

**MERIDIAN COMMUNITY UNIT
SCHOOL DISTRICT NO. 223
Stillman Valley, Illinois**

Annual Financial Report

June 30, 2015

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

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BOARD OF EDUCATION

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MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Annual Financial Report
June 30, 2015

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Independent Auditor's Report

Board of Education
Meridian Community Unit School District No. 223
Ogle County, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Meridian Community Unit School District No. 223, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education. Management is also responsible for 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, the financial statements are prepared by Meridian Community Unit School District No. 223 on the basis of financial reporting prescribed or permitted by the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Meridian Community Unit School District No. 223, as of June 30, 2015, or the changes in its financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of Meridian Community Unit School District No. 223 as of June 30, 2015, and the revenues it received and expenditures it paid, and budgetary results for the year then ended, in accordance with the financial reporting provisions of the Illinois State Board of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Meridian Community Unit School District No. 223’s financial statements. The information listed in the table of contents as “Other Information”, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the table of contents as “Supplemental Information” are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Meridian Community Unit School District No. 223. The “Supplemental Information” and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting as described in Note 1.

The 2014 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to the auditing procedures applied by us and our report dated December 10, 2014 expressed an unqualified opinion that such information was fairly stated in all material respects in relation to the 2014 financial statements taken as a whole on the basis of accounting as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015, on our consideration of Meridian Community Unit School District No. 223’s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meridian Community Unit School District No. 223’s internal control over compliance.

A handwritten signature in black ink that reads "Benning Group, LLC". The signature is written in a cursive, flowing style.

Freeport, Illinois
October 8, 2015



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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 Education
Meridian Community Unit School District No. 223
Ogle County, 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 Meridian Community Unit School District No. 223 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Meridian Community Unit School District No. 223's financial statements, and have issued our report thereon dated October 8, 2015. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated, on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, in accordance with regulatory reporting requirements established by the Illinois State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meridian Community Unit School District No. 223's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is

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a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness as identified in Finding 2015-001.

We also noted certain other matters involving the internal control over financial reporting that we reported to management of Meridian Community Unit School District No. 223 in a separate letter dated October 8, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meridian Community Unit School District No. 223's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.


We noted certain immaterial instances of noncompliance that we reported to management of Meridian Community Unit School District No. 223 in a separate letter dated October 8, 2015.

District's Response to Findings

Meridian Community Unit School District No. 223's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Meridian Community Unit School District No. 223's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control and compliance. Accordingly, this communication is not suited or any other purpose.


Freeport, Illinois
October 8, 2015

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

**Statements of Assets and Liabilities
Arising from Cash Transactions
June 30, 2015**

	Operations			Municipal Retirement/			Working Cash	Tort	Fire Prevention & Safety	Agency Funds	Account Groups		
	Educational	Maintenance	Debt Services	Transportation	Social Security	Capital Projects					General Fixed Assets	General Long-Term Debt	
ASSETS													
Current Assets													
Cash	\$ 4,795,291	\$ 130,549	\$ 743,887	\$ 1,172,494	\$ 339,188	\$ 292,705	\$ 245,746	\$ 190,265	\$ 251,880	\$ 179,947	\$ -	\$ -	-
Investments	441,229	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Receivable		-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	5,236,520	130,549	743,887	1,172,494	339,188	292,705	245,746	190,265	251,880	179,947	-	-	-
Capital Assets													
Land	-	-	-	-	-	-	-	-	-	-	2,569,982	-	-
Building & building improvements	-	-	-	-	-	-	-	-	-	-	24,545,791	-	-
Site improvements & infrastructure	-	-	-	-	-	-	-	-	-	-	1,097,848	-	-
Capitalized equipment	-	-	-	-	-	-	-	-	-	-	3,820,976	-	-
Amount available in debt service funds	-	-	-	-	-	-	-	-	-	-	-	743,887	-
Amount to be provided for payment on long-term debt	-	-	-	-	-	-	-	-	-	-	-	7,470,422	-
Total assets	\$ 5,236,520	\$ 130,549	\$ 743,887	\$ 1,172,494	\$ 339,188	\$ 292,705	\$ 245,746	\$ 190,265	\$ 251,880	\$ 179,947	\$ 32,034,597	\$ 8,214,309	
LIABILITIES AND FUND BALANCES													
LIABILITIES													
Current Liabilities													
Deficit of cash	\$ (7,032)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other payables	(14)	(5)	-	-	-	-	-	-	-	-	-	-	-
Salaries and benefits payable		-	-	-	-	-	-	-	-	-	-	-	-
Payroll deductions & withholdings	105,689	(88)	-	(5,280)	(4,257)	-	-	-	-	-	-	-	-
Due to activity fund organizations		-	-	-	-	-	-	-	-	179,947	-	-	-
Total current liabilities	98,643	(93)	-	(5,280)	(4,257)	-	-	-	-	179,947	-	-	-
Long-term Liabilities													
Long-term debt payable	-	-	-	-	-	-	-	-	-	-	-	8,214,309	-
Total long-term liabilities	-	-	-	-	-	-	-	-	-	-	-	8,214,309	-
Total liabilities	98,643	(93)	-	(5,280)	(4,257)	-	-	-	-	179,947	-	8,214,309	-
FUND BALANCES													
Reserved fund balances	1,029,391	-	-	-	115,273	-	-	-	-	-	-	-	-
Unreserved fund balances	4,108,486	130,642	743,887	1,177,774	228,172	292,705	245,746	190,265	251,880	-	-	-	-
Investments in general fixed assets	-	-	-	-	-	-	-	-	-	-	32,034,597	-	-
Total fund balances	5,137,877	130,642	743,887	1,177,774	343,445	292,705	245,746	190,265	251,880	-	32,034,597	-	-
Total liabilities and fund balances	\$ 5,236,520	\$ 130,549	\$ 743,887	\$ 1,172,494	\$ 339,188	\$ 292,705	\$ 245,746	\$ 190,265	\$ 251,880	\$ 179,947	\$ 32,034,597	\$ 8,214,309	

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Statements of Revenue Received, Expenditures Disbursed, Other Sources (Uses) and Changes in Fund Balances Year ended June 30, 2015

	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
REVENUE									
Local sources	\$ 7,571,669	\$ 1,130,936	\$ 2,200,015	\$ 430,913	\$ 735,824	\$ 4,573	\$ 108,167	\$ 518,513	\$ 106,032
Flow through sources	-	-	-	-	-	-	-	-	-
State sources	4,742,909	284,021	\$ 88,975	1,122,447	-	-	-	-	-
Federal sources	662,957	-	-	-	-	-	-	-	-
Total direct revenue	12,977,535	1,414,957	2,288,990	1,553,360	735,824	4,573	108,167	518,513	106,032
Revenue for on-behalf payments	2,307,249	-	-	-	-	-	-	-	-
Total revenue	\$ 15,284,784	\$ 1,414,957	\$ 2,288,990	\$ 1,553,360	\$ 735,824	\$ 4,573	\$ 108,167	\$ 518,513	\$ 106,032
EXPENDITURES									
Instruction	\$ 8,048,439	\$ -	\$ -	\$ -	\$ 190,317	\$ -	\$ -	\$ -	\$ -
Support services	3,041,349	1,292,373	-	866,475	300,739	-	-	328,290	-
Community services	963	-	-	-	28	-	-	-	-
Payments to other districts & gov't units	556,523	-	-	-	-	-	-	-	-
Debt service	-	-	1,640,000	57,618	-	-	-	-	-
Total direct expenditures	11,647,274	1,292,373	1,640,000	924,093	491,084	-	-	328,290	-
Expenditures for on-behalf payments	2,307,249	-	-	-	-	-	-	-	-
Total expenditures	13,954,523	1,292,373	1,640,000	924,093	491,084	-	-	328,290	-
Excess of direct revenue over (under) direct expenditures	\$ 1,330,261	\$ 122,584	\$ 648,990	\$ 629,267	\$ 244,740	\$ 4,573	\$ 108,167	\$ 190,223	\$ 106,032
OTHER SOURCES (USES) OF FUNDS									
Sale or compensation for fixed assets	\$ -	\$ -	\$ -	\$ 19,300	\$ -	\$ -	\$ -	\$ -	\$ -
Other sources (uses) not classified elsewhere	-	-	-	-	-	-	-	-	-
Total other sources (uses) of funds	-	-	-	19,300	-	-	-	-	-
Excess of revenues and other sources of funds over (under) expenditures and other uses of funds	1,330,261	122,584	648,990	648,567	244,740	4,573	108,167	190,223	106,032
FUND BALANCES - July 1, 2014	3,807,616	8,058	94,897	529,207	98,705	288,132	137,579	42	145,848
FUND BALANCES - June 30, 2015	\$ 5,137,877	\$ 130,642	\$ 743,887	\$ 1,177,774	\$ 343,445	\$ 292,705	\$ 245,746	\$ 190,265	\$ 251,880

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	\$ 6,294,555	\$ 4,207,904	\$ 2,086,651
Leasing purposes levy	107,824	75,626	32,198
Special education purposes levy	<u>84,539</u>	<u>60,544</u>	<u>23,995</u>
Total ad valorem taxes levied by district	<u>6,486,918</u>	<u>4,344,074</u>	<u>2,142,844</u>
Payments in lieu of taxes:			
Corporate personal property replacement taxes	<u>218,367</u>	<u>80,000</u>	<u>138,367</u>
Total payments in lieu of taxes	<u>218,367</u>	<u>80,000</u>	<u>138,367</u>
Earnings on investments:			
Interest on investments	<u>9,111</u>	<u>12,000</u>	<u>(2,889)</u>
Total earnings on investments	<u>9,111</u>	<u>12,000</u>	<u>(2,889)</u>
Food service:			
Sales to pupils - lunch	351,913	335,253	16,660
Sales to adults	-	8,705	(8,705)
Other food service	<u>3,470</u>	<u>-</u>	<u>3,470</u>
Total food service	<u>355,383</u>	<u>343,958</u>	<u>11,425</u>
District/school activity income:			
Admissions - athletic	30,395	32,000	(1,605)
Fees	242,270	133,000	109,270
Book store sales	<u>3</u>	<u>-</u>	<u>3</u>
Total district/school activity income	<u>272,668</u>	<u>165,000</u>	<u>107,668</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

**Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015**

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES (CONTINUED)			
Other revenue from local sources:			
Rentals	-	2,000	(2,000)
Contributions and donations from private sources	25,000	20,000	5,000
Drivers' education fees	14,818	6,000	8,818
Payment from other districts	-	2,000	(2,000)
Other local revenues	<u>189,404</u>	<u>81,472</u>	<u>107,932</u>
 Total other revenue from local sources	<u>229,222</u>	<u>111,472</u>	<u>117,750</u>
 Total revenue from local sources	<u>\$ 7,571,669</u>	<u>\$ 5,056,504</u>	<u>\$ 2,515,165</u>
 FLOW-THROUGH RECEIPTS/REVENUE FROM ONE DISTRICT TO ANOTHER DISTRICT			
 Total flow-through receipts/revenue from one district to another district	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 REVENUE FROM STATE SOURCES			
Unrestricted grants-in-aid:			
General state aid - Sec. 18-8.05	<u>\$ 4,073,119</u>	<u>\$ 4,834,453</u>	<u>\$ (761,334)</u>
 Total unrestricted grants-in-aid	<u>4,073,119</u>	<u>4,834,453</u>	<u>(761,334)</u>
Restricted grants-in-aid:			
Special education			
Funding for children requiring special education services	169,617	235,000	(65,383)
Personnel	187,548	242,000	(54,452)
Orphanage - individual	13,679	5,200	8,479
Summer school	<u>869</u>	<u>1,500</u>	<u>(631)</u>
 Total special education	<u>371,713</u>	<u>483,700</u>	<u>(111,987)</u>
 Career and technical education (CTE)			
Technical education - tech prep	-	15,000	(15,000)
Secondary program improvement	13,530	-	13,530
Agricultural education	<u>2,608</u>	<u>-</u>	<u>2,608</u>
 Total career and technical education	<u>16,138</u>	<u>15,000</u>	<u>1,138</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM STATE SOURCES (CONTINUED)			
Restricted grants-in-aid (continued):			
Bilingual education			
Bilingual ed - downstate - TPI and TBE	<u>25,303</u>	<u>23,526</u>	<u>1,777</u>
Total bilingual education	<u>25,303</u>	<u>23,526</u>	<u>1,777</u>
State free lunch and breakfast	2,932	3,500	(568)
Driver education	34,559	18,500	16,059
Early childhood - block grant	116,305	110,352	5,953
Other restricted revenue from state sources	<u>102,840</u>	<u>-</u>	<u>102,840</u>
Total restricted grants-in-aid	<u>669,790</u>	<u>654,578</u>	<u>15,212</u>
Total revenue from state sources	<u>\$ 4,742,909</u>	<u>\$ 5,489,031</u>	<u>\$ (746,122)</u>
REVENUE FROM FEDERAL SOURCES			
Restricted grants-in-aid received directly from federal gov't:			
Other restricted grants-in-aid received directly from federal gov't	<u>\$ 63,980</u>	<u>\$ -</u>	<u>\$ 63,980</u>
Total other restricted grants-in-aid received directly from federal gov't	<u>63,980</u>	<u>-</u>	<u>63,980</u>
Restricted grants-in-aid received from federal government through the state:			
Food service			
National school lunch program	233,838	169,000	64,838
School breakfast program	<u>34,860</u>	<u>26,100</u>	<u>8,760</u>
Total food service	<u>268,698</u>	<u>195,100</u>	<u>73,598</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM FEDERAL SOURCES (CONTINUED)			
Restricted grants-in-aid received from federal government through the state (continued):			
Title I			
Low income	<u>200,483</u>	<u>130,000</u>	<u>70,483</u>
Total Title I	<u>200,483</u>	<u>130,000</u>	<u>70,483</u>
Federal - special education			
Preschool flow-through	1,710	7,700	(5,990)
IDEA - flow-through / low incidence	<u>57,879</u>	<u>113,283</u>	<u>(55,404)</u>
Total federal - special education	<u>59,589</u>	<u>120,983</u>	<u>(61,394)</u>
Title III - english language acquisition	8,198	8,100	98
Title II - teacher quality	24,811	37,000	(12,189)
Medicaid matching funds - administrative outreach	27,380	-	27,380
Medicaid matching funds - fee-for-service program	<u>9,818</u>	<u>15,300</u>	<u>(5,482)</u>
Total revenue from federal sources	<u>\$ 662,957</u>	<u>\$ 506,483</u>	<u>\$ 156,474</u>
Total direct revenue	<u><u>\$ 12,977,535</u></u>	<u><u>\$ 11,052,018</u></u>	<u><u>\$ 1,925,517</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

**Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015**

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
INSTRUCTION			
Regular programs:			
Salaries	\$ 4,971,970	\$ 4,321,804	\$ 650,166
Employee benefits	1,158,916	1,016,260	142,656
Purchased services	8,161	12,000	(3,839)
Supplies and materials	171,978	114,620	57,358
Capital outlay	1,115	1,020	95
	<u>6,312,140</u>	<u>5,465,704</u>	<u>846,436</u>
Pre-K programs			
Salaries	17,743	68,238	(50,495)
Employee benefits	4,188	12,109	(7,921)
Supplies & materials	7,219	8,201	(982)
	<u>29,150</u>	<u>88,548</u>	<u>(59,398)</u>
Special education programs:			
Salaries	554,072	921,741	(367,669)
Employee benefits	61,718	141,877	(80,159)
Purchased services	1,323	-	1,323
Supplies and materials	4,690	5,565	(875)
	<u>621,803</u>	<u>1,069,183</u>	<u>(447,380)</u>
Remedial and supplemental programs:			
Salaries	125,421	103,598	21,823
Employee benefits	83,045	58,896	24,149
Purchased services	-	787	(787)
Supplies & materials	2,137	100	2,037
	<u>210,603</u>	<u>163,381</u>	<u>47,222</u>
CTE programs:			
Salaries	232,650	284,768	(52,118)
Employee benefits	62,503	78,944	(16,441)
Supplies and materials	3,803	5,610	(1,807)
	<u>298,956</u>	<u>369,322</u>	<u>(70,366)</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
INSTRUCTION (CONTINUED)			
Interscholastic programs:			
Salaries	272,205	291,271	(19,066)
Employee benefits	41,790	29,320	12,470
Purchased services	72,482	58,140	14,342
Supplies and materials	18,369	16,320	2,049
Other objects	295	2,346	(2,051)
	<u>405,141</u>	<u>397,397</u>	<u>7,744</u>
Total interscholastic programs			
Summer school programs:			
Salaries	7,958	-	7,958
Employee benefits	2,214	-	2,214
	<u>10,172</u>	<u>-</u>	<u>10,172</u>
Total summer school programs			
Driver's education programs:			
Salaries	3,090	67,680	(64,590)
Employee benefits	911	18,006	(17,095)
	<u>4,001</u>	<u>85,686</u>	<u>(81,685)</u>
Total driver's education programs			
Bilingual programs:			
Salaries	117,180	145,705	(28,525)
Employee benefits	33,359	40,364	(7,005)
Purchased services	729	931	(202)
Supplies and materials	5,205	1,641	3,564
	<u>156,473</u>	<u>188,641</u>	<u>(32,168)</u>
Total bilingual programs			
Total instruction	<u>\$ 8,048,439</u>	<u>\$ 7,827,862</u>	<u>\$ 220,577</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES			
Support services - pupils			
Guidance services:			
Salaries	\$ 65,073	\$ 185,724	\$ (120,651)
Employee benefits	12,430	37,086	(24,656)
Purchased services	6,885	5,610	1,275
Supplies and materials	442	1,020	(578)
	<u>84,830</u>	<u>229,440</u>	<u>(144,610)</u>
Total guidance services			
Health services:			
Salaries	111,254	111,311	(57)
Employee benefits	11,080	20,004	(8,924)
Purchased services	2,075	2,550	(475)
Supplies and materials	2,787	3,000	(213)
	<u>127,196</u>	<u>136,865</u>	<u>(9,669)</u>
Total health services			
Speech pathology and audiology services:			
Salaries	34,436	62,000	(27,564)
Employee benefits	4,672	16,400	(11,728)
Purchased services	242	-	242
	<u>39,350</u>	<u>78,400</u>	<u>(39,050)</u>
Total speech pathology and audiology services			
Total support services - pupils	<u>\$ 251,376</u>	<u>\$ 444,705</u>	<u>\$ (193,329)</u>
Support services - instructional staff			
Improvement of instruction services:			
Salaries	\$ 1,829	\$ -	\$ 1,829
Employee benefits	232	-	232
Purchased services	37,681	39,750	(2,069)
Supplies and materials	468	10,000	(9,532)
	<u>40,210</u>	<u>49,750</u>	<u>(9,540)</u>
Total improvement of instruction services			

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES (CONTINUED)			
Support services - instructional staff (continued)			
Educational media services:			
Salaries	120,298	201,481	(81,183)
Employee benefits	18,987	30,363	(11,376)
Purchased services	14,078	-	14,078
Supplies and materials	15,158	9,300	5,858
Capital outlay	805	-	805
	<u>169,326</u>	<u>241,144</u>	<u>(71,818)</u>
Total educational media services			
	<u>169,326</u>	<u>241,144</u>	<u>(71,818)</u>
Total support services - instructional staff	\$ 209,536	\$ 290,894	\$ (81,358)
Support services - general administration			
Board of education services:			
Salaries	\$ 23,408	\$ 2,400	\$ 21,008
Employee benefits	7,285	35,700	(28,415)
Purchased services	98,069	189,518	(91,449)
Supplies and materials	7,585	7,140	445
Other objects	12,789	5,100	7,689
	<u>149,136</u>	<u>239,858</u>	<u>(90,722)</u>
Total board of education services			
	<u>149,136</u>	<u>239,858</u>	<u>(90,722)</u>
Executive administration services:			
Salaries	162,003	220,760	(58,757)
Employee benefits	28,703	46,210	(17,507)
Purchased services	12,470	26,610	(14,140)
Supplies and materials	3,491	2,040	1,451
	<u>206,667</u>	<u>295,620</u>	<u>(88,953)</u>
Total executive administration services			
	<u>206,667</u>	<u>295,620</u>	<u>(88,953)</u>
Tort immunity services			
Purchased services	87,378	-	87,378
	<u>87,378</u>	<u>-</u>	<u>87,378</u>
Total executive administration services			
	<u>87,378</u>	<u>-</u>	<u>87,378</u>
Total support services - general administration	\$ 443,181	\$ 535,478	\$ (92,297)

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES (CONTINUED)			
Support services - school administration			
Office of the principal services:			
Salaries	\$ 683,806	\$ 618,287	\$ 65,519
Employee benefits	158,720	154,573	4,147
Purchased services	<u>6,736</u>	<u>19,080</u>	<u>(12,344)</u>
Total office of the principal services	<u>849,262</u>	<u>791,940</u>	<u>57,322</u>
Total support services - school administration	<u>\$ 849,262</u>	<u>\$ 791,940</u>	<u>\$ 57,322</u>
Support services - business			
Fiscal services:			
Salaries	\$ 68,790	\$ 54,000	\$ 14,790
Employee benefits	3,057	-	3,057
Purchased services	16,398	20,400	(4,002)
Supplies and materials	<u>19,710</u>	<u>2,040</u>	<u>17,670</u>
Total fiscal services	<u>107,955</u>	<u>76,440</u>	<u>31,515</u>
Operation & maintenance of plant services:			
Salaries	4,457	-	4,457
Employee benefits	574	-	574
Purchased services	<u>4,632</u>	<u>-</u>	<u>4,632</u>
Total operation & maintenance of plant services	<u>9,663</u>	<u>-</u>	<u>9,663</u>
Pupil transportation services:			
Salaries	214	-	214
Purchased services	<u>1,460</u>	<u>10,000</u>	<u>(8,540)</u>
Total pupil transportation services	<u>1,674</u>	<u>10,000</u>	<u>(8,326)</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES (CONTINUED)			
Support services - business (continued)			
Food services:			
Salaries	159,785	175,000	(15,215)
Employee benefits	8,183	29,591	(21,408)
Purchased services	2,515	10,200	(7,685)
Supplies and materials	275,528	346,600	(71,072)
Capital outlay	8,856	10,200	(1,344)
Other objects	-	5,100	(5,100)
Total food services	<u>454,867</u>	<u>576,691</u>	<u>(121,824)</u>
Internal services:			
Supplies and materials	<u>653</u>	<u>-</u>	<u>653</u>
Total internal services	<u>653</u>	<u>-</u>	<u>653</u>
Total support services - business	<u>\$ 574,812</u>	<u>\$ 663,131</u>	<u>\$ (88,319)</u>
Support services - central			
Information services:			
Salaries	\$ 41,078	\$ 51,737	\$ (10,659)
Employee benefits	9,505	12,981	(3,476)
Purchased services	339,383	297,986	41,397
Supplies and materials	29,177	32,640	(3,463)
Capital outlay	<u>237,290</u>	<u>140,200</u>	<u>97,090</u>
Total information services	<u>656,433</u>	<u>535,544</u>	<u>120,889</u>
Staff services:			
Employee benefits	36,911	-	36,911
Purchased services	<u>19,838</u>	<u>13,000</u>	<u>6,838</u>
Total staff services	<u>56,749</u>	<u>13,000</u>	<u>43,749</u>
Total support services - central	<u>\$ 713,182</u>	<u>\$ 548,544</u>	<u>\$ 164,638</u>
Total support services	<u>\$ 3,041,349</u>	<u>\$ 3,274,692</u>	<u>\$ (233,343)</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Educational Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
COMMUNITY SERVICES			
Salaries	\$ 756	\$ 180	\$ 576
Employee benefits	86	-	86
Purchased services	121	2,093	(1,972)
Supplies and materials	<u>-</u>	<u>650</u>	<u>(650)</u>
Total community services	<u>\$ 963</u>	<u>\$ 2,923</u>	<u>\$ (1,960)</u>
PAYMENTS TO OTHER DISTRICTS & GOV'T UNITS			
Payments to other gov't units (in-state)			
Other payments to in-state govt. units			
Purchased services	\$ 2,655	\$ -	\$ 2,655
Other objects	<u>2,072</u>	<u>-</u>	<u>2,072</u>
Total other payments to in-state govt. units	<u>4,727</u>	<u>-</u>	<u>4,727</u>
Payments for special education programs - tuition			
Other objects	<u>533,200</u>	<u>682,078</u>	<u>(148,878)</u>
Payments for CTE programs - tuition			
Other objects	<u>18,596</u>	<u>20,400</u>	<u>(1,804)</u>
Total payments to other districts & gov't units	<u>\$ 556,523</u>	<u>\$ 702,478</u>	<u>\$ (145,955)</u>
Total direct expenditures	<u>\$ 11,647,274</u>	<u>\$ 11,807,955</u>	<u>\$ (160,681)</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 1,330,261</u></u>	<u><u>\$ (755,937)</u></u>	<u><u>\$ 2,086,198</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Operations and Maintenance Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	<u>\$ 1,056,723</u>	<u>\$ 756,816</u>	<u>\$ 299,907</u>
Total ad valorem taxes levied by district	<u>1,056,723</u>	<u>756,816</u>	<u>299,907</u>
Payments in lieu of taxes:			
Corporate personal property replacement taxes	<u>-</u>	<u>128,000</u>	<u>(128,000)</u>
Total payments in lieu of taxes	<u>-</u>	<u>128,000</u>	<u>(128,000)</u>
Earnings on investments:			
Interest on investments	<u>393</u>	<u>-</u>	<u>393</u>
Total earnings on investments	<u>393</u>	<u>-</u>	<u>393</u>
District/school activity income:			
Fees	<u>7,790</u>	<u>27,000</u>	<u>(19,210)</u>
Total district/school activity income	<u>7,790</u>	<u>27,000</u>	<u>(19,210)</u>
Other revenue from local sources:			
Rentals	39,652	37,000	2,652
Contributions and donations from private sources	13,000	-	13,000
Other local revenues	<u>13,378</u>	<u>18,600</u>	<u>(5,222)</u>
Total other revenue from local sources	<u>66,030</u>	<u>55,600</u>	<u>10,430</u>
Total revenue from local sources	<u>\$ 1,130,936</u>	<u>\$ 967,416</u>	<u>\$ 163,520</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Operations and Maintenance Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM STATE SOURCES			
Unrestricted grants-in-aid:			
General state aid - Sec. 18-8.05	<u>\$ 284,021</u>	<u>\$ 284,021</u>	<u>\$ -</u>
Total unrestricted grants-in-aid	<u>284,021</u>	<u>284,021</u>	<u>-</u>
Total revenue from state sources	<u>\$ 284,021</u>	<u>\$ 284,021</u>	<u>\$ -</u>
REVENUE FROM FEDERAL SOURCES			
Total revenue from federal sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total direct revenue	<u><u>\$ 1,414,957</u></u>	<u><u>\$ 1,251,437</u></u>	<u><u>\$ 163,520</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Operations and Maintenance Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES			
Support services - business:			
Operation and maintenance of plant services			
Salaries	\$ 461,058	\$ 475,290	\$ (14,232)
Employee benefits	109,885	117,396	(7,511)
Purchased services	230,152	256,086	(25,934)
Supplies and materials	409,199	382,500	26,699
Capital outlay	79,820	-	79,820
Other objects	2,259	-	2,259
	<u>1,292,373</u>	<u>1,231,272</u>	<u>61,101</u>
Total operation and maintenance of plant services	<u>1,292,373</u>	<u>1,231,272</u>	<u>61,101</u>
Total support services	<u>\$ 1,292,373</u>	<u>\$ 1,231,272</u>	<u>\$ 61,101</u>
PAYMENTS TO OTHER DISTRICTS & GOV'T UNITS			
Total payments to other districts & gov't units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total direct expenditures	<u>\$ 1,292,373</u>	<u>\$ 1,231,272</u>	<u>\$ 61,101</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 122,584</u>	<u>\$ 20,165</u>	<u>\$ 102,419</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Debt Services Fund

Statement of Revenues Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	<u>\$ 2,199,472</u>	<u>\$ 1,551,025</u>	<u>\$ 648,447</u>
Total ad valorem taxes levied by district	<u>2,199,472</u>	<u>1,551,025</u>	<u>648,447</u>
Earnings on investments:			
Interest on investments	<u>543</u>	<u>-</u>	<u>543</u>
Total earnings on investments	<u>543</u>	<u>-</u>	<u>543</u>
Total revenue from local sources	<u>\$ 2,200,015</u>	<u>\$ 1,551,025</u>	<u>\$ 648,990</u>
REVENUE FROM STATE SOURCES			
General state aid	<u>\$ 88,975</u>	<u>\$ 88,975</u>	<u>\$ -</u>
Total revenue from state sources	<u>\$ 88,975</u>	<u>\$ 88,975</u>	<u>\$ -</u>
Total direct revenue	<u><u>\$ 2,288,990</u></u>	<u><u>\$ 1,640,000</u></u>	<u><u>\$ 648,990</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Debt Services Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
DEBT SERVICES			
Debt services - interest on long-term debt:			
Other objects	<u>\$ 1,042,286</u>	<u>\$ 1,640,000</u>	<u>\$ (597,714)</u>
Debt services - payments of principal on long-term debt:			
Other objects	<u>597,714</u>	<u>-</u>	<u>597,714</u>
Total debt services	<u>\$ 1,640,000</u>	<u>\$ 1,640,000</u>	<u>\$ -</u>
Total direct expenditures	<u>\$ 1,640,000</u>	<u>\$ 1,640,000</u>	<u>\$ -</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 648,990</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 648,990</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Transportation Fund

Statement of Revenues Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	<u>\$ 422,686</u>	<u>\$ 302,726</u>	<u>\$ 119,960</u>
Total ad valorem taxes levied by district	<u>422,686</u>	<u>302,726</u>	<u>119,960</u>
Earnings on investments:			
Interest on investments	<u>756</u>	<u>-</u>	<u>756</u>
Total earnings on investments	<u>756</u>	<u>-</u>	<u>756</u>
Other revenue from local sources:			
Other local revenues	<u>7,471</u>	<u>-</u>	<u>7,471</u>
Total other revenue from local sources	<u>7,471</u>	<u>-</u>	<u>7,471</u>
Total revenue from local sources	<u>\$ 430,913</u>	<u>\$ 302,726</u>	<u>\$ 128,187</u>
REVENUE FROM STATE SOURCES			
Unrestricted grants-in-aid			
General state aid	<u>\$ 651,000</u>	<u>\$ -</u>	<u>\$ 651,000</u>
Total unrestricted grants-in-aid	<u>651,000</u>	<u>-</u>	<u>651,000</u>
Restricted grants-in-aid:			
Transportation			
Regular/vocational	328,960	503,000	(174,040)
Special education	<u>142,487</u>	<u>148,000</u>	<u>(5,513)</u>
Total restricted grants-in-aid	<u>471,447</u>	<u>651,000</u>	<u>(179,553)</u>
Total revenue from state sources	<u>\$ 1,122,447</u>	<u>\$ 651,000</u>	<u>\$ 471,447</u>
Total direct revenue	<u>\$ 1,553,360</u>	<u>\$ 953,726</u>	<u>\$ 599,634</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Transportation Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES			
Support services - business:			
Pupil transportation services			
Salaries	\$ 436,997	\$ 375,075	\$ 61,922
Employee benefits	51,663	53,359	(1,696)
Purchased services	245,420	303,260	(57,840)
Supplies and materials	132,395	157,600	(25,205)
Capital outlay	-	51,000	(51,000)
	<u>866,475</u>	<u>940,294</u>	<u>(73,819)</u>
Total pupil transportation services			
	<u>\$ 866,475</u>	<u>\$ 940,294</u>	<u>\$ (73,819)</u>
COMMUNITY SERVICES			
Total community services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PAYMENTS TO OTHER DISTRICTS & GOV'T UNITS			
Payments for special education programs			
Purchased services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total payments for special education programs			
Total payments to other districts & gov't units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEBT SERVICES			
Debt services - interest on long-term debt:			
Other objects	<u>\$ 2,255</u>	<u>\$ -</u>	<u>\$ 2,255</u>
Debt services - payments of principal on long-term debt:			
Other objects	<u>55,363</u>	<u>-</u>	<u>55,363</u>
Total debt services	<u>\$ 57,618</u>	<u>\$ -</u>	<u>\$ 57,618</u>
Total direct expenditures	<u>\$ 924,093</u>	<u>\$ 940,294</u>	<u>\$ (16,201)</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 629,267</u></u>	<u><u>\$ 13,432</u></u>	<u><u>\$ 615,835</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Municipal Retirement / Social Security Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	\$ 341,654	\$ 274,271	\$ 67,383
FICA/Medicare only purposes levies	<u>357,913</u>	<u>293,191</u>	<u>64,722</u>
Total ad valorem taxes levied by district	<u>699,567</u>	<u>567,462</u>	<u>132,105</u>
Payments in lieu of taxes:			
Corporate personal property replacement taxes	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total payments in lieu of taxes	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Earnings on investments:			
Interest on investments	<u>593</u>	<u>-</u>	<u>593</u>
Total earnings on investments	<u>593</u>	<u>-</u>	<u>593</u>
Other revenue from local sources:			
Other local revenues	<u>664</u>	<u>600</u>	<u>64</u>
Total other revenue from local sources	<u>664</u>	<u>600</u>	<u>64</u>
Total revenue from local sources	<u>\$ 735,824</u>	<u>\$ 603,062</u>	<u>\$ 132,762</u>
Total direct revenue	<u><u>\$ 735,824</u></u>	<u><u>\$ 603,062</u></u>	<u><u>\$ 132,762</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Municipal Retirement / Social Security Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
INSTRUCTION			
Regular programs:			
Employee benefits	<u>\$ 108,648</u>	<u>\$ 49,106</u>	<u>\$ 59,542</u>
Pre-k programs			
Employee benefits	<u>1,316</u>	<u>18,354</u>	<u>(17,038)</u>
Special education programs:			
Employee benefits	<u>59,207</u>	<u>93,146</u>	<u>(33,939)</u>
Remedial and supplemental programs - K-12:			
Employee benefits	<u>1,983</u>	<u>2,362</u>	<u>(379)</u>
CTE programs:			
Employee benefits	<u>3,598</u>	<u>4,210</u>	<u>(612)</u>
Interscholastic programs:			
Employee benefits	<u>10,579</u>	<u>10,552</u>	<u>27</u>
Summer school programs:			
Employee benefits	<u>228</u>	<u>-</u>	<u>228</u>
Driver education programs			
Employee benefits	<u>44</u>	<u>1,000</u>	<u>(956)</u>
Bilingual programs:			
Employee benefits	<u>4,714</u>	<u>5,010</u>	<u>(296)</u>
Total instruction	<u>\$ 190,317</u>	<u>\$ 183,740</u>	<u>\$ 6,577</u>
SUPPORT SERVICES			
Support services - pupils:			
Guidance services			
Employee benefits	<u>\$ 4,459</u>	<u>\$ 2,745</u>	<u>\$ 1,714</u>
Health services			
Employee benefits	<u>18,617</u>	<u>23,454</u>	<u>(4,837)</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Municipal Retirement / Social Security Fund

**Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015**

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES (CONTINUED)			
Support services - pupils (continued):			
Speech pathology and audiology services			
Employee benefits	<u>499</u>	<u>2,326</u>	<u>(1,827)</u>
Total support services - pupils	<u>23,575</u>	<u>28,525</u>	<u>(4,950)</u>
Support services - instructional staff:			
Improvement of instruction services			
Employee benefits	<u>30</u>	<u>-</u>	<u>30</u>
Educational media services			
Employee benefits	<u>7,630</u>	<u>15,386</u>	<u>(7,756)</u>
Total support services - instructional staff	<u>7,660</u>	<u>15,386</u>	<u>(7,726)</u>
Support services - general administration:			
Board of education services			
Employee benefits	<u>191</u>	<u>208</u>	<u>(17)</u>
Executive administration services			
Employee benefits	<u>12,467</u>	<u>16,745</u>	<u>(4,278)</u>
Total support services - general administration	<u>12,658</u>	<u>16,953</u>	<u>(4,295)</u>
Support services - school administration:			
Office of the principal services			
Employee benefits	<u>46,482</u>	<u>51,427</u>	<u>(4,945)</u>
Total support services - school administration	<u>46,482</u>	<u>51,427</u>	<u>(4,945)</u>
Support services - business:			
Fiscal services			
Employee benefits	<u>13,050</u>	<u>8,736</u>	<u>4,314</u>
Operation and maintenance of plant services			
Employee benefits	<u>87,214</u>	<u>102,980</u>	<u>(15,766)</u>
Pupil transportation services			
Employee benefits	<u>74,430</u>	<u>70,091</u>	<u>4,339</u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Municipal Retirement / Social Security Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES (CONTINUED)			
Food services			
Employee benefits	<u>27,592</u>	<u>36,137</u>	<u>(8,545)</u>
Total support services - business	<u>202,286</u>	<u>217,944</u>	<u>(15,658)</u>
Support services - central			
Information services			
Employee benefits	<u>8,078</u>	<u>11,210</u>	<u>(3,132)</u>
Total support services - central	<u>8,078</u>	<u>11,210</u>	<u>(3,132)</u>
Total support services	<u>\$ 300,739</u>	<u>\$ 341,445</u>	<u>\$ (40,706)</u>
COMMUNITY SERVICES			
Community services			
Employee benefits	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 28</u>
Total community services	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 28</u>
PAYMENTS TO OTHER DISTRICTS & GOV'T UNITS			
Total payments to other districts & gov't units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total direct expenditures	<u>\$ 491,084</u>	<u>\$ 525,185</u>	<u>\$ (34,101)</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 244,740</u></u>	<u><u>\$ 77,877</u></u>	<u><u>\$ 166,863</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Capital Projects Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Earnings on investments			
Interest on investments	<u>\$ 469</u>	<u>\$ -</u>	<u>\$ 469</u>
Total earnings on investments	<u>469</u>	<u>-</u>	<u>469</u>
Other revenue from local sources			
Impact fees from municipal or county governments	<u>4,104</u>	<u>-</u>	<u>4,104</u>
Total other revenue from local sources	<u>4,104</u>	<u>-</u>	<u>4,104</u>
Total revenue from local sources	<u>\$ 4,573</u>	<u>\$ -</u>	<u>\$ 4,573</u>
REVENUE FROM FEDERAL SOURCES			
Total revenue from federal sources	<u></u>	<u></u>	<u>\$ -</u>
Total direct revenue	<u><u>\$ 4,573</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,573</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Capital Projects Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES			
Total support services - business	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total direct expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 4,573</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,573</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Working Cash Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	<u>\$ 107,824</u>	<u>\$ 75,626</u>	<u>\$ 32,198</u>
Total ad valorem taxes levied by local education agency	<u>107,824</u>	<u>75,626</u>	<u>32,198</u>
Earnings on investments:			
Interest on investments	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 343</u>
Total earnings on investments	<u>343</u>	<u>-</u>	<u>343</u>
Total revenue from local sources	<u>\$ 108,167</u>	<u>\$ 75,626</u>	<u>\$ 32,541</u>
Total direct revenue	<u><u>\$ 108,167</u></u>	<u><u>\$ 75,626</u></u>	<u><u>\$ 32,541</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Tort Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	<u>\$ 518,270</u>	<u>\$ 328,315</u>	<u>\$ 189,955</u>
Total ad valorem taxes levied by district	<u>518,270</u>	<u>328,315</u>	<u>189,955</u>
Earnings on investments:			
Interest on investments	<u>243</u>	<u>-</u>	<u>243</u>
Total earnings on investments	<u>243</u>	<u>-</u>	<u>243</u>
Total revenue from local sources	<u>\$ 518,513</u>	<u>\$ 328,315</u>	<u>\$ 190,198</u>
Total direct revenue	<u><u>\$ 518,513</u></u>	<u><u>\$ 328,315</u></u>	<u><u>\$ 190,198</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Tort Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES			
Support services - general administration:			
Unemployment insurance payments			
Purchased services	<u>\$ 38,384</u>	<u>\$ 190,582</u>	<u>\$ (152,198)</u>
Risk management and claims services payments			
Purchased services	<u>159,385</u>	<u>-</u>	<u>159,385</u>
Educational, inspectional, supervisory services related to loss prevention or reduction			
Employee benefits	12,441	-	12,441
Purchased services	1,080	117,000	(115,920)
Other objects	<u>117,000</u>	<u>-</u>	<u>117,000</u>
Total educational, inspectional, supervisory services related to loss prevention or reduction	<u>130,521</u>	<u>117,000</u>	<u>13,521</u>
Legal services			
Purchase services	<u>-</u>	<u>20,733</u>	<u>(20,733)</u>
Total legal services	<u>-</u>	<u>20,733</u>	<u>(20,733)</u>
Total support services - general administration	<u>\$ 328,290</u>	<u>\$ 328,315</u>	<u>\$ (25)</u>
Total direct expenditures	<u>\$ 328,290</u>	<u>\$ 328,315</u>	<u>\$ (25)</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 190,223</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 190,223</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Fire Prevention and Safety Fund

Statement of Revenue Received - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
REVENUE FROM LOCAL SOURCES			
Ad valorem taxes levied by local education agency:			
Designated purposes levies	<u>\$ 105,673</u>	<u>\$ 75,681</u>	<u>\$ 29,992</u>
Total ad valorem taxes levied by district	<u>105,673</u>	<u>75,681</u>	<u>29,992</u>
Earnings on investments:			
Interest on investments	<u>359</u>	<u>-</u>	<u>359</u>
Total earnings on investments	<u>359</u>	<u>-</u>	<u>359</u>
Total revenue from local sources	<u>\$ 106,032</u>	<u>\$ 75,681</u>	<u>\$ 30,351</u>
REVENUE FROM STATE SOURCES			
Unrestricted grants-in-aid:			
Other unrestricted grants-in-aid from state sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total unrestricted grants-in-aid	<u>-</u>	<u>-</u>	<u>-</u>
Restricted grants-in-aid:			
School infrastructure - maintenance projects	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted grants-in-aid	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue from state sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total direct revenue	<u><u>\$ 106,032</u></u>	<u><u>\$ 75,681</u></u>	<u><u>\$ 30,351</u></u>

See accompanying notes to financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Fire Prevention and Safety Fund

Statement of Expenditures Disbursed - Actual and Budget
Year ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Actual over (under) Budget</u>
SUPPORT SERVICES			
Support services - business:			
Facilities acquisition and construction services			
Purchased services	\$ -	\$ -	\$ -
Capital outlay	-	-	-
Total support services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total direct expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$ 106,032</u></u>	<u><u>\$ 75,681</u></u>	<u><u>\$ 30,351</u></u>

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

The District's accounting policies conform to the cash basis of accounting, as defined by the Illinois State Board of Education.

(a) *Principles Used to Determine the Scope of the Reporting Entity*

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria, and, are therefore excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

(b) *Basis of Presentation – Fund Accounting*

These financial statements comply with the regulatory basis of reporting as prescribed by the Illinois State Board of Education.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund balance, revenue received and expenditures paid. The District maintains individual funds required by the State of Illinois. These funds are presented on the regulatory basis

Notes to Financial Statements

as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District:

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities arising from cash transactions are accounted for through governmental funds.

Educational Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Operations and Maintenance Fund – This fund is also a general operating fund used to account for costs of maintaining school buildings.

Debt Service Fund – This fund is a debt retirement fund. Resources of this fund are used to retire principal and interest maturities of outstanding bond obligations and other long-term debt instruments.

Transportation Fund – This fund is a special revenue fund used to account for the costs of transporting pupils to and from school and school activities.

Municipal Retirement/Social Security Fund – This fund is a special revenue fund used to pay the District's share of municipal retirement benefits for covered employees. The District's share of Social Security and Medicare-only is also paid from this fund.

Working Cash Fund – The resources of this fund are held by the District to be used for temporary interfund loans to any fund of the District for which taxes are levied.

Capital Projects Fund – Proceeds of construction bond issues, the capital improvement tax levy, and if applicable, school facility occupation tax proceeds are accounted for in this fund.

Tort Fund – This fund is a special revenue fund used to account for tort immunity or tort judgment purposes.

Notes to Financial Statements

Fire Prevention and Safety Fund – Proceeds of fire prevention and safety bond issues and tax levy are accounted for in this fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds – Agency funds include Student Activity Funds and Convenience Accounts. They account for assets held by the District as agent for the students, teachers and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

Governmental Funds – Measurement Focus

The financial statements of all governmental funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Notes to Financial Statements

(c) *Basis of Accounting*

Basis of accounting refers to when revenue received and expenditures paid are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenue is recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when cash is received or when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

(d) *Budgets and Budgetary Accounting*

The budget for all Governmental Fund Types is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with 105 ILCS 5/17-1. The budget was passed on September 25, 2014. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held as to such budget prior to final action.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.

Notes to Financial Statements

5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget by the same procedures required of its original adoption.

(e) Cash

The District considers cash on hand, cash on deposit with banks and other institutions, certificates of deposit, money market accounts, and repurchase agreements to be cash for financial statement purposes.

(f) Investments

All investments are reported at fair value. The District has adopted a formal written investment policy. The institutions in which investments are made must be approved by the Board of Education.

(g) Commingled Accounts

The District uses common bank accounts to hold the monies of more than one fund. Interest earned on these common accounts is credited to each participating fund based on its approximate share of the account prior to the payment of interest.

(h) General Fixed Assets

General fixed assets with expected useful lives that exceed one year and cost more than \$500, are recorded as expenditures paid in the Governmental or Activity Funds and capitalized at cost in the general fixed assets account group. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge).

Depreciation is computed using the straight line method over estimated lives ranging from three to fifty years. Estimated lives are determined based on the policies prescribed by the Illinois State Board of Education.

(2) Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The levy was passed by the board

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

on December 18, 2014. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on approximately June 1 and September 1. The District receives significant distributions of tax receipts during June, July, August, September, October, and November. Taxes recorded in these financial statements are from the 2014, 2013, and prior tax levies.

The following are the tax rate limits permitted by the *Illinois Compiled Statutes* and by local referendum and the actual rates levied per \$100 of assessed valuation:

	- 2014 Levy Year -		- 2013 Levy Year -	
	Limit	Actual	Limit	Actual
Educational	3.4800	3.4800	2.7800	2.7800
Special education	0.0400	0.0400	0.0400	0.0400
Oper. & maint.	0.5000	0.5000	0.5000	0.5000
Debt Service	As needed	1.0813	As needed	1.0247
Transportation	0.2000	0.2000	0.2000	0.2000
Municipal retirement	As needed	0.1123	As needed	0.1812
Social security	As needed	0.1079	As needed	0.1937
Working cash	0.0500	0.0500	0.0500	0.0500
Tort immunity	As needed	0.3171	As needed	0.2169
Facilities leasing	0.0500	0.0500	0.0500	0.0500
Fire prevention and safety	0.0500	0.0500	0.0500	0.0500
		<u>5.9886</u>		<u>5.2865</u>

(3) Cash Deposits and Investments

The District is allowed to invest in securities as authorized by the Illinois Public Funds Investment Act - 30 ILCS 235/2 and 6; and the Illinois School Code - 105 ILCS 5/8-7.

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Assets and Liabilities Arising from Cash Transactions

Cash	\$ 8,341,952
Investments	<u>441,229</u>
Total cash and investments	<u>\$ 8,783,181</u>

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ -
Deposits with financial institutions	
District	8,162,005
Agency	179,947
Investments	
District	441,229
Agency	-
Total cash and investments	<u>\$ 8,783,181</u>

Deposits – custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the District's deposits may not be returned to it. The District's policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by: (1) securities eligible for district investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's, or Fitch, (2) mortgages, (3) letters of credit issued by a Federal Home Loan Bank, or (4) loans covered by a State Guaranty under the Illinois Farm Development Act. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Chief Investment Officer shall determine other collateral requirements.

Safekeeping and custody arrangements

The preferred method of safekeeping is to have pledged securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board (GASB) Statement No. 3 Deposits with Financial Institution, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, Category I, the highest recognized safekeeping procedures.

As of June 30, 2015, \$8,597,763 of the District's bank balance of \$9,288,992, were exposed to custodial credit risk as follows:

Uninsured and collateralized by securities held by the pledging financial institution	<u>\$ 8,597,763</u>
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MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

Investments

As of June 30, 2015, the District had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Illinois Funds Money Market Fund	\$ 441,225
Illinois School District	
Liquid Asset Fund Plus (ISDLAF+)	\$ 4

The Illinois Funds Money Market Fund (formerly known as IPTIP) is a money market fund created in 1975 by the Illinois General Assembly. Its primary purpose is to provide the Public Treasurer and other custodians of public funds with an alternative investment vehicle which enable them to earn a competitive rate of return of fully collateralized investments, while maintaining immediate access to invested funds. The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. Investments in Illinois Funds Money Market Fund are valued at the funds share price which is equivalent to fair market value. The Illinois School District Liquid Asset Fund Plus (ISDLAF+ or the "Fund") is an intergovernmental investment program for school districts and community colleges in Illinois. Co-sponsored by Illinois ASBO, IASA and IASB, the program offers numerous opportunities to school districts for the investment and management of funds. The fund invests member deposits, on a pooled basis, primarily in short-term certificates of deposit and in high rated short-term obligations of the U.S. Treasury and major United States corporations and banks. The fair value of the District's position in the pool is the same as the value of the pool shares.

Interest rate risk

In accordance with its investment policy, the District limits its exposure to interest rate risk, by structuring its portfolio to provide sufficient liquidity to pay District obligations as they come due.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The District's investment policy seeks to minimize credit risk by requiring investment in securities allowed under the investment policy. The Illinois Funds and the Illinois School District Liquid Asset Plus – Max Class are rated AAAM by Standard & Poor's at June 30, 2015.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investments in securities through the use of mutual funds or governmental investment pools such as Illinois Funds and ISDLAF+.

Concentration of credit risk

No investment in any one issuer, other than U.S. Treasury securities, mutual funds, Illinois Funds, and ISDLAF+, represent 5% or more of the District's total investments.

(4) Changes in General Fixed Assets & Depreciation

Under the regulatory basis of accounting, assets and depreciation are not recorded and therefore the financial statements do not reflect the amounts below.

Assets at Cost

	Balance <u>7/1/14</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/15</u>	Life in <u>Years</u>
Land	\$ 2,569,982	\$ -	\$ -	\$ 2,569,982	0
Buildings and improvements	24,465,971	79,820	-	24,545,791	50
Land improvements	1,115,249	-	17,401	1,097,848	20
Other equipment	2,585,540	239,210	195,964	2,628,786	10
Transportation equipment	1,268,908	-	167,848	1,101,060	20
Food service equipment	<u>82,274</u>	<u>8,856</u>	<u>-</u>	<u>91,130</u>	10
Total general fixed assets	<u>\$ 32,087,924</u>	<u>\$ 327,886</u>	<u>\$ 381,213</u>	<u>\$ 32,034,597</u>	

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

Accumulated Depreciation

	Balance	Depreciation		Balance	Undepreciated
	<u>7/1/14</u>	<u>for Year</u>	<u>Deletions</u>	<u>6/30/15</u>	<u>Cost</u>
					<u>6/30/15</u>
Land					\$ 2,569,982
Buildings and					
improvements	\$ 9,491,063	\$ 446,949	\$ -	\$ 9,938,012	14,607,779
Land improvements	630,784	54,084	17,401	667,467	430,381
Other equipment	1,411,425	245,171	195,964	1,460,632	1,168,154
Transportation					
equipment	1,194,619	44,648	167,848	1,071,419	29,641
Food service					
equipment	14,071	8,563	-	22,634	68,496
Total general					
fixed assets	<u>\$ 12,741,962</u>	<u>\$ 799,415</u>	<u>\$ 381,213</u>	<u>\$ 13,160,164</u>	<u>\$ 18,874,433</u>

(5) Retirement Fund Commitments

The District participates in multiple retirement funds to provide retirement benefits to its employees as described below. It should be noted that actuarial accrued liabilities, deferred inflows of resources and deferred out flows of resources are not recorded in the financial statements since the District uses the regulatory basis of accounting as prescribed or permitted by the Illinois State Board of Education as described in Note 1.

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

Plan description

The employer 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. 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.

Notes to Financial Statements

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.

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 percent 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 percent of creditable earnings. The member contribution, which

Notes to Financial Statements

may be paid on behalf of employees by the employer, is submitted to TRS by the employer. For the year ended June 30, 2015, the District reported expenditures of \$707,951 for this contribution.

- ***On behalf contributions to TRS.***

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2015, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$2,236,877 in pension contributions from the state of Illinois.

- ***2.2 formula contributions.***

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$40,015, 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 employer, there is a statutory requirement for the employer 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 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$120,791 were paid from federal and special trust funds that required employer contributions of \$39,861. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

- ***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 employer 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

Notes to Financial Statements

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, 2015, the employer paid \$0 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 percent 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 employer paid \$892 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 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 employer had 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 employer. The state's support and total are for disclosure purposes only. The amount of the employer's net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 1,038,911
State's proportionate share of the net pension liability associated with the employer	48,490,417
Total	<u>\$ 49,529,328</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 employer's proportion of the net pension liability was based on the employer'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 employer's proportion was .0017070994 percent.

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 employer's proportion of the net pension liability as of June 30, 2013, was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

participating TRS employers and the state during that period. At June 30, 2013, the employer's proportion was .0031576729 percent.

At June 30, 2015, the employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 549	\$ -
Net difference between projected and actual earnings on pension plan investments	-	52,213
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	731,277
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 549</u>	<u>\$ 783,490</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2016	\$ (190,415)
2017	(190,415)
2018	(190,415)
2019	(190,415)
2020	(21,283)

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:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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Mortality rates were based on the RP-2000 White Collar Table 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 percent to 7.5 percent. 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 percent to 8.0 percent 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:

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%
Total	<u>100%</u>	

Notes to Financial Statements

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. 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, TRS'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 TRS 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 employer's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$1,283,004	\$1,038,911	\$836,774

TRS fiduciary net position

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*.

(b) Teacher Health Insurance Security (THIS) Fund

The employer 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

Notes to Financial Statements

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 are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the 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 the 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 previous fiscal year.

- ***On behalf contributions to the THIS Fund***

The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$70,372, and the employer recognized revenue and expenditures of this amount during the year.

- ***Employer contributions to the THIS Fund***

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the employer paid \$52,434 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the 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."

Notes to Financial Statements

(c) *Illinois Municipal Retirement Fund Pension Plan*

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 employer 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 on-line at www.imrf.org.

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2014 was 13.60 percent. The employer 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.

Annual Pension Cost. The required contribution for calendar year 2014 was \$278,236.

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 278,236	100%	\$ -
12/31/2013	290,330	100%	-
12/31/2012	301,586	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent 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 your employer 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

Notes to Financial Statements

the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 81.26 percent funded. The actuarial accrued liability for benefits was \$4,693,111 and the actuarial value of assets was \$3,813,841, resulting in an underfunded actuarial accrued liability (UAAL) of \$879,270. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$2,045,849 and the ratio of the UAAL to the covered payroll was 43 percent.

The schedule of funding progress, presented as other 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.

(d) Social Security

Employees not qualifying for coverage under the Teachers' Retirement System of the State of Illinois or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid \$128,382, the total required contribution for the current fiscal year.

(e) Medicare

All employees, except certificated personnel hired prior to April 1, 1986, are covered under the Basic Hospital Insurance Plan provision of the medicare health insurance program. The District paid \$131,780, the total required contribution for the current fiscal year.

(6) 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. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

Notes to Financial Statements

(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. Due to the cash basis nature of the District, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

(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 by 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 District has several revenue sources received within different funds that also fall into these categories –

1. Special Education
Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.
2. Leasing Levy
Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. At June 30, 2015, cash receipts exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$31,671 for this purpose. This balance is included in the financial statements as Reserved in the Educational Fund.
3. State Grants
Proceeds from state grants and the related expenditures have been included in the Educational, Transportation, and Municipal Retirement/Social Security Funds. At June 30, 2015, revenue received from state grants exceeded expenditures disbursed for these purposes in the Educational Fund, resulting in a restricted fund balance of \$2,295. This balance is included in the financial statements as Reserved in the Educational Fund.
4. Federal Grants
Proceeds from federal grants and the related expenditures have been included in the Educational, Transportation, and Municipal Retirement/-Social Security Funds. At June 30, 2015, expenditures disbursed from

Notes to Financial Statements

federal grants exceeded revenues received for these purposes in the Educational Fund, resulting in no restricted fund balance.

5. IMRF/Social Security

Cash disbursed and the related cash receipts of these restricted tax levies are accounted for in the Municipal Retirement/Social Security Fund. Revenue received exceeded expenditures disbursed for these purposes, resulting in a restricted fund balance of \$343,445. For purposes of Regulatory reporting, the Social Security portion of the fund balance, 115,273, will be classified as Reserved, and the Municipal Retirement portion of the fund balance, \$228,171, will be classified as Unreserved.

6. Food Service

All revenue generated by the school food service must be used to operate and improve its food services therefore making this a restricted fund balance. The District accounts for the food service in a separate fund within the Educational Fund to allow for the ease of tracking food service fund balance. At June 30, 2015 the restricted fund balance for food service is \$995,425.

(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.

The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2015, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2015 amounted to \$841,600. This amount is shown as Unreserved in the Educational Fund.

Notes to Financial Statements

(d) *Assigned Fund Balance*

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

The District budgets property tax revenue based on the tax levy approved by the Board the previous December. For the fiscal year ending June 30, 2016, the District budgets property tax revenue based on the 2014 tax levy of which \$3,588,422 was received by the District prior to June 30, 2015 and is therefore included as revenue under the cash method of accounting in this fiscal year. Under the assigned fund balance definition, \$2,414,433 received in the Educational, Operations and Maintenance and Working Cash funds is assigned fund balance in these funds as shown below and is shown as Unreserved in the financial statements.

(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. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, and Working Cash Funds.

(f) *Regulatory – Fund Balance Definitions*

Reserved Fund Balances are those balances that are reserved for a specific purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

(g) *Reconciliation of Fund Balance Reporting*

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

<u>Fund</u>	Generally Accepted Accounting Principles					Regulatory Basis	
	<u>Non-spendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	Financial Statements- <u>Reserved</u>	Financial Statements- <u>Unreserved</u>
Educational		1,029,391	841,600	2,083,836	1,183,050	1,029,391	4,108,486
Operations & Maintenance				299,400	(168,758)		130,642
Debt Service		743,887					743,887
Transportation		1,177,774					1,177,774
Municipal Retirement		343,445				115,273	228,172
Capital Projects		292,705					292,705
Working Cash				31,197	214,549		245,746
Tort Liability		190,265					190,265
Fire Prevention and Safety		251,880					251,880

(h) 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.

(7) Long-Term Debt

As of June 30, 2015, the District had long-term debt outstanding in the amount of \$8,214,309. The long-term debt is reported in the General Long-Term Debt Group and consists of the following.

Bonded Indebtedness

Bonded indebtedness current requirements for principal and interest expenditures are payable from future revenues of the Debt Service Fund. The revenues consist principally of property taxes collected by the District and interest earnings. Bonded indebtedness consists of the following:

Capital Appreciation School Bonds, Series 2000

These bonds were issued in increments of \$5,000 with various maturity dates and interest is payable only at maturity. Accretion of interest is calculated annually and is shown as an increase in the principal balance at the time of accretion.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

Original Issue \$8,869,998
Interest Rate 6.19 to 6.62%
Issue Date June 15, 2000
Interest Date December 1

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 519,435	\$ 1,055,565	\$ 1,575,000
2017	503,431	1,136,569	1,640,000
2018	487,153	1,217,847	1,705,000
2019	470,696	1,299,304	1,770,000
2020	455,437	1,384,563	1,840,000
	<u>\$ 2,436,152</u>	<u>\$ 6,093,848</u>	<u>\$ 8,530,000</u>

Capital Appreciation School Bonds, Series 2002

Original Issue \$1,899,994
Interest Rate 5.95% Average coupon
Issue Date August 27, 2002
Interest Date June 1 and December 1

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 59,732	\$ 70,268	\$ 130,000
2017	58,497	76,503	135,000
2018	57,208	82,792	140,000
2019	57,802	92,198	150,000
2020	56,329	98,671	155,000
2021	711,123	1,363,877	2,075,000
2022	87,261	182,739	270,000
	<u>\$ 1,087,952</u>	<u>\$ 1,967,048</u>	<u>\$ 3,055,000</u>

Notes Payable

The District made the final required annual payment on the installment loan taken to purchase transportation equipment in 2010. The total final payment was \$57,618

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>7/1/2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2015</u>
General				
obligation bonds*	\$ 9,243,441	\$ 546,771	\$ 1,575,903	\$ 8,214,309
Notes payable	56,150	-	56,150	-
	<u>\$ 9,299,591</u>	<u>\$ 546,771</u>	<u>\$ 1,632,053</u>	<u>\$ 8,214,309</u>

* Accretion of interest on Capital Appreciation School Bonds, Series 2000 of \$546,771 is shown as an increase in principal.

Future cash flow requirements of the District for retirement of principal and interest by fiscal year follow:

Total Long-Term Debt

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 579,167	\$ 1,125,833	\$ 1,705,000
2017	561,928	1,213,072	1,775,000
2018	544,361	1,300,639	1,845,000
2019	528,498	1,391,502	1,920,000
2020	511,766	1,483,234	1,995,000
2021	711,123	1,363,877	2,075,000
2022	87,261	182,739	270,000
	<u>\$ 3,524,104</u>	<u>\$ 8,060,896</u>	<u>\$ 11,585,000</u>

(8) Legal Debt Margin

2014 Equalized assessed valuation	<u>\$ 157,770,285</u>
Statutory debt limitation	
13.8% of 2014 equalized assessed valuation	\$ 21,772,299
Less total indebtedness	<u>8,214,309</u>
Legal Debt Margin	<u>\$ 13,557,990</u>

Notes to Financial Statements

(9) Interfund Loans

There were no interfund loans made or repaid during the fiscal year ended June 30, 2015.

(10) Interfund Transfers

There were no interfund transfers made or repaid during the fiscal year ended June 30, 2015.

(11) Overexpenditure of Budget

The District overexpended its budget in the following funds during the fiscal year ended June 30, 2015.

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
Operations and Maintenance Fund	\$ 1,292,373	\$ 1,231,272

All other funds were operated within the legal confines of their budgets during the fiscal year ended June 30, 2015.

(12) Joint Agreements

The District is a member of Ogle County Educational Cooperative Joint Agreement located at 417 N. Colfax, Box 52, Byron, IL 61010, along with other area school districts to provide special education services. The District pays tuition to the Cooperative based upon the Cooperative's budgeted expenditures and the District's special education enrollment. The District made payments to the Ogle County Educational Cooperative during fiscal year 2015 in the amount of \$650,200.

The District also has entered into an operating agreement with the Julia Hull District Library which is located on the Stillman Valley High School Campus. The Library reimburses the District for the cost of certain librarian and aides salaries and benefits and other operating costs. During the year ended June 30, 2015, the District received \$63,091 from the Library.

The District is also a member of Career Education Associates of North Central Illinois (CEANCI) located at 4151 Samuelson Road, Rockford, Illinois, 61109. CEANCI provides technical education services and receives state grants and reallocates to member districts. During the year ended June 30, 2015, the District paid CEANCI \$18,596 for technical education services and received \$1,200 from CEANCI for salary reimbursements.

Notes to Financial Statements

The District's pupils benefit from programs administered under these joint agreements, and the District benefits from jointly administered grants and programming. The District does not have any equity interest in these joint agreements. The joint agreements are separately audited and are not included in these financial statements. Financial information about the joint agreements can be obtained by contacting them at the addresses given above.

(13) Other Postemployment Benefits (OPEB)

The District has determined the effects of OPEB are immaterial to the financial statements and therefore has not presented the OPEB liability.

(14) Risk Management

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation for which the District participates in the Illinois Association of School Board Workers' Compensation Self Insurance Trust. Estimated payments are made annually to the Trust to cover claims, however, additional assessments could be required if the Trust reflects a deficit. For all insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

(15) Operating Leases***Bus Leases***

The District entered into a lease agreement for four 77 passenger buses and one 51 passenger bus with a lift in February 2014 for a term of four years. The principal amount of the lease is \$410,304 and requires three annual payments of \$62,978 beginning February 14, 2014 and a final payment of \$250,966. The District made payments of \$62,978 during the fiscal year. The District does not intend to make the final year lease payment and will return the buses to the lessor.

The future lease payments are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 53,093	\$ 9,885	\$ 62,978
2017	242,855	8,111	250,966
	<u>\$ 295,948</u>	<u>\$ 17,996</u>	<u>\$ 313,944</u>

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

The District entered into a lease agreement for seven 77-passenger school buses in August 2014 for a term of four years. The principal amount of the lease is \$552,706 and requires three annual payments of \$84,389 beginning August 15, 2014 and a final payment of \$341,362. The District made payments of \$84,389 during the fiscal year. The District does not intend to make the final lease payment and will return the buses to the lessor.

The future lease payments are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 68,248	\$ 16,141	\$ 84,389
2017	70,597	13,792	84,389
2018	330,001	11,361	341,362
	<u>\$ 468,846</u>	<u>\$ 41,294</u>	<u>\$ 510,140</u>

These lease agreements are accounted for in the Transportation Fund.

(16) Contingencies

The District has received funding from state and federal grants in the current and prior years, which are subject to audits by the granting agencies. The School Board believes any adjustments that may arise from these audits will be insignificant to District operations.

The District filed an assessment appeal with the Illinois Property Tax Appeal Board (PTAB) involving the Onyx Orchard Hills Landfill (Landfill), located in Davis Junction, Illinois, within the boundaries of the District. The appeal involved the 2003 tax year where the PTAB reduced the assessed value to \$3,321,000 for the 2003 tax year instead of the \$8,633,000 set by the Ogle County Board of Review. The District appealed this decision to the Illinois Appellate Court and on October 24, 2011 the Appellate Court affirmed the PTAB's decision for the 2003 tax year assessed value. The District also appealed the assessed value of Onyx for the years 2004 to 2007 and 2009 to 2010.

The District has agreed to a settlement with Veolia (formerly Onyx) and during the year ended June 30, 2015 made settlement payments of \$459,529 in July 2014 and \$306,949 in June 2015. The agreed upon settlement payments are paid via an agreement with the Ogle County Treasurer whereby the Treasurer abates the required amount from the District's tax distributions. As a result, the settlement is reflected in these financial statements as a reduction in property tax receipts. The June 2015 settlement payment was the final payment required under this agreement.

Notes to Financial Statements

(17) Unemployment Compensation

The District is self-insured for unemployment compensation. The District is therefore liable to the state for any payments made to any of its former employees claiming benefits. For the year ended June 30, 2015, claims paid out under the plan were \$38,384.

(18) Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events).

The District has evaluated subsequent events through October 8, 2015, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date, except as noted below:

Bus Lease Obligation

The District entered into a lease agreement for twelve 77-passenger school buses effective in July 2015 for a term of four years. The principal amount of the lease is \$948,612 and requires three annual payments of \$142,231 beginning July 30, 2015 and a final payment of \$599,833. The District does not intend to make the final lease payment and will return the buses to the lessor.

The future lease payments are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 139,475	\$ 2,756	\$ 142,231
2017	113,052	29,179	142,231
2018	117,129	25,102	142,231
2019	578,956	20,877	599,833
	<u>\$ 948,612</u>	<u>\$ 77,914</u>	<u>\$ 1,026,526</u>

This lease agreement will be accounted for in the Transportation Fund for the year ended June 30, 2016.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

June 30, 2015

Other Information

Schedule of the Employer's Proportionate Share
of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
Fiscal Year 2015 *

Employer's proportion of the net pension liability	2.1%
Employer's proportionate share of the net pension liability	\$ 1,038,911
State's proportionate share of the net pension liability associated with the employer	48,490,417
Total	<u>\$ 49,529,328</u>
Employer's covered-employee payroll	<u>\$ 6,899,205</u>
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	15.1%
Plan fiduciary net position as a percentage of the total pension liability	43.0%
<i>* The amounts presented were determined as of the prior fiscal-year end.</i>	

Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2015

Contractually-required contribution	\$ 688,541
Contributions in relation to the contractually-required contribution	707,951
Contribution deficiency (excess)	<u>\$ (19,410)</u>
Employer's covered-employee payroll	<u>\$ 6,899,205</u>
Contributions as a percentage of covered-employee payroll	0.102613417

Notes to Other Information

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. 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.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

June 30, 2015

Other Information

Illinois Municipal Retirement Fund
Defined Benefit Pension Plan
Schedule of Funding Progress

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)
12/31/2014	\$ 3,813,841	\$ 4,693,111	\$ 879,270	81.26%	\$ 2,045,849	42.98%
12/31/2013	3,959,185	4,802,930	843,745	82.43%	2,202,811	38.30%
12/31/2012	3,352,418	4,541,678	1,189,260	73.81%	2,369,094	50.20%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$4,663,657.

On a market basis, the funded ratio would be 99.37%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Meridian CUSD No. 223. They do not include amounts for retirees.

The actuarial accrued liability for retirees is 100% funded.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Agency Funds

Activity Funds and Trust Funds
Statement of Assets and Liabilities
Arising from Cash Transactions
June 30, 2015

	Balance 07/01/14	Revenues Received	Expenditures Disbursed	Balance 06/30/15
ASSETS				
Elementary & High School	\$ 203,721	\$ 422,572	\$ 482,526	\$ 143,767
Junior High School	66,250	29,868	59,938	36,180
Total Activity Funds	<u>\$ 269,971</u>	<u>\$ 452,440</u>	<u>\$ 542,464</u>	<u>\$ 179,947</u>
LIABILITIES				
Amounts due to agency fund organizations	<u>\$ 269,971</u>	<u>\$ 452,440</u>	<u>\$ 542,464</u>	<u>\$ 179,947</u>

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Elementary & High School Activity Fund
Statement of Operating Revenues Received and Expenditures Disbursed
For the year ended June 30, 2015

Fund	Balance 07/01/14	Revenues Received	Expenditures Disbursed	Balance 06/30/15
Academic Bowl	\$ 527	\$ 650	\$ 460	\$ 717
Art Fees	865	5,810	6,086	589
Baseball	1,289	16,568	16,286	1,571
Boys Basketball	2,089	3,901	1,486	4,504
Girls Basketball	1,624	13,611	13,061	2,174
Cash Management	59,976	15,610	75,586	-
Cheerleaders	4,087	7,407	11,394	100
Chess Club	1,006	712	979	739
Drama Club	16,793	15,394	13,622	18,565
FFA	7,493	29,177	29,791	6,879
Football	12,907	47,015	40,446	19,476
French Club	709	2,720	3,429	-
Horticulture	2,135	3,563	3,894	1,804
Industrial Arts Club	4,861	1,631	3,752	2,740
Integrity Fund	6,335	9,071	10,025	5,381
Library - High School	1,526	528	346	1,708
Music	3,398	11,701	12,648	2,451
National Honors Society	235	991	1,069	157
Outdoor Club	2,049	3,970	4,780	1,239
Pom Pons	1,407	430	1,049	788
Renaissance Team	2,003	4,104	3,290	2,817
Scholarship Testing	1,640	18,051	17,067	2,624
Soccer - Boys	1,772	5,746	4,676	2,842
Soccer - Girls	943	1,463	1,044	1,362
Social Fund	79	9,728	9,565	242
Carried Forward	\$ 137,748	\$ 229,552	\$ 285,831	\$ 81,469

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Elementary & High School Activity Fund
Statement of Operating Revenues Received and Expenditures Disbursed
For the year ended June 30, 2015

Fund	Balance 07/01/14	Revenues Received	Expenditures Disbursed	Balance 06/30/15
Carried Forward	\$ 137,748	\$ 229,552	\$ 285,831	\$ 81,469
Girls Softball	545	6,124	6,279	390
Student Council	3,423	8,815	7,859	4,379
Students for Students	281	6,372	5,746	907
Tournament Fund	11,435	56,744	57,726	10,453
Track - Boys & Girls	949	-	278	671
Volleyball	2,729	12,434	10,032	5,131
Wrestling	1,349	7,593	6,420	2,522
Yearbook	6,506	4,963	4,163	7,306
Highland Assembly	1,608	1,810	1,893	1,525
Highland PBIS	10,341	8,200	17,220	1,321
Monroe Center Assembly	500	1,040	1,503	37
Monroe Center PBIS	2,485	9,697	9,281	2,901
Highland Library Club	471	1,697	1,194	974
Junior High Library	4,922	9,044	11,459	2,507
Monroe Center Library Club	810	1,378	1,570	618
Class of 2014	-	800	800	-
Class of 2015	3,718	10,392	14,110	-
Class of 2016	1,177	15,596	14,151	2,622
Class of 2017	1,008	1,196	1,917	287
Class of 2018	-	3,437	2,361	1,076
Class of 2021	-	842	-	842
K-5 Outdoor	1,807	24,846	10,824	15,829
Lorado Taft	9,909	-	9,909	-
	<u>\$ 203,721</u>	<u>\$ 422,572</u>	<u>\$ 482,526</u>	<u>\$ 143,767</u>

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Junior High Activity Fund
Statement of Operating Revenues Received and Expenditures Disbursed
For the year ended June 30, 2015

Fund	Balance 07/01/14	Revenues Received	Expenditures Disbursed	Balance 06/30/15
6th Grade	\$ 825	\$ -	\$ 34	\$ 791
6th History	44	-	-	44
6th Grade Math	18	-	-	18
7th Grade	163	-	-	163
7th Grade Math	243	-	214	29
7th Grade Literature	187	-	178	9
7th Grade English	53	-	-	53
8th Grade	208	-	-	208
8th Grade English	40	-	-	40
Art	392	200	-	592
Athletics	39	-	-	39
Band & Chorus	1,366	21,345	16,053	6,658
Basketball	103	-	-	103
Cheerleading	3,276	-	3,030	246
Concession Stand	2,243	36	-	2,279
Drama	9,982	-	-	9,982
ELS Students	92	-	92	-
Girls PE	1,611	500	1,067	1,044
Homeless	447	-	162	285
Office	34,989	3,816	37,065	1,740
PBIS	243	830	992	81
Piano Fund	750	111	861	-
Roller Skating	4	-	-	4
Science	3	-	-	3
Student Council	1,790	-	-	1,790
Track	(255)	255	-	-
Volleyball	823	2,775	-	3,598
Yearbook	6,571	-	190	6,381
	<u>\$ 66,250</u>	<u>\$ 29,868</u>	<u>\$ 59,938</u>	<u>\$ 36,180</u>

FEDERAL STIMULUS - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009
(Detailed Schedule of Receipts and Disbursements)

A		B	C	D	E	F	G	H	I	J	K	L
District's Accounting Basis is CASH			RECEIPTS	(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)
ARRA Revenue Source Code		Acct #	ARRA Receipts	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other	Non-Capitalized Equipment	Termination Benefits	Total Expenditures
3	Beginning Balance July 1, 2014											
4	ARRA - General State Aid	4850	0									0
5	ARRA - Title I Low Income	4851	0									0
6	ARRA - Title I Neglected - Private	4852	0									0
7	ARRA - Title I Delinquent - Private	4853	0									0
8	ARRA - Title I School Improvement (Part A)	4854	0									0
9	ARRA - Title I School Improvement (Section 1003g)	4855	0									0
10	ARRA - IDEA Part B Preschool	4856	0									0
11	ARRA - IDEA Part B Flow Through	4857	0									0
12	ARRA - Title II D Technology Formula	4860	0									0
13	ARRA - Title II D Technology Competitive	4861	0									0
14	ARRA - McKinney - Vento Homeless Education	4862	0									0
15	ARRA - Child Nutrition Equipment Assistance	4863	0									0
16	Impact Aid Construction Formula	4864	0									0
17	Impact Aid Construction Competitive	4865	0									0
18	QZAB Tax Credits	4866	0									0
19	QZAB Tax Credits	4867	0									0
20	Build America Bonds Tax Credits	4868	0									0
21	Build America Bonds Interest Reimbursement	4869	0									0
22	ARRA - General State Aid - Other Govt Services Stabilization	4870	0									0
23	ARRA - Other II	4871	0									0
24	ARRA - Other III	4872	0									0
25	ARRA - Other IV	4873	0									0
26	ARRA - Other V	4874	0									0
27	ARRA - Early Childhood	4875	0									0
28	ARRA - Other VII	4876	0									0
29	ARRA - Other VIII	4877	0									0
30	ARRA - Other IX	4878	0									0
31	ARRA - Other X	4879	0									0
32	ARRA - Other XI	4880	0									0
33	Total ARRA Programs		0	0	0	0	0	0	0	0	0	0
34	Ending Balance June 30, 2015		0									
35												
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1. Were any funds from the State Fiscal Stabilization Fund Program (SFSF) General State-Aid Accounts 4850, line 5 & 4870, line 23 used for the following non-allowable purposes:
Payments of maintenance costs;
Stadiums or other facilities used for athletic contests, exhibitions or other events for which admission is charged to the general public;
Purchase or upgrade of vehicles;
Improvements of stand-alone facilities whose purpose is not the education of children such as central office administrative buildings;
Financial assistance to students to attend private elementary or secondary schools unless the funds are used to provide special education and related services to children with disabilities as authorized by the IDEA Act;
School modernization, renovation, or repair that is inconsistent with State Law.

2. If any above boxes are checked provide the total amount of questioned costs and provide an explanation below:

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Schedule of Average Daily Attendance, Operating Expense per Pupil,
And Total Operating Expense
(Unaudited)

<u>Year ended June 30,</u>	<u>Average Daily Attendance</u>	<u>Operating Expense Per Pupil</u>	<u>Total Operating Expense</u>
2006	1775	\$ 6,563	\$ 11,651,110
2007	1826	6,790	12,398,614
2008	1817	7,473	13,575,714
2009	1849	8,218	15,191,902
2010	1809	8,994	16,207,739
2011	1814	9,021	16,368,450
2012	1816	9,808	17,808,720
2013	1737	9,433	16,383,232
2014	1681	9,403	15,809,814
2015	1689	8,728	14,743,771

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2015

DISTRICT/JOINT AGREEMENT NAME MERIDIAN COMMUNITY UNIT SCHOO	RCDT NUMBER 47-071-2230-26	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-004238		
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) PHILLIP J CAPOSEY		NAME AND ADDRESS OF AUDIT FIRM BENNING GROUP, LLC 50 W. DOUGLAS STREET, SUITE 801 FREEMONT IL 61032		
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 207 W. MAIN ST. STILLMAN VALLEY 61084		E-MAIL ADDRESS dbenning@benninggroup.com NAME OF AUDIT SUPERVISOR DONALD A. BENNING		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"> CPA FIRM TELEPHONE NUMBER 815/235-3157 </td> <td style="width: 50%;"> FAX NUMBER 815/235-3158 </td> </tr> </table>	CPA FIRM TELEPHONE NUMBER 815/235-3157	FAX NUMBER 815/235-3158
CPA FIRM TELEPHONE NUMBER 815/235-3157	FAX NUMBER 815/235-3158			

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE A-133 SINGLE AUDIT REPORT:

- ☒ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☒ Financial Statements including footnotes § .310 (a)
- ☒ Schedule of Expenditures of Federal Awards including footnotes § .310 (b)
- ☒ Independent Auditor's Report § .505
- ☒ Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* § .505
- ☒ Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 § .505
- ☒ Schedule of Findings and Questioned Costs § .505 (d)
- ☒ Summary Schedule of Prior Year Audit Findings § .315 (b)
- ☒ Corrective Action Plan § .315 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☐ Copy of Federal Data Collection Form § .320 (b)
- ☒ Copy(ies) of Management Letter(s)

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/13-6/30/14 (C)	Year 7/1/14-6/30/15 (D)	Year 7/1/13-6/30/14 (E)	Year 7/1/14-6/30/15 (F)			
U.S. DEPARTMENT OF AGRICULTURE:									
Through Illinois State Board of Education:									
DoD Fresh Fruits & Vegetables Program (Non-Cash) (M)	10.555	2014	10,722		10,722		0	10,722	N/A
DoD Fresh Fruits & Vegetables Program (Non-Cash) (M)	10.555	2015		11,385		11,385	0	11,385	N/A
Commodities Program (non-cash) (M)	10.555	2014	43,419		43,419		0	43,419	N/A
Commodities Program (non-cash) (M)	10.555	2015		38,333		38,333	0	38,333	N/A
National School Lunch Program (M)	10.555	14-4210-00	<u>169,272</u>	43,602	<u>169,272</u>	43,602	0	212,874	N/A
National School Lunch Program (M)	10.555	15-4210-00		<u>190,236</u>		<u>190,236</u>	<u>0</u>	<u>190,236</u>	N/A
Subtotal 10.555			<u>223,413</u>	<u>283,556</u>	<u>223,413</u>	<u>283,556</u>	<u>0</u>	<u>506,969</u>	
School Breakfast Program (M)	10.553	14-4220-00	<u>26,100</u>	5,310	<u>26,100</u>	5,310	0	31,410	N/A
School Breakfast Program (M)	10.553	15-4220-00		<u>29,550</u>		<u>29,550</u>	<u>0</u>	<u>29,550</u>	N/A
Subtotal 10.553			<u>26,100</u>	<u>34,860</u>	<u>26,100</u>	<u>34,860</u>	<u>0</u>	<u>60,960</u>	
TOTAL THROUGH USDA PROGRAMS			<u>249,513</u>	<u>318,416</u>	<u>249,513</u>	<u>318,416</u>	<u>0</u>	<u>567,929</u>	

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/13-6/30/14 (C)	Year 7/1/14-6/30/15 (D)	Year 7/1/13-6/30/14 (E)	Year 7/1/14-6/30/15 (F)			
U.S. DEPARTMENT OF EDUCATION:									
Through Illinois State Board of Education:									
Title I - Low Income	84.010A	14-4300-00	53,392	118,680	130,030	48,105	0	178,135	179,830
Title I - Low Income (M)	84.010A	15-4300-00		81,803		133,853	14,455	148,308	151,190
Subtotal 84.010A			53,392	200,483	130,030	181,958	14,455	326,443	
Title II - Teacher Quality	84.367A	14-4932-00	37,282		37,282		0	37,282	37,282
Title II - Teacher Quality	84.367A	15-4932-00		24,811		37,210	0	363,725	38,022
Subtotal 84.367A			37,282	24,811	37,282	37,210	0	401,007	
Title III - Lang Inst Prog-Limited Eng LI/PLEP	84.365A	14-4909-00	4,824	5,327	6,851	3,300	0	10,151	11,820
Title III - Lang Inst Prog-Limited Eng LI/PLEP	84.365A	15-4909-00		2,871		10,559	0	10,559	11,881
Subtotal 84.365A			4,824	8,198	6,851	13,859	0	20,710	
Through Ogle County Education Cooperative (47-071-8010-60):									
Fed. Sp. Ed. - Pre-School Flow-Through	84.173A	14-4600-00	5,975	1,710	7,685		0	7,685	6,663
Fed. Sp. Ed. - Pre-School Flow-Through	84.173A	15-4600-00				7,692	0	7,692	7,692
Subtotal 84.173A			5,975	1,710	7,685	7,692	0	15,377	

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/13-6/30/14 (C)	Year 7/1/14-6/30/15 (D)	Year 7/1/13-6/30/14 (E)	Year 7/1/14-6/30/15 (F)			
Fed. Sp. Ed. - IDEA Flow-Through	84.027A	14-4620-00	65,112	57,879	122,991		0	122,991	124,445
Fed. Sp. Ed. - IDEA Flow-Through	84.027A	15-4620-00				108,380	0	108,380	108,527
Subtotal 84.027A			65,112	57,879	122,991	108,380	0	231,371	
Through Lee/Ogle County ROE (47-000-0000-00):									
McKinney Education for Homeless Children	84.196A	14-4920-00	76		76		0	76	N/A
Direct USDE Programs:									
Physical Education Program - cumulative prior to FY14	84.215F	Q215F110024	434,219		502,231		0	502,231	521,137
Physical Education Program - FY 14	84.215F	Q215F110024	80,600		23,800		0	23,800	117,398
Physical Education Program - FY 15	84.215F	Q215F110024		63,980		52,768	0	52,768	0
Subtotal 84.215F			514,819	63,980	526,031	52,768	0	578,799	
TOTAL THROUGH USDE PROGRAMS			681,480	357,061	830,946	401,867	14,455	1,573,763	
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:									
Through Illinois Dept. of Healthcare & Family Services:									
Through Sycamore District #147 (16-019-4270-26) :									

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

[illegible]

- (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, awardees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditees should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

3 When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

4 Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ending June 30, 2015

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **Meridian Community Unit School District No. 223** and is presented on the **cash basis of accounting**. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the **general-purpose** financial statements.

Note 2: Subrecipients⁶

Of the federal expenditures presented in the schedule, **Meridian Community Unit School District No. 223** provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipients
NONE		

Note 3: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by **Meridian Community Unit School District No. 223** and are included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555)**:	\$49,718
OTHER NON-CASH ASSISTANCE	\$0

Note 4: Other Information

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property	\$0
Auto	\$0
General Liability	\$0
Workers Compensation	\$0
Loans/Loan Guarantees Outstanding at June 30:	\$0
District had Federal grants requiring matching expenditures	NO
	(Yes/No)

** The amount reported here should match the value reported for non-cash Commodities on the Indirect Cost Rate Computation page.

⁵ This note is included to meet the Circular A-133 requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule.

⁶ Circular A-133 requires the Schedule of Expenditures of Federal Awards to include, to the extent practical, an identification of the total amount provided to subrecipients, from each federal program. Although this example includes the required subrecipient information in the notes to the schedule, the information may be included on the face of the schedule as a separate column or section, if that is preferred by the auditee.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

GAAP / REGULATORY

Type of auditor's report issued:

Adverse / Unmodified

(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? X YES None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported
- Noncompliance material to financial statements noted? YES X NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? X YES None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

(Unmodified, Qualified, Adverse, Disclaimer⁷)

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § .510(a)?

 X YES NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰
10.555, 10.553	Child Nutrition Cluster
84.010A	Title I - Low Income

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000.00

Auditee qualified as low-risk auditee?

 YES X NO

⁷ If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program. Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.

⁹ When the CFDA number is not available, include other identifying number, if applicable.

¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2015- 001 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
 Year originally reported? 2012

3. Criteria or specific requirement

Management is responsible for the accuracy and completeness of all financial records. This includes having controls over the financial reporting process which serve to prevent and detect errors in financial reporting that ensure that the financial statements are free of material misstatements.

4. Condition

During the early months of FY 15, the District did not have a Treasurer to oversee the accounting function resulting in bank and payroll liability reconciliations\ not being performed.

5. Context¹²

N/A

6. Effect

The District's control policies and procedures were not sufficient to detect or prevent material misstatements of the financial statements. This resulted in a material weakness in the District's internal control policies and procedures.

7. Cause

Lack of internal controls over financial reporting to identify potential material adjustments.

8. Recommendation

Management employed a Treasurer during the year and completed the bank reconciliation process. Management should continue with requiring timely bank reconciliations and initiate the process of reconciling the payroll liability accounts.

9. Management's response¹³

Management will continue to monitor the bank reconciliation process and direct the bookkeeper or Treasurer to reconcile the payroll liability accounts.

For ISBE Review

Date: _____	Resolution Criteria Code Number _____	
Initials: _____	Disposition of Questioned Costs Code Letter _____	

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2015 would be assigned a reference number of 2015-001, 2015-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2015- 002 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
 Year originally reported? 2012

3. Criteria or specific requirement

The Illinois School Code gives the Board of Education certain powers to incur debt to finance various acquisitions of property and equipment.

4. Condition

The District has obtained financing for various property and equipment acquisitions from a local financial institution that is not authorized by state statutes.

5. Context¹²

N/A

6. Effect

The District is not in compliance with the state statutes.

7. Cause

Lack of familiarity with the Illinois School Code borrowing authorizations.

8. Recommendation

The District made the final payment on the one remaining bank loan and should refrain from using this funding source in the future.

9. Management's response¹³

The District will refrain from using this funding source in the future.

For ISBE Review

Date:	_____	Resolution Criteria Code Number	_____
Initials:	_____	Disposition of Questioned Costs Code Letter	_____

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2015 would be assigned a reference number of 2015-001, 2015-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2015- 003** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
 Year originally reported? **2014**

3. Federal Program Name and Year: **National School Lunch Program 2015 & School Breakfast Program 2015**

4. Project No.: **15-4210-00 & 15-4220-00** 5. CFDA No.: **10.555 & 10.553**

6. Passed Through: **Illinois State Board of Education**

7. Federal Agency: **U.S. Department of Agriculture**

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

The 2015 Compliance Supplement provided by the U.S. Office of Management and Budget for the Child Nutrition Cluster, which includes the National School Lunch Program and the School Breakfast Program, states that the food service program is to operate as a non-profit.

9. Condition¹⁵

The food service program operated at a profit of approximately \$144,000 during the fiscal year ending June 30, 2015.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

N/A

12. Effect

Excess food service funds on hand at the end of the year.

13. Cause

The District does not utilize its accounting system to adequately monitor the non-profit status of the food service program.

14. Recommendation

The Compliance Supplement requires the excess funds to be reinvested into the food service program. The District should make sure that all food service related costs are properly recorded.

15. Management's response¹⁸

The recommendation will be followed as the District's intention is not to run a for-profit program.

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2015- 004** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
 Year originally reported? **2014**

3. Federal Program Name and Year: **Title I - Low Income 2015**

4. Project No.: **15-4300-00** 5. CFDA No.: **84.010A**

6. Passed Through: **Illinois State Board of Education**

7. Federal Agency: **U.S. Department of Education**

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Federal grant expenditure reports are to be submitted to ISBE within 20 days after the quarter end.

9. Condition¹⁵

Title I expenditure reports for the quarters ending 9/30/14 and 6/30/15 were not filed within 20 days after the quarter end.

10. Questioned Costs¹⁶

N/A

11. Context¹⁷

Expenditure reports for Title I were not filed within the 20 day window after the appropriate quarter end.

12. Effect

None. Title I funds were not frozen as a result of late expenditure reports.

13. Cause

An inadequate due date monitoring system.

14. Recommendation

The District is to establish and utilize due date monitoring procedures for completing and submitting the required quarterly grant expenditure reports within 20 days after the quarter end.

15. Management's response¹⁸

Expenditure reports will be filed within 20 days of the quarter end.

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ **2015- 005** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior year?
 Year originally reported? _____

3. Federal Program Name and Year: _____ Title I - Low Income 2015

4. Project No.: _____ **15-4300-00** 5. CFDA No.: _____ **84.010A**

6. Passed Through: _____ **Illinois State Board of Education**

7. Federal Agency: _____ **U.S. Department of Education**

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

Sufficient evidence of Federal expenditures is to exist for expenditures claimed on the expenditure reports.

9. Condition¹⁵

Title I general administration expenditures were commingled with other local expenditures therefore expenditures were not substantiated.

10. Questioned Costs¹⁶

\$3,090

11. Context¹⁷

General administration salary is not recorded in the account function approved in the FY 15 grant budget

12. Effect

General administration salary is difficult to ascertain to portion applicable to Title I.

13. Cause

Federal expenditures are comingled with non-federal expenditures.

14. Recommendation

The District is to establish and utilize accounts designated for Title I only in the appropriate functions as approved in the grant budget. The District did establish accounts for FY 15 for the instruction function, but not for the general administration function.

15. Management's response¹⁸

The District established and utilized the instruction function for FY 15 and will do so for the general administration function for FY 16.

For ISBE Review

Date: _____ Resolution Criteria Code Number _____
 Initials: _____ Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2015

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
2014-001	Material journal entries were needed to correct the financial statements.	This is not considered a finding for the current year.
2014-002	The District has obtained financing for property and equipment purchases from a local financial institution which is not authorized by state statutes.	The District paid off the remaining loan in FY 15 but is a current year finding
2014-003	Bank and payroll account reconciliations not performed on timely basis due to the District not having a treasurer for several months.	This is an ongoing issue and is a current year finding.
2014-004	Incorrect use of USDA income eligibility guidelines for determination of free and reduced lunch eligibility for four students.	The District trained staff on the use of the USDA income guidelines. No finding for current year.
2014-005	Food service program is operating at a profit.	This is an ongoing issue and is a current year finding.
2014-006	Title I expenditure reports not filed within twenty days of quarter end.	This is an ongoing issue and is a current year finding.
2014-007	Title I funds are co-mingled with other local expenditures therefore expenditures were not substantiated.	This is an ongoing issue and is a current year finding.
2014-008	Title I included July and August 2014 salaries as actual costs on the June 30, 2014 expenditure report.	The District has corrected this issue for the FY 15 Title I grant.
2014-009	Bank and payroll account reconciliations not performed on timely basis due to the District not having a treasurer for several months.	The District did not start FY 15 Title I funds until September 1, after the Treasurer had been implemented. Not a finding for FY 15.

When possible, all prior findings should be on the same page

¹⁹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2015

Corrective Action Plan

Finding No.: **2015- 001**

Condition:

During the early months of FY 15, the District did not have a Treasurer to oversee the accounting function resulting in bank and payroll liability reconciliations\ not being performed.

Plan:

Management employed a Treasurer during the year and completed the bank reconciliation process. Management should continue with requiring timely bank reconciliations and initiate the process of reconciling the payroll liability accounts.

Anticipated Date of Completion: 6/30/2016

Name of Contact Person: Phillip J. Caposey, Superintendent

Management Response: Management will continue to monitor the bank reconciliation process and direct the bookkeeper or Treasurer to reconcile the payroll liability accounts.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2015

Corrective Action Plan

Finding No.: **2015- 002**

Condition:

The District has obtained financing for various property and equipment acquisitions from a local financial institution that is not authorized by state statutes.

Plan:

The District made the final payment on the one remaining bank loan and should refrain from using this funding source in the future.

Anticipated Date of Completion: 6/30/2016

Name of Contact Person: Phillip J. Caposey, Superintendent

Management Response: The District will refrain from using this funding source in the future.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2015

Corrective Action Plan

Finding No.: **2015- 003**

Condition:

The food service program operated at a profit of approximately \$144,000 during the fiscal year ending June 30, 2015.

Plan:

The Compliance Supplement requires the excess funds to be reinvested into the food service program. The District should make sure that all food service related costs are properly recorded.

Anticipated Date of Completion: 6/30/2016

Name of Contact Person: Phillip J. Caposey, Superintendent

Management Response: The recommendation will be followed as the District's intention is not to run a for-profit program.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2015

Corrective Action Plan

Finding No.: **2015- 004**

Condition:

Title I expenditure reports for the quarters ending 9/30/14 and 6/30/15 were not filed within 20 days after the quarter end.

Plan:

The District is to establish and utilize due date monitoring procedures for completing and submitting the required quarterly grant expenditure reports within 20 days after the quarter end.

Anticipated Date of Completion: 6/30/2016

Name of Contact Person: Phillip J. Caposey, Superintendent

Management Response: Expenditure reports will be filed within 20 days of the quarter end.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
47-071-2230-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2015

Corrective Action Plan

Finding No.: **2015- 005**

Condition:

Title I general administration expenditures were commingled with other local expenditures therefore expenditures were not substantiated.

Plan:

The District is to establish and utilize accounts designated for Title I only in the appropriate functions as approved in the grant budget. The District did establish accounts for FY 15 for the instruction function, but not for the general administration function.

Anticipated Date of Completion: 6/30/2016

Name of Contact Person: Phillip J. Caposey, Superintendent

Management Response: The District established and utilized the instruction function for FY 15 and will do so for the general administration function for FY 16.

²¹ See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.



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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Education
Meridian Community Unit School District No. 223
Ogle County, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Meridian Community Unit School District No. 223's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Meridian Community Unit School District No. 223's major federal programs for the year ended June 30, 2015. Meridian Community Unit School District No. 223'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 major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meridian Community Unit School District No. 223'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 Meridian Community Unit School District No. 223's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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Fax (608) 328-2843

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Meridian Community Unit School District No. 223's compliance.

Unmodified Opinion on Each Major Federal Programs

In our opinion, Meridian Community Unit School District No. 223 complied, in all material respects, with the 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

Meridian Community Unit School District No. 223's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Meridian Community Unit School District No. 223's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Meridian Community Unit School District No. 223 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 Meridian Community Unit School District No. 223's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Meridian Community Unit School District No. 223's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as identified in Findings 2015-004 and 2015-005.

Meridian Community Unit School District No. 223's response(s) to the finding(s) identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Meridian Community Unit School District No. 223's response(s) and, accordingly, we express no opinion on the response(s).

The purpose of this report on internal control is solely to describe the scope of our testing 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.

A handwritten signature in black ink that reads "Benning Group, LLC". The signature is written in a cursive, flowing style.

Freeport, Illinois
October 8, 2015