

07/18/2015

Mr. Michael Bone
Principal
Madison Middle School
575 West 7th South
Rexburg, ID 83440

RE: Madison Middle's New Melody: Upgrading Safety and Quality in the Choir Program

To Whom It May Concern:

Madison Middle School is pleased to present this proposal for your consideration. We look forward to partnering with you to provide much-needed materials for the choir program and thus change students' first musical experience in the district. Madison Middle School is a Title 1 school, with 44% of students falling into the poverty bracket. The majority of these low socioeconomic status (SES) students are enrolled in the choir program, which uses low-quality equipment purchased when the school was established in 1992. The objective of Madison Middle's New Melody is to purchase new choir equipment that will give low-income, low-achieving choir students a professional and confidence-boosting experience with music.

Our total project involves \$18,000 for the choir program's improvement. We would like to request \$8,000 from CHC to purchase a high-quality piano and safer risers. We have arranged with a local music business to purchase an upright ebony piano for a discounted price. We will use the remainder of the funds to purchase risers from a well-known vender, the Wenger Corporation.

The Madison School District is reliable, with high potential for wonderful musical programs and the opportunities to branch out to access equipment upkeep resources. Our dedicated choir teacher has great visions for her students and is eager to create for them excellent experiences that will prepare them for future educational success and community enrichment.

We are grateful for your interest in the musical experience and development of underprivileged middle school students in Rexburg. If you have any questions concerning this proposal or need further information, please do not hesitate to contact the choir teacher, Mrs. Harrell, at harrellr@msd.com. We look forward to hearing from you.

Thank you,

A handwritten signature in blue ink that reads "Michael Bone". The signature is written in a cursive style with a long, sweeping underline.

Michael Bone
Principal

Project Description

Madison Middle School opened in 1992. The number of students served has increased since that time, but the amount of funding coming from state funds to support music programs has decreased. The school offers band, orchestra, and choir options for music programs, but students who choose band or orchestra are required to provide their own equipment. Because of this, choir has become the backup plan for low-income students, yet the school has not been able to afford quality equipment for these students to become successful and confident in their musical abilities. The equipment found in the choir department is unsafe, dilapidated, worn, and ugly. The bowed in choral risers present a safety hazard for the students.

Students who come into the classroom pick up on lack of equipment quality and can feel like they aren't important. If the choir program receives funding for new equipment, the nonverbal message will instead tell the children that they matter.

Risers

The risers that the students currently use are warping with age and use. They have no railings for safety, which is a concern when dealing with preteen students, who typically have more energy and fidget more than older students. The Madison Middle School risers aren't just used for these choir students, either; the local high school and junior high school often borrow them for yearbook pictures and school plays. This overuse has led to bowing in the middle to the point where the risers cannot even connect with each other, as seen in **Figure 1**.

The performance spaces that the students have access to do not provide a secure back for the students to rely on. Because there are no back railings on these risers, Mrs. Harrell has to not only worry about her students' performance, but also worry about their safety. "We have had a child faint before, but luckily they were on the front row," she said. It is impossible to guess when accidents like this will happen. Where fidgeting middle school students are concerned, new risers with safety precautions such as railings are really a necessity.

Properly sized risers will also make a measurable difference in performance. When students stand on the floor, those in the back are unable to see the choir teacher's instruction and their voices are lost among the other children. By putting students on taller risers, their voices carry more fully and they are all able to see the choir teacher, Mrs. Rebecca Harrell, conducting.



Figure 1: Madison Middle School's current risers do not join together properly.

New risers will allow students to practice and perform for choir in safety. They will be much more secure. Instead of worrying about students injuring themselves, Mrs. Harrell can focus on improving the students' sound quality and performance attitude. As the children become surer of their physical safety, they will also be able to focus more on Mrs. Harrell and find a more positive performance experience. Risers alone can cost thousands of dollars, and with the railings needed to keep these students safe, the cost will be about \$10,000. A complete breakdown of pricing is located in the itemized budget section of this proposal.

Piano

Right now, the program has been scraping by with an old piano that is at least as old as the school, if not older. In addition to its unfortunate appearance, the piano has a hollow sound that makes it difficult for the students to accurately learn how to match pitch and sing to their full potential. Mrs. Harrell, believes that this piano was already old when it came to Madison Middle School, though documentation



Figure 2: Madison Middle School's current piano and bench.

is hard to find about the piano's true age. It is clear from looking at **Figure 2** that this piano is in rough condition. The piano bench is scruffy at best and is shared throughout all three music programs. A potential substitute for this aging piano could be the school's electric piano; however, "the electric piano is not appropriate to use with a choir--the sound waves that come from it are different than the sound waves that come from a normal piano and it does not help the choir," says Mrs. Harrell. With a higher-quality, upright piano, students will have a better example of pitch and sound to follow when practicing for performances. This will help the quality of student vocal performances rise and, in turn, increase student self-confidence. Lower-income students are used to getting the short end of the stick. If choir instead becomes an example of how lower-income students have access to valuable education, the students will be inspired to continue their musical journey throughout high school.

High-quality pianos are typically quite expensive. The Piano Gallery in

Idaho Falls, Idaho; however, has volunteered to provide a piano to the school for a 65% discount. This discount is discussed more fully in the Itemized Budget of this proposal. The choir teacher from the local high school is a professional piano tuner and has volunteered to regularly tune and upkeep the piano once it is purchased. If he leaves the area, the district will be able to pay for upkeep through small Parent-Teacher Organization (PTO) grants.

As discussed before, choir serves the underprivileged students who cannot afford to join the other music programs provided at Madison Middle School. The choir program is one of the few places where these students can find success and gain confidence (see **Figure 3** on next page). Because 44% of Madison Middle School students qualify as low-income, it is clear that an affordable musical program is necessary for these children to get exposure to the arts.

Who Does Choir Serve?

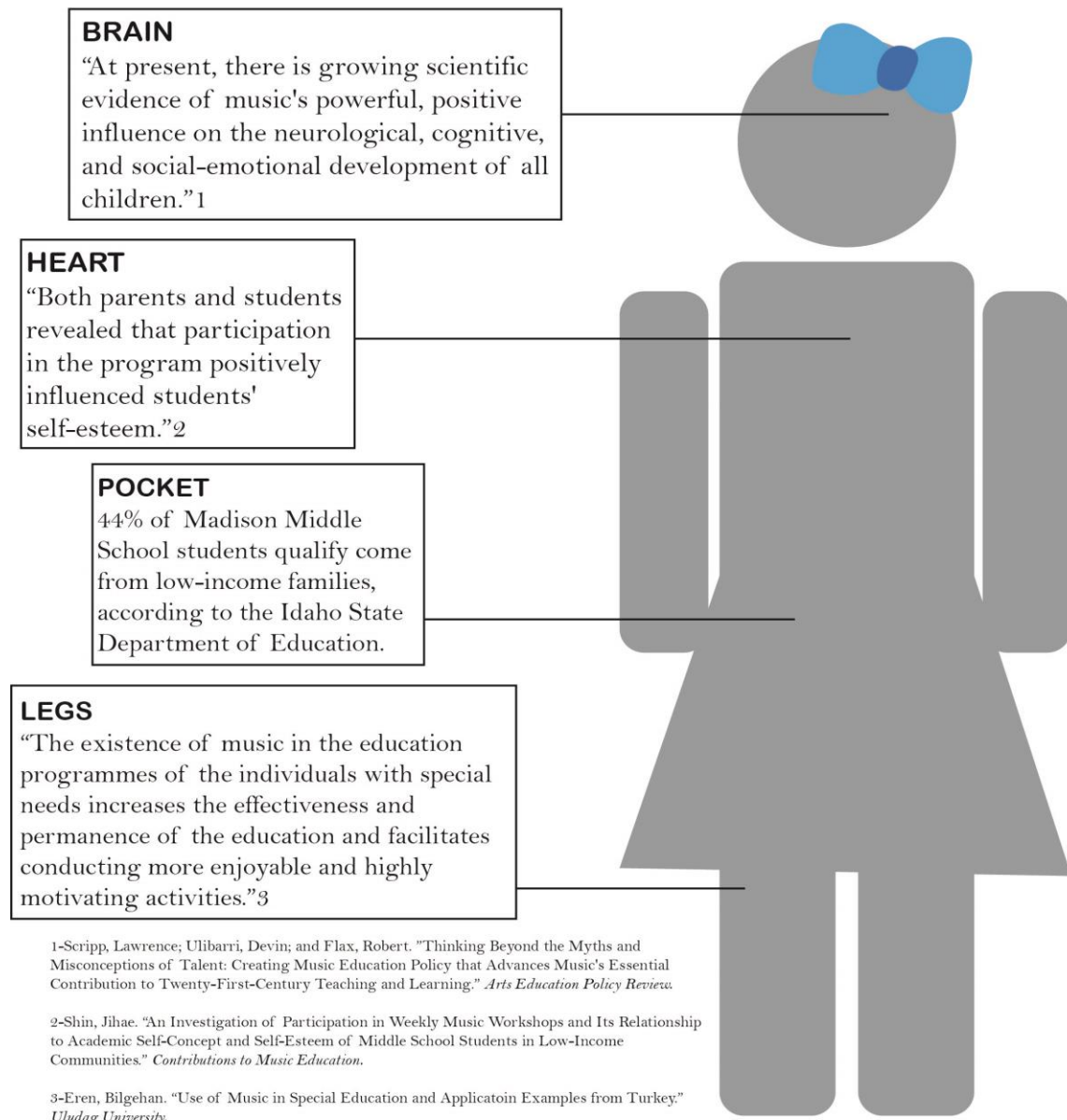


Figure 3: This infographic provides information and research about students like those in the Madison Middle School choir program.

It is possible that, as the program improves and the performances become more varied and impressive, these students’ parents may be able to see the talent that their children have. In addition to this, music is used as therapy by those in special education classes.

Methods

Once there is enough funding for the equipment, Mrs. Harrell can contact The Piano Gallery about shipping the piano to the school. She can also place the online order for the risers and the railings. A well-priced set of risers has already been identified.

Timeline

The timeline for this project is short term. Acquiring the piano and the risers could take a couple of weeks to allow for shipping. Once these tools have reached Madison Middle School, the choir can begin to use and benefit from them. It would be ideal if both the piano and risers were at the school before the first day of classes in early September, but not necessary.

Attempts to Address the Need

Mrs. Harrell has made previous attempts to improve the quality of the middle school's choir. Her hope is to provide an organized concert experience through acceptable musical equipment. She has applied for and received grants from the Madison Education Foundation for suitable sheet music (\$500 in 2013, 2014) and grants from the PTO (\$200 in 2013, 2014, 2015) for ukuleles and boom-whacker sets for the general music classes. These additions have enhanced the music education for the choir students, but are not enough. With no district funding for fine arts organizations within the school, Mrs. Harrell has had to look elsewhere.

Itemized Budget

Item	Estimated Price	Company location
Kawaii UST-9	\$5,067.00	Piano Gallery, Idaho Falls
9 Choral risers 6'x18"	\$6,948.00	Wenger Corporation (online)
9 Riser back railings	\$2,988.00	Wenger Corporation (online)
1 set Riser side railings	\$476.00	Wenger Corporation (online)
TOTAL:	\$15,479	

Table 1. Itemized Budget

Table 1 provides an itemized budget with estimated values of the items to be purchased with grant funds. The estimate for the piano was obtained by contacting the only local vendor in the Rexburg area that sells acoustic pianos. The estimates for the choral risers and railings were obtained by contacting the Wenger Corporation online and requesting estimates for the specs of equipment needed from an area representative. Bids for the piano, risers, and railings can be found in **Attachment 1**.

For a matching fund, Piano Gallery has agreed to give Madison Middle School a discount on a piano. They offered three different choices of pianos, and Mrs. Harrell decided on the Kawaii UST-9, which is originally \$7695. However, Piano Gallery has offered to sell it to the school for \$5067.

Once CHC Foundation funds are expended, Madison Middle School will maintain the piano with the help of Madison High School's choir teacher who has volunteered to tune the piano when needed. If he is unavailable, Madison School District 321 will pay to maintain the piano's quality condition. Mrs. Harrell has a budget of \$200-300 a year for the choir department that she can use if necessary. The risers will be stored in a closet while they are not in use that will help maintain the quality of the risers.

Madison Middle School cannot assume the cost of the project from its own funds because there is no district funding for these requested items at this time or in the near future. Madison Middle School is a title-one school, with 44% of its students coming from low-income backgrounds. The school already has minimal funding, and much of what funding they do have goes to other programs.

Other funding sources that have been received include Madison Education Foundation for suitable sheet music (\$500 in 2013, 2014) and grants from the PTO organization (\$200 in 2013, 2014, and 2015) for ukuleles and boom-whacker sets for the general music classes.

Mrs. Harrell has been diligent in searching for smaller, local grants, but has never herself made a submission to the CHC Foundation.

Because every child in this school district passes through Madison Middle School, it has the power to significantly influence thousands of children. With such proactive and invested leaders as Mrs. Harrell and Mr. Bone, these new choir materials will be carefully maintained and used to their full capacity to insure the longevity of the materials for students now and in years to come.

Organization Finances

At this point in time, Madison Middle School is asking for full funding for the project because the district is unable to allocate funds to support these purchases.

The letter of endorsement is located in **Attachment 2**, while the organization's financial status is in **Attachment 3** and the IRS tax exempt letter is in **Attachment 4**.

Attachment 1

**Price Quotations for Choral Risers and Railings from Wenger Corporation
and Piano from Piano Gallery**

Customer Quotation



Quote: 977881

Date: 6/24/2015
Effective: Until 12/31/2015

Prepared For: Ms Madison Olsen
Madison Middle School
575 W 7th S
Rexburg, ID 83440-9681

Delivery Within:
Tax: Not Included
Terms: NET 30/PENDING CREDIT APPROVAL
F.O.B. Point: Destination

Regarding: Tourmaster Riser Budget Quote

Page: 1

Item	Description	Quantity	Unit Price	Price
024H657	TOURMSTR RSR,3-STEP,6'18",GREY	9	650.00	5,850.00
024G778	BACKRAIL ASSY,6 FT,GREY	9	295.00	2,655.00
024F017	TOURMASTER SIDERAILS(SET OF 2)	1	450.00	450.00
	Total Product Charge			8,955.00
	Freight/Handling Charge			1,080.00
	Total Charge			10,035.00
<p>***** The freight reflected in this quotation is for common carrier shipment with tailgate delivery. Tailgate delivery will require staff at your location to be available for unloading, moving the product to your desired location and completing any assembly or installation. Contact your Wenger representative if you want to look into delivery and installation by Wenger truck and technician. *****</p>				

* Terms and Conditions of Sale appear on following page.

Submitted By: Sarah Korbel
Sales Representative

Phone: 800-733-0393 Ext 426 Fax: 507-455-4258
Email: sarah.korbel@wengercorp.com

WENGER CORPORATION
555 Park Drive, PO Box 448
Owatonna, MN 55060-0448
Phone 800.4WENGER (493-6437)
Fax 507.455.4258
Parts & Service 800.887.7145

Sarah Korbel

WENGER CORPORATION
CANADA OFFICE
Phone 800.268.0148

WORLDWIDE
Phone 1.507.455.4100
Fax 1.507.774.8576
WEB SITE
www.wengercorp.com



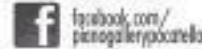
2995 E. 17th St.
 Koko Falls, ID 83406
 (208) 524-4420
 1-800-487-4620



PIANO GALLERY

MUSIC SUPERSTORE
 "Mountain West's Largest Piano Dealer"
 www.pianogalleryonline.com

538 Yellowstone
 Pocatello, ID 83201
 (208) 233-1883
 1-866-433-3454



- TV
- Radio
- Website
- Newspaper
- Internet
- Yellow Pages
- Billboard
- Direct Mail
- Other

Sold To: <u>Madison Middle School</u>	Date: <u>5-22-2015</u>
Address:	Consultant: <u>Mike</u>
City: <u>Rexburg</u> Id State <u>Id</u> Zip <u>83440</u>	Home Phone:
Email:	Mobile Phone:

MODEL #	FINISH	SERIAL NUMBER	DESCRIPTION	SALE
<u>K200</u>	<u>Ebony</u>	<u>New</u>	<u>Kawai Upright Piano w/ Adjustable Bench</u> List Price \$ 7095	<u>SCHOOL PRICE</u> \$4465
<u>UST-9</u>	<u>Ebony</u>	<u>New</u>	<u>Kawai Studio Piano w/ Full Size Bench</u> List Price \$ 7695	\$5067
<u>P22</u>	<u>Ebony</u>	<u>New</u>	<u>Yamaha Studio Piano w/ Full Size Bench</u> List Price \$ 7199	\$4789

Delivery Instructions / Number of Steps / Comments:			Digital Package	
			Upright Package	
			Grand Package	
			Sub Total	
Trade-In Description			Trade-In Allowance	()
Warranty: <u>10 years on all Pianos</u>			Sub Total	
Tuner Name & Number			Sales Tax: <u>Delivery and tuning</u>	
Bank or Credit Union			Delivery 50 125 175 275	<u>125</u>
Credit Card #			Total Price	
Type of Card	Exp. Date	Security Code	Credit Card	
<p>It is agreed between Buyer and Seller that title and security interest in the above merchandise shall remain with the Seller until purchase price is paid in full. A Finance Charge of 1-1/2% per month, which is an Annual Percentage Rate of 18% will be charged on past due accounts. Accounts due and payable on the 1st of the month following date of purchase. If collection becomes necessary by suit or otherwise, I agree to pay all costs of collection including a reasonable attorney's fee and court costs. No cash refunds.</p>			Cash / Check	
			Finance	
			BALANCE DUE	

Customer Signature	Date	Thank You!
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Attachment 2

Endorsement Letter from Principal Michael Bone



Madison Middle School

Michael Bone, Principal
Scott Shirley, Assistant Principal
575 West 7th South, Rexburg, ID 83440
Phone (208) 359-3320 • Fax (208) 359-3348

July 20, 2015

Dear CHC Board of Directors,

I'm writing this letter on behalf of Rebecca Harrell, 5th and 6th grade choir teacher at Madison Middle School. In her three years of teaching school children, she's developed a reputation as a studious and caring educator, one who seeks to give her students the best resources she can as she pioneers efforts in our district to intensify quality of educational opportunities to elementary-age students in a contained classroom.

Rebecca is applying for a CHC grant to purchase equipment, i.e. piano and choral risers, to be used in her classroom as well as in concerts. I whole-heartedly support her efforts in gathering these resources as she pioneers efforts in our district to give better choir instruction and a better school experience to elementary-age students in the classroom and out of the classroom.

Please feel free to contact me should you have questions about Rebecca or her work with these students.

Sincerely,

A handwritten signature in dark ink that reads "Michael Bone". The signature is fluid and cursive, with the first name "Michael" and last name "Bone" clearly legible.

Michael Bone
Principal, Madison Middle School
575 W 7th S
Rexburg, ID 83440
208-359-3320 ext. 6030

Attachment 3

Financial Statement from Madison School District 321 for the 2014 fiscal year

**MADISON SCHOOL DISTRICT #321 – STATE OF IDAHO
REXBURG, IDAHO
ANNUAL FINANCIAL REPORT
and
COMPLIANCE REPORTS
with
INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2014**

**MADISON SCHOOL DISTRICT #321
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
For the Year Ended June 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Madison School District #321
Rexburg, 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 Madison School District #321, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Madison School District #321's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison School District #321 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Statement of Changes in Assets and Liabilities-Agency Funds, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Statement of Changes in Assets and Liabilities-Agency Funds, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Statement of Changes in Assets and Liabilities-Agency Funds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014, on our consideration of Madison School District #321's internal control over financial reporting and 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 the 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 Madison School District #321's internal control over financial reporting and compliance.

Searle Hart + Associates PLLC

Rexburg, Idaho
September 18, 2014

FINANCIAL SECTION

MADISON SCHOOL DISTRICT #321
STATEMENT OF NET POSITION
June 30, 2014

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and equivalents	\$ 6,355,852
Accounts receivable	3,963
Taxes receivable	2,083,338
Due from Other Governmental Agencies	3,011,676
Inventory	41,948
Capital assets	
Construction in progress	75,285
Land and improvements not being depreciated	3,175,837
Buildings	98,341,676
Equipment and vehicles	5,758,625
Less: accumulated depreciation	(22,873,406)
Total Capital Assets	<u>84,478,017</u>
TOTAL ASSETS	<u>95,974,794</u>
DEFERRED OUTFLOWS OF RESOURCES	
Expenses unavailable for use	<u>568,043</u>
LIABILITIES	
Accounts payable and accrued expenses	234,298
Salaries and benefits payable	3,116,868
Long-term liabilities	
Due within one year	
Bonds, capital leases and contracts	2,470,000
Accrued interest	769,565
Compensated absences	487,434
Postemployment benefit payable	327,379
Due in more than one year	
Bonds, capital leases and contracts	<u>45,830,000</u>
TOTAL LIABILITIES	53,235,544
DEFERRED INFLOWS OF RESOURCES	
Revenue unavailable for use	<u>2,306,427</u>
NET POSITION	
Invested in capital assets, net of related debt	34,408,452
Restricted for:	
Debt Service	3,344,989
Other projects	2,607,824
Unrestricted	<u>639,601</u>
TOTAL NET POSITION	<u><u>\$ 41,000,866</u></u>

The notes to the financial statements are an integral part of this statement.

**MADISON SCHOOL DISTRICT #321
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
<u>Primary government</u>		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
Instruction	\$ 18,099,566	\$ 22,950	\$ 2,899,718	\$ (15,176,898)
Instructional and media resources	164,526	-	-	(164,526)
Instructional improvement	2,704,837	-	-	(2,704,837)
Special services	505,421	-	-	(505,421)
Guidance counseling & evaluation	395,894	-	-	(395,894)
Student transportation	1,568,007	-	-	(1,568,007)
Food services	1,321,665	346,802	996,449	21,586
Interest on long-term debt	2,254,639	-	-	(2,254,639)
General administration	3,065,466	-	-	(3,065,466)
Plant maintenance & operations	2,797,310	-	-	(2,797,310)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 32,877,331	\$ 369,752	\$ 3,896,167	(28,611,412)
General revenues:				
Taxes:				
				472,142
				3,676,691
				1,500,197
				24,802,893
				8,054
				988,241
				4,209
				<u>31,452,427</u>
				2,841,015
				<u>38,159,851</u>
				<u>\$ 41,000,866</u>

MADISON SCHOOL DISTRICT #321
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>GENERAL FUND</u>	<u>FOOD SERVICE</u>	<u>DEBT SERVICE</u>
ASSETS			
Cash and cash equivalents	\$ 2,254,891	\$ 191,542	\$ 2,098,472
Taxes receivable, net	151,508	-	1,372,332
Interfund receivable	1,898,603	-	-
Receivable from other governments	563,485	44,532	-
Other receivables	3,963	-	-
Inventory	-	41,948	-
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,872,450</u>	<u>\$ 278,022</u>	<u>\$ 3,470,804</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 118,563	\$ 16,299	\$ -
Interfund payable	-	-	-
Other accrued expenses	2,739,752	75,654	-
TOTAL LIABILITIES	<u>2,858,315</u>	<u>91,953</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	17,439	-	125,815
FUND BALANCES			
Nonspendable:			
Inventory	-	41,948	-
Committed to:			
Board Policy 317	1,094,046	-	-
Assigned:			
Debt Service	-	-	3,344,989
Special Revenue Deficit Cash	601,230	-	-
M & O Grant Fund Balance	16,181	-	-
Other Purposes	-	144,121	-
Unassigned	<u>285,239</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>1,996,696</u>	<u>186,069</u>	<u>3,344,989</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,872,450</u>	<u>\$ 278,022</u>	<u>\$ 3,470,804</u>

The notes to the financial statements are an integral part of this statement.

SCHOOL PLANT FACILITIES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,810,947	\$ 6,355,852
559,498	-	2,083,338
-	-	1,898,603
-	2,403,659	3,011,676
-	-	3,963
-	-	41,948
<hr/>	<hr/>	<hr/>
-	-	-
<hr/>	<hr/>	<hr/>
\$ 559,498	\$ 4,214,606	\$ 13,395,380
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
\$ 60,442	\$ 38,994	\$ 234,298
1,297,373	601,230	1,898,603
-	301,462	3,116,868
<hr/>	<hr/>	<hr/>
1,357,815	941,686	5,249,769
<hr/>	<hr/>	<hr/>
51,748	1,100	196,102
<hr/>	<hr/>	<hr/>
-	-	41,948
-	-	1,094,046
-	-	3,344,989
-	-	601,230
-	-	16,181
(850,065)	3,271,820	2,565,876
-	-	285,239
<hr/>	<hr/>	<hr/>
(850,065)	3,271,820	7,949,509
<hr/>	<hr/>	<hr/>
\$ 559,498	\$ 4,214,606	\$ 13,395,380
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MADISON SCHOOL DISTRICT #321
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	<u>GENERAL FUND</u>	<u>FOOD SERVICE</u>	<u>DEBT SERVICE</u>
REVENUES			
Property taxes	\$ 445,119	\$ -	\$ 3,676,691
Intergovernmental-State	21,572,211	-	985,190
Intergovernmental-Federal	101,472	996,449	-
Charges for services	-	347,052	-
Investment earnings	5,087	116	2,634
Miscellaneous	-	-	-
Other revenue	58,231	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	22,182,120	1,343,617	4,664,515
EXPENDITURES			
Instruction	13,766,126	-	-
Instruction and media resources	164,526	-	-
Instruction improvement	163,877	-	-
Special services	505,421	-	-
Plant maintenance and operation	2,766,471	-	-
General administration	2,645,177	-	-
Guidance, counseling, and evaluation	395,894	-	-
Transportation	1,380,925	-	-
Food service	32,019	1,280,478	-
Debt service:			
Principal	-	-	3,875,000
Interest and other charges	-	-	2,507,335
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	21,820,436	1,280,478	6,382,335
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	361,684	63,139	(1,717,820)
OTHER FINANCING SOURCES (USES)			
Proceeds from bond refunding	-	-	1,580,000
Transfers in	-	-	-
Transfers out	(68,457)	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(68,457)	-	1,580,000
SPECIAL ITEM			
Proceeds from sale of assets	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	293,227	63,139	(137,820)
Fund balances - Beginning	<hr/>	<hr/>	<hr/>
	1,703,469	122,930	3,482,809
FUND BALANCES - Ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,996,696	\$ 186,069	\$ 3,344,989

The notes to the financial statements are an integral part of this statement.

SCHOOL PLANT FACILITIES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,500,197	\$ -	\$ 5,622,007
130,666	1,122,637	23,810,704
-	3,846,328	4,944,249
-	22,950	370,002
217	-	8,054
3,120	-	3,120
-	870,747	928,978
<u>1,634,200</u>	<u>5,862,662</u>	<u>35,687,114</u>
-	2,702,984	16,469,110
-	-	164,526
-	2,540,960	2,704,837
-	-	505,421
-	-	2,766,471
147,283	42,633	2,835,093
-	-	395,894
-	-	1,380,925
-	-	1,312,497
-	-	3,875,000
-	-	2,507,335
<u>3,704,833</u>	<u>-</u>	<u>3,704,833</u>
<u>3,852,116</u>	<u>5,286,577</u>	<u>38,621,942</u>
<u>(2,217,916)</u>	<u>576,085</u>	<u>(2,934,828)</u>
-	-	1,580,000
68,457	-	68,457
<u>-</u>	<u>-</u>	<u>(68,457)</u>
<u>68,457</u>	<u>-</u>	<u>1,580,000</u>
<u>266,444</u>	<u>-</u>	<u>266,444</u>
(1,883,015)	576,085	(1,088,384)
<u>1,032,950</u>	<u>2,695,735</u>	<u>9,037,893</u>
<u>\$ (850,065)</u>	<u>\$ 3,271,820</u>	<u>\$ 7,949,509</u>

**MADISON SCHOOL DISTRICT #321
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds: \$ (1,088,384)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$4,209,736 exceed depreciation \$2,157,013 in the current period. 2,052,723

Property tax revenues (including penalties and interest) in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund. (27,023)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (262,235)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 2,295,000

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds	52,480
Amortization of bond issue costs and deferred refunding and bond premium	(2,612)
Compensated absences	(178,934)

Change in net position of governmental activities \$ 2,841,015

MADISON SCHOOL DISTRICT #321
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2014

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 635,150
TOTAL ASSETS	<u>635,150</u>
LIABILITIES	
Accounts payable	-
Due to student groups	<u>635,150</u>
TOTAL LIABILITIES	<u>635,150</u>
NET POSITION	
Held in trust for benefits and other purposes	<u><u>\$ -</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

MADISON SCHOOL DISTRICT #321
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTES INDEX

1. Summary of Significant Accounting Policies
 - A. Reporting Entity
 - B. Government-wide and Fund Financial Statements
 - C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
 - D. Compensated Absences
 - E. Long-term Obligations
 - F. Use of Estimates
 - G. Fund Accounting
 - H. Budgets
 - I. Property Tax
 - J. Nonspendable and Spendable Fund Balances
2. Cash and Cash Equivalents
3. Capital Assets
4. Changes in Long-term Debt and Debt Service Requirements
5. Nonmonetary Transactions
6. Deficit Fund Balances
7. Pension Benefit Obligations
8. Contingencies
9. Risk Management
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**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Madison School District #321 (District) is the basic level of government exercising oversight responsibility for all activities related to public school education in Madison School District, Madison County, Idaho. The Board of Trustees, a five member group, is elected by the public and as such has governance responsibility over all activities related to public elementary and secondary school education within the jurisdiction of the school district. The Board of Trustees have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity."

The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

In 2003, the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes. The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

A. Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity.

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are; that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The governmental activities are supported by tax revenues and intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers 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 operational or capital requirements of a particular function. The District does not allocate general (indirect) expenses to other functions. 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. 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 fiduciary 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.

**MADISON SCHOOL DISTRICT #321
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by block grants, and then by general revenues.

Buildings, furniture, fixtures, equipment and vehicles of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Category of Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	40-50
Furniture, fixtures & equipment	5-20
Vehicles	7-12

D. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated personal leave balances. The liability has been calculated using vesting method, in which leave amounts for employees who currently are eligible to receive termination payments are included.

E. 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 statement of net position. For bonds issued after June 30, 2004, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. 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.

G. Fund Accounting

According to generally accepted accounting principles for governmental units, the District's financial operations are accounted for in the following funds:

GOVERNMENTAL FUND TYPES

General Fund

This fund accounts for the general operating (M&O) fund of the District. It is used to account for all financial resources except those required to be accounted for in any other fund.

Special Revenue Funds

These funds account for federal and state funded grants as well as locally funded educational programs whose expenditures are limited to specific purposes. Such grants have been awarded to the district with the purpose of accomplishing specified educational tasks defined in the grant agreements.

Debt Service Fund

This fund accounts for the use of taxes levied and other revenues collected for the retirement of debt principal, interest and related costs.

Capital Projects Fund

This fund is used to account for bond proceeds for the construction of school buildings and various capital projects.

School Plant Facilities

This fund is used to account for the school plant facility tax levied and other resources to be used for the construction, purchase and maintenance of school buildings and equipment.

Fiduciary Fund Types

Trust and Agency Funds

Trust and agency funds are used to account for assets held by the district in a trustee capacity or as an agent for student groups.

H. Budgets

Annual budgets are prepared and adopted by the board of Trustees before the beginning of the fiscal year July 1st. Budgets are prepared on the GAAP basis of accounting.

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Property Tax

Property taxes are collected by the County Treasurer and remitted to the District monthly. Taxes are payable in semi-annual installments due December 20 and June 20 of each year after which time they become delinquent. Taxes levied but not received by the district by June 30 have been accrued and taxes still unpaid after sixty days beyond the fiscal year are shown as deferred inflows of resources.

J. Nonspendable and Spendable Fund Balances

Fund balance is separated into nonspendable and spendable fund balance. Nonspendable fund balance includes amounts that cannot be spent because they are either: (1) not in spendable form; or (2) legally or contractually required to be maintained intact. Spendable amounts are classified into restricted, committed, assigned, and unassigned. The following is a list of nonspendable and spendable fund balance designations for Madison School District #321:

Nonspendable for inventory. This fund balance cannot be spent. It is designated to be used for inventory.

Committed to Board Policy 317. This fund balance is committed to a 5% of current total expenditures as mandated by Board Policy 317.

Assigned for debt service. This designation was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The designation was established to satisfy restrictions imposed by various bond agreements.

Assigned for special revenue deficit cash and M & O grant. The fund balance is assigned for deficit cash balance covered by the General Fund for various Special Revenue Funds of \$601,230 and a grant included in the General Fund of \$16,181 which must be spent according to the grant terms.

Assigned for other purposes. This designation indicates fund balance that can only be spent for purposes authorized by the funding source.

Unassigned. This fund balance is not assigned to any specific purpose. The District will use the unassigned fund balance for expenditures in the subsequent fiscal year.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as those financial instruments which have a maturity date of three months or less from the date of acquisition.

Deposits

The carrying amount of the Districts deposits with financial institutions was \$810,275 and the bank balance was \$1,132,272. The amount not covered by FDIC insurance was \$500,926.

Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies and repurchase agreements. The District's investments at year end consisted of the following:

MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

2. CASH AND CASH EQUIVALENTS (cont.)

Investment Type	Fair Value	< 1 year	1-5 years	> 5 years	Cost	Rating	%
						S&P	
FHLB LOC	\$ 4,297,533	\$ 4,297,533	\$ -	\$ -	\$ 4,297,533	AAA	69.54%
Id. St. Invest. Pool	1,882,837	1,882,837	-	-	1,882,837	Unrated	30.46%
Total Investments	<u>\$ 6,180,370</u>	<u>\$ 6,180,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,180,370</u>		<u>100.00%</u>

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 to it. The government does not have a deposit policy for custodial credit risk.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	BALANCE 7/1/2013	ADDITIONS	DELETIONS	BALANCE 6/30/2014
Capital assets not being depreciated				
Construction in progress	\$ 690,027	\$ 2,115,434	\$ 2,730,176	\$ 75,285
Land	2,674,099	658,388	156,650	3,175,837
Total capital assets not being depreciated	<u>3,364,126</u>	<u>2,773,822</u>	<u>2,886,826</u>	<u>3,251,122</u>
Capital assets, being depreciated				
Buildings	95,642,250	3,078,146	378,720	98,341,676
Vehicles	3,904,735	435,340	154,863	4,185,212
Equipment	1,545,051	37,862	9,500	1,573,413
Total capital assets being depreciated	<u>101,092,036</u>	<u>3,551,348</u>	<u>543,083</u>	<u>104,100,301</u>
Less accumulated depreciation for				
Buildings	(17,141,955)	(1,867,047)	274,481	(18,734,521)
Vehicles	(2,959,170)	(187,082)	154,863	(2,991,389)
Equipment	(1,052,766)	(102,884)	8,154	(1,147,496)
Total accumulated depreciation	<u>(21,153,891)</u>	<u>(2,157,013)</u>	<u>437,498</u>	<u>(22,873,406)</u>
Total capital assets being depreciated, net	<u>79,938,145</u>	<u>1,394,335</u>	<u>105,585</u>	<u>81,226,895</u>
Capital assets, net	<u>\$ 83,302,271</u>	<u>\$ 4,168,157</u>	<u>\$ 2,992,411</u>	<u>\$ 84,478,017</u>

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

3. CAPITAL ASSETS (cont.)

In the government-wide Statement of Activities the column labeled "Expenses" includes charges for depreciation expense to the following functions or programs:

<u>EXPENSE</u>	
Instruction	\$ 1,809,390
Food services	9,168
Administration	151,373
Transportation	<u>187,082</u>
Total	<u>\$ 2,157,013</u>

The School District's capitalization policy is to capitalize equipment over \$5,000 and buildings over \$20,000.

4. CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

A summary of general long-term debt transactions of the District, for the year ended June 30, 2014, follows:

	<u>BALANCE</u> <u>7/1/2013</u>	<u>ADDITIONS</u>	<u>RETIREMENT</u>	<u>BALANCE</u> <u>6/30/2014</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
General obligation bond	\$ -	\$ -	\$ -	\$ -	\$ -
Gen. oblig. bond-building	34,550,000	-	3,405,000	31,145,000	1,985,000
Gen. oblig. bond-building	17,625,000	-	470,000	17,155,000	485,000
Capital lease payment	-	-	-	-	-
OPEB liability	548,535	-	221,156	327,379	327,379
Compensated absences	445,212	42,222	-	487,434	487,434
Total	<u>\$ 53,168,747</u>	<u>\$ 42,222</u>	<u>\$ 4,096,156</u>	<u>\$ 49,114,813</u>	<u>\$ 3,284,813</u>

The schedule below presents the outstanding notes and bonds payable included in the Long-term Debt.

General Obligation School Building Bonds Refunding due in annual installments ranging from \$2,291,623 to \$3,324,600 including interest ranging from 2.0% to 5.0%.	\$ 31,145,000
\$19,500,000 General Obligation School Building Bonds due in annual installments ranging from \$104,025 to \$4,484,025 including interest ranging from 3.5% to 5.5%.	<u>17,155,000</u>
	<u>\$ 48,300,000</u>

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

4. CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS (cont.)

Annual requirements to amortize all bonded long-term notes payable outstanding, as of June 30, 2014, follow:

Debt service requirements to amortize bond debt to maturity as of June 30, 2014, are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 2,470,000	\$ 1,929,890	\$ 4,399,890
2016	2,480,000	1,981,275	4,461,275
2017	2,600,000	1,898,144	4,498,144
2018	2,830,000	1,853,538	4,683,538
2019	2,910,000	1,728,888	4,638,888
2020-2024	16,425,000	6,635,656	23,060,656
2025-2029	18,585,000	2,308,025	20,893,025
Total	<u>\$48,300,000</u>	<u>\$ 18,335,416</u>	<u>\$66,635,416</u>

During the year, the \$40,500,000 General Obligation School Building Bond was refunded by the \$25,195,000 General Obligation School Building Refunding Bonds Series 2014 AB. The cash flows required to service the old debt are \$36,507,891. The cash flows required to service the new debt are \$34,458,347. This results in an economic gain of \$2,049,544 over time from this advanced refunding transaction.

The debt balance at June 30, 2014 defeased through this advanced refunding was \$32,725,000.

5. NONMONETARY TRANSACTIONS

The District received \$74,721 in USDA Commodities during the 2013-2014 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as revenue and expense of the fund receiving the commodities.

6. DEFICIT FUND BALANCES

The deficit fund balances as of June 30, 2014 are as follows:

	<u>DEFICIT</u>
Drivers Ed 241	\$ 6,707
School Plant Facilities 420	\$ 850,065

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

7. PENSION BENEFIT OBLIGATIONS

Public Employee Retirement System of Idaho

The Public Employee Retirement System of Idaho (PERSI)-the PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov

The actuarially determined contributions requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2014, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.21% for police/firefighters. The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. The District's contributions required and paid were \$2,097,650, \$2,017,232, and \$2,002,821 for the three years ended June 30, 2014, 2013, and 2012, respectively.

8. CONTINGENCIES

As of the balance sheet date, there are no known claims or lawsuits against the District. All claims and lawsuits are handled by the District's insurance company and the probability of potential loss in excess of insurance coverage is remote.

9. RISK MANAGEMENT

The District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers and from participation in a risk pool. The District's participation in the risk pool is limited to paying premiums for its general liability insurance coverage. Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in coverage from that of the previous year.

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

10. SUBSEQUENT EVENTS

There are no known subsequent events that will have a material impact on the operation of the District. Subsequent events have been considered through the report date of September 18, 2014.

11. INTERFUND TRANSFERS AND BALANCES

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer from:	General Fund	\$	68,457
Transfer to:	School Plant Facilities	\$	68,457

Transfer was for the accumulation of funds for future replacement of capital assets (bus depreciation).

Interfund balances consist of the General Fund covering negative cash balances for Other Special Revenue Funds and School Plant Facilities. The total amount of the balance was \$1,898,603.

12. POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the District recognizes the cost of postemployment healthcare in the year when employee services are received. This reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District’s future cash flows. The District is adopting the requirements of GASB Statement No. 45 in 2009, recognition of the liability is included in the financial statement as a liability in 2014.

Plan Descriptions. The School District provides continuation of medical insurance coverage to employees who retire at end of their service to the District before the age of 65.

The School District Plan is administered by District personnel. No separate financial statements are issued. The following is a summary of the Plan:

	<u>Accrued Liability</u>	<u>Annual Required Contribution</u>	<u>Participant Counts</u>
Active Participants	\$ 247,852	\$ 34,191	321
Retirees, Spouses, and Surviving Spouses	<u>79,527</u>	<u>2,543</u>	<u>25</u>
	<u>\$ 327,379</u>	<u>\$ 36,734</u>	<u>346</u>

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

12. POSTEMPLOYMENT BENEFITS (cont.)

	<u>Annual Required Contributions (ARC)</u>
Normal Cost as of June 30, 2014	\$ 22,141
Actuarial Accrued Liability (AAL)	\$ 327,379
Actuarial Value of Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 327,379
Amortization Factor	25.0
Amortization of the Unfunded Actuarial Accrued Liability	\$ 36,734
Annual Required Contribution for Fiscal Year Ending 6-30-14	\$ 36,734

	<u>Annual OPEB Cost</u>
Annual Required Contribution as of 6-30-14	\$ 36,734
Net OPEB Obligation at 7-01-14	\$ 109,435
Interest on Net OPEB Obligation	\$ -
Amortization Factor	25.0
ARC Adjustment	\$ -
Annual OPEB Cost	\$ 36,961

	<u>Schedule of Funding Progress</u>
Actuarial Valuation Date	7-01-13
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	\$ 548,535
Unfunded Actuarial Accrued Liability (UAAL)	\$ 548,535
Funded Ratio	0.00%

In future years, three-year trend information will be presented. Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively, therefore, prior year comparative data is not available.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are “community-rated” and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 25 years on a level dollar open basis.

**MADISON SCHOOL DISTRICT #321
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

12. POSTEMPLOYMENT BENEFITS (cont.)

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014, actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization. The actuarial assumptions utilized a 4.25% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.25% rate. The valuation assumes a 7.50% healthcare cost trend increase for fiscal year 2013-14, reduced by decrements to a rate of .50% after six years.

13. 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's deferred outflows of resources consist of bond issue expenses from previous bond issues.

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's deferred inflows of resources for the Statement of Position consist of bond premiums from outstanding bonds that will reduce the interest expense in future periods. The District has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

Deferred inflows of resources at June 30, 2014, represent revenues that are not available for use by the District to liquidate current year liabilities. A summary of deferred inflows by fund follows:

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>SCHOOL PLANT FACILITIES</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL</u>
Property Tax	\$ 17,439	\$ 125,815	\$ 51,748	\$ -	\$ 195,002
Other Revenue	-	-	-	1,100	1,100
TOTAL	<u>\$ 17,439</u>	<u>\$ 125,815</u>	<u>\$ 51,748</u>	<u>\$ 1,100</u>	<u>\$ 196,102</u>

REQUIRED SUPPLEMENTARY INFORMATION

MADISON SCHOOL DISTRICT #321
BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND
For the year ended June 30, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ 154,584	\$ 457,076	\$ 445,119	\$ (11,957)
Intergovernmental-State	21,402,302	21,569,113	21,572,211	3,098
Intergovernmental-Federal	100,000	100,000	101,472	1,472
Charges for services	-	-	-	-
Investment earnings	20,000	20,000	5,087	(14,913)
Miscellaneous	-	-	-	-
Other revenue	52,000	52,000	58,231	6,231
TOTAL REVENUES	21,728,886	22,198,189	22,182,120	(16,069)
EXPENDITURES				
Instruction	14,046,621	14,046,621	13,766,126	280,495
Instruction and media services	170,762	170,762	164,526	6,236
Instruction improvement	169,360	169,360	163,877	5,483
Special services	564,168	564,168	505,421	58,747
Plant maintenance and operation	2,917,922	2,917,922	2,766,471	151,451
General administration	2,802,193	2,802,193	2,645,177	157,016
Guidance, counseling, and evaluation	401,710	401,710	395,894	5,816
Transportation	1,325,237	1,325,237	1,380,925	(55,688)
Food service	35,287	35,287	32,019	3,268
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	22,433,260	22,433,260	21,820,436	612,824
Excess (deficiency) of revenues over expenditures	(704,374)	(235,071)	361,684	596,755
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(68,500)	(68,500)	(68,457)	43
TOTAL OTHER FINANCING SOURCES (USES)	(68,500)	(68,500)	(68,457)	43
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	<u>\$ (772,874)</u>	<u>\$ (303,571)</u>	293,227	<u>\$ 596,798</u>
Fund balances - Beginning			1,703,469	
FUND BALANCES - Ending			<u>\$ 1,996,696</u>	

MADISON SCHOOL DISTRICT #321
BUDGET AND ACTUAL (WITH VARIANCES) - FOOD SERVICE
For the year ended June 30, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental-State	-	-	-	-
Intergovernmental-Federal	873,000	873,000	996,449	123,449
Charges for services	400,000	400,000	347,052	(52,948)
Investment earnings	-	-	116	116
Miscellaneous	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	1,273,000	1,273,000	1,343,617	70,617
EXPENDITURES				
Instruction	-	-	-	-
Instruction and media services	-	-	-	-
Instruction improvement	-	-	-	-
Special services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Guidance, counseling, and evaluation	-	-	-	-
Transportation	-	-	-	-
Food service	1,208,000	1,208,000	1,280,478	(72,478)
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	1,208,000	1,208,000	1,280,478	(72,478)
Excess (deficiency) of revenues over expenditures	65,000	65,000	63,139	(1,861)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	<u>\$ 65,000</u>	<u>\$ 65,000</u>	63,139	<u>\$ (1,861)</u>
Fund balances - Beginning			<u>122,930</u>	
FUND BALANCES - Ending			<u>\$ 186,069</u>	

MADISON SCHOOL DISTRICT #321
BUDGET AND ACTUAL (WITH VARIANCES) - DEBT SERVICE
For the year ended June 30, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 4,525,000	\$ 3,660,000	\$ 3,676,691	\$ 16,691
Intergovernmental-State	860,000	985,190	985,190	-
Intergovernmental-Federal	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	10,000	10,000	2,634	(7,366)
Miscellaneous	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	5,395,000	4,655,190	4,664,515	9,325
EXPENDITURES				
Instruction	-	-	-	-
Instruction and media services	-	-	-	-
Instruction improvement	-	-	-	-
Special services	-	-	-	-
Extracurricular	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	-	-	-	-
Guidance, counseling, and evaluation	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	2,295,000	2,470,000	3,875,000	(1,405,000)
Interest and other charges	2,349,950	2,349,950	2,507,335	(157,385)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	4,644,950	4,819,950	6,382,335	(1,562,385)
Excess (deficiency) of revenues over expenditures	750,050	(164,760)	(1,717,820)	(1,553,060)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond refunding	-	-	1,580,000	(1,580,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,580,000	(1,580,000)
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	\$ 750,050	\$ (164,760)	(137,820)	\$ 26,940
Fund balances - Beginning			3,482,809	
FUND BALANCES - Ending			\$ 3,344,989	

MADISON SCHOOL DISTRICT #321
BUDGET AND ACTUAL (WITH VARIANCES) - SCHOOL PLANT FACILITIES
For the year ended June 30, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ 1,490,000	\$ 1,490,000	\$ 1,500,197	\$ 10,197
Intergovernmental-State	105,000	133,630	130,666	(2,964)
Intergovernmental-Federal	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	5,000	5,000	217	(4,783)
Miscellaneous	3,000	3,000	3,120	120
Other revenue	-	-	-	-
TOTAL REVENUES	1,603,000	1,631,630	1,634,200	2,570
EXPENDITURES				
Instruction	-	-	-	-
Instruction and media services	-	-	-	-
Instruction improvement	-	-	-	-
Special services	-	-	-	-
Plant maintenance and operation	-	-	-	-
General administration	115,000	115,000	147,283	(32,283)
Guidance, counseling, and evaluation	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	2,688,500	3,872,500	3,704,833	167,667
TOTAL EXPENDITURES	2,803,500	3,987,500	3,852,116	135,384
Excess (deficiency) of revenues over expenditures	(1,200,500)	(2,355,870)	(2,217,916)	137,954
OTHER FINANCING SOURCES (USES)				
Transfers in	68,500	68,500	68,457	(43)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	68,500	68,500	68,457	(43)
SPECIAL ITEM				
Proceeds from sale capital assets	2,000	153,500	266,444	112,944
Net change in fund balances	\$ (1,130,000)	\$ (2,133,870)	(1,883,015)	\$ 250,855
Fund balances - Beginning			1,032,950	
FUND BALANCES - Ending			\$ (850,065)	

MADISON SCHOOL DISTRICT #321
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

1. The legally adopted budget for Madison School District #321 is based on the modified accrual basis of accounting.
2. Actual expenditures exceeded the budget in the major funds for Food Service Fund and Debt Service; however additional monies were available to cover expenditures.

SUPPLEMENTARY INFORMATION

**MADISON SCHOOL DISTRICT #321
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	FEDERAL FOREST RESERVE 220	DISTRICT E- RATE FUND 231	3L FUND 232
ASSETS			
Cash and cash equivalents	\$ 223,890	\$ 19,624	\$ 596,055
Receivable from other governments	-	-	-
Taxes receivable, net	-	-	-
Inventory	-	-	-
TOTAL ASSETS	223,890	19,624	596,055
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 223,890	\$ 19,624	\$ 596,055
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1,082	\$ -
Other accrued expenses	-	-	-
Interfund payable	-	-	-
TOTAL LIABILITIES	-	1,082	-
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	-	-	-
FUND BALANCES			
Nonspendable: Inventory	-	-	-
Assigned: Other Purposes	223,890	18,542	596,055
TOTAL FUND BALANCES	223,890	18,542	596,055
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 223,890	\$ 19,624	\$ 596,055

PAT DATABASE 233	ICF 239	DRIVERS ED 241	PRO TECH 243	TECHNOLOGY ICTL 245
\$ 8,795	\$ 632,866	\$ -	\$ -	\$ 131,390
-	-	9,738	33,808	-
-	-	-	-	-
-	-	-	-	-
<u>8,795</u>	<u>632,866</u>	<u>9,738</u>	<u>33,808</u>	<u>131,390</u>
-	-	-	-	-
<u>\$ 8,795</u>	<u>\$ 632,866</u>	<u>\$ 9,738</u>	<u>\$ 33,808</u>	<u>\$ 131,390</u>
\$ -	\$ -	\$ 604	\$ 9,772	\$ -
-	-	6,950	8,150	-
-	-	7,791	13,146	-
-	-	15,345	31,068	-
-	-	1,100	-	-
-	-	-	-	-
<u>8,795</u>	<u>632,866</u>	<u>(6,707)</u>	<u>2,740</u>	<u>131,390</u>
<u>8,795</u>	<u>632,866</u>	<u>(6,707)</u>	<u>2,740</u>	<u>131,390</u>
<u>\$ 8,795</u>	<u>\$ 632,866</u>	<u>\$ 9,738</u>	<u>\$ 33,808</u>	<u>\$ 131,390</u>

**MADISON SCHOOL DISTRICT #321
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	MEDICAID REIMBURSE 249	TL1 DISADV 251	TL1 MIGRANT 253
ASSETS			
Cash and cash equivalents	\$ 39,277	\$ -	\$ 2,209
Receivable from other governments	141,511	459,841	1,619
Taxes receivable, net	-	-	-
Inventory	-	-	-
TOTAL ASSETS	180,788	459,841	3,828
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 180,788	\$ 459,841	\$ 3,828
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 259	\$ -
Other accrued expenses	86,854	121,482	3,828
Interfund payable	-	197,591	-
TOTAL LIABILITIES	86,854	319,332	3,828
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	-	-	-
FUND BALANCES			
Nonspendable: Inventory	-	-	-
Assigned: Other Purposes	93,934	140,509	-
TOTAL FUND BALANCES	93,934	140,509	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 180,788	\$ 459,841	\$ 3,828

TITLE VIB 257	VIB PRESCHOOL 258	CPIII PRO TECH FUND 263	TIH LEP 270	TIIA 271
\$ -	\$ -	\$ -	\$ -	\$ -
229,244	10,629	64,222	18,199	19,703
-	-	-	-	-
-	-	-	-	-
229,244	10,629	64,222	18,199	19,703
-	-	-	-	-
\$ 229,244	\$ 10,629	\$ 64,222	\$ 18,199	\$ 19,703
\$ 233	\$ 778	\$ 3,940	\$ -	\$ 334
69,255	-	643	851	3,449
149,115	9,851	59,639	17,348	15,920
218,603	10,629	64,222	18,199	19,703
-	-	-	-	-
-	-	-	-	-
10,641	-	-	-	-
10,641	-	-	-	-
\$ 229,244	\$ 10,629	\$ 64,222	\$ 18,199	\$ 19,703

**MADISON SCHOOL DISTRICT #321
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	21ST CENTURY MMS 280	21ST CENTURY JHS & KENNEDY 283	CHILD MENTAL HEALTH 287
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivable from other governments	62,659	67,693	1,284,793
Taxes receivable, net	-	-	-
Inventory	-	-	-
TOTAL ASSETS	62,659	67,693	1,284,793
DEFERRED OUTFLOWS OF RESOURCES			
Expenditures unavailable for use	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 62,659	\$ 67,693	\$ 1,284,793
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 16,303
Other accrued expenses	-	-	-
Interfund payable	62,659	67,693	477
TOTAL LIABILITIES	62,659	67,693	16,780
DEFERRED INFLOWS OF RESOURCES			
Revenue unavailable for use	-	-	-
FUND BALANCES			
Nonspendable: Inventory	-	-	-
Assigned: Other Purposes	-	-	1,268,013
TOTAL FUND BALANCES	-	-	1,268,013
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 62,659	\$ 67,693	\$ 1,284,793

OTHER SPECIAL FUNDS 288	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 156,841	\$ 1,810,947
-	2,403,659
-	-
-	-
<u>156,841</u>	<u>4,214,606</u>
-	-
<u>\$ 156,841</u>	<u>\$ 4,214,606</u>
\$ 5,689	38,994
-	301,462
-	<u>601,230</u>
<u>5,689</u>	<u>941,686</u>
-	<u>1,100</u>
-	-
<u>151,152</u>	<u>3,271,820</u>
-	-
<u>151,152</u>	<u>3,271,820</u>
<u>\$ 156,841</u>	<u>\$ 4,214,606</u>

**MADISON SCHOOL DISTRICT #321
 COMBINING STATEMENT OF
 REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE
 FUNDS**

For the Year Ended June 30, 2014

	FEDERAL FOREST RESERVE 220	DISTRICT E- RATE FUND 231	3L FUND 232
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental-State	-	-	-
Intergovernmental-Federal	23,392	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other revenue	-	61,175	300,423
TOTAL REVENUES	23,392	61,175	300,423
EXPENDITURES			
Instruction	-	-	-
Special services	-	-	-
Instruction improvement	-	-	58,392
Support services	-	-	-
General administration	-	42,633	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
TOTAL EXPENDITURES	-	42,633	58,392
Excess (deficiency) of revenues over expenditures	23,392	18,542	242,031
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	23,392	18,542	242,031
Fund balance - Beginning	200,498	-	354,024
FUND BALANCES - Ending	\$ 223,890	\$ 18,542	\$ 596,055

PAT DATABASE 233	ICF 239	DRIVERS ED 241	PRO TECH 243	TECHNOLOGY ICTL 245
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	31,125	110,617	175,184
-	-	-	-	-
-	-	22,950	-	-
-	-	-	-	-
-	-	-	-	-
4,352	73,959	-	-	-
<u>4,352</u>	<u>73,959</u>	<u>54,075</u>	<u>110,617</u>	<u>175,184</u>
-	-	60,337	110,257	36,596
-	-	-	-	-
1,557	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,557</u>	<u>-</u>	<u>60,337</u>	<u>110,257</u>	<u>36,596</u>
2,795	73,959	(6,262)	360	138,588
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,795	73,959	(6,262)	360	138,588
6,000	558,907	(445)	2,380	(7,198)
<u>\$ 8,795</u>	<u>\$ 632,866</u>	<u>\$ (6,707)</u>	<u>\$ 2,740</u>	<u>\$ 131,390</u>

**MADISON SCHOOL DISTRICT #321
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE
FUNDS**

For the Year Ended June 30, 2014

	MEDICAID REIMBURSE 249	TL1 DISADV 251	TL1 MIGRANT 253
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental-State	703,911	-	-
Intergovernmental-Federal	-	972,939	11,925
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other revenue	-	-	-
	<u>703,911</u>	<u>972,939</u>	<u>11,925</u>
EXPENDITURES			
Instruction	675,461	886,432	10,419
Special services	-	-	-
Instruction improvement	-	7,777	1,506
Support services	-	-	-
General administration	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
	<u>675,461</u>	<u>894,209</u>	<u>11,925</u>
Excess (deficiency) of revenues over expenditures	28,450	78,730	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	28,450	78,730	-
Fund balance - Beginning	<u>65,484</u>	<u>61,779</u>	<u>-</u>
FUND BALANCES - Ending	<u><u>\$ 93,934</u></u>	<u><u>\$ 140,509</u></u>	<u><u>\$ -</u></u>

TITLE VIB 257	VIB PRESCHOOL 258	CPIII PRO TECH FUND 263	TIII LEP 270	TIIA 271
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
783,685	29,027	64,222	19,988	171,739
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>783,685</u>	<u>29,027</u>	<u>64,222</u>	<u>19,988</u>	<u>171,739</u>
811,495	27,777	64,222	19,988	-
-	-	-	-	-
36,790	1,250	-	-	138,462
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>848,285</u>	<u>29,027</u>	<u>64,222</u>	<u>19,988</u>	<u>138,462</u>
(64,600)	-	-	-	33,277
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(64,600)	-	-	-	33,277
75,241	-	-	-	(33,277)
<u>\$ 10,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MADISON SCHOOL DISTRICT #321
COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE
FUNDS**

For the Year Ended June 30, 2014

	21ST CENTURY MMS 280	21ST CENTURY JHS & KENNEDY 283	CHILD MENTAL HEALTH 287
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental-State	-	-	-
Intergovernmental-Federal	209,365	150,540	1,409,506
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Other revenue	-	-	-
	<u>209,365</u>	<u>150,540</u>	<u>1,409,506</u>
EXPENDITURES			
Instruction	-	-	-
Special services	-	-	-
Instruction improvement	209,365	150,540	1,419,849
Support services	-	-	-
General administration	-	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
	<u>209,365</u>	<u>150,540</u>	<u>1,419,849</u>
Excess (deficiency) of revenues over expenditures	-	-	(10,343)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM			
Proceeds from sale of equipment	-	-	-
Net change in fund balances	-	-	(10,343)
Fund balance - Beginning	-	-	1,278,356
FUND BALANCES - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268,013</u>

OTHER SPECIAL FUNDS 288	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -
101,800	1,122,637
-	3,846,328
-	22,950
-	-
-	-
430,838	870,747
<u>532,638</u>	<u>5,862,662</u>
-	2,702,984
-	-
515,472	2,540,960
-	-
-	42,633
-	-
-	-
-	-
<u>515,472</u>	<u>5,286,577</u>
17,166	576,085
-	-
-	-
-	-
-	-
17,166	576,085
133,986	2,695,735
<u>\$ 151,152</u>	<u>\$ 3,271,820</u>

**MADISON SCHOOL DISTRICT #321 - STATE OF IDAHO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2014**

	<u>BALANCE</u> <u>07/01/13</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>06/30/14</u>
ASSETS				
Cash and cash equivalents	\$ 526,618	\$ 1,733,905	\$ 1,625,373	\$ 635,150
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student organizations				
Elementary Schools:				
Adams	8,081	74,522	77,832	4,771
Burton	23,488	37,320	40,075	20,733
Hibbard	3,017	19,016	18,368	3,665
Kennedy	18,259	56,984	53,417	21,826
Lincoln	19,654	19,474	22,041	17,087
South Fork	43,419	24,366	38,855	28,930
Middle Schools:				
Madison Middle School	68,285	74,366	72,927	69,724
Junior High Schools				
Madison Junior High School	68,985	290,557	276,954	82,588
High Schools				
Madison High School	230,961	1,093,188	974,954	349,195
Central High School	42,469	44,112	49,950	36,631
TOTAL LIABILITIES	<u>\$ 526,618</u>	<u>\$ 1,733,905</u>	<u>\$ 1,625,373</u>	<u>\$ 635,150</u>

OTHER SUPPLEMENTARY INFORMATION

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**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**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Madison School District #321
Rexburg, Idaho

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Madison School District #321, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 18, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison School District #321's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Madison School District #321's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison School District #321'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison School District #321'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.

Searle Hart + Associates PLLC

Rexburg, Idaho

September 18, 2014

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Eerald W. Searle, CPA
Steven J. Hart, CPA
Farrell J Steiner, CPA
Dana Eric Izatt, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Madison School District #321
Rexburg, Idaho

Report on Compliance for Each Major Federal Program

We have audited Madison School District #321's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madison School District #321's major federal programs for the year ended June 30, 2014. Madison School District #321's major federal programs are identified in the summary of auditor's results section of accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Madison School District #321's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison School District #321's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Madison School District #321's compliance.

Opinion on Each Major Federal Program

In our opinion, Madison School District #321 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Madison School District #321 is responsible for establishing and maintaining effective internal

control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison School District #321's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison School District #321's internal control over compliance.

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

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

The 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Searle Hart + associates PLLC

Rexburg, Idaho

September 18, 2014

**MADISON SCHOOL DISTRICT #321
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed Through State Department of Education:		
School Breakfast	10.553	\$ 49,564
National School Lunch	10.555	845,368
Summer Food Program	10.559	101,517
TOTAL OF DEPARTMENT OF AGRICULTURE		996,449
 <u>U.S. DEPARTMENT OF EDUCATION</u>		
Passed Through State Department of Education:		
Title 1 Grant to Local Educational Agencies	84.010	894,209
Migrant Education Basic State Grant Program	84.011	11,925
Special Education-Grants to States	84.027	848,285
Vocational Education Basic Grants to States	84.048	64,222
Special Education Preschool Grants	84.173	29,027
Twenty First Century Community Learning Grant	84.287	359,905
English Language Acquisition Grants	84.365	19,988
Improving Teacher Quality	84.367	138,462
College Access Challenge Grant	84.378	800
TOTAL OF DEPARTMENT OF EDUCATION		2,366,823
 <u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>		
Direct		
Child Mental Health Services	93.104	1,419,848
TOTAL		\$ 4,783,120

**MADISON SCHOOL DISTRICT #321
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as described in Note 1 of the District's financial statements.

NOTE 2- NONMONETARY TRANSACTIONS

Nonmonetary assistance is reported for the Food Distribution Program at fair market value of commodities received which established by the State Department of Education. The District held an undetermined amount of those commodities in inventory at June 30, 2014.

**MADISON SCHOOL DISTRICT #321
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2014**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weaknesses Identified	_____ YES	<u> X </u> NO
Significant Deficiencies Identified that are not considered to be material weaknesses	_____ YES	<u> X </u> None Reported
Noncompliance Material to financial statements noted	_____ YES	<u> X </u> NO

Federal Awards

Internal Control Over Major Programs:

Material Weaknesses Identified	_____ YES	<u> X </u> NO
Significant Deficiencies Identified that are not considered to be material weaknesses	_____ YES	<u> X </u> None Reported

Type of Auditor's Report Issued on Compliance For Major Programs: Unqualified

Audit Findings Required to be reported in accordance with section 510(a) of Circular A-133	_____ YES	<u> X </u> NO
--------------------------------------------------------------------------------------------	-----------	---------------

Identification of Major Programs:

93.104 Child Mental Health Services

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee Qualified as Low-Risk Auditee X YES _____ NO

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**MADISON SCHOOL DISTRICT #321
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported last year.

Attachment 4

Tax Exempt Letter from Madison School District 321



60 West Main, Rexburg, ID 83440 • Phone: (208) 359-3300 • Fax: (208) 359-3345

Geoffrey M. Thomas Ed.D, Superintendent • Varr Snedaker, CPA, Business Manager • Travis Schwab, Director of Special Services

June 1, 2015

Re: Tax-exempt status - Madison School District #321

To whom it may concern:

This letter is in response to your request to verify tax-exempt status for Madison School District #321.

Madison School District #321 is a tax exempt, local governmental entity organized under the laws of the State of Idaho. School districts are exempt from federal and state income tax, property tax, and sales tax because they are legal local governmental units by state law. Madison School District's governing board is made up of elected officials who are responsible directly to tax payers. As a legal governmental entity, the Board can levy taxes and issue debt against taxpayers. Budgets are public information and provided to the public and budget hearings are open to the public.

Madison School District was created by an election held on March 19, 1948 and has been tax-exempt ever since. School districts are exempt from Idaho sales tax per Idaho Code 63-3622 "Q".

If you have questions, please give me a call at (208) 359-3300.

Sincerely,

Varr J. Snedaker, CPA
Business Manager