

Independent Auditor's Report and
Financial Statements

Missoula Area Education Cooperative

Missoula County
Missoula, Montana
June 30, 2014

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MISSOULA AREA EDUCATION COOPERATIVE

June 30, 2014

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ORGANIZATION – MANAGEMENT COUNCIL AND OFFICIALS

For the Year Ended June 30, 2014

MANAGEMENT COUNCIL

Doug Ardiana	Chairman
Shelley Andres	Trustee
Chris Stout	Trustee
Mike Magone	Trustee
Erin Lipkind	Trustee

OFFICIALS

Linda Maass	Cooperative Director
Peggy Cortright	Cooperative Business Manager/Clerk
Erin Lipkind	County Superintendent
Fred Vanvalkenburg	County Attorney



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

This Management's Discussion and Analysis (MD&A) written by the Business Manager of the Missoula Area Education Cooperative provides an overview of the financial position and governmental financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with our audit report financial statements.

FINANCIAL HIGHLIGHTS FOR 2013

The Cooperative's financial position continued to lose ground due to reduced federal funding. Actions taken by the Board to ensure the financial health of the Cooperative included a change in the Co-Teach tuition policy to hold the Cooperative's cost to the amount of the preschool grant with the member districts paying the overage and to eliminate the \$50,000 of IDEA Part B Flow-Through to our member districts. The Board also eliminated two school psychologist positions at year end. No administrative raises were given for the 2013-2014 school year as per the recommendation of Director Linda Maass.

The State allocation has consistently been reduced over the past four years while costs have continued to rise.

The Cooperative receives federal funding on behalf of our member districts for IDEA Part B and Preschool Programs. While the Preschool allocation has remained fairly constant, during the fiscal year ending June 30, 2014, the IDEA Part B allocation was reduced by \$58,452 from the previous year.

The Cooperative also generates funding by billing the Medicaid Program for direct services provided by the speech pathologists, physical therapist and school psychologists and by billing the Medicaid Administrative Claiming program to recapture a portion of the administrative expenditures.

See Exhibit A for a summary of all activity.



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

EXHIBIT A

	<u>2014</u>	<u>2013</u>
<u>Net Position:</u>		
Current assets	210,989	202,353
Capital assets	<u>196,278</u>	<u>200,640</u>
Total assets	<u>407,267</u>	<u>402,993</u>
Current liabilities	42,893	20,575
Non-current liabilities	<u>64,527</u>	<u>61,725</u>
Total liabilities	<u>107,420</u>	<u>82,300</u>
Net Position:		
Net investment in capital assets	196,278	200,640
Restricted for:		
Other fund activities	189,605	192,918
Unrestricted	<u>(86,036)</u>	<u>(72,865)</u>
Total net position	<u>299,847</u>	<u>320,693</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS

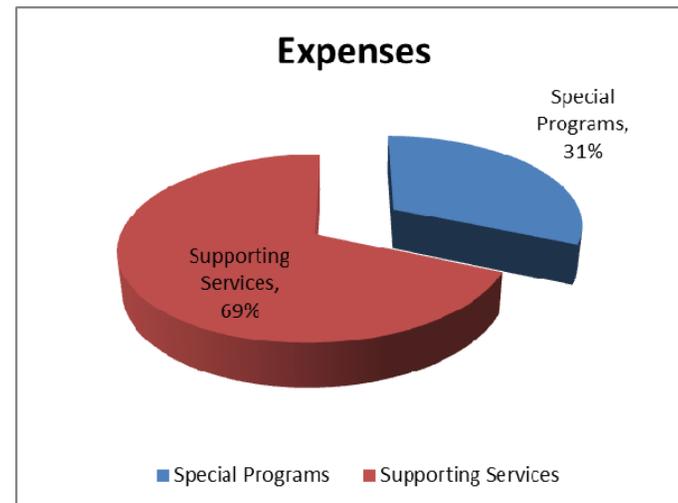
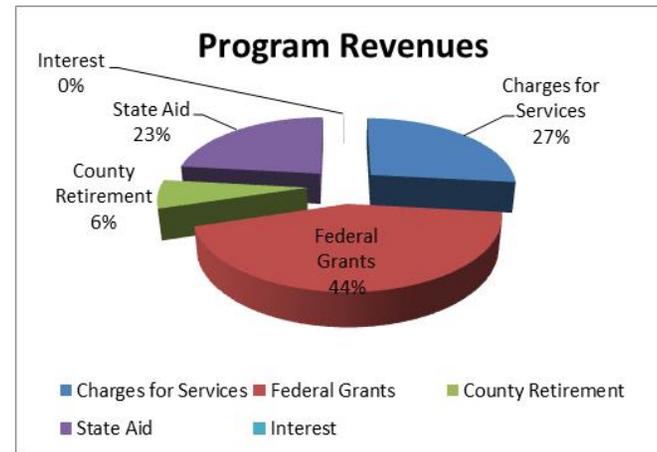
June 30, 2014

Revenues:

	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	548,902	564,055
Federal grants	894,584	899,106
Total program revenues	<u>1,443,486</u>	<u>1,463,161</u>
General revenues:		
County retirement distribution	133,708	135,136
State aid	475,973	455,907
Interest	390	1,517
Miscellaneous	60	0
Total general revenues	<u>610,131</u>	<u>592,560</u>

Expenses:

Special programs	641,885	669,615
Supporting services	<u>1,432,578</u>	<u>1,465,276</u>
Total expenses	<u>2,074,463</u>	<u>2,134,891</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

USING THIS ANNUAL REPORT

The change in net position over time is one indicator of whether the Cooperative's financial health is improving or deteriorating. However, there are other non-financial factors that influence the financial health of the Cooperative, such as enrollment changes, changes in how the State of Montana funds educational costs, changes in the tax base of our member districts, and changes in the federal Part B funds.

The report includes two statements that focus on operations of the Cooperative as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

- A. The Statement of Net Position shows the assets, liabilities, and the net position of the Cooperative. The statement shows \$210,989 of the Cooperative's assets are liquid, such as cash and cash equivalents. The additional \$196,278 are considered capital assets. Some assets are restricted for certain purposes while other assets are available to fund budgets of the following year. Total unrestricted or liquid assets exceed liabilities by \$103,569 as of June 30, 2014.
- B. The Statement of Activities shows the amounts of program-specific and general school revenues used to support the various functions of the Cooperative.

The Missoula Area Education Cooperative is reported under the category of Governmental Activities. These funds provide a short-term view of the Cooperative's operations. Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and other short-term assets and liabilities (receivables and payables) that can readily be converted to cash or will soon be paid with cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides.

REPORTING THE COOPERATIVE'S MOST SIGNIFICANT FUNDS

The fund statements provide detailed information about the funds used by the Cooperative. State Law and Generally Accepted Accounting Principles (GAAP) establish the fund structure of school districts and cooperatives. State law generally requires school districts and cooperatives to segregate money generated for certain specific purposes, such as federal funds or retirement funds, into separate fund accounts.



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

The fund statements report balances and activities of the most significant or major funds separately and combine activities of less significant funds under a single category. To be reported as a major fund, total assets, liabilities, revenues, or expenditures of an individual fund must be at least 10 percent of the corresponding element totals (assets, liabilities, etc) for all funds. The interlocal fund is always reported as a major fund.

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are shown for governmental funds such as interlocal funds, special revenue funds for retirement and federal funds. These funds use the modified accrual basis of accounting and represent the majority of the district's activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the government-wide statement of net position. Most significant differences result from the use of different presentation bases. The government-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds use the modified accrual basis. In addition, general capital assets and general long-term debt are reported in the government-wide statements but not in the fund statements.

REPORTING THE COOPERATIVE'S TRUST AND FIDUCIARY RESPONSIBILITIES

The Cooperative is not a trustee or fiduciary for any trusts or agency funds. However, if that were the case, the Cooperative would include the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position because the Cooperative cannot use these assets to fund its operations. The Cooperative would also be responsible for ensuring these assets are used for their intended purpose.

THE COOPERATIVE AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Cooperative experienced a decrease in net position during fiscal year ending June 30, 2014 of \$20,846 or 6.5%.

CAPITAL ASSETS

During the summer of 2009 the Cooperative moved into its offices at 2825 Stockyard Road, Suite I-2. The 2013-2014 school year depreciation for buildings and improvements amounted to \$4,362.



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

THE FUTURE OF THE COOPERATIVE

The 2014-2015 operating budget will maintain the consistency of the 2013-2014 operating budget and will be approached in a like manner which includes allowing approximately 15% of monies budgeted from federal programs for salaries be retained for payment of retirement, billing districts for more of the related services while flowing through additional funds for the districts' instructional costs, and continuing to bill Medicaid for eligible students being provided related services. The Cooperative will once again benefit from the State Quality Educator Funding and will receive \$46,314 during the 2015 school year which is an increase of \$684 from the previous year. The state entitlement will be reduced by \$2,188 while the Part B funding will be increased by \$6,916. The Board will continue to look at areas in which to limit costs.

CONTACT FOR FURTHER INFORMATION

The Missoula Area Education Cooperative can be reached by telephone at (406) 532-4861, by mail at 2825 Stockyard Road, Suite I-2, Missoula, MT 59802, by fax at (406) 532-4866, or by email at cjbauman@missoulaaec.com. Connie Bauman, Business Manager, will be the contact person.





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INDEPENDENT AUDITOR'S REPORT

September 22, 2014

Management Council
Missoula Area Education Cooperative
Missoula, Montana

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 Missoula Area Education Cooperative, Missoula County, Missoula, Montana, (the Cooperative) as of and for the year ended June 30, 2014, 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 Cooperative, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The accompanying 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* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is 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 22, 2014 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Galusha, Higgins & Galusha, PC

GALUSHA, HIGGINS & GALUSHA, PC
Billings, Montana

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

STATEMENT OF NET POSITION

June 30, 2014

	<u>2014</u>
ASSETS:	
Cash and Equivalents	208,270
Due from Other Governments	2,719
Capital Assets:	
Other Capital Assets, net of depreciation	196,278
Total Capital Assets	<u>196,278</u>
Total Assets	<u>407,267</u>
LIABILITIES:	
Advances from grantors	21,384
Long-term liabilities:	
Compensated absences	21,509
Due in more than one year:	
Compensated absences	64,527
Total liabilities	<u>107,420</u>
NET POSITION:	
Net investment in capital assets	196,278
Restricted for:	
Other fund activities	189,605
Unrestricted	<u>(86,036)</u>
Total net position	<u>299,847</u>

The accompanying notes are an integral part of these financial statements.



BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue</u>
		<u>Services</u>	<u>Grants</u>	<u>2014</u>
Primary government				
Instruction:				
Special Programs	641,885	548,902	894,584	801,601
Supporting Services	1,432,578	0	0	(1,432,578)
Total governmental activities	<u>2,074,463</u>	<u>548,902</u>	<u>894,584</u>	<u>(630,977)</u>
General revenues:				
County Retirement Distribution				133,708
State Aid				475,973
Interest				390
Miscellaneous				<u>60</u>
Total general revenues				<u>610,131</u>
Change in net position				(20,846)
Net position - beginning				<u>320,693</u>
Net position - ending				<u>299,847</u>

The accompanying notes are an integral part of these financial statements.



BASIC FINANCIAL STATEMENTS

Fund Financial Statements

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2014

	<u>Miscellaneous Programs</u>	<u>Interlocal</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	122,182	76,125	9,963	208,270
Due from other governments	2,719	0	0	2,719
Total assets	<u>124,901</u>	<u>76,125</u>	<u>9,963</u>	<u>210,989</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Advances from grantors	0	21,384	0	21,384
Total liabilities	<u>0</u>	<u>21,384</u>	<u>0</u>	<u>21,384</u>
Fund balances:				
Restricted for:				
Other fund activities	124,901	54,741	9,963	189,605
Total fund balances	<u>124,901</u>	<u>54,741</u>	<u>9,963</u>	<u>189,605</u>
Total liabilities and fund balances	<u>124,901</u>	<u>76,125</u>	<u>9,963</u>	<u>210,989</u>

The accompanying notes are an integral part of these financial statements.



BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

June 30, 2014

Total fund balance, governmental funds	189,605
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	196,278
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Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Compensated Absences, and Bonds Payable), are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(86,036)</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>299,847</u></u>
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The accompanying notes are an integral part of these financial statements.



BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

	<u>Miscellaneous Programs</u>	<u>Interlocal</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Intergovernmental:				
County	0	0	133,708	133,708
State	113,291	911,585	0	1,024,876
Federal	894,584	0	0	894,584
Interest on Investments	0	382	8	390
Other	0	60	0	60
Total revenues	<u>1,007,875</u>	<u>912,027</u>	<u>133,716</u>	<u>2,053,618</u>
EXPENDITURES				
Current:				
Instruction	638,148	0	0	638,148
Supporting Services	<u>373,380</u>	<u>919,135</u>	<u>135,703</u>	<u>1,428,218</u>
Total Expenditures	<u>1,011,528</u>	<u>919,135</u>	<u>135,703</u>	<u>2,066,366</u>
Net change in fund balances	(3,653)	(7,108)	(1,987)	(12,748)
Fund balances - beginning	<u>128,554</u>	<u>61,849</u>	<u>11,950</u>	<u>202,353</u>
Fund balances - ending	<u><u>124,901</u></u>	<u><u>54,741</u></u>	<u><u>9,963</u></u>	<u><u>189,605</u></u>

The accompanying notes are an integral part of these financial statements.



BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO GOVERNMENT WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds:	(12,748)
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.	(4,362)
The statement of activities reports expenses that the governmental funds do not and are not reported as expenditures in the governmental funds:	
Compensated absence expense	<u>(3,736)</u>
Change in net position of governmental activities	<u><u>(20,846)</u></u>

The accompanying notes are an integral part of these financial statements.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

Note A. Description of the School Cooperative and Reporting Entity

1. Reporting Entity

The Missoula Area Education Cooperative formed when an Interlocal agreement was entered into between and among the member districts. For the year ended June 30, 2014, the member districts were Mineral County School District Number 2, Alberton; Mineral County School District Number 3, Superior; Missoula County School District Number 11, Potomac; Missoula County School District Number 14, Bonner; Missoula County School District Number 18, Woodman; Missoula County School District Number 20, DeSmet; Missoula County School District Number 30, Sunset; Missoula County School District Number 32, Clinton; Missoula County School District Number 33, Swan Valley, Missoula County School District Number 34, Seeley Lake; Missoula County School District Number 7, Lolo; Lake County School District Number 8, Arlee; Lake County School District Number 7J, Charlo; Lake County School District Number 28, St. Ignatius; Sanders County School District Number 9, Dixon. In accordance with this Interlocal agreement, the Cooperative provides full services to persons requiring special education and to all handicapped students residing within the member districts.

The Cooperative is managed by a five-member Management Council. The Council members are appointed annually by the Joint Advisory Board from its membership. The Joint Advisory Board consists of one representative from each member district.

The criteria for including organizations within the Cooperative's reporting entity are set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." This statement defines the financial reporting entity as the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Cooperative to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Cooperative. The Cooperative has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Cooperative's financial statements. In addition, the Cooperative is not aware of any entity that would exercise such financial accountability that would result in the Cooperative being considered a component unit of the entity.

Missoula County provides substantial services to the Cooperative; cash collections and warrant redemption all flow through the office of the County Treasurer. This office also maintains the Cooperative's cash and invests funds at the direction of the Cooperative. Despite the degree of services rendered, the Cooperative has determined that neither Missoula County nor any other outside agency meets the criteria set forth in the preceding paragraph and therefore, no other agency has been included as a component unit of the Cooperative's financial statements.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Note B. Summary of Significant Accounting Policies

The financial statements of Missoula Area Education Cooperative have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to Cooperatives. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Cooperative's significant accounting policies are described below:

1. Basis of Presentation

a. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities show information about the overall financial position and activities of the Cooperative.

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 students or the public who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

b. Fund Financial Statements

The Cooperative uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate 'fund types.'

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

2. Governmental Funds

The Cooperative reports the following major governmental funds:

Miscellaneous Programs Fund – The Miscellaneous Programs Fund is used to account for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support District programs are deposited in this fund.

Interlocal Agreement Fund - The Interlocal Agreement Fund is authorized by Sections 20-7-457, 20-9-511, 20-7-801, and 20-9-701, MCA, for the purpose of accounting for revenues and expenditures related to an interlocal agreement between two or more school districts or other local governments.

3. Basis of Accounting and Measurement Focus

a. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

b. Fund Financial Statements

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Cooperative reports advances from grantors as a liability on its government wide statement of net position and on its governmental funds balance sheet. Advances from grantors arise when potential revenue does not meet both the ‘measurable’ and ‘available’ criteria for recognition in the current period. Advances from grantors also arise when resources are received by the Cooperative before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Cooperative has a legal claim to resources, the liability for advances from grantors is removed from the balance sheet and revenue is recognized.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Revenues from local sources consist primarily of payments from member districts. Revenues received from the State of Montana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

c. Cash and Investments

Cash resources of the Cooperative are combined with cash resources of other school districts within Missoula County to form a pool of cash and cash equivalents that is managed by the Missoula County Treasurer. Investments of the pooled cash consist primarily of certificates of deposit and repurchase agreements and are carried at cost, which approximates fair value. Among the instruments which state statutes authorize the Cooperative to invest in are direct obligations of the United States government; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state; in a repurchase agreement or Montana short-term investment pool. Interest income received as a result of pooling is distributed to the appropriate district utilizing a formula based on the respective district's previous month's ending balance of cash and cash equivalents. The County Treasurer then distributes interest income to each fund utilizing a formula based on the fund's previous month's ending balance of cash and cash equivalents.

The Cooperative issues warrants in payment of its obligations. When the warrants are presented to the County Treasurer, the Cooperative's cash balance is reduced to pay the warrant. The outstanding payroll and claims warrants are reflected in the payroll and claims clearing agency funds.

The cash and warrants payable in the payroll and claims clearing accounts are as follows:

	<u>Payroll Clearing</u>	<u>Claims Clearing</u>
Cash	<u>\$2,298</u>	<u>\$22,226</u>
Warrants payable	<u>\$2,298</u>	<u>\$22,226</u>



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Information regarding the collateral and security for cash and cash equivalents is not available to the Cooperative. Montana state statute requires that collateral to secure deposits of public funds be held in direct obligations of the United States government or its agencies.

4. Short-term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from other funds' or 'due to other funds' on the balance sheet.

5. Capital Assets

Capital assets, including land, buildings, improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Cooperative as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Buildings and improvements are depreciated using the straight-line depreciation method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	15-50 Years

6. Compensated Absences

All full-time Cooperative employees accumulate vacation and/or sick leave hours for later use or for payment upon termination, death or retirement. Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Cooperative will compensate the employees for the benefits through paid time off or some other means.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

7. Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires the fund balance amounts to be reported within one of the fund balance categories listed below.

Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form (e.g. inventories and prepaid amounts) or (2) legally or contractually required to be maintained intact (e.g. the corpus or principal of a permanent fund).

Restricted – Amounts that can be spent only for a specific purpose pursuant to state law, enabling legislation, grant agreement, or donor agreement.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Cooperative's Management Council (the Cooperative's highest level of decision making authority).

Assigned – Amounts that are intended to be used by the government for specific purposes under the direction of the Business Manager/Clerk by authority granted by the Management Council.

Unassigned – The residual classification for the government's general fund that includes all amounts that are not contained in the other classifications.

It is the Cooperative's policy that for purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

8. Net Position

Net position represents the residual of assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets represents net position in the form of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Cooperative or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Cooperative's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

10. Date of Management Review

Management has evaluated the activities and transactions subsequent to June 30, 2014 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2014. Management has performed this evaluation through September 22, 2014, the date the financial statements were available to be issued.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Note C. Capital Assets

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

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
CAPITAL ASSETS BEING DEPRECIATED AT COST:				
Buildings and Improvements	<u>218,087</u>	<u>0</u>	<u>0</u>	<u>218,087</u>
	<u>218,087</u>	<u>0</u>	<u>0</u>	<u>218,087</u>
Total	<u>218,087</u>	<u>0</u>	<u>0</u>	<u>218,087</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings and Improvements	<u>17,447</u>	<u>4,362</u>	<u>0</u>	<u>21,809</u>
Total accumulated depreciation	<u>17,447</u>	<u>4,362</u>	<u>0</u>	<u>21,809</u>
Total	<u>200,640</u>			<u>196,278</u>

Depreciation expense was charged to the functions of the cooperative as follows:

Supportive Services	<u>4,362</u>
	<u>4,362</u>



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Note D. Long-Term Debt

The following is a summary of changes in current and long-term obligations for the year ended June 30, 2014:

	July 1, 2013	Total Change	June 30, 2014	Due Within One Year	Long Term
Compensation Absences Payable	<u>82,300</u>	<u>3,736</u>	<u>86,036</u>	<u>21,509</u>	<u>64,527</u>

The compensated absences liabilities will be liquidated by several of the governmental funds.

Note E. Employee Benefit Plans

1. Plan Description and Provisions

All full-time Cooperative employees participate in one of two state-wide, cost-sharing, multiple-employer retirement benefit plans. Contributions to the two plans are as required by state statute. Information about the two plans is presented below. Total payroll for all Cooperative employees for the year ended June 30, 2014 was \$959,368.

Public Employees Retirement System (PERS) - All Cooperative employees, except employees who teach on a full-time basis or who are employed in a position in which instructional services are expected to be rendered, are provided pension benefits by a multi-employer plan administered by the State of Montana. Funding is provided by participating units of government and their employees. The Cooperative's contribution to this plan for the year ended June 30, 2014 was \$5,308, (8.07% of eligible payroll). The State of Montana contributes .37% of the PERS employees' monthly compensation that is considered to be an "on behalf" payment. Although not a significant amount, the contribution is a part of the PERS funding policy. The Cooperative's contribution to this plan represented less than 1% of total contributions required of all participating employers. Required employee contributions to this plan were \$5,191 (7.90% of eligible payroll). Total payroll for employees covered by PERS was \$65,702. One hundred percent of the required contributions were made for the current year and the preceding two years. They were \$10,499, \$9,288, and \$8,955, for the fiscal years ending June 30, 2014, 2013 and 2012, respectively.

Participants become eligible for benefits after age 60 and 5 years of service, after age 65 regardless of service, or 30 years of service regardless of age. The benefit is 1/56 of the final compensation for each year of credited service, paid as a modified cash refund annuity. A participant is eligible for early retirement benefits after age 50 and 5 years of service or after 25 years of service regardless of age. Rights become vested after 5 years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State Legislature.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Teachers Retirement System (TRS) - All Cooperative employees who teach on a full-time basis or are employed in a position in which instructional services are expected to be rendered, are provided pension benefits by a multi-employer plan administered by the State of Montana. Funding is provided by participating units of government and their employees. The Cooperative's contribution to this plan for the year ended June 30, 2014 was \$75,693 (8.47% of eligible payroll). The State of Montana contributes 2.49 % of the TRS employees' monthly compensation which is considered to be an "on behalf" payment. Although not a significant amount, the contribution is a part of the TRS funding policy. The Cooperative's contribution to this plan represented less than 1% of total contributions required of all participating employers. Required employee contributions to this plan were \$72,834 (8.15% of eligible payroll plus additional voluntary contributions). Total payroll for teaching employees was \$893,665. One hundred percent of the required and voluntary contributions were made for the current year and the preceding two years. They were \$148,527, \$138,975, and \$135,569, for the fiscal years ending June 30, 2014, 2013 and 2012, respectively.

Participants become eligible for benefits after age 60 or 25 years of service. The benefit is 1/60 of the final compensation for each year of credited service. A participant is eligible for early retirement, with reduced benefits, after age 50 and 5 years of service. Rights become vested after 5 years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State Legislature.

The PERS financial information is reported in the Public Employees Retirement Board's Comprehensive Annual Financial Report for the fiscal year end. It is available from the PERD at 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131, (406) 444-3154.

The TRS information is reported in the Teachers' Retirement Board's Actuarial Valuation for the fiscal year end. It is available from the TRB at 1500 E. Sixth Avenue, Helena, Montana 59620-0139, (406) 444-3134.

Note F. Resource Transfers

For the year ended June 30, 2014, resource transfers in of \$548,902 were made in the interlocal agreement fund to record lump sum payments received from other school districts for the provision of special education services. Resource transfers out of \$571,758, were made from the miscellaneous federal programs fund for the year ended June 30, 2014 to account for resources recorded as revenue but transferred to other districts for expenditure. Resource transfers have been reclassified in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to state revenue in the interlocal agreement fund and instruction expense in the miscellaneous programs fund, respectively.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

Note G. Risk Management

The Cooperative faces a considerable number of risks of loss, including: a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers' compensation, i.e. employee injuries and f) medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. A commercial policy with Western States Insurance, transferring all risks of loss, except for relatively small deductible amounts, was purchased for property and content damage, employee torts and professional liabilities. Beginning in fiscal year 1996, the Cooperative entered into an agreement between Missoula County, Montana and other affiliated agencies organized and existing under the laws of the State of Montana to join the Missoula County Workers' Compensation Group Insurance Authority, a public risk entity pool currently operating as a common risk management and insurance program for Missoula County and member affiliates. Premium contribution rates are determined based on actuarial principles, estimated payroll and rating classification and can be adjusted by an experience rating modification. Premiums are paid monthly based on that pay period's salaries and wages. The agreement provides that it will be self-sustaining through member premiums and special assessments, if necessary. There were no unpaid claims at June 30, 2014. Employee medical insurance is provided through Missoula County Med Benefits. The Cooperative does not carry coverage for potential losses from environmental damages. The risk of loss to the Cooperative is low and coverage is not cost beneficial.

Note H. Contingent Liabilities

The Cooperative participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. Such grantor audits of these programs, if any, for or including the year ended June 30, 2014, have not yet been conducted. Accordingly, the Cooperative's compliance with applicable grant requirements for those programs if audited by grantor agencies will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Cooperative expects such amounts, if any, to be immaterial.

Note I. Economic Dependency

The Cooperative relies on significant funding passing through its members as well as federal and state grants to service its members. Loss of any of these revenues could severely restrict the ability of the Cooperative to continue.



SUPPLEMENTAL INFORMATION



Missoula Area Education Cooperative

Missoula County
Missoula, Montana
June 30, 2014

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor</u>	<u>Program or Award Amount</u>	<u>Disbursements or Expenditures</u>
U.S. Department of Education Passed through Montana Office of Public Instruction				
Special Education Cluster				
IDEA Part B	84.027	32-9698-77-14	834,727	834,584
IDEA Preschool	84.173	32-9698-79-14	61,126	60,000
Total Federal Financial Assistance				<u>894,584</u>



SUPPLEMENTAL INFORMATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

Note A Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Missoula Area Education Cooperative and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States and 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 B Subrecipients

The Cooperative provided federal awards to subrecipients. During the year \$565,000 was passed on to subrecipients.





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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**

September 22, 2014

Management Council
Missoula Area Education Cooperative
Missoula, Montana

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 Missoula Area Education Cooperative (the Cooperative) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated September 22, 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.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the Cooperative'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 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 Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Galusha, Higgins & Galusha, PC

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

September 22, 2014

Management Council
Missoula Area Education Cooperative
Missoula, Montana

Report on Compliance for Each Major Federal Program

We have audited Missoula Area Education Cooperative's (the Cooperative) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget 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 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 of Cooperative's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 as a basis for designing 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.

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.

Galusha, Higgins & Galusha, PC

GALUSHA, HIGGINS & GALUSHA, PC
Billings, Montana

SUPPLEMENTAL INFORMATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued: - Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?	_____	Yes	_____	X	No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____	X	No

Noncompliance material to financial statements noted?	_____	Yes	_____	X	No
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Federal Awards

Type of Auditor's report issued on compliance for major programs: - Unmodified

Internal control over major programs:

- Material weakness(es) identified?	_____	Yes	_____	X	No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____	X	No

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____	Yes	_____	X	No
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Identification of Major Programs:

CFDA Number(s)

84.027, 84.173

Name of Federal Program or Cluster

Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	_____	X	Yes	_____	No
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SUPPLEMENTAL INFORMATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the Year Ended June 30, 2014

Section II – Financial Statement Findings:

None

Section III – Federal Award Findings and Questioned Costs:

None

Section IV – Summary Schedule of Prior Audit Findings:

None

