

MID CENTRAL EDUCATIONAL COOPERATIVE

AUDIT REPORT

FISCAL YEAR JULY 1, 2013, TO JUNE 30, 2014

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MID CENTRAL EDUCATIONAL COOPERATIVE

MID CENTRAL EDUCATIONAL COOPERATIVE
COOPERATIVE OFFICIALS
JUNE 30, 2014

MEMBER SCHOOL

Armour
Burke
Colome
Corsica
Ethan
Gregory
Kimball
Mt. Vernon
Plankinton
Platte-Geddes
Stickney
Wessington Springs
White Lake
Wolsey-Wessington

BOARD MEMBERS

JoAnn Farke
Brandon York
Pamela Haukaaas
Nicole Bamberg
Tim Neugebauer
Shirley Pederson
Todd Reinesh
Ryan Youngstrom
Dave Merrill
Tammy Olson
Lloyd Persson
Tanya Aldrich
Jim Munson
Richard Peterson

ADVISORY BOARD

Burnell Glanzer
Erik Person
Alan Armstrong
Vern DeGeest
Terry Eckstaine
Sara Klein
Sheri Hardman
Pat Mikkonen
James Jones
Joel Bailey
Robert Krietlow
Lance Witte
Robert Schroeder
James Cutshaw

DIRECTOR

Daniel Guericke

BUSINESS MANAGER

Scott Westerhuis

Schoenfish & Co., Inc.

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INDEPENDENT AUDITOR'S 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

Governing Board
Mid Central Educational Cooperative
Platte, South Dakota

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 the Mid Central Educational Cooperative, South Dakota (Cooperative), as of June 30, 2014 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative'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 the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 Cooperative's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2014-001 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of 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*.

Cooperative's Response to Findings

The Cooperative's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Cooperative's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative'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. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
November 20, 2014

Schoenfish & Co., Inc.

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

Governing Board
Mid Central Educational Cooperative
Platte, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Mid Central Educational Cooperative, South Dakota (Cooperative) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2014. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit 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 the Cooperative'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 the Cooperative'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 the Cooperative's compliance.

Opinion on Each Major Federal Program

In our opinion, the Mid Central Educational Cooperative 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 the Cooperative 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 the Cooperative's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Cooperative's internal control over compliance.

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

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

Purpose of this Report

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 purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
November 20, 2014

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

Prior Finding Number 2013-001:

A material weakness was reported for a lack of segregation of duties for revenues.

Corrective Action Plan:

This prior audit comment has been corrected.

PRIOR OTHER AUDIT FINDINGS:

Prior Finding Number 2013-002:

A material weakness was reported for errors and omissions noted in the annual financial statements prepared by cooperative officials.

Corrective Action Plan:

This prior audit comment has not been corrected and is restated under current audit findings and questioned costs as finding number 2014-001.

Prior Finding Number 2013-003:

The Mid Central Educational Cooperative purchased two vehicles without advertising for competitive bids as required by SDCL 5-18A-14.

Corrective Action Plan:

This prior audit comment has been corrected.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTSCURRENT AUDIT FINDINGS AND QUESTIONED COSTS:Summary of the Independent Auditor's Results:Financial Statements:

- a. An unmodified opinion was issued on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.
- b. A material weakness was disclosed by our audit of the financial statements for errors and omissions in the financial statements as discussed in finding number 2014-001.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510 (a).
- f. The federal awards tested as major programs were:
 1. Gaining Early Awareness and Readiness for Undergraduate Programs CFDA No. 84.334
 2. Teacher Quality Partnership Grants CFDA No. 84.336
 3. College Access Challenge Grant Program CFDA No. 84.378
 4. Special Education Cluster:
 - a. Special Education – Grants to States CFDA No. 84.027
 - b. Special Education – Preschool Grants CFDA No. 84.173
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. Mid Central Educational Cooperative did not qualify as a low-risk entity.

CURRENT FEDERAL COMPLIANCE AUDIT FINDINGS:

There are no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:Finding Number 2014-001:

Errors and omissions were noted in the annual financial statements prepared by cooperative officials. This is the eighth consecutive audit in which similar deficiencies have occurred.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria:

Accurate and complete financial information must be presented to be useful to the users of these statements.

Condition:

Some of the more significant errors and omissions noted in the annual financial statements are as follows:

- a. Cash in banks reported were recorded properly except one account was omitted from trust and agency funds.
- b. Receivables were not properly adjusted to the correct revenue accounts at year end.
- c. Depreciation was not properly adjusted to actual at year end.
- d. Revenues and expenditures were not properly classified during the year.

The financial statements in this report have been adjusted to take into account the errors and omissions in items a. through d. above.

Effect:

As a result, inaccurate and incomplete information is being presented to the users of these financial statements.

Recommendation:

1. We recommend future annual financial statements be completely and accurately prepared in accordance with generally accepted accounting principles.

Corrective Action Plan:

The Mid Central Educational Cooperative Board President, Lloyd Persson, is the contact person responsible for the corrective action plan for this comment. We will attempt to be more accurate and complete when preparing the financial statements and annual report.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the President, the Director, the Business Manager, and Assistant Business Manager on January 20, 2015.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Mid Central Educational Cooperative
Platte, South Dakota

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 the Mid Central Educational Cooperative, South Dakota, (Cooperative) as of June 30, 2014 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Cooperative's 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 Cooperative'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 Cooperative'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 the Mid Central Educational Cooperative as of June 30, 2014, and the respective changes in financial position 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 Schedules, on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Cooperative has omitted the Management's Discussion and Analysis (MD&A) 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Schoenfish & Co., Inc.

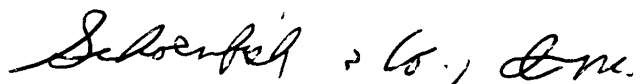
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the Cooperative'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 the Cooperative's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
November 20, 2014

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MID CENTRAL EDUCATIONAL COOPERATIVE
STATEMENT OF NET POSITION
As of June 30, 2014

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	1,766,898.09
Investments	8,682.90
Other Assets	1,581,728.51
Capital Assets:	
Land	27,149.00
Other Capital Assets, Net of Depreciation	651,161.38
TOTAL ASSETS	4,035,619.88
LIABILITIES :	
Accounts Payable	85,539.11
Other Current Liabilities	261,032.13
Noncurrent Liabilities:	
Due Within One Year	15,000.00
Due in More than One Year	63,880.54
TOTAL LIABILITIES	425,451.78
NET POSITION:	
Net Investment in Capital Assets	678,310.38
Unrestricted (Deficit)	2,931,857.72
TOTAL NET POSITION	3,610,168.10

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

MID CENTRAL EDUCATIONAL COOPERATIVE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Instruction	142,032.76		182,537.29		40,504.53
Support Services	9,520,028.70	1,197,504.35	6,063,558.57		(2,258,965.78)
Total Governmental Activities	9,662,061.46	1,197,504.35	6,246,095.86	0.00	(2,218,461.25)
Total Primary Government	9,662,061.46	1,197,504.35	6,246,095.86	0.00	(2,218,461.25)
General Revenues:					
			Unrestricted Investment Earnings		29,558.91
			Other General Revenues		1,765,301.77
			Total General Revenues		1,794,860.68
			Change in Net Position		(423,600.57)
			Net Position - Beginning		4,033,768.67
			NET POSITION - ENDING		3,610,168.10

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

MID CENTRAL EDUCATIONAL COOPERATIVE
BALANCE SHEET
As of June 30, 2014

	General Fund
ASSETS:	
Cash and Cash Equivalents	1,756,898.09
Advanced Payments	10,000.00
Investments	8,682.90
Accounts Receivable, Net	495,851.08
Due from Other Government	1,085,877.43
TOTAL ASSETS	3,357,309.50
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts Payable	85,539.11
Contracts Payable	202,708.48
Payroll Deductions and Withholdings and Employer Matching Payable	58,323.65
Total Liabilities	346,571.24
Fund Balances:	
Assigned for Next Year's Budget	320,641.51
Unassigned	2,690,096.75
Total Fund Balances	3,010,738.26
TOTAL LIABILITIES AND FUND BALANCES	3,357,309.50

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

MID CENTRAL EDUCATIONAL COOPERATIVE
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

Total Fund Balances - Governmental Funds	<u>3,010,738.26</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>678,310.38</u>
Long-term liabilities, including accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(78,880.54)</u>
Net Position - Governmental Activities	<u><u>3,610,168.10</u></u>

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

MID CENTRAL EDUCATIONAL COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2014

	General Fund
Revenues:	
Revenue from Local Sources:	
Tuition and Fees:	
Student Tuition	503,697.55
Earnings on Investments and Deposits	29,558.91
Other Revenue from Local Sources:	
Services Provided Other LEAs	693,806.80
Other	1,765,301.77
Revenue from State Sources:	
Other State Revenue	169,851.56
Revenue from Federal Sources:	
Grants-in-Aid:	
Restricted Grants-in-Aid Received from Federal Government Through the State	5,072,006.41
Other Federal Revenue	1,004,237.89
Total Revenue	9,238,460.89
Expenditures:	
Instruction:	
Special Programs:	
Programs for Special Education	71,325.31
Other Special Programs	70,707.45
Support Services:	
Pupils:	
Guidance	50,042.10
Psychological	395,578.57
Speech Pathology	507,075.80
Audiology Services	145,467.36
Student Therapy Services	229,992.10
Instructional Staff:	
Improvement of Instruction	828,608.01
Educational Media	111,850.55
General Administration:	
Board of Education	223,249.89
Executive Administration	154,051.08
School Administration:	
Other	6,502,970.52
Business:	
Fiscal Services	178,203.80
Operation and Maintenance of Plant	103,626.21
Capital Outlay	64,890.00
Total Expenditures	9,637,638.75
Net Change in Fund Balances	(399,177.86)
Fund Balance - Beginning	3,409,916.12
FUND BALANCE - ENDING	3,010,738.26

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

MID CENTRAL EDUCATIONAL COOPERATIVE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	<u>(399,177.86)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(12,201.24)</u>
In the statement of activities, gain and losses on disposal of assets are reported, whereas in the governmental funds, the proceeds, if any, from the disposal of capital assets is reflected.	<u>(6,273.81)</u>
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	<u>(5,947.66)</u>
Change in Net Position of Governmental Activities	<u><u>(423,600.57)</u></u>

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

MID CENTRAL EDUCATIONAL COOPERATIVE
STATEMENT OF NET POSITION
As of June 30, 2014

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	<u>137,972.54</u>
TOTAL ASSETS	<u><u>137,972.54</u></u>
LIABILITIES:	
Amounts Held for Others	<u>137,972.54</u>
TOTAL LIABILITIES	<u><u>137,972.54</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cooperative conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Financial Reporting Entity:

The reporting entity of Mid Central Educational Cooperative (Cooperative) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Local financing of the Cooperative is raised by each member school district contributing a pro-rated share of said amount based upon the number of children listed in the Annual Accreditation Report, plus any children enrolled in private schools from each member district.

The members of the Co-op and their relative percentage participation in the Co-op are as follows:

Armour School District	4.73%
Burke School District	5.92%
Colome Consolidated School District	7.56%
Corsica School District	4.16%
Ethan School District	7.04%
Gregory School District	10.85%
Kimball School District	7.85%
Mt. Vernon School District	6.64%
Plankinton School District	9.15%
Platte–Geddes School District	12.60%
Stickney School District	3.35%
Wessington Springs School District	8.11%
White Lake School District	3.29%
Wolsey–Wessington School District	8.75%

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position are displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Cooperative's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Cooperative or it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
- c. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the Cooperative financial reporting entity are described below within their respective fund types:

Governmental Funds:

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the cooperative, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Fiduciary Funds:

Fiduciary funds are never considered to be major funds.

Agency Fund Types - agency funds are used to account for resources held by the Cooperative in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The Cooperative maintains agency funds for the following purposes:

Custodial amounts held for other organizations.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Mid Central Educational Cooperative, the length of that cycle is 60 days. The revenues, which are accrued at June 30, 2014, are grant reimbursements and contracts for services.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

All capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during the construction of general capital assets are not capitalized along with other capital asset costs.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 0.00	-----N/A-----	-----N/A-----
Improvements	\$ 5,000.00	Straight-line	15 yrs.
Buildings	\$ 5,000.00	Straight-line	50 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	5 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

f. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

g. Program Revenues:

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the Cooperative's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applications, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components.

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

i. Application of Net Position:

It is the Cooperative's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

j. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Cooperative classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Cooperative uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Cooperative would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Cooperative does not have a formal minimum fund balance policy.

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized as follows:

Deposits – The Cooperative's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits cooperative funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State law limits eligible investments for the Cooperative, as discussed above. The Cooperative has no investment policy that would further limit its investment choices.

As of June 30, 2014, the Cooperative had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Mutual Funds:		
U.S. Government Securities Fund	AAA	\$ 1,081,103.51
TOTAL INVESTMENTS		<u><u>\$ 1,081,103.51</u></u>

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the Cooperative's deposits may not be returned to it. The Cooperative does not have a deposit policy for custodial credit risk.

Concentration of Credit Risk – The Cooperative places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk – The Cooperative does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The Cooperative's policy is to credit all income from deposits and investments to the fund making the investment.

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Cooperative expects all receivables to be collected within one year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, is as follows:

Primary Government

	Balance 07/01/13	Increases	Decreases	Balance 06/30/14
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	27,149.00	0.00	0.00	27,149.00
Capital Assets, being depreciated:				
Improvements	4,333.38			4,333.38
Buildings	560,625.47			560,625.47
Machinery & Equipment	540,188.30	64,890.00	(26,900.00)	578,178.30
Total, being depreciated	1,105,147.15	64,890.00	(26,900.00)	1,143,137.15
Less Accumulated Depreciation for:				
Improvements	(3,177.79)	(288.89)		(3,466.68)
Buildings	(142,656.99)	(11,765.03)		(154,422.02)
Machinery & Equipment	(289,675.94)	(65,037.32)	20,626.19	(334,087.07)
Total Accumulated Depreciation	(435,510.72)	(77,091.24)	20,626.19	(491,975.77)
Total Capital Assets, being depreciated, net	669,636.43	(12,201.24)	(6,273.81)	651,161.38
Governmental Activity Capital Assets, Net	696,785.43	(12,201.24)	(6,273.81)	678,310.38

Depreciation expense was charged to functions as follows:

Governmental Activities:

Support Services	\$ 77,091.24
Total Depreciation – Governmental Activities	<u>\$ 77,091.24</u>

5. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Accrued Compensated Absences	72,932.88	24,221.25	(18,273.59)	78,880.54	15,000.00
Total Primary Government	72,932.88	24,221.25	(18,273.59)	78,880.54	15,000.00

Compensated absences for governmental activities typically have been liquidated from the General Fund.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Liabilities Payable at June 30, 2014, is comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Compensated Absences:

Vested Sick Leave Payable from the General Fund	\$ 78,880.54
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6 OPERATING LEASES

The Cooperative has operating leases for two copy machines. The minimum lease payments are listed below. The Cooperative also has an operating lease for office space, the telephone system and storage space for the Gear Up program. There are no minimum lease payments, as these leases can be cancelled anytime.

Year	Platte Copier Amount General Fund	Gear Up Copier Amount General Fund
2015	2,832.00	4,517.16
2016	2,832.00	4,517.16
2017	1,181.00	4,517.16
2018		4,517.16
2019		376.43

7. RETIREMENT PLAN

All employees, working more than 20 hours per week, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Cooperative's share of contributions to the SDRS for the fiscal years ended June 30, 2014, 2013 and 2012, were \$148,940.17, \$131,077.29, and \$107,461.57, respectively, equal to the required contributions each year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2014, the Cooperative managed its risks as follows:

Employee Health Insurance:

The Cooperative purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The Cooperative purchases liability insurance for risks related to torts; theft of or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The Cooperative purchases liability insurance for workmen's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The Cooperative has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the fiscal year ended June 30, 2014, no claims for unemployment benefits were paid. At June 30, 2014, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

9. SIGNIFICANT CONTINGENCIES – LITIGATION

At June 30, 2014, the Cooperative was not involved in any significant litigation.

REQUIRED SUPPLEMENTARY INFORMATION
MID CENTRAL EDUCATIONAL COOPERATIVE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Tuition and Fees:				
Student Tuition	561,421.59	561,421.59	503,697.55	(57,724.04)
Earnings on Investments and Deposits	50,000.00	50,000.00	29,558.91	(20,441.09)
Other Revenue from Local Sources:				
Service Provided Other LEAs	689,049.44	717,649.44	693,806.80	(23,842.64)
Other	1,077,480.50	2,301,714.63	1,765,301.77	(536,412.86)
Revenue from State Sources:				
Grants-in-Aid:				
Other State Revenue	470,596.85	470,596.85	169,851.56	(300,745.29)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	5,761,817.74	5,761,817.74	5,072,006.41	(689,811.33)
Other Federal Revenue	1,495,057.00	1,495,057.00	1,004,237.89	(490,819.11)
Total Revenue	10,105,423.12	11,358,257.25	9,238,460.89	(2,119,796.36)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	63,963.05	74,463.05	71,325.31	3,137.74
Other Special Programs	73,554.00	73,554.00	70,707.45	2,846.55
Support Services:				
Pupils:				
Guidance	55,077.87	55,077.87	50,042.10	5,035.77
Psychological	448,884.67	448,884.67	395,578.57	53,306.10
Speech Pathology	566,463.77	566,463.77	507,075.80	59,387.97
Audiology	127,188.52	155,788.52	145,467.36	10,321.16
Student Therapy Services	216,359.02	233,359.02	229,992.10	3,366.92
Instructional Staff:				
Improvement of Instruction	0.00	760,000.00	828,608.01	(68,608.01)
Educational Media	127,050.00	127,050.00	111,850.55	15,199.45
General Administration:				
Board of Education	212,750.00	306,284.13	288,139.89	18,144.24
Executive Administration	163,389.16	163,389.16	154,051.08	9,338.08
School Administration:				
Other	8,107,613.67	8,488,613.67	6,502,970.52	1,985,643.15
Business:				
Fiscal Services	322,335.14	322,335.14	178,203.80	144,131.34
Operation and Maintenance of Plant	85,193.54	131,193.54	103,626.21	27,567.33
Contingencies	60,000.00	60,000.00		
Amount Transferred		(56,800.00)		3,200.00
Total Expenditures	10,629,822.41	11,909,656.54	9,637,638.75	2,272,017.79
Net Change in Fund Balances	(524,399.29)	(551,399.29)	(399,177.86)	152,221.43
Fund Balance - Beginning	3,409,916.12	3,409,916.12	3,409,916.12	0.00
FUND BALANCE - ENDING	2,885,516.83	2,858,516.83	3,010,738.26	152,221.43

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting

The Cooperative followed these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular meeting in May of each year the board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated by number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total Cooperative budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund.
11. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

**MID CENTRAL EDUCATIONAL COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures FY 2014
US Department of Education:		
Direct Federal Funding:		
Fund for the Improvement of Education	84.215	99,674.00
Indian Education - Special Programs for Indian Children	84.299	175,700.00
Teacher Quality Partnership Grants (Note 3)	84.336	884,350.00
Pass-Through the SD Department of Education:		
Vocational Education - Basic Grants to States	84.048	69,830.00
Special Education Cluster:		
Special Education - Grants to States (Note 2)(Note 3)	84.027	714,074.00
Special Education - Preschool Grants (Note 2)(Note 3)	84.173	20,792.00
Total for Special Education Cluster		734,866.00
Gaining Early Awareness and Readiness for Undergraduate Programs (Note 3)	84.334	3,089,903.06
English Language Acquisition Grants	84.365	28,436.00
Mathematics and Science Partnerships	84.366B	67,187.00
College Access Challenge Grant Program (Note 3)	84.378	827,816.95
Total US Department of Education		5,977,763.01
GRAND TOTAL		\$ 5,977,763.01

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the school and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 3: This represents a major federal financial assistance program.