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TETON COUNTY SCHOOL DISTRICT NO. 401

DRIGGS, IDAHO

**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

Year Ended June 30, 2023

giving direction to your future

TETON COUNTY SCHOOL DISTRICT NO. 401

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June 30, 2023

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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, 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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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
Plant Facility Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the “Matter Giving Rise to the Qualified Opinion” on the 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, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Teton County School District No. 401 as of June 30, 2023, 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.

Basis for Qualified Opinion and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Teton County School District No. 401 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Teton County School District No. 401's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in

the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Teton County School District No. 401's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Teton County School District No. 401's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 62, pension information on pages 63 and 64, and OPEB information on pages 65 and 66 be presented to supplement the basic financial statements. Such information, is the responsibility of management, and 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

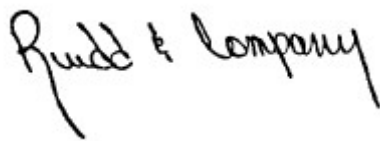
during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 November 9, 2023, on our consideration of the Teton County School District No. 401's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teton County School District No. 401's internal control over financial reporting and compliance.



Idaho Falls, Idaho
November 9, 2023

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis
June 30, 2023

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, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$21,357,386. Of this amount, \$4,525,734 is unrestricted.
- The District's net position decreased by \$190,909 as a result of this year's operations.
- The general fund had \$17,819,910 in revenues and \$17,070,685 in expenditures. The general fund balance increased \$43,322 over the prior year.
- \$455,652 was transferred from the general fund to the state technology fund to cover technology related payroll and other expenditures.
- As of July 1, 2022, The District has implemented GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITAs)*.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash*

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2023

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, and the plant facility fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund and all special revenue funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-19 and 21-22 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2023

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 68-77 of this report.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2023

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 \$21,357,386 at the close of the most recent fiscal year.

Net Position	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 14,158,752	\$ 14,819,577	\$ 151,033	\$ 161,411	\$ 14,309,785	\$ 14,980,988
Capital Assets	52,947,747	54,069,964	-	-	52,947,747	54,069,964
Total Assets	67,106,499	68,889,541	151,033	161,411	67,257,532	69,050,952
Deferred Outflows of Resources	7,309,243	4,495,744	-	-	7,309,243	4,495,744
Current Liabilities	5,244,619	4,506,617	-	-	5,244,619	4,506,617
Long-term Liabilities	44,305,646	36,182,215	-	-	44,305,646	36,182,215
Total Liabilities	49,550,265	40,688,832	-	-	49,550,265	40,688,832
Deferred Inflows of Resources	3,659,124	11,309,569	-	-	3,659,124	11,309,569
Net Position						
Net Investment in Capital Assets	12,558,923	11,781,689	-	-	12,558,923	11,781,689
Restricted	4,121,696	3,704,023	151,033	161,411	4,272,729	3,865,434
Unrestricted	4,525,734	5,901,172	-	-	4,525,734	5,901,172
Total Net Position	\$ 21,206,353	\$ 21,386,884	\$ 151,033	\$ 161,411	\$ 21,357,386	\$ 21,548,295

A portion of the District’s net position, \$12,558,923 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, 2023

An additional portion of the District's net position, \$4,272,729 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$4,525,734.

Changes in Net Position	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 957,895	\$ 580,473	\$ -	\$ -	\$ 957,895	\$ 580,473
Operating grants and contributions	2,410,490	3,979,353	78,960	10,421	2,489,450	3,989,774
General revenues						
Property tax	7,125,050	7,431,435	-	-	7,125,050	7,431,435
State support	13,939,087	12,808,497	-	-	13,939,087	12,808,497
Other	1,222,049	991,045	3,861	2,184	1,225,910	993,229
Total Revenues	25,654,571	25,790,803	82,821	12,605	25,737,392	25,803,408
Expenses						
Instructional	12,333,832	10,126,928	-	-	12,333,832	10,126,928
Pupil support	790,154	934,833	-	-	790,154	934,833
Staff support	1,583,845	755,062	-	-	1,583,845	755,062
General administration	828,607	630,065	-	-	828,607	630,065
School administration	1,512,276	1,124,232	-	-	1,512,276	1,124,232
Business operations	508,843	444,058	-	-	508,843	444,058
Operations	2,301,213	1,680,916	-	-	2,301,213	1,680,916
Transportation	1,437,747	1,120,763	-	-	1,437,747	1,120,763
Non-instructional	338,002	216,438	-	-	338,002	216,438
Student activity program	632,443	419,233	-	-	632,443	419,233
Other debt service costs	-	29,850	-	-	-	29,850
Interest	1,079,859	1,266,647	-	-	1,079,859	1,266,647
Depreciation	1,763,770	1,715,584	-	-	1,763,770	1,715,584
Child nutrition services	724,511	741,401	-	-	724,511	741,401
Healthcare	-	-	93,199	105,762	93,199	105,762
Total Expenses	25,835,102	21,206,010	93,199	105,762	25,928,301	21,311,772
Change in Net Position	\$ (180,531)	\$ 4,584,793	\$ (10,378)	\$ (93,157)	\$ (190,909)	\$ 4,491,636

TETON COUNTY SCHOOL DISTRICT NO. 401
Management's Discussion and Analysis (continued)
June 30, 2023

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 \$4,562,714, \$4,267,671 of which was committed as a reserve in accordance with the District's stabilization policy. The fund balance increased by \$43,322 during the current fiscal year.

Expenditures for general District purposes totaled \$17,070,685 an increase of 14.8% during the current fiscal year.

The plant facility fund has a total fund balance of \$1,166,143. The fund balance changed by \$0 during the current year.

The debt service fund has a total fund balance of \$3,865,251, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$375,481 during the current year.

The child nutrition fund has a total fund balance of \$569,945, all of which is restricted for the child nutrition program. The fund balance increased by \$78,357 during the current year.

The District's internal service fund has a total fund balance of \$151,033 all of which is restricted for healthcare reimbursements. The fund balance decreased by \$10,378 during the current year.

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2023

General Fund Budgetary Highlights

During the current fiscal year, the \$22,439 negative budget to actual variance in total general fund revenues, and the \$483 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 plant facility fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. During the current fiscal year the District made several significant capital purchases including two buses, fiber optic upgrades, and other miscellaneous equipment.

Capital assets at June 30, 2023 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Sites	\$ 1,415,768	\$ 1,415,768
Buildings and improvements	62,297,629	62,297,629
Furniture and equipment	8,365,291	7,756,016
Right to use subscription IT assets	<u>32,278</u>	<u>-</u>
	72,110,966	71,469,413
Accumulated depreciation and amortization	<u>(19,163,219)</u>	<u>(17,399,449)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 52,947,747</u>	<u>\$ 54,069,964</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Management’s Discussion and Analysis (continued)
June 30, 2023

Outstanding debt at June 30, 2023 is outlined below:

Outstanding Debt	Governmental Activities	
	2023	2022
General obligation bonds	\$ 35,980,000	\$ 37,500,000
OPEB liability	108,556	108,556
Net pension liability	9,746,644	(1,501,538)
Subscription IT liabilities	21,094	-
Compensated absences	74,692	93,659
	<u>\$ 45,930,986</u>	<u>\$ 37,593,659</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, 2023

Assets	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 10,980,700	\$ 151,033	\$ 11,131,733
Receivables			
Property taxes	2,227,301	-	2,227,301
State of Idaho	343,952	-	343,952
Other	106,335	-	106,335
Prepaid expenses	8,101	-	8,101
PERSI Sick Leave Asset	492,363	-	492,363
Capital Assets			
Sites	1,415,768	-	1,415,768
Buildings and equipment, net of depreciation	51,510,460	-	51,510,460
Right to use subscription IT assets, net of accumulated amortization	21,519	-	21,519
Total Assets	<u>67,106,499</u>	<u>151,033</u>	<u>67,257,532</u>
Deferred Outflows of Resources			
Pension related	6,889,128	-	6,889,128
OPEB related	420,115	-	420,115
Total Deferred Outflows of Resources	<u>7,309,243</u>	<u>-</u>	<u>7,309,243</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 74,415,742</u>	<u>\$ 151,033</u>	<u>\$ 74,566,775</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 329,837	\$ -	\$ 329,837
Salary contracts payable	2,240,353	-	2,240,353
Interest payable	1,049,089	-	1,049,089
Long-term liabilities:			
Portion due or payable within one year:			
Bonds, capital leases, and contracts	1,615,000	-	1,615,000
Subscription IT liabilities	10,340	-	10,340
Portion due or payable after one year:			
Net pension liability	9,746,644	-	9,746,644
OPEB liability	108,556	-	108,556
Bonds, capital leases, and contracts	34,365,000	-	34,365,000
Subscription IT liabilities	10,754	-	10,754
Compensated absences	74,692	-	74,692
Total Liabilities	49,550,265	-	49,550,265
Deferred Inflows of Resources			
Unavailable revenues	1,149	-	1,149
Pension related	128,400	-	128,400
OPEB related	190,934	-	190,934
Bond issue premium, net of amortization	3,338,641	-	3,338,641
Total Deferred Inflows of Resources	3,659,124	-	3,659,124
Total Liabilities and Deferred Inflows of Resources	\$ 53,209,389	\$ -	\$ 53,209,389
Net Position			
Net investment in capital assets	\$ 12,558,923	\$ -	\$ 12,558,923
Restricted for:			
Debt service	4,121,696	-	4,121,696
Healthcare	-	151,033	151,033
Unrestricted	4,525,734	-	4,525,734
Total Net Position	\$ 21,206,353	\$ 151,033	\$ 21,357,386

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
Instructional	\$ 12,333,832	\$ 768	\$ 1,689,955
Pupil support	790,154	-	158,616
Staff support	1,583,845	-	-
General administration	828,607	-	-
School administration	1,512,276	-	-
Business operations	508,843	-	-
Operations	2,301,213	-	-
Transportation	1,437,747	-	-
Non-instructional	338,002	-	-
Student activity program	632,443	675,598	-
Interest on			
long-term debt	1,079,859	-	-
Depreciation and amortization - unallocated*	1,763,770	-	-
Child nutrition services	724,511	281,529	561,919
Total Governmental Activities	<u>25,835,102</u>	<u>957,895</u>	<u>2,410,490</u>
Business-Type Activities			
Healthcare	93,199	-	78,960
Total Business-Type Activities	<u>93,199</u>	<u>-</u>	<u>78,960</u>
Total Primary Government	<u>\$ 25,928,301</u>	<u>\$ 957,895</u>	<u>\$ 2,489,450</u>

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

General Revenues:
 Taxes:
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Property taxes, levied for capital outlay
 Other Local Support
 State Support
 Unrestricted Investment Earnings
 Total General Revenues
 Change in Net Position
 Net Position - Beginning
 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
\$ (10,643,109)	\$ -	\$ (10,643,109)
(631,538)	-	(631,538)
(1,583,845)	-	(1,583,845)
(828,607)	-	(828,607)
(1,512,276)	-	(1,512,276)
(508,843)	-	(508,843)
(2,301,213)	-	(2,301,213)
(1,437,747)	-	(1,437,747)
(338,002)	-	(338,002)
43,155	-	43,155
(1,079,859)	-	(1,079,859)
(1,763,770)	-	(1,763,770)
118,937	-	118,937
<u>(22,466,717)</u>	<u>-</u>	<u>(22,466,717)</u>
-	(14,239)	(14,239)
-	(14,239)	(14,239)
<u>(22,466,717)</u>	<u>(14,239)</u>	<u>(22,480,956)</u>
3,400,089	-	3,400,089
3,231,301	-	3,231,301
493,660	-	493,660
904,532	-	904,532
13,939,087	-	13,939,087
317,517	3,861	321,378
<u>22,286,186</u>	<u>3,861</u>	<u>22,290,047</u>
(180,531)	(10,378)	(190,909)
<u>21,386,884</u>	<u>161,411</u>	<u>21,548,295</u>
<u>\$ 21,206,353</u>	<u>\$ 151,033</u>	<u>\$ 21,357,386</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Balance Sheet – Governmental Funds
June 30, 2023

Assets	General Fund	Child Nutrition Fund	Debt Service Fund
Cash and Investments	\$ 5,495,914	\$ 629,872	\$ 3,114,386
Due from Other Funds	42,867	-	-
Receivables			
Property taxes	1,063,192	-	1,007,310
State of Idaho	343,952	-	-
Other	-	-	-
Prepaid expenses	-	-	-
Total Assets	\$ 6,945,925	\$ 629,872	\$ 4,121,696
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	124,222	218	-
Salary contracts payable	1,987,581	59,709	-
Total Liabilities	2,111,803	59,927	-
Deferred Inflows of Resources			
Unavailable revenues	271,408	-	256,445
Fund Balances			
Nonspendable	-	-	-
Restricted	-	569,945	3,865,251
Committed	5,227,673	-	-
Unassigned	(664,959)	-	-
Total Fund Balances	4,562,714	569,945	3,865,251
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,945,925	\$ 629,872	\$ 4,121,696

The Accompanying Notes are an Integral Part of the Financial Statements

	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$	1,078,524	\$ 662,004	\$ 10,980,700
	-	-	42,867
	156,799	-	2,227,301
	-	-	343,952
	-	106,335	106,335
	-	8,101	8,101
\$	1,235,323	\$ 776,440	\$ 13,709,256
\$	-	\$ 42,867	\$ 42,867
	29,373	176,024	329,837
	-	193,063	2,240,353
	29,373	411,954	2,613,057
	39,807	1,149	568,809
	-	8,101	8,101
	1,166,143	363,337	5,964,676
	-	-	5,227,673
	-	(8,101)	(673,060)
	1,166,143	363,337	10,527,390
\$	1,235,323	\$ 776,440	\$ 13,709,256

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, 2023

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

Total Fund Balance - Governmental Funds	\$ 10,527,390
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$72,110,966 and the accumulated depreciation is \$19,163,219.	52,947,747
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.	(37,233,431)
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.	(2,985,916)
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.	721,544
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 \$2,782,879.	(3,338,641)
Property tax revenue is recognized when earned rather than when available.	<u>567,660</u>
Net Position - Governmental Activities	<u>\$ 21,206,353</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, 2023

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>
Revenues			
Local sources			
Property taxes	\$ 3,367,862	\$ -	\$ 3,189,109
Earnings on investments	295,510	-	22,007
Lunch sales	-	279,301	-
Tuition - Out of State	646,889	-	-
Other	214,512	2,228	35,842
State sources			
State apportionment	12,294,016	-	-
Other	1,001,121	-	131,977
Federal sources			
Educational programs and other	-	561,919	-
Total Revenues	<u>17,819,910</u>	<u>843,448</u>	<u>3,378,935</u>
Expenditures			
Current			
Instructional	9,803,635	-	-
Pupil support	713,307	-	-
Staff support	400,076	-	-
General administration	805,537	-	3,050
School administration	1,282,630	-	-
Business operations	478,212	-	-
Operation	2,238,900	-	-
Transportation	1,335,028	-	-
Non-instructional	-	724,511	-
Student activity program	-	-	-
Debt Service			
Principal	-	-	1,520,000
Interest	-	-	1,480,404
Capital outlay	13,360	60,587	-
Total Expenditures	<u>17,070,685</u>	<u>785,098</u>	<u>3,003,454</u>
Excess (Deficiency) of Revenues over Expenditures	749,225	58,350	375,481
Other Financing Sources (Uses)			
Transfers in	23,387	20,007	-
Transfers out	(729,290)	-	-
Net Change in Fund Balances	43,322	78,357	375,481
Fund Balance Beginning of Year	<u>4,519,392</u>	<u>491,588</u>	<u>3,489,770</u>
Fund Balance End of Year	<u>\$ 4,562,714</u>	<u>\$ 569,945</u>	<u>\$ 3,865,251</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$	486,692	\$ -	\$ 7,043,663
	-	-	317,517
	-	-	279,301
	-	-	646,889
	7,289	676,366	936,237
	-	-	12,294,016
	-	511,973	1,645,071
	-	1,848,571	2,410,490
	<u>493,981</u>	<u>3,036,910</u>	<u>25,573,184</u>
	-	1,378,538	11,182,173
	-	73,865	787,172
	-	1,140,861	1,540,937
	-	-	808,587
	-	95,865	1,378,495
	-	8,746	486,958
	-	4,893	2,243,793
	-	-	1,335,028
	303,093	-	1,027,604
	-	632,443	632,443
	-	-	1,520,000
	-	-	1,480,404
	<u>314,239</u>	<u>221,089</u>	<u>609,275</u>
	<u>617,332</u>	<u>3,556,300</u>	<u>25,032,869</u>
	(123,351)	(519,390)	540,315
	123,351	585,932	752,677
	<u>-</u>	<u>(23,387)</u>	<u>(752,677)</u>
	-	43,155	540,315
	<u>1,166,143</u>	<u>320,182</u>	<u>9,987,075</u>
\$	<u>1,166,143</u>	<u>\$ 363,337</u>	<u>\$ 10,527,390</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

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

Net Change in Fund Balance - Governmental Funds	\$	540,315
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.		(1,122,217)
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.		81,387
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.		18,967
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.		1,532,126
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.		(1,531,040)
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.		(67,394)
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>(180,531)</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, 2023

Assets	<u>Internal Service Fund</u>
Cash and Investments	<u>\$ 151,033</u>
Total Assets	<u>\$ 151,033</u>
 Net Position	
Restricted	
Healthcare Reimbursements	<u>\$ 151,033</u>
Total Net Position	<u>\$ 151,033</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, 2023

	Internal Service Fund
Operating Revenues	
Healthcare contributions	\$ 78,960
Earnings on investments	3,861
Total Operating Revenues	<u>82,821</u>
Operating Expenses	
Insurance claims and expenses	<u>93,199</u>
Total Operating Expenses	<u>93,199</u>
Change in Net Position	(10,378)
Net Position - Beginning	<u>161,411</u>
Net Position - Ending	<u>\$ 151,033</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023

	Internal Service Fund
Cash Flows from Operating Activities	
Cash received from other funds for healthcare contributions	\$ 78,960
Earnings on investments	3,861
Payments for insurance claims and expenses	<u>(93,199)</u>
Net decrease in cash and cash equivalents	(10,378)
Cash - Beginning	<u>161,411</u>
Cash - Ending	<u>\$ 151,033</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	<u>\$ (10,378)</u>
Net cash used by operating activities	<u>\$ (10,378)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements
June 30, 2023

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, 2023

1. Summary of Significant Accounting Policies (continued)

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

Additionally, the District reports the following fund types:

- The *internal service fund* accounts for risk management services for self-insured healthcare provided to other governmental functions on a cost reimbursement basis.

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, 2023

1. Summary of Significant Accounting Policies (continued)

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

	<u>Reported</u> <u>Amounts</u>	<u>Commodities</u> <u>Received</u>	<u>Amounts</u> <u>Reported in</u> <u>Comparison</u> <u>with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 843,448	\$ (57,651)	\$ 785,797
Total expenditures	\$ 785,098	\$ (57,651)	\$ 727,447

Under Idaho law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Under certain unusual circumstances, the District is allowed to reopen and amend its budget. Expenditures are not to exceed the budgeted amounts, except as allowed by law for certain events.

Encumbrances

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

Inventories

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

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

Subscription IT Assets

Right to use subscription IT assets are recognized at the subscription commencement date and represent the District’s right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period for the District’s only subscription IT asset is 3 years.

1. Summary of Significant Accounting Policies (continued)

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.

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).

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. Summary of Significant Accounting Policies (continued)

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

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.

Fund Equity

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

1. Summary of Significant Accounting Policies (continued)

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset (an intangible asset) and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The additional disclosures required by this standard are included in Notes 5 and 17.

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, 2023, the carrying amount of the District's deposits was \$127,194 and the respective bank balances totaled \$385,514. Of the bank balances, \$250,000 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

2. Cash and Investments (continued)

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, 2023, \$135,514 of the District’s total deposits were not covered by federal depository insurance and thus were exposed to credit risk.

3. Investments – As of June 30, 2023, 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	\$ 11,004,539	\$ 11,004,539	\$ -	\$ -	\$ -

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, 2023, had a weighted average maturity of 100 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, 2023

2. Cash and Investments (continued)

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	<u>\$ 11,131,733</u>
	<u>\$ 11,131,733</u>
Investments categorized	\$ 11,004,539
Deposits categorized	<u>127,194</u>
	<u>\$ 11,131,733</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, 2023, are generally based on the assessed values and tax levies established in 2022.

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, 2023

4. Capital Assets

Capital asset activity for the year ended June 30, 2023 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	\$ 1,415,768	\$ -	\$ -	\$ 1,415,768
 Total Capital Assets, Not Being Depreciated	 \$ 1,415,768	 \$ -	 \$ -	 \$ 1,415,768
 Capital Assets, Being Depreciated				
Buildings and improvements	\$ 62,297,629	\$ -	\$ -	\$ 62,297,629
Furniture and equipment	7,756,016	609,275	-	8,365,291
Intangible right to use Subscription IT assets	-	32,278	-	32,278
 Total Capital Assets, Being Depreciated	 70,053,645	 641,553	 -	 70,695,198
 Accumulated Depreciation and Amortization for				
Buildings and improvements	(10,983,620)	(1,479,996)	-	(12,463,616)
Furniture and equipment	(6,415,829)	(273,015)	-	(6,688,844)
Intangible right to use Subscription IT assets	-	(10,759)	-	(10,759)
 Total Accumulated Depreciation	 (17,399,449)	 (1,763,770)	 -	 (19,163,219)
 Total Capital Assets, Being Depreciated, Net	 \$ 52,654,196			 \$ 51,531,979

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

5. Subscription-Based Information Technology Arrangements (SBITAs)

During the current fiscal year, the District entered into an SBITA contract for the use of security software. The term of the agreement is for 3 years beginning in July 2022 with annual payments of \$11,184. The interest rate for the subscription liability was 4%.

As of June 30, 2023 the value of the subscription liability was \$21,094. A summary of the changes in subscription IT liabilities during the year ended June 30, 2023 is as follows:

	<u>Total</u>
Subscription IT liabilities June 30, 2022	\$ -
Obligations Incurred	21,094
Obligations Paid	<u>-</u>
Subscription IT liabilities June 30, 2023	<u>\$ 21,094</u>
Due within one year	<u>\$ 10,340</u>

Remaining principal and interest payments on subscriptions are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,340	\$ 844	\$ 11,184
2025	<u>10,754</u>	<u>430</u>	<u>11,184</u>
	<u>\$ 21,094</u>	<u>\$ 1,274</u>	<u>\$ 22,368</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

6. 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 on these bonds as of June 30, 2023 was \$3,315,000.

On June 17, 2023, the District issued \$3,370,000 in general obligation bonds with an average interest rate of 1.35% to advance refund \$3,375,000 of outstanding 2012 series bonds with an average interest rate of 3.62%. 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 difference between the cash flow required to service the old debt and that required to service the new debt was \$115,341. The difference between the present value of the old debt service requirements and the present value of new debt service requirements, or economic gain, resulting from the advance refunding of the bonds was \$110,949. The refunded portion of the 2012 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 on these bonds as of June 30, 2023 was \$3,375,000.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

7. General Obligation Bonds Payable

Bonds outstanding at June 30, 2023, were as follows:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Bonds, Series 2018A Issue (Original amount--\$2,220,000)	5.00%	2024 to 2026	\$ 1,320,000
General Obligation Refunding Bonds, Series 2018B Issue (Original amount--\$31,290,000)	4.00% to 5.00%	2024 to 2039	\$ 31,290,000
General Obligation Refunding Bonds, Series 2022 Issue (Original amount--\$3,370,000)	3.25% to 4.00%	2024 to 2026	\$ 3,370,000

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.

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>
2024	\$ 1,615,000	\$ 1,462,892	\$ 3,077,892
2025	1,655,000	1,422,340	3,077,340
2026	1,700,000	1,380,551	3,080,551
2027	1,795,000	1,344,856	3,139,856
2028	1,885,000	1,255,106	3,140,106
Thereafter	27,330,000	7,194,066	34,524,066
	<u>\$ 35,980,000</u>	<u>\$ 14,059,811</u>	<u>\$ 50,039,811</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

8. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2023:

	2012 G.O. Refunding Bonds	2018A G.O. Bonds	2018B G.O. Bonds	2022 G.O. Refunding Bonds	Compensated Absences Payable
Long-term Obligations June 30, 2022	\$ 1,040,000	\$ 1,800,000	\$ 31,290,000	\$ 3,370,000	\$ 93,659
Obligations Incurred	-	-	-	-	-
Obligations Paid	<u>(1,040,000)</u>	<u>(480,000)</u>	<u>-</u>	<u>-</u>	<u>(18,967)</u>
Long-term Obligations June 30, 2023	<u>\$ -</u>	<u>\$ 1,320,000</u>	<u>\$ 31,290,000</u>	<u>\$ 3,370,000</u>	<u>\$ 74,692</u>
Due within one year	<u>\$ -</u>	<u>\$ 510,000</u>	<u>\$ -</u>	<u>\$ 1,105,000</u>	<u>\$ -</u>
		Subscription IT Liability	Net Pension Liability (Asset)	OPEB Liability	Total
Long-term Obligations June 30, 2022		\$ -	\$ (1,501,538)	\$ 108,556	\$ 36,200,677
Obligations Incurred		21,094	11,248,182	-	11,269,276
Obligations Paid		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,538,967)</u>
Long-term Obligations June 30, 2023		<u>\$ 21,094</u>	<u>\$ 9,746,644</u>	<u>\$ 108,556</u>	<u>\$ 45,930,986</u>
Due within one year		<u>\$ 10,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,625,340</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

9. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$57,651. The value was determined by confirmation with the State of Idaho Department of Education.

10. Pension Plan

Plan Description

The District contributes to the 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, 2022, was as follows:

Retirees and beneficiaries currently receiving benefits	53,190
Terminated employees entitled to but not yet receiving benefits	50,203
Active plan members	<u>74,409</u>
	<u>177,802</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

10. Pension Plan (continued)

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. 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) that are adequate 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 74% for police and firefighters. As of June 30, 2022, the employee contribution rate was 7.16% for general employees and 9.13% 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 were \$1,320,028, \$1,323,327, and \$1,275,467, for the years ended June 30, 2023, 2022, and 2021, respectively.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

10. Pension Plan (continued)

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.281 percent.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$1,531,039. At June 30, 2023, 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	\$ 1,217,293	\$ 49,409
Changes in assumptions or other inputs	1,804,737	-
Net difference between projected and actual earnings on pension plan investments	2,547,070	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	78,991
Employer contributions subsequent to the measurement date	<u>1,320,028</u>	<u>-</u>
Total	<u>\$ 6,889,128</u>	<u>\$ 128,400</u>

\$1,320,028 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, 2024.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

10. Pension Plan (continued)

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, 2021, the beginning of the measurement period ended June 30, 2021, is 4.6 and 4.6 for the measurement period ended June 30, 2022.

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:

Fiscal Year

2024	\$ 1,319,986
2025	1,415,950
2026	631,430
2027	2,082,984
2028	(9,650)

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

10. 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, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date July 1, 2022.

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 2022.

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	30.00%
Broad US Equities	55.00%
Developed Foreign Equities	<u>15.00%</u>
Total	<u>100.00%</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

10. Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. 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 6.35 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 (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	<u>1% Decrease</u> <u>(5.35%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.35%)</u>	<u>1% Increase</u> <u>(7.35%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 19,537,414	\$ 11,069,971	\$ 4,139,587

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.

11. 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 0.065% 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 previous fiscal year, the Board declared a sick leave rate holiday for 18 months beginning on January 1, 2021. The holiday has been extended to end on June 30, 2026. The District's contributions were \$0 for the year ended June 30, 2023.

11. 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, 2023, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.281 percent.

For the year ended June 30, 2023 the District recognized OPEB expense (expense offset) of \$67,394. \$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, 2024.

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, including inflation	3.05%
Investment rate of return	5.45%

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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

11. 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.

Asset Class	Target Allocation	Expected Rate of Return (Arithmetic)
Broad US Equities	39.30%	8.53%
Global EX US Equity	10.70%	9.09%
Fixed Income	50.00%	2.80%
Cash Equivalents	0.00%	2.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.45%. 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.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

11. PERSI Sick Leave Insurance Reserve Fund (continued)

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 5.45 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 (4.45 percent) or 1 percentage-point higher (6.45 percent) than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the net OPEB liability (asset)	\$ (347,387)	\$ (492,363)	\$ (624,921)

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.

12. 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).

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

12. Fair Value Measurements (continued)

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.

Fair value assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State investment pool	\$ 11,004,539	\$ 11,004,539	\$ -	\$ -
Total	\$ 11,004,539	\$ 11,004,539	\$ -	\$ -

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, 2023

13. Interfund Balances and Transfers

The interfund balances at June 30, 2023 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 42,867	\$ -
Non-major Funds		
ESSER III Fund	-	21,925
Title II-A ESEA Supporting Fund	-	20,942
	<u>\$ 42,867</u>	<u>\$ 42,867</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, 2023

13. 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	\$ 23,387	\$ 729,290
Child Nutrition Fund	20,007	-
Plant Facility Fund	123,351	-
Non Major Funds		
Drivers Education Fund	32,942	-
State Vocational Education Fund	1,389	-
State Technology Fund	455,642	-
Medicaid Fund	60,719	-
IDEA Part B School Age Fund	29,530	-
IDEA Part B Preschool Fund	2,056	-
ARPA Fund	2,675	-
Perkins III Professional Technical Fund	-	23,387
Substitute Grant Fund	979	-
	<u>\$ 752,677</u>	<u>\$ 752,677</u>

Transfers were made to move bus depreciation to the plant facility fund, to cover costs of school technology needs, and to cover deficits in funds.

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

14. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2023:

Fund	Amount Exceeded
Plant Facility Fund.....	\$ 117,332
Student Activity Fund.....	48,777
Drivers Education Fund.....	3,791
State Technology Fund.....	272,434
Medicaid Fund.....	34,335
Title I-A ESEA Basic Fund.....	55,254
IDEA Part B School Age Fund.....	29,530
IDEA Part B Preschool Fund.....	2,056
Perkins III Professional Technical Fund.....	2,000
Title IV-A Student Support Fund.....	3,722
Substitute Grant Fund.....	5,981
ESSER III Fund.....	125,467

Deficits in Individual Funds

There were no funds that had deficits as of June 30, 2023.

15. Fund Balances

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

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

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

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

15. Fund Balances (continued)

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

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

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

	General Fund	Special Revenue Funds	Debt Service Fund	Plant Facility Fund	Total
Fund Balances:					
Nonspendable:					
Medicaid	\$ -	\$ 8,101	\$ -	\$ -	8,101
Restricted for:					
Child Nutrition	-	569,945	-	-	569,945
Debt Service	-	-	3,865,251	-	3,865,251
Plant Facility	-	-	-	1,166,143	1,166,143
Federal Forest	-	19,256	-	-	19,256
Student Activities	-	344,081	-	-	344,081
Committed for:					
Stabilization policy	5,227,673	-	-	-	5,227,673
Unassigned:	<u>(664,959)</u>	<u>(8,101)</u>	<u>-</u>	<u>-</u>	<u>(673,060)</u>
Total Fund Balances	<u>\$ 4,562,714</u>	<u>\$ 933,282</u>	<u>\$ 3,865,251</u>	<u>\$ 1,166,143</u>	<u>\$ 10,527,390</u>

TETON COUNTY SCHOOL DISTRICT NO. 401
Notes to Financial Statements (continued)
June 30, 2023

16. 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 \$20,910,693, the required reserve calculation amounts to \$5,227,673. When the fund balance falls below the minimum range, the District will replenish the shortage of deficiency using the budget strategies and timeframes.

17. Adoption of New Standard

As discussed in Note 5 to the financial statements, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, for the year ended June 30, 2023. As a result of implementing the standard there was no effect on the beginning net position in the government-wide statements.

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, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 3,378,771	\$ 3,470,971	\$ 3,367,862	\$ (103,109)
Earnings on investments	50,000	195,000	295,510	100,510
Tuition - out of state	403,515	646,888	646,889	1
Other	225,000	172,000	214,512	42,512
State sources				
State apportionment	12,370,869	12,370,869	12,294,016	(76,853)
Other	791,921	981,921	1,001,121	19,200
Federal sources				
Other	4,700	4,700	-	(4,700)
Total Revenues	17,224,776	17,842,349	17,819,910	(22,439)
Expenditures				
Current				
Instructional	9,964,325	10,390,752	9,803,635	587,117
Pupil support	611,717	743,512	713,307	30,205
Staff support	390,408	420,948	400,076	20,872
General administration	792,245	662,984	805,537	(142,553)
School administration	1,206,317	1,295,860	1,282,630	13,230
Business operations	498,055	498,075	478,212	19,863
Operation	1,943,551	1,754,499	2,238,900	(484,401)
Transportation	1,326,658	1,304,538	1,335,028	(30,490)
Contingency	50,000	-	-	-
Capital outlay	-	-	13,360	(13,360)
Total Expenditures	16,783,276	17,071,168	17,070,685	483
Excess (Deficiency) of				
Revenues over Expenditures	441,500	771,181	749,225	(21,956)
Other Financing Sources (Uses)				
Transfers in	-	-	23,387	23,387
Transfers (out)	(441,500)	(491,500)	(729,290)	(237,790)
Net Change in Fund Balances	-	279,681	43,322	(236,359)
Fund Balance, Beginning of Year	-	-	4,519,392	4,519,392
Fund Balance, End of Year	\$ -	\$ 279,681	\$ 4,562,714	\$ 4,283,033

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, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Lunch sales	\$ 150,000	\$ 232,000	\$ 279,301	\$ 47,301
Other	-	2,000	2,228	228
State sources				
Other	36,398	36,398	-	(36,398)
Federal sources				
Educational programs and other	878,463	794,463	504,268	(290,195)
Total Revenues	1,064,861	1,064,861	785,797	(279,064)
Expenditures				
Current				
Non-instructional	1,064,861	1,064,861	666,860	398,001
Capital outlay	-	-	60,587	(60,587)
Total Expenditures	1,064,861	1,064,861	727,447	337,414
Excess (Deficiency) of Revenues over Expenditures	-	-	58,350	58,350
Other Financing Sources (Uses) Transfers in	-	-	20,007	20,007
Net Change in Fund Balances	-	-	78,357	78,357
Fund Balance, Beginning of Year	-	-	491,588	491,588
Fund Balance, End of Year	\$ -	\$ -	\$ 569,945	\$ 569,945

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, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 3,187,000	\$ 3,189,109	\$ 2,109
Earnings on investments	4,500	22,007	17,507
Other	20,000	35,842	15,842
State sources			
Other	134,000	131,977	(2,023)
Total Revenues	<u>3,345,500</u>	<u>3,378,935</u>	<u>33,435</u>
Expenditures			
Current			
General administration	1,100	3,050	(1,950)
Debt service			
Principal	1,450,000	1,520,000	(70,000)
Interest	1,652,931	1,480,404	172,527
Total Expenditures	<u>3,104,031</u>	<u>3,003,454</u>	<u>100,577</u>
Net Change in Fund Balances	241,469	375,481	134,012
Fund Balance, Beginning of Year	<u>-</u>	<u>3,489,770</u>	<u>3,489,770</u>
Fund Balance, End of Year	<u>\$ 241,469</u>	<u>\$ 3,865,251</u>	<u>\$ 3,623,782</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Plant Facility Fund
Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 495,000	\$ 486,692	\$ (8,308)
Other	5,000	7,289	2,289
Total Revenues	<u>500,000</u>	<u>493,981</u>	<u>(6,019)</u>
Expenditures			
Current			
Non-instructional	-	303,093	(303,093)
Capital outlay	500,000	314,239	185,761
Total Expenditures	<u>500,000</u>	<u>617,332</u>	<u>(117,332)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(123,351)	(123,351)
Other Financing Sources (Uses)			
Transfers in		123,351	123,351
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	1,166,143	1,166,143
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,166,143</u>	<u>\$ 1,166,143</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's portion of the net pension liability	0.281%	0.286%	0.288%	0.291%	0.285%
Employer's proportionate share of the net pension liability	\$ 11,069,971	\$ (226,071)	\$ 6,693,467	\$ 3,321,893	\$ 3,161,038
Employer's covered payroll	\$ 11,055,514	\$ 11,083,137	\$ 10,682,300	\$ 10,261,457	\$ 9,884,161
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	100.13%	-2.04%	62.66%	32.37%	31.98%
Plan fiduciary net position as a percentage of the total pension liability	83.09%	100.36%	88.22%	93.79%	91.69%
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability		0.280%	0.276%	0.268%	0.264%
Employer's proportionate share of the net pension liability		\$ 4,401,625	\$ 5,598,544	\$ 3,522,844	\$ 1,946,196
Employer's covered payroll		\$ 9,155,654	\$ 8,697,606	\$ 8,078,428	\$ 8,216,108
Employer's proportionate share of the net pension liability as a percentage of its covered payroll		48.08%	64.37%	43.61%	23.52%
Plan fiduciary net position as a percentage of the total pension liability		90.68%	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2022 (measurement date).

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 1,301,459	\$ 1,130,181	\$ 1,130,910	\$ 1,113,554	\$ 1,105,103
Contributions in relation to the statutorily required contribution	1,320,028	1,323,327	1,275,467	1,228,218	1,118,887
Contribution (deficiency) excess	18,569	193,146	144,557	114,664	13,784
Employer's covered payroll	\$ 11,055,514	\$ 11,083,137	\$ 10,682,300	10,261,457	9,884,161
Contributions as a percentage of covered payroll	11.94%	11.94%	11.94%	11.97%	11.32%
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution		\$ 944,303	\$ 820,972	\$ 857,073	\$ 857,887
Contributions in relation to the statutorily required contribution		1,036,420	984,569	914,478	935,157
Contribution (deficiency) excess		92,117	163,597	39,405	77,270
Employer's covered payroll		\$ 9,155,654	\$ 8,697,606	\$ 8,078,428	\$ 8,261,108
Contributions as a percentage of covered payroll		11.32%	11.32%	11.32%	11.32%

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

Data is measured as of June 30, 2023.

See Independent Auditors' Report

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Employer's portion of the net OPEB asset	0.647%	0.647%	0.647%
Employer's proportionate share of the net OPEB asset	\$ 492,363	\$ 939,234	\$ 796,365
Employer's covered-employee payroll	\$ 11,055,514	\$ 11,083,137	\$ 10,682,300
Employer's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	4.45%	8.47%	7.45%
Plan fiduciary net position as a percentage of the total OPEB asset	127.21%	274.55%	152.87%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net OPEB asset	0.699%	0.681%	0.683%
Employer's proportionate share of the net OPEB asset	\$ 669,503	\$ 564,822	\$ 524,149
Employer's covered-employee payroll	\$ 10,261,457	\$ 10,261,457	\$ 9,155,654
Employer's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	6.52%	5.50%	5.72%
Plan fiduciary net position as a percentage of the total OPEB asset	138.51%	135.69%	136.78%

* GASB Statement NO. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2022 (measurement date).

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 78,820	\$ 59,067	\$ 62,382
Contributions in relation to the statutorily required contribution	-	-	-
Contribution (deficiency) excess	(78,820)	(59,067)	(62,382)
Employer's covered-employee payroll	\$ 11,055,514	\$ 11,083,137	\$ 10,682,300
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 65,636	\$ 60,700	\$ 55,062
Contributions in relation to the statutorily required contribution	58,055	114,657	106,205
Contribution (deficiency) excess	(7,581)	53,957	51,143
Employer's covered-employee payroll	\$ 10,261,457	\$ 10,261,457	\$ 9,155,654
Contributions as a percentage of covered-employee payroll	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, 2023.

Supplementary Information

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2023

	Federal Forest Fund	Student Activity Fund	Drivers Education Fund
Assets			
Cash and Investments	\$ 28,736	\$ 344,081	\$ 5,716
Receivables			
Other	-	-	-
Prepaid expenses	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
Total Assets	<u>\$ 28,736</u>	<u>\$ 344,081</u>	<u>\$ 5,716</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Salary contracts payable	9,480	-	5,716
	<u> 9,480</u>	<u> -</u>	<u> 5,716</u>
Total Liabilities	<u>9,480</u>	<u>-</u>	<u>5,716</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	19,256	344,081	-
Unassigned	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
Total Fund Balances	<u>19,256</u>	<u>344,081</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 28,736</u>	<u>\$ 344,081</u>	<u>\$ 5,716</u>

See Independent Auditors' Report

State Vocational Education Fund	State Technology Fund	State Substance Abuse Fund	Medicaid Fund	ESSER III Fund
\$ 1,890	\$ 120,870	\$ -	\$ 30,369	\$ -
-	-	-	-	85,357
-	-	-	8,101	-
\$ 1,890	\$ 120,870	\$ -	\$ 38,470	\$ 85,357
\$ -	\$ -	\$ -	\$ -	\$ 21,925
-	111,704	-	1,389	62,931
1,890	9,166	-	37,081	501
1,890	120,870	-	38,470	85,357
-	-	-	-	-
-	-	-	8,101	-
-	-	-	-	-
-	-	-	(8,101)	-
-	-	-	-	-
\$ 1,890	\$ 120,870	\$ -	\$ 38,470	\$ 85,357

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2023

	Title I-A ESEA Basic Fund	ESSER II Fund	IDEA Part B School Age Fund
Assets			
Cash and Investments	\$ 57,808	\$ -	\$ 63,347
Receivables			
Other	-	-	-
Prepaid expenses	-	-	-
Total Assets	\$ 57,808	\$ -	\$ 63,347
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Salary contracts payable	57,808	-	63,347
Total Liabilities	57,808	-	63,347
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Fund Balances			
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
Total Fund Balances	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 57,808	\$ -	\$ 63,347

See Independent Auditors' Report

IDEA Part B Preschool Fund	ARPA Fund	Perkins III Professional Technical Fund	Title III ESEA LEP Fund	Title II-A ESEA Supporting Fund
\$ 5,054	\$ -	\$ -	\$ 1,661	\$ -
-	-	-	-	20,978
-	-	-	-	-
<u>\$ 5,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,661</u>	<u>\$ 20,978</u>
\$ -	\$ -	\$ -	\$ -	\$ 20,942
-	-	-	-	-
5,054	-	-	512	36
<u>5,054</u>	<u>-</u>	<u>-</u>	<u>512</u>	<u>20,978</u>
-	-	-	1,149	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,661</u>	<u>\$ 20,978</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2023

	Title IV-A Student Support Fund	Substitute Grant Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Investments	\$ -	\$ 2,472	\$ 662,004
Receivables			
Other	-	-	106,335
Prepaid expenses	-	-	8,101
Total Assets	\$ -	\$ 2,472	\$ 776,440
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 42,867
Accounts payable	-	-	176,024
Salary contracts payable	-	2,472	193,063
Total Liabilities	-	2,472	411,954
Deferred Inflows of Resources			
Unavailable revenues	-	-	1,149
Fund Balances			
Nonspendable	-	-	8,101
Restricted	-	-	363,337
Unassigned	-	-	(8,101)
Total Fund Balances	-	-	363,337
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 2,472	\$ 776,440

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, 2023

	Federal Forest Fund	Student Activity Fund	Drivers Education Fund
Revenues			
Local sources			
Other	\$ -	\$ 675,598	\$ 768
State sources			
Other	-	-	6,796
Federal sources			
Educational programs and other	17,439	-	-
Total Revenues	17,439	675,598	7,564
Expenditures			
Current			
Instructional	17,439	-	40,506
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	-	-
Business operations	-	-	-
Operation	-	-	-
Student activity program	-	632,443	-
Capital outlay	-	-	-
Total Expenditures	17,439	632,443	40,506
Excess (Deficiency) of Revenues over Expenditures	-	43,155	(32,942)
Other Financing Sources (Uses)			
Transfers in	-	-	32,942
Transfers (out)	-	-	-
Net Change in Fund Balances	-	43,155	-
Fund Balance, Beginning of Year	19,256	300,926	-
Fund Balance, End of Year	\$ 19,256	\$ 344,081	\$ -

See Independent Auditors' Report

State Vocational Education Fund	State Technology Fund	State Substance Abuse Fund	Medicaid Fund	ESSER III Fund
\$ -		\$ -	\$ -	\$ -
43,710	437,892	23,575	-	-
-	-	-	158,616	597,881
<u>43,710</u>	<u>437,892</u>	<u>23,575</u>	<u>158,616</u>	<u>597,881</u>
45,099	-	23,575	175,305	75,941
-	-	-	44,030	98
-	763,637	-	-	321,694
-	-	-	-	95,865
-	-	-	-	8,746
-	-	-	-	4,345
-	-	-	-	-
-	129,897	-	-	91,192
<u>45,099</u>	<u>893,534</u>	<u>23,575</u>	<u>219,335</u>	<u>597,881</u>
(1,389)	(455,642)	-	(60,719)	-
1,389	455,642	-	60,719	-
-	-	-	-	-
-	-	-	-	-
<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, 2023

	Title I-A ESEA Basic Fund	ESSER II Fund	IDEA Part B School Age Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	300,667	2,006	330,977
Total Revenues	300,667	2,006	330,977
Expenditures			
Current			
Instructional	300,667	1,458	360,507
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	-	-
Business operations	-	-	-
Operation	-	548	-
Student activity program	-	-	-
Capital outlay	-	-	-
Total Expenditures	300,667	2,006	360,507
Excess (Deficiency) of Revenues over Expenditures	-	-	(29,530)
Other Financing Sources (Uses)			
Transfers in	-	-	29,530
Transfers (out)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, End of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report

IDEA Part B Preschool Fund	ARPA Fund	Perkins III Professional Technical Fund	Title III ESEA LEP Fund	Title II-A ESEA Supporting Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
17,262	41,430	47,479	29,063	56,575
17,262	41,430	47,479	29,063	56,575
19,318	44,105	24,092	28,370	1,858
-	-	-	-	-
-	-	-	693	54,717
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,318	44,105	24,092	29,063	56,575
(2,056)	(2,675)	23,387	-	-
2,056	2,675	-	-	-
-	-	(23,387)	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2023

	Title IV-A Student Support Fund	Substitute Grant Fund	Total Nonmajor Governmental Funds
Revenues			
Local sources			
Other	\$ -	\$ -	\$ 676,366
State sources			
Other	-	-	511,973
Federal sources			
Educational programs and other	29,857	219,319	1,848,571
Total Revenues	29,857	219,319	3,036,910
Expenditures			
Current			
Instructional	-	220,298	1,378,538
Pupil support	29,737	-	73,865
Staff support	120	-	1,140,861
School administration	-	-	95,865
Business operations	-	-	8,746
Operation	-	-	4,893
Student activity program	-	-	632,443
Capital outlay	-	-	221,089
Total Expenditures	29,857	220,298	3,556,300
Excess (Deficiency) of Revenues over Expenditures	-	(979)	(519,390)
Other Financing Sources (Uses)			
Transfers in	-	979	585,932
Transfers (out)	-	-	(23,387)
Net Change in Fund Balances	-	-	43,155
Fund Balance, End of Year	-	-	320,182
Fund Balance, End of Year	\$ -	\$ -	\$ 363,337

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Plant Facility Fund</u>
Teton County			
Balance at June 30, 2022	\$ 1,068,912	\$ 932,626	\$ 144,375
Add - Taxes Assessed for 2022 (Net of Cancellations)	3,400,088	3,244,153	493,661
Less - Collections Received	<u>(3,405,808)</u>	<u>(3,169,469)</u>	<u>(481,237)</u>
Balance at June 30, 2023	<u>\$ 1,063,192</u>	<u>\$ 1,007,310</u>	<u>\$ 156,799</u>

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2023

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2024	\$ 510,000	\$ 66,000
Series 2018A	5.000%	2025	530,000	40,500
	5.000%	2026	280,000	14,000
			\$ 1,320,000	\$ 120,500

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2023

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
School Bonds	5.000%	2024	\$ -	\$ 1,358,856
Series 2018B	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	\$ 13,870,596

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
General Bonded Debt – Future Principal and Interest Requirements (continued)
June 30, 2023

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	4.000%	2024	\$ 1,105,000	\$ 38,036
School Bonds	4.000%	2025	1,125,000	22,984
Series 2022	3.250%	2026	1,140,000	7,695
			\$ 3,370,000	\$ 68,715

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	Federal Assistance Listing Number	Expenditures	Revenues Cash Basis
U.S. Department of Agriculture			
Passed Through State Department of Education:			
* Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 107,357	\$ 107,357
National School Lunch Program	10.555	<u>385,724</u>	<u>385,724</u>
Total Child Nutrition Cluster		493,081	493,081
Technology Innovation Grant	10.541	<u>10,973</u>	<u>10,973</u>
Passed Through Teton County			
Federal Forest	10.665	<u>17,439</u>	<u>17,439</u>
Total Department of Agriculture		<u>521,493</u>	<u>521,493</u>
U.S. Department of the Treasury			
Passed Through State of Idaho:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	<u>214,319</u>	<u>214,319</u>
Total Department of the Treasury		214,319	214,319
U.S. Department of Education			
Passed Through State Department of Education:			
Title I-Basic	84.010	300,667	300,667
Special Education Cluster			
IDEA Part B School Age	84.027	368,755	376,931
IDEA Part B - Preschool	84.173	<u>20,914</u>	<u>20,914</u>
Total Special Education Cluster		389,669	397,845
Career and Technical Education	84.048	24,092	47,479
English Language Acquisition Grant	84.365	29,063	29,063
Improving Teacher Quality	84.367	56,575	91,922
Student Support and Academic Enrichment	84.424	29,857	29,857
* COVID-19 Education Stabilization Fund			
Elem and Sec School Emerg Relief (ESSER I and ESSER II) Fund	84.425D	2,006	3,274
Amer Rescue Plan Elem and Sec School Emerg Relief (ARP ESSER)	84.425U	<u>597,881</u>	<u>530,937</u>
Total Department of Education		<u>1,429,810</u>	<u>1,431,045</u>
U.S. Department of Health and Human Services			
Passed Through State of Idaho:			
Public Health Emergency Response	93.354	<u>79,506</u>	<u>79,506</u>
Total Department of Health and Human Services		<u>79,506</u>	<u>79,506</u>
Total Federal Assistance		<u>\$ 2,245,128</u>	<u>\$ 2,246,363</u>

* Major Federal Program

See Independent Auditors' Report

TETON COUNTY SCHOOL DISTRICT NO. 401
Note to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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, 2023. 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.



RUDD & COMPANY^{PLC}

**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, 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, 2023, 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 November 9, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teton County School District No. 401's internal control. Accordingly, we do not express an opinion on the effectiveness of Teton County School District No. 401's internal control.

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

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

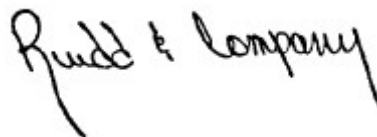
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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
November 9, 2023



**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

Opinion on Each Major Federal Program

We have audited Teton County School District No. 401's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Teton County School District No. 401 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Teton County School District No. 401's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Teton County School District No. 401's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Teton County School District No. 401's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Teton County School District No. 401's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Teton County School District No. 401's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Teton County School District No. 401's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Teton County School District No. 401's internal control over compliance. Accordingly, no such opinion is expressed.

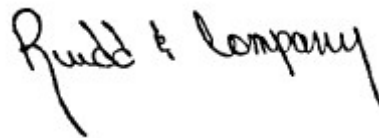
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance 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.



Idaho Falls, Idaho
November 9, 2023

TETON COUNTY SCHOOL DISTRICT NO. 401
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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
 Scheduled of Findings and Questioned Costs (continued)
 Year Ended June 30, 2023**

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	School Lunch Program
84.425	Education Stabilization 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