



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, 2021

giving direction to your future

TETON COUNTY SCHOOL DISTRICT NO. 401
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June 30, 2021

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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, 2021, 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 |
| Business-Type Activities | Unmodified |
| General Fund | Unmodified |
| Child Nutrition Fund | Unmodified |
| Debt Service Fund | Unmodified |
| Capital Construction Fund | Unmodified |
| Plant Facility Fund | Unmodified |
| ESSER II 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, 2021, 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 the business-type activities, each major fund and the aggregate remaining fund information of the Teton County School District No. 401 as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As described in Note 1 to the financial statements, the District adopted new accounting guidance, GASB No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

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 59 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.

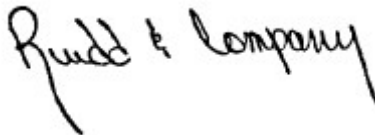
Other Information

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 September 30, 2021 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 blue ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

Idaho Falls, Idaho
September 30, 2021

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2021

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, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$17,056,659. Of this amount, \$2,624,772 is unrestricted.
- The District's net position increased by \$774,066 as a result of this year's operations.
- The general fund had \$15,079,090 in revenues and \$14,579,095 in expenditures. The general fund balance increased \$87,572 over the prior year.
- \$327,873 was transferred from the general fund to the state technology fund to cover technology related payroll and other expenditures.
- \$90,592 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.
- Significant sales of capital assets took place during the year, including the sale of the Victor Elementary building and the District's Administration building.

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, 2021

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 in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). 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 two categories: governmental funds and proprietary funds.

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

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

The District maintains twenty-two 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, the plant facility fund, and the ESSER II fund, all of which are considered to be major funds. Data from the other sixteen 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, 2021

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.

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.

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 27-57 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 69-78 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2021

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 \$17,056,659 at the close of the most recent fiscal year.

| Net Position | Governmental Activities (Restated) | | Business-Type Activities | | Total (Restated) | |
|-------------------------------------|---------------------------------------|---------------|--------------------------|------------|---------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and Other Assets | \$ 11,538,396 | \$ 9,029,530 | \$ 254,568 | \$ 314,102 | \$ 11,792,964 | \$ 9,343,632 |
| Capital Assets | 54,841,961 | 56,707,568 | - | - | 54,841,961 | 56,707,568 |
| Total Assets | 66,380,357 | 65,737,098 | 254,568 | 314,102 | 66,634,925 | 66,051,200 |
| Deferred Outflows of Resources | 2,789,565 | 1,853,136 | - | - | 2,789,565 | 1,853,136 |
| Current Liabilities | 4,913,763 | 4,536,324 | - | - | 4,913,763 | 4,536,324 |
| Long-term Liabilities | 43,129,914 | 41,328,735 | - | - | 43,129,914 | 41,328,735 |
| Total Liabilities | 48,043,677 | 45,865,059 | - | - | 48,043,677 | 45,865,059 |
| Deferred Inflows of Resources | 4,324,154 | 5,756,684 | - | - | 4,324,154 | 5,756,684 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 10,649,289 | 10,988,603 | - | - | 10,649,289 | 10,988,603 |
| Restricted | 3,528,030 | 2,758,246 | 254,568 | 314,102 | 3,782,598 | 3,072,348 |
| Unrestricted | 2,624,772 | 2,221,642 | - | - | 2,624,772 | 2,221,642 |
| Total Net Position | \$ 16,802,091 | \$ 15,968,491 | \$ 254,568 | \$ 314,102 | \$ 17,056,659 | \$ 16,282,593 |

A portion of the District's net position, \$10,649,289 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, 2021

An additional portion of the District’s net position, \$3,782,598 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$2,624,772.

| Changes in Net Position | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|---------------------|--------------------------|--------------------|-------------------|---------------------|
| | 2021 | (Restated) 2020 | 2021 | 2020 | 2021 | (Restated) 2020 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 363,791 | \$ 294,381 | \$ - | \$ - | \$ 363,791 | \$ 294,381 |
| Operating grants and contributions | 3,326,717 | 1,591,247 | 18,275 | 59,720 | 3,344,992 | 1,650,967 |
| General revenues | | | | | | |
| Property tax | 7,005,118 | 7,281,507 | - | - | 7,005,118 | 7,281,507 |
| State support | 11,753,500 | 11,688,132 | - | - | 11,753,500 | 11,688,132 |
| Other | 1,465,383 | 1,456,911 | 1,391 | 5,324 | 1,466,774 | 848,346 |
| Total Revenues | 23,914,509 | 22,312,178 | 19,666 | 65,044 | 23,934,175 | 21,763,333 |
| Expenses | | | | | | |
| Instructional | 11,850,452 | 10,454,193 | - | - | 11,850,452 | 10,454,193 |
| Pupil support | 857,654 | 740,293 | - | - | 857,654 | 740,293 |
| Staff support | 1,071,043 | 1,112,440 | - | - | 1,071,043 | 1,112,440 |
| General administration | 517,326 | 468,516 | - | - | 517,326 | 468,516 |
| School administration | 1,235,720 | 1,049,794 | - | - | 1,235,720 | 1,049,794 |
| Business operations | 463,345 | 335,825 | - | - | 463,345 | 335,825 |
| Operations | 1,792,016 | 1,625,274 | - | - | 1,792,016 | 1,625,274 |
| Transportation | 1,126,279 | 1,000,191 | - | - | 1,126,279 | 1,000,191 |
| Non-instructional | 184,864 | 949,177 | - | - | 184,864 | 949,177 |
| Student activity program | 278,360 | 625,547 | - | - | 278,360 | 625,547 |
| Interest | 1,336,513 | 751,707 | - | - | 1,336,513 | 751,707 |
| Depreciation | 1,697,638 | 722,215 | - | - | 1,697,638 | 722,215 |
| Child nutrition services | 669,699 | 705,203 | - | - | 669,699 | 705,203 |
| Healthcare | - | - | 79,200 | 75,188 | 79,200 | 75,188 |
| Total Expenses | 23,080,909 | 20,540,375 | 79,200 | 75,188 | 23,160,109 | 20,615,563 |
| Change in Net Position | \$ 833,600 | \$ 1,771,803 | \$ (59,534) | \$ (10,144) | \$ 774,066 | \$ 1,147,770 |

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2021

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 \$2,854,626, \$3,806,251 of which was committed as a reserve in accordance with the District's stabilization policy. The fund balance increased by \$87,572 during the current fiscal year.

Expenditures for general District purposes totaled \$14,579,095 a decrease of 3.6% during the current fiscal year.

The plant facility fund has a total fund balance of \$1,438,896. The fund balance increased by \$1,368,401 during the current year.

The debt service fund has a total fund balance of \$3,341,904, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$764,779 during the current year.

The child nutrition fund has a total fund balance of \$138,374, all of which is restricted for the child nutrition program. The fund balance increased by \$43,233 during the current year.

The ESSER II fund has a total fund balance of \$0, all of which is restricted for expenditures under the elementary and secondary school emergency relief program. The fund balance increased by \$0 during the current year.

The District's internal service fund has a total fund balance of \$254,568 all of which is restricted for healthcare reimbursements. The fund balance decreased by \$59,534 during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2021

General Fund Budgetary Highlights

During the current fiscal year, the \$258,112 positive budget to actual variance in total general fund revenues, and the \$448,403 positive budget to actual variance in total general fund expenditures, are largely a result of state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year.

Capital Asset and Debt Administration

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 including a bus and other miscellaneous equipment. The District also sold the original site of Victor Elementary, the administration building, and a modular building during the year.

Capital assets at June 30, 2021 are outlined below:

| Capital Assets (Net of Depreciation) | Governmental Activities | |
|--|--------------------------------|----------------------|
| | 2021 | 2020 |
| Sites | \$ 1,045,768 | \$ 1,045,768 |
| Buildings and improvements | 62,297,629 | 62,765,900 |
| Furniture and equipment | 7,182,429 | 7,484,568 |
| | 70,525,826 | 71,296,236 |
| Accumulated depreciation | (15,683,865) | (14,588,668) |
| Total Capital Assets, Net of Depreciation | \$ 54,841,961 | \$ 56,707,568 |

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2021

Outstanding debt at June 30, 2021 is outlined below:

| Outstanding Debt | Governmental Activities | |
|--------------------------|--------------------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| General obligation bonds | \$ 38,955,000 | \$ 40,100,000 |
| Compensated absences | <u>48,427</u> | <u>62,173</u> |
| | <u>\$ 39,003,427</u> | <u>\$ 40,162,173</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, 2021

| Assets | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Cash and Investments | \$ 7,642,547 | \$ 254,568 | \$ 7,897,115 |
| Receivables | | | |
| Property taxes | 2,065,453 | - | 2,065,453 |
| State of Idaho | 298,290 | - | 298,290 |
| Other | 735,741 | - | 735,741 |
| PERSI Sick Leave Asset | 796,365 | - | 796,365 |
| Capital Assets | | | |
| Sites | 1,045,768 | - | 1,045,768 |
| Buildings and equipment, net of depreciation | 53,796,193 | - | 53,796,193 |
| Total Assets | <u>66,380,357</u> | <u>254,568</u> | <u>66,634,925</u> |
| Deferred Outflows of Resources | | | |
| Pension related | 2,678,832 | - | 2,678,832 |
| OPEB related | 110,733 | - | 110,733 |
| Total Deferred Outflows of Resources | <u>2,789,565</u> | <u>-</u> | <u>2,789,565</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 69,169,922</u> | <u>\$ 254,568</u> | <u>\$ 69,424,490</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

| Liabilities | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Accounts payable | \$ 367,153 | \$ - | \$ 367,153 |
| Salary contracts payable | 1,932,230 | - | 1,932,230 |
| Interest payable | 1,164,380 | - | 1,164,380 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| Bonds, capital leases, and contracts | 1,450,000 | - | 1,450,000 |
| Portion due or payable after one year: | | | |
| OPEB liability | 108,556 | - | 108,556 |
| Net pension liability | 5,467,931 | - | 5,467,931 |
| Bonds, capital leases, and contracts | 37,505,000 | - | 37,505,000 |
| Compensated absences | 48,427 | - | 48,427 |
| Total Liabilities | 48,043,677 | - | 48,043,677 |
| Deferred Inflows of Resources | | | |
| Pension related | 85,681 | - | 85,681 |
| OPEB related | 165,181 | - | 165,181 |
| Bond issue premium, net of amortization | 4,073,292 | - | 4,073,292 |
| Total Deferred Inflows of Resources | 4,324,154 | - | 4,324,154 |
| Total Liabilities and Deferred Inflows of Resources | \$ 52,367,831 | \$ - | \$ 52,367,831 |
| Net Position | | | |
| Net investment in capital assets | \$ 10,649,289 | \$ - | \$ 10,649,289 |
| Restricted for: | | | |
| Debt service | 3,528,030 | - | 3,528,030 |
| Healthcare | - | 254,568 | 254,568 |
| Unrestricted | 2,624,772 | - | 2,624,772 |
| Total Net Position | \$ 16,802,091 | \$ 254,568 | \$ 17,056,659 |

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Activities
Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | |
|--------------------------------|----------------------|----------------------|------------------------------------|
| | | Charges for Services | Operating Grants and Contributions |
| Primary Government | | | |
| Governmental Activities | | | |
| Instructional | \$ 11,850,452 | \$ 322,676 | \$ 2,451,380 |
| Pupil support | 857,654 | - | 175,850 |
| Staff support | 1,071,043 | - | - |
| General administration | 517,326 | - | - |
| School administration | 1,235,720 | - | - |
| Business operations | 463,345 | - | - |
| Operations | 1,792,016 | - | - |
| Transportation | 1,126,279 | - | - |
| Non-instructional | 184,864 | - | - |
| Student activity program | 278,360 | - | - |
| Interest on | | | |
| long-term debt | 1,336,513 | - | - |
| Depreciation - | | | |
| unallocated* | 1,697,638 | - | - |
| Child nutrition services | 669,699 | 41,115 | 699,487 |
| Total Governmental Activities | <u>23,080,909</u> | <u>363,791</u> | <u>3,326,717</u> |
| Business-Type Activities | | | |
| Healthcare | 79,200 | - | 18,275 |
| Total Business-Type Activities | <u>79,200</u> | <u>-</u> | <u>18,275</u> |
| Total Primary Government | <u>\$ 23,160,109</u> | <u>\$ 363,791</u> | <u>\$ 3,344,992</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 |
| Gain on sale of fixed assets |
| 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

**Net (Expense) Revenues and
Changes in Net Position**

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|----------------|
| \$ (9,076,396) | \$ - | \$ (9,076,396) |
| (681,804) | - | (681,804) |
| (1,071,043) | - | (1,071,043) |
| (517,326) | - | (517,326) |
| (1,235,720) | - | (1,235,720) |
| (463,345) | - | (463,345) |
| (1,792,016) | - | (1,792,016) |
| (1,126,279) | - | (1,126,279) |
| (184,864) | - | (184,864) |
| (278,360) | - | (278,360) |
| (1,336,513) | - | (1,336,513) |
| (1,697,638) | - | (1,697,638) |
| 70,903 | - | 70,903 |
| (19,390,401) | - | (19,390,401) |
| - | (60,925) | (60,925) |
| - | (60,925) | (60,925) |
| (19,390,401) | (60,925) | (19,451,326) |
| 3,039,947 | - | 3,039,947 |
| 3,459,494 | - | 3,459,494 |
| 505,677 | - | 505,677 |
| 645,622 | - | 645,622 |
| 792,203 | - | 792,203 |
| 11,753,500 | - | 11,753,500 |
| 27,558 | 1,391 | 28,949 |
| 20,224,001 | 1,391 | 20,225,392 |
| 833,600 | (59,534) | 774,066 |
| 15,968,491 | 314,102 | 16,282,593 |
| \$ 16,802,091 | \$ 254,568 | \$ 17,056,659 |

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Balance Sheet – Governmental Funds
June 30, 2021

| Assets | General Fund | Child Nutrition Fund | Debt Service Fund |
|---|-------------------------|-------------------------------------|----------------------------------|
| Cash and Investments | \$ 3,180,149 | \$ 244,642 | \$ 2,518,649 |
| Due from Other Funds | 604,350 | - | - |
| Receivables | | | |
| Property taxes | 910,349 | - | 1,009,381 |
| State of Idaho | 291,240 | - | - |
| Other | 15,000 | - | - |
| Total Assets | <u>\$ 5,001,088</u> | <u>\$ 244,642</u> | <u>\$ 3,528,030</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ - | \$ - |
| Accounts payable | 164,409 | 54,463 | - |
| Salary contracts payable | 1,811,451 | 51,805 | - |
| Total Liabilities | <u>1,975,860</u> | <u>106,268</u> | <u>-</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenues | 170,602 | - | 186,126 |
| Fund Balances | | | |
| Restricted | - | 138,374 | 3,341,904 |
| Committed | 3,806,251 | - | - |
| Unassigned | (951,625) | - | - |
| Total Fund Balances | <u>2,854,626</u> | <u>138,374</u> | <u>3,341,904</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 5,001,088</u> | <u>\$ 244,642</u> | <u>\$ 3,528,030</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

| Capital Construction Fund | Plant Facility Fund | ESSER II Fund | Other Governmental Funds | Total Governmental Funds |
|--|------------------------------------|--------------------------|---|---|
| \$ - | \$ 1,314,913 | \$ - | \$ 384,194 | \$ 7,642,547 |
| - | - | - | - | 604,350 |
| - | 145,723 | - | - | 2,065,453 |
| - | - | - | 7,050 | 298,290 |
| - | 20,000 | 426,941 | 273,800 | 735,741 |
| \$ - | \$ 1,480,636 | \$ 426,941 | \$ 665,044 | \$ 11,346,381 |
| \$ - | \$ - | \$ 418,910 | \$ 185,440 | \$ 604,350 |
| - | 14,944 | - | 133,337 | 367,153 |
| - | - | 8,031 | 60,943 | 1,932,230 |
| - | 14,944 | 426,941 | 379,720 | 2,903,733 |
| - | 26,796 | - | - | 383,524 |
| - | 1,438,896 | - | 285,324 | 5,204,498 |
| - | - | - | - | 3,806,251 |
| - | - | - | - | (951,625) |
| - | 1,438,896 | - | 285,324 | 8,059,124 |
| \$ - | \$ 1,480,636 | \$ 426,941 | \$ 665,044 | \$ 11,346,381 |

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, 2021

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

| | | |
|---|-----------|-------------------|
| Total Fund Balance - Governmental Funds | \$ | 8,059,124 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$70,525,826 and the accumulated depreciation is \$15,683,865. | | 54,841,961 |
| 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. | | (40,276,363) |
| Pension contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability is recorded on the government-wide statements. | | (2,874,780) |
| 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. | | 741,917 |
| 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 \$2,048,228. | | (4,073,292) |
| Property tax revenue is recognized when earned rather than when available. | | <u>383,524</u> |
| Net Position - Governmental Activities | <u>\$</u> | <u>16,802,091</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, 2021

| | General Fund | Child Nutrition Fund | Debt Service Fund |
|---|-------------------------|-------------------------------------|----------------------------------|
| Revenues | | | |
| Local sources | | | |
| Property taxes | \$ 3,054,471 | \$ - | \$ 3,454,489 |
| Earnings on investments | 21,122 | - | 6,433 |
| Lunch sales | - | 40,815 | - |
| Tuition - Out of State | 474,158 | - | - |
| Other | 277,631 | 300 | 33,038 |
| State sources | | | |
| State apportionment | 10,377,857 | - | - |
| Other | 871,351 | - | 134,575 |
| Federal sources | | | |
| Educational programs and other | 2,500 | 699,487 | - |
| Total Revenues | 15,079,090 | 740,602 | 3,628,535 |
| Expenditures | | | |
| Current | | | |
| Instructional | 9,055,409 | - | - |
| Pupil support | 532,067 | - | - |
| Staff support | 249,446 | - | - |
| General administration | 487,703 | - | 950 |
| School administration | 1,080,336 | - | - |
| Business operations | 433,767 | - | - |
| Operation | 1,670,247 | - | - |
| Transportation | 1,013,422 | - | - |
| Non-instructional | - | 669,699 | - |
| Student activity program | - | - | - |
| Debt Service | | | |
| Principal | - | - | 1,145,000 |
| Interest | - | - | 1,717,806 |
| Capital outlay | 56,698 | 43,737 | - |
| Total Expenditures | 14,579,095 | 713,436 | 2,863,756 |
| Excess (Deficiency) of Revenues over Expenditures | 499,995 | 27,166 | 764,779 |
| Other Financing Sources (Uses) | | | |
| Other financing source - sale of fixed assets | - | - | - |
| Transfers in | - | 16,067 | - |
| Transfers out | (412,423) | - | - |
| Net Change in Fund Balances | 87,572 | 43,233 | 764,779 |
| Fund Balance Beginning of Year (Restated) | 2,767,054 | 95,141 | 2,577,125 |
| Fund Balance End of Year | \$ 2,854,626 | \$ 138,374 | \$ 3,341,904 |

The Accompanying Notes are an Integral Part of the Financial Statements

| Capital Construction Fund | Plant Facility Fund | ESSER II Fund | Other Governmental Funds | Total Governmental Funds |
|--|------------------------------------|--------------------------|---|---|
| \$ - | \$ 508,177 | \$ - | \$ - | \$ 7,017,137 |
| 3 | - | - | - | 27,558 |
| - | - | - | - | 40,815 |
| - | - | - | - | 474,158 |
| - | 7,376 | - | 322,676 | 641,021 |
| - | - | - | - | 10,377,857 |
| - | - | - | 369,717 | 1,375,643 |
| - | - | 426,941 | 2,197,789 | 3,326,717 |
| 3 | 515,553 | 426,941 | 2,890,182 | 23,280,906 |
| - | - | 363,451 | 1,646,019 | 11,064,879 |
| - | - | - | 263,824 | 795,891 |
| - | - | 46,931 | 763,447 | 1,059,824 |
| - | - | 1,996 | 13,004 | 503,653 |
| - | - | - | 65,881 | 1,146,217 |
| - | - | 2,244 | 8,158 | 444,169 |
| - | - | 12,319 | 60,226 | 1,742,792 |
| - | - | - | 47,008 | 1,060,430 |
| 90,595 | 39,069 | - | 28,497 | 827,860 |
| - | - | - | 278,360 | 278,360 |
| - | - | - | - | 1,145,000 |
| - | - | - | - | 1,717,806 |
| - | 116,942 | - | - | 217,377 |
| 90,595 | 156,011 | 426,941 | 3,174,424 | 22,004,258 |
| (90,592) | 359,542 | - | (284,242) | 1,276,648 |
| - | 1,030,968 | - | - | 1,030,968 |
| 90,592 | 68,483 | - | 327,873 | 503,015 |
| - | (90,592) | - | - | (503,015) |
| - | 1,368,401 | - | 43,631 | 2,307,616 |
| - | 70,495 | - | 241,693 | 5,751,508 |
| \$ - | \$ 1,438,896 | \$ - | \$ 285,324 | \$ 8,059,124 |

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, 2021

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

| | |
|--|-------------------|
| Net Change in Fund Balance - Governmental Funds | \$ 2,307,616 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. | (1,480,261) |
| 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. | (12,019) |
| 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. | 13,746 |
| 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. | 1,158,968 |
| 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. | (1,131,965) |
| 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. | (4,464) |
| The gain or loss on sales and dispositions of capitalized assets on the statement of activities are not recorded in the governmental funds since capital outlays are initially recorded as expenditures in the funds and are not capitalized. | (385,346) |
| Governmental funds report bond premiums as revenue, while the premium is amortized over the term of the bond as a decrease in interest expense in the government-wide statements. | <u>367,325</u> |
| Change in Net Position of Governmental Activities | <u>\$ 833,600</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, 2021

| Assets | <u>Internal Service Fund</u> |
|---------------------------|---|
| Cash and Investments | <u>\$ 254,568</u> |
| Total Assets | <u>\$ 254,568</u> |
| Net Position | |
| Restricted | |
| Healthcare Reimbursements | <u>\$ 254,568</u> |
| Total Net Position | <u>\$ 254,568</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, 2021

| | Internal Service Fund |
|-------------------------------|----------------------------------|
| Operating Revenues | |
| Healthcare contributions | \$ 18,275 |
| Earnings on investments | 1,391 |
| | <hr/> |
| Total Operating Revenues | 19,666 |
| | <hr/> |
| Operating Expenses | |
| Insurance claims and expenses | 79,200 |
| | <hr/> |
| Total Operating Expenses | 79,200 |
| | <hr/> |
| Change in Net Position | (59,534) |
| Net Position - Beginning | 314,102 |
| | <hr/> |
| Net Position - Ending | \$ 254,568 |
| | <hr/> |

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, 2021

| | Internal Service Fund |
|---|----------------------------------|
| Cash Flows from Operating Activities | |
| Cash received from other funds for healthcare contributions | \$ 18,275 |
| Earnings on investments | 1,391 |
| Payments for insurance claims and expenses | <u>(79,200)</u> |
| Net decrease in cash and cash equivalents | (59,534) |
| Cash - Beginning | <u>314,102</u> |
| Cash - Ending | <u>\$ 254,568</u> |
| Reconciliation of operating income to net cash used by operating activities: | |
| Operating income | <u>\$ (59,534)</u> |
| Net cash used by operating activities | <u>\$ (59,534)</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2021

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 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 and proprietary funds. 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. 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, 2021

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.
- The *ESSER II fund* accounts for federal resources and expenditures under the Elementary and Secondary School Emergency Relief program.

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.

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 so 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, 2021

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 60:

| | <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 | \$ 740,602 | \$ (67,879) | \$ 672,723 |
| Total expenditures | \$ 713,436 | \$ (67,879) | \$ 645,557 |

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.

New Accounting Pronouncements

The District implemented GASB Statement No. 84, fiduciary activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the relationship exist. See the Districts implementation details in Note 16.

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, 2021

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 changes in inputs to the calculation of the net pension liability and the OPEB net liability (asset). These amounts are reported only in the government-wide financial statements.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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 changes in inputs to the calculation of the net pension liability and the OPEB net liability (asset).

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, 2021

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, 2021, the carrying amount of the District's deposits was \$29,701 and the respective bank balances totaled \$113,762. Of the bank balances, \$113,762 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, 2021 all of the District's total deposits were covered by federal depository insurance and thus were not exposed to credit risk.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

2. Cash and Investments (continued)

3. Investments – As of June 30, 2021, 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 | \$ 7,867,414 | \$ 7,867,414 | \$ - | \$ - | \$ - |

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, 2021, 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, 2021

2. Cash and Investments (continued)

Reconciliation of deposits categorization:

| | |
|--|---------------------|
| Cash and investments reported on the statement of net position | <u>\$ 7,897,115</u> |
| | <u>\$ 7,897,115</u> |
| Investments categorized | \$ 7,867,414 |
| Deposits categorized | <u>29,701</u> |
| | <u>\$ 7,897,115</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, 2021, are generally based on the assessed values and tax levies established in 2020.

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, 2021

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities Capital Assets, Not Being Depreciated Sites | \$ 1,045,768 | \$ - | \$ - | \$ 1,045,768 |
| Total Capital Assets, Not Being Depreciated | \$ 1,045,768 | \$ - | \$ - | \$ 1,045,768 |
| Capital Assets, Being Depreciated | | | | |
| Buildings and improvements | \$ 62,765,900 | \$ 67,900 | \$ (536,171) | \$ 62,297,629 |
| Furniture and equipment | 7,484,568 | 149,477 | (451,616) | 7,182,429 |
| Total Capital Assets, Being Depreciated | 70,250,468 | 217,377 | (987,787) | 69,480,058 |
| Accumulated Depreciation for | | | | |
| Buildings and improvements | (8,167,671) | (1,486,778) | 150,825 | (9,503,624) |
| Furniture and equipment | (6,420,997) | (210,860) | 451,616 | (6,180,241) |
| Total Accumulated Depreciation | (14,588,668) | (1,697,638) | 602,441 | (15,683,865) |
| Total Capital Assets, Being Depreciated, Net | \$ 55,661,800 | | | \$ 53,796,193 |

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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, 2021 was \$5,315,000.

6. General Obligation Bonds Payable

Bonds outstanding at June 30, 2021, were as follows:

| | <u>Interest Rates</u> | <u>Maturity Dates</u> | <u>Amount</u> |
|--|---------------------------|---------------------------|---------------|
| General Obligation Refunding Bonds, Series 2012 Issue (Original amount--\$9,855,000) | 3.25% to 5.00% | 2022 to 2026 | \$ 5,445,000 |
| General Obligation Bonds, Series 2018A Issue (Original amount--\$2,220,000) | 5.00% | 2022 to 2026 | \$ 2,220,000 |
| General Obligation Refunding Bonds, Series 2018B Issue (Original amount--\$31,290,000) | 4.00% to 5.00% | 2022 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, 2021

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> |
|--------------------|----------------------|----------------------|----------------------|
| 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 |
| 2026 | 1,730,000 | 1,391,869 | 3,121,869 |
| Thereafter | 31,010,000 | 9,794,028 | 40,804,028 |
| | <u>\$ 38,955,000</u> | <u>\$ 17,434,571</u> | <u>\$ 56,389,571</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, 2021:

| | <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, 2020 | \$ 6,590,000 | \$ 2,220,000 | \$ 31,290,000 | \$ 62,173 | \$ 2,203,006 | \$ 108,556 | \$ 42,473,735 |
| Obligations Incurred | - | - | - | - | 3,264,925 | - | 3,264,925 |
| Obligations Paid | (1,145,000) | - | - | (13,746) | - | - | (1,158,746) |
| Long-term Obligations June 30, 2021 | <u>\$ 5,445,000</u> | <u>\$ 2,220,000</u> | <u>\$ 31,290,000</u> | <u>\$ 48,427</u> | <u>\$ 5,467,931</u> | <u>\$ 108,556</u> | <u>\$ 44,579,914</u> |
| Due within one year | <u>\$ 1,030,000</u> | <u>\$ 420,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,450,000</u> |

8. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$67,879. 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, 2021

9. Pension Plan

Plan Description

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2020, was as follows:

| | |
|---|----------------|
| Retirees and beneficiaries currently receiving benefits | 46,573 |
| Terminated employees entitled to but not yet receiving benefits | 13,788 |
| Active plan members | <u>73,657</u> |
| | <u>134,018</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, 2021

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, 2020, the employee contribution rate was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The District's contributions required and paid were \$1,275,467, \$1,228,218, and \$1,118,887, for the years ended June 30, 2021, 2020, and 2019, respectively.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.288 percent.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

9. Pension Plan (continued)

For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$1,131,965. At June 30, 2021, 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 | \$ 522,965 | \$ 218,557 |
| Changes in assumptions or other inputs | 113,199 | - |
| Net difference between projected and actual earnings on pension plan investments | 767,201 | - |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | - | (132,876) |
| Employer contributions subsequent to the measurement date | <u>1,275,467</u> | <u>-</u> |
| Total | <u>\$ 2,678,832</u> | <u>\$ 85,681</u> |

\$1,275,467 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, 2022.

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, 2019, the beginning of the measurement period ended June 30, 2020, is 4.8 and 4.7 for the measurement period ended June 30, 2019.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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> | | |
|--------------------|-------|-----------|
| 2022 | | \$ 91,961 |
| 2023 | | 319,565 |
| 2024 | | 407,104 |
| 2025 | | 505,960 |
| 2026 | | (6,906) |

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, 2020 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, 2021

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, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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, 2020.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

9. Pension Plan (continued)

| Capital Market Assumptions from Callen 2020 | | | |
|---|--------------------------|---|--|
| Asset Class | Target Allocation | Long-Term Expected Nominal Rate of Return (Arithmetic) | Long-Term Expected Real Rate of Return (Arithmetic) |
| Core Fixed Income | 30% | 2.80% | 0.55% |
| Broad US Equities | 55% | 8.55% | 6.30% |
| Developed Foreign Equities | 15% | 8.70% | 6.45% |
| Assumed Inflation - Mean | | 2.25% | 2.25% |
| Assumed Inflation - Standard Deviation | | 1.50% | 1.50% |
| Portfolio Arithmetic Mean Return | | 6.85% | 4.60% |
| Portfolio Standard Deviation | | 12.33% | 12.33% |
| Portfolio Long-Term (Geometric) Expected Rate of Return | | 6.25% | 3.89% |
| Assumed Investment Expenses | | 0.40% | 0.40% |
| Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses | | 5.85% | 3.49% |
| Investment Policy Assumptions from PERSI November 2019 | | | |
| Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses | | | 4.14% |
| Portfolio Standard Deviation | | | 14.16% |
| Economic/Demographic Assumptions from Milliman 2018 | | | |
| Valuation Assumptions Chosen by PERSI Board | | | |
| Long-Term Expected Real Rate of Return, Net of Investment Expenses | | | 4.05% |
| Assumed Inflation | | | 3.00% |
| Long-Term Expected Geometric Rate of Return, Net Investment Expenses | | | 7.05% |

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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:

| | 1% Decrease (6.05%) | Current Discount Rate (7.05%) | 1% Increase (8.05%) |
|---|--------------------------------------|--|--------------------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$ 13,726,467 | \$ 6,693,467 | \$ 878,322 |

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

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.

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. In December 2020, the period was extended for one year to end on June 30, 2022. The District's contributions were \$0 for the year ended June 30, 2021.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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, 2021, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.647 percent.

For the year ended June 30, 2021 the District recognized OPEB expense (expense offset) of \$4,463. \$0 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, 2022.

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, 2020 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 |

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, 2021

10. PERSI Sick Leave Insurance Reserve Fund (continued)

| Capital Market Assumptions from Callen 2020 | | | |
|---|--------------------------|---|--|
| Asset Class | Target Allocation | Long-Term Expected Nominal Rate of Return (Arithmetic) | Long-Term Expected Real Rate of Return (Arithmetic) |
| Core Fixed Income | 30% | 2.80% | 0.55% |
| Broad US Equities | 55% | 8.55% | 6.30% |
| Developed Foreign Equities | 15% | 8.70% | 6.45% |
| Assumed Inflation - Mean | | 2.25% | 2.25% |
| Assumed Inflation - Standard Deviation | | 1.50% | 1.50% |
| Portfolio Arithmetic Mean Return | | 6.85% | 4.60% |
| Portfolio Standard Deviation | | 12.33% | 12.33% |
| Portfolio Long-Term (Geometric) Expected Rate of Return | | 6.25% | 3.89% |
| Assumed Investment Expenses | | 0.40% | 0.40% |
| Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses | | 5.85% | 3.49% |
| Investment Policy Assumptions from PERSI November 2019 | | | |
| Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses | | | 4.14% |
| Portfolio Standard Deviation | | | 14.16% |
| Economic/Demographic Assumptions from Milliman 2018 | | | |
| Valuation Assumptions Chosen by PERSI Board | | | |
| Long-Term Expected Real Rate of Return, Net of Investment Expenses | | | 4.05% |
| Assumed Inflation | | | 3.00% |
| Long-Term Expected Geometric Rate of Return, Net Investment Expenses | | | 7.05% |

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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:

| | 1% Decrease (6.05%) | Current Discount Rate (7.05%) | 1% Increase (8.05%) |
|---|--------------------------------------|--|--------------------------------------|
| Employer's proportionate share of the net OPEB liability (asset) | \$ (692,384) | \$ (796,365) | \$ (892,590) |

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.

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, 2021

11. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at June 30, 2021 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 | \$ 7,867,414 | \$ 7,867,414 | \$ - | \$ - |
| Total | \$ 7,867,414 | \$ 7,867,414 | \$ - | \$ - |

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, 2021

12. Interfund Balances and Transfers

The interfund balances at June 30, 2021 were as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---|----------------------------------|-------------------------------|
| Major Funds | | |
| General Fund | \$ 604,350 | \$ - |
| ESSER II Fund | - | 418,910 |
| Non-major Funds | | |
| Medicaid Fund | - | 41,219 |
| Title I-A ESEA Basic Fund | - | 48,284 |
| IDEA Part B School Age Fund | - | 75,449 |
| IDEA Part B Preschool Fund | - | 4,135 |
| Perkins III Professional Technical Fund | - | 10,056 |
| Title III ESEA LEP Fund | - | 6,297 |
| | <u>\$ 604,350</u> | <u>\$ 604,350</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, 2021

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 | \$ - | \$ 412,423 |
| Child Nutrition Fund | 16,067 | - |
| Capital Construction Fund | 90,592 | - |
| Plant Facility Fund | 68,483 | 90,592 |
| Non Major Funds | | |
| State Technology Fund | <u>327,873</u> | <u>-</u> |
| | <u>\$ 503,015</u> | <u>\$ 503,015</u> |

Transfers were made to move bus depreciation to the plant facility fund, to cover costs of school technology needs, 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, 2021

13. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following fund during the year ended June 30, 2021:

| Fund | Amount Exceeded |
|----------------------------------|----------------------------|
| Driver's Education Fund..... | \$ 1,475 |
| Title I-A Basic Fund..... | 1,146 |
| IDEA Part B School Age Fund..... | 28,544 |
| IDEA Part B Preschool Fund..... | 18 |

Deficits in Individual Funds

There were no funds that had deficits as of June 30, 2021.

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, 2021

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.

| | General Fund | Special Revenue Funds | Debt Service Fund | Plant Facility Fund | Total |
|----------------------|-------------------------|--------------------------------------|----------------------------------|------------------------------------|--------------|
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Child Nutrition | \$ - | \$ 138,374 | \$ - | \$ - | \$ 138,374 |
| Debt Service | - | - | 3,341,904 | - | 3,341,904 |
| Plant Facility | - | - | - | 1,438,896 | 1,438,896 |
| Federal Forest | - | 19,256 | - | - | 19,256 |
| Student Activities | - | 256,523 | - | - | 256,523 |
| Driver Education | - | 9,545 | - | - | 9,545 |
| Committed for: | | | | | |
| Stabilization policy | 3,806,251 | - | - | - | 3,806,251 |
| Unassigned: | (951,625) | - | - | - | (951,625) |
| Total | | | | | |
| Fund Balances | \$ 2,854,626 | \$ 423,698 | \$ 3,341,904 | \$ 1,438,896 | \$ 8,059,124 |

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2021

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 \$15,225,005, the required reserve calculation amounts to \$3,806,251. When the fund balance falls below the minimum range, the District will replenish the shortage of deficiency using the budget strategies and timeframes.

16. Prior Period Adjustment

In the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The statement establishes specific criteria for identifying activities that should be reported as fiduciary activities. Previously, the District has accounted for its student activity funds as fiduciary funds which were not included in the governmental fund statements or on the government-wide financial statements. However, the student activity funds do not meet the criteria established in GASB Statement No. 84 for identifying fiduciary activities because of the administrative involvement that the District has in relation to these funds. The District will account for the student activity funds as a special revenue fund which will be reported in the governmental fund statements and the statement of net position. The governmental fund statements and 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> |
|---------------------------------------|--------------------------------|---------------|-----------------|
| Balance Sheet - Governmental Funds: | | | |
| Fund Balance, Beginning of Year | \$ 5,522,751 | \$ 228,757 | \$ 5,751,508 |
| Statement of Net Position, | | | |
| Governmental Activities 2020: | | | |
| Cash and Investments | \$ 4,851,192 | \$ 228,757 | \$ 5,079,949 |
| Net Position | \$ 15,739,734 | \$ 228,757 | \$ 15,968,491 |
| Statement of Activities, | | | |
| Governmental Activities 2020: | | | |
| Other Revenue | \$ 843,022 | \$ 613,889 | \$ 1,456,911 |
| Student Activity Program Expenditures | \$ - | \$ 625,547 | \$ 625,547 |
| Change in Net Position | \$ 1,783,461 | \$ (11,658) | \$ 1,771,803 |

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, 2021

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------------------------|---------------------------|---|
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 3,109,000 | \$ 3,108,575 | \$ 3,054,471 | \$ (54,104) |
| Earnings on investments | 100,000 | 30,000 | 21,122 | (8,878) |
| Tuition - out of state | 350,000 | 474,158 | 474,158 | - |
| Other | 177,000 | 187,000 | 277,631 | 90,631 |
| State sources | | | | |
| State apportionment | 10,490,200 | 10,287,241 | 10,377,857 | 90,616 |
| Other | 575,145 | 734,004 | 871,351 | 137,347 |
| Federal sources | | | | |
| Other | - | - | 2,500 | 2,500 |
| Total Revenues | 14,801,345 | 14,820,978 | 15,079,090 | 258,112 |
| Expenditures | | | | |
| Current | | | | |
| Instructional | 9,827,629 | 9,442,947 | 9,055,409 | 387,538 |
| Pupil support | 608,947 | 551,989 | 532,067 | 19,922 |
| Staff support | 327,144 | 274,898 | 249,446 | 25,452 |
| General administration | 441,805 | 451,912 | 487,703 | (35,791) |
| School administration | 991,339 | 1,094,496 | 1,080,336 | 14,160 |
| Business operations | 339,755 | 436,763 | 433,767 | 2,996 |
| Operation | 1,514,754 | 1,609,676 | 1,670,247 | (60,571) |
| Transportation | 1,226,308 | 1,114,817 | 1,013,422 | 101,395 |
| Contingency | 50,000 | 50,000 | - | 50,000 |
| Capital outlay | - | - | 56,698 | (56,698) |
| Total Expenditures | 15,327,681 | 15,027,498 | 14,579,095 | 448,403 |
| Excess (Deficiency) of Revenues over Expenditures | (526,336) | (206,520) | 499,995 | 706,515 |
| Other Financing Sources (Uses) Transfers (out) | (291,000) | (491,000) | (412,423) | 78,577 |
| Net Change in Fund Balances | (817,336) | (697,520) | 87,572 | 785,092 |
| Fund Balance, Beginning of Year | 2,767,054 | 2,767,054 | 2,767,054 | - |
| Fund Balance, End of Year | \$ 1,949,718 | \$ 2,069,534 | \$ 2,854,626 | \$ 785,092 |

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, 2021

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|--|-------------------------------------|---------------------------|---|
| Revenues | | | | |
| Local sources | | | | |
| Lunch sales | \$ 100,000 | \$ 40,000 | \$ 40,815 | \$ 815 |
| Other | 110,000 | 300 | 300 | - |
| Federal sources | | | | |
| Educational programs and other | 490,000 | 612,830 | 631,608 | 18,778 |
| Total Revenues | <u>700,000</u> | <u>653,130</u> | <u>672,723</u> | <u>19,593</u> |
| Expenditures | | | | |
| Current | | | | |
| Non-instructional | 695,070 | 702,071 | 601,820 | 100,251 |
| Capital outlay | - | 40,000 | 43,737 | (3,737) |
| Total Expenditures | <u>695,070</u> | <u>742,071</u> | <u>645,557</u> | <u>96,514</u> |
| Excess (Deficiency) of | | | | |
| Revenues over Expenditures | 4,930 | (88,941) | 27,166 | 116,107 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 16,000 | 16,000 | 16,067 | 67 |
| Net Change in Fund Balances | 20,930 | (72,941) | 43,233 | 116,174 |
| Fund Balance, Beginning of Year | 95,141 | 95,141 | 95,141 | - |
| Fund Balance, End of Year | <u>\$ 116,071</u> | <u>\$ 22,200</u> | <u>\$ 138,374</u> | <u>\$ 116,174</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, 2021

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|--|-------------------------------------|---------------------------|---|
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 3,900,000 | \$ 3,441,304 | \$ 3,454,489 | \$ 13,185 |
| Earnings on investments | - | - | 6,433 | 6,433 |
| Other | - | - | 33,038 | 33,038 |
| State sources | | | | |
| Other | - | 134,575 | 134,575 | - |
| Total Revenues | 3,900,000 | 3,575,879 | 3,628,535 | 52,656 |
| Expenditures | | | | |
| Current | | | | |
| General administration | 1,000 | 1,100 | 950 | 150 |
| Debt service | | | | |
| Principal | 1,145,000 | 1,145,000 | 1,145,000 | - |
| Interest | 1,717,808 | 1,717,806 | 1,717,806 | - |
| Total Expenditures | 2,863,808 | 2,863,906 | 2,863,756 | 150 |
| Net Change in Fund Balances | 1,036,192 | 711,973 | 764,779 | 52,806 |
| Fund Balance, Beginning of Year | 2,577,125 | 2,577,125 | 2,577,125 | - |
| Fund Balance, End of Year | \$ 3,613,317 | \$ 3,289,098 | \$ 3,341,904 | \$ 52,806 |

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, 2021

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------------------------|---------------------------|---|
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | \$ - | \$ - | \$ 3 | \$ 3 |
| Total Revenues | - | - | 3 | 3 |
| Expenditures | | | | |
| Current | | | | |
| Non-instructional | 1,100,000 | 91,200 | 90,595 | 605 |
| Total Expenditures | 1,100,000 | 91,200 | 90,595 | 605 |
| Excess (Deficiency) of Revenues over Expenditures | (1,100,000) | (91,200) | (90,592) | 608 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 450,000 | 90,592 | 90,592 | - |
| Net Change in Fund Balances | (650,000) | (608) | - | 608 |
| Fund Balance, Beginning of Year | - | - | - | - |
| Fund Balance, End of Year | \$ (650,000) | \$ (608) | \$ - | \$ 608 |

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, 2021

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------------------------|---------------------------|---|
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 500,000 | \$ 500,000 | \$ 508,177 | \$ 8,177 |
| Other | - | 449,766 | 7,376 | (442,390) |
| Total Revenues | <u>500,000</u> | <u>949,766</u> | <u>515,553</u> | <u>(434,213)</u> |
| Expenditures | | | | |
| Current | | | | |
| Non-instructional | - | - | 39,069 | (39,069) |
| Capital outlay | 148,740 | 284,095 | 116,942 | 167,153 |
| Total Expenditures | <u>148,740</u> | <u>284,095</u> | <u>156,011</u> | <u>128,084</u> |
| Excess (Deficiency) of Revenues over Expenditures | 351,260 | 665,671 | 359,542 | (306,129) |
| Other Financing Sources (Uses) | | | | |
| Other financing source - sale of fixed assets | - | - | 1,030,968 | 1,030,968 |
| Transfers in | 75,000 | 75,000 | 68,483 | (6,517) |
| Transfers out | (450,000) | (90,592) | (90,592) | - |
| Net Change in Fund Balances | (23,740) | 650,079 | 1,368,401 | 718,322 |
| Fund Balance, Beginning of Year | <u>70,495</u> | <u>70,495</u> | <u>70,495</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 46,755</u> | <u>\$ 720,574</u> | <u>\$ 1,438,896</u> | <u>\$ 718,322</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
ESSER II Fund
Year Ended June 30, 2021

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|--|-------------------------------------|---------------------------|---|
| Revenues | | | | |
| Federal sources | | | | |
| Other | \$ - | \$ 434,646 | \$ 426,941 | \$ (7,705) |
| Total Revenues | <u>-</u> | <u>434,646</u> | <u>426,941</u> | <u>(7,705)</u> |
| Expenditures | | | | |
| Current | | | | |
| Instructional | - | 387,541 | 363,451 | 24,090 |
| Staff support | - | 24,155 | 46,931 | (22,776) |
| General administration | - | - | 1,996 | (1,996) |
| Business operations | - | 4,565 | 2,244 | 2,321 |
| Operation | - | 18,385 | 12,319 | 6,066 |
| Total Expenditures | <u>-</u> | <u>434,646</u> | <u>426,941</u> | <u>7,705</u> |
| Net Change in Fund Balances | - | - | - | - |
| Fund Balance, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Employer's Share of Net Pension Liability
PERSI Base Plan – Last 10 Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|--------------|--------------|
| Employer's portion of the net pension liability | 0.288% | 0.291% | 0.285% | 28.000% |
| Employer's proportionate share of the net pension liability | \$ 6,693,467 | \$ 3,321,893 | \$ 3,161,038 | \$ 4,401,625 |
| Employer's covered payroll | \$ 10,682,300 | \$ 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 | 62.66% | 32.37% | 31.98% | 48.08% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.22% | 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 | \$ 1,946,196 |
| 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, 2020 (measurement date).

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Employer Contributions – PERSI
PERSI Base Plan – Last 10 Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------|--------------|--------------|--------------|
| Statutorily required contribution | \$ 1,130,910 | \$ 1,113,554 | \$ 1,105,103 | \$ 944,303 |
| Contributions in relation to the statutorily required contribution | 1,275,467 | 1,228,218 | 1,118,887 | 1,036,420 |
| Contribution (deficiency) excess | (144,557) | 114,664 | 13,784 | 92,117 |
| Employer's covered payroll | \$ 10,682,300 | 10,261,457 | 9,884,161 | \$ 9,155,654 |
| Contributions as a percentage of covered payroll | 11.94% | 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, 2021.

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|---------------|--------------|
| Employer's portion of the net OPEB asset | 0.647% | 0.699% | 0.681% | 0.683% |
| Employer's proportionate share of the net OPEB asset | \$ 796,365 | \$ 669,503 | \$ 564,822 | \$ 524,149 |
| Employer's covered - employee payroll | \$ 10,682,300 | \$ 10,261,457 | \$ 10,261,457 | \$ 9,155,654 |
| Employer's proportionate share of the net OPEB asset as a percentage of its covered -employee payroll | 7.45% | 6.52% | 5.50% | 5.72% |
| Plan fiduciary net position as a percentage of the total OPEB asset | 152.87% | 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, 2020 (measurement date).

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---------------------------------------|---------------|---------------|---------------|--------------|
| Statutorily required contribution | \$ 62,382 | \$ 65,636 | \$ 60,700 | \$ 55,062 |
| Contributions in relation to | | | | |
| the statutorily required contribution | - | 58,055 | 114,657 | 106,205 |
| Contribution (deficiency) excess | (62,382) | (7,581) | 53,957 | 51,143 |
| Employer's covered - employee payroll | \$ 10,682,300 | \$ 10,261,457 | \$ 10,261,457 | \$ 9,155,654 |
| Contributions as a percentage of | | | | |
| covered - employee payroll | 0.00% | 0.57% | 1.12% | 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, 2021.

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

| | Federal Forest Fund | Student Activity Fund | Drivers Education Fund |
|-------------------------------------|------------------------------------|--------------------------------------|---------------------------------------|
| Assets | | | |
| Cash and Investments | \$ 19,256 | \$ 256,523 | \$ 4,108 |
| Receivables | | | |
| State of Idaho | - | - | 7,050 |
| Other | - | - | - |
| Total Assets | <u>\$ 19,256</u> | <u>\$ 256,523</u> | <u>\$ 11,158</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - |
| Salary contracts payable | - | - | 1,613 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>1,613</u> |
| Fund Balances | | | |
| Restricted | <u>19,256</u> | <u>256,523</u> | <u>9,545</u> |
| Total Fund Balances | <u>19,256</u> | <u>256,523</u> | <u>9,545</u> |
| Total Liabilities and Fund Balances | <u>\$ 19,256</u> | <u>\$ 256,523</u> | <u>\$ 11,158</u> |

See Independent Auditors' Report

| State Vocational Education Fund | State Technology Fund | State Substance Abuse Fund | Medicaid Fund | Title I-A ESEA Basic Fund |
|--|------------------------------|-----------------------------------|----------------------|----------------------------------|
| \$ 71,279 | \$ 33,028 | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | 49,511 | 88,661 |
| <u>\$ 71,279</u> | <u>\$ 33,028</u> | <u>\$ -</u> | <u>\$ 49,511</u> | <u>\$ 88,661</u> |
| \$ - | \$ - | \$ - | \$ 41,219 | \$ 48,284 |
| 69,399 | 32,780 | - | 8,292 | 21,647 |
| <u>1,880</u> | <u>248</u> | <u>-</u> | <u>-</u> | <u>18,730</u> |
| <u>71,279</u> | <u>33,028</u> | <u>-</u> | <u>49,511</u> | <u>88,661</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 71,279</u> | <u>\$ 33,028</u> | <u>\$ -</u> | <u>\$ 49,511</u> | <u>\$ 88,661</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2021

| | ESSER I Fund | IDEA Part B School Age Fund | IDEA Part B Preschool Fund |
|--------------------------------------|-------------------------|--|---|
| Assets | | | |
| Cash and Investments | \$ - | \$ - | \$ - |
| Receivables | | | |
| State of Idaho | - | - | - |
| Other | - | 107,619 | 4,135 |
| Total Assets | <u>\$ -</u> | <u>\$ 107,619</u> | <u>\$ 4,135</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ 75,449 | \$ 4,135 |
| Accounts payable | - | - | - |
| Salary contracts payable | - | 32,170 | - |
| Total Liabilities | <u>-</u> | <u>107,619</u> | <u>4,135</u> |
| Fund Balances | | | |
| Restricted | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 107,619</u> | <u>\$ 4,135</u> |

See Independent Auditors' Report

| Perkins III Professional Technical Fund | Title III ESEA LEP Fund | Title II-A ESEA Supporting Fund | IRCR Fund | Title IV-A Student Support Fund | Total Nonmajor Governmental Funds |
|--|--|--|----------------------|--|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 384,194 |
| - | - | - | - | - | 7,050 |
| 12,361 | 11,513 | - | - | - | 273,800 |
| <u>\$ 12,361</u> | <u>\$ 11,513</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 665,044</u> |
| \$ 10,056 | \$ 6,297 | \$ - | \$ - | \$ - | \$ 185,440 |
| 1,219 | - | - | - | - | 133,337 |
| 1,086 | 5,216 | - | - | - | 60,943 |
| <u>12,361</u> | <u>11,513</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>379,720</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>285,324</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>285,324</u> |
| <u>\$ 12,361</u> | <u>\$ 11,513</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 665,044</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

| | Federal Forest Fund | Student Activity Fund | Drivers Education Fund |
|--|------------------------------------|--------------------------------------|---------------------------------------|
| Revenues | | | |
| Local sources | | | |
| Other | \$ - | \$ 306,126 | \$ 16,550 |
| State sources | | | |
| Other | - | - | 19,800 |
| Federal sources | | | |
| Educational programs and other | 19,256 | - | - |
| Total Revenues | <u>19,256</u> | <u>306,126</u> | <u>36,350</u> |
| Expenditures | | | |
| Current | | | |
| Instructional | - | - | 37,247 |
| Pupil support | - | - | - |
| Staff support | - | - | - |
| District administration | - | - | - |
| School administration | - | - | - |
| Business operations | - | - | - |
| Operation | - | - | - |
| Transportation | - | - | - |
| Noninstructional | - | - | - |
| Student activity program | - | 278,360 | - |
| Total Expenditures | <u>-</u> | <u>278,360</u> | <u>37,247</u> |
| Excess (Deficiency) of Revenues over Expenditures | 19,256 | 27,766 | (897) |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | - | - |
| Transfers (out) | - | - | - |
| Net Change in Fund Balances | 19,256 | 27,766 | (897) |
| Fund Balance, Beginning of Year (Restated) | <u>-</u> | <u>228,757</u> | <u>10,442</u> |
| Fund Balance, End of Year | <u>\$ 19,256</u> | <u>\$ 256,523</u> | <u>\$ 9,545</u> |

See Independent Auditors' Report

| State Vocational Education Fund | State Technology Fund | State Substance Abuse Fund | Medicaid Fund | Title I-A ESEA Basic Fund |
|--|------------------------------|-----------------------------------|----------------------|----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 122,800 | 203,684 | 23,433 | - | - |
| - | - | - | 175,850 | 503,242 |
| <u>122,800</u> | <u>203,684</u> | <u>23,433</u> | <u>175,850</u> | <u>503,242</u> |
| 125,294 | - | 23,433 | 53,965 | 476,466 |
| - | - | - | 121,885 | 26,776 |
| - | 531,557 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>125,294</u> | <u>531,557</u> | <u>23,433</u> | <u>175,850</u> | <u>503,242</u> |
| (2,494) | (327,873) | - | - | - |
| - | 327,873 | - | - | - |
| - | - | - | - | - |
| <u>(2,494)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>2,494</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2021

| | ESSER I Fund | IDEA Part B School Age Fund | IDEA Part B Preschool Fund |
|--|-------------------------|--|---|
| Revenues | | | |
| Local sources | | | |
| Other | \$ - | \$ - | \$ - |
| State sources | | | |
| Other | - | - | - |
| Federal sources | | | |
| Educational programs and other | 233,756 | 353,222 | 16,697 |
| Total Revenues | <u>233,756</u> | <u>353,222</u> | <u>16,697</u> |
| Expenditures | | | |
| Current | | | |
| Instructional | 134,192 | 273,467 | 16,697 |
| Pupil support | 5,878 | 79,755 | - |
| Staff support | 56,248 | - | - |
| District administration | 8,514 | - | - |
| School administration | - | - | - |
| Business operations | 1,455 | - | - |
| Operation | 27,469 | - | - |
| Transportation | - | - | - |
| Noninstructional | - | - | - |
| Student activity program | - | - | - |
| Total Expenditures | <u>233,756</u> | <u>353,222</u> | <u>16,697</u> |
| Excess (Deficiency) of Revenues over Expenditures | - | - | - |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | - | - |
| Transfers (out) | - | - | - |
| Net Change in Fund Balances | - | - | - |
| Fund Balance, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditors' Report

| Perkins III Professional Technical Fund | Title III ESEA LEP Fund | Title II-A ESEA Supporting Fund | IRCR Fund | Title IV-A Student Support Fund | Total Nonmajor Governmental Funds |
|--|--|--|----------------------|--|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 322,676 |
| - | - | - | - | - | 369,717 |
| 18,750 | 35,880 | 50,245 | 765,842 | 25,049 | 2,197,789 |
| 18,750 | 35,880 | 50,245 | 765,842 | 25,049 | 2,890,182 |
| 18,750 | 35,880 | - | 450,628 | - | 1,646,019 |
| - | - | - | 4,481 | 25,049 | 263,824 |
| - | - | - | 175,642 | - | 763,447 |
| - | - | - | 4,490 | - | 13,004 |
| - | - | 50,245 | 15,636 | - | 65,881 |
| - | - | - | 6,703 | - | 8,158 |
| - | - | - | 32,757 | - | 60,226 |
| - | - | - | 47,008 | - | 47,008 |
| - | - | - | 28,497 | - | 28,497 |
| - | - | - | - | - | 278,360 |
| 18,750 | 35,880 | 50,245 | 765,842 | 25,049 | 3,174,424 |
| - | - | - | - | - | (284,242) |
| - | - | - | - | - | 327,873 |
| - | - | - | - | - | - |
| - | - | - | - | - | 43,631 |
| - | - | - | - | - | 241,693 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 285,324 |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2021

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Plant Facility Fund</u> |
|---|-------------------------|----------------------------------|------------------------------------|
| Teton County | | | |
| Balance at June 30, 2020 | \$ 1,114,807 | \$ 1,145,582 | \$ 160,352 |
| Add - Taxes Assessed for 2020 (Net of Cancellations) | 3,136,789 | 3,491,820 | 505,298 |
| Less - Collections Received | <u>(3,341,247)</u> | <u>(3,628,021)</u> | <u>(519,927)</u> |
| Balance at June 30, 2021 | <u>\$ 910,349</u> | <u>\$ 1,009,381</u> | <u>\$ 145,723</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2021

| | Annual Payment | | | |
|--------------------|--------------------------|------------------------|-----------------------------|-----------------------------|
| | Interest Rate | Fiscal Year | Principal Amount | Interest Payment |
| General Obligation | | | | |
| Refunding | 5.000% | 2022 | \$ 1,030,000 | \$ 193,575 |
| School Bonds | 4.000% | 2023 | 1,040,000 | 147,025 |
| Series 2012 | 4.000% | 2024 | 1,080,000 | 104,625 |
| | 4.000% | 2025 | 1,125,000 | 60,525 |
| | 3.250% | 2026 | 1,170,000 | 19,013 |
| | | | \$ 5,445,000 | \$ 524,763 |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2021

| | Annual Payment | | | |
|--------------------|--------------------------|------------------------|-----------------------------|-----------------------------|
| | Interest Rate | Fiscal Year | Principal Amount | Interest Payment |
| General Obligation | | | | |
| School Bonds | 5.000% | 2022 | \$ 420,000 | \$ 111,000 |
| Series 2018A | 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 |
| | | | <u>\$ 2,220,000</u> | <u>\$ 321,500</u> |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2021

| | Annual Payment | | | |
|--------------------|------------------|----------------|---------------------|---------------------|
| | Interest Rate | Fiscal Year | Principal Amount | Interest Payment |
| General Obligation | | | | |
| School Bonds | 5.000% | 2022 | \$ - | \$ 1,358,856 |
| Series 2018B | 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 | \$ 16,588,308 |

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| | Federal CFDA Number | Expenditures | Revenues Cash Basis |
|--|------------------------------------|---------------------|------------------------------------|
| U.S. Department of Agriculture | | | |
| Passed Through State Department of Education: | | | |
| * Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | \$ 161,805 | \$ 161,805 |
| National School Lunch Program | 10.555 | 524,852 | 524,852 |
| Summer Food Service Program | 10.559 | 45,040 | 45,040 |
| Total Child Nutrition Cluster | | 731,697 | 731,697 |
| Passed Through Teton County | | | |
| Federal Forest | 10.665 | - | 19,256 |
| Total Department of Agriculture | | 731,697 | 750,953 |
| U.S. Department of the Treasury | | | |
| Passed Through State of Idaho: | | | |
| * COVID-19 Coronavirus Relief Fund | 21.019 | 778,672 | 778,672 |
| Total Department of the Treasury | | 778,672 | 778,672 |
| U.S. Department of Education | | | |
| Passed Through State Department of Education: | | | |
| Title I-Basic | 84.010 | 503,242 | 573,614 |
| Special Education Cluster | | | |
| IDEA Part B School Age | 84.027 | 353,222 | 358,324 |
| IDEA Part B - Preschool | 84.173 | 16,697 | 15,720 |
| Total Special Education Cluster | | 369,919 | 374,044 |
| Career and Technical Education | 84.048 | 18,750 | 21,932 |
| English Language Acquisition Grant | 84.365 | 35,880 | 32,870 |
| Improving Teacher Quality | 84.367 | 50,245 | 77,821 |
| Student Support and Academic Enrichment | 84.424 | 25,049 | 25,049 |
| Education Stabilization Fund | | | |
| COVID-19 Elementary and Secondary School Emergency Relief | 84.425D | 660,697 | 233,756 |
| Total Department of Education | | 1,663,782 | 1,339,086 |
| U.S. Department of Health and Human Services | | | |
| Passed Through State of Idaho: | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 2,500 | 2,500 |
| Total Department of Health and Human Services | | 2,500 | 2,500 |
| Total Federal Assistance | | \$ 3,176,651 | \$ 2,871,211 |
| * 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, 2021

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, 2021. 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, 2021, and the related notes to the financial statements, which collectively comprise Teton County School District No. 401's basic financial statements, and have issued our report thereon dated September 30, 2021.

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

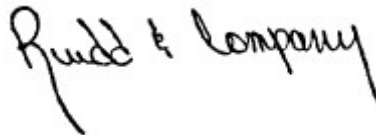
not identify any deficiencies in internal control that we considered to be material weakness. However, material weaknesses may exist that have not been identified.

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
September 30, 2021



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, 2021. 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, 2021.

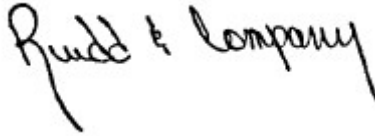
Report on Internal Control Over Compliance

Management of Teton County School District No. 401 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Teton County School District No. 401's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control over compliance.

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

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Idaho Falls, Idaho
September 30, 2021

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

| CFDA Number(s) | Name of Federal Program |
|---|--------------------------------|
| | Child Nutrition Cluster |
| 10.553 | School Breakfast Program |
| 10.555 | School Lunch Program |
| 10.559 | Summer Food Service Program |
| 21.019 | Coronavirus Relief Fund |
| 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