearbook 2019	8,766	17,083	25,849	-
Yearbook 2020	-	25,142	206	24,936
Student Council	3,079	4,746	3,953	3,872
Newspaper	2,788	490	1,063	2,215
Bookstore	88	504	131	461
Donations	62	-	62	-
Senior Sneak	2,310	-	2,310	-
Building Rental	630	350	980	-
Auditorium Rental	5,436	30	25	5,441
Winter Sports	15,364	20,265	27,583	8,046
Outdoor Fitness	1,703	2,107	3,807	3
High School Office	3,183	56	475	2,764
State Funded	(2,060)	2,060	-	-
Sales Tax	(374)	3,684	3,310	-
Vending	12,504	12,191	5,798	18,897
Sched. Change/Reprint	1,910	456	1,397	969
Book Damage/Replace	7,912	220	792	7,340
Scholarship Fund	12,157	4,562	4,717	12,002
Drivers Ed	14,720	13,126	27,846	-
District Office	(3,900)	3,900	-	-
IDLA	90	10	-	100
Play Club	5,673	6,735	8,132	4,276
Music Department	12,652	27,941	27,474	13,119
Music Travel	25	-	25	-
Environmental Club	2,902	219	997	2,124
Latino Club	1,124	208	376	956
Library	1,284	174	-	1,458
Interact Club	649	254	-	903
Petty Cash	100	-	-	100
	\$ 211,776	\$ 413,837	\$ 425,767	\$ 199,846

See Independent Auditors' Report



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Revenues Cash Basis</u>
<b>U.S. Department of Agriculture</b>			
Passed Through State Department of Education:			
* Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 83,315	\$ 83,315
National School Lunch Program	10.555	268,339	268,339
Summer Food Service Program for Children	10.559	<u>194,387</u>	<u>149,290</u>
Total Child Nutrition Cluster		546,041	500,944
Passed Through Teton County			
* Federal Forest	10.665	<u>20,617</u>	<u>20,617</u>
Total Department of Agriculture		<u>566,658</u>	<u>521,561</u>
<b>U.S. Department of Education</b>			
Passed Through State Department of Education:			
Title I-Basic	84.010	365,136	523,666
Special Education Cluster			
IDEA Part B School Age	84.027	320,891	299,520
IDEA Part B - Preschool	84.173	<u>18,903</u>	<u>20,310</u>
Total Special Education Cluster		339,794	319,830
Career and Technical Education	84.048	21,932	21,082
English Language Acquisition Grant	84.365	37,351	46,047
Improving Teacher Quality	84.367	51,420	35,541
Student Support and Academic Enrichment	84.424	<u>23,637</u>	<u>38,095</u>
Total Department of Education		<u>839,270</u>	<u>984,261</u>
Total Federal Assistance		<u>\$ 1,405,928</u>	<u>\$ 1,505,822</u>
* Major Federal Program			

See Independent Auditors' Report

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Note to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Teton County School District No. 401 under programs of the federal government for the year ended June 30, 2020. 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, 2020, 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 9, 2020.

**Internal Control over Financial Reporting**

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

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

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

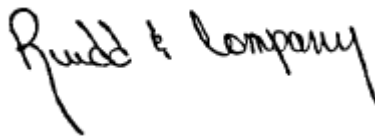
not identify any deficiencies in internal control that we considered to be material weakness. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Idaho Falls, Idaho  
October 9, 2020



**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, 2020. 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, 2020.

### **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 9, 2020

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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

***Financial Statements***

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

***Federal Awards***

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



**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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

Identification of major programs:

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

**Section II – Financial Statement Findings**

None

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

None

**TETON COUNTY SCHOOL DISTRICT NO. 401**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2020**

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**Finding 2019-01 ACH Payments Processed Without Proper Approval**

*Condition:* During the prior 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. This was classified as a significant deficiency.

*Recommendation:* The auditor recommended 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.

*Current Status:* The recommendation was adopted and implemented. No similar findings were noted in the 2020 audit.