



Mid-Valley Special Education Cooperative

Dr. Carla Cumblad, Executive Director
1304 Ronzheimer Avenue
St. Charles, IL 60174
Phone: 630-513-4400
Fax: 630-513-8525

MEMO TO: MV Executive Advisory Board

FROM: Nancy Sporer
Director of Business & Human Resources

DATE: November 4, 2015

RE: **FY15 AUDIT REPORT**

The 2015 audit report of Mid Valley is complete and a copy of the AFR has been filed electronically with the State. A copy of the audit report is included with this memo. A hard copy of the audit report will be available at the Board meeting on November 4, 2015.

The auditors completed their audit report on October 5, 2015. As noted in the management discussion letter, no material weaknesses were identified. Recommendations were made to budget for on-behalf payments for TRS so there will not be excess expenditures over the budget and to update our capital asset records. For FY16 on-behalf payments for TRS are included in the budget. The other recommendation will also be implemented.

The audited fund balances are as follows:

Fund Balance Reconciliation FY15

	<u>Ed Fund</u>	<u>O & M Fund</u>	<u>Total</u>
Audited Fund Balance	410,656	438,721	849,377
Tuition Overpayments	(216,954)	(21,457)	(238,411)
Tuition Due FY15	115,595	11,433	127,028
Adjusted Fund Balance	309,297	428,697	737,994

Please feel free to call me if you have any questions.

Recommendation

It is recommended that the MVSEC Executive Advisory Board approve and accept the audit report for fiscal year ended 2015.

**Mid-Valley Special Education
Joint Agreement**

Required Communication Letters

Year Ended June 30, 2015

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1. 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*
2. Management Comments
3. Communication with Those Charged with Governance



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*

Board of Directors
Mid-Valley Special Education Joint Agreement
St. Charles, Illinois

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 Mid-Valley Special Education Joint Agreement as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mid-Valley Special Education Joint Agreement's basic financial statements, and have issued our report thereon dated October 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement's internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Klein Hall CPAs

Klein Hall CPAs
Aurora, Illinois
October 5, 2015



Board of Directors
Mid-Valley Special Education Joint Agreement
St. Charles, Illinois

We have audited the financial statements of Mid-Valley Special Education Joint Agreement for the year ended June 30, 2015 and have issued our report thereon dated October 5, 2015.

As stated in our report on internal accounting controls, our study and evaluation disclosed no material weaknesses in your accounting system.

We would however, like to address the following items and offer recommendations for your consideration:

Capital Assets

We noted that the Agreement did not update the GASB 34 compliant capital asset records for 2015, therefore capital asset additions and depreciation was estimated at year-end. Maintaining capital asset and depreciation records is required to accurately record the capital assets in the government-wide financial statements. We recommend that the Agreement contract with its asset appraiser to prepare GASB 34 compliant capital asset records

On-behalf Payments

We noted that the Agreement currently does not budget an expense for the Teacher's Retirement System (TRS) contribution made by the State of Illinois on behalf of the Agreement. Not having an expense budget for this amount contributes to the Agreement's excess of expenditures over budget for the year ended June 30, 2015. We recommend the Agreement budget for this amount in the future.

Professional Standards Update

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75; which will change the accounting and financial reporting requirements for state and local governments that provide their employees with other postemployment benefits (OPEB). This Statement replaces the requirements of GASB Statement Nos. 45 and 57. These changes will affect your financial statements for the year ended June 30, 2018.

The scope of the Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, the Statement identifies the methods and assumptions that are required to be used to

project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, the Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In the Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

We are available to further discuss these changes and the impact on your financial statements.

Positive Attributes

Although the general purpose of this letter is to cover only matters needing consideration, we believe it is also important to point out that there are many positive attributes of the Agreement's financial management systems, which are not specifically covered herein.

We would like to take this opportunity to thank the Business Office and their personnel for the cooperation and courtesies extended to us during our audit.

This report is intended solely for management and should not be used for any other purposes.

Sincerely,



Klein Hall CPAs
Aurora, Illinois
October 5, 2015



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors
Mid-Valley Special Education Joint Agreement
St. Charles, Illinois

We have audited the financial statements of Mid-Valley Special Education Joint Agreement as of and for the year ended June 30, 2015, and have issued our report thereon dated October 5, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 6, 2015, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Mid-Valley Special Education Joint Agreement solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Mid-Valley Special Education Joint Agreement is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2015, with the exception of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We noted no particularly sensitive estimates made by management during our audit of the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Mid-Valley Special Education Joint Agreement's financial statements relate to: revenue recognition and the actuarial assumptions and valuations for the pension liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: year-end accrual adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Mid-Valley Special Education Joint Agreement's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 5, 2015.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Mid-Valley Special Education Joint Agreement, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Mid-Valley Special Education Joint Agreement's auditors.

This report is intended solely for the information and use of Board of Directors and management of Mid-Valley Special Education Joint Agreement and is not intended to be and should not be used by anyone other than these specified parties.

Klein Hall CPAs

Klein, Hall CPAs
Aurora, Illinois
October 5, 2015

Client: **MIDVALLEY - Mid-Valley Special Education Joint Agreement**
 Engagement: **2015 - Mid-Valley Special Education Joint Agreement**
 Period Ending: **6/30/2015**
 Trial Balance: **3000.00 - Trial Balance Database**
 Workpaper: **3700.10 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1001		PY		
To reverse PY AR				
1C3001	GENERAL STATE AID		37,877.00	
1C3695	TRUANTS ALTERNATIVE		11,236.00	
1C4998	UNALLOCATED		23,616.00	
1A150	INTERGOVERNMENTAL ACCOUNTS RECEIVABLE			72,729.00
Total			72,729.00	72,729.00
Adjusting Journal Entries JE # 1002		7100.37		
To record accrual of grants				
1A150	INTERGOVERNMENTAL ACCOUNTS RECEIVABLE		697,514.00	
1A430	OTHER PAYABLES - AP		3,601.00	
1C3110	SPEC ED - PERSONNEL			211,928.00
1C4600	FED SPEC ED - PRESCHOOL FLOW THROUGH			10,762.00
1C4600	FED SPEC ED - PRESCHOOL FLOW THROUGH			30,313.00
1C4620	FED SPEC ED - IDEA FLOW THROUGH			174,511.00
1C4620	FED SPEC ED - IDEA FLOW THROUGH			270,000.00
1D12003	SPECIAL ED- PURCHASED SERVICES			1,326.00
1D12003	SPECIAL ED- PURCHASED SERVICES			2,275.00
Total			701,115.00	701,115.00
Adjusting Journal Entries JE # 1003		B-2		
To accrue DORS				
1A150	INTERGOVERNMENTAL ACCOUNTS RECEIVABLE		11,808.00	
1C4998	UNALLOCATED			11,808.00
Total			11,808.00	11,808.00
Adjusting Journal Entries JE # 1004		1060.15		
On-Behalf Payment				
1D110022	REGULAR-ON BEHALF PAYMENTS		1,506,609.00	
1C3998	ON BEHALF PAYMENTS			1,506,609.00
Total			1,506,609.00	1,506,609.00
Adjusting Journal Entries JE # 1005		5100.15		
To correct debit balance in AP and variance in Cash				
1A110	CASH		97,378.00	
1D12003	SPECIAL ED- PURCHASED SERVICES		4,478.00	
1D12004	SPECIAL ED- SUPPLIES AND MATERIALS		535.00	
1D12253	SPECIAL ED PROGRAMS PRE-K- PURCHASED SERVICES		288.00	
1D21503	SPEECH PATH./AUDIO SERVICES- PURCHASED SERVICES		15,890.00	
1D22103	IMPROVE INSTRUCT. SERVICES- PURCHASED SERVICES		198.00	
1D22103	IMPROVE INSTRUCT. SERVICES- PURCHASED SERVICES		930.00	
1D22104	IMPROVE INSTRUCT. SERVICES- SUPPLIES AND MATERIALS		952.00	
1D23103	BD OF EDUCATION SERVICES- PURCHASED SERVICES		735.00	
1D23203	EXEC ADMIN SERVICES- PURCHASED SERVICES		71,844.00	
1D23204	EXEC ADMIN SERVICES- SUPPLIES AND MATERIALS		84.00	
1D25203	FISCAL SERVICES- PURCHASED SERVICES		912.00	
1D26403	STAFF SERVICES- PURCHASED SERVICES		400.00	
1D26404	STAFF SERVICES- SUPPLIES AND MATERIALS		132.00	
1A430	OTHER PAYABLES - AP			194,756.00
Total			194,756.00	194,756.00
Adjusting Journal Entries JE # 1006		5100.15		
To correct cash variance				
1A110	CASH		480,087.00	
1A420	INTERGOVERNMENTAL ACCOUNTS PAYABLE			480,087.00
Total			480,087.00	480,087.00
Adjusting Journal Entries JE # 1007		5100.15		

Client: **MIDVALLEY - Mid-Valley Special Education Joint Agreement**
 Engagement: **2015 - Mid-Valley Special Education Joint Agreement**
 Period Ending: **6/30/2015**
 Trial Balance: **3000.00 - Trial Balance Database**
 Workpaper: **3700.10 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To correct credit Cash variance				
1A110	CASH		239,887.00	
1C4600	FED SPEC ED - PRESCHOOL FLOW THROUGH		30,313.00	
1C4620	FED SPEC ED - IDEA FLOW THROUGH			270,000.00
Total			<u>270,000.00</u>	<u>270,000.00</u>
Adjusting Journal Entries JE # 1008		5100.15		
To correct Cash variance				
1A110	CASH		211,928.00	
1A430	OTHER PAYABLES - AP			211,928.00
Total			<u>211,928.00</u>	<u>211,928.00</u>
Adjusting Journal Entries JE # 1009		5100.15		
To correct Fund 14 AP				
1A110	CASH		5,244.00	
1A430	OTHER PAYABLES - AP			5,244.00
Total			<u>5,244.00</u>	<u>5,244.00</u>
Adjusting Journal Entries JE # 1010				
To correct misposting of receipt				
1C4620	FED SPEC ED - IDEA FLOW THROUGH		3,464.00	
1A110	CASH			3,464.00
Total			<u>3,464.00</u>	<u>3,464.00</u>
Adjusting Journal Entries JE # 1011		7100.30		
Reclassify Safe School Revenue				
1C3001	GENERAL STATE AID		11,514.00	
1C3695	TRUANTS ALTERNATIVE			11,514.00
Total			<u>11,514.00</u>	<u>11,514.00</u>
Adjusting Journal Entries JE # 1012		2800.50		
Adjust IDEA FT and Preschool to flow through accounts				
1C4600	FED SPEC ED - PRESCHOOL FLOW THROUGH		137,769.00	
1C4620	FED SPEC ED - IDEA FLOW THROUGH		5,638,491.00	
1C2200	FLOW THROUGH - FEDERAL			5,776,260.00
Total			<u>5,776,260.00</u>	<u>5,776,260.00</u>
Adjusting Journal Entries JE # 1013				
To reallocate revenue booked incorrectly by client				
1A110	CASH		139,846.00	
1C1342	SPECIAL ED - OTHER LEA'S			139,846.00
Total			<u>139,846.00</u>	<u>139,846.00</u>
Adjusting Journal Entries JE # 2001		5100.15		
To correct debit balance in AP				
2A110	CASH		6,316.00	
2D25403	OPERAT & MAINT OF PLANT SERV- PURCHASED SERVICES		1,502.00	
2D25404	OPERAT & MAINT OF PLANT SERV- SUPPLIES & MATERIALS		4,814.00	
2A430	OTHER PAYABLES			12,632.00
Total			<u>12,632.00</u>	<u>12,632.00</u>
Adjusting Journal Entries JE # 2002				
to reallocate revenue posted incorrectly by client				
2C1940	SERVICES PROV OTHER LEA'S		139,846.00	
2A110	CASH			139,846.00
Total			<u>139,846.00</u>	<u>139,846.00</u>



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

Board of Directors
Mid-Valley Special Education Joint Agreement
St. Charles, Illinois

Report on Compliance for Each Major Federal Program

We have audited Mid-Valley Special Education Joint Agreement's 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 Mid-Valley Special Education Joint Agreement's major federal programs for the year ended June 30, 2015. Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement's compliance.

Opinion on Each Major Federal Program

In our opinion, Mid-Valley Special Education Joint Agreement 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, 2015.

Report on Internal Control over Compliance

Management of Mid-Valley Special Education Joint Agreement 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 Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement'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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mid-Valley Special Education Joint Agreement as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mid-Valley Special Education Joint Agreement's basic financial statements. We issued our report thereon dated October 5, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 basic 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 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.

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.



Klein Hall CPAs
Aurora, Illinois
October 5, 2015

***MID-VALLEY SPECIAL EDUCATION
JOINT AGREEMENT***

Audited Financial Statements

June 30, 2015

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

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MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

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Independent Auditor's Report

Board of Directors
Mid-Valley Special Education Joint Agreement
St. Charles, Illinois

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 Mid-Valley Special education Joint Agreement, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mid-Valley Special Education Joint Agreement's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Mid-Valley Special Education Joint Agreement'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 Mid-Valley Special Education Joint Agreement, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, during the year ended June 30, 2015. Statement No. 68 expands disclosures related to pensions and requires the District to report the net pension liability in the statement of net position. The adoption of this statement had no effect on any of the District's fund balances but reduced the District's governmental activities net position by \$(1,050,895) as of July 1, 2014 as disclosed in Note 12. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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 Mid-Valley Special Education Joint Agreement's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining and individual fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2015 on our consideration of Mid-Valley Special Education Joint Agreement'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 Mid-Valle Special Education Joint Agreement's internal control over financial reporting and compliance.

Klein Hall CPAs

Klein Hall CPAs
Aurora, Illinois
October 5, 2015

Mid-Valley Special Education Joint Agreement Management's Discussion and Analysis For the Year Ended June 30, 2015

The discussion and analysis of Mid-Valley Special Education Joint Agreement's (the Agreement) financial performance provides an overall review of the Agreement's financial activities for the year ended June 30, 2015. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets of the Agreement exceeded its liabilities at the close of the most recent fiscal year by \$1,247,549 (net position).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agreement's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the Agreement's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agreement is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Mid-Valley Special Education Joint Agreement

Management's Discussion and Analysis

For the Year Ended June 30, 2015

The government-wide financial statements present the functions of the Agreement that are principally supported by member payments and intergovernmental revenues (governmental activities). The Agreement has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Agreement's governmental activities include instructional services, related services, administrative, and operation and maintenance of one facility.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agreement uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Agreement can be categorized as governmental funds.

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

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

The Agreement maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Operations and Maintenance Fund, both of which are considered to be major funds.

The Agreement adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

**Mid-Valley Special Education Joint Agreement
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statement and accompanying notes, this report also presents certain supplementary information concerning the Agreement's progress in funding its obligation to provide pension benefits to its non-certified employees.

The Agreement is funded by three main sources – payments from member and non-member school cooperatives, state funds, and federal funds. Five (5), member School Districts comprise the Agreement. These Districts are responsible for all costs that are not reimbursable through state, federal and other local funds. As such, revenues should approximate expenses each year.

Mid-Valley Special Education Joint Agreement
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Cooperative-Wide Financial Analysis

The Agreement decreased its net position by \$401,990 to \$1,247,549. This was primarily due to the recording of a prior period adjustment due to the implementation of GASB 68. Of this amount, (\$199,370) was unrestricted and \$1,446,919 was invested in capital assets, net of related debt. The Agreement had \$17,671,219 in expenses, of which \$9,524,303 was funded by Charges for Services and \$8,787,323 was funded by Operating Grants and Contributions.

Table 1 Condensed Statement of Net Position (in thousands of dollars)			
	2015	Pre GASB 68 2014	Percentage Change
ASSETS:			
Current and other assets	\$ 2,223	\$ 2,012	10%
Capital assets	1,447	1,459	-1%
Total assets	<u>3,670</u>	<u>3,471</u>	<u>6%</u>
DEFERRED OUTFLOWS:			
Deferred outflows related to pensions	346	-	n/a
Total deferred outflows	<u>346</u>	<u>-</u>	<u>n/a</u>
LIABILITIES:			
Current liabilities	1,373	1,549	-11%
Long-term debt outstanding	984	272	262%
Total liabilities	<u>2,357</u>	<u>1,821</u>	<u>29%</u>
DEFERRED INFLOWS:			
Deferred inflows related to pensions	411	-	n/a
Total deferred outflows	<u>411</u>	<u>-</u>	<u>n/a</u>
NET POSITION:			
Net investment in capital assets	1,447	1,187	22%
Unrestricted	(199)	463	-143%
Total net position	<u>\$ 1,248</u>	<u>\$ 1,650</u>	<u>-24%</u>

Mid-Valley Special Education Joint Agreement
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Table 2 Changes in Net Position (in thousands of dollars)			
	2015	Pre GASB 68 2014	Percentage of Total
Revenues:			
Program revenues:			
Charges for services	\$ 9,524	\$ 9,084	52.0%
Operating grants and contributions	8,787	8,186	48.0%
General revenues:			
Other	9	18	0.0%
Total revenues	<u>18,320</u>	<u>17,288</u>	<u>100.0%</u>
Expenses:			
Instruction	14,301	13,724	80.9%
Pupil and Instructional Services	1,820	1,822	10.3%
Administration and Business	1,307	1,344	7.4%
Operations and Maintenance	233	216	1.3%
Other	10	28	0.1%
Total expenses	<u>17,671</u>	<u>17,134</u>	<u>100.0%</u>
Increase (decrease) in Net Position	649	154	
Net Position Beginning	1,650	1,496	
Prior Period Adjustment	(1,051)	-	
Net Position Ending	<u>\$ 1,248</u>	<u>\$ 1,650</u>	

Mid-Valley Special Education Joint Agreement Management's Discussion and Analysis For the Year Ended June 30, 2015

Financial Analysis of the Agreement's Funds

As the Agreement completed the year, its governmental funds reported combined fund balances of \$849,377. This represents an increase of \$386,494 from the prior year. The instructional costs are directly related to the number of students attending the Agreement's programs during the fiscal year. Expenditures in the General Fund decreased due to student enrollment and the need for special programs.

General Fund Budgetary Highlights

The General Fund's overall revenues were more than the budget by \$1,460,895, or 9.0% of the budget.

The General Fund's overall expenditures were more than budget by \$1,320,823, or 8.2% of the budget due to State of Illinois on-behalf retirement payments to the Teachers Retirement System not being budgeted.

Capital Assets

During the year, \$58,664 of additions were made to capital assets. Depreciation expense was \$70,858 for the year. Detailed information regarding capital assets can be found in Note 3 of the notes to financial statements.

Requests for Information

This financial report is designed to provide the Agreement's citizens, taxpayers, and creditors with a general overview of the Agreement's finances and to demonstrate the Agreement's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Executive Director's Office, 1304 Ronzheimer Avenue, Saint Charles, Illinois 60174.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Cash and investments	\$ 1,513,360
Receivables:	
Due from other governments	709,322
Capital assets:	
Land	49,875
Other capital assets, net of depreciation	1,397,044
Total Assets	3,669,601
Deferred Outflows:	
Deferred outflows related to pensions	345,710
Total deferred outflows	345,710
Liabilities:	
Accounts payable	100,800
Accrued salaries and related expenditures	792,418
Due to other governmental agencies	480,087
Non current liabilities:	
Net pension liability	984,013
Total Liabilities	2,357,318
Deferred Inflows:	
Deferred inflows related to pensions	410,444
Total deferred inflows	410,444
Net Position:	
Net investment in capital assets	1,446,919
Unrestricted	(199,370)
Total net position	\$ 1,247,549

See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for</u>	<u>Operating</u>	Revenue and
		<u>Services</u>	<u>Grants and</u>	Changes in
			<u>Contributions</u>	Net Position
				<u>Total</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
Instructional services:				
Special programs	\$ 14,000,098	\$ 6,447,346	\$ 8,787,323	\$ 1,234,571
Other programs	301,008	254,487	-	(46,521)
Support services:				
Pupils	1,468,962	1,234,146	-	(234,816)
Instructional staff	351,530	296,962	-	(54,568)
General administration	882,348	742,747	-	(139,601)
School administration	176,540	149,256	-	(27,284)
Business administration	233,995	197,831	-	(36,164)
Central administration	13,781	11,651	-	(2,130)
Operations and maintenance of facilities	232,736	189,877	-	(42,859)
Interest on long-term liabilities	10,221	-	-	(10,221)
Total	<u>\$ 17,671,219</u>	<u>\$ 9,524,303</u>	<u>\$ 8,787,323</u>	<u>640,407</u>
General revenues:				
				1,965
Earnings on Investments				6,533
Other revenues				<u>8,498</u>
				8,498
				<u>648,905</u>
				648,905
				1,649,539
Net position - beginning				(1,050,895)
Prior period adjustment				<u>598,644</u>
Net position - beginning, as restated				598,644
				<u>\$ 1,247,549</u>
Net position - ending				<u>\$ 1,247,549</u>

See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2015
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	General (Educational)	Operations and Maintenance	Total	
			2015	2014
<u>ASSETS</u>				
Cash and investments	\$ 1,068,323	\$ 445,037	\$ 1,513,360	\$ 1,620,441
Receivables:				
Due from other governments	709,322	-	709,322	391,704
TOTAL ASSETS	\$ 1,777,645	\$ 445,037	\$ 2,222,682	\$ 2,012,145
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 94,484	\$ 6,316	\$ 100,800	\$ 172,460
Accrued salaries and related expenditures	792,418	-	792,418	798,695
Due to other governmental agencies	480,087	-	480,087	578,107
Total Liabilities	1,366,989	6,316	1,373,305	1,549,262
Fund Balances:				
Unassigned	410,656	438,721	849,377	462,883
Total Fund Balances	410,656	438,721	849,377	462,883
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,777,645	\$ 445,037	\$ 2,222,682	\$ 2,012,145

See accompanying notes to basic financial statements

**MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total fund balances - governmental funds **\$ 849,377**

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. The cost of the assets is \$2,928,468 and the accumulated depreciation is \$1,481,549. 1,446,919

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Net pension liability - TRS	(434,294)
Net pension liability - IMRF	(549,719)

Deferred inflows and outflows of resources related to pension are not reported in governmental funds

Deferred outflows	345,710
Deferred inflows	<u>(410,444)</u>

Net position of governmental activities **\$ 1,247,549**

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	General (Educational)	Operations and Maintenance	Total	
			2015	2014
REVENUES				
Local sources	\$ 8,909,244	\$ 623,557	\$ 9,532,801	\$ 9,101,607
Flow through sources	5,776,260	-	5,776,260	4,805,805
State sources	2,862,364	-	2,862,364	3,140,529
Federal sources	148,699	-	148,699	240,016
Total Revenues	17,696,567	623,557	18,320,124	17,287,957
EXPENDITURES				
Current operating:				
Instruction	7,926,940	-	7,926,940	7,760,610
Support services	3,113,835	224,587	3,338,422	3,361,024
Non-programmed charges	6,385,590	-	6,385,590	5,915,422
Debt service	-	282,678	282,678	277,667
Total Expenditures	17,426,365	507,265	17,933,630	17,314,723
Excess (deficiency) of revenues over expenditures	270,202	116,292	386,494	(26,766)
Fund balances at beginning of year	140,454	322,429	462,883	489,649
FUND BALANCES AT END OF YEAR	\$ 410,656	\$ 438,721	\$ 849,377	\$ 462,883

See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ 386,494

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, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 58,664	
Depreciation expense	<u>(70,858)</u>	(12,194)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in deferred inflows/outflows related to pensions	(264,131)	
Decrease in net pension liability - TRS	495,722	
Increase in net pension liability - IMRF	<u>(229,443)</u>	2,148

The governmental funds report bond and loan proceeds as an other financing source, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Amortization of discount	(2,543)	
Repayment of bond and loan principal	<u>275,000</u>	<u>272,457</u>

Change in net position of governmental activities \$ 648,905

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS - ACTIVITY FUNDS
JUNE 30, 2015

Assets:

Cash	<u>\$ 6,543</u>
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Liabilities:

Due to organizations	<u>\$ 6,543</u>
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See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Mid-Valley Special Education Joint Agreement (the Agreement) operates as a public school system governed by a seven-member board. The Agreement is organized under the School Code of the State of Illinois as amended. The accounting policies of the Agreement conform to accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the Agreement.

a. The Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary governmental are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and there are no agencies or entities which should be presented with the Agreement. Using the same criteria, the Agreement is not included as a component unit of any other governmental entity.

A legal separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organizations; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

b. Fund Accounting

The accounts of the Agreement are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following summarizes the fund types used by the Agreement:

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Governmental funds include the following fund types:

General (Educational) Fund - The General (Educational) Fund is used to account for the revenues and expenditures, which are used in providing education in the Agreement. It is used to account for all financial resources except those required to be accounted for in other funds.

Operations and Maintenance Fund - These accounts are used for expenditures made for operation, repair and maintenance of Agreement property. Revenue consists primarily of local property taxes.

Fiduciary Fund Type

Agency Funds - The Agency Funds (Activity Funds) account for assets held by the Agreement in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

The Agreement reports the following funds as major governmental funds:

General Educational Fund
Operations and Maintenance Fund

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. When both restricted and unrestricted resources are available for use, it is the Agreement's policy to use restricted resources first, then unrestricted resources as they are needed.

The Agreement has adopted a policy consistent with GASB Statement No. 34 to net the interfund receivables and payables for combined totals used to determine the major funds. Consequently, the interfund loan balances, which net to zero, are not utilized to determine major funds.

c. Basis of Presentation

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Agreement. For the most part, the effect of interfund activity has been removed from these statements. All of the Agreement's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The Agreement has no operating activities that would be considered "business activities".

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Concluded)

June 30, 2015

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tuition is recognized as revenue in the year related services are provided. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as a revenue of the current period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when the Agreement receives the cash.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimated and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

e. Capital Assets

Capital assets, which include land, land improvements, buildings, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Agreement as assets with an initial cost of more than \$5,000 and an estimated useful life of 1 year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. In 2010, the Agreement engaged an appraisal company to perform an onsite inspection to develop detailed capital asset records.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Land Improvement	15
Equipment	5-15

f. Compensated Absences

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within a calendar year. Accrued but unpaid vacation leave at June 30, 2015, was insignificant and has not been reflected as a liability.

g. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bond issue. Bond issuance costs are expenses in the year incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

i. Net Position

Government-Wide Statements

Net Position is classified and displayed in three components:

1. Net investment in capital assets. Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted. Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted. Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

j. Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agreement's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

k. Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

NOTE 2. DEPOSITS AND INVESTMENTS

At June 30, 2015 the carrying amount of the Agreement's deposits, (excluding activity accounts of \$6,543) totaled \$1,513,360 and the bank balances totaled \$1,690,206. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015 these amounts were entirely insured or collateralized.

Concentration of Credit Risk. The Agreement places no limit on the amount the Agreement may invest any one issuer. More than 5 percent of the Agreement's investments are concentrated in specific individual investments.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the Agreement for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 49,875	\$ -	\$ -	\$ 49,875
Total capital assets not being depreciated	49,875	-	-	49,875
Capital assets, being depreciated:				
Buildings	2,775,654	58,664	-	2,834,318
Equipment	44,275	-	-	44,275
Total capital assets being depreciated	2,819,929	58,664	-	2,878,593
Accumulated depreciation for:				
Buildings	1,366,416	70,858	-	1,437,274
Equipment	44,275	-	-	44,275
Total accumulated depreciation	1,410,691	70,858	-	1,481,549
Total capital assets being depreciated, net	1,409,238	(12,194)	-	1,397,044
Total capital assets, net	\$ 1,459,113	\$ (12,194)	\$ -	\$ 1,446,919

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2015

Depreciation expense was charged to functions of the Agreements is as follows:

Instructional Services:

Special programs \$ 49,388

Supporting Services

Pupils 9,212

Instructional Staff 283

General administration 3,826

Operations and maintenance of facilities 8,149

\$ 70,858

NOTE 4. LONG TERM DEBT

The following is a summary of the components of long-term debt and related transactions of the Agreement for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount due in one year
Debt Certificates	\$ 275,000	\$ -	\$ 275,000	\$ -	\$ -
Unamortized Discount	(2,543)	-	(2,543)	-	-
Net Pension Liability - TRS	930,016	-	495,722	434,294	-
Net Pension Liability - IMRF	320,276	229,443	-	549,719	-
Total Long-Term Debt	<u>\$ 1,522,749</u>	<u>\$ 229,443</u>	<u>\$ 768,179</u>	<u>\$ 984,013</u>	<u>\$ -</u>

Debt Certificates Payable

The Agreement issued \$2,300,000 in debt certificates during 2005 for an addition to the Mades-Johnstone Center. The obligations were repaid from the Operations and Maintenance Fund.

In fiscal year 2015, the Agreement made the final payment of the debt certificates.

NOTE 5. OTHER POST-EMPLOYMENT BENEFITS

The Agreement provides a \$2,450 stipend to certified employees retiring between the ages of 55 and 65 to be used toward a health insurance program. The stipend is payable through age 65. The Agreement finances the plan on a pay-as-you-go basis. For the year ended June 30, 2015, the Agreement incurred \$9,800 of expenditures for 4 (four) retirees receiving stipends under this program.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2015

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

Teachers' Retirement System of the State of Illinois (TRS)

Plan Description

The District participates in the TRS. TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the District. For the year ended June 30, 2015, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$1,461,437 in pension contributions from the State of Illinois.

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2015 were \$25,686, and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00% of salaries paid from federal and special trust funds. For the year ended June 30, 2015, there were no salaries paid from the federal and special trust funds and no employer contribution was required.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the employer made no payments to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the District paid \$10,322 to TRS for employer contributions due on salary increases in excess of 6% and did not pay for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 434,294
State's proportionate share of the net pension liability associated with the District	<u>27,083,030</u>
Total	<u>\$ 27,517,324</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the District's proportion was 0.000714%.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013, was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the District's proportion was 0.001484%.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$1,461,437 and revenue of \$1,461,437 for support provided by the state. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 229	\$ -
Changes in assumptions		-
Net difference between projected and actual earnings on pension plan investments	-	21,827
Changes in proportion and differences between District contributions and proportionate share of contributions	-	388,617
District contributions subsequent to the measurement date	25,686	-
	<hr/>	<hr/>
Total	\$ 25,915	\$ 410,444

\$25,686 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2015	\$ (99,725)
2016	(99,725)
2017	(99,725)
2018	(99,725)
2019	(11,312)
	<hr/>
Total	\$ (410,212)

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Amortization method	Level Percent of Payroll
Remaining amortization period	30 year, open
Inflation	3.00%
Salary increases	5.75% average, including inflation
Investment rate of return	7.50%
Mortality	RP-2000 Mortality Tables with projections using scale AA that vary by member group

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0% to 7.5%. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5% to 8.0% and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic real estate	4%	9.79%
ARS	8%	3.27%
Risk parity	8%	5.57%
Diversified inflation strategy	1%	3.96%
Private equity	14%	13.03%
	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 536,332	\$ 434,294	\$ 349,795

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS Comprehensive Annual Financial Report.

Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Plan Membership

As of June 30, 2015, the following employees were covered by the benefit terms:

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>77</u>
Total	<u><u>145</u></u>

Contributions

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actual contribution rate for calendar year 2014 was 11.05% of covered payroll. The District contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total pension liability/(asset)	\$ 2,143,572
Plan fiduciary net position	<u>1,593,853</u>
Net pension liability/(asset)	<u><u>\$ 549,719</u></u>

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Amortization method	Level Percent of Payroll
Remaining amortization period	30 year, open
Inflation	3.50%
Price inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Mortality valuation pursuant to an experience study of the period 2011-2013. An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table (for non-disabled retirees), RP-2014 Disabled Retirees Mortality Table (for disabled retirees), and RP-2014 Employee Mortality Table (for active employees), with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	63.2%	9.15%
International equities	2.6%	9.80%
Fixed income	23.5%	3.05%
Real estate	4.3%	7.35%
Alternatives	4.5%	
Private equity		13.55%
Hedge funds		5.55%
Commodities		4.40%
Cash	1.9%	2.25%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The following presents the net pension liabilities of the District, calculated using the discount rate, as well as what the District's net pension liabilities would be if they were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 883,038	\$ 549,719	\$ 273,346

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of \$238,772. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 89,026	\$ -
Changes in assumptions	103,489	-
Net difference between projected and actual earnings on pension plan investments	15,051	-
Contributions subsequent to the measurement date	112,229	-
Total	\$ 319,795	\$ -

\$112,229 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 55,609
2016	55,609
2017	55,609
2018	40,739
2019	-
Thereafter	-
Total	\$ 207,566

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS

Teacher Health Insurance Security (THIS)

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year.

On Behalf Contributions to THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.02% of pay during the year ended June 30, 2015. State of Illinois contributions were \$45,172, and the district recognized revenue and expenditures of this amount during the year.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.76% during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid \$33,657 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN

The Agreement's postemployment healthcare plan is administered by Community Unit School District 303 and is maintained on a combined basis. This combined data has been reported in Community Unit School District 303's Annual Audited Financial Statements. Separate data for District 303 and the Agreement is not available.

NOTE 8. RISK MANAGEMENT

The Agreement has purchased insurance through risk pools (see Notes 9 and 10) and from private insurance companies. Risks covered include general liability, workers' compensation and other. Premiums have been displayed as expenditures in appropriate funds. No material decreases in insurance coverages have occurred nor have any insurance claims in excess of insurance coverages been paid or reported. The Agreement also participates in a self-insurance program for medical coverage for employees through its administrative District, Community Unit School District 303. The cost of this insurance is paid to the Administrative District.

NOTE 9. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)

The District is a member of CLIC, which has been formed to provide casualty, workman's compensation, property and liability protections and to administer some or all insurance coverages and protection other than health, life and accident coverages procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, IL 60048.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

NOTE 10. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The agreement has several revenue sources received within different funds that also fall into these categories –

1. State and Federal Grants

Proceeds from state and federal grants and the related expenditures disbursed have been included in the General Fund and various Special Revenue Funds. At June 30, 2015, expenditures exceeded revenue from state and federal grants, resulting in no restricted balances.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds.

F. Disaggregation of Fund Balances

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
Educational	\$ -	\$ -	\$ -	\$ -	\$ 410,656
Operations & Maintenance	-	-	-	-	438,721

G. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 11. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL FUNDS

Expenditures exceeded the budgeted amount in the following Fund:

	Budget	Actual	Excess
General (Educational) Fund	\$ 16,105,542	\$ 17,426,365	\$ 1,320,823

The expenditure variances were sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Directors. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2015

NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 2015 the District implemented the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. This statement requires the District to report a net pension liability on the statement of net position for both of its pension funds. As a result, the net position of governmental activities has been restated by (\$1,050,895) as of July 1, 2014.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
YEAR ENDED JUNE 30, 2015

	2015
TOTAL PENSION LIABILITY	
Service Cost	\$ 235,023
Interest	125,096
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	113,001
Changes of Assumptions	131,360
Benefit Payments, Including Refunds of Member Contributions	(22,687)
Net Change in Total Pension Liability	581,793
Total Pension Liability - Beginning	1,561,779
TOTAL PENSION LIABILITY - ENDING	\$ 2,143,572
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 216,895
Contributions - Member	88,328
Net Investment Income	84,349
Benefit Payments, Including Refunds of Member Contributions	(22,687)
Administrative Expense	(14,535)
Net Change in Plan Fiduciary Net Position	352,350
Plan Net Position - Beginning	1,241,503
PLAN NET POSITION - ENDING	\$ 1,593,853
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 549,719
Plan Fiduciary Net Position	
as a Percentage of the Total Pension Liability	74.36%
Covered-Employee Payroll	\$ 1,962,847
Employer's Net Pension Liability	
as a Percentage of Covered - Employee Payroll	28.01%

**MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST CALENDAR YEAR**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 216,894	\$ 216,895	\$ (1)	\$ 1,962,847	11.05%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of December 31 of each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

	2015
District's proportion of the net pension liability	0.04618%
District's proportionate share of the net pension liability	\$ 434,294
State's proportionate share of the net pension liability associated with the District	27,083,030
Total	\$ 27,517,324
District's covered-employee payroll	4,428,597
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	9.81%
Plan fiduciary net position as a percentage of the total pension liability	43.00%

Notes to Schedule

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5%, an inflation rate of 3.0% and real return of 4.5%, and a salary increase assumption of 5.75%. In 2013, assumptions used were an investment rate of return of 8.0%, an inflation rate of 3.25% and real return of 4.75%, and salary increases of 6.00%. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM
LAST FISCAL YEAR

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 36,008	\$ 36,008	\$ -	\$ 4,428,597	0.81%

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND AND
MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015

	General (Educational) Fund		
	Original and Final Budget	Actual	Variance Over/Under
REVENUES			
Local sources	\$ 9,189,090	\$ 8,909,244	\$ (279,846)
Flow-through sources	5,556,508	5,776,260	219,752
State sources	1,347,363	2,862,364	1,515,001
Federal sources	142,711	148,699	5,988
Total Revenues	<u>16,235,672</u>	<u>17,696,567</u>	<u>1,460,895</u>
EXPENDITURES			
Current operating:			
Instruction	6,414,205	7,926,940	(1,512,735)
Support services	3,314,829	3,113,835	200,994
Non-programmed charges	6,356,508	6,385,590	(29,082)
Debt service	-	-	-
Provision for contingencies	20,000	-	20,000
Total Expenditures	<u>16,105,542</u>	<u>17,426,365</u>	<u>(1,320,823)</u>
Net change in fund balance	<u>\$ 130,130</u>	270,202	<u>\$ 140,072</u>
Fund Balances at beginning of year		<u>140,454</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 410,656</u>	

Operations & Maintenance Fund

Original and Final Budget	Actual	Variance Over/Under
\$ 524,183	\$ 623,557	\$ 99,374
-	-	-
-	-	-
-	-	-
<u>524,183</u>	<u>623,557</u>	<u>99,374</u>
-	-	-
241,130	224,587	16,543
-	-	-
283,053	282,678	375
-	-	-
<u>524,183</u>	<u>507,265</u>	<u>16,918</u>
<u>\$ -</u>	<u>116,292</u>	<u>\$ 116,292</u>
	<u>322,429</u>	
	<u>\$ 438,721</u>	

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Required Supplementary Information
June 30, 2015

BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets for all Governmental Funds are adopted on the modified accrual basis by the Board of Directors.

The Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Administration submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
- Prior to September 1st, the budget is legally adopted through passage of a resolution.
- The Executive Director is authorized to transfer up to 10% of the total budget between departments within any fund without the Board of Director approval. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors following the public hearing process mandated by law. The legal level of control remains at the fund level for each legally adopted operating budget since transfers are restricted entirely within each individual fund. The budget was adopted on August 11, 2014.
- Formal budgetary integration is employed as a management control device during the year for all its Governmental Funds.
- The Agreement has adopted a legal budget for all its Governmental Funds. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act, expenditures may exceed the budget if additional resources are available to finance such expenditures.
- The budget lapses at the end of each fiscal year. (All appropriations lapse at year-end).

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GENERAL (EDUCATIONAL) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL TOTALS FOR 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local Sources:				
Tuition	\$ 9,187,090	\$ 8,905,201	\$ (281,889)	\$ 8,578,324
Earnings on investments	2,000	1,965	(35)	2,602
Refund of prior years' expenditure	-	1,150	1,150	9,724
Other	-	928	928	5,617
Total Local Sources	9,189,090	8,909,244	(279,846)	8,596,267
Flow Through Sources:				
Flow through from federal sources	5,556,508	5,776,260	219,752	4,805,805
Total Flow Through Sources	5,556,508	5,776,260	219,752	4,805,805
State Sources:				
General state aid	467,363	411,385	(55,978)	414,642
Special education	800,000	866,303	66,303	971,974
State of Illinois on-behalf payments	-	1,506,609	1,506,609	1,604,723
Other grants-in-aid	80,000	78,067	(1,933)	149,190
Total State Sources	1,347,363	2,862,364	1,515,001	3,140,529
Federal Sources:				
IDEA - Flow through	72,711	84,004	11,293	138,317
DORS	-	39,360	39,360	43,296
Medicaid matching/administrative outreach	70,000	25,335	(44,665)	58,403
Total Federal Sources	142,711	148,699	5,988	240,016
Total Revenues	16,235,672	17,696,567	1,460,895	16,782,617
EXPENDITURES				
Special programs:				
Salaries	4,053,741	4,102,642	(48,901)	4,035,903
Employee benefits	1,576,532	1,525,538	50,994	1,454,207
State of Illinois on-behalf payments	-	1,506,609	(1,506,609)	1,604,723
Purchased services	260,132	282,127	(21,995)	241,215
Supplies and materials	94,375	61,448	32,927	79,955
Capital outlay	69,385	146,468	(77,083)	38,521
Other	4,275	1,100	3,175	2,550
Non-capitalized equipment	47,600	-	47,600	-
Total	\$ 6,106,040	\$ 7,625,932	\$ (1,519,892)	\$ 7,457,074

(Continued)

**MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GENERAL (EDUCATIONAL) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL TOTALS FOR 2014**

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Summer school:				
Salaries	\$ 264,610	\$ 268,910	\$ (4,300)	\$ 269,561
Employee benefits	40,055	30,036	10,019	30,666
Purchased services	1,000	135	865	59
Supplies and materials	2,500	1,927	573	3,250
Total	308,165	301,008	7,157	303,536
Total Instruction	6,414,205	7,926,940	(1,512,735)	7,760,610
Support Services:				
Pupils:				
Attendance and social work:				
Salaries	475,760	385,914	89,846	400,128
Employee benefits	106,968	88,104	18,864	90,440
Purchased services	2,000	2,926	(926)	1,663
Supplies and materials	1,750	1,854	(104)	1,149
Total	586,478	478,798	107,680	493,380
Health services:				
Salaries	398,403	396,529	1,874	414,871
Employee benefits	113,746	110,653	3,093	122,234
Purchased services	16,275	3,899	12,376	24,044
Supplies and materials	4,900	3,875	1,025	5,158
Other	-	468	(468)	387
Total	533,324	515,424	17,900	566,694
Psychological services:				
Salaries	42,237	41,371	866	40,150
Employee benefits	612	600	12	582
Purchased services	850	208	642	1,082
Supplies and materials	800	1,094	(294)	336
Other objects	400	-	400	-
Total	\$ 44,899	\$ 43,273	\$ 1,626	\$ 42,150

(Continued)

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GENERAL (EDUCATIONAL) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL TOTALS FOR 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Speech pathology and audiology services:				
Salaries	\$ 337,899	\$ 229,818	\$ 108,081	\$ 234,487
Employee benefits	74,141	38,288	35,853	50,394
Purchased services	6,200	153,933	(147,733)	93,468
Supplies and materials	2,000	216	1,784	1,699
Total	420,240	422,255	(2,015)	380,048
Instructional staff:				
Improvement of instruction services:				
Salaries	238,988	234,039	4,949	207,766
Employee benefits	57,161	63,238	(6,077)	46,706
Purchased services	63,101	49,168	13,933	69,575
Supplies and materials	4,000	4,802	(802)	4,563
Total	363,250	351,247	12,003	328,610
Educational media services:				
Supplies and materials	-	-	-	1,984
Total	-	-	-	1,984
General administration:				
Board of education:				
Employee benefits	97,800	111,331	(13,531)	41,557
Purchased services	183,314	104,705	78,609	229,748
Total	\$ 281,114	\$ 216,036	\$ 65,078	\$ 271,305

(Continued)

**MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GENERAL (EDUCATIONAL) FUND**
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL TOTALS FOR 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Executive administration:				
Salaries	\$ 410,577	\$ 406,553	\$ 4,024	\$ 431,436
Employee benefits	111,298	120,752	(9,454)	124,896
Purchased services	134,782	119,819	14,963	124,208
Supplies and materials	13,288	12,977	311	7,655
Other	3,000	1,443	1,557	1,944
Non-capitalized equipment	1,000	942	58	3,964
Total	673,945	662,486	11,459	694,103
School administration:				
Office of the principal:				
Salaries	118,079	119,643	(1,564)	89,427
Employee benefits	38,730	52,154	(13,424)	35,925
Purchased services	7,045	4,305	2,740	6,529
Supplies and materials	500	438	62	935
Total	164,354	176,540	(12,186)	132,816
Business administration:				
Fiscal services:				
Salaries	161,527	162,127	(600)	166,267
Employee benefits	66,448	68,643	(2,195)	55,508
Purchased services	2,500	2,882	(382)	1,827
Other	1,150	343	807	1,751
Total	231,625	233,995	(2,370)	225,353
Central administration:				
Staff services:				
Purchased services	10,600	10,558	42	13,162
Supplies and materials	5,000	3,223	1,777	3,104
Total	15,600	13,781	1,819	16,266
Total Support Services	\$ 3,314,829	\$ 3,113,835	\$ 200,994	\$ 3,152,709

(Continued)

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GENERAL (EDUCATIONAL) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL TOTALS FOR 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Non-programmed charges	\$ 6,356,508	\$ 6,385,590	\$ (29,082)	\$ 5,915,422
Provision for contingencies	20,000	-	20,000	-
Total Expenditures	16,105,542	17,426,365	(1,320,823)	16,828,741
Net change in fund balance	<u>\$ 130,130</u>	270,202	<u>\$ 140,072</u>	(46,124)
Fund balance at beginning of year		<u>140,454</u>		<u>186,578</u>
FUND BALANCE AT END OF YEAR		<u>\$ 410,656</u>		<u>\$ 140,454</u>

(Concluded)

**MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE ACTUAL TOTALS FOR 2014**

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local Sources:				
Other	\$ -	\$ 4,455	\$ 4,455	\$ -
Payment from other LEA's	524,183	619,102	94,919	505,340
Total Local Sources	524,183	623,557	99,374	505,340
Total Revenues	524,183	623,557	99,374	505,340
EXPENDITURES				
Current operating:				
Support services				
Operation and Maintenance of Plant Services:				
Purchased services	75,104	71,018	4,086	107,952
Supplies and materials	98,500	74,923	23,577	68,658
Capital outlay	67,526	78,646	(11,120)	31,705
Total Support services	241,130	224,587	16,543	208,315
Debt service	283,053	282,678	375	277,667
Total Expenditures	524,183	507,265	16,918	485,982
Net change in fund balance	\$ -	116,292	\$ 116,292	19,358
Fund balance at beginning of year		322,429		303,071
FUND BALANCE AT END OF YEAR		\$ 438,721		\$ 322,429

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS - ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets:				
Cash	<u>\$ 3,548</u>	<u>\$ 19,794</u>	<u>\$ 16,799</u>	<u>\$ 6,543</u>
Liabilities:				
Due to organizations	<u>\$ 3,548</u>	<u>\$ 19,794</u>	<u>\$ 16,799</u>	<u>\$ 6,543</u>