

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

Audited Financial Statements

June 30, 2014

**Mid-Valley Special Education
Joint Agreement
Required Communication Letters
Year Ended June 30, 2014**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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, 2014, 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 1, 2014.

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 1, 2014



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, 2014 and have issued our report thereon dated October 1, 2014.

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:

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, 2014. We recommend the Agreement budget for this amount in the future.

Sub-recipient Monitoring

In the normal course of operations the Agreement flows through certain federal funds it receives to the Agreements' member Districts. As such the Agreement is responsible to perform certain procedures to monitor these sub-recipients. We recommend that the Agreement obtain each member District's federal A-133 reporting package to ascertain that flow through revenues are being properly reported by the member Districts. We also recommend that the Agreement verify that each member District has filed the required Data Collection form with the federal clearinghouse. These procedures should be performed and documented on a yearly basis.

Professional Standards Update

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, which will change the accounting and financial reporting requirements for state and local governments that provide their employees with pensions. This Statement replaces the requirements of GASB Statement Nos. 27 and 50 as they relate to pensions that are provided through pension plans administered as trusts, or equivalent arrangements that meet certain criteria. These changes will affect your financial statements for the year ended June 30, 2015.

This Statement applies specifically to governments that provide their employees with pensions through pension plans in which a government's contributions to the trust used to administer a pension plan are (1) irrevocable, (2) restricted to paying pension benefits, and (3) beyond the reach of creditors.

Government employers that provide their employees with a defined benefit pension are classified in one of the following categories for this Statement:

- Single employer – is an employer whose employees are provided with a defined benefit pension through a single employer pension plan (e.g., a municipal police pension plan)
- Agent employer – is an employer whose employees are provided with a defined benefit pension through an agent multiple employer pension plan (e.g. IMRF)
- Cost-sharing employer – is an employer whose employees are provided with a defined benefit pension through a cost-sharing multiple employer pension plan (e.g. TRS)

Under the new standards, in financial statements prepared using the economic resources measurement focus (accrual basis of accounting), the single or agent employer is required to recognize a liability equal to the net pension liability. The net pension liability is defined as the present value of projected benefit payments to be provided through the pension plan, to current and inactive employees, that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's net position. A cost-sharing employer is required to recognize its proportionate share of the net pension liability of the plan.

The new Statement contains requirements related to the actuarial cost method and certain other assumptions used in the preparation of an actuarial valuation. The Statement also requires that an actuarial valuation of the total pension liability be performed as least every two years, with more frequent valuations encouraged. In addition, this Statement also requires disclosing certain information in the notes to the financial statements, as well as presenting certain required supplementary information (RSI) for the ten most recent fiscal years.

For government employees that provide their employees with a defined contribution pension, the new standards generally carry forward the existing financial reporting requirements.

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

Board of Directors

October 1, 2014

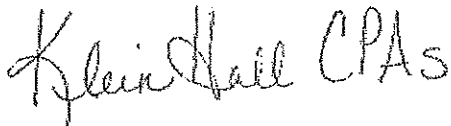
Positive Attributes

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,

A handwritten signature in cursive script that reads "Klein Hall CPAs".

Klein Hall CPAs
Aurora, Illinois
October 1, 2014



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, 2014, and have issued our report thereon dated October 1, 2014. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our engagement letter dated November 11, 2013, 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.

In planning and performing our audit, we considered Mid-Valley Special Education Joint Agreement's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Mid-Valley Special Education Joint Agreement's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 is not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about 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" applicable to each of its major federal programs for the purpose of expressing an opinion on Mid-Valley Special Education Joint Agreement's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Mid-Valley Special Education Joint Agreement's compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 and our firm 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 the year ended June 30, 2014. 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.

The most sensitive accounting estimates affecting the financial statements is the IMRF actuarial accrued liability.

Management's estimate of the IMRF actuarial accrued liability is based on the IMRF actuarial accrued valuation. We evaluated the key factors and assumptions used to develop the IMRF actuarial accrued liability in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

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.

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 1, 2014.

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.

A handwritten signature in cursive script that reads "Klein Hall CPAs".

Klein, Hall CPAs
Aurora, Illinois
October 1, 2014

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
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June 30, 2014

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

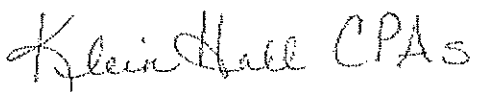
Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014 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-Valley Special Education Joint Agreement's internal control over financial reporting and compliance.



Klein Hall CPAs
Aurora, Illinois
October 1, 2014

Mid-Valley Special Education Joint Agreement

Management's Discussion and Analysis

For the Year Ended June 30, 2014

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, 2014. 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 \$1,649,539 (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, 2014

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, 2014**

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, 2014

Cooperative-Wide Financial Analysis

The Agreement increased its net position by \$153,336 to \$1,649,539. This was primarily due to a decrease in expenses. Of this amount, \$462,883 was unrestricted and \$1,186,656 was invested in capital assets, net of related debt. The Agreement had \$17,134,621 in expenses, of which \$9,083,664 was funded by Charges for Services and \$8,186,350 was funded by Operating Grants and Contributions.

Table 1 Condensed Statement of Net Position (in thousands of dollars)			
	2014	2013	% Change
ASSETS:			
Current and other assets	\$ 2,012	\$ 2,411	-17%
Deferred charges	-	9	-100%
Capital assets	1,459	1,528	-5%
Total assets	3,471	3,948	-12%
LIABILITIES:			
Current liabilities	1,549	1,921	-19%
Long-term debt outstanding	272	531	-49%
Total liabilities	1,821	2,452	-26%
NET POSITION:			
Net investment in capital assets	1,187	997	19%
Unrestricted	463	499	-7%
Total net position	\$ 1,650	\$ 1,496	10%

Mid-Valley Special Education Joint Agreement
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 2 Changes in Net Position (in thousands of dollars)			
	2014	2013	Percentage of Total
Revenues:			
Program revenues:			
Charges for services	\$ 9,084	\$ 10,817	52.5%
Operating grants and contributions	8,186	8,893	47.4%
General revenues:			
Other	18	15	0.1%
Total revenues	<u>17,288</u>	<u>19,725</u>	<u>100.0%</u>
Expenses:			
Instruction	13,724	14,873	80.1%
Pupil and Instructional Services	1,822	3,776	10.6%
Administration and Business	1,344	1,337	7.8%
Operations and Maintenance	216	187	1.3%
Other	28	31	0.2%
Total expenses	<u>17,134</u>	<u>20,204</u>	<u>100.0%</u>
Increase (decrease) in Net Position	<u>154</u>	<u>(479)</u>	
Net Position Beginning	<u>1,496</u>	<u>1,975</u>	
Net Position Ending	<u>\$ 1,650</u>	<u>\$ 1,496</u>	

Mid-Valley Special Education Joint Agreement

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Financial Analysis of the Agreement's Funds

As the Agreement completed the year, its governmental funds reported combined fund balances of \$462,883. This represents a decrease of \$26,766 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 \$1,471,745, or 9.6% of the budget.

The General Fund's overall expenditures were more than budget by \$1,621,564, or 10.7% 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, no additions were made to capital assets. Depreciation expense was \$69,391 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, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 1,620,441
Receivables:	
Due from other governments	391,704
Capital assets:	
Land	49,875
Other capital assets, net of depreciation	<u>1,409,238</u>
 Total Assets	 <u>3,471,258</u>
Liabilities:	
Accounts payable	172,460
Accrued salaries and related expenditures	798,695
Due to other governmental agencies	578,107
Noncurrent liabilities:	
Due within one year	<u>272,457</u>
 Total Liabilities	 <u>1,821,719</u>
Net Position:	
Net investment in capital assets	1,186,656
Unrestricted	<u>462,883</u>
 Total net position	 <u><u>\$ 1,649,539</u></u>

See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instructional services:				
Special programs	\$ 13,420,861	\$ 6,090,612	\$ 8,186,350	\$ 856,101
Other programs	303,536	247,915	-	(55,621)
Support services:				
Pupils	1,491,293	1,210,655	-	(280,638)
Instructional staff	330,872	270,015	-	(60,857)
General administration	969,155	788,503	-	(180,652)
School administration	132,816	108,478	-	(24,338)
Business administration	225,353	184,058	-	(41,295)
Central administration	16,266	13,285	-	(2,981)
Operations and maintenance of facilities	216,295	170,143	-	(46,152)
Interest on long-term liabilities	28,174	-	-	(28,174)
Total	<u>\$ 17,134,621</u>	<u>\$ 9,083,664</u>	<u>\$ 8,186,350</u>	<u>135,393</u>
General revenues:				
Earnings on Investments				2,602
Other revenues				<u>15,341</u>
Total general revenues				<u>17,943</u>
Change in net position				153,336
Net position - beginning				<u>1,496,203</u>
Net position - ending				<u>\$ 1,649,539</u>

See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	General (Educational)	Operations and Maintenance	Total	
			2014	2013
<u>ASSETS</u>				
Cash and investments	\$ 1,276,897	\$ 343,544	\$ 1,620,441	\$ 1,790,117
Receivables:				
Due from other governments	391,704	-	391,704	620,358
TOTAL ASSETS	\$ 1,668,601	\$ 343,544	\$ 2,012,145	\$ 2,410,475
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 151,345	\$ 21,115	\$ 172,460	\$ 28,462
Accrued salaries and related expenditures	798,695	-	798,695	935,240
Due to other governmental agencies	578,107	-	578,107	957,124
Total Liabilities	1,528,147	21,115	1,549,262	1,920,826
Fund Balances:				
Unassigned	140,454	322,429	462,883	489,649
Total Fund Balances	140,454	322,429	462,883	489,649
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,668,601	\$ 343,544	\$ 2,012,145	\$ 2,410,475

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, 2014

Total fund balances - governmental funds \$ 462,883

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 \$2,869,804 and the accumulated depreciation is \$1,410,691. 1,459,113

Long-term liabilities applicable to the Joint Agreement's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Debt Certificates payable	\$ (275,000)	
Unamortized discount	2,543	<u>(272,457)</u>

Net position of governmental activities \$ 1,649,539

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	General (Educational)	Operations and Maintenance	Total	
			2014	2013
REVENUES				
Local sources	\$ 8,596,267	\$ 505,340	\$ 9,101,607	\$ 10,831,879
Flow through sources	4,805,805	-	4,805,805	6,145,220
State sources	3,140,529	-	3,140,529	2,445,689
Federal sources	240,016	-	240,016	301,797
Total Revenues	<u>16,782,617</u>	<u>505,340</u>	<u>17,287,957</u>	<u>19,724,585</u>
EXPENDITURES				
Current operating:				
Instruction	7,760,610	-	7,760,610	6,823,010
Support services	3,152,709	208,315	3,361,024	5,238,112
Non-programmed charges	5,915,422	-	5,915,422	8,041,729
Debt service	-	277,667	277,667	276,600
Total Expenditures	<u>16,828,741</u>	<u>485,982</u>	<u>17,314,723</u>	<u>20,379,451</u>
Excess (deficiency) of revenues over expenditures	(46,124)	19,358	(26,766)	(654,866)
Fund balances at beginning of year	<u>186,578</u>	<u>303,071</u>	<u>489,649</u>	<u>1,144,515</u>
FUND BALANCES AT END OF YEAR	<u>\$ 140,454</u>	<u>\$ 322,429</u>	<u>\$ 462,883</u>	<u>\$ 489,649</u>

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, 2014

Net change in fund balances - total governmental funds \$ (26,766)

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.

Depreciation expense (69,391)

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 issuance costs and 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 issuance costs on bonds	(9,238)		
Amortization of discount	(1,269)		
Repayment of bond and loan principal	260,000		
		249,493	

Change in net position of governmental activities \$ 153,336

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS - ACTIVITY FUNDS
JUNE 30, 2014

Assets:

Cash	<u>\$ 3,548</u>
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Liabilities:

Due to organizations	<u>\$ 3,548</u>
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See accompanying notes to basic financial statements

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements

June 30, 2014

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, 2014

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, 2014

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, 2014

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, 2014, 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.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2014

h. 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.

i. 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, 2013, from which the summarized information was derived.

j. 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, 2014

NOTE 2. DEPOSITS AND INVESTMENTS

At June 30, 2014 the carrying amount of the Agreement's deposits, (excluding activity accounts of \$3,548) totaled \$1,620,441 and the bank balances totaled \$2,060,663. 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, 2014 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, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
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	-	-	2,775,654
Equipment	44,275	-	-	44,275
Total capital assets being depreciated	2,819,929	-	-	2,819,929
Accumulated depreciation for:				
Buildings	1,297,025	69,391	-	1,366,416
Equipment	44,275	-	-	44,275
Total accumulated depreciation	1,341,300	69,391	-	1,410,691
Total capital assets being depreciated, net	1,478,629	(69,391)	-	1,409,238
Total capital assets, net	\$ 1,528,504	\$ (69,391)	\$ -	\$ 1,459,113

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2014

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

Instructional Services:

Special programs \$ 48,365

Supporting Services

Pupils 9,021

Instructional Staff 278

General administration 3,747

Operations and maintenance of facilities 7,980

\$ 69,391

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, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amount due in one year
Debt Certificates	\$ 535,000	\$ -	\$ 260,000	\$ 275,000	\$ 275,000
Unamortized Discount	(3,812)	-	(1,269)	(2,543)	-
Total Long-Term Debt	<u>\$ 531,188</u>	<u>\$ -</u>	<u>\$ 258,731</u>	<u>\$ 272,457</u>	<u>\$ 275,000</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 will be repaid from the Operations and Maintenance Fund.

At June 30, 2014, the Agreement's annual cash flow requirements for retirement of debt certificate principal and interest were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 275,000	\$ 7,678	\$ 282,678
Total	<u>\$ 275,000</u>	<u>\$ 7,678</u>	<u>\$ 282,678</u>

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2014

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, 2014, the Agreement incurred \$9,860 of expenditures for 4 (four) retirees receiving stipends under this program.

NOTE 6. RETIREMENT FUND COMMITMENTS:

Illinois Teachers' Retirement System

The Agreement participates in the Teachers' Retirement System of the State of Illinois (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. 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 State of Illinois maintains primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the Agreement's TRS-covered employees. The Agreement's total payroll reported to TRS for the year ended June 30, 2014 was \$4,411,003.

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the Agreement. For the year ended June 30, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Agreement recognized revenue and expenditures of \$1,561,936 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013, and June 30, 2012, rates were 28.05 percent (\$1,137,234) and 24.91 percent (\$965,485), respectively.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2014

The Agreement makes other types of employer contributions directly to TRS.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$25,584. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$23,933 and \$22,947, respectively.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Agreement, there is a statutory requirement for the Agreement 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, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012 the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, \$0 salaries were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2013 and June 30, 2012, required employer contributions were \$20,214 and \$20,036, respectively.

Early Retirement Option (ERO). The Agreement is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the Agreement made no payments to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the Agreement paid \$0 and \$36,025, respectively.

Salary increases over 6 percent and excess sick leave.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2014, 2013 and 2012 the Agreement made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2014

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the years ended June 30, 2014, 2013 and 2012 the Agreement made no payments to TRS for sick leave days granted in the excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

Teacher Health Insurance Security (THIS)

The Agreement participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of 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. Beginning February 1, 2014, 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 CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the 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 percent of the percentage of salary actually required to be paid in the 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 Agreement. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$42,787, and the Agreement recognized revenue and expenditures of this amount during the year.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2014

State contributions intended to match active member contributions during the years ended June 30, 2013 and 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of Agreement employees were \$37,963, and \$34,816, respectively.

Employer contributions to THIS Fund. The Agreement also makes contributions to THIS Fund. The Agreement THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 percent during the year ended June 30, 2013 and 0.66 percent for the year ended June 30, 2012. For the year ended June 30, 2014, the Agreement paid \$31,759 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the Agreement paid \$28,472 and \$26,112, respectively, 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."

Illinois Municipal Retirement Fund:

Plan Description. The employer'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 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.

Funding Policy. As set by statute, the Agreement's 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 Agreement's annual required contribution rate for calendar year 2013 was 12.02 percent. The Agreement also 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.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2014

Annual Pension Cost. The required contribution for calendar year 2013 was \$347,625.

Three-Year Trend Information for the Regular Plan			
Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$347,625	100%	\$0
12/31/2012	317,746	100%	0
12/31/2011	152,570	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Agreement's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 69.49 percent funded. The actuarial accrued liability for benefits was \$1,423,289 and the actuarial value of assets was \$989,081, resulting in an underfunded actuarial accrued liability (UAAL) of \$434,208. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$2,892,057 and the ratio of the UAAL to the covered payroll was 15 percent.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2014

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.

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

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT

Notes to Financial Statements (Continued)

June 30, 2014

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, 2014, 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.

No committed balances existed as of June 30, 2014.

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 or committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget 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.

No assigned balances existed as of June 30, 2014.

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.

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Financial Statements (Continued)
June 30, 2014

F. Disaggregation of Fund Balances

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
Educational	\$ -	\$ -	\$ -	\$ -	\$ 140,454
Operations & Maintenance	-	-	-	-	322,429

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	\$ 15,207,177	\$ 16,828,741	\$ 1,621,564

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

Schedule of Funding Progress (unaudited)

Illinois Municipal Retirement Fund

June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2013	\$989,081	\$1,423,289	\$ 434,208	69.49%	\$2,892,057	15.01%
12/31/2012	647,856	1,662,081	1,014,225	38.98%	3,351,754	30.26%
12/31/2011	216,726	1,219,283	1,002,557	17.77%	1,609,388	62.29%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$1,108,280. On a market basis, the funded ratio would be 77.87%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Mid-Valley Special Education Joint Agreement. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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, 2014

	General (Educational) Fund		
	Original and Final Budget	Actual	Variance Over/Under
REVENUES			
Local sources	\$ 8,424,714	\$ 8,596,267	\$ 171,553
Flow-through sources	5,296,635	4,805,805	(490,830)
State sources	1,423,996	3,140,529	1,716,533
Federal sources	165,527	240,016	74,489
Total Revenues	15,310,872	16,782,617	1,471,745
EXPENDITURES			
Current operating:			
Instruction	6,028,195	7,760,610	(1,732,415)
Support services	3,062,347	3,152,709	(90,362)
Non-programmed charges	6,096,635	5,915,422	181,213
Debt service	-	-	-
Provision for contingencies	20,000	-	20,000
Total Expenditures	15,207,177	16,828,741	(1,621,564)
Net change in fund balance	\$ 103,695	(46,124)	\$ (149,819)
Fund Balances at beginning of year		186,578	
FUND BALANCES AT END OF YEAR		\$ 140,454	

Original and Final Budget	Actual	Variance Over/Under
\$ 517,042	\$ 505,340	\$ (11,702)
-	-	-
-	-	-
-	-	-
517,042	505,340	(11,702)

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MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
Notes to Required Supplementary Information
June 30, 2014

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 12, 2013.
- 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, 2014 WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local Sources:				
Tuition	\$ 8,423,214	\$ 8,578,324	\$ 155,110	\$ 10,371,509
Earnings on investments	1,500	2,602	1,102	2,988
Refund of prior years' expenditure	-	9,724	9,724	11,525
Other	-	5,617	5,617	26
Total Local Sources	8,424,714	8,596,267	171,553	10,386,048
Flow Through Sources:				
Flow through from federal sources	5,296,635	4,805,805	(490,830)	6,145,220
Total Flow Through Sources	5,296,635	4,805,805	(490,830)	6,145,220
State Sources:				
General state aid	-	414,642	414,642	-
Special education	800,000	971,974	171,974	1,217,063
State of Illinois on-behalf payments	-	1,604,723	1,604,723	1,175,197
Other grants-in-aid	623,996	149,190	(474,806)	53,429
Total State Sources	1,423,996	3,140,529	1,716,533	2,445,689
Federal Sources:				
IDEA - Flow through	105,527	138,317	32,790	229,333
DORS	-	43,296	43,296	1,830
Medicaid matching/administrative outreach	60,000	58,403	(1,597)	70,634
Total Federal Sources	165,527	240,016	74,489	301,797
Total Revenues	15,310,872	16,782,617	1,471,745	19,278,754
EXPENDITURES				
Special programs:				
Salaries	3,897,481	4,035,903	(138,422)	3,751,182
Employee benefits	1,378,996	1,454,207	(75,211)	1,302,214
State of Illinois on-behalf payments	-	1,604,723	(1,604,723)	1,175,197
Purchased services	241,585	241,215	370	214,134
Supplies and materials	101,497	79,955	21,542	80,372
Capital outlay	80,000	38,521	41,479	17,327
Other	3,500	2,550	950	2,900
Non-capitalized equipment	36,626	-	36,626	790
Total	\$ 5,739,685	\$ 7,457,074	\$ (1,717,389)	\$ 6,544,116

(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, 2014 WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Summer school:				
Salaries	\$ 256,613	\$ 269,561	\$ (12,948)	\$ 231,394
Employee benefits	28,747	30,666	(1,919)	25,884
Purchased services	1,000	59	941	18,746
Supplies and materials	2,150	3,250	(1,100)	2,870
Total	288,510	303,536	(15,026)	278,894
Total Instruction	6,028,195	7,760,610	(1,732,415)	6,823,010
Support Services:				
Pupils:				
Attendance and social work:				
Salaries	400,130	400,128	2	392,286
Employee benefits	90,038	90,440	(402)	79,681
Purchased services	2,910	1,663	1,247	1,245
Supplies and materials	1,375	1,149	226	1,234
Total	494,453	493,380	1,073	474,446
Health services:				
Salaries	386,988	414,871	(27,883)	2,019,995
Employee benefits	111,060	122,234	(11,174)	571,767
Purchased services	22,350	24,044	(1,694)	107,661
Supplies and materials	7,350	5,158	2,192	17,406
Other	400	387	13	387
Total	528,148	566,694	(38,546)	2,717,216
Psychological services:				
Salaries	40,150	40,150	-	39,120
Employee benefits	576	582	(6)	567
Purchased services	600	1,082	(482)	352
Supplies and materials	600	336	264	791
Total	\$ 41,926	\$ 42,150	\$ (224)	\$ 40,830

(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, 2014 WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Speech pathology and audiology services:				
Salaries	\$ 292,414	\$ 234,487	\$ 57,927	\$ 221,780
Employee benefits	39,831	50,394	(10,563)	29,193
Purchased services	6,700	93,468	(86,768)	12,727
Supplies and materials	3,000	1,699	1,301	2,256
Total	341,945	380,048	(38,103)	265,956
Instructional staff:				
Improvement of instruction services:				
Salaries	185,609	207,766	(22,157)	149,800
Employee benefits	39,008	46,706	(7,698)	52,757
Purchased services	51,801	69,575	(17,774)	63,203
Supplies and materials	2,000	4,563	(2,563)	2,469
Total	278,418	328,610	(50,192)	268,229
Educational media services:				
Salaries	41,178	-	41,178	-
Employee benefits	12,289	-	12,289	-
Purchased services	1,000	-	1,000	-
Supplies and materials	500	1,984	(1,484)	-
Total	54,967	1,984	52,983	-
General administration:				
Board of education:				
Employee benefits	41,800	41,557	243	58,002
Purchased services	217,268	229,748	(12,480)	234,539
Supplies and materials	-	-	-	10
Total	\$ 259,068	\$ 271,305	\$ (12,237)	\$ 292,551

(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, 2014 WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Executive administration:				
Salaries	\$ 412,161	\$ 431,436	\$ (19,275)	\$ 432,337
Employee benefits	117,921	124,896	(6,975)	119,451
Purchased services	127,849	124,208	3,641	132,358
Supplies and materials	16,500	7,655	8,845	13,564
Other	3,000	1,944	1,056	2,496
Non-capitalized equipment	5,000	3,964	1,036	1,252
Total	682,431	694,103	(11,672)	701,458
School administration:				
Office of the principal:				
Salaries	99,157	89,427	9,730	76,755
Employee benefits	30,756	35,925	(5,169)	21,846
Purchased services	6,732	6,529	203	7,022
Supplies and materials	800	935	(135)	951
Other	-	-	-	325
Non-capitalized equipment	-	-	-	1,528
Total	137,445	132,816	4,629	108,427
Business administration:				
Fiscal services:				
Salaries	165,122	166,267	(1,145)	168,677
Employee benefits	59,924	55,508	4,416	44,756
Purchased services	2,500	1,827	673	1,991
Other	1,000	1,751	(751)	1,001
Total	228,546	225,353	3,193	216,425
Central administration:				
Staff services:				
Purchased services	10,000	13,162	(3,162)	9,315
Supplies and materials	5,000	3,104	1,896	5,104
Total	15,000	16,266	(1,266)	14,419
Total Support Services	\$ 3,062,347	\$ 3,152,709	\$ (90,362)	\$ 5,099,957

(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, 2014 WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
Non-programmed charges	\$ 6,096,635	\$ 5,915,422	\$ 181,213	\$ 8,001,032
Provision for contingencies	20,000	-	20,000	-
Total Expenditures	15,207,177	16,828,741	(1,621,564)	19,923,999
Net change in fund balance	<u>\$ 103,695</u>	(46,124)	<u>\$ (149,819)</u>	(645,245)
Fund balance at beginning of year		186,578		831,823
FUND BALANCE AT END OF YEAR		<u>\$ 140,454</u>		<u>\$ 186,578</u>

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, 2014 WITH COMPARATIVE ACTUAL TOTALS FOR 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
REVENUES				
Local Sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 117
Payment from other LEA's	517,042	505,340	(11,702)	445,714
Total Local Sources	517,042	505,340	(11,702)	445,831
Total Revenues	517,042	505,340	(11,702)	445,831
EXPENDITURES				
Current operating:				
Support services				
Operation and Maintenance of Plant Services:				
Purchased services	95,774	107,952	(12,178)	78,333
Supplies and materials	98,600	68,658	29,942	59,822
Capital outlay	45,000	31,705	13,295	0
Total Support services	239,374	208,315	31,059	138,155
Non-programmed charges	-	-	-	40,697
Debt service	277,668	277,667	1	276,600
Total Expenditures	517,042	485,982	31,060	455,452
Net change in fund balance	\$ -	19,358	\$ 19,358	(9,621)
Fund balance at beginning of year		303,071		312,692
FUND BALANCE AT END OF YEAR		\$ 322,429		\$ 303,071

MID-VALLEY SPECIAL EDUCATION JOINT AGREEMENT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS - ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets:				
Cash	<u>\$ 3,697</u>	<u>\$ 18,387</u>	<u>\$ 18,536</u>	<u>\$ 3,548</u>
Liabilities:				
Due to organizations	<u>\$ 3,697</u>	<u>\$ 18,387</u>	<u>\$ 18,536</u>	<u>\$ 3,548</u>