

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

Annual Financial Report

June 30, 2016

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

\* \* \* \* \*

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MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Annual Financial Report  
June 30, 2016

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# BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2016, 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, 2016, 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, 2016, 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 the purposes of additional analysis and are not a required part of the financial statements of Meridian Community Unit School District No. 223. Such information is the responsibility of management and has been 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2016, 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 cursive script that reads "Benning Group, LLC". The signature is written in black ink and is positioned above the typed name and date.

Freeport, Illinois  
October 11, 2016



# BENNING GROUP, LLC

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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, 2016, 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 11, 2016. 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, which is a comprehensive basis of accounting other than generally accepted accounting principles, on the cash basis of accounting, 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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

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material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

1. The food service program operated at a profit of \$200,572

**Management's response:**

Management does not intend to run a for-profit food service program and will use profits to improve the program.

2. Material adjustments were required to properly report the District's financial activity.

**Management's response:**

Management will review the general ledger periodically to identify possible misclassifications and proper recording of lease transactions.

3. Federal expenditure reports were completed with reported expenditures in excess of the expenditures recorded in the general ledger.

**Management's response:**

Management will review expenditure reports to ensure they are filed accurately.

4. State and federal expenditure reports were not filed timely.

**Management's response:**

Management will implement controls to ensure that expenditure reports are filed timely.

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 11, 2016.

**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 or other matters that are required to be reported under *Government Auditing Standards*. However, 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 11, 2016.

### **District's Response to Findings**

Meridian Community Unit School District No. 223's response to the findings identified in our audit is described previously. 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 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 11, 2016

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Statements of Assets and Liabilities  
Arising from Cash Transactions  
June 30, 2016

|   | Municipal           |                  |                     |                            |                   |                   |                   | Account Groups           |                   |                      |                        |
|---|---------------------|------------------|---------------------|----------------------------|-------------------|-------------------|-------------------|--------------------------|-------------------|----------------------|------------------------|
|   | Operational         | Debt             | Transportation      | Retirement/Social Security | Capital Projects  | Working Cash      | Tort              | Fire Prevention & Safety | Agency Funds      | General Fixed Assets | General Long-Term Debt |
| <b>ASSETS</b>                                       |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Current Assets                                      |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Cash  | \$ 5,993,800        | \$ 29,689        | \$ 1,584,102        | \$ 313,350                 | \$ 306,404        | \$ 326,689        | \$ 240,932        | \$ 283,178               | \$ 168,042        | \$ -                 | \$ -                   |
| Investments   | 610,855             | -                | -                   | -                          | -                 | -                 | -                 | 8,203,612                | -                 | -                    | -                      |
| Interfund Receivable                                | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | -                    | -                      |
| Total current assets                                | 6,604,655           | 29,689           | 1,584,102           | 313,350                    | 306,404           | 326,689           | 240,932           | 8,486,790                | 168,042           | -                    | -                      |
| Capital Assets                                      |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Land  | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | 2,569,982            | -                      |
| Building & building improvements                    | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | 24,545,791           | -                      |
| Site improvements & infrastructure                  | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | 1,097,848            | -                      |
| Capitalized equipment                               | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | 3,316,811            | -                      |
| Construction in progress                            | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | 859,910              | -                      |
| Amount available in debt service funds              | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | -                    | 752,030                |
| Amount to be provided for payment on long-term debt | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | -                    | 16,311,264             |
| <b>Total assets</b>                                 | <b>\$ 6,604,655</b> | <b>\$ 29,689</b> | <b>\$ 1,584,102</b> | <b>\$ 313,350</b>          | <b>\$ 306,404</b> | <b>\$ 326,689</b> | <b>\$ 240,932</b> | <b>\$ 8,486,790</b>      | <b>\$ 168,042</b> | <b>\$ 32,390,342</b> | <b>\$ 17,063,294</b>   |
| <b>LIABILITIES AND FUND BALANCES</b>                |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| <b>LIABILITIES</b>                                  |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Current Liabilities                                 |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Other payables                                      | \$ -                | \$ (5)           | \$ -                | \$ -                       | \$ -              | \$ -              | \$ -              | \$ -                     | \$ -              | \$ -                 | \$ -                   |
| Salaries and benefits payable                       | -                   | -                | -                   | -                          | -                 | -                 | 751               | -                        | -                 | -                    | -                      |
| Payroll deductions & withholdings                   | 68,046              | (8,508)          | (11,942)            | 8,904                      | -                 | -                 | -                 | -                        | -                 | -                    | -                      |
| Due to activity fund organizations                  | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | 168,042           | -                    | -                      |
| Total current liabilities                           | 68,046              | (8,513)          | (11,942)            | 8,904                      | -                 | -                 | 751               | -                        | 168,042           | -                    | -                      |
| Long-term Liabilities                               |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Long-term debt payable                              | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | -                    | 17,063,294             |
| Total long-term liabilities                         | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | -                    | 17,063,294             |
| <b>Total liabilities</b>                            | <b>68,046</b>       | <b>(8,513)</b>   | <b>(11,942)</b>     | <b>8,904</b>               | <b>-</b>          | <b>-</b>          | <b>751</b>        | <b>-</b>                 | <b>168,042</b>    | <b>-</b>             | <b>17,063,294</b>      |
| <b>FUND BALANCES</b>                                |                     |                  |                     |                            |                   |                   |                   |                          |                   |                      |                        |
| Reserved fund balances                              | 1,290,350           | -                | -                   | 40,332                     | -                 | -                 | -                 | -                        | -                 | -                    | -                      |
| Unreserved fund balances                            | 5,246,259           | 38,202           | 1,596,044           | 264,114                    | 306,404           | 326,689           | 240,181           | 8,486,790                | -                 | -                    | -                      |
| Investments in general fixed assets                 | -                   | -                | -                   | -                          | -                 | -                 | -                 | -                        | -                 | 32,390,342           | -                      |
| <b>Total fund balances</b>                          | <b>6,536,609</b>    | <b>38,202</b>    | <b>1,596,044</b>    | <b>304,446</b>             | <b>306,404</b>    | <b>326,689</b>    | <b>240,181</b>    | <b>8,486,790</b>         | <b>-</b>          | <b>32,390,342</b>    | <b>-</b>               |
| <b>Total liabilities and fund balances</b>          | <b>\$ 6,604,655</b> | <b>\$ 29,689</b> | <b>\$ 1,584,102</b> | <b>\$ 313,350</b>          | <b>\$ 306,404</b> | <b>\$ 326,689</b> | <b>\$ 240,932</b> | <b>\$ 8,486,790</b>      | <b>\$ 168,042</b> | <b>\$ 32,390,342</b> | <b>\$ 17,063,294</b>   |

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, 2016**

|  | Educational   | Operations<br>&<br>Maintenance | Debt<br>Services | Transpor-<br>tation | Municipal<br>Retirement/<br>Social Security | Capital<br>Projects | Working<br>Cash | Tort       | Fire<br>Prevention<br>& Safety |
|--|---------------|--------------------------------|------------------|---------------------|---|---------------------|-----------------|------------|--------------------------------|
| <b>REVENUE</b>   |               |                                |                  |                     |   |                     |                 |            |                                |
| Local sources  | \$ 6,423,331  | \$ 913,053                     | \$ 1,654,015     | \$ 311,780          | \$ 388,267                                  | \$ 13,699           | \$ 80,943       | \$ 539,036 | \$ 79,820                      |
| Flow through sources   | -             | -                              | -                | -                   | -   | -                   | -               | -          | -                              |
| State sources  | 5,671,348     | 299,000                        | 55,000           | 839,034             | -   | -                   | -               | -          | -                              |
| Federal sources  | 680,489       | -                              | -                | -                   | -   | -                   | -               | -          | -                              |
| Total direct revenue   | 12,775,168    | 1,212,053                      | 1,709,015        | 1,150,814           | 388,267                                     | 13,699              | 80,943          | 539,036    | 79,820                         |
| Revenue for on-behalf payments   | 2,570,444     | -                              | -                | -                   | -   | -                   | -               | -          | -                              |
| <b>Total revenue</b>   | \$ 15,345,612 | \$ 1,212,053                   | \$ 1,709,015     | \$ 1,150,814        | \$ 388,267                                  | \$ 13,699           | \$ 80,943       | \$ 539,036 | \$ 79,820                      |
| <b>EXPENDITURES</b>  |               |                                |                  |                     |   |                     |                 |            |                                |
| Instruction  | \$ 7,932,672  | \$ -                           | \$ -             | \$ -                | \$ 160,730                                  | \$ -                | \$ -            | \$ -       | \$ -                           |
| Support services   | 2,885,213     | 1,304,493                      | -                | 844,294             | 266,472                                     | -                   | -               | 489,120    | 859,910                        |
| Community services   | 6,673         | -                              | -                | -                   | 64  | -                   | -               | -          | -                              |
| Payments to other districts & gov't units  | 561,254       | -                              | -                | -                   | -   | -                   | -               | -          | -                              |
| Debt service   | -             | -                              | 5,880,300        | -                   | -   | -                   | -               | -          | -                              |
| Total direct expenditures  | 11,385,812    | 1,304,493                      | 5,880,300        | 844,294             | 427,266                                     | -                   | -               | 489,120    | 859,910                        |
| Expenditures for on-behalf payments  | 2,570,444     | -                              | -                | -                   | -   | -                   | -               | -          | -                              |
| <b>Total expenditures</b>  | 13,956,256    | 1,304,493                      | 5,880,300        | 844,294             | 427,266                                     | -                   | -               | 489,120    | 859,910                        |
| <b>Excess of direct revenue over (under) direct expenditures</b>                                       | \$ 1,389,356  | \$ (92,440)                    | \$ (4,171,285)   | \$ 306,520          | \$ (38,999)                                 | \$ 13,699           | \$ 80,943       | \$ 49,916  | \$ (780,090)                   |
| <b>OTHER SOURCES (USES) OF FUNDS</b>   |               |                                |                  |                     |   |                     |                 |            |                                |
| Principal on bonds sold  | \$ -          | \$ -                           | \$ 3,202,565     | \$ -                | \$ -  | \$ -                | \$ -            | \$ -       | \$ 9,015,000                   |
| Premium on bonds sold  | -             | -                              | 966,400          | -                   | -   | -                   | -               | -          | -                              |
| Sale or compensation for fixed assets  | -             | -                              | -                | 111,750             | -   | -                   | -               | -          | -                              |
| Transfer to debt service to pay principal on capital leases  | -             | -                              | 10,308           | -                   | -   | -                   | -               | -          | -                              |
| Taxes pledged to pay principal on capital leases   | (10,308)      | -                              | -                | -                   | -   | -                   | -               | -          | -                              |
| Other sources (uses) not classified elsewhere  | 19,684        | -                              | 155              | -                   | -   | -                   | -               | -          | -                              |
| <b>Total other sources (uses) of funds</b>   | 9,376         | -                              | 4,179,428        | 111,750             | -   | -                   | -               | -          | 9,015,000                      |
| <b>Excess of revenues and other sources of funds over (under) expenditures and other uses of funds</b> | 1,398,732     | (92,440)                       | 8,143            | 418,270             | (38,999)                                    | 13,699              | 80,943          | 49,916     | 8,234,910                      |
| <b>FUND BALANCES - July 1, 2015</b>  | 5,137,877     | 130,642                        | 743,887          | 1,177,774           | 343,445                                     | 292,705             | 245,746         | 190,265    | 251,880                        |
| <b>FUND BALANCES - June 30, 2016</b>   | \$ 6,536,609  | \$ 38,202                      | \$ 752,030       | \$ 1,596,044        | \$ 304,446                                  | \$ 306,404          | \$ 326,689      | \$ 240,181 | \$ 8,486,790                   |

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, 2016

|  | <u>Actual</u>    | <u>Budget</u>    | <u>Actual over<br/>(under) Budget</u> |
|--|------------------|------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                  |                  |                                       |
| Ad valorem taxes levied by local education agency: |                  |                  |                                       |
| Designated purposes levies                         | \$ 5,261,622     | \$ 5,399,000     | \$ (137,378)                          |
| Leasing purposes levy                              | 78,953           | 80,688           | (1,735)                               |
| Special education purposes levy                    | <u>60,477</u>    | <u>61,500</u>    | <u>(1,023)</u>                        |
| Total ad valorem taxes levied by district          | <u>5,401,052</u> | <u>5,541,188</u> | <u>(140,136)</u>                      |
| Payments in lieu of taxes:                         |                  |                  |                                       |
| Corporate personal property replacement taxes      | <u>76,256</u>    | <u>80,000</u>    | <u>(3,744)</u>                        |
| Total payments in lieu of taxes                    | <u>76,256</u>    | <u>80,000</u>    | <u>(3,744)</u>                        |
| Earnings on investments:                           |                  |                  |                                       |
| Interest on investments                            | <u>23,970</u>    | <u>12,000</u>    | <u>11,970</u>                         |
| Total earnings on investments                      | <u>23,970</u>    | <u>12,000</u>    | <u>11,970</u>                         |
| Food service:                                      |                  |                  |                                       |
| Sales to pupils - lunch                            | 401,291          | 335,253          | 66,038                                |
| Sales to adults                                    | -                | 8,705            | (8,705)                               |
| Other food service                                 | <u>3,330</u>     | <u>-</u>         | <u>3,330</u>                          |
| Total food service                                 | <u>404,621</u>   | <u>343,958</u>   | <u>60,663</u>                         |
| District/school activity income:                   |                  |                  |                                       |
| Admissions - athletic                              | 27,386           | 32,000           | (4,614)                               |
| Fees   | <u>206,751</u>   | <u>140,000</u>   | <u>66,751</u>                         |
| Total district/school activity income              | <u>234,137</u>   | <u>172,000</u>   | <u>62,137</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, 2016

|  | <u>Actual</u>       | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|---------------------|---------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES (CONTINUED)</b>                                    |                     |                     |                                       |
| Other revenue from local sources:  |                     |                     |                                       |
| Contributions and donations from private sources                                 | 61,592              | 13,000              | 48,592                                |
| Refund of prior years' expenditures  | 48,079              | -                   | 48,079                                |
| Drivers' education fees  | 20,181              | 6,000               | 14,181                                |
| Other local revenues   | <u>153,443</u>      | <u>90,000</u>       | <u>63,443</u>                         |
| Total other revenue from local sources   | <u>283,295</u>      | <u>109,000</u>      | <u>174,295</u>                        |
| <b>Total revenue from local sources</b>  | <u>\$ 6,423,331</u> | <u>\$ 6,258,146</u> | <u>\$ 165,185</u>                     |
| <b>FLOW-THROUGH RECEIPTS/REVENUE FROM ONE DISTRICT TO ANOTHER DISTRICT</b>       |                     |                     |                                       |
| <b>Total flow-through receipts/revenue from one district to another district</b> | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>                           |
| <b>REVENUE FROM STATE SOURCES</b>  |                     |                     |                                       |
| Unrestricted grants-in-aid:  |                     |                     |                                       |
| General state aid - Sec. 18-8.05   | \$ 4,966,208        | \$ 4,883,000        | \$ 83,208                             |
| General state aid - hold harmless/supplemental                                   | 68,117              | -                   | 68,117                                |
| Total unrestricted grants-in-aid   | <u>5,034,325</u>    | <u>4,883,000</u>    | <u>151,325</u>                        |
| Restricted grants-in-aid:  |                     |                     |                                       |
| Special education  |                     |                     |                                       |
| Private facility tuition   | 28,364              | -                   | 28,364                                |
| Funding for children requiring special education services                        | 225,971             | 169,000             | 56,971                                |
| Personnel  | 246,155             | 187,000             | 59,155                                |
| Orphanage - individual   | 1,147               | -                   | 1,147                                 |
| Summer school  | 2,195               | 866                 | 1,329                                 |
| Total special education  | <u>503,832</u>      | <u>356,866</u>      | <u>146,966</u>                        |
| Career and technical education (CTE)   |                     |                     |                                       |
| Secondary program improvement  | -                   | 2,600               | (2,600)                               |
| Agricultural education   | 2,462               | -                   | 2,462                                 |
| Total career and technical education   | <u>2,462</u>        | <u>2,600</u>        | <u>(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, 2016

|  | <u>Actual</u>       | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|---------------------|---------------------|---------------------------------------|
| <b>REVENUE FROM STATE SOURCES (CONTINUED)</b>                                |                     |                     |                                       |
| Restricted grants-in-aid (continued):  |                     |                     |                                       |
| Bilingual education  |                     |                     |                                       |
| Bilingual ed - downstate - TPI and TBE                                       | 13,011              | 29,500              | (16,489)                              |
| Total bilingual education  | <u>13,011</u>       | <u>29,500</u>       | <u>(16,489)</u>                       |
| State free lunch and breakfast   | 1,793               | 1,840               | (47)                                  |
| Driver education   | 17,141              | 22,400              | (5,259)                               |
| Early childhood - block grant  | 97,705              | 116,400             | (18,695)                              |
| Other restricted revenue from state sources                                  | <u>1,079</u>        | <u>-</u>            | <u>1,079</u>                          |
| Total restricted grants-in-aid   | <u>637,023</u>      | <u>529,606</u>      | <u>107,417</u>                        |
| <b>Total revenue from state sources</b>                                      | <u>\$ 5,671,348</u> | <u>\$ 5,412,606</u> | <u>\$ 258,742</u>                     |
| <b>REVENUE FROM FEDERAL SOURCES</b>  |                     |                     |                                       |
| Restricted grants-in-aid received directly from federal gov't:               |                     |                     |                                       |
| Other restricted grants-in-aid received directly from federal gov't          | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>                           |
| Total other restricted grants-in-aid received directly from federal gov't    | <u>-</u>            | <u>-</u>            | <u>-</u>                              |
| Restricted grants-in-aid received from federal government through the state: |                     |                     |                                       |
| Food service   |                     |                     |                                       |
| National school lunch program  | 197,156             | 169,000             | 28,156                                |
| School breakfast program   | <u>42,276</u>       | <u>26,100</u>       | <u>16,176</u>                         |
| Total food service   | <u>239,432</u>      | <u>195,100</u>      | <u>44,332</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, 2016

|  | <u>Actual</u>               | <u>Budget</u>               | <u>Actual over<br/>(under) Budget</u> |
|--|-----------------------------|-----------------------------|---------------------------------------|
| <b>REVENUE FROM FEDERAL SOURCES (CONTINUED)</b>  |                             |                             |                                       |
| Restricted grants-in-aid received from federal government through the state (continued): |                             |                             |                                       |
| Title I  |                             |                             |                                       |
| Low income   | <u>125,801</u>              | <u>123,000</u>              | <u>2,801</u>                          |
| Total Title I  | <u>125,801</u>              | <u>123,000</u>              | <u>2,801</u>                          |
| Federal - special education  |                             |                             |                                       |
| Preschool flow-through   | 14,835                      | 7,700                       | 7,135                                 |
| IDEA - flow-through / low incidence  | <u>230,254</u>              | <u>85,000</u>               | <u>145,254</u>                        |
| Total federal - special education  | <u>245,089</u>              | <u>92,700</u>               | <u>152,389</u>                        |
| Title III - english language acquisition   | 10,929                      | 11,000                      | (71)                                  |
| Title II - teacher quality   | 30,060                      | 37,000                      | (6,940)                               |
| Medicaid matching funds - administrative outreach  | 12,240                      | -                           | 12,240                                |
| Medicaid matching funds - fee-for-service program  | <u>16,938</u>               | <u>15,300</u>               | <u>1,638</u>                          |
| <b>Total revenue from federal sources</b>  | <u>\$ 680,489</u>           | <u>\$ 474,100</u>           | <u>\$ 206,389</u>                     |
| <b>Total direct revenue</b>  | <u><u>\$ 12,775,168</u></u> | <u><u>\$ 12,144,852</u></u> | <u><u>\$ 630,316</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, 2016

|  | <u>Actual</u>    | <u>Budget</u>    | <u>Actual over<br/>(under) Budget</u> |
|--|------------------|------------------|---------------------------------------|
| <b>INSTRUCTION</b>                       |                  |                  |                                       |
| Regular programs:                        |                  |                  |                                       |
| Salaries                                 | \$ 4,674,335     | \$ 4,146,000     | \$ 528,335                            |
| Employee benefits                        | 1,117,401        | 963,962          | 153,439                               |
| Purchased services                       | 9,143            | 11,000           | (1,857)                               |
| Supplies and materials                   | 122,539          | 141,000          | (18,461)                              |
| Capital outlay                           | -                | 1,000            | (1,000)                               |
| Total regular programs                   | <u>5,923,418</u> | <u>5,262,962</u> | <u>660,456</u>                        |
| Pre-K programs                           |                  |                  |                                       |
| Salaries                                 | 38,071           | 46,800           | (8,729)                               |
| Employee benefits                        | 8,573            | 10,792           | (2,219)                               |
| Supplies & materials                     | 5,362            | 16,756           | (11,394)                              |
| Total pre-k programs                     | <u>52,006</u>    | <u>74,348</u>    | <u>(22,342)</u>                       |
| Special education programs:              |                  |                  |                                       |
| Salaries                                 | 811,560          | 986,510          | (174,950)                             |
| Employee benefits                        | 143,385          | 147,320          | (3,935)                               |
| Purchased services                       | 1,764            | -                | 1,764                                 |
| Total special education programs         | <u>956,709</u>   | <u>1,133,830</u> | <u>(177,121)</u>                      |
| Remedial and supplemental programs:      |                  |                  |                                       |
| Salaries                                 | 112,237          | 78,160           | 34,077                                |
| Employee benefits                        | 30,578           | 41,041           | (10,463)                              |
| Supplies & materials                     | 6,057            | 3,500            | 2,557                                 |
| Total remedial and supplemental programs | <u>148,872</u>   | <u>122,701</u>   | <u>26,171</u>                         |
| CTE programs:                            |                  |                  |                                       |
| Salaries                                 | 225,099          | 285,000          | (59,901)                              |
| Employee benefits                        | 63,840           | 64,884           | (1,044)                               |
| Supplies and materials                   | 4,462            | 5,500            | (1,038)                               |
| Total CTE programs                       | <u>293,401</u>   | <u>355,384</u>   | <u>(61,983)</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, 2016

|  | <u>Actual</u>       | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|---------------------|---------------------|---------------------------------------|
| <b>INSTRUCTION (CONTINUED)</b>           |                     |                     |                                       |
| Interscholastic programs:                |                     |                     |                                       |
| Salaries                                 | 305,155             | 349,000             | (43,845)                              |
| Employee benefits                        | 31,770              | 38,131              | (6,361)                               |
| Purchased services                       | 94,855              | 75,000              | 19,855                                |
| Supplies and materials                   | 20,752              | 26,700              | (5,948)                               |
| Capital outlay                           | 27,625              | -                   | 27,625                                |
| Other objects                            | 2,000               | 2,600               | (600)                                 |
| <b>Total interscholastic programs</b>    | <u>482,157</u>      | <u>491,431</u>      | <u>(9,274)</u>                        |
| Driver's education programs:             |                     |                     |                                       |
| Salaries                                 | 1,791               | 67,000              | (65,209)                              |
| Employee benefits                        | 239                 | 17,700              | (17,461)                              |
| Supplies & materials                     | 889                 | -                   | 889                                   |
| <b>Total driver's education programs</b> | <u>2,919</u>        | <u>84,700</u>       | <u>(81,781)</u>                       |
| Bilingual programs:                      |                     |                     |                                       |
| Salaries                                 | 55,492              | 158,546             | (103,054)                             |
| Employee benefits                        | 17,386              | 43,586              | (26,200)                              |
| Supplies and materials                   | 312                 | 4,171               | (3,859)                               |
| <b>Total bilingual programs</b>          | <u>73,190</u>       | <u>206,303</u>      | <u>(133,113)</u>                      |
| <b>Total instruction</b>                 | <u>\$ 7,932,672</u> | <u>\$ 7,731,659</u> | <u>\$ 201,013</u>                     |
| <b>SUPPORT SERVICES</b>                  |                     |                     |                                       |
| <b>Support services - pupils</b>         |                     |                     |                                       |
| Guidance services:                       |                     |                     |                                       |
| Salaries                                 | \$ 46,888           | \$ 223,000          | \$ (176,112)                          |
| Employee benefits                        | 7,427               | 49,295              | (41,868)                              |
| Purchased services                       | 6,311               | 15,500              | (9,189)                               |
| Supplies and materials                   | 42                  | -                   | 42                                    |
| <b>Total guidance services</b>           | <u>60,668</u>       | <u>287,795</u>      | <u>(227,127)</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, 2016

|   | <u>Actual</u>     | <u>Budget</u>     | <u>Actual over<br/>(under) Budget</u> |
|---|-------------------|-------------------|---------------------------------------|
| <b>SUPPORT SERVICES (CONTINUED)</b>                 |                   |                   |                                       |
| <b>Support services - pupils (continued)</b>        |                   |                   |                                       |
| Health services:                                    |                   |                   |                                       |
| Salaries  | 96,929            | 115,500           | (18,571)                              |
| Employee benefits                                   | 9,595             | 24,367            | (14,772)                              |
| Purchased services                                  | 9,757             | 2,500             | 7,257                                 |
| Supplies and materials                              | 4,552             | 3,000             | 1,552                                 |
| Capital outlay                                      | 92                | -                 | 92                                    |
|   | <u>120,925</u>    | <u>145,367</u>    | <u>(24,442)</u>                       |
| Total health services                               |                   |                   |                                       |
| Speech pathology and audiology services:            |                   |                   |                                       |
| Salaries  | -                 | 57,000            | (57,000)                              |
| Employee benefits                                   | -                 | 13,977            | (13,977)                              |
|   | <u>-</u>          | <u>70,977</u>     | <u>(70,977)</u>                       |
| Total speech pathology and audiology services       |                   |                   |                                       |
|   | <u>\$ 181,593</u> | <u>\$ 504,139</u> | <u>\$ (322,546)</u>                   |
| <b>Total support services - pupils</b>              |                   |                   |                                       |
| <b>Support services - instructional staff</b>       |                   |                   |                                       |
| Improvement of instruction services:                |                   |                   |                                       |
| Salaries  | \$ 2,275          | \$ -              | \$ 2,275                              |
| Employee benefits                                   | 283               | -                 | 283                                   |
| Purchased services                                  | 31,410            | 42,113            | (10,703)                              |
|   | <u>33,968</u>     | <u>42,113</u>     | <u>(8,145)</u>                        |
| Total improvement of instruction services           |                   |                   |                                       |
| Educational media services:                         |                   |                   |                                       |
| Salaries  | 178,012           | 206,000           | (27,988)                              |
| Employee benefits                                   | 31,534            | 31,758            | (224)                                 |
| Supplies and materials                              | 21,795            | 21,000            | 795                                   |
|   | <u>231,341</u>    | <u>258,758</u>    | <u>(27,417)</u>                       |
| Total educational media services                    |                   |                   |                                       |
|   | <u>\$ 265,309</u> | <u>\$ 300,871</u> | <u>\$ (35,562)</u>                    |
| <b>Total support services - instructional staff</b> |                   |                   |                                       |

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, 2016

|  | <u>Actual</u>     | <u>Budget</u>     | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|-------------------|---------------------------------------|
| <b>SUPPORT SERVICES (CONTINUED)</b>                        |                   |                   |                                       |
| <b>Support services - general administration</b>           |                   |                   |                                       |
| Board of education services:                               |                   |                   |                                       |
| Salaries   | \$ 414            | \$ 2,400          | \$ (1,986)                            |
| Employee benefits  | 17,246            | 33,000            | (15,754)                              |
| Purchased services   | 90,596            | 105,000           | (14,404)                              |
| Supplies and materials                                     | 8,554             | 12,620            | (4,066)                               |
| Other objects  | 17,238            | 15,000            | 2,238                                 |
|  | <u>134,048</u>    | <u>168,020</u>    | <u>(33,972)</u>                       |
| Total board of education services                          |                   |                   |                                       |
| Executive administration services:                         |                   |                   |                                       |
| Salaries   | 189,216           | 186,506           | 2,710                                 |
| Employee benefits  | 43,743            | 33,262            | 10,481                                |
| Purchased services   | 14,166            | 23,800            | (9,634)                               |
| Supplies and materials                                     | 10,792            | 4,000             | 6,792                                 |
|  | <u>257,917</u>    | <u>247,568</u>    | <u>10,349</u>                         |
| Total executive administration services                    |                   |                   |                                       |
| Special area administration services:                      |                   |                   |                                       |
| Salaries   | -                 | 7,700             | (7,700)                               |
| Employee benefits  | -                 | 770               | (770)                                 |
|  | <u>-</u>          | <u>8,470</u>      | <u>(8,470)</u>                        |
| Total special area administration services                 |                   |                   |                                       |
| Tort immunity services                                     |                   |                   |                                       |
| Purchased services   | 93,288            | 94,000            | (712)                                 |
|  | <u>93,288</u>     | <u>94,000</u>     | <u>(712)</u>                          |
| Total executive administration services                    |                   |                   |                                       |
|  | <u>\$ 485,253</u> | <u>\$ 518,058</u> | <u>\$ (32,805)</u>                    |
| <b>Total support services -<br/>general administration</b> |                   |                   |                                       |

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, 2016

|  | <u>Actual</u>     | <u>Budget</u>     | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|-------------------|---------------------------------------|
| <b>SUPPORT SERVICES (CONTINUED)</b>                        |                   |                   |                                       |
| <b>Support services - school administration</b>            |                   |                   |                                       |
| Office of the principal services:                          |                   |                   |                                       |
| Salaries   | \$ 631,412        | \$ 598,000        | \$ 33,412                             |
| Employee benefits  | 170,949           | 97,827            | 73,122                                |
| Purchased services   | 4,126             | 5,000             | (874)                                 |
| Other objects  | 1,273             | -                 | 1,273                                 |
|  | <u>807,760</u>    | <u>700,827</u>    | <u>106,933</u>                        |
| <b>Total office of the principal services</b>              |                   |                   |                                       |
|  | <u>\$ 807,760</u> | <u>\$ 700,827</u> | <u>\$ 106,933</u>                     |
| <b>Support services - business</b>                         |                   |                   |                                       |
| Fiscal services:   |                   |                   |                                       |
| Salaries   | \$ 51,675         | \$ 56,000         | \$ (4,325)                            |
| Employee benefits  | 29                | -                 | 29                                    |
| Purchased services   | 26,192            | 20,000            | 6,192                                 |
| Supplies and materials                                     | 4,243             | 1,500             | 2,743                                 |
|  | <u>82,139</u>     | <u>77,500</u>     | <u>4,639</u>                          |
| <b>Total fiscal services</b>                               |                   |                   |                                       |
|  | <u>82,139</u>     | <u>77,500</u>     | <u>4,639</u>                          |
| Operation & maintenance of plant services:                 |                   |                   |                                       |
| Salaries   | 6,731             | 6,227             | 504                                   |
| Employee benefits  | 941               | 1,636             | (695)                                 |
|  | <u>7,672</u>      | <u>7,863</u>      | <u>(191)</u>                          |
| <b>Total operation &amp; maintenance of plant services</b> |                   |                   |                                       |
|  | <u>7,672</u>      | <u>7,863</u>      | <u>(191)</u>                          |
| Pupil transportation services:                             |                   |                   |                                       |
| Purchased services   | -                 | 9,997             | (9,997)                               |
|  | <u>-</u>          | <u>9,997</u>      | <u>(9,997)</u>                        |
| <b>Total pupil transportation services</b>                 |                   |                   |                                       |
|  | <u>-</u>          | <u>9,997</u>      | <u>(9,997)</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, 2016

|  | <u>Actual</u>       | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|---------------------|---------------------|---------------------------------------|
| <b>SUPPORT SERVICES (CONTINUED)</b>            |                     |                     |                                       |
| <b>Support services - business (continued)</b> |                     |                     |                                       |
| Food services:                                 |                     |                     |                                       |
| Salaries                                       | 157,985             | 185,000             | (27,015)                              |
| Employee benefits                              | 5,740               | 30,000              | (24,260)                              |
| Purchased services                             | 2,170               | 12,000              | (9,830)                               |
| Supplies and materials                         | 271,532             | 295,600             | (24,068)                              |
| Capital outlay                                 | 12,520              | 14,000              | (1,480)                               |
| Other objects                                  | 1,905               | 5,000               | (3,095)                               |
|  | <u>451,852</u>      | <u>541,600</u>      | <u>(89,748)</u>                       |
| <b>Total food services</b>                     | <u>451,852</u>      | <u>541,600</u>      | <u>(89,748)</u>                       |
| <b>Total support services - business</b>       | <u>\$ 541,663</u>   | <u>\$ 636,960</u>   | <u>\$ (95,297)</u>                    |
| <b>Support services - central</b>              |                     |                     |                                       |
| Information services:                          |                     |                     |                                       |
| Salaries                                       | \$ 54,391           | \$ 62,000           | \$ (7,609)                            |
| Employee benefits                              | 11,272              | 13,500              | (2,228)                               |
| Purchased services                             | 204,093             | 261,500             | (57,407)                              |
| Supplies and materials                         | 46,563              | 25,000              | 21,563                                |
| Capital outlay                                 | 265,257             | 150,000             | 115,257                               |
|  | <u>581,576</u>      | <u>512,000</u>      | <u>69,576</u>                         |
| <b>Total information services</b>              | <u>581,576</u>      | <u>512,000</u>      | <u>69,576</u>                         |
| Staff services:                                |                     |                     |                                       |
| Employee benefits                              | 5,278               | -                   | 5,278                                 |
| Purchased services                             | 16,781              | 13,000              | 3,781                                 |
|  | <u>22,059</u>       | <u>13,000</u>       | <u>9,059</u>                          |
| <b>Total staff services</b>                    | <u>22,059</u>       | <u>13,000</u>       | <u>9,059</u>                          |
| <b>Total support services - central</b>        | <u>\$ 603,635</u>   | <u>\$ 525,000</u>   | <u>\$ 78,635</u>                      |
| <b>Total support services</b>                  | <u>\$ 2,885,213</u> | <u>\$ 3,185,855</u> | <u>\$ (300,642)</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, 2016

|  | <u>Actual</u>        | <u>Budget</u>        | <u>Actual over<br/>(under) Budget</u> |
|--|----------------------|----------------------|---------------------------------------|
| <b>COMMUNITY SERVICES</b>                                      |                      |                      |                                       |
| Salaries   | \$ 4,289             | \$ 414               | \$ 3,875                              |
| Employee benefits  | 2,002                | -                    | 2,002                                 |
| Purchased services   | 382                  | 1,370                | (988)                                 |
| <b>Total community services</b>                                | <u>\$ 6,673</u>      | <u>\$ 1,784</u>      | <u>\$ 4,889</u>                       |
| <b>PAYMENTS TO OTHER DISTRICTS &amp; GOV'T UNITS</b>           |                      |                      |                                       |
| <b>Payments to other gov't units (in-state)</b>                |                      |                      |                                       |
| Payments for special education programs                        |                      |                      |                                       |
| Purchase services  | 1,200                |                      | 1,200                                 |
| Other objects  | 2,500                | -                    | 2,500                                 |
| <b>Total payments for special education programs</b>           | <u>3,700</u>         | <u>-</u>             | <u>3,700</u>                          |
| Other payments to in-state govt. units                         |                      |                      |                                       |
| Purchase services  | 66,119               | 70,000               | (3,881)                               |
| Payments for regular programs - tuition                        |                      |                      |                                       |
| Other objects  | -                    | 550,000              | (550,000)                             |
| Payments for special education programs - tuition              |                      |                      |                                       |
| Other objects  | 457,277              | 20,000               | 437,277                               |
| Payments for CTE programs - tuition                            |                      |                      |                                       |
| Other objects  | 34,158               | -                    | 34,158                                |
| <b>Total payments to other districts<br/>&amp; gov't units</b> | <u>\$ 561,254</u>    | <u>\$ 640,000</u>    | <u>\$ (78,746)</u>                    |
| <b>Total direct expenditures</b>                               | <u>\$ 11,385,812</u> | <u>\$ 11,559,298</u> | <u>\$ (173,486)</u>                   |
| <b>Excess (deficiency) of revenue<br/>over expenditures</b>    | <u>\$ 1,389,356</u>  | <u>\$ 585,554</u>    | <u>\$ 803,802</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, 2016

|  | <u>Actual</u>     | <u>Budget</u>     | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|-------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                   |                   |                                       |
| Ad valorem taxes levied by local education agency: |                   |                   |                                       |
| Designated purposes levies                         | \$ 755,975        | \$ 775,000        | \$ (19,025)                           |
| Total ad valorem taxes levied by district          | <u>755,975</u>    | <u>775,000</u>    | <u>(19,025)</u>                       |
| Payments in lieu of taxes:                         |                   |                   |                                       |
| Corporate personal property replacement taxes      | 128,000           | 128,000           | -                                     |
| Total payments in lieu of taxes                    | <u>128,000</u>    | <u>128,000</u>    | <u>-</u>                              |
| Earnings on investments:                           |                   |                   |                                       |
| Interest on investments                            | 1,261             | -                 | 1,261                                 |
| Total earnings on investments                      | <u>1,261</u>      | <u>-</u>          | <u>1,261</u>                          |
| District/school activity income:                   |                   |                   |                                       |
| Fees   | 8,290             | 12,000            | (3,710)                               |
| Total district/school activity income              | <u>8,290</u>      | <u>12,000</u>     | <u>(3,710)</u>                        |
| Other revenue from local sources:                  |                   |                   |                                       |
| Rentals  | 500               | 50,000            | (49,500)                              |
| Contributions and donations from private sources   | 7,711             | -                 | 7,711                                 |
| Refund of prior year expenditures                  | 716               | -                 | 716                                   |
| Other local revenues                               | 10,600            | 10,600            | -                                     |
| Total other revenue from local sources             | <u>19,527</u>     | <u>60,600</u>     | <u>(41,073)</u>                       |
| <b>Total revenue from local sources</b>            | <u>\$ 913,053</u> | <u>\$ 975,600</u> | <u>\$ (62,547)</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, 2016

|   | <u>Actual</u>              | <u>Budget</u>              | <u>Actual over<br/>(under) Budget</u> |
|---|----------------------------|----------------------------|---------------------------------------|
| <b>REVENUE FROM STATE SOURCES</b>         |                            |                            |                                       |
| Unrestricted grants-in-aid:               |                            |                            |                                       |
| General state aid - Sec. 18-8.05          | <u>\$ 299,000</u>          | <u>\$ 299,000</u>          | <u>\$ -</u>                           |
| Total unrestricted grants-in-aid          | <u>299,000</u>             | <u>299,000</u>             | <u>-</u>                              |
| <b>Total revenue from state sources</b>   | <u>\$ 299,000</u>          | <u>\$ 299,000</u>          | <u>\$ -</u>                           |
| <b>REVENUE FROM FEDERAL SOURCES</b>       |                            |                            |                                       |
| <b>Total revenue from federal sources</b> | <u>\$ -</u>                | <u>\$ -</u>                | <u>\$ -</u>                           |
| <b>Total direct revenue</b>               | <u><u>\$ 1,212,053</u></u> | <u><u>\$ 1,274,600</u></u> | <u><u>\$ (62,547)</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, 2016

|  | <u>Actual</u>       | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|---------------------|---------------------|---------------------------------------|
| <b>SUPPORT SERVICES</b>  |                     |                     |                                       |
| Support services - business:                                   |                     |                     |                                       |
| Operation and maintenance of plant services                    |                     |                     |                                       |
| Salaries   | \$ 442,808          | \$ 450,000          | \$ (7,192)                            |
| Employee benefits  | 103,617             | 101,000             | 2,617                                 |
| Purchased services   | 243,157             | 250,000             | (6,843)                               |
| Supplies and materials   | 431,295             | 432,000             | (705)                                 |
| Capital outlay   | 83,616              | 60,000              | 23,616                                |
|  | <u>1,304,493</u>    | <u>1,293,000</u>    | <u>11,493</u>                         |
| <b>Total operation and maintenance of plant services</b>       | <u>1,304,493</u>    | <u>1,293,000</u>    | <u>11,493</u>                         |
|  | <u>\$ 1,304,493</u> | <u>\$ 1,293,000</u> | <u>\$ 11,493</u>                      |
| <b>PAYMENTS TO OTHER DISTRICTS &amp; GOV'T UNITS</b>           |                     |                     |                                       |
| <b>Total payments to other districts<br/>&amp; gov't units</b> | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>                           |
| <b>Total direct expenditures</b>                               | <u>\$ 1,304,493</u> | <u>\$ 1,293,000</u> | <u>\$ 11,493</u>                      |
| <b>Excess (deficiency) of revenue<br/>over expenditures</b>    | <u>\$ (92,440)</u>  | <u>\$ (18,400)</u>  | <u>\$ (74,040)</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, 2016

|  | <u>Actual</u>              | <u>Budget</u>              | <u>Actual over<br/>(under) Budget</u> |
|--|----------------------------|----------------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                            |                            |                                       |
| Ad valorem taxes levied by local education agency: |                            |                            |                                       |
| Designated purposes levies                         | <u>\$ 1,653,180</u>        | <u>\$ 1,650,440</u>        | <u>\$ 2,740</u>                       |
| Total ad valorem taxes levied by district          | <u>1,653,180</u>           | <u>1,650,440</u>           | <u>2,740</u>                          |
| Earnings on investments:                           |                            |                            |                                       |
| Interest on investments                            | <u>835</u>                 | <u>-</u>                   | <u>835</u>                            |
| Total earnings on investments                      | <u>835</u>                 | <u>-</u>                   | <u>835</u>                            |
| <b>Total revenue from local sources</b>            | <u>\$ 1,654,015</u>        | <u>\$ 1,650,440</u>        | <u>\$ 3,575</u>                       |
| <b>REVENUE FROM STATE SOURCES</b>                  |                            |                            |                                       |
| General state aid                                  | <u>\$ 55,000</u>           | <u>\$ 55,000</u>           | <u>\$ -</u>                           |
| Total revenue from state sources                   | <u>\$ 55,000</u>           | <u>\$ 55,000</u>           | <u>\$ -</u>                           |
| <b>Total direct revenue</b>                        | <u><u>\$ 1,709,015</u></u> | <u><u>\$ 1,705,440</u></u> | <u><u>\$ 3,575</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, 2016

|   | <u>Actual</u>                | <u>Budget</u>        | <u>Actual over<br/>(under) Budget</u> |
|---|------------------------------|----------------------|---------------------------------------|
| <b>DEBT SERVICES</b>  |                              |                      |                                       |
| Debt services - interest on long-term debt:                 |                              |                      |                                       |
| Other objects   | <u>\$ 2,286,382</u>          | <u>\$ 1,705,000</u>  | <u>\$ 581,382</u>                     |
| Debt services - payments of principal on long-term debt:    |                              |                      |                                       |
| Other objects   | <u>3,388,264</u>             | <u>-</u>             | <u>3,388,264</u>                      |
| Debt services - other                                       |                              |                      |                                       |
| Other objects   | <u>205,654</u>               | <u>-</u>             | <u>205,654</u>                        |
| <b>Total debt services</b>                                  | <u>\$ 5,880,300</u>          | <u>\$ 1,705,000</u>  | <u>\$ 4,175,300</u>                   |
| <b>Total direct expenditures</b>                            | <u>\$ 5,880,300</u>          | <u>\$ 1,705,000</u>  | <u>\$ 4,175,300</u>                   |
| <b>Excess (deficiency) of revenue<br/>over expenditures</b> | <u><u>\$ (4,171,285)</u></u> | <u><u>\$ 440</u></u> | <u><u>\$ (4,171,725)</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, 2016

|  | <u>Actual</u>       | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|---------------------|---------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                     |                     |                                       |
| Ad valorem taxes levied by local education agency: |                     |                     |                                       |
| Designated purposes levies                         | \$ 302,391          | \$ 310,000          | \$ (7,609)                            |
| Total ad valorem taxes levied by district          | <u>302,391</u>      | <u>310,000</u>      | <u>(7,609)</u>                        |
| Earnings on investments:                           |                     |                     |                                       |
| Interest on investments                            | 2,928               | -                   | 2,928                                 |
| Total earnings on investments                      | <u>2,928</u>        | <u>-</u>            | <u>2,928</u>                          |
| Other revenue from local sources:                  |                     |                     |                                       |
| Refund of prior year expenditures                  | 619                 | -                   | 619                                   |
| Other local revenues                               | 5,842               | 100,000             | (94,158)                              |
| Total other revenue from local sources             | <u>6,461</u>        | <u>100,000</u>      | <u>(93,539)</u>                       |
| <b>Total revenue from local sources</b>            | <u>\$ 311,780</u>   | <u>\$ 410,000</u>   | <u>\$ (98,220)</u>                    |
| <b>REVENUE FROM STATE SOURCES</b>                  |                     |                     |                                       |
| Unrestricted grants-in-aid                         |                     |                     |                                       |
| General state aid                                  | \$ 155,000          | \$ 155,000          | \$ -                                  |
| Total unrestricted grants-in-aid                   | <u>155,000</u>      | <u>155,000</u>      | <u>-</u>                              |
| Restricted grants-in-aid:                          |                     |                     |                                       |
| Transportation                                     |                     |                     |                                       |
| Regular/vocational                                 | 485,681             | 328,960             | 156,721                               |
| Special education                                  | 198,353             | 143,000             | 55,353                                |
| Total restricted grants-in-aid                     | <u>684,034</u>      | <u>471,960</u>      | <u>212,074</u>                        |
| <b>Total revenue from state sources</b>            | <u>\$ 839,034</u>   | <u>\$ 626,960</u>   | <u>\$ 212,074</u>                     |
| <b>Total direct revenue</b>                        | <u>\$ 1,150,814</u> | <u>\$ 1,036,960</u> | <u>\$ 113,854</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, 2016

|  | <u>Actual</u>     | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|---------------------|---------------------------------------|
| <b>SUPPORT SERVICES</b>                                  |                   |                     |                                       |
| Support services - business:                             |                   |                     |                                       |
| Pupil transportation services                            |                   |                     |                                       |
| Salaries   | \$ 385,997        | \$ 421,551          | \$ (35,554)                           |
| Employee benefits  | 48,306            | 56,000              | (7,694)                               |
| Purchased services                                       | 325,324           | 417,200             | (91,876)                              |
| Supplies and materials                                   | 84,667            | 132,000             | (47,333)                              |
| Capital outlay   | -                 | -                   | -                                     |
|  | <u>844,294</u>    | <u>1,026,751</u>    | <u>(182,457)</u>                      |
| Total pupil transportation services                      |                   |                     |                                       |
|  | <u>\$ 844,294</u> | <u>\$ 1,026,751</u> | <u>\$ (182,457)</u>                   |
| <b>COMMUNITY SERVICES</b>                                |                   |                     |                                       |
| Total community services                                 | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>                           |
| <b>PAYMENTS TO OTHER DISTRICTS &amp; GOV'T UNITS</b>     |                   |                     |                                       |
| Payments for special education programs                  |                   |                     |                                       |
| Purchased services                                       | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>                           |
| Total payments for special education programs            | <u>-</u>          | <u>-</u>            | <u>-</u>                              |
| Total payments to other districts<br>& gov't units       | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>                           |
| <b>DEBT SERVICES</b>                                     |                   |                     |                                       |
| Debt services - interest on long-term debt:              |                   |                     |                                       |
| Other objects  | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>                           |
| Debt services - payments of principal on long-term debt: |                   |                     |                                       |
| Other objects  | <u>-</u>          | <u>-</u>            | <u>-</u>                              |
| Total debt services                                      | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>                           |
| Total direct expenditures                                | <u>\$ 844,294</u> | <u>\$ 1,026,751</u> | <u>\$ (182,457)</u>                   |
| Excess (deficiency) of revenue<br>over expenditures      | <u>\$ 306,520</u> | <u>\$ 10,209</u>    | <u>\$ 296,311</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, 2016

|  | <u>Actual</u>            | <u>Budget</u>            | <u>Actual over<br/>(under) Budget</u> |
|--|--------------------------|--------------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                          |                          |                                       |
| Ad valorem taxes levied by local education agency: |                          |                          |                                       |
| Designated purposes levies                         | \$ 181,061               | \$ 167,825               | \$ 13,236                             |
| FICA/Medicare only purposes levies                 | <u>176,951</u>           | <u>161,175</u>           | <u>15,776</u>                         |
| Total ad valorem taxes levied by district          | <u>358,012</u>           | <u>329,000</u>           | <u>29,012</u>                         |
| Payments in lieu of taxes:                         |                          |                          |                                       |
| Corporate personal property replacement taxes      | <u>29,000</u>            | <u>35,000</u>            | <u>(6,000)</u>                        |
| Total payments in lieu of taxes                    | <u>29,000</u>            | <u>35,000</u>            | <u>(6,000)</u>                        |
| Earnings on investments:                           |                          |                          |                                       |
| Interest on investments                            | <u>701</u>               | <u>-</u>                 | <u>701</u>                            |
| Total earnings on investments                      | <u>701</u>               | <u>-</u>                 | <u>701</u>                            |
| Other revenue from local sources:                  |                          |                          |                                       |
| Other local revenues                               | <u>554</u>               | <u>-</u>                 | <u>554</u>                            |
| Total other revenue from local sources             | <u>554</u>               | <u>-</u>                 | <u>554</u>                            |
| <b>Total revenue from local sources</b>            | <u>\$ 388,267</u>        | <u>\$ 364,000</u>        | <u>\$ 24,267</u>                      |
| <b>Total direct revenue</b>                        | <u><u>\$ 388,267</u></u> | <u><u>\$ 364,000</u></u> | <u><u>\$ 24,267</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, 2016

|  | <u>Actual</u>     | <u>Budget</u>     | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|-------------------|---------------------------------------|
| <b>INSTRUCTION</b>                         |                   |                   |                                       |
| Regular programs:                          |                   |                   |                                       |
| Employee benefits                          | <u>\$ 77,412</u>  | <u>\$ 32,100</u>  | <u>\$ 45,312</u>                      |
| Pre-k programs                             |                   |                   |                                       |
| Employee benefits                          | <u>1,154</u>      | <u>1,310</u>      | <u>(156)</u>                          |
| Special education programs:                |                   |                   |                                       |
| Employee benefits                          | <u>63,523</u>     | <u>92,000</u>     | <u>(28,477)</u>                       |
| Remedial and supplemental programs - K-12: |                   |                   |                                       |
| Employee benefits                          | <u>1,323</u>      | <u>1,133</u>      | <u>190</u>                            |
| CTE programs:                              |                   |                   |                                       |
| Employee benefits                          | <u>3,334</u>      | <u>4,200</u>      | <u>(866)</u>                          |
| Interscholastic programs:                  |                   |                   |                                       |
| Employee benefits                          | <u>13,143</u>     | <u>19,968</u>     | <u>(6,825)</u>                        |
| Driver education programs                  |                   |                   |                                       |
| Employee benefits                          | <u>23</u>         | <u>1,000</u>      | <u>(977)</u>                          |
| Bilingual programs:                        |                   |                   |                                       |
| Employee benefits                          | <u>818</u>        | <u>5,500</u>      | <u>(4,682)</u>                        |
| <b>Total instruction</b>                   | <u>\$ 160,730</u> | <u>\$ 157,211</u> | <u>\$ 3,519</u>                       |
| <b>SUPPORT SERVICES</b>                    |                   |                   |                                       |
| Support services - pupils:                 |                   |                   |                                       |
| Guidance services                          |                   |                   |                                       |
| Employee benefits                          | <u>\$ 1,086</u>   | <u>\$ 2,600</u>   | <u>\$ (1,514)</u>                     |
| Health services                            |                   |                   |                                       |
| Employee benefits                          | <u>12,712</u>     | <u>23,400</u>     | <u>(10,688)</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, 2016

|  | <u>Actual</u> | <u>Budget</u> | <u>Actual over<br/>(under) Budget</u> |
|--|---------------|---------------|---------------------------------------|
| <b>SUPPORT SERVICES (CONTINUED)</b>  |               |               |                                       |
| Support services - pupils (continued):   |               |               |                                       |
| Speech pathology and audiology services  |               |               |                                       |
| Employee benefits  | -             | 1,000         | (1,000)                               |
| Total support services - pupils  | <u>13,798</u> | <u>27,000</u> | <u>(13,202)</u>                       |
| Support services - instructional staff:  |               |               |                                       |
| Improvement of instruction services  |               |               |                                       |
| Employee benefits  | 35            | -             | 35                                    |
| Educational media services   |               |               |                                       |
| Employee benefits  | 11,261        | 15,435        | (4,174)                               |
| Total support services - instructional staff   | <u>11,296</u> | <u>15,435</u> | <u>(4,139)</u>                        |
| Support services - general administration:   |               |               |                                       |
| Board of education services  |               |               |                                       |
| Employee benefits  | -             | 200           | (200)                                 |
| Executive administration services  |               |               |                                       |
| Employee benefits  | 14,847        | 16,700        | (1,853)                               |
| Educational, inspectional, supervisory services<br>related to loss prevention or reduction |               |               |                                       |
| Employee benefits  | 3,015         | -             | 3,015                                 |
| Total support services - general administration  | <u>17,862</u> | <u>16,900</u> | <u>962</u>                            |
| Support services - school administration:  |               |               |                                       |
| Office of the principal services   |               |               |                                       |
| Employee benefits  | 46,317        | 53,000        | (6,683)                               |
| Total support services - school administration   | <u>46,317</u> | <u>53,000</u> | <u>(6,683)</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, 2016

|  | <u>Actual</u>      | <u>Budget</u>       | <u>Actual over<br/>(under) Budget</u> |
|--|--------------------|---------------------|---------------------------------------|
| <b>SUPPORT SERVICES (CONTINUED)</b>                            |                    |                     |                                       |
| Support services - business:                                   |                    |                     |                                       |
| Fiscal services  |                    |                     |                                       |
| Employee benefits  | <u>9,482</u>       | <u>12,500</u>       | <u>(3,018)</u>                        |
| Operation and maintenance of plant services                    |                    |                     |                                       |
| Employee benefits  | <u>76,638</u>      | <u>103,258</u>      | <u>(26,620)</u>                       |
| Pupil transportation services                                  |                    |                     |                                       |
| Employee benefits  | <u>59,204</u>      | <u>57,000</u>       | <u>2,204</u>                          |
| Food services  |                    |                     |                                       |
| Employee benefits  | <u>24,368</u>      | <u>22,400</u>       | <u>1,968</u>                          |
| Total support services - business                              | <u>169,692</u>     | <u>195,158</u>      | <u>(25,466)</u>                       |
| Support services - central                                     |                    |                     |                                       |
| Information services   |                    |                     |                                       |
| Employee benefits  | <u>7,507</u>       | <u>11,700</u>       | <u>(4,193)</u>                        |
| Total support services - central                               | <u>7,507</u>       | <u>11,700</u>       | <u>(4,193)</u>                        |
| <b>Total support services</b>                                  | <u>\$ 266,472</u>  | <u>\$ 319,193</u>   | <u>\$ (52,721)</u>                    |
| <b>COMMUNITY SERVICES</b>                                      |                    |                     |                                       |
| Community services   |                    |                     |                                       |
| Employee benefits  | <u>\$ 64</u>       | <u>\$ -</u>         | <u>\$ 64</u>                          |
| <b>Total community services</b>                                | <u>\$ 64</u>       | <u>\$ -</u>         | <u>\$ 64</u>                          |
| <b>PAYMENTS TO OTHER DISTRICTS &amp; GOV'T UNITS</b>           |                    |                     |                                       |
| <b>Total payments to other districts<br/>&amp; gov't units</b> | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ -</u>                           |
| <b>Total direct expenditures</b>                               | <u>\$ 427,266</u>  | <u>\$ 476,404</u>   | <u>\$ (49,138)</u>                    |
| <b>Excess (deficiency) of revenue<br/>over expenditures</b>    | <u>\$ (38,999)</u> | <u>\$ (112,404)</u> | <u>\$ 73,405</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, 2016

|  | <u>Actual</u>           | <u>Budget</u>      | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------------|--------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                |                         |                    |                                       |
| Earnings on investments                          |                         |                    |                                       |
| Interest on investments                          | \$ 606                  | \$ -               | \$ 606                                |
| Total earnings on investments                    | <u>606</u>              | <u>-</u>           | <u>606</u>                            |
| Other revenue from local sources                 |                         |                    |                                       |
| Impact fees from municipal or county governments | <u>13,093</u>           | <u>-</u>           | <u>13,093</u>                         |
| Total other revenue from local sources           | <u>13,093</u>           | <u>-</u>           | <u>13,093</u>                         |
| <b>Total revenue from local sources</b>          | <u>\$ 13,699</u>        | <u>\$ -</u>        | <u>\$ 13,699</u>                      |
| <b>REVENUE FROM FEDERAL SOURCES</b>              |                         |                    |                                       |
| <b>Total revenue from federal sources</b>        | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ -</u>                           |
| <b>Total direct revenue</b>                      | <u><u>\$ 13,699</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 13,699</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, 2016

|   | <u>Actual</u>           | <u>Budget</u>      | <u>Actual over<br/>(under) Budget</u> |
|---|-------------------------|--------------------|---------------------------------------|
| <b>SUPPORT SERVICES</b>                                     |                         |                    |                                       |
| <b>Total support services - business</b>                    | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ -</u>                           |
| <b>Total direct expenditures</b>                            | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ -</u>                           |
| <b>Excess (deficiency) of revenue<br/>over expenditures</b> | <u><u>\$ 13,699</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 13,699</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, 2016

|  | <u>Actual</u>           | <u>Budget</u>           | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------------|-------------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                          |                         |                         |                                       |
| Ad valorem taxes levied by local education agency:         |                         |                         |                                       |
| Designated purposes levies                                 | <u>\$ 80,245</u>        | <u>\$ 80,000</u>        | <u>\$ 245</u>                         |
| Total ad valorem taxes levied by<br>local education agency | <u>80,245</u>           | <u>80,000</u>           | <u>245</u>                            |
| Earnings on investments:                                   |                         |                         |                                       |
| Interest on investments                                    | <u>\$ 698</u>           | <u>\$ -</u>             | <u>\$ 698</u>                         |
| Total earnings on investments                              | <u>698</u>              | <u>-</u>                | <u>698</u>                            |
| <b>Total revenue from local sources</b>                    | <u>\$ 80,943</u>        | <u>\$ 80,000</u>        | <u>\$ 943</u>                         |
| <b>Total direct revenue</b>                                | <u><u>\$ 80,943</u></u> | <u><u>\$ 80,000</u></u> | <u><u>\$ 943</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, 2016

|  | <u>Actual</u>     | <u>Budget</u>     | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|-------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                   |                   |                                       |
| Ad valorem taxes levied by local education agency: |                   |                   |                                       |
| Designated purposes levies                         | <u>\$ 484,616</u> | <u>\$ 492,000</u> | <u>\$ (7,384)</u>                     |
| Total ad valorem taxes levied by district          | <u>484,616</u>    | <u>492,000</u>    | <u>(7,384)</u>                        |
| Earnings on investments:                           |                   |                   |                                       |
| Interest on investments                            | <u>498</u>        | <u>-</u>          | <u>498</u>                            |
| Total earnings on investments                      | <u>498</u>        | <u>-</u>          | <u>498</u>                            |
| Other revenues from local sources                  |                   |                   |                                       |
| Refund of prior year expenditures                  | <u>53,922</u>     | <u>-</u>          | <u>53,922</u>                         |
| Total other revenue from local sources             | <u>53,922</u>     | <u>-</u>          | <u>53,922</u>                         |
| <b>Total revenue from local sources</b>            | <u>\$ 539,036</u> | <u>\$ 492,000</u> | <u>\$ 47,036</u>                      |
| <b>Total direct revenue</b>                        | <u>\$ 539,036</u> | <u>\$ 492,000</u> | <u>\$ 47,036</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, 2016

|  | <u>Actual</u>     | <u>Budget</u>      | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------|--------------------|---------------------------------------|
| <b>SUPPORT SERVICES</b>  |                   |                    |                                       |
| Support services - general administration:   |                   |                    |                                       |
| Unemployment insurance payments  |                   |                    |                                       |
| Purchased services   | \$ 11,760         | \$ -               | \$ 11,760                             |
| <br>   |                   |                    |                                       |
| Risk management and claims services payments   |                   |                    |                                       |
| Purchased services   | 136,388           | 137,000            | (612)                                 |
| <br>   |                   |                    |                                       |
| Educational, inspectional, supervisory services<br>related to loss prevention or reduction       |                   |                    |                                       |
| Salaries   | 69,265            | 113,034            | (43,769)                              |
| Employee benefits  | 21,043            | 21,540             | (497)                                 |
| Purchased services   | 154,421           | 147,000            | 7,421                                 |
| Capital outlay   | 81,295            | 75,000             | 6,295                                 |
| <br>   |                   |                    |                                       |
| Total educational, inspectional, supervisory services<br>related to loss prevention or reduction | <u>326,024</u>    | <u>356,574</u>     | <u>(30,550)</u>                       |
| <br>   |                   |                    |                                       |
| Legal services   |                   |                    |                                       |
| Purchase services  | 14,948            | 20,000             | (5,052)                               |
| <br>   |                   |                    |                                       |
| Total legal services   | <u>14,948</u>     | <u>20,000</u>      | <u>(5,052)</u>                        |
| <br>   |                   |                    |                                       |
| <b>Total support services -<br/>    general administration</b>                                   | <u>\$ 489,120</u> | <u>\$ 513,574</u>  | <u>\$ (24,454)</u>                    |
| <br>   |                   |                    |                                       |
| <b>Total direct expenditures</b>   | <u>\$ 489,120</u> | <u>\$ 513,574</u>  | <u>\$ (24,454)</u>                    |
| <br>   |                   |                    |                                       |
| <b>Excess (deficiency) of revenue<br/>    over expenditures</b>                                  | <u>\$ 49,916</u>  | <u>\$ (21,574)</u> | <u>\$ 71,490</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, 2016

|  | <u>Actual</u>           | <u>Budget</u>           | <u>Actual over<br/>(under) Budget</u> |
|--|-------------------------|-------------------------|---------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                         |                         |                                       |
| Ad valorem taxes levied by local education agency: |                         |                         |                                       |
| Designated purposes levies                         | <u>\$ 75,599</u>        | <u>\$ 76,000</u>        | <u>\$ (401)</u>                       |
| Total ad valorem taxes levied by district          | <u>75,599</u>           | <u>76,000</u>           | <u>(401)</u>                          |
| Earnings on investments:                           |                         |                         |                                       |
| Interest on investments                            | <u>4,221</u>            | <u>-</u>                | <u>4,221</u>                          |
| Total earnings on investments                      | <u>4,221</u>            | <u>-</u>                | <u>4,221</u>                          |
| <b>Total revenue from local sources</b>            | <u>\$ 79,820</u>        | <u>\$ 76,000</u>        | <u>\$ 3,820</u>                       |
| <b>Total direct revenue</b>                        | <u><u>\$ 79,820</u></u> | <u><u>\$ 76,000</u></u> | <u><u>\$ 3,820</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, 2016

|   | <u>Actual</u>              | <u>Budget</u>           | <u>Actual over<br/>(under) Budget</u> |
|---|----------------------------|-------------------------|---------------------------------------|
| <b>SUPPORT SERVICES</b>                                     |                            |                         |                                       |
| Support services - business:                                |                            |                         |                                       |
| Facilities acquisition and construction services            |                            |                         |                                       |
| Capital outlay  | <u>\$ 859,910</u>          | <u>\$ -</u>             | <u>\$ 859,910</u>                     |
| <b>Total support services</b>                               | <u>\$ 859,910</u>          | <u>\$ -</u>             | <u>\$ 859,910</u>                     |
| <b>Total direct expenditures</b>                            | <u>\$ 859,910</u>          | <u>\$ -</u>             | <u>\$ 859,910</u>                     |
| <b>Excess (deficiency) of revenue<br/>over expenditures</b> | <u><u>\$ (780,090)</u></u> | <u><u>\$ 76,000</u></u> | <u><u>\$ (856,090)</u></u>            |

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2016

**(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 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:

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

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.

*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.

*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.

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

*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

Notes to Financial Statements

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.

**(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.

Notes to Financial Statements

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 24, 2015. 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.
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.

Notes to Financial Statements

**(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 on December 17, 2015. 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 2015, 2014, 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:

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

|                            | - 2015 Levy Year - |               | - 2014 Levy Year - |               |
|----------------------------|--------------------|---------------|--------------------|---------------|
|                            | Limit              | Actual        | Limit              | Actual        |
| Educational                | 3.4800             | 3.4800        | 3.4800             | 3.4800        |
| Special education          | 0.0400             | 0.0400        | 0.0400             | 0.0400        |
| Oper. & maint.             | 0.5000             | 0.5000        | 0.5000             | 0.5000        |
| Debt Service               | As needed          | 1.1126        | As needed          | 1.0813        |
| Transportation             | 0.2000             | 0.2000        | 0.2000             | 0.2000        |
| Municipal retirement       | As needed          | 0.1317        | As needed          | 0.1123        |
| Social security            | As needed          | 0.1317        | As needed          | 0.1079        |
| Working cash               | 0.0500             | 0.0500        | 0.0500             | 0.0500        |
| Tort immunity              | As needed          | 0.3260        | As needed          | 0.3171        |
| Facilities leasing         | 0.0500             | 0.0500        | 0.0500             | 0.0500        |
| Fire prevention and safety | 0.0500             | <u>0.0500</u> | 0.0500             | <u>0.0500</u> |
|                            |                    | <u>6.0720</u> |                    | <u>5.9886</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, 2016 are classified in the accompanying financial statements as follows:

Statement of Assets and Liabilities Arising from Cash Transactions

|                            |                      |
|----------------------------|----------------------|
| Cash                       | \$ 9,998,216         |
| Investments                | <u>8,814,467</u>     |
| Total cash and investments | <u>\$ 18,812,683</u> |

Cash and investments as of June 30, 2016 consist of the following:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash on hand                         | \$ -                 |
| Deposits with financial institutions |                      |
| District                             | 9,830,174            |
| Agency                               | 168,042              |
| Investments                          |                      |
| District                             | 8,814,467            |
| Agency                               | -                    |
| Total cash and investments           | <u>\$ 18,812,683</u> |

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

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, 2016, \$10,351,566 of the District’s bank balance of \$10,602,566, were exposed to custodial credit risk as follows:

|  |                      |
|--|----------------------|
| Uninsured and collateralized by securities held<br>by the pledging financial institution | <u>\$ 10,351,566</u> |
|--|----------------------|

Investments

As of June 30, 2016, the District had the following investments:

| <u>Investment</u>  | <u>Fair Value</u> |
|--|-------------------|
| Illinois Funds Money Market Fund                             | \$ 610,851        |
| Illinois School District<br>Liquid Asset Fund Plus (ISDLAF+) | \$ 8,203,616      |

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



Notes to Financial Statements

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 AAA by Standard & Poor's at June 30, 2016.

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.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

**(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<br><u>7/1/15</u> | Additions           | Deletions         | Balance<br><u>6/30/16</u> | Life in<br><u>Years</u> |
|----------------------------|--------------------------|---------------------|-------------------|---------------------------|-------------------------|
| Land                       | \$ 2,569,982             | \$ -                | \$ -              | \$ 2,569,982              | 0                       |
| Construction in progress   | -                        | 859,910             | -                 | 859,910                   | 0                       |
| Buildings and improvements | 24,545,791               | -                   | -                 | 24,545,791                | 50                      |
| Land improvements          | 1,097,848                | -                   | -                 | 1,097,848                 | 20                      |
| Other equipment            | 2,628,786                | 457,884             | 219,896           | 2,866,774                 | 10                      |
| Transportation equipment   | 1,101,060                | -                   | 754,673           | 346,387                   | 20                      |
| Food service equipment     | 91,130                   | 12,520              | -                 | 103,650                   | 10                      |
| Total general fixed assets | <u>\$ 32,034,597</u>     | <u>\$ 1,330,314</u> | <u>\$ 974,569</u> | <u>\$ 32,390,342</u>      |                         |

**Accumulated Depreciation**

|                            | Balance<br><u>7/1/15</u> | Depreciation<br>for Year | Deletions         | Balance<br><u>6/30/16</u> | Undepreciated<br>Cost<br><u>6/30/16</u> |
|----------------------------|--------------------------|--------------------------|-------------------|---------------------------|---|
| Land                       | \$ -                     | \$ -                     | \$ -              | \$ -                      | \$ 2,569,982                            |
| Construction in progress:  | -                        | -                        | -                 | -                         | 859,910                                 |
| Buildings and improvements | 9,938,012                | 448,546                  | -                 | 10,386,558                | 14,159,233                              |
| Land improvements          | 667,467                  | 44,072                   | -                 | 711,539                   | 386,309                                 |
| Other equipment            | 1,460,632                | 253,538                  | 219,896           | 1,494,274                 | 1,372,500                               |
| Transportation equipment   | 1,071,419                | 4,860                    | 754,673           | 321,606                   | 24,781                                  |
| Food service equipment     | 22,634                   | 9,113                    | -                 | 31,747                    | 71,903                                  |
| Total general fixed assets | <u>\$ 13,160,164</u>     | <u>\$ 760,129</u>        | <u>\$ 974,569</u> | <u>\$ 12,945,724</u>      | <u>\$ 19,444,618</u>                    |

Notes to Financial Statements

**(5) Employee Pensions and Other Benefit Plans**

The District participates in multiple retirement plans to provide retirement benefits to its employees. For the year ended June 30, 2016, the District recorded a total of \$1,165,489 in payments to the various retirement plans as detailed 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.

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.

Notes to Financial Statements

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, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer. For the year ended June 30, 2016, the District reported expenditures of \$679,403 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, 2016, 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 \$2,495,431 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, 2016, were \$41,143, and are deferred because they were paid after the June 30, 2015 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

Notes to Financial Statements

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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$90,383 were paid from federal and special trust funds that required employer contributions of \$32,592. These contributions are deferred because they were paid after the June 30, 2015 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 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, 2016, 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, 2016, the employer paid \$0 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, 2016, 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 follow:

|  |                             |
|--|-----------------------------|
| Employer's proportionate share of the net pension liability                              | \$ 2,004,876                |
| State's proportionate share of the net pension liability<br>associated with the employer | <u>43,627,531</u>           |
| Total  | <u><u>\$ 45,632,407</u></u> |

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The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was .0030604087 percent, which was an increase of .0013533093 from its proportion measured as of June 30, 2014.

At June 30, 2016, the employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$ 745                               | \$ 2,198                            |
| Net difference between projected and actual earnings<br>on pension plan investments                                 | 39,705                               | 70,214                              |
| Changes of assumptions  | 27,725                               | -                                   |
| Changes in proportion and differences between<br>employer contributions and proportionate share<br>of contributions | 689,191                              | 553,783                             |
| Employer contributions subsequent to the<br>measurement date  | -                                    | -                                   |
| Total   | <u>\$ 757,366</u>                    | <u>\$ 626,195</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,

|      |            |
|------|------------|
| 2017 | \$ (8,868) |
| 2018 | (8,868)    |
| 2019 | (8,868)    |
| 2020 | 157,788    |

Notes to Financial Statements

**Actuarial assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 3.00 percent  |
| Salary increases          | varies by amount of service credit  |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. 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 from their 2013 levels.

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:

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Notes to Financial Statements

| Asset Class                    | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|-------------------|--|
| U.S. large cap                 | 18%               | 7.53%                                  |
| Global equity excluding U.S.   | 18%               | 7.88%                                  |
| Aggregate bonds                | 16%               | 1.57%                                  |
| U.S. TIPS                      | 2%                | 2.82%                                  |
| NCREIF                         | 11%               | 5.11%                                  |
| Opportunistic real estate      | 4%                | 9.09%                                  |
| ARS                            | 8%                | 2.57%                                  |
| Risk parity                    | 8%                | 4.87%                                  |
| Diversified inflation strategy | 1%                | 3.26%                                  |
| Private equity                 | 14%               | 12.33%                                 |
| Total                          | 100%              |  |

**Discount rate**

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 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 at June 30, 2015 was not 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. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.



Notes to Financial Statements

**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 7.47 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

|   | 1% Decrease<br>(6.47%) | Current<br>Discount Rate<br>(7.47%) | 1% Increase<br>(8.47%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share of the net pension liability | \$ 2,477,535           | \$ 2,004,876                        | \$ 1,617,283           |

**TRS fiduciary net position**

Detailed information about the TRS’s fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**(b) Illinois Municipal Retirement Fund Pension Plan**

*Plan Description.* The District’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to

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1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms.* As of December 31, 2015, the following employees were covered by the benefit terms:

|  |     |
|--|-----|
| Retirees and beneficiaries currently receiving benefits          | 88  |
| Inactive plan members entitled to but not yet receiving benefits | 131 |
| Active members   | 84  |
| Total  | 303 |

*Contributions.* As set by statute, the District’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District’s annual contribution rate for calendar year 2015 was 10.65%. For the fiscal year ended June 30, 2016, the District contributed \$174,744 to the plan. The District 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 IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability.* The District’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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Notes to Financial Statements

*Actuarial Assumptions.* The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The actuarial cost method used was Entry Age Normal.
- The asset valuation method used was Market Value of Assets.
- The inflation rate was assumed to be 2.75%.
- Salary increases were expected to be 3.75% to 14.50%, including inflation.
- The investment rate of return was assumed to be 7.49%.
- Projected retirement age was from the Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>      | <u>Portfolio Target<br/>Percentage</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|-------------------------|--|---|
| Domestic Equity         | 38%                                    | 7.60%   |
| International Equity    | 17%                                    | 7.80%   |
| Fixed Income            | 27%                                    | 3.00%   |
| Real Estate             | 8%                                     | 6.15%   |
| Alternative Investments | 9%                                     | 5.25-8.50%  |
| Cash Equivalents        | 1%                                     | 2.25%   |
|                         | <u>100%</u>                            |   |

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*Single Discount Rate.* A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

*Changes in Net Pension Liability*

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2014   | \$ 9,572,969                         | \$ 9,259,413                          | \$ 313,556                            |
| Changes for the year:   |                                      |                                       |                                       |
| Service cost  | 226,984                              | -                                     | 226,984                               |
| Interest on the total pension liability   | 707,450                              | -                                     | 707,450                               |
| Changes of benefit terms  | -                                    | -                                     | -                                     |
| Difference between expected and actual<br>experience of the total pension liability | (203,737)                            | -                                     | (203,737)                             |
| Changes of benefit terms  | -                                    | -                                     | -                                     |
| Changes of assumptions  | 10,938                               | -                                     | 10,938                                |
| Contributions - employer  | -                                    | 188,457                               | (188,457)                             |
| Contributions - employee  | -                                    | 80,248                                | (80,248)                              |
| Net investment income   | -                                    | 45,700                                | (45,700)                              |
| Benefit payments, including refunds of<br>employee contributions                    | (507,599)                            | (507,599)                             | -                                     |
| Other (net transfer)  | -                                    | 56,506                                | (56,506)                              |
| Net changes   | <u>234,036</u>                       | <u>(136,688)</u>                      | <u>370,724</u>                        |
| Balances at December 31, 2015   | <u>\$ 9,807,005</u>                  | <u>\$ 9,122,725</u>                   | <u>\$ 684,280</u>                     |

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

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Notes to Financial Statements

|                             | Single Discount Rate Assumption |                   |                     |
|-----------------------------|---------------------------------|-------------------|---------------------|
|                             | 1% Decrease                     | Current           | 1% Increase         |
|                             | 6.49%                           | 7.49%             | 8.49%               |
| Total pension liability     | \$ 10,986,045                   | \$ 9,807,005      | \$ 8,839,457        |
| Plan fiduciary net position | 9,122,725                       | 9,122,725         | 9,122,725           |
| Net pension liability       | <u>\$ 1,863,320</u>             | <u>\$ 684,280</u> | <u>\$ (283,268)</u> |

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* Pension expense as reflected in the financial statements for the fiscal year ended June 30, 2016 was \$174,744. At December 31, 2015, the District had deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Deferred amounts to be recognized in pension expense in future periods:          |                                      |                                     |
| Difference between expected and actual experience                                | \$ -                                 | \$ 158,459                          |
| Changes of assumptions   | 149,862                              | -                                   |
| Net difference between projected and actual earnings on pension plan investments | 587,941                              | -                                   |
| Total deferred amounts to be recognized in pension expense in future periods     | 737,803                              | 158,459                             |
| Pension contributions made subsequent to the measurement date                    | -                                    | -                                   |
| Total deferred amounts related to pensions                                       | <u>\$ 737,803</u>                    | <u>\$ 158,459</u>                   |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Year Ending<br>December 31 | Net Deferred<br>Outflows of<br>Resources | Net Deferred<br>Inflows of<br>Resources |
|----------------------------|--|---|
| 2016                       | \$ 192,016                               | \$ -                                    |
| 2017                       | 105,757                                  | -                                       |
| 2018                       | 153,187                                  | -                                       |
| 2019                       | 128,384                                  | -                                       |
| 2020                       | -  | -                                       |
|                            | <u>\$ 579,344</u>                        | <u>\$ -</u>                             |

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Notes to Financial Statements

**(c) Aggregate Information**

Since the District participates in more than one retirement plan, GASB 68 requires disclosure of the following, which aggregates selected information from the Teachers' Retirement System and the Illinois Municipal Retirement Fund.

|  | <u>TRS</u>   | <u>IMRF</u> | <u>Total</u> |
|--|--------------|-------------|--------------|
| Net Pension Liabilities                                  | \$ 2,004,876 | \$ 684,280  | \$ 2,689,156 |
| Net Pension Assets                                       | -            | -           | -            |
| Net Deferred Outflows of Resources                       | 757,366      | 737,803     | 1,495,169    |
| Net Deferred Inflows of Resources                        | 626,195      | 158,459     | 784,654      |
| Pension expenditures for the<br>year ended June 30, 2016 | 746,982      | 174,744     | 921,726      |

**(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 \$127,088, 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 \$116,675, 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.

**(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.

Notes to Financial Statements

**(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.

The State of Illinois requires a certain amount of general state aid to be used for special education purposes. For the year ended June 30, 2016, \$3,148 of special education line item 1200 was paid with revenue code 3001.

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, 2016, cash receipts exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$38,620 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, 2016, revenue received exceeded expenditures disbursed for these purposes, resulting in a restricted fund balance of \$28,065. This balance is recorded entirely 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, 2016, expenditures disbursed from 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 \$304,450. For purposes of Regulatory reporting, the Social Security

Notes to Financial Statements

portion of the fund balance, \$40,332, will be classified as Reserved, and the Municipal Retirement portion of the fund balance, \$264,114, 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, 2016 the restricted fund balance for food service is \$1,223,665.

**(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, 2016, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2016 amounted to \$818,059. This amount is shown as Unreserved in the Educational Fund.

**(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, 2017, the District budgets property tax revenue based on the 2015 tax levy of which \$3,557,559 was received by the District prior to June 30, 2016 and is therefore included as revenue under the cash method of accounting in this fiscal year. Under the assigned fund balance definition, \$2,106,770 received in the Educational, Operations and Maintenance and Working Cash



MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

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.

| Fund                          | Generally Accepted Accounting Principles |            |           |           |            | Regulatory Basis                     |  |
|-------------------------------|--|------------|-----------|-----------|------------|--------------------------------------|--|
|                               | Non-<br>spendable                        | Restricted | Committed | Assigned  | Unassigned | Financial<br>Statements-<br>Reserved | Financial<br>Statements-<br>Unreserved |
| Educational                   | -  | 1,290,350  | 818,059   | 2,036,379 | 2,391,821  | 1,290,350                            | 5,246,259                              |
| Operations &<br>Maintenance   | -  | -          | -         | 38,202    | -          | -                                    | 38,202                                 |
| Debt Service                  | -  | 752,030    | -         | -         | -          | -                                    | 752,030                                |
| Transportation                | -  | 1,596,044  | -         | -         | -          | -                                    | 1,596,044                              |
| Municipal                     |  |            |           |           |            |                                      |  |
| Retirement                    | -  | 304,446    | -         | -         | -          | 40,332                               | 264,114                                |
| Capital Projects              | -  | 306,404    | -         | -         | -          | -                                    | 306,404                                |
| Working Cash                  | -  | -          | -         | 32,189    | 294,500    | -                                    | 326,689                                |
| Tort Liability                | -  | 240,181    | -         | -         | -          | -                                    | 240,181                                |
| Fire Prevention<br>and Safety | -  | 8,486,790  | -         | -         | -          | -                                    | 8,486,790                              |

**(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.

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Notes to Financial Statements

**(7) Long-Term Debt**

As of June 30, 2016, the District had long-term debt outstanding in the amount of \$17,063,294. 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 and the Fire Prevention and Safety Fund. The revenues consist principally of property taxes collected by the District and interest earnings.

On March 29, 2016, the District issued \$11,095,000 General Obligation School Bonds, Series 2016A and \$650,000 General Obligation School Bonds, Series 2016B. The bond proceeds were used to finance Life Safety improvements (\$9,015,000) and to pay off a portion of Series 2000 and Series 2002 Capital Appreciation School Bonds (\$2,730,000).

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. Due to the issuance of Series 2016 bonds and subsequent pay down of the Series 2000 and 2002 bonds, accretion will be recorded as interest expense when paid after June 30, 2016.

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>        |
|----------------------|---------------------|-------------------|---------------------|
| 2017                 | 1,044,123           | 45,877            | 1,090,000           |
| 2018                 | 484,828             | 55,172            | 540,000             |
| 2019                 | 1,013,303           | 191,697           | 1,205,000           |
| 2020                 | 956,549             | 258,451           | 1,215,000           |
|                      | <u>\$ 3,498,803</u> | <u>\$ 551,197</u> | <u>\$ 4,050,000</u> |

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Notes to Financial Statements

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>        |
|----------------------|---------------------|-------------------|---------------------|
| 2017                 | 130,592             | 4,408             | 135,000             |
| 2018                 | 128,693             | 11,307            | 140,000             |
| 2019                 | 130,772             | 19,228            | 150,000             |
| 2020                 | 127,910             | 27,090            | 155,000             |
| 2021                 | 1,092,576           | 297,424           | 1,390,000           |
| 2022                 | 199,572             | 70,428            | 270,000             |
|                      | <u>\$ 1,810,115</u> | <u>\$ 429,885</u> | <u>\$ 2,240,000</u> |

General Obligation School Bonds, Series 2016A

|                |                       |
|----------------|-----------------------|
| Original Issue | \$11,095,000          |
| Interest Rate  | 3.89% Average coupon  |
| Issue Date     | March 20, 2016        |
| Interest Date  | June 1 and December 1 |

| Year ending June 30, | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|----------------------|----------------------|---------------------|----------------------|
| 2017                 | -                    | 532,914             | 532,914              |
| 2018                 | -                    | 454,619             | 454,619              |
| 2019                 | -                    | 454,619             | 454,619              |
| 2020                 | -                    | 454,619             | 454,619              |
| 2021                 | -                    | 454,619             | 454,619              |
| 2022                 | 1,170,000            | 425,369             | 1,595,369            |
| 2023                 | 1,285,000            | 363,994             | 1,648,994            |
| 2024                 | 1,350,000            | 298,119             | 1,648,119            |
| 2025                 | 1,420,000            | 228,868             | 1,648,868            |
| 2026                 | 1,485,000            | 163,668             | 1,648,668            |
| 2027                 | 1,205,000            | 115,894             | 1,320,894            |
| 2028                 | 1,245,000            | 79,144              | 1,324,144            |
| 2029                 | 1,280,000            | 40,469              | 1,320,469            |
| 2030                 | 655,000              | 10,234              | 665,234              |
|                      | <u>\$ 11,095,000</u> | <u>\$ 4,077,149</u> | <u>\$ 15,172,149</u> |

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Notes to Financial Statements

General Obligation School Bonds, Series 2016B

|                |                       |
|----------------|-----------------------|
| Original Issue | \$650,000             |
| Interest Rate  | 2.00% Average coupon  |
| Issue Date     | March 20, 2016        |
| Interest Date  | June 1 and December 1 |

| Year ending June 30, | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|----------------------|-------------------|------------------|-------------------|
| 2017                 | -                 | 15,239           | 15,239            |
| 2018                 | 650,000           | 6,500            | 656,500           |
|                      | <u>\$ 650,000</u> | <u>\$ 21,739</u> | <u>\$ 671,739</u> |

**Lease/Purchase Obligation**

Copier Lease/Purchase

The District entered into a government obligation contract with Providence Capital Network, LLC to finance the purchase of one copier. The principal amount of the contract is \$19,684, which is recorded as capital outlay in the Educational Fund. The first principal payment of \$10,308 was made on August 28, 2015. The contract calls for one additional payment of \$10,308 on September 1, 2016. The future contract payments are as follows:

| Year ending<br>June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total<br/>Payment</u> |
|-------------------------|------------------|-----------------|--------------------------|
| 2017                    | \$ 9,376         | \$ 932          | \$ 10,308                |
|                         | <u>\$ 9,376</u>  | <u>\$ 932</u>   | <u>\$ 10,308</u>         |

In accordance with regulatory requirements, the capital lease is included in General Long-Term Debt Account Group and the annual principal and interest payments are recorded in the Debt Service Fund.

Long-term liability activity for the year ended June 30, 2016 was as follows:

|                            | <u>Balance<br/>7/1/2015</u> | <u>Issued</u>        | <u>Retired</u>      | <u>Balance<br/>6/30/2016</u> |
|----------------------------|-----------------------------|----------------------|---------------------|------------------------------|
| General obligation bonds*  | \$ 8,214,309                | \$ 12,217,565        | \$ 3,377,956        | \$ 17,053,918                |
| Lease/purchase obligations | -                           | 19,684               | 10,308              | 9,376                        |
|                            | <u>\$ 8,214,309</u>         | <u>\$ 12,237,249</u> | <u>\$ 3,388,264</u> | <u>\$ 17,063,294</u>         |

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Notes to Financial Statements

\* Accretion of interest on Capital Appreciation School Bonds, Series 2000 of \$472,565 is shown as an increase in principal.

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

| Year ending June 30, | <b><u>Bonds</u></b>  |                     |                      |
|----------------------|----------------------|---------------------|----------------------|
|                      | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
| 2017                 | 1,174,715            | 598,438             | 1,773,153            |
| 2018                 | 1,263,521            | 527,598             | 1,791,119            |
| 2019                 | 1,144,075            | 665,544             | 1,809,619            |
| 2020                 | 1,084,459            | 740,160             | 1,824,619            |
| 2021                 | 1,092,576            | 752,043             | 1,844,619            |
| 2022                 | 1,369,572            | 495,797             | 1,865,369            |
| 2023                 | 1,285,000            | 363,994             | 1,648,994            |
| 2024                 | 1,350,000            | 298,119             | 1,648,119            |
| 2025                 | 1,420,000            | 228,868             | 1,648,868            |
| 2026                 | 1,485,000            | 163,668             | 1,648,668            |
| 2027                 | 1,205,000            | 115,894             | 1,320,894            |
| 2028                 | 1,245,000            | 79,144              | 1,324,144            |
| 2029                 | 1,280,000            | 40,469              | 1,320,469            |
| 2030                 | 655,000              | 10,234              | 665,234              |
|                      | <u>\$ 17,053,918</u> | <u>\$ 5,079,970</u> | <u>\$ 22,133,888</u> |

| Year ending June 30, | <b><u>Lease/Purchase Obligations</u></b> |                 |                  |
|----------------------|--|-----------------|------------------|
|                      | <u>Principal</u>                         | <u>Interest</u> | <u>Total</u>     |
| 2017                 | 9,376                                    | 932             | 10,308           |
|                      | <u>\$ 9,376</u>                          | <u>\$ 932</u>   | <u>\$ 10,308</u> |

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Notes to Financial Statements

**Total Long-Term Debt**

| Year ending June 30, | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|----------------------|----------------------|---------------------|----------------------|
| 2017                 | 1,184,091            | 598,830             | 1,782,921            |
| 2018                 | 1,263,521            | 527,598             | 1,791,119            |
| 2019                 | 1,144,075            | 665,544             | 1,809,619            |
| 2020                 | 1,084,459            | 740,160             | 1,824,619            |
| 2021                 | 1,092,576            | 752,043             | 1,844,619            |
| 2022                 | 1,369,572            | 495,797             | 1,865,369            |
| 2023                 | 1,285,000            | 363,994             | 1,648,994            |
| 2024                 | 1,350,000            | 298,119             | 1,648,119            |
| 2025                 | 1,420,000            | 228,868             | 1,648,868            |
| 2026                 | 1,485,000            | 163,668             | 1,648,668            |
| 2027                 | 1,205,000            | 115,894             | 1,320,894            |
| 2028                 | 1,245,000            | 79,144              | 1,324,144            |
| 2029                 | 1,280,000            | 40,469              | 1,320,469            |
| 2030                 | 655,000              | 10,234              | 665,234              |
|                      | <u>\$ 17,063,294</u> | <u>\$ 5,080,362</u> | <u>\$ 22,143,656</u> |

**(8) Legal Debt Margin**

|   |                       |
|---|-----------------------|
| 2015 Equalized assessed valuation                                       | <u>\$ 159,647,038</u> |
| Statutory debt limitation<br>13.8% of 2015 equalized assessed valuation | \$ 22,031,291         |
| Less total indebtedness   | <u>17,063,294</u>     |
| Legal Debt Margin   | <u>\$ 4,967,997</u>   |

**(9) Interfund Loans**

There were no interfund loans made or repaid during the fiscal year ended June 30, 2016.

**(10) Interfund Transfers**

There were no interfund transfers made or repaid during the fiscal year ended June 30, 2016.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

**(11) Overexpenditure of Budget**

The District overexpended its budget in the following funds during the fiscal year ended June 30, 2016.

| <u>Fund</u>                    | <u>Expenditures</u> | <u>Budget</u> |
|--------------------------------|---------------------|---------------|
| Operations & Maintenance Funds | \$ 1,304,493        | \$ 1,293,000  |
| Debt Service Fund              | \$ 5,880,300        | \$ 1,705,000  |
| Fire Prevention & Safety Fund  | \$ 859,910          | \$ -          |

All other funds were operated within the legal confines of their budgets during the fiscal year ended June 30, 2016.

**(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 2016 in the amount of \$608,474.

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, 2016, the District received \$58,850 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, 2016, the District paid CEANCI \$33,518 for technical education services and received \$1,214 from CEANCI for salary reimbursements.

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.

Notes to Financial Statements

**(13) Other Postemployment Benefits (OPEB)**

**(a) *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 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. 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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$75,013 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 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the employer paid \$56,085 to the THIS Fund, which was 100 percent of the required contribution.



Notes to Financial Statements

**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."

**(b) Non-certified employees**

The District has evaluated its potential liability for other postemployment benefits. The District provides continued health insurance coverage at the active employer rate to all IMRF eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. For the year ended June 30, 2016, four former employees have chosen to stay in the District's health insurance plan. Because this would result in an immaterial implicit subsidy, the District has chosen not to calculate this implicit subsidy in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Additionally, the District has no former employees for whom the District is providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the District has not recorded any postemployment benefit liability as of June 30, 2016.

**(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.

Notes to Financial Statements

**(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>      |
|----------------------|-------------------|-----------------|-------------------|
| 2017                 | \$ 242,855        | \$ 8,111        | \$ 250,966        |
|                      | <u>\$ 242,855</u> | <u>\$ 8,111</u> | <u>\$ 250,966</u> |

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>      |
|----------------------|-------------------|------------------|-------------------|
| 2017                 | \$ 70,597         | \$ 13,792        | \$ 84,389         |
| 2018                 | 330,001           | 11,361           | 341,362           |
|                      | <u>\$ 400,598</u> | <u>\$ 25,153</u> | <u>\$ 425,751</u> |

The District entered into a lease agreement for twelve 77-passenger school buses in April 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 made payments of \$142,231 during the fiscal year. The District does not intend to make the final lease payment and will return the buses to the lessor.

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The future lease payments are as follows:

| Year ending June 30, | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|----------------------|-------------------|------------------|-------------------|
| 2017                 | \$ 113,052        | \$ 29,179        | \$ 142,231        |
| 2018                 | 117,129           | 25,102           | 142,231           |
| 2019                 | <u>578,956</u>    | <u>20,877</u>    | <u>599,833</u>    |
|                      | <u>\$ 809,137</u> | <u>\$ 75,158</u> | <u>\$ 884,295</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.

On October 29, 2015, the District entered into an agreement with a former employee to settle discrimination charges filed against the District upon the employee's termination at the conclusion of the 2014-2015 school year. The agreement requires compensation to be paid by the District totaling \$8,482, including \$379 owed to the former employee for services rendered, \$3,241 of attorney's fees, and \$4,862 of additional severance. The entire amount was paid during the year ended June 30, 2016. Additionally, the District incurred legal defense costs of \$11,707 in connection with these charges.

**(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, 2016, claims paid out under the plan were \$11,760.

**(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).

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Notes to Financial Statements

The District has evaluated subsequent events through October 11, 2016, 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 one Micro Bird bus with a lift in July 2016 for a term of four years. The principal amount of the lease is \$63,424 and requires three annual payments of \$12,137 beginning July 7, 2016 and on August 25<sup>th</sup> of each of the two subsequent years with a final payment of \$31,677 on August 25, 2019. 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>     |
|----------------------|------------------|-----------------|------------------|
| 2017                 | \$ 12,137        | \$ -            | \$ 12,137        |
| 2018                 | 10,191           | 1,946           | 12,137           |
| 2019                 | 10,577           | 1,560           | 12,137           |
| 2020                 | 30,519           | 1,158           | 31,677           |
|                      | <u>\$ 63,424</u> | <u>\$ 4,664</u> | <u>\$ 68,088</u> |

This lease agreement will be accounted for in the Transportation Fund during the year ending June 30, 2017.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Other Information (unaudited)

June 30, 2016

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

|  | <u>FY15*</u>         | <u>FY14*</u>         |
|--|----------------------|----------------------|
| Employer's proportion of the net pension liability   | 4.4%                 | 2.1%                 |
| Employer's proportionate share of the net pension liability  | \$ 2,004,876         | \$ 1,038,911         |
| State's proportionate share of the net pension liability<br>associated with the employer                       | 43,627,531           | 48,490,417           |
| <b>Total</b>   | <u>\$ 45,632,407</u> | <u>\$ 49,529,328</u> |
| Employer's covered-employee payroll  | \$ 7,010,602         | \$ 6,899,205         |
| Employer's proportionate share of the net pension liability<br>as a percentage of its covered-employee payroll | 28.6%                | 15.1%                |
| Plan fiduciary net position as a percentage of the total pension liability                                     | 41.5%                | 43.0%                |

\* The amounts presented were determined as of the prior fiscal-year end.

Teachers' Retirement System of the State of Illinois  
Schedule of Employer Contributions

|  |                    |                    |
|--|--------------------|--------------------|
| Contractually-required contribution                                  | \$ 699,658         | \$ 688,541         |
| Contributions in relation to the contractually-required contribution | 720,547            | 707,941            |
| Contribution deficiency (excess)                                     | <u>\$ (20,889)</u> | <u>\$ (19,400)</u> |
| Employer's covered-employee payroll                                  | \$ 7,010,602       | \$ 6,899,205       |
| Contributions as a percentage of covered-employee payroll            | 10.28%             | 10.26%             |

See notes to other information.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Other Information (unaudited)

June 30, 2016

Illinois Municipal Retirement Fund  
Schedule of Changes in Net Pension Liability and Related Ratios

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| <b>Total pension liability</b>   |                   |                   |
| Service cost   | \$ 226,984        | \$ 270,740        |
| Interest on the total pension liability  | 707,450           | 650,848           |
| Changes of benefit terms   | -                 | -                 |
| Differences between expected and actual experience<br>of the total pension liability | (203,737)         | (78,377)          |
| Changes of assumptions   | 10,938            | 408,990           |
| Benefit payments, including refunds of employee contributions                        | <u>(507,599)</u>  | <u>(443,658)</u>  |
| <b>Net change in total pension liability</b>   | <u>234,036</u>    | <u>808,543</u>    |
| <b>Total pension liability – beginning</b>   | <u>9,572,969</u>  | <u>8,764,426</u>  |
| <b>Total pension liability – ending (a)</b>  | <u>9,807,005</u>  | <u>9,572,969</u>  |
| <b>Plan fiduciary net position</b>   |                   |                   |
| Contributions – employer   | 188,457           | 266,306           |
| Contributions – employee   | 80,248            | 93,820            |
| Net investment income  | 45,700            | 531,720           |
| Benefit payments, including refunds of employee contributions                        | (507,599)         | (443,658)         |
| Other (net transfer)   | <u>56,506</u>     | <u>52,743</u>     |
| <b>Net change in plan fiduciary net position</b>                                     | <u>(136,688)</u>  | <u>500,931</u>    |
| <b>Plan fiduciary net position – beginning</b>                                       | <u>9,259,413</u>  | <u>8,758,482</u>  |
| <b>Plan fiduciary net position – ending (b)</b>                                      | <u>9,122,725</u>  | <u>9,259,413</u>  |
| <b>Net pension liability – ending (a)-(b)</b>  | <u>\$ 684,280</u> | <u>\$ 313,556</u> |
| Plan fiduciary net position as a percentage of<br>the total pension liability        | 93.02%            | 96.72%            |
| Covered valuation payroll  | \$ 1,769,644      | \$ 1,939,177      |
| Net pension liability as a percentage of covered valuation payroll                   | 38.67%            | 16.17%            |

See notes to other information.

MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223

Other Information (unaudited)

June 30, 2016

Illinois Municipal Retirement Fund  
Schedule of Contributions

| Calendar Year<br>Ending<br>December 31, | Actuarially<br>Determined<br>Contribution<br>(a) | Actual<br>Contribution<br>(b) | Contribution<br>Deficiency<br>(Excess)<br>(a-b) | Covered<br>Valuation<br>Payroll<br>(c) | Actual<br>Contribution<br>as a % of<br>Covered<br>Payroll<br>(b/c) |
|---|--|-------------------------------|---|--|--|
| 2014                                    | \$ 251,705                                       | \$ 266,306                    | \$ (14,601)                                     | \$ 1,939,177                           | 13.73%   |
| 2015                                    | 188,290  | 188,457                       | (167)   | 1,769,644                              | 10.65%   |

See notes to other information.

Notes to Other Information

June 30, 2016

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**(1) Teachers Retirement System of the State of Illinois – Changes of Assumption**

Amounts reported in 2015 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

**(2) Illinois Municipal Retirement Fund Pension Plan – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate\***

**(a) Valuation Date**

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

**(b) Methods and Assumptions Used to Determine 2015 Contribution Rates**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Aggregate entry age normal   |
| Amortization method           | Level percentage of payroll, closed  |
| Remaining amortization period | Taxing bodies (Regular, SLEP, and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early retirement incentive plan liabilities: a period up to 10 years selected by the District upon adoption of early retirement incentive. |
| Asset valuation method        | 5-year smoothed market; 20% corridor   |
| Wage growth                   | 4.00%  |
| Price inflation               | 3.0% - approximate; No explicit price inflation assumption is used in this valuation.  |
| Salary increases              | 4.40% to 16.00%, including inflation   |
| Investment rate of return     | 7.50%  |
| Retirement age                | Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.   |



Notes to Other Information

Mortality RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**(c) Other Information**

There were no benefit changes during the year.

\* Based on valuation assumptions used in the December 31, 2013, actuarial valuation

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, 2016

|  | <u>Balance<br/>07/01/15</u> | <u>Revenues<br/>Received</u> | <u>Expenditures<br/>Disbursed</u> | <u>Balance<br/>06/30/16</u> |
|--|-----------------------------|------------------------------|-----------------------------------|-----------------------------|
| <b>ASSETS</b>                            |                             |                              |                                   |                             |
| Elementary & High School                 | \$ 143,767                  | \$ 434,091                   | \$ 438,040                        | \$ 139,818                  |
| Junior High School                       | <u>36,180</u>               | <u>62,439</u>                | <u>70,395</u>                     | <u>28,224</u>               |
| Total Activity Funds                     | <u>\$ 179,947</u>           | <u>\$ 496,530</u>            | <u>\$ 508,435</u>                 | <u>\$ 168,042</u>           |
| <br><b>LIABILITIES</b>                   |                             |                              |                                   |                             |
| Amounts due to agency fund organizations | <u>\$ 179,947</u>           | <u>\$ 496,530</u>            | <u>\$ 508,435</u>                 | <u>\$ 168,042</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, 2016

| Fund                    | Balance<br>07/01/15 | Revenues<br>Received | Expenditures<br>Disbursed | Balance<br>06/30/16 |
|-------------------------|---------------------|----------------------|---------------------------|---------------------|
| Academic Bowl           | \$ 717              | \$ 30                | \$ 194                    | \$ 553              |
| Art Fees                | 589                 | 5,405                | 5,690                     | 304                 |
| Baseball                | 1,571               | 16,497               | 16,712                    | 1,356               |
| Boys Basketball         | 4,504               | 6,406                | 9,055                     | 1,855               |
| Girls Basketball        | 2,174               | 12,997               | 11,670                    | 3,501               |
| Cheerleaders            | 100                 | 2,971                | 2,097                     | 974                 |
| Chess Club              | 739                 | 1,645                | 1,282                     | 1,102               |
| Drama Club              | 18,565              | 21,496               | 27,203                    | 12,858              |
| FFA                     | 6,879               | 21,300               | 27,077                    | 1,102               |
| Football                | 19,476              | 31,165               | 44,368                    | 6,273               |
| FBLA                    | -                   | 6,409                | 3,763                     | 2,646               |
| Horticulture            | 1,804               | 6,244                | 4,591                     | 3,457               |
| Industrial Arts Club    | 2,740               | 4,055                | 4,359                     | 2,436               |
| Integrity Fund          | 5,381               | 14,614               | 15,533                    | 4,462               |
| Library - High School   | 1,708               | 228                  | -                         | 1,936               |
| Music                   | 2,451               | 19,436               | 16,950                    | 4,937               |
| National Honors Society | 157                 | 1,605                | 1,476                     | 286                 |
| Outdoor Club            | 1,239               | 3,217                | 3,401                     | 1,055               |
| Pom Pons                | 788                 | -                    | -                         | 788                 |
| Renaissance Team        | 2,817               | 3,065                | 3,591                     | 2,291               |
| Scholarship Testing     | 2,624               | 17,556               | 19,098                    | 1,082               |
| Soccer - Boys           | 2,842               | 5,338                | 5,152                     | 3,028               |
| Soccer - Girls          | 1,362               | 2,159                | 2,546                     | 975                 |
| Social Fund             | 242                 | 7,167                | 7,369                     | 40                  |
| Carried Forward         | \$ 81,469           | \$ 211,005           | \$ 233,177                | \$ 59,297           |

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, 2016

| Fund                       | Balance<br>07/01/15 | Revenues<br>Received | Expenditures<br>Disbursed | Balance<br>06/30/16 |
|----------------------------|---------------------|----------------------|---------------------------|---------------------|
| Carried Forward            | \$ 81,469           | \$ 211,005           | \$ 233,177                | \$ 59,297           |
| Girls Softball             | 390                 | 8,928                | 8,743                     | 575                 |
| Student Council            | 4,379               | 29,931               | 30,667                    | 3,643               |
| Students for Students      | 907                 | 6,493                | 5,508                     | 1,892               |
| Tournament Fund            | 10,453              | 52,159               | 49,690                    | 12,922              |
| Track - Boys & Girls       | 671                 | 508                  | 776                       | 403                 |
| Volleyball                 | 5,131               | 23,479               | 24,710                    | 3,900               |
| Wrestling                  | 2,522               | 30,464               | 20,654                    | 12,332              |
| Yearbook                   | 7,306               | 6,409                | 4,358                     | 9,357               |
| Highland Assembly          | 1,525               | -                    | 1,525                     | -                   |
| Wellness                   | -                   | 1,246                | 550                       | 696                 |
| Highland PBIS              | 1,321               | 4,036                | 3,424                     | 1,933               |
| Monroe Center Assembly     | 37                  | 500                  | -                         | 537                 |
| Monroe Center PBIS         | 2,901               | 10,891               | 10,866                    | 2,926               |
| Highland Library Club      | 974                 | 1,964                | 2,112                     | 826                 |
| Junior High Library        | 2,507               | 9,289                | 6,705                     | 5,091               |
| Monroe Center Library Club | 618                 | 2,075                | 986                       | 1,707               |
| Class of 2016              | 2,622               | 9,511                | 11,737                    | 396                 |
| Class of 2017              | 287                 | 18,191               | 16,878                    | 1,600               |
| Class of 2018              | 1,076               | 1,695                | 1,072                     | 1,699               |
| Class of 2019              | -                   | 4,506                | 3,081                     | 1,425               |
| Class of 2021              | 842                 | -                    | -                         | 842                 |
| K-5 Outdoor                | 15,829              | 811                  | 821                       | 15,819              |
|                            | <u>\$ 143,767</u>   | <u>\$ 434,091</u>    | <u>\$ 438,040</u>         | <u>\$ 139,818</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, 2016

| Fund                 | Balance<br>07/01/15 | Revenues<br>Received | Expenditures<br>Disbursed | Balance<br>06/30/16 |
|----------------------|---------------------|----------------------|---------------------------|---------------------|
| 6th Grade            | \$ 791              | \$ 264               | \$ 433                    | \$ 622              |
| 6th History          | 44                  | -                    | -                         | 44                  |
| 6th Grade Math       | 18                  | 277                  | 263                       | 32                  |
| 6th Grade Reading    | -                   | 78                   | 48                        | 30                  |
| 7th Grade            | 163                 | -                    | 106                       | 57                  |
| 7th Grade Math       | 29                  | 278                  | 275                       | 32                  |
| 7th Grade Literature | 9                   | 147                  | 117                       | 39                  |
| 7th Grade English    | 53                  | -                    | -                         | 53                  |
| 8th Grade            | 208                 | 1,081                | 1,032                     | 257                 |
| 8th Grade English    | 40                  | 168                  | -                         | 208                 |
| Academic Team        | -                   | 32                   | -                         | 32                  |
| Art                  | 592                 | 1,206                | 1,738                     | 60                  |
| Athletics            | 39                  | 3,500                | 238                       | 3,301               |
| Band & Chorus        | 6,658               | 32,534               | 37,765                    | 1,427               |
| Basketball           | 103                 | 6,485                | 5,965                     | 623                 |
| Cheerleading         | 246                 | 2,488                | 2,069                     | 665                 |
| Concession Stand     | 2,279               | 2,305                | 3,455                     | 1,129               |
| Drama                | 9,982               | -                    | 6,350                     | 3,632               |
| Misc                 | -                   | 424                  | -                         | 424                 |
| Girls PE             | 1,044               | 611                  | 499                       | 1,156               |
| Homeless             | 285                 | -                    | 106                       | 179                 |
| Office               | 1,740               | 2,073                | 2,620                     | 1,193               |
| PBIS                 | 81                  | 1,182                | 615                       | 648                 |
| Roller Skating       | 4                   | -                    | -                         | 4                   |
| Science              | 3                   | -                    | -                         | 3                   |
| Student Council      | 1,790               | 1,981                | 2,670                     | 1,101               |
| Track                | -                   | 3,643                | 2,483                     | 1,160               |
| Volleyball           | 3,598               | 1,675                | 1,548                     | 3,725               |
| Wrestling            | -                   | 7                    | -                         | 7                   |
| Yearbook             | 6,381               | -                    | -                         | 6,381               |
|                      | \$ 36,180           | \$ 62,439            | \$ 70,395                 | \$ 28,224           |

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<br/>Daily<br/>Attendance</u> | <u>Operating<br/>Expense<br/>Per Pupil</u> | <u>Total<br/>Operating<br/>Expense</u> |
|----------------------------|---|--|--|
| 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                             |
| 2016                       | 1650                                    | 9,655                                      | 15,932,760                             |