New Issue
Book-Entry Only
Taxable—Series 2016C Bonds
Bank Qualified—Series 2016D Bonds

Ratings:
S&P Global Ratings: "AA" (Stable Outlook)
Build America Mutual Assurance Company Insured
S&P Global Ratings: "A" (Stable Outlook) Underlying
See "Bond Ratings" herein

Interest on the Series 2016C Bonds is includible in gross income of the owners thereof for federal income tax purposes. Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Series 2016D Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "Tax Treatment" herein for a more complete discussion. The Series 2016D Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "Qualified Tax-Exempt Obligations" herein.

Community Unit School District Number 203
Fayette and Montgomery Counties, Illinois
(Vandalia)
$1,925,000 Taxable General Obligation School Bonds, Series 2016C
$9,615,000 General Obligation Refunding School Bonds, Series 2016D

Dated: September 7, 2016 **Due: December 1, as further described on the inside cover page**

The Taxable General Obligation School Bonds, Series 2016C (the *"Series 2016C Bonds"*), and General Obligation Refunding School Bonds, Series 2016D (the *"Series 2016D Bonds"* and, together with the Series 2016C Bonds, the *"Bonds"*), of Community Unit School District Number 203, Fayette and Montgomery Counties, Illinois (the *"District"*), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (*"DTC"*). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Bonds will be made by The First National Bank, Vandalia, Illinois, as bond registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of $5,000 or any integral multiple thereof.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each June 1 and December 1, commencing December 1, 2016.

Proceeds of the Series 2016C Bonds will be used to (a) refund certain of the District's outstanding bonds, (b) increase the working cash fund of the District and (c) pay costs associated with the issuance of the Series 2016C Bonds.

Proceeds of the Series 2016D Bonds will be used to (a) refund certain of the District's outstanding bonds and (b) pay costs associated with the issuance of the Series 2016D Bonds.

The Series 2016C Bonds are not subject to optional redemption prior to maturity. The Series 2016D Bonds due on or after December 1, 2025, are subject to redemption prior to maturity at the option of the District, as a whole or in part, on any date on or after December 1, 2024, at the redemption price of par plus accrued interest to the redemption date. See "The Bonds—Redemption" herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "The Bonds—Security" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **Build America Mutual Assurance Company**.

BAM
BUILD AMERICA MUTUAL

The Bonds are offered when, as and if issued by the District and received by D.A. Davidson & Co., Des Moines, Iowa (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, will also act as Disclosure Counsel to the District and will render negative assurance letters to the District and the Underwriters with respect to certain matters set forth in this Official Statement. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about September 7, 2016.

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

as Underwriter

KINGS
FINANCIAL CONSULTING INC.

as Municipal Advisor

The date of this Official Statement is August 11, 2016.

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Community Unit School District Number 203
Fayette and Montgomery Counties, Illinois
(Vandalia)

$1,925,000 TAXABLE GENERAL OBLIGATION SCHOOL BONDS, SERIES 2016C

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	PRICE	CUSIP NUMBER* (312117)
2016	$545,000	1.00%	0.75%	100.057%	FV1
2017	360,000	1.10%	1.20%	99.877%	FW9
2018	370,000	2.00%	1.45%	101.203%	FX7
2019	650,000	2.00%	1.62%	101.191%	FY5

$9,615,000 GENERAL OBLIGATION REFUNDING SCHOOL BONDS, SERIES 2016D

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	PRICE	CUSIP NUMBER* (312117)
2019	$ 315,000	2.00%	1.30%	102.208%	FZ2
2020	1,145,000	2.00%	1.50%	102.042%	GA6
2021	1,170,000	2.00%	1.65%	101.746%	GB4
2022	790,000	2.00%	1.80%	101.173%	GC2
2023	800,000	2.00%	2.00%	100.000%	GD0
2025	490,000	2.20%	2.20%	100.000%	GF5
2026	1,335,000	3.00%	2.25%	105.606%**	GG3
2027	1,375,000	3.00%	2.35%	104.837%**	GH1
2028	1,415,000	3.00%	2.45%	104.076%**	GJ7
2029	780,000	3.00%	2.55%	103.320%**	GK4

* CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

** Priced to the December 1, 2024, optional redemption date.

No dealer, broker, salesman or other person has been authorized by the District or D.A. Davidson & Co., Des Moines, Iowa (the *"Underwriter"*), to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the District, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning Build America Mutual Assurance Company and the bond insurance policy has been obtained from the Insurer. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the District or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

Build America Mutual Assurance Company (*"BAM"*) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix C—Specimen Municipal Bond Insurance Policy."

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

OFFICIAL STATEMENT SUMMARY

This offering of Bonds is made only by means of the Official Statement in its entirety. No person shall be authorized to detach this Summary from the Official Statement or to otherwise use this Summary without the Official Statement in its entirety.

Issuer:	Community Unit School District Number 203, Fayette and Montgomery Counties, Illinois (the *"District"*).
Issue:	$1,925,000 Taxable General Obligation School Bonds, Series 2016C (the *"Series 2016C Bonds"*), and $9,615,000 General Obligation Refunding School Bonds, Series 2016D (the *"Series 2016D Bonds"* and, together with the Series 2016C Bonds, the *"Bonds"*).
Dated Date:	September 7, 2016.
Book-Entry Only Form:	The Bonds are issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, in $5,000 denominations or integral multiples thereof, and will be in Book-Entry Only Form.
Expected Delivery Date:	September 7, 2016.
Interest Payment Dates:	Each June 1 and December 1, commencing December 1, 2016.
Principal Payment Dates:	Each December 1, beginning December 1, 2016, and ending December 1, 2029, excluding December 1, 2024, as described on the inside cover page of this Official Statement.
Record Date:	The close of the business day on the 15th day of the calendar month next preceding any principal or interest payment date.
Optional Redemption:	The Series 2016C Bonds are not subject to optional redemption prior to maturity. The Series 2016D Bonds due on or after December 1, 2025, are subject to redemption prior to maturity at the option of the District, as a whole or in part, on any date on or after December 1, 2024, at the redemption price of par plus accrued interest to the redemption date. See "THE BONDS—Redemption" herein.

Authority and Purpose:	The Bonds are being issued pursuant to the School Code of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended, and a bond resolution adopted by the Board of Education of the District on the 11th day of August, 2016. Proceeds of the Series 2016C Bonds will be used to (a) refund certain outstanding obligations of the District, (b) increase the working cash fund of the District and (c) pay costs associated with the issuance of the Series 2016C Bonds. Proceeds of the Series 2016D Bonds will be used to (a) refund certain outstanding obligations of the District and (b) pay costs associated with the issuance of the Series 2016D Bonds.
Security:	In the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS—Security" herein.
Tax Treatment:................................	Chapman and Cutler LLP will provide separate opinions as to the federal tax treatment of interest on the Series 2016C Bonds and the Series 2016D Bonds, respectively. See "APPENDIX B-1—Proposed Form of Opinion of Bond Counsel – Series 2016C Bonds" and "APPENDIX B-2—Proposed Form of Opinion of Bond Counsel – Series 2016D Bonds."
Bank Qualification:..........................	The Series 2016D Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

Paying Agent/Registrar/Escrow Agent:	The First National Bank, Vandalia, Illinois.
Bond Insurance:	Build America Mutual Assurance Company, New York, New York (the *"Insurer"* or *"BAM"*), has made a commitment to issue a Municipal Bond Insurance Policy relating to the Bonds.
Bond Rating:	S&P Global Ratings, New York, New York, is expected to assign the Bonds an insured rating of "AA" (Stable Outlook). S&P has assigned the Bonds an underlying rating of "A" (Stable Outlook).
Legal Opinions:	Chapman and Cutler LLP, Chicago, Illinois.

TABLE OF CONTENTS

PAGE

INTRODUCTION 1
THE BONDS 1
  Authority and Purpose 1
  General Description 2
  Registration and Transfer 2
  Redemption 3
  Security 4
USE OF PROCEEDS 4
  THE WORKING CASH FUND PROCEEDS 4
  THE REFUNDING 5
SOURCES AND USES 7
RISK FACTORS 7
  Finances of the State of Illinois 7
  Local Economy 8
  Loss or Change of Bond Rating 8
  Secondary Market for the Bonds 8
  Continuing Disclosure 8
  Suitability of Investment 9
  Future Changes in Laws 9
  Factors Relating to Tax Exemption 9
  Bankruptcy 10
BOND INSURANCE 10
  Bond Insurance Policy 10
  Build America Mutual Assurance Company 10
THE DISTRICT 12
  General Description 12
  District Administration 13
  Board of Education 13
  Enrollment 13
  Employee Union Membership and Relations 14
  Population Data 14
FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT 14
  Direct General Obligation Bonded Debt (Principal Only) 16
  Overlapping General Obligation Bonded Debt 17
  Selected Financial Information 17
  Composition of EAV 18
  Tax Increment Financing Districts Located within the District 19
  Trend of EAV 20
  Taxes Extended and Collected 20
  School District Tax Rates by Purpose 2011-2015 20
  2011-2015 Representative Total Tax Rates 21
  Ten Largest Taxpayers 21

Retailers' Occupation, Service Occupation and Use Tax 22
New Property 22
Largest Employers 23
Unemployment Rates 24
Specified Owner-Occupied Units 25
Employment by Industry 26
Employment by Occupation 27
Median Household Income 28
Per Capita Income 29
SHORT-TERM BORROWING 29
FUTURE DEBT 29
DEFAULT RECORD 29
WORKING CASH FUND 29
Working Cash Fund Summary 30
REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES 30
Summary of Property Assessment, Tax Levy and Collection Procedures 30
Tax Levy and Collection Procedures 30
Exemptions 31
Property Tax Extension Limitation Law 33
Truth in Taxation Law 34
SCHOOL DISTRICT FINANCIAL PROFILE 34
STATE AID 36
General 36
General State Aid 36
Supplementary State Aid 38
Mandated Categorical State Aid 38
Competitive Grant State Aid 39
Payment for Mandated Categorical State Aid and Competitive Grant State Aid 39
RETIREMENT PLANS 40
Background Regarding Pension Plans 40
Teachers' Retirement System of the State of Illinois 42
Illinois Municipal Retirement Fund 43
BOND RATINGS 44
TAX TREATMENT 45
The Taxable Bonds 45
The Tax-Exempt Bonds 45
State Tax Treatment 48
QUALIFIED TAX-EXEMPT OBLIGATIONS 48
CONTINUING DISCLOSURE 48
THE UNDERTAKING 49
Annual Financial Information Disclosure 49
Reportable Events Disclosure 50
Consequences of Failure of the District to Provide Information 51
Amendment; Waiver 51
Termination of Undertaking 52
Additional Information 52

Dissemination of Information; Dissemination Agent 52
AUDITED FINANCIAL STATEMENTS 52
BOOK-ENTRY ONLY SYSTEM 53
CERTAIN LEGAL MATTERS 55
NO LITIGATION 56
UNDERWRITING 56
MUNICIPAL ADVISOR 56
AUTHORIZATION 57

EXHIBITS

Exhibit A	—	Combined Statement of Revenues, Expenditures and Changes in Fund Balance, Fiscal Years Ended 2011-2015
Exhibit B	—	Budget, Fiscal Year Ending June 30, 2016
Exhibit C	—	General Fund Revenue Sources, Fiscal Years Ended June 30, 2011-2015
Exhibit D	—	Combined Statement of Revenues, Expenditures and Changes in Fund Balance, Fiscal Year Ended June 30, 2016 (Unaudited)

APPENDICES

Appendix A	—	Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2015
Appendix B-1	—	Proposed Form of Opinion of Bond Counsel – Series 2016C Bonds
Appendix B-2	—	Proposed Form of Opinion of Bond Counsel – Series 2016D Bonds
Appendix C	—	Specimen Municipal Bond Insurance Policy

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 203
FAYETTE AND MONTGOMERY COUNTIES, ILLINOIS
(VANDALIA)

1109 North Eighth Street
Vandalia, Illinois 62471
(618) 283-4525

Board of Education

Chris Palmer
President

John Campbell	Joe Lawson *Secretary*	Jay G. Smith
Connie Goldsmith	Matt Hall *Vice President*	Judy Wasmuth

Administration

Rich Well
Superintendent

Lori Meseke
Business Manager

Molly Kirk
School Treasurer

Professional Services

Underwriter
D.A. Davidson & Co.
Des Moines, Iowa

Municipal Advisor
King's Financial Consulting, Inc.
Monticello, Illinois

Bond Counsel and Disclosure Counsel
Chapman and Cutler LLP
Chicago, Illinois

Bond Registrar, Paying Agent and Escrow Agent
The First National Bank
Vandalia, Illinois

Auditor
Mose, Yockey, Brown & Kull, LLC
Shelbyville, Illinois

OFFICIAL STATEMENT

Community Unit School District Number 203
Fayette and Montgomery Counties, Illinois
(Vandalia)
$1,925,000 Taxable General Obligation School Bonds, Series 2016C
$9,615,000 General Obligation Refunding School Bonds, Series 2016D

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community Unit School District Number 203, Fayette and Montgomery Counties, Illinois (the *"District"*), in connection with the offering and sale of its Taxable General Obligation School Bonds, Series 2016C (the *"Series 2016C Bonds"*), and General Obligation Refunding School Bonds, Series 2016D (the *"Series 2016D Bonds"* and, together with the Series 2016C Bonds, the *"Bonds"*).

This Official Statement contains "forward-looking statements" that are based upon the District's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the District. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the District nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

THE BONDS

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to the School Code of the State of Illinois (the *"School Code"*), the Local Government Debt Reform Act of the State of Illinois (the *"Debt Reform Act"*), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education of the District (the *"Board"*) on the 11th day of August, 2016 (the *"Bond Resolution"*).

Proceeds of the Series 2016C Bonds will be used to (a) refund certain of the District's outstanding General Obligation Refunding School Bonds, Series 2006, dated December 15, 2006 (the *"Series 2006 Bonds,"* and those Series 2006 Bonds being refunded, the *"Refunded Series 2006 Bonds"*), (b) increase the working cash fund of the District and (c) pay costs associated with the issuance of the Series 2016C Bonds.

Proceeds of the Series 2016D Bonds will be used to (a) refund a portion of the Refunded Series 2006 Bonds, and certain of the General Obligation School Bonds, Series 2007, dated June

15, 2007 (the *"Series 2007 Bonds,"* and those Series 2007 Bonds being refunded, the *"Refunded Series 2007 Bonds"*), General Obligation Refunding School Bonds, Series 2014B, dated September 3, 2014 (the *"Series 2014B Bonds"* and those Series 2014B Bonds being refunded, the *"Refunded Series 2014B Bonds"*), and General Obligation School Bonds, Series 2016B, dated June 16, 2016 (the *"Series 2016B Bonds"* and those Series 2016B Bonds being refunded, the *"Refunded Series 2016B Bonds"*), and (b) pay costs associated with the issuance of the Series 2016D Bonds.

See "USE OF PROCEEDS" herein for additional information.

GENERAL DESCRIPTION

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of $5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (*"DTC"*). Principal of and interest on the Bonds will be payable by The First National Bank, Vandalia, Illinois (the *"Registrar"*).

The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each June 1 and December 1, beginning December 1, 2016.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

REGISTRATION AND TRANSFER

The Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Series 2016D Bond or Series 2016D Bonds for the unredeemed portion of a Series 2016D Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Series 2016D Bond after notice calling such Series 2016D Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Series 2016D Bonds.

REDEMPTION

The Series 2016C Bonds are not subject to optional redemption prior to maturity. The Series 2016D Bonds due on or after December 1, 2025, are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of $5,000 in any order of their maturity as determined by the District (less than all of the Series 2016D Bonds of a single maturity to be selected by the Registrar), on December 1, 2024, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

The District will, at least 45 days prior to any redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Series 2016D Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Series 2016D Bonds of a single maturity, the particular Series 2016D Bonds or portions of Series 2016D Bonds to be redeemed shall be selected by lot by the Registrar from the Series 2016D Bonds of such maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Series 2016D Bonds are held in a book-entry system, in which case the selection of Series 2016D Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of Series 2016D Bonds or portions thereof in principal amounts of $5,000 and integral multiples thereof.

Unless waived by any holder of Series 2016D Bonds to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the District by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Series 2016D Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Series 2016D Bonds to be redeemed at the option of the District are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the District will not redeem such Series 2016D Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Series 2016D Bonds will not be redeemed. Otherwise, prior to any redemption date, the District will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2016D Bonds or portions of Series 2016D Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Resolution, and notwithstanding failure to receive such notice, the Series 2016D Bonds or portions of Series 2016D Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Series 2016D Bonds or portions of Series 2016D Bonds shall cease to bear interest. Upon surrender of such Series 2016D Bonds for redemption in accordance with said notice, such Series 2016D Bonds will be paid by the Registrar at the redemption price.

SECURITY

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel (*"Bond Counsel"*), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Resolution will be filed with the County Clerks of Fayette and Montgomery Counties, Illinois (the *"County Clerks"*), and will serve as authorization to the County Clerks to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

Reference is made to Appendix B-1 and Appendix B-2 for the proposed forms of opinions of Bond Counsel.

USE OF PROCEEDS

THE WORKING CASH FUND PROCEEDS

A portion of the proceeds of the Series 2016C Bonds (the *"Working Cash Fund Proceeds"*) will be deposited into the District's working cash fund (the *"Working Cash Fund"*) at the time of the issuance of the Bonds. The District expects to transfer the Working Cash Fund Proceeds to such other funds of the District as necessary to supplement the District's operating funds.

THE REFUNDING

A portion of the proceeds of the Bonds (the *"Refunding Proceeds"*) will be used to refund the Refunded Series 2006 Bonds, the Refunded Series 2007 Bonds, the Refunded Series 2014B Bonds and the Refunded Series 2016B Bonds (together, the *"Refunded Bonds"*), further described as follows:

SERIES 2006 BONDS

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT OUTSTANDING	AMOUNT REFUNDED BY THE SERIES 2016D BONDS	CALL PRICE	CALL DATE
2016	$ 315,000	$ 315,000	Not Callable	Not Callable
2017	515,000	0	Not Applicable	Not Applicable
2018	560,000	0	Not Applicable	Not Applicable
2019	595,000	595,000	100.0%	12/1/2016
2020	835,000	835,000	100.0%	12/1/2016
2021	870,000	870,000	100.0%	12/1/2016
2022	905,000	905,000	100.0%	12/1/2016
2023	940,000	940,000	100.0%	12/1/2016
TOTAL	$5,535,000	$4,460,000		

SERIES 2007 BONDS

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT OUTSTANDING	AMOUNT REFUNDED BY THE SERIES 2016D BONDS	CALL PRICE	CALL DATE
2016	$ 510,000	$ 510,000	Not Callable	Not Callable
2017	375,000	375,000	100.0%	12/1/2016
2018	395,000	395,000	100.0%	12/1/2016
2019	410,000	410,000	100.0%	12/1/2016
2020	430,000	430,000	100.0%	12/1/2016
2021	445,000	445,000	100.0%	12/1/2016
TOTAL	$2,565,000	$2,565,000		

SERIES 2014B BONDS

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT OUTSTANDING	AMOUNT REFUNDED BY THE SERIES 2016D BONDS	CALL PRICE	CALL DATE
2022	$ 135,000	$ 0	Not Applicable	Not Applicable
2023	370,000	0	Not Applicable	Not Applicable
2024	725,000	155,000	100.0%	12/1/2016
TOTAL	$1,230,000	$155,000		

SERIES 2016B BONDS

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT OUTSTANDING	AMOUNT REFUNDED BY THE BONDS	CALL PRICE	CALL DATE
2026	$ 562,600	$ 562,600	100.0%	9/7/2016
2027	581,500	581,500	100.0%	9/7/2016
2028	601,600	601,600	100.0%	9/7/2016
2029	623,100	623,100	100.0%	9/7/2016
TOTAL	$2,368,800	$2,368,800		

The Refunding Proceeds will be deposited in an Escrow Account (the *"Escrow Account"*) to be held by The First National Bank, Vandalia, Illinois (the *"Escrow Agent"*), under the terms of an Escrow Letter Agreement, dated as of the date of issuance of the Bonds, between the District and the Escrow Agent. The moneys so deposited in the Escrow Account will be applied by the Escrow Agent to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of, the United States of America (the *"Government Securities"*) and to provide an initial cash deposit. The Government Securities together with interest earnings thereon and the beginning cash deposit will be sufficient to pay when due the principal of and interest on the Refunded Bonds up to and including the maturity or prior redemption dates thereof.

SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

SOURCES:	THE SERIES 2016C BONDS	THE SERIES 2016D BONDS	TOTAL
Principal Amount	$1,925,000.00	$9,615,000.00	$11,540,000.00
Original Issue Premium	12,060.45	284,951.25	297,011.70
Total Sources	$1,937,060.45	$9,899,951.25	$11,837,011.70
USES:			
Deposit to Working Cash Fund	$1,733,849.00	$ 0.00	$ 1,733,849.00
Deposit to Escrow Account to pay Refunded Bonds	141,075.00	9,586,952.13	9,728,027.13
Costs of Issuance*	62,136.45	312,999.12	375,135.57
Total Uses	$1,937,060.45	$9,899,951.25	$11,837,011.70

* Includes underwriter's discount, bond insurance premium and other issuance costs.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

FINANCES OF THE STATE OF ILLINOIS

The State has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. In addition, the underfunding of the State's pension systems has contributed to the State's poor financial health. The State has also been operating since July 1, 2015, without a fully enacted budget for the fiscal year ending June 30, 2016 (*"Fiscal Year 2016"*), and has not enacted a budget for the fiscal year ending June 30, 2017 (*"Fiscal Year 2017"*). Certain Fiscal Year 2016 appropriations, however, were enacted, including the approval of spending for elementary and secondary education, and other certain Fiscal Year 2016 spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees.

As described below, Fiscal Year 2017 spending for elementary and secondary education has been approved for the entire fiscal year and includes an increase of $361 million over Fiscal Year 2016 levels. As for Fiscal Year 2017 spending for all other purposes, the General

Assembly has approved a stopgap six-month budget, which authorizes spending through December 31, 2016. Nonetheless, even with this partial-year budget, there will continue to be delays in payments of bills and the State's backlog of unpaid bills will continue to grow.

The State's general fiscal condition, the underfunding of the State's pension systems and the State's continuing budget impasse have materially adversely affected the State's financial condition and may result in decreased or delayed State appropriations to the District, including appropriations of the hereinafter defined State Aid (51.57% of the District's General Fund Revenue Sources for the fiscal year ended June 30, 2015).

The District cannot predict the effect the State's ongoing financial problems may have on the District's future finances.

LOCAL ECONOMY

The financial health of the District is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

LOSS OR CHANGE OF BOND RATING

The Bonds have received a credit rating from S&P Global Ratings, New York, New York (*"S&P"*). The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

CONTINUING DISCLOSURE

A failure by the District to comply with the Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission (the *"Commission"*) under the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*), and may adversely affect the transferability and liquidity of the Bonds and their market price.

SUITABILITY OF INVESTMENT

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Series 2016D Bonds (the *"Tax-Exempt Bonds"*) is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine the Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.

FACTORS RELATING TO TAX EXEMPTION

As discussed under "TAX TREATMENT—The Tax-Exempt Bonds" herein, interest on the Tax-Exempt Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Tax-Exempt Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Tax-Exempt Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the Tax-Exempt Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Tax-Exempt Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Tax-Exempt Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Tax-Exempt Bonds could have an adverse effect on the District's ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

The tax-exempt bond office of the Internal Revenue Service (the *"Service"*) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for Federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Tax-Exempt Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District could adversely affect the market value and liquidity of the Tax-Exempt Bonds, regardless of the ultimate outcome.

BANKRUPTCY

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (*"BAM"*) will issue its Municipal Bond Insurance Policy for the Bonds (the *"Policy"*). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended (the *"Code"*). No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.0 million, $41.6 million and $433.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at **www.buildamerica.com**, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors

BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profiles will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the District of or the Underwriter for the Bonds, and the District and Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE DISTRICT

GENERAL DESCRIPTION

The District encompasses 230 square miles and is located in south-central Illinois, approximately 60 miles east of St. Louis, Missouri. The District lies primarily in Fayette County, Illinois, with a small portion in Montgomery County, Illinois (together, the *"Counties"*). The District serves residents of the City of Vandalia (the *"City"*) and surrounding areas.

The transportation network serving the District includes Interstates 57 and 70 and Illinois Route 51. Air transportation is available at Lambert International Airport in St. Louis, and Amtrak commuter railroad service is available approximately 30 miles from the District in Effingham, Illinois.

The District provides pre-Kindergarten through 12th grade education to an enrollment of approximately 1,600 students. The District currently operates four buildings: an administrative office, one elementary school, one middle school and one high school.

The District is governed by a seven-member Board elected at large for four year overlapping terms. Day-to-day operations are administered by the Superintendent and a full-time administrative staff.

DISTRICT ADMINISTRATION

The day-to-day affairs of the District are conducted by a full-time staff including the following central administrative positions.

OFFICIAL	TITLE
Rich Well	Superintendent
Lori Meseke	Business Manager
Molly Kirk	School Treasurer

The Board appoints the administration. The staff is chosen by the administration with the approval of the Board. In general, policy decisions are made by the Board while specific program decisions are made by the administration.

BOARD OF EDUCATION

OFFICIAL	POSITION	TERM EXPIRES
Chris Palmer	President	April 2017
Matt Hall	Vice President	April 2019
Joe Lawson	Secretary	April 2017
John Campbell	Member	April 2017
Connie Goldsmith	Member	April 2017
Jay Smith	Member	April 2019
Judy Wasmuth	Member	April 2019

ENROLLMENT

HISTORICAL		PROJECTED	
2011/2012	1,551	2016/2017	1,550
2012/2013	1,574	2017/2018	1,550
2013/2014	1,594	2018/2019	1,550
2014/2015	1,525	2019/2020	1,550
2015/2016	1,587	2020/2021	1,550

Source: Enrollment figures are provided by the District.

EMPLOYEE UNION MEMBERSHIP AND RELATIONS

At the start of the 2015-2016 school year, the District had 157 full-time employees and 3 part-time employees. Of the total number of employees, approximately 98 are represented by a union. Employee-union relations are considered to be good. District personnel are organized as follows:

EMPLOYEE GROUP	CONTRACT EXPIRES	UNION AFFILIATION	NUMBER OF MEMBERS
Teachers	July 2018	IEA/NEA	98

POPULATION DATA

The U.S. Census Bureau, in its 2010-2014 American Community Survey, estimates that the District's current population is approximately 11,080. The estimated populations of the District, the Counties and the State at the times of the last three U.S. Census surveys were as follows:

NAME OF ENTITY	1990	2000	2010	% CHANGE 2000/2010
The District	10,590	11,549	11,623	0.64%
The County	20,893	21,802	22,140	1.55%
Montgomery County	30,728	30,652	30,104	-1.79%
The State	11,430,602	12,419,293	12,830,632	3.31%

Source: U.S. Census Bureau.

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT

DISTRICT FINANCES

The expenditures in the District's combined educational fund and operations and maintenance fund (together, the *"General Fund"*) have exceeded its General Fund revenues in three of the last four fiscal years. In addition, the District's budget for the fiscal year ended June 30, 2016, projected that General Fund expenditures would exceed General Fund for such fiscal year. Such declines are due primarily to the proration of General State Aid by the State in recent years. See "STATE AID herein for additional information. In recent years, the District has transferred funds from its working cash fund (the *"Fund"*) to supplement its General Fund revenues. The District expects to use a portion of the proceeds of the Series 2016C Bonds to supplement its General Fund revenues over the next several years.

The District has taken steps to reduce its expenditures for the purpose of balancing its budget. Specifically, the District has reduced expenditures by closing one building, eliminating positions vacated by retirement, downsizing custodial, maintenance and administrative staff, and eliminating costs related to extra-curricular activities. The District projects that it will have a balanced budget for the fiscal year ending June 30, 2017.

DIRECT GENERAL OBLIGATION BONDED DEBT (PRINCIPAL ONLY)

CALENDAR YEAR	SERIES 2006 BONDS[1] (DECEMBER 1)	SERIES 2007 BONDS[2] (DECEMBER 1)	SERIES 2014B BONDS[3] (DECEMBER 1)	SERIES 2015B BONDS[4] (DECEMBER 1)	SERIES 2015C BONDS[5] (DECEMBER 1)	SERIES 2016 BONDS[6] (DECEMBER 1)	SERIES 2016B BONDS[7] (DECEMBER 1)	PLUS: THE SERIES 2016C BONDS (DECEMBER 1)	PLUS: THE SERIES 2016D BONDS (DECEMBER 1)	LESS: THE REFUNDED BONDS	TOTAL OUTSTANDING BONDS
2016	$ 315,000	$ 510,000		$146,800		$368,000		$ 545,000		$ 825,000	$ 1,059,800
2017	515,000	375,000		147,200				360,000		375,000	1,022,200
2018	560,000	395,000		148,900				370,000		395,000	1,078,900
2019	595,000	410,000		117,500	$ 38,000			650,000	$ 315,000	1,005,000	1,120,500
2020	835,000	430,000							1,145,000	1,265,000	1,145,000
2021	870,000	445,000							1,170,000	1,315,000	1,170,000
2022	905,000		$ 135,000		271,300				790,000	905,000	1,196,300
2023	940,000		370,000		51,200				800,000	940,000	1,221,200
2024			725,000		685,300					155,000	1,255,300
2025					806,900				490,000		1,296,900
2026							$ 562,600		1,335,000	562,600	1,335,000
2027							581,500		1,375,000	581,500	1,375,000
2028							601,600		1,415,000	601,600	1,415,000
2029							623,100		780,000	623,100	780,000
TOTAL	$5,535,000	$2,565,000	$1,230,000	$560,400	$1,852,700	$368,000	$2,368,800	$1,925,000	$9,615,000	$9,548,800	$16,471,100

(1) The Series 2006 Bonds.
(2) The Series 2007 Bonds.
(3) The 2014B Bonds.
(4) General Obligation School Bonds, Series 2015B, dated June 9, 2015.
(5) General Obligation Refunding School Bonds, Series 2015C, dated September 9, 2015.
(6) Taxable General Obligation School Bonds, Series 2016, dated March 10, 2016.
(7) The 2016B Bonds.

OVERLAPPING GENERAL OBLIGATION BONDED DEBT
(As of July 12, 2016)

Taxing Body	Outstanding Debt(1)	Applicable to District: Percent(2)	Applicable to District: Amount
The City	$ 0	100.000%	$ 0
Community College District No. 501	27,450,000	8.316%	2,282,643
Community College District No. 517	18,810,000	0.097%	18,174
Total Overlapping Bonded Debt			$2,300,818

Source: Outstanding indebtedness was determined from publicly available sources. Information regarding the percentage of EAV applicable to the District is based on information provided by the Fayette and Montgomery County Clerks' Offices.

(1) Excludes the following amounts of alternate revenue bonded debt: City of Vandalia - $2,130,000; Community College District No. 501 - $2,565,000; and Community College District No. 517 - $1,560,000.

(2) Percentages based on 2015 EAVs, the most recent available

SELECTED FINANCIAL INFORMATION

Estimated Full Value of Taxable Property:	$ 356,407,881
EAV of Taxable Property:	$ 118,802,627(1)
Population Estimate:	11,080
General Obligation Bonded Debt:	$ 16,471,100
Other Direct General Obligation Debt:	$ 95,024
Total Direct General Obligation Debt:	$ 16,566,124
Percentage to Full Value of Taxable Property:	4.65%
Percentage to EAV:	13.94%
Debt Limit (13.8% of EAV):	$ 16,394,763(2)
Percentage of Debt Limit:	101.05%(3)
Per Capita:	$ 1,495.14
General Obligation Bonded Debt:	$ 16,471,100
Overlapping General Obligation Bonded Debt:	$ 2,300,818
General Obligation Bonded Debt and Overlapping General Obligation Bonded Debt:	$ 18,771,918
Percentage to Full Value of Taxable Property:	5.27%
Percentage to EAV:	15.80%
Per Capita:	$ 1,694.22

(1) Consists of the Base EAV (as hereinafter defined) of the District for levy year 2015 and the District's TIF EAV and Enterprise Zone EAV for levy year 2014. The levy year 2015 TIF EAV and Enterprise Zone EAV is not available as of the date hereof. Includes TIF EAV and Enterprise Zone EAV in the amounts of $8,431,383 and $67,557, respectively. See "Tax Increment Financing Districts Located Within the District."

(2) TIF EAV and Enterprise Zone EAV is included in the calculation of the District's statutory debt limit.

(3) Pursuant to the School Code, working cash fund bonds, such as the Series 2016C Bonds, may be issued in excess of the District's statutory debt limitation.

Composition of EAV

	2011	2012	2013	2014	2015
By Property Type					
Residential	$54,894,083	$56,222,504	$56,618,685	$57,191,164	$ 58,906,512
Farm	21,538,478	22,719,966	23,761,095	24,661,455	25,768,149
Commercial	17,173,389	16,941,051	17,402,186	17,554,426	17,205,475
Industrial	7,414,783	7,409,503	7,406,603	6,338,162	6,313,284
Mineral	1,498,912	1,520,965	1,404,257	1,401,902	1,254,620
Railroad	806,760	797,865	806,320	773,515	855,647
Total EAV*	$103,326,405	$105,611,854	$107,399,146	$107,920,624	$110,303,687

Source: Fayette and Montgomery County Clerks' Offices.
* Does not include TIF EAV or Enterprise Zone EAV.

	2011	2012	2013	2014	2015
By County					
The County	$101,914,634	$104,186,627	$105,921,091	$106,380,244	$108,660,247
Montgomery County	1,411,771	1,425,227	1,478,055	1,540,380	1,643,440
Total EAV*	$103,326,405	$105,611,854	$107,399,146	$107,920,624	$110,303,687

Source: Fayette and Montgomery County Clerks' Offices.
* Does not include TIF EAV or Enterprise Zone EAV.

TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE DISTRICT

A portion of the District's EAV is contained in tax increment financing (*"TIF"*) districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated as such (the *"Base EAV"*). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires.

LOCATION NAME OF TIF	YEAR ESTABLISHED	BASE EAV	2015 EAV	INCREMENTAL EAV
Vandalia TIF #1	1999	$6,520,294	$12,808,034	$ 6,287,740
Vandalia TIF #2	2004	68,768	2,212,411	2,143,643
			Total Incremental EAV	$ 8,431,383
			Enterprise Zone EAV	67,557
			EAV Excluding TIF EAV	110,303,687
			Total EAV	$118,802,627

Source: Fayette and Montgomery County Clerks' Offices.

TREND OF EAV

LEVY YEAR	EQUALIZED ASSESSED VALUATION	% CHANGE IN EAV FROM PREVIOUS YEAR
2011	$103,326,405	4.08%(1)
2012	105,611,854	2.21%
2013	107,399,146	1.69%
2014	107,920,624	0.49%
2015	110,303,687	2.21%

Source: Fayette and Montgomery County Clerks' Offices.
Does not include TIF EAV or Enterprise Zone EAV.
(1) Based on the District's $99,277,014 2010 EAV.

TAXES EXTENDED AND COLLECTED

TAX LEVY YEAR/ COLLECTION YEAR	TAXES EXTENDED	TAXES COLLECTED AND DISTRIBUTED	PERCENT COLLECTED
2010/11	$5,223,151	$5,193,363	99.43%
2011/12	5,379,802	5,412,761	100.61%
2012/13	5,496,961	5,484,963	99.78%
2013/14	5,550,156	5,491,946	98.95%
2014/15	5,605,936	5,595,249	99.81%
2015/16	5,720,660	In Process of Collection	

Source: Fayette and Montgomery County Clerks' and County Treasurers' Offices.

SCHOOL DISTRICT TAX RATES BY PURPOSE 2011-2015
(Per $100 EAV)

PURPOSE	2011	2012	2013	2014	2015	MAXIMUM RATE(1)
Educational	$1.84000	$1.84000	$1.84000	$1.84000	$1.84000	$1.8400
Bonds and Interest	1.37074	1.33959	1.32072	1.35217	1.32324	None
Building Operation & Maintenance	0.50000	0.50000	0.50000	0.50000	0.50000	0.5000
IMRF	0.28066	0.27477	0.22347	0.20849	0.18132	None
Transportation	0.20000	0.20000	0.20000	0.20000	0.20000	0.2000
Working Cash	0.05000	0.05000	0.05000	0.05000	0.05000	0.0500
Fire Prevention & Safety	0.05000	0.05000	0.05000	0.05000	0.05000	0.0500
Special Education	0.04000	0.04000	0.04000	0.04000	0.04000	0.0400
Liability Insurance	0.54197	0.58713	0.67040	0.69496	0.77060	None
Social Security	0.28066	0.27477	0.22347	0.20849	0.18132	None
Lease	0.05000	0.05000	0.05000	0.05000	0.05000	0.0500
Total	$5.20403	$5.20626	$5.16806	$5.19411	$5.18648	

Source: Fayette and Montgomery County Clerks' Offices.
(1) "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law" herein for information on the operation of such maximum rates.

2011-2015 Representative Total Tax Rates

(Per $100 EAV)

Taxing Authority	2011	2012	2013	2014	2015
The District	$5.20403	$5.20626	$5.16806	$5.19411	$5.18648
Fayette County	0.97929	0.98353	0.99515	1.02744	1.00882
Fayette County Hospital District	0.28690	0.27534	0.26547	0.26145	0.25261
Vandalia Township	0.32047	0.33372	0.34621	0.35569	0.36322
Vandalia Road and Bridge	0.16865	0.16789	0.16753	0.16875	0.16855
Mosquito Abatement District	0.02425	0.02500	0.02500	0.02500	0.00840
City of Vandalia	1.13838	1.13414	1.14065	1.15744	1.38583
Vandalia Park District	0.36859	0.35113	0.34574	0.41963	0.49654
Evans Public Library District	0.34712	0.35583	0.36568	0.37153	0.37909
Community College District No. 501	0.56991	0.58041	0.57508	0.59391	0.64950
Total*	$9.40759	$9.41325	$9.39457	$9.57495	$9.89904

Source: Fayette County Clerk's Office.
*The total of such rates is the property tax rate paid by a typical resident living in the largest tax code in the District.

Ten Largest Taxpayers

Taxpayer Name	2015 Equalized Assessed Value	Percent of the District's Total EAV
New York Central Lines LLC	$1,665,766	1.51%
Wal-Mart Real Estate Business Trust	1,378,181	1.25%
Vandalia Industrial Bldg. LLC	1,855,690	1.68%
Old Capitol Properties LLC	1,376,165	1.25%
Octochem Inc.	1,073,814	0.97%
ABG Real Estate LLC	937,406	0.85%
CPAC	763,500	0.69%
South Cenral FS Inc.	666,756	0.60%
Premier Vandalia LLC	620,000	0.56%
Land O'Lakes	605,428	0.55%
Total	$10,942,706	9.92%

Source: Fayette and Montgomery County Clerks' Offices.

The above taxpayers represent 9.92% of the District's $110,303,687 2015 EAV. Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels and it is possible that some parcels and their valuations may not be included.

RETAILERS' OCCUPATION, SERVICE OCCUPATION AND USE TAX

The following table shows the distribution of the municipal portion of the Retailers' Occupation, Service Occupation and Use Tax collected by the Illinois Department of Revenue (the *"Department"*) from retailers within the City. The table indicates the level of retail activity in the City.

THE CITY

YEAR[(1)]	STATE SALES TAX DISTRIBUTION[(2)]
2011	$1,584,112
2012	1,619,995
2013	1,635,511
2014	1,695,986
2015	1,735,467
2016[(3)]	395,063

Source: The Department.

(1) Calendar year reports ending December 31.

(2) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% sales tax includes tax receipts from the sale of food and drugs which are not taxed by the State.

(3) As of First Quarter, 2016.

NEW PROPERTY

The following chart indicates the EAV of new property (as defined in the Limitation Law (as hereinafter defined)) within the District for each of the last five levy years.

LEVY YEAR	NEW PROPERTY
2011	$360,000
2012	425,000
2013	0
2014	595,000
2015	0

Source: Fayette and Montgomery County Clerks' Offices.

LARGEST EMPLOYERS

Below is a listing of large employers located within or near the District area:

EMPLOYER	PRODUCT OR SERVICE	LOCATION	APPROXIMATE NUMBER OF EMPLOYEES
Marathon Petroleum	Oil Production and Storage	Patoka	Not Available*
Vandalia Correctional Center	Minimum security state prison	Vandalia	449
Fayette County Hospital	Hospital	Vandalia	326
Pinnacle Foods Group	Pancake syrups, barbecue sauces & salad dressings	St. Elmo	194
The District	Public Education	Vandalia	157
PETCO Petroleum Corp.	Crude oil production	St. Elmo	140
Orgill Inc.	Wholesale hardware warehousing distribution	Vandalia	112
VanSeal Corp.	Rubber seals & mechanical seal components for automotive rotating equipment	Vandalia	100
OctoChem, Inc.	Chemical & biological sample services, including fulfillment & repackaging	Vandalia	75
First National Bank Of Vandalia	Company headquarters & banking services	Vandalia	65
City Of Vandalia	Economic development organization	Vandalia	50
Fayco Enterprises, Inc.	Contract packaging & assembly	Vandalia	50
Signature Label, Inc.	Bottle & plastic screen printing	Vandalia	40
Poly-Pak & Ship, Inc.	Presort & mailing facility, including collating, inkjet addressing & pick & pack	Vandalia	38
Natural Gas Pipeline Co. Of America, Station 206	Natural gas storage & transmission	St. Elmo	30

Source: 2016 Illinois Manufacturers Directory, 2016 Illinois Services Directory and the Illinois Department of Commerce and Economic Opportunity.

* The District believes that Marathon Petroleum Corp., located in Patoka, Illinois, is a major employer of District residents. However, an estimate of the number of employees is not publicly available at this time.

UNEMPLOYMENT RATES

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates for the City, the County, the County of Montgomery and the State.

	THE CITY	THE COUNTY	COUNTY OF MONTGOMERY	THE STATE
2011 – Average	10.2%	9.5%	11.9%	9.7%
2012 – Average	10.1%	9.2%	11.2%	9.0%
2013 – Average	10.0%	9.4%	11.0%	9.1%
2014 – Average	8.8%	7.7%	8.8%	7.1%
2015 – Average	7.2%	6.5%	7.7%	5.9%
2016 – Average (April)	N/A	7.8%	9.2%	6.8%

Source: State of Illinois Department of Employment Security.

SPECIFIED OWNER-OCCUPIED UNITS

	THE DISTRICT		THE COUNTY	
VALUE	NUMBER	PERCENT	NUMBER	PERCENT
Under $50,000	566	19.53%	1,655	25.79%
$50,000 to $99,999	1,090	37.61%	2,228	34.71%
$100,000 to $149,999	360	12.42%	828	12.90%
$150,000 to $199,999	379	13.08%	754	11.75%
$200,000 to $299,999	320	11.04%	626	9.75%
$300,000 to $499,999	166	5.73%	232	3.61%
$500,000 to $999,999	-	0.00%	72	1.12%
$1,000,000 or more	17	0.59%	23	0.36%
Total	2,898	100.00%	6,418	100.00%

	COUNTY OF MONTGOMERY		THE STATE	
VALUE	NUMBER	PERCENT	NUMBER	PERCENT
Under $50,000	1,716	20.36%	243,163	7.61%
$50,000 to $99,999	3,524	41.82%	508,867	15.93%
$100,000 to $149,999	1,325	15.72%	525,634	16.45%
$150,000 to $199,999	882	10.47%	533,202	16.69%
$200,000 to $299,999	721	8.56%	663,672	20.77%
$300,000 to $499,999	210	2.49%	486,000	15.21%
$500,000 to $999,999	46	0.55%	188,718	5.91%
$1,000,000 or more	3	0.04%	45,451	1.42%
Total	8,427	100.00%	3,194,707	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

EMPLOYMENT BY INDUSTRY

	THE DISTRICT		THE COUNTY	
CLASSIFICATION	NUMBER	PERCENT	NUMBER	PERCENT
Agriculture, forestry, fishing, hunting and mining	226	5.10%	621	6.78%
Construction	223	5.03%	664	7.25%
Manufacturing	514	11.59%	1,279	13.96%
Wholesale Trade	86	1.94%	218	2.38%
Retail Trade	625	14.10%	1,126	12.29%
Transportation, warehousing and utilities	261	5.89%	577	6.30%
Information	75	1.69%	162	1.77%
Finance, insurance and real estate	178	4.01%	316	3.45%
Professional, scientific management administrative & waste management	251	5.66%	465	5.07%
Educational, health & social services	1,122	25.30%	2,100	22.92%
Arts, entertainment, recreations accommodations & food services	226	5.10%	530	5.78%
Other Services	235	5.30%	423	4.62%
Public Administration	412	9.29%	682	7.44%
Total	4,434	100.00%	9,163	100.00%

	COUNTY OF MONTGOMERY		THE STATE	
CLASSIFICATION	NUMBER	PERCENT	NUMBER	PERCENT
Agriculture, forestry, fishing, hunting and mining	422	4.22%	63,558	1.05%
Construction	588	5.88%	308,760	5.12%
Manufacturing	1,052	10.52%	756,747	12.55%
Wholesale Trade	224	2.24%	181,855	3.01%
Retail Trade	1,086	10.86%	663,401	11.00%
Transportation, warehousing and utilities	683	6.83%	353,089	5.85%
Information	170	1.70%	124,634	2.07%
Finance, insurance and real estate	556	5.56%	442,091	7.33%
Professional, scientific management administrative & waste management	482	4.82%	681,276	11.29%
Educational, health & social services	2,937	29.37%	1,391,310	23.07%
Arts, entertainment, recreations accommodations & food services	574	5.74%	544,222	9.02%
Other Services	445	4.45%	288,596	4.78%
Public Administration	780	7.80%	232,492	3.85%
Total	9,999	100.00%	6,032,031	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

EMPLOYMENT BY OCCUPATION

	The District		The County	
Classification	Number	Percent	Number	Percent
Management, professional & related occupations	1,294	29.18%	2,292	25.01%
Service occupations	948	21.38%	1,904	20.78%
Sales & office occupations	996	22.46%	1,978	21.59%
Natural resources, construction, & maintenance occupation	474	10.69%	1,252	13.66%
Production, transportation & material moving occupations	722	16.28%	1,737	18.96%
Total	4,434	100.00%	9,163	100.00%

	County of Montgomery		State of Illinois	
Classification	Number	Percent	Number	Percent
Management, professional & related occupations	3,189	31.89%	2,204,363	36.54%
Service occupations	1,961	19.61%	1,048,478	17.38%
Sales & office occupations	2,399	23.99%	1,500,220	24.87%
Natural resources, construction, & maintenance occupation	1,015	10.15%	441,705	7.32%
Production, transportation & material moving occupations	1,435	14.35%	837,265	13.88%
Total	9,999	100.00%	6,032,031	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

MEDIAN HOUSEHOLD INCOME

According to the U.S. Census Bureau, the District had a median household income of $49,772. This compares to $44,603 for the County, $45,158 for the County of Montgomery and $57,166 for the State. The following table represents the distribution of household incomes for the District, the County, the County of Montgomery and the State at the time of such survey.

	THE DISTRICT		THE COUNTY	
	NUMBER	PERCENT	NUMBER	PERCENT
Under $10,000	188	5.00%	497	6.23%
$10,000 to $14,999	187	4.97%	482	6.04%
$15,000 to $24,999	459	12.21%	1,115	13.97%
$25,000 to $34,999	371	9.87%	872	10.93%
$35,000 to $49,999	684	18.20%	1,446	18.12%
$50,000 to $74,999	703	18.70%	1,536	19.25%
$75,000 to $99,999	562	14.95%	1,026	12.86%
$100,000 to $149,999	414	11.01%	716	8.97%
$150,000 to $199,999	96	2.55%	171	2.14%
$200,000 or more	95	2.53%	120	1.50%
Total	3,759	100.00%	7,981	100.00%

	COUNTY OF MONTGOMERY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT
Under $10,000	704	6.45%	341,784	7.15%
$10,000 to $14,999	663	6.07%	218,422	4.57%
$15,000 to $24,999	1,589	14.55%	479,384	10.03%
$25,000 to $34,999	1,411	12.92%	455,890	9.54%
$35,000 to $49,999	1,676	15.34%	614,706	12.86%
$50,000 to $74,999	1,979	18.12%	852,342	17.84%
$75,000 to $99,999	1,402	12.84%	612,247	12.81%
$100,000 to $149,999	1,120	10.25%	671,103	14.04%
$150,000 to $199,999	209	1.91%	265,693	5.56%
$200,000 or more	170	1.56%	267,062	5.59%
Total	10,923	100.00%	4,778,633	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

PER CAPITA INCOME

	2000[(1)]	2014[(2)]	2000-2014
The District	$15,832	$23,026	45.44%
The County	15,357	21,845	42.25%
County of Montgomery	16,272	20,067	23.32%
The State	23,104	30,019	29.93%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

SHORT-TERM BORROWING

The District has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

FUTURE DEBT

Except for the Bonds, the District does not currently anticipate issuing any additional debt in 2016.

DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

WORKING CASH FUND

The District is authorized to issue general obligation bonds to create, re-create or increase a Working Cash Fund. Such fund can also be created, re-created or increased by the levy of an annual tax not to exceed $.05 per hundred dollars of EAV (the *"Working Cash Fund Tax"*). The purpose of the fund is to enable the District to have sufficient cash to meet demands for expenditures for corporate purposes. Moneys in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund or funds of the District in anticipation of ad valorem property taxes levied by the District for such fund or funds. The Working Cash Fund is reimbursed when the anticipated taxes or other moneys are received by the District.

Any time moneys are available in the Working Cash Fund, they must be transferred to such other funds of the District and used for any and all school purposes so as to avoid, whenever possible, the issuance of tax anticipation warrants or notes. Interest earned from the investment of the Working Cash Fund may be transferred from the Working Cash Fund to other funds of the District that are most in need of the interest. Moneys in the Working Cash Fund may not be appropriated by the Board in the annual budget.

The District also has the authority to abate amounts in the Working Cash Fund to any other fund of the District if the amount on deposit in such other fund after the abatement will not constitute an excess accumulation of money in that fund and as long as the District maintains an amount to the credit of the Working Cash Fund at least equal to 0.05% of the then current value, as equalized or assessed by the Department, of the taxable property in the District.

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the educational fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the educational fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the educational fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the time of abolishment, including all outstanding loans from the Working Cash Fund to other funds of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.

WORKING CASH FUND SUMMARY

FISCAL YEAR	END OF YEAR FUND BALANCE
2011	$ 148,516
2012	198,404
2013	250,698
2014	303,905
2015	1,114,631

Source: Compiled from the District's Audited Financial Statements for Fiscal Years ending June 30, 2011-2015.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the Counties. There can be no assurance that the procedures described herein will not change.

TAX LEVY AND COLLECTION PROCEDURES

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local

Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

EXEMPTIONS

An annual General Homestead Exemption provides that the Equalized Assessed Valuation (*"EAV"*) of certain property owned and used for residential purposes (*"Residential Property"*) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to $75,000 to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is $5,000.

The Senior Citizens Assessment Freeze Homestead Exemption (*"Senior Citizens Assessment Freeze Homestead Exemption"*) freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $55,000 for assessment year 2008 and after. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain distress communities can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least $5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the *"Natural Disaster Exemption"*) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans' Exemption exempts up to $100,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans' Standard Homestead Exemption provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is $2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is $5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of $5,000.

Finally, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

PROPERTY TAX EXTENSION LIMITATION LAW

The Property Tax Extension Limitation Law, as amended (the *"Limitation Law"*), limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies (including school districts) in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and numerous other counties.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are approved at a direct referendum, are alternate bonds or are for certain refunding purposes.

Public Act 89-510 permits the county boards of all counties not currently subject to the Limitation Law to initiate binding referenda to extend the provisions of the Limitation Law to all non-home rule taxing bodies in the county.

Under the legislation, the county board of any such county can initiate a binding tax cap referendum at any regularly scheduled election other than the consolidated primary, which is the February election in odd-numbered years. If the referendum is successful, then the Limitation Law will become applicable to those non-home rule taxing bodies having all of their equalized assessed valuation in the county beginning January 1 of the year following the date of the referendum. With respect to multi-county taxing bodies, the Limitation Law becomes applicable only after (a) each county in which the taxing body is located has held a referendum and (b) the proposition is passed in a county or counties containing a majority of the equalized assessed valuation of the taxing body.

As of the date of the referendum causing tax caps to be applicable to a taxing body, referendum approval would be required in order for the taxing body to issue unlimited tax general obligation bonds. The Counties have not yet initiated referenda regarding the the applicability of the Limitation Law. No guarantee exists, however that such referenda will not be held in the future.

If the Limitation Law were to apply in the future to the District, the limitations set forth therein will not apply to the taxes levied by the District to pay the principal of and interest on the Bonds.

Illinois legislators have introduced proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State (the *"Property Tax Freeze Proposal"*). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a material impact on the finances of the District and the ability of the District to issue non-referendum bonds. The District cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the *"Law"*) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action which would adversely affect the levy, extension, collection and application of the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future laws concerning the levy, extension and collection of such taxes levied by the District.

SCHOOL DISTRICT FINANCIAL PROFILE

As of the date of this Official Statement, the Illinois State Board of Education (*"ISBE"*) utilizes a system for assessing a school district's financial health referred to as the *"School District Financial Profile"* which replaced the Financial Watch List and Financial Assurance and Accountability System (FAAS). This system identifies those school districts which are moving into financial distress.

The system uses five indicators which are individually scored, placed into a category of a four, three, two or one, with four being the best possible, and weighted in order to arrive at a composite district financial profile. The indicators and the weights assigned to those indicators are as follows: fund balance to revenue ratio (35%); expenditures to revenue ratio (35%); days cash on hand (10%); percent of short-term borrowing ability remaining (10%); and percent of long-term debt margin remaining (10%).

The scores of the weighted indicators are totaled to obtain a district's overall score. The highest score is 4.0 and the lowest score is 1.0. A district is then placed in one of four categories as follows:

- *Financial Recognition*. A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.

- *Financial Review*. A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year's school budget for further negative trends.

- *Financial Early Warning*. A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.

- *Financial Watch*. A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

For each school district, ISBE calculates an original financial profile score (the *"Original Score"*) and an adjusted financial profile score (the *"Adjusted Score"*). The Original Score is calculated based solely on such school district's audited financial statements as of the close of the most recent fiscal year. The Adjusted Score is calculated based initially on a school district's audited financial statements for the most recent fiscal year, with adjustments made to reflect the impact on the Original Score of timing differences between such school district's actual and expected receipt of State Aid payments, as required by Section 1A-8 of the School Code. ISBE has implemented this statutory requirement by adding in payments expected to be received during the calculation year but not actually received until the following fiscal year, as well as by subtracting certain State Aid payments received during the current fiscal year but attributable to a prior fiscal year. Such adjustments may have a varying effect on a school district's Adjusted Score based on the amount of time by which such State Aid payments are delayed and the accounting basis adopted by such school district. Due to the manner in which such requirement has been implemented by ISBE, a school district's Adjusted Score may be different than it otherwise would have been in certain years based on the scheduled receipt of State Aid payments.

The following table sets forth the District's Original Scores and Adjusted Scores, as well as the designation assigned to each score, for each of the last five fiscal years (as released by ISBE in March of the year following the conclusion of each fiscal year):

Fiscal Year (June 30)	Original Score	Designation Based on Original Score	Adjusted Score	Designation Based on Adjusted Score
2015	3.25	Review	3.25	Review
2014	3.70	Recognition	3.70	Recognition
2013	3.25	Review	3.25	Review
2012	3.25	Review	3.25	Review
2011	3.60	Recognition	3.60	Recognition

STATE AID

GENERAL

The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such *"State Aid"* as a significant part of their budgets. For the fiscal year ended June 30, 2015, 51.57% of the District's General Fund revenue came from sources at the State, including State Aid. See *Exhibit C* to this Official Statement for more information concerning the breakdown of the District's revenue sources.

The General Assembly approved a full fiscal year 2017 budget for elementary and secondary education, including a $361 million increase over fiscal year 2016 levels. The budget appropriations, contained in Public Act 99-524, will provide funding for school districts that will fully cover the statutory foundation level of $6,119 per pupil and add another $250 million in equity grants directed at school districts with high concentration of poverty students. Mandated categorical grants will be funded at fiscal year 2016 levels and early childhood education will see an increase of $75 million over fiscal year 2016 levels.

Because of the General Assembly action, ISBE estimates the District will receive approximately $156,994 more in State Aid during fiscal year 2017 than it received during fiscal year 2016.

Among the many provisions of the FY 2017 Stopgap Budget Implementation Act (Public Act 99-523), one provides that school districts whose Corporate Personal Property Replacement Tax (CPPRT) receipts total 15% or more of their total revenues will receive an additional 7% of the total amount distributed to the school district from CPPRT funds during fiscal year 2015. This is designed to backfill a school district's loss from any CPPRT sweeps as a result of the stopgap budget.

As for the rest of State government, the General Assembly approved a stopgap six-month budget. Though it only funds amounts through half of fiscal year 2017, this is the first budget that has been in place since June 30, 2015.

The State provides for four different types of State Aid, each of which is discussed in greater detail below. The four forms of State Aid are: (a) General State Aid, (b) Supplementary State Aid, (c) Categorical State Aid and (d) Competitive Grant Aid. The percentage of the District's State Aid derived from each of these categories is set forth in *Exhibit C*.

GENERAL STATE AID

General State financial aid (*"General State Aid"*) for Illinois school districts is computed beginning with the fiscal year commencing July 1. General State Aid makes up the difference between the available local resources per pupil (the *"Available Local Resources"*) and a foundation level (the *"Foundation Level"*). The Foundation Level is a figure established annually by the State's budget representing the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil determined in accordance with the average daily attendance, as such term is defined in the School Code. The Foundation Level has been established at $6,119 in each of the most recent five school years.

A district's Available Local Resources are determined by multiplying EAV by the calculation tax rate, which is established by statute. Currently, the calculation tax rate is 3.00% for unit districts, 2.30% for elementary districts and 1.05% for high school districts. The product is added to revenue from the corporate personal property replacement tax, and the total is divided by the best three months average daily pupil attendance to arrive at the district's Available Local Resources per pupil. For districts subject to the hereinafter defined Limitation Law, Available Local Resources may be limited by such districts' extension limitation ratio, calculated in accordance with the School Code.

General State Aid makes up the difference between the Foundation Level and the Available Local Resources multiplied by the Average Daily Attendance (as defined in Section 18-8.05(C) of the School Code) (the *"ADA"*). The ADA equals the monthly average of the actual number of pupils in attendance of each school district, as further averaged for the best three months of pupil attendance for each school district. The attendance data used to calculate the ADA for the purpose of determining the amount of General State Aid is the greater of the (a) requisite attendance data for the school year immediately preceding the school year for which General State Aid is being calculated or (b) average of the requisite attendance data for the three preceding school years.

For any district with Available Local Resources of less than 93 percent of the Foundation Level, the entire deficiency in Available Local Resources as compared to the Foundation Level is awarded in General State Aid. Where Available Local Resources represent 93 to 175 percent of the foundation amount, State Aid is reduced on a sliding scale. Where a district has Available Local Resources representing 175 percent or more of the Foundation Level, the district receives a flat $218 per ADA.

Other factors important in determining a school district's aid include, but are not limited to, the following:

1. any applicable reductions in a district's EAV;

2. the number of special need students in a district;

3. whether or not the district participates in a tax abatement or tax increment allocation program under the Real Property Tax Increment Allocation Redevelopment Act;

4. the amount of money the district receives as a replacement for taxes previously received from the corporate personal property tax;

5. the number of days the schools of the district are operating with students in attendance;

6. whether or not kindergarten students attend for full day or one-half day sessions;

7. whether the schools in the district are recognized by ISBE as meeting state-required standards for recognition; and

8. changes in enrollment.

While the Foundation Level has not been adjusted in recent years, the State budget for General State Aid prior to fiscal year 2017 was reduced. As such, the State was not able to fund fully the General State Aid formula and instead prorated the amount received by each District (ranging from 95% proration in fiscal year 2012 to 92% proration in fiscal year 2016). For fiscal year 2017, total General State Aid was increased to fully cover the General State Aid formula.

Many pieces of legislation have been introduced in the General Assembly or discussed by legislators to repeal or materially change the current General State Aid formula. The District cannot predict whether, or in what form, any change to the General State Aid formula will occur, nor can the District predict the effect of any such change on the District's future finances.

Supplementary State Aid

In addition to General State Aid, districts with specified levels or concentrations of pupils from low-income households are eligible to receive supplemental general State aid financial grants (*"Supplemental General State Aid"*). Supplemental General State Aid is distributed to districts pursuant to a statutory formula based upon the number of low-income pupils in the district. The low-income pupil count is determined by the Department of Human Services based on the number of pupils eligible for at least one of a variety of low-income programs as of July 1 of the immediately preceding fiscal year. The amount of Supplemental General State Aid received by a district increases as the ratio of low-income pupils to the ADA increases.

Mandated Categorical State Aid

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as *"Mandated Categorical State Aid,"* are made to the school district in the fiscal year following the expenditure, *provided* that the school district files the paperwork necessary to inform the State of such an entitlement. At present, the School Code provides for Mandated Categorical State Aid with respect to mandatory school programs relating to: (a) special education, (b) transportation, (c) free and reduced breakfast and lunch, and (d) orphanage tuition.

Though school districts are entitled to reimbursement for expenditures made under these programs, these reimbursements are subject to the State's appropriation process. In the event that the State does not appropriate an amount sufficient to fund fully the Mandated Categorical State Aid owed to each school district, the total Mandated Categorical State Aid is proportionally reduced such that each school district receives the same percentage of its Mandated Categorical State Aid request with respect to a specific category of such aid as every other school district.

In past years, the State has not fully funded all Mandated Categorical State Aid payments. Therefore, pursuant to the procedures discussed above, proportionate reductions in Mandated Categorical State Aid payments to school districts have occurred. However, because these programs are "mandatory" under the School Code, each school district must provide these programs regardless of whether such school district is reimbursed by the State for the related expenditures. No assurance can be given that the State will make appropriations in the future sufficient to fund fully the Mandatory Categorical State Aid requirements. As such, the District's revenues may be impacted in the future by increases or decreases in the level of funding appropriated by the State for Mandated Categorical State Aid.

Competitive Grant State Aid

The State also provides funds to school districts for expenditures incurred in providing additional programs that are allowed, but not mandated by, the School Code. In contrast to Mandated Categorical State Aid, such *"Competitive Grant State Aid"* is not guaranteed to a school district that provides these programs. Instead, a school district applying for Competitive Grant State Aid must compete with other school districts for the limited amount appropriated by the State for such program.

Competitive Grant State Aid is allocated, after appropriation by the State, among certain school districts selected by the State. The level of funding is determined separately for each category of aid year-to-year based on the State's budget. This process does not guarantee that any funding will be available for Competitive Grant State Aid programs, even if a school district received such funding in a prior year. Therefore, school districts may incur expenditures with respect to certain Competitive Grant State Aid programs without any guarantee that the State will appropriate the money necessary to reimburse such expenditures.

The School Code provides numerous programs that qualify a school district for Competitive Grant State Aid. For fiscal year 2017, the largest Competitive Grant State Aid programs will be in Early Childhood Education and Bilingual Education, and the appropriations for these programs are approximately $442 million and $63.7 million, respectively.

Payment for Mandated Categorical State Aid and Competitive Grant State Aid

The State makes payments to school districts for Mandated Categorical State Aid and Competitive Grant State Aid (together, *"Categorical State Aid"*) in accordance with a voucher system involving ISBE. ISBE vouchers payments to the State on a periodic basis. The time between vouchers varies depending on the type of Categorical State Aid in question. For example, with respect to the categories of Mandated Categorical State Aid related to special education and transportation, ISBE vouchers the State for payments on a quarterly basis. With respect to Competitive Grant State Aid, a payment schedule is established as part of the application process, and ISBE vouchers the State for payment in accordance with this payment schedule.

Once ISBE has vouchered the State for payment, the State is required to make the Categorical State Aid payments to the school districts. As a general matter, the State is required to make such payments within 90 days after the end of the State's fiscal year.

See *Exhibit C* for a summary of the District's general fund revenue sources.

RETIREMENT PLANS

The District participates in two defined benefit pension plans: (i) the Teachers' Retirement System of the State of Illinois (*"TRS"*), which provides retirement benefits to the District's teaching employees, and (ii) the Illinois Municipal Retirement Fund (the *"IMRF"* and, together with TRS, the *"Pension Plans"*), which provides retirement benefits to the District's non-teaching employees. The District makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the *"Pension Code"*). This section first describes certain concepts related to pensions generally, then describes the applicable provisions of TRS and the provisions of IMRF.

The following sections summarize certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 6 to the Audit, as hereinafter defined, attached hereto as APPENDIX A.

BACKGROUND REGARDING PENSION PLANS

The Actuarial Valuation

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of the Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board (*"GASB"*), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

GASB Standards

Prior to the fiscal year ended June 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans were GASB Statement No. 25 and GASB Statement

No. 27 (together, the *"Prior GASB Standards"*). The Prior GASB Standards required the disclosure of an Annually Required Contribution (which was such pronouncement's method for calculating the annual amounts needed to fully fund a pension plan) and the calculation of pension funding statistics such as the unfunded actuarial accrued liability (*"UAAL"*), which was the shortfall of the assets held by the pension plan when compared against the liabilities of such pension plan, as actuarially determined (the *"Actuarial Accrued Liability"*), and the *"Funded Ratio,"* which was the ratio, expressed as a percentage, derived from dividing the assets of the pension plan by the Actuarial Accrued Liability. In addition, the Prior GASB Standards allowed pension plans to prepare financial reports pursuant to various approved actuarial methods and to use an assumed investment rate of return determined by the pension plan for financial reporting purposes.

Beginning with the fiscal year ended June 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans became GASB Statement No. 67 and GASB Statement No. 68 (together, the *"New GASB Standards"*). Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans, and, therefore, do not require computation of the Annually Required Contribution or a similar contribution number. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans.

The New GASB Standards require calculation and disclosure of a *"Net Pension Liability"* or *"Net Pension Asset"*, which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the *"Total Pension Liability"*) and the fair market value of the pension plan's assets (referred to as the *"Fiduciary Net Position"*). This concept is similar to the UAAL, which was calculated under the Prior GASB Standards, but most likely will differ from the UAAL on any calculation date because the Fiduciary Net Position is calculated at fair market value and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

Furthermore, the New GASB Standards employ a rate, referred to in such statements as the *"Discount Rate,"* which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan's investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards. Therefore, in certain cases in which the assets of a pension plan are not expected to be sufficient to pay the projected benefits of such pension plan, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

Finally, the New GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer. In addition, the New

GASB Standards require an expense (the *"Pension Expense"*) to be recognized on the income statement of the City.

To allow the District to present year-over-year comparative information regarding the Pension Plans, the following sub-sections relating to TRS and IMRF, respectively, will present information for fiscal years 2013 and 2014 pursuant to the Prior GASB Standards, which were the applicable financial reporting standards for such fiscal years. Information relating to fiscal year 2015 will be presented pursuant to the New GASB Standards, which were the applicable financial reporting standards for such fiscal year.

Pension Plans Remain Governed by the Pension Code

As described above, each of the Prior GASB Standards and the New GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the District to the Pension Plans in each year.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The District participates in TRS, which 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 outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer, which includes all school districts located outside of the City of Chicago, to provide services for which teacher licensure is required.

The Illinois Pension Code sets the benefit provisions of TRS, which can only be amended by the Illinois General Assembly. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report may be viewed at TRS's website as follows: http://trs.illinois.gov/pubs/cafr.htm.

For information relating to the actuarial assumptions and methods used by TRS, including the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, see Note 6 to the Audit.

Employer Funding of Teachers' Retirement System

Under the Illinois Pension Code, teachers' employers (such as the District) were required to contribute 0.58% of each teacher's salary to TRS, and active members were required to contribute 9.4% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District. For the fiscal year ended June 30, 2015, the State contributions recognized by the District were based on the State's proportionate share of the collective Net Pension Liability associated with the District, and the District recognized revenue and expenditures of $3,741,728 in pension contributions from the State. The District contributed $42,377 to TRS during the fiscal year ended June 30, 2015.

For information regarding additional contributions the District may be required to make to TRS with respect to early retirement options and certain salary increases, see Note 6 to the Audit.

Cost Shifting Proposal

In an attempt to remedy severe under-funding of the State's retirement systems in 2012, then Governor Quinn proposed changes to the manner of funding of such retirement systems, including TRS, with the goal of reaching full funding by 2042. One proposed change would require school districts, including the District, to contribute the full amount of the normal cots of their employees' TRS pensions (the *"Cost Shifting Proposal"*). The Cost Shifting Proposal would phase in such contributions over the course of several years.

Discussions and deliberations on the complex topic of pension reform remain fluid. The District cannot predict whether, or in what form, the Cost Shifting Proposal may be introduced in the General Assembly or ultimately be enacted into law. Furthermore, it is possible that any future pension reform legislation that is passed by the General Assembly (including any legislation containing the Cost Shifting Proposal) could face court challenges.

If the Cost Shifting Proposal were to become law, it may have a material adverse effect on the finances of District. How local school districts, including the District, would pay for such shift of contributions cannot be determined at the current time.

Recognition of Net Pension Liability and Pension Expense

As of June 30, 2015, the Net Pension Liability associated with the District was $48,554,522, of which the District's proportionate share, which was reported as a liability by the District, was $2,079,558, and the State's proportionate share was $46,474,964. In addition, the District recognized Pension Expense of $3,741,728 for fiscal year 2015, as well as $3,741,728 in revenue as a result of the support provided by the State.

ILLINOIS MUNICIPAL RETIREMENT FUND

The District also participates in the IMRF, which is a defined-benefit, agent multiple employer pension plan that acts as a common investment and administrative agent for units of local government and school districts in Illinois. IMRF is established and administered under statutes adopted by the Illinois General Assembly. The Pension Code sets the benefit provisions of the IMRF, which can only be amended by the Illinois General Assembly.

Each employer participating in the IMRF, including the District, has an employer reserve account with the IMRF separate and distinct from all other participating employers (the *"IMRF Account"*) along with a unique employer contribution rate determined by the IMRF Board, as described below. The employees of a participating employer receive benefits solely from such employer's IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF's website.

See Note 6 to the Audit for additional information on the IMRF's actuarial methods and assumptions, including information regarding the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

Contributions

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board of Trustees (the *"IMRF Board"*). The District's contribution rate for calendar year 2015 was 13.04% of covered payroll. For the fiscal year ended June 30, 2015, the District contributed $250,597 to the IMRF Plan, which compares to contributions of $262,725 and $265,471 in fiscal years 2014 and 2013, respectively.

Measures of Financial Position

As of December 31, 2014, the District's IMRF Account had a Total Pension Liability of $12,627,580 and a Fiduciary Net Position of $11,650,330, which results in a Net Pension Asset of $977,250, based on the current Discount Rate of 7.5%. For the fiscal year ended June 30, 2015, the District recognized Pension Expense of $404,784, deferred outflows of resources (related to pension contributions made subsequent to the measurement date, changes in assumptions, the difference between actual and expected experience and the net difference between projected and actual earnings on pension plan investments) of $696,536.

With respect to the actuarial valuations performed as of December 31, 2012 and December 31, 2013, each of which were performed pursuant to the Prior GASB Standards, the IMRF Account had Funded Ratios of 76.11% and 96.51%, respectively, and UAALs of $1,579,316 and $222,877, respectively, with all such calculations being made with respect to the market value of the District's assets.

See Note 6 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the District's funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the New GASB Standards.

BOND RATINGS

S&P is expected to assign the Bonds a rating of "AA" (Stable Outlook). The "AA" (Stable Outlook) rating on the Bonds is based on the insurance policy issued by BAM. S&P has assigned the Bonds an underlying rating of "A" (Stable Outlook). These ratings reflect only the views of such organization and any explanation of the significance of such rating may only be obtained from the rating agency. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P and the Bond Insurer by the District. There is no assurance that the ratings will be maintained for any given period of time or that it may not be changed by S&P if, in such rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such revision or withdrawal.

TAX TREATMENT

THE TAXABLE BONDS

Interest on the Series 2016C Bonds (the *"Taxable Bonds"*) is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Taxable Bonds may result in other federal income tax consequences to certain taxpayers. Taxable Bondholders should consult their tax advisors with respect to the inclusion of interest on the Taxable Bonds in gross income for federal income tax purposes and any collateral tax consequences.

THE TAX-EXEMPT BONDS

Federal tax law contains a number of requirements and restrictions which apply to the Tax-Exempt Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Tax-Exempt Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Tax-Exempt Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Tax-Exempt Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the *"Code"*), includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Tax-Exempt Bonds.

Ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the *"Issue Price"*) for each maturity of the Tax-Exempt Bonds is the price at which a substantial amount of such maturity of the Tax-Exempt Bonds is first sold to the public. The Issue Price of a maturity of the Tax-Exempt Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Tax-Exempt Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Tax-Exempt Bonds (the *"OID Tax-Exempt Bonds"*) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Tax-Exempt Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Tax-Exempt Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Tax-Exempt Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Tax-Exempt Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Tax-Exempt Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Tax-Exempt Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Tax-Exempt Bonds.

Owners of Tax-Exempt Bonds who dispose of Tax-Exempt Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Tax-Exempt Bonds in the initial public offering, but at a price different from the Issue Price or purchase Tax-Exempt Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Tax-Exempt Bond is purchased at any time for a price that is less than the Tax-Exempt Bond's stated redemption price at maturity or, in the case of an OID Tax-Exempt Bond, its Issue Price plus accreted original issue discount (the *"Revised Issue Price"*), the purchaser will be treated as having purchased a Tax-Exempt Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Tax-Exempt Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Tax-Exempt Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Tax-Exempt Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Tax-Exempt Bonds.

An investor may purchase a Tax-Exempt Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Tax-Exempt Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Tax-Exempt Bond. Investors who purchase a Tax-Exempt Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Tax-Exempt Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Tax-Exempt Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Tax-Exempt Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Tax-Exempt Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Tax-Exempt Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Tax-Exempt Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Tax-Exempt Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Tax-Exempt Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Tax-Exempt Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State Tax Treatment

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Qualified Tax-Exempt Obligations

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Tax-Exempt Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Continuing Disclosure

The District will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the *"MSRB"*) pursuant to the requirements of the Rule. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth below in "THE UNDERTAKING."

The District failed to file its audited financial statements and annual financial information for the fiscal years ended June 30, 2011, and June 30, 2012 within the time periods required by previous continuing disclosure undertakings. Furthermore, the District failed to file notice of its failures to comply with its prior continuing disclosure undertakings as required by the Rule. In addition, the District failed to file notice of a bond call with respect to its Series 2010 Bonds. Finally, the District failed to file timely notice of a rating change with respect to its Series 2010 Bonds.

The District has instituted procedures to ensure that future filings are made on a timely basis, including retaining a third party professional to assist with such filings. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. At present, such dissemination is made through the MSRB's Electronic Municipal Market Access system, referred to as EMMA (*"EMMA"*). The District is required to deliver such information within 210 days after the last day of the District's fiscal year (currently June 30), beginning with the fiscal year ended June 30, 2016. If Audited Financial Statements are not available when the Financial Information is filed, the District will submit Audited Financial Statements to EMMA within 30 days after availability to the District. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"Annual Financial Information" means information of the type contained in the following headings, subheadings and exhibits of the Final Official Statement:

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS
—Direct General Obligation Bonded Debt (Principal Only)
—Selected Financial Information (only as it relates to direct debt)
—Composition of Equalized Assessed Valuation
—Trend of Equalized Assessed Valuation
—Taxes Extended and Collected
—School District Tax Rates by Purpose
WORKING CASH FUND—Working Cash Fund Summary
Exhibit A—Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Exhibit B—Official Budget
Exhibit C—General Fund Revenue Sources

"Audited Financial Statements" means the combined financial statements of the District prepared in accordance with accounting principles mandated by ISBE.

REPORTABLE EVENTS DISCLOSURE

The District covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The *"Events"* are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes

- Bankruptcy, insolvency, receivership or similar event of the District*
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION

The District shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Resolution, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the District by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District shall give notice to the MSRB in a timely manner if this paragraph is applicable.

ADDITIONAL INFORMATION

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

DISSEMINATION OF INFORMATION; DISSEMINATION AGENT

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through EMMA for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended June 30, 2015 (the *"Audit"*), contained in Appendix A, including the independent auditor's report accompanying the Audit, have been prepared by Mose, Yockey, Brown & Kull, LLC, Shelbyville, Illinois (the *"Auditor"*), and approved by formal action of the Board. The District has not requested the Auditor to update information contained in the Audit nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit. Specific questions or inquiries relating to the financial information of the District since the date of the Audit should be directed to Lori Meseke, Business Manager of the District.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (*"Chapman and Cutler"*), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Chapman and Cutler has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although as Disclosure Counsel to the District, Chapman and Cutler has assisted the District with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler's engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the District, to assist it in discharging its responsibility with respect to the Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

No Litigation

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the District with the other customary closing papers when the Bonds are delivered.

Underwriting

Pursuant to the terms of a Bond Purchase Agreement (the *"Agreement"*) between the District and D.A. Davidson & Co., Des Moines, Iowa (the *"Underwriter"*), the Underwriter has agreed to purchase the Series 2016C Bonds at an aggregate purchase price of $1,921,660.45. The purchase price will produce an underwriting spread of 0.80% of principal amount if all Series 2016C Bonds are sold at the initial offering prices.

Pursuant to the Agreement, the Underwriter has agreed to purchase the Series 2016D Bonds at an aggregate purchase price of $9,823,031.25. The purchase price will produce an underwriting spread of 0.80% of principal amount if all Series 2016D Bonds are sold at the initial offering prices.

The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial public offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

Municipal Advisor

Kings Financial Consulting Inc., Monticello, Illinois, has been retained as municipal advisor (the *"Municipal Advisor"*) in connection with the issuance of the Bonds. In assisting with the preparation of this Official Statement, the Municipal Advisor has relied upon the District and other sources having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

The Municipal Advisor's duties, responsibilities, and fees arise solely from that as municipal advisor to the District.

AUTHORIZATION

This Official Statement has been approved by the District for distribution to prospective purchasers of the Bonds. The Board, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, the Official Statement with respect to the Bonds, together with any supplements thereto, at the time of the adoption of the Bond Resolution, and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/ Rich Well
Superintendent
Community Unit School District Number 203,
Fayette and Montgomery Counties, Illinois

August 11, 2016

EXHIBITS

Exhibit A shows the District's recent financial history. Exhibit B provides information on the District's 2016 budget. Exhibit C provides information on the general fund revenue sources of the District. Exhibit D provides unaudited information regarding the District's financial results for the fiscal year ended June 30, 2016.

EXHIBIT A — COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, FISCAL YEARS ENDED JUNE 30, 2011-2015

	GENERAL FUND(1)	SPECIAL REVENUE(2)	DEBT SERVICE	CAPITAL PROJECTS(3)	WORKING CASH FUND	MEMORANDUM TOTAL
Beginning Balance, July 1, 2010	$ 3,581,832	$ 149,293	$ 35,469	$ 6,155	$ 100,463	$ 3,873,212
Revenues	15,864,039	1,972,302	1,397,417	70,891	48,053	19,352,702
Expenditures	15,157,695	1,711,929	2,974,002	309,158	0	20,152,784
Transfers	0	0	0	-4,725	0	-4,725
Other	(35,903)	0	1,565,903	300,000	0	1,830,000
Other Changes in Fund Balance	28,509	0	0	0	0	28,509
Ending Balance June 30, 2011	$ 4,280,782	$ 409,666	$ 24,787	$ 63,163	$ 148,516	$ 4,926,914
Beginning Balance, July 1, 2011	$ 4,280,782	$ 409,666	$ 24,787	$ 63,163	$ 148,516	$ 4,926,914
Revenues	14,795,754	1,799,707	1,514,869	49,603	49,888	18,209,821
Expenditures	15,041,542	1,765,635	1,561,922	88,475	0	18,457,574
Transfers	(23,935)	0	23,935	0	0	0
Other	0	0	0	0	0	0
Ending Balance June 30, 2012	$ 4,011,059	$ 443,738	$ 1,669	$ 24,291	$ 198,404	$ 4,679,161
Beginning Balance, July 1, 2012	$ 4,011,059	$ 443,738	$ 1,669	$ 24,291	$ 198,404	$ 4,679,161
Revenues	14,671,424	2,003,828	1,542,634	51,731	52,294	18,321,911
Expenditures	15,518,637	1,785,489	1,568,659	45,909	0	18,918,694
Transfers	(91,654)	0	91,654	0	0	0
Other	0	1,000	0	0	0	1,000
Ending Balance June 30, 2013	$ 3,072,192	$ 663,077	$ 67,298	$ 30,113	$ 250,698	$ 4,083,378
Beginning Balance, July 1, 2013	$ 3,072,192	$ 663,077	$ 67,298	$ 30,113	$ 250,698	$ 4,083,378
Revenues	15,359,868	2,080,589	1,531,960	52,733	53,207	19,078,357
Expenditures	15,125,732	1,839,831	1,562,394	28,350	0	18,556,307
Transfers	0	0	0	0	0	0
Other	0	4,954	0	0	0	4,954
Ending Balance June 30, 2014	$ 3,306,328	$ 908,789	$ 36,864	$ 54,496	$ 303,905	$ 4,610,382
Beginning Balance, July 1, 2014	$ 3,306,328	$ 908,789	$ 36,864	$ 54,496	$ 303,905	$ 4,610,382
Revenues	15,684,440	1,807,004	1,538,823	53,748	54,639	19,138,654
Expenditures	15,938,058	1,913,050	2,705,666	473,681	0	21,030,455
Transfers	1,127,300	0	0	0	(1,127,300)	0
Other	(257,944)	6,800	1,163,847	810,218	1,883,387	3,606,308
Ending Balance June 30, 2015	$ 3,922,066	$ 809,543	$ 33,868	$444,781	$ 1,114,631	$ 6,324,889

Source: The audited financial statements of the District for the years ending June 30, 2011 - June 30, 2015.
(1) Includes the Educational Fund and the Operations and Maintenance Fund.
(2) Includes the Transportation Fund, the Tort Fund and the IMRF Fund.
(3) Includes the Site and Construction Fund and the Fire Prevention and Safety Fund.

EXHIBIT B — BUDGET, FISCAL YEAR ENDING JUNE 30, 2016

	GENERAL FUND[1]	SPECIAL REVENUE[2]	DEBT SERVICE	CAPITAL PROJECTS[3]	WORKING CASH	TOTAL
FUND BALANCE AS OF 7/1/15	$ 3,922,066	$ 809,543	$ 33,868	$ 444,781	$1,114,631	$ 6,324,889
ESTIMATED REVENUE	12,202,285	1,876,371	1,571,200	53,452	54,815	15,758,123
ESTIMATED EXPENDITURES	13,350,770	1,955,420	3,417,636	845,948	0	19,569,774
OTHER SOURCES/(USES)	967,282	0	1,852,700	2,489,518	-720,000	4,589,500
ESTIMATED FUND BALANCE 6/30/16	$ 3,740,863	$ 730,494	$ 40,132	$2,141,803	$ 449,446	$ 7,102,738

Source: Budget for the District for the year ending June 30, 2016, as amended. Please note that the beginning fund balance represents an estimate by the District at the time the budget was produced. As such, the beginning fund balance may not match the ending fund balances for the year ended June 30, 2015, due to timing.

(1) Includes the Educational Fund and the Operations and Maintenance Fund.

(2) Includes the Transportation Fund, the Tort Fund and the IMRF Fund.

(3) Includes the Site and Construction Fund and the Fire Prevention and Safety Fund.

EXHIBIT C — GENERAL FUND REVENUE SOURCES, FISCAL YEARS ENDED JUNE 30, 2011-2015

	YEAR ENDED JUNE 30, 2011	YEAR ENDED JUNE 30, 2012	YEAR ENDED JUNE 30, 2013	YEAR ENDED JUNE 30, 2014	YEAR ENDED JUNE 30, 2015
Local Sources	30.79%	32.98%	35.02%	32.48%	37.05%
State Sources:					
— General and Supplementary Aid	48.46%	50.47%	47.88%	41.97%	45.64%
— Mandated Categorical	3.93%	5.36%	5.23%	5.90%	3.64%
— Other State Sources	1.98%	1.26%	1.36%	7.76%	2.28%
Total State Sources	54.38%	57.09%	54.48%	55.64%	51.57%
Federal Sources	14.84%	9.93%	10.51%	11.89%	11.39%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The annual financial reports of the District for the years ending June 30, 2011-June 30, 2015. For purposes of this Exhibit, the General Fund includes the Educational Fund and the Operations and Maintenance Fund.

EXHIBIT D — COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)

	GENERAL FUND(1)	SPECIAL REVENUE(2)	DEBT SERVICE	CAPITAL PROJECTS(3)	WORKING CASH FUND	MEMORANDUM TOTAL
Beginning Balance, July 1, 2015	$ 3,922,066	$ 809,543	$ 33,868	$ 444,781	$1,114,631	$ 6,324,889
Income	13,084,582	1,923,872	3,424,489	2,543,512	427,484	21,403,939
Expenses	12,457,022	1,847,362	3,417,046	837,129	1,088,000	19,646,559
Ending Balance June 30, 2016	$ 4,549,626	$ 886,053	$ 41,311	$2,151,164	$ 454,115	$ 8,082,270

Source: The District. The information in this Exhibit is unaudited and preliminary, subject to change.
(1) Includes the Educational Fund and the Operations and Maintenance Fund.
(2) Includes the Transportation Fund, the Tort Fund and the IMRF Fund.
(3) Includes the Site and Construction Fund and the Fire Prevention and Safety Fund

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT #203

VANDALIA, ILLINOIS

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

MOSE, YOCKEY, BROWN & KULL, LLC
CERTIFIED PUBLIC ACCOUNTANTS
SHELBYVILLE, ILLINOIS

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
TABLE OF CONTENTS
JUNE 30, 2015

PAGES

FINANCIAL SECTION

Independent Auditor's Report	1-3
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*	4-5
Independent Auditor's Report on Compliance on Each Major Federal Program and Report on Internal Control over Compliance Required by OMB A-133	6-7
BASIC FINANCIAL STATEMENTS	
Statement of Assets and Liabilities Arising from Cash Transactions - All Funds and Account Groups	8
Statement of Revenues Received, Expenditures Disbursed, Other Sources (Uses) and Changes in Fund Balance – All Funds	9
Statement of Revenues Received-All Funds	10
Statement of Expenditures Disbursed – Budget to Actual	
Educational Fund	11-13
Operations and Maintenance Fund	14
Debt Services Fund	15
Transportation Fund	16
Municipal Retirement/Social Security Fund	17
Capital Projects Fund	18
Tort Fund	19
Fire Prevention and Safety Fund	20
Notes to Basic Financial Statements	21-51

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
TABLE OF CONTENTS
JUNE 30, 2015

SUPPLEMENTARY INFORMATION

Assessed Valuations, Rates and Extensions	52
Financial Profile Information	53
Financial Profile Summary	54
Student Activity Funds - Combining Statement of Changes in Assets and Liabilities	55-57
Federal Stimulus-American Recovery and Reinvestment Act	58
Schedule of Ad Valorem Tax Receipts	59
Schedule of Other Short-Term Debt/Long-Term Debt	60
Schedule of Restricted Local Tax Levies and Selected Revenue Sources	61
Schedule of Capital Outlay and Depreciation	62
Estimated Operating Expenditures Per Pupil and Per Capita Tuition Charge Computation 2014-15	63-64
Estimated Indirect Cost Data	65
Limitation of Administrative Costs Worksheet	66
Deficit Annual Financial Report (AFR) Summary Information	67

OTHER INFORMATION

IMRF Schedule of Changes in the Net Pension Liability and Related Ratios	68
IMRF Schedule of Employer Contributions	69
Schedule of the District's Proportionate Share of the Net Pension Liability-Teachers' Retirement System of the State of Illinois	70
Schedule of Employer Contributions-Teachers' Retirement System of the State of Illinois	71
Report On Shared Services or Outsourcing	72

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
TABLE OF CONTENTS
JUNE 30, 2015

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	73-76
Notes to the Schedule of Expenditures of Federal Awards	77
Schedule of Findings and Questioned Costs	78-80
Summary Schedule of Prior Audit Findings	81
Corrective Action Plan for Current Year Audit Findings	82

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Vandalia Community Unit School District 203
Vandalia, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Vandalia Community Unit School District 203, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic 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 modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1, the financial statements are prepared by Vandalia Community Unit School District 203, on the basis of the financial reporting provisions of 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. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts. 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 Vandalia Community Unit School District 203, as of June 30, 2015, or the changes in its financial position for the fiscal year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Management has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.* The amount by which this disclosure would affect the financial statements is not reasonably determinable.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of Vandalia Community Unit School District 203 as of June 30, 2015, and its revenues received and expenditures disbursed during the fiscal year then ended, on the basis of the financial reporting provisions of the Illinois State Board of Education.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vandalia Community Unit School District 203's basic financial statements. The information listed as supplementary information and other information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations,* and is also not a required part of the basic financial statements.

Supplementary Information

The information listed as supplementary information in the table of contents and the schedule of expenditures of federal awards is the responsibility of management and, except for the average daily attendance figure included in the computation of operating expense per pupil on page 54 and per capita tuition charges on page 55, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The information on pages 45, 54 through 56 and page 58 is propagated from information in the audited financial statements, but we take no responsibility for the accuracy of those calculations. The administrative cost worksheet on page 57 contains unaudited information concerning the current year budget which was provided by the District. The actual expenditure information on this page is fairly stated in all material respects in relation to the basic financial statements as a whole.

The 2014 comparative information in the accompanying schedule of expenditures of federal awards was subjected to the auditing procedures applied by us and our report dated October 21, 2014 expressed an unqualified opinion that such information was fairly stated in all material respects in relation to the 2014 financial statements as a whole.

Other Information

The information listed as other information in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015, on our consideration of Vandalia Community Unit School District 203's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vandalia Community Unit School District 203's internal control over financial reporting and compliance.

Mose, Yockey, Brown and Kull, LLC

Mose, Yockey, Brown and Kull, LLC
Certified Public Accountants
Shelbyville, Illinois

October 19, 2015

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

To the Board of Education
Vandalia Community Unit School District 203
Vandalia, Illinois

We have audited, in accordance with the 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 accompanying financial statements of Vandalia Community Unit School District 203 as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated October 19, 2015. Our opinion was adverse because the financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America. However, the financial statements were found to be fairly stated, except for the effects of the omitted disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions,* on the modified cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vandalia Community Unit School District 203'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 Vandalia Community Unit School District 203's internal control. Accordingly, we do not express an opinion on the effectiveness of Vandalia Community Unit School District 203's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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 material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs and identified as Finding Number 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vandalia Community Unit School District 203's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Vandalia Community Unit School District 203 in a separate letter dated October 19, 2015.

District's Response to Findings

Vandalia Community Unit School District 203's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Vandalia Community Unit School District 203'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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mose, Yockey, Brown & Kull, LLC

Mose, Yockey, Brown & Kull, LLC
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October 19, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Vandalia Community Unit School District 203
Vandalia, Illinois

Report on Compliance for Each Major Federal Program

We have audited Vandalia Community Unit School District 203's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Vandalia Community Unit School District 203's major federal programs for the year ended June 30, 2015. Vandalia Community Unit School District 203's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Vandalia Community Unit School District 203's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vandalia Community Unit School District 203's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Vandalia Community Unit School District 203's compliance.

Opinion on Each Major Federal Program

In our opinion, Vandalia Community Unit School District 203 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Vandalia Community Unit School District 203 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Vandalia Community Unit School District 203's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vandalia Community Unit School District 203's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mose, Yockey, Brown & Kull, LLC

Mose, Yockey, Brown & Kull, LLC
Certified Public Accountants
Shelbyville, Illinois

October 19, 2015

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
ALL FUNDS AND ACCOUNT GROUPS
JUNE 30, 2015

	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security
ASSETS					
Current Assets:					
Cash	$ 361,120	$ 9,405	$ 2,648	$ 52,938	$ 25,019
Investments	2,830,983	741,865	31,220	215,790	260,207
Other Current Assets	409	--	--	2,439	13
Capital Assets:					
Land	--	--	--	--	--
Building & Building Improvements	--	--	--	--	--
Site Improvements & Infrastructure	--	--	--	--	--
Capitalized Equipment	--	--	--	--	--
Construction in Progress	--	--	--	--	--
Amount Available in Debt Service Fund	--	--	--	--	--
Amount to be Provided for Payment of Bonds	--	--	--	--	--
Total Assets	$ 3,192,512	$ 751,270	$ 33,868	$ 271,167	$ 285,239
LIABILITIES					
Current Liabilities:					
Payroll Deductions & Withholdings	$ 21,716	$ --	$ --	$ --	$ --
Due to Activity Fund Organizations	--	--	--	--	--
Total Current Liabilities	$ 21,716	$ --	$ --	$ --	$ --
Long-Term Liabilities:					
Long-Term Debt Payable	--	--	--	--	--
Total Liabilities	$ 21,716	$ --	$ --	$ --	$ --
FUND BALANCES					
Reserved	$ --	$ 46,425	$ --	$ --	$ 75,050
Unreserved	3,170,796	704,845	33,868	271,167	210,189
Investment in General Fixed Assets	--	--	--	--	--
Total Fund Balances	$ 3,170,796	$ 751,270	$ 33,868	$ 271,167	$ 285,239
Total Liabilities and Fund Balances	$ 3,192,512	$ 751,270	$ 33,868	$ 271,167	$ 285,239

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

					Account Groups		
Capital Projects	Working Cash	Tort	Fire Prevention & Safety	Agency Fund	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
$ 40,203	$ 5,635	$ 17,939	$ 40,961	$ 165,801	$ --	$ --	$ 721,669
140,000	1,108,996	235,198	223,633	--	--	--	5,787,892
--	--	--	--	--	--	--	2,861
--	--	--	--	--	143,601	--	143,601
--	--	--	--	--	23,083,962	--	23,083,962
--	--	--	--	--	2,525,892	--	2,525,892
--	--	--	--	--	2,499,685	--	2,499,685
--	--	--	--	--	446,534	--	446,534
--	--	--	--	--	--	33,868	33,868
--	--	--	--	--	--	12,619,533	12,619,533
$ 180,203	$ 1,114,631	$ 253,137	$ 264,594	$ 165,801	$ 28,699,674	$ 12,653,401	$ 47,865,497
$ --	$ --	$ --	$ 16	$ --	$ --	$ --	$ 21,732
--	--	--	--	165,801	--	--	165,801
$ --	$ --	$ --	$ 16	$ 165,801	$ --	$ --	$ 187,533
--	--	--	--	--	--	12,653,401	12,653,401
$ --	$ --	$ --	$ 16	$ 165,801	$ --	$ 12,653,401	$ 12,840,934
$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 121,475
180,203	1,114,631	253,137	264,578	--	--	--	6,203,414
--	--	--	--	--	28,699,674	--	28,699,674
$ 180,203	$ 1,114,631	$ 253,137	$ 264,578	$ --	$ 28,699,674	$ --	$ 35,024,563
$ 180,203	$ 1,114,631	$ 253,137	$ 264,594	$ 165,801	$ 28,699,674	$ 12,653,401	$ 47,865,497

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
ALL FUNDS
FOR THE YEAR ENDING JUNE 30, 2015

	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety	Total (Memorandum Only)
REVENUES RECEIVED:										
Local Sources	$ 3,611,304	$ 785,476	$ 1,513,823	$ 254,277	$ 516,752	$ --	$ 54,639	$ 740,097	$ 53,748	$ 7,530,116
State Sources	6,119,971	--	25,000	286,782	9,096	--	--	--	--	6,440,849
Federal Sources	1,351,436	--	--	--	--	--	--	--	--	1,351,436
Total Direct Revenues Received	$ 11,082,711	$ 785,476	$ 1,538,823	$ 541,059	$ 525,848	$ --	$ 54,639	$ 740,097	$ 53,748	$ 15,322,401
On-Behalf Payments	3,816,253	--	--	--	--	--	--	--	--	3,816,253
Total Revenues Received	$ 14,898,964	$ 785,476	$ 1,538,823	$ 541,059	$ 525,848	$ --	$ 54,639	$ 740,097	$ 53,748	$ 19,138,654
EXPENDITURES DISBURSED:										
Current:										
Instruction	$ 8,112,006	$ --	$ --	$ --	$ 164,196	$ --	$ --	$ --	$ --	$ 8,276,202
Support Services	3,052,269	639,458	--	701,046	334,985	77,441	--	712,212	396,240	5,913,651
Community Services	7,982	--	--	--	611	--	--	--	--	8,593
Payments to Other Districts & Governmental Units	310,090	--	--	--	--	--	--	--	--	310,090
Debt Service	--	--	2,705,666	--	--	--	--	--	--	2,705,666
Total Direct Expenditures Disbursed	$ 11,482,347	$ 639,458	$ 2,705,666	$ 701,046	$ 499,792	$ 77,441	$ --	$ 712,212	$ 396,240	$ 17,214,202
On-Behalf Payments	3,816,253	--	--	--	--	--	--	--	--	3,816,253
Total Expenditures Disbursed	$ 15,298,600	$ 639,458	$ 2,705,666	$ 701,046	$ 499,792	$ 77,441	$ --	$ 712,212	$ 396,240	$ 21,030,455
Excess of Revenues Received over (under) Expenditures Disbursed	$ (399,636)	$ 146,018	$ (1,166,843)	$ (159,987)	$ 26,056	$ (77,441)	$ 54,639	$ 27,885	$ (342,492)	$ (1,891,801)
Other Sources (Uses):										
Abolishment of The Working Cash Fund	$ 1,127,300	$ --	$ --	$ --	$ --	$ --	$ (1,127,300)	$ --	$ --	$ --
Principal on Bonds Sold	--	--	1,230,000	--	--	--	1,875,000	--	560,400	3,665,400
Premium on Bonds Sold	--	--	--	--	--	--	18,461	--	--	18,461
Sale or Compensation for Fixed Assets	--	--	--	6,500	--	--	--	--	--	6,500
Other Sources Not Classified Elsewhere	--	--	--	--	--	--	--	300	--	300
Fund Balance Transfers Pledged to Pay for Capital Projects	--	(257,644)	--	--	--	257,644	--	--	--	--
Other Uses Not Classified Elsewhere	(300)	--	(66,153)	--	--	--	(10,074)	--	(7,826)	(84,353)
Total Other Sources/Uses of Funds	$ 1,127,000	$ (257,644)	$ 1,163,847	$ 6,500	$ --	$ 257,644	$ 756,087	$ 300	$ 552,574	$ 3,606,308
Excess of Revenues Received and Other Sources over (under) Expenditures Disbursed and Other Financing Uses	$ 727,364	$ (111,626)	$ (2,996)	$ (153,487)	$ 26,056	$ 180,203	$ 810,726	$ 28,185	$ 210,082	$ 1,714,507
Fund Balances - July 1, 2014	2,443,432	862,896	36,864	424,654	259,183	--	303,905	224,952	54,496	4,610,382
Fund Balances - June 30, 2015	$ 3,170,796	$ 751,270	$ 33,868	$ 271,167	$ 285,239	$ 180,203	$ 1,114,631	$ 253,137	$ 264,578	$ 6,324,889

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF REVENUES RECEIVED
ALL FUNDS
FOR THE YEAR ENDING JUNE 30, 2015

	Educational	Operations & Maintenance	Debt Services
Revenues Received			
Local Sources:			
Taxes:			
Designated Purposes Levies	$ 1,970,612	$ 535,490	$ 1,414,494
Leasing Purposes Levies	--	53,549	--
Special Education Purposes Levy	42,840	--	--
FICA/Medicare Only Purposes Levies	--	--	--
Mobile Home Privilege Tax	4,666	1,365	3,665
Corporate Personal Property Replacement Taxes	224,525	8,906	--
Total Taxes	$ 2,242,643	$ 599,310	$ 1,418,159
Tuition	867,788	--	--
Transportation	--	--	--
Interest on Investments	4,592	1,478	664
Food Services	252,492	--	--
District/School Activity Income	147,962	--	--
Textbooks	49,980	--	--
Rentals	--	132,000	--
Contributions and Donations	18,007	--	20,000
Services Provided Other Districts	5,800	--	--
Refund of Prior Years' Expenditures	4,186	52,611	--
Payments of Surplus Moneys from TIF Districts	--	--	65,000
Drivers' Education Fees	450	--	--
Proceeds from Vendors' Contracts	--	--	10,000
Other	17,404	77	--
Total Local Sources	$ 3,611,304	$ 785,476	$ 1,513,823
State Sources:			
General State Aid	$ 5,417,184	$ --	$ 25,000
Special Education	425,618	--	--
Career and Technical Education	538	--	--
State Free Lunch and Breakfast	6,858	--	--
Driver Education	23,107	--	--
Transportation	--	--	--
Early Childhood - Block Grant	143,192		--
Other Restricted Revenue from State Sources	103,474		--
Total State Sources	$ 6,119,971	$ --	$ 25,000
Federal Sources:			
Title V	$ 28,732	$	$ --
National School Lunch Program	341,798	--	--
Special Milk Program	1,925	--	--
School Breakfast Program	91,795	--	--
Title I-Low Income	508,216	--	--
Special Education-IDEA-Flow Through/Low Incidence	216,157	--	--
Title II - Teacher Quality	96,498	--	--
Medicaid Matching Funds-Administrative Outreach	29,119	--	--
Medicaid Matching Funds - Fee-for-Service Program	37,196	--	--
Total Federal Sources	$ 1,351,436	$ --	$ --
Total Direct Revenues Received	$ 11,082,711	$ 785,476	$ 1,538,823
On-Behalf Payments	3,816,253	--	--
TOTAL REVENUES RECEIVED	$ 14,898,964	$ 785,476	$ 1,538,823

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

Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety	Total (Memorandum Only)
$ 214,196	$ 239,342	$ --	$ 53,549	$ 717,912	$ 53,549	$ 5,199,144
--	--	--	--	--	--	53,549
--	--	--	--	--	--	42,840
--	239,338	--	--	--	--	239,338
496	1,163	--	124	1,478	124	13,081
19,687	28,124	--	--	--	--	281,242
$ 234,379	$ 507,967	$ --	$ 53,673	$ 719,390	$ 53,673	$ 5,829,194
--	--	--	--	--	--	867,788
3,337	--	--	--	--	--	3,337
553	622	--	966	741	75	9,691
--	--	--	--	--	--	252,492
--	--	--	--	--	--	147,962
--	--	--	--	--	--	49,980
--	--	--	--	--	--	132,000
--	--	--	--	--	--	38,007
--	--	--	--	--	--	5,800
232	--	--	--		--	57,029
--	--	--	--	--	--	65,000
--	--	--	--	--	--	450
--	--	--	--	--	--	10,000
15,776	8,163	--	--	19,966		61,386
$ 254,277	$ 516,752	$ --	$ 54,639	$ 740,097	$ 53,748	$ 7,530,116
$ --	$ --	$ --	$ --	$ --	$ --	$ 5,442,184
--	--	--	--	--	--	425,618
--	--	--	--	--	--	538
--	--	--	--	--	--	6,858
--	--	--	--	--	--	23,107
286,782	--	--	--	--	--	286,782
--	9,096	--	--	--	--	152,288
--	--	--	--	--	--	103,474
$ 286,782	$ 9,096	$ --	$ --	$ --	$ --	$ 6,440,849
$ --	$ --	$ --	$ --	$ --	$ --	$ 28,732
--	--	--	--	--	--	341,798
--	--	--	--	--	--	1,925
--	--	--	--	--	--	91,795
--	--	--	--	--	--	508,216
--	--	--	--	--	--	216,157
--	--	--	--	--	--	96,498
--	--	--	--	--	--	29,119
--	--	--	--	--	--	37,196
$ --	$ --	$ --	$ --	$ --	$ --	$ 1,351,436
$ 541,059	$ 525,848	$ --	$ 54,639	$ 740,097	$ 53,748	$ 15,322,401
--	--	--	--	--	--	3,816,253
$ 541,059	$ 525,848	$ -	$ 54,639	$ 740,097	$ 53,748	$ 19,138,654

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED-BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Current:		
Instruction:		
Regular Programs:		
Salaries	$ 2,822,266	$ 3,752,448
Employee Benefits	545,896	711,924
Purchased Services	600	3,440
Supplies and Materials	67,484	129,215
	$ 3,436,246	$ 4,597,027
Tuition Payment to Charter Schools		
Purchased Services	$ 1,700	$ --
	$ 1,700	$ --
Pre-K Programs:		
Salaries	$ 1,108,783	$ 124,042
Employee Benefits	249,354	15,928
Purchased Services	4,000	1,203
Supplies & Materials	80,070	--
Capital Outlay	1,500	--
	$ 1,443,707	$ 141,173
Special Education Programs:		
Salaries	$ 1,002,610	$ 1,024,756
Employee Benefits	159,983	137,880
Purchased Services	4,490	5,786
Supplies and Materials	18,400	4,401
Capital Outlay	3,000	--
	$ 1,188,483	$ 1,172,823
Remedial and Supplemental Programs K-12:		
Salaries	373,855	377,059
Employee Benefits	156,894	118,168
Supplies & Materials	155,000	154,845
	$ 685,749	$ 650,072
CTE Programs:		
Salaries	$ 616,196	$ 562,052
Employee Benefits	151,513	128,541
Supplies and Materials	16,860	2,461
	$ 784,569	$ 693,054

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED-BUDGET TO ACTUAL
EDUCATIONAL FUND (Continued)
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Interscholastic Programs:		
Salaries	$ 333,094	$ 323,215
Employee Benefits	60,030	44,047
Purchased Services	84,080	40,578
Supplies and Materials	4,137	27,712
Other Objects	5,500	4,883
	$ 486,841	$ 440,435
Summer School Programs:		
Salaries	$ 1,000	$ --
Employee Benefits	142	--
	$ 1,142	$ --
Driver's Education Programs:		
Salaries	$ 30,000	$ 26,676
Employee Benefits	8,086	4,724
Purchased Services	3,500	782
Supplies and Materials	3,500	1,034
	$ 45,086	$ 33,216
Regular K-12 Programs-Private Tuition		
Other Objects	$ 3,100	$ 9,399
Special Education Programs K-12 Private Tuition		
Other Objects	$ 375,000	$ 374,807
Total Instruction	$ 8,451,623	$ 8,112,006
Support Services:		
Pupils:		
Salaries	$ 428,756	$ 428,066
Employee Benefits	96,048	76,420
Purchased Services	7,000	3,996
Supplies and Materials	4,805	576
Other Objects	--	1,004
	$ 536,609	$ 510,062
Instructional Staff:		
Salaries	$ 87,768	$ 86,896
Employee Benefits	10,972	10,853
Purchased Services	124,600	99,232
Supplies and Materials	111,900	85,150
Capital Outlay	32,500	--
	$ 367,740	$ 282,131

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED-BUDGET TO ACTUAL
EDUCATIONAL FUND (Continued)
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
General Administration:		
Salaries	$ 159,579	$ 154,695
Employee Benefits	24,213	24,195
Purchased Services	44,000	34,266
Supplies and Materials	11,100	8,365
Other Objects	7,500	4,720
	$ 246,392	$ 226,241
School Administration:		
Salaries	$ 486,826	$ 498,575
Employee Benefits	111,853	108,858
Supplies and Materials	14,200	10,869
Other Objects	2,000	1,669
	$ 614,879	$ 619,971
Business:		
Salaries	$ 852,328	$ 816,034
Employee Benefits	88,337	71,378
Purchased Services	24,200	13,230
Supplies and Materials	547,200	508,927
Capital Outlay	5,000	2,428
Other Objects	--	1,867
	$ 1,517,065	$ 1,413,864
Total Support Services	$ 3,282,685	$ 3,052,269
Community Services:		
Salaries	$ 7,830	$ 7,982
Purchased Services	291	--
	$ 8,121	$ 7,982
Payments to Other Districts & Govt Units:		
Total Payments to Dist & Other Govt Units (In-State)	$ 213,000	$ 205,186
Total Payments to Dist & Other Govt Units -Tuition	111,000	104,904
Total Payments to Other District & Govt Units	$ 324,000	$ 310,090
Total Direct Disbursements/Expenditures	$ 12,066,429	$ 11,482,347
On-Behalf Payments	--	3,816,253
TOTAL EXPENDITURES DISBURSED	$ 12,066,429	$ 15,298,600

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Current:		
Support Services:		
Business:		
Purchased Services	$ 233,000	$ 166,173
Supplies and Materials	438,600	332,935
Capital Outlay	240,000	140,350
Total Support Services	$ 911,600	$ 639,458
TOTAL EXPENDITURES DISBURSED	$ 911,600	$ 639,458

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
DEBT SERVICES FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Debt Services:		
Interest	$ 545,598	$ 582,313
Principal Payments	2,158,806	2,121,753
Other	1,600	1,600
Total Debt Services	$ 2,706,004	$ 2,705,666
TOTAL EXPENDITURES DISBURSED	$ 2,706,004	$ 2,705,666

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Current:		
Support Services:		
Pupil Transportation Services:		
Salaries	$ 409,945	$ 402,042
Employee Benefits	10,972	10,833
Purchased Services	14,000	17,828
Supplies and Materials	185,000	140,957
Capital Outlay	190,000	129,386
Total Support Services	$ 809,917	$ 701,046
TOTAL EXPENDITURES DISBURSED	$ 809,917	$ 701,046

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Current:		
Instruction:		
Regular Programs:		
Employee Benefits	$ 37,763	$ 52,975
Pre K Programs:		
Employee Benefits	22,215	9,079
Special Education Programs:		
Employee Benefits	76,620	69,544
Remedial and Supplemental Programs - K-12		
Employee Benefits	16,851	16,588
CTE Programs:		
Employee Benefits	8,334	7,432
Interscholastic Programs:		
Employee Benefits	9,041	8,238
Summer School Programs:		
Employee Benefits	30	--
Driver's Education Programs:		
Employee Benefits	520	340
Total Instruction	$ 171,374	$ 164,196
Support Services:		
Pupils:		
Employee Benefits	$ 13,347	$ 13,401
Instructional Staff:		
Employee Benefits	21,174	19,859
General Administration:		
Employee Benefits	8,703	10,644
School Administration:		
Employee Benefits	47,166	41,704
Business:		
Employee Benefits	282,420	249,377
Total Support Services	$ 372,810	$ 334,985
Community Services:		
Employee Benefits	$ 630	$ 611
TOTAL EXPENDITURES DISBURSED	$ 544,814	$ 499,792

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Support Services:		
General Administration:		
Capital Outlay	$ 122,940	$ 77,441
Total Support Services	$ 122,940	$ 77,441
TOTAL EXPENDITURES DISBURSED	$ 122,940	$ 77,441

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
TORT FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Support Services:		
General Administration:		
Salaries	$ 375,000	$ 344,170
Purchased Services	265,250	245,197
Supplies and Materials	20,000	3,950
Capital Outlay	150,000	118,895
Total Support Services	$ 810,250	$ 712,212
TOTAL EXPENDITURES DISBURSED	$ 810,250	$ 712,212

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
FIRE PREVENTION & SAFETY FUND
FOR THE YEAR ENDING JUNE 30, 2015

	Budget	Actual
Expenditures Disbursed		
Current:		
Support Services:		
Business:		
Salaries	$ 4,000	$ 1,366
Employee Benefits	150	55
Purchased Services	25,000	18,643
Supplies & Materials	20,000	7,084
Capital Outlay	390,000	369,092
Total Support Services	$ 439,150	$ 396,240
TOTAL EXPENDITURES DISBURSED	$ 439,150	$ 396,240

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

Note 1 - Summary of Significant Accounting Policies

The District's accounting policies conform to the modified cash basis of accounting as defined by the Illinois State Board of Education Audit Guide and comply with regulatory provisions prescribed by the Illinois State Board of Education.

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Implementation was required for the fiscal year ending June 30, 2004. The District elected not to implement GASB 34. Instead, the District adopted a regulatory basis of accounting as prescribed by the Illinois State Board of Education.

A. Principles used to Determine Scope of 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 that benefit the citizens of the District, including joint agreements that 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.

The District is a member of the Bond Fayette Region of Mid-State Special Education joint agreement that provides special education services for the member districts. The District pays assessments to the joint agreement. Separate financial statements are available through the Mid-State Special Education office at 202 Prairie, Morrisonville, IL 62546. In addition, the District is a member of and the administrative district for the Okaw Area Vocational Center joint agreement, which provides vocational education services for the member districts. Separate financial statements are available through the Okaw Area Vocational Center office at 1109 N 8th, Vandalia, IL 62471.

The joint agreement has 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 is therefore excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreement. In addition, the District is not aware of any entity that would exercise such oversight that would result in the district being considered a component unit of the entity.

B. Basis of Presentation - Fund Accounting

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, revenues received and expenditures disbursed. The District maintains individual funds required by the State of Illinois.

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:

Note 1 - Continued

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.

The Educational Fund and the Operations and Maintenance Fund, are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund. The Leasing and Special Education levies are included in the Educational Fund.

The Transportation Fund, the Municipal Retirement/Social Security Fund and the Tort Fund are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Services Fund or Fiduciary Funds) that are legally restricted to cash disbursements for specified purposes.

The Capital Projects Fund and the Fire Prevention and Safety Fund are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to other funds.

The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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.

The Agency Fund includes both Student Activity Funds and Convenience Accounts. It accounts for assets held by the District as an agent for the students and teachers. This fund is custodial in nature and does 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."

Note 1 - Continued

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.

Capital Assets and General Long-Term Debt Account Group

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. Capital 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, rather than in 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 revenues received and expenditures disbursed 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 modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are 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 a right to receive cash exists which arises from previous cash transactions. Liabilities of a fund, similarly, result from previous cash transactions.

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

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

D. Total Columns

The total columns on all statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United State of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

D. Budgets and Budgetary Accounting

The budget for all governmental fund types and for the Expendable Trust Fund is prepared on the modified 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 of the *Illinois Compiled Statutes*. The original budget was passed on September 16, 2014, and was amended on June 16, 2015.

Note 1 - Continued

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. 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. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

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 (in other ways) by the same procedures required of its original adoption.

E. Investments

Investments are stated at cost. Gains or losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment policy. The institutions in which investments are made must be approved by the Board of Education. Investments consist of money market accounts.

F. Inventories

The District does not maintain inventories that would be material to the financial statements and expenses items as they are purchased.

G. Capital Assets

Capital assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Donated capital assets are stated at estimated fair market value as of the date of acquisition. The capitalization threshold for all assets is $500. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge). Depreciation calculated on the straight line basis for the per capita tuition charge was $720,886 for the year ended June 30, 2015.

Note 1 - Continued

The estimated useful lives for capital assets are as follows:

Property Type	Estimated Useful Life (years)
Depreciable Land	50
Buildings	
Permanent	50
Temporary	25
Infrastructure other than Buildings	20
Capitalized Equipment	3-10

H. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues received and expenditures disbursed during the reporting period. Actual results could differ from these estimates. The most sensitive estimate affecting the financial statements is the estimate of depreciation expense based on the estimated useful lives by asset type.

Note 2 - Property Taxes

The District's property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. Taxes are levied in Fayette and Montgomery counties. The most recent levy was adopted by the board on December 16, 2014. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in August and October. The District receives significant distributions of tax receipts approximately one month after these due dates.

Tax proceeds from the 2013 and prior levies are reported as receipts from local sources in the June 30, 2015 financial statements.

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per $100 of assessed valuation:

Levy	2014 Maximum	Actual 2014 Levy	Actual 2013 Levy
Educational	1.8400	1.84000	1.84000
Operations and Maintenance	0.5000	0.50000	0.50000
Bond and Interest	Unlimited	1.35217	1.32072
Transportation	0.2000	0.20000	0.20000
Municipal Retirement	Unlimited	0.20849	0.22347
Social Security	Unlimited	0.20849	0.22347
Working Cash	0.0500	0.05000	0.05000
Tort Immunity	Unlimited	0.69496	0.67040
Fire Prevention and Safety	0.0500	0.05000	0.05000
Leasing	0.0500	0.05000	0.05000
Special Education	0.0400	0.04000	0.04000
		5.19411	5.16806

Note 3 - Cash and Investments

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

Deposits with financial institutions	$	721,669
Investments		5,787,892
	$	6,509,561

Investments Authorized by *Illinois Compiled Statutes* and the District's Investment Policy

The District is allowed to invest in securities as authorized by 30 ILCS 235/2 and 235/6 and 105 ILCS 5/8-7 of the *Illinois Compiled Statutes.* The District's investment policy is consistent with *Illinois Compiled Statutes.*

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy does not specifically address interest rate risk: however, one of the ways that the District manages its exposure to interest rate risk is by limiting its purchases of long term investments. At June 30, 2015 the District's investments were deposits in financial institutions. The deposits are all demand deposits. None of the District's investments are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy requires a rating at the time of purchase at one of the three highest classifications established by at least two standard rating services. The District's deposits with financial institutions are not subject to credit risk rating.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Deposits with financial institution are exempt from the 5% investment in any one issuer disclosure.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. *Illinois Compiled Statutes* do not contain requirements that would limit the exposure to custodial credit risk for deposits. However, the district's investment policy requires that all amounts deposited or invested with financial institutions in excess of any insurance limit be collateralized.

As of June 30, 2015, $6,127,318 of the District's deposits with financial institutions in excess of federal depository insurance limits were held in accounts collateralized by securities held by the pledging financial institution.

Note 3– Continued

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. None of the district's investments are directly subject to foreign currency risk. The district's investment policy does not address foreign currency risk.

Note 4 - Changes in Capital Assets

	Balance, July 1, 2014	Additions	Deletions	Balance, June 30, 2015
Capital Assets not being Depreciated:				
Land	$ 143,601	$ --	$ --	$ 143,601
Construction In Progress	30,956	446,534	30,956	446,534
Depreciable Capital Assets:				
Buildings and Building Improvements	22,970,466	113,496	--	23,083,962
Site Improvements and Infrastructure	2,513,906	11,986	--	2,525,892
Capitalized Equipment	2,284,356	296,535	81,206	2,499,685
Total Capital Assets	$ 27,943,285	$ 868,551	$ 112,162	$ 28,699,674
Accumulated Depreciation:				
Buildings and Building Improvements	$ 8,875,203	$ 399,813	$ --	$ 9,275,016
Site Improvements and Infrastructure	1,244,051	115,887	--	1,359,938
Capitalized Equipment	1,493,498	205,186	81,206	1,617,478
Total Accumulated Depreciation	$ 11,612,752	$ 720,886	$ 81,206	$ 12,252,432
Capital Assets, Net	$ 16,330,533	$ 147,665	$ 30,956	$ 16,447,242

As explained in Note 1, depreciation is calculated to determine the district's per capita tuition charge.

Note 5 - Changes in Debt

A. Long-Term Debt

A summary of general long-term debt is as follows:

	Balance July 1, 2014	Additions	Decreases	Balance June 30, 2015
Refunding Bonds Series, 2006	$ 6,075,000	$ --	$ 255,000	$5,820,000
General Obligation Bonds, Series 2007	3,495,000	--	450,000	3,045,000
General Obligation Refunding Bonds, Series 2010	1,325,000	--	175,000	1,150,000
General Obligation Refunding Bonds, Series 2014B	--	1,230,000	--	1,230,000
General Obligation Bonds, Series 2015B	--	560,400	--	560,400
Lease Purchase Agreement	14,753	--	14,753	--
Lease Purchase Agreement	200,001		100,000	100,001
	$ 11,109,754	$ 1,790,400	$ 994,753	$ 11,905,401

The District is subject to a statutory debt limitation equal to 13.8% of the District's Equalized Assessed Valuation (EAV). The District's statutory debt limitation at June 30, 2015 was $14,893,046 leaving $2,987,645 remaining. Bond debt service payments and the lease payments are paid from the Debt Services Fund. At June 30, 2015, there was $33,868 of assets available in the Debt Services Fund for the retirement of debt.

1. Refunding Bonds, Series 2006

In December 2006, the District issued $7,185,000 of General Obligation Refunding Bonds. The Bonds are dated December 15, 2006, and provide for serial retirement of principal each December with interest payable on June 1 and December 1. Interest rates range from 4.00 to 9.00 percent.

Note 5– Continued

This issuance refunded $3,870,000 of the 2000 School Building Bonds and $3,500,000 of the 2005 General Obligation School Bonds. The net bond proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2000 School Building Bonds and 2005 General Obligation School Bonds. As a result, $3,870,000 of the 2000 School Building Bonds and $3,500,000 of the 2005 General Obligation School Bonds are considered defeased and the liability for those bonds has been removed from the general long-term debt account group.

The Series 2014B bonds currently refunded $255,000 of these bonds. As a result, $255,000 of principal is considered defeased.

At June 30, 2015, the annual cash flow requirements of bond principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 285,000	$ 304,648	$ 589,648
2017	315,000	277,648	592,648
2018	515,000	240,298	755,298
2019	560,000	191,923	751,923
2020	595,000	154,823	749,823
2021	835,000	126,223	961,223
2022	870,000	92,123	962,123
2023	905,000	56,396	961,396
2024	940,000	19,035	959,035
	$ 5,820,000	$ 1,463,117	$ 7,283,117

2. General Obligation Bonds Series 2007

Original issue, $5,030,000, dated June 15, 2007 provides for serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year.

The Series 2014B bonds currently refunded $450,000 of these bonds. As a result, $450,000 of principal is considered defeased.

Note 5– Continued

At June 30, 2015, the annual cash flow requirements of bond principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 480,000	$ 138,769	$ 618,769
2017	510,000	103,501	613,501
2018	375,000	77,644	452,644
2019	395,000	61,809	456,809
2020	410,000	45,206	455,206
2021	430,000	27,720	457,720
2022	445,000	9,345	454,345
	$ 3,045,000	$ 463,994	$ 3,508,994

3. General Obligation Bonds Series 2010

In October 2010, the District issued $1,830,000 of General Obligation Refunding Bonds. The Bonds are dated October 28, 2010, and provide for serial retirement of principal each December 1 with interest payable on June 1 and December 1. Interest rates range from 1.25% to 3.875%.

The issuance refunded $1,530,000 of the 2000 School Building Bonds. As a result, the 2000 School Building Bonds were paid in full. An additional $300,000 was issued to pay for Life Safety projects.

The District refunded $1,530,000 of the 2000 School Building Bonds to reduce its total debt services payments over the next 14 years by $233,317, and incurred an economic gain of $152,215.

The Series 2014B bonds currently refunded $175,000 of these bonds. As a result, $175,000 of principal is considered defeased.

At June 30, 2015, the annual cash flow requirement of bond principal and interest were as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2016	2.300%	$ 175,000	$ 33,828	$ 208,828
2017	2.700%	180,000	29,385	209,385
2018	3.000%	185,000	24,180	209,180
2019	3.200%	190,000	18,365	208,365
2020	3.400%	200,000	11,925	211,925
2021	3.875%	-	8,525	8,525
2022	3.875%	-	8,525	8,525
2023	3.875%	220,000	8,525	228,525
		$ 1,150,000	$ 143,258	$ 1,293,258

Note 5 – Continued

4. General Obligation Refunding School Bonds Series 2014B

The District issued $1,230,000 of General Obligation Refunding School Bonds. The Bonds are dated September 3, 2014 and provide for serial retirement of principal each December 1 with interest payable on June 1 and December 1. Interest rates range from 3.15% to 3.50%.

The issuance currently refunded certain maturities in the amount of $880,000 of the 2006 Refunding Bonds, 2007 General Obligation Bonds, and the 2010 General Obligation Refunding Bonds.

At June 30, 2015, the annual cash flow requirement of bond principal and interest were as follows:

June 30,	Rate	Principal	Interest	Total
2016	3.410%	$ -	$ 42,023	$ 42,023
2017	3.410%	-	42,023	42,023
2018	3.410%	-	42,022	42,022
2019	3.410%	-	42,022	42,022
2020	3.410%	-	42,022	42,022
2021	3.410%	-	42,022	42,022
2022	3.410%	-	42,022	42,022
2023	3.150%	135,000	39,896	174,896
2024	3.350%	370,000	31,573	401,573
2025	3.500%	725,000	12,688	737,688
		$ 1,230,000	$ 378,313	$ 1,608,313

5. General Obligation School Bonds Series 2015B

The District issued $560,400 of General Obligation School Bonds. The Bonds are dated June 9, 2015 and provide for serial retirement of principal each December 1 with interest payable on June 1 and December 1. Interest rates range from 1.30% to 1.95%.

At June 30, 2015, the annual cash flow requirement of bond principal and interest were as follows:

June 30,	Rate	Principal	Interest	Total
2016	1.610%	$ -	$ 9,029	$ 9,029
2017	1.300%	146,800	8,281	155,081
2018	1.600%	147,200	6,149	153,349
2019	1.800%	148,900	3,631	152,531
2020	1.950%	117,500	1,146	118,646
		$ 560,400	$ 28,236	$ 588,636

Note 5 – Continued

6. Lease Purchase Agreement

The lease purchase payable is a lease purchase agreement with AT & T Capital Services, Inc. for a telephone system for $156,235. The agreement is dated December 3, 2009 and requires sixty monthly payments of $2,992, including 5.605% interest. As of June 30, 2015, the lease was paid in full.

7. Lease Purchase Agreement

The lease purchase payable is a lease purchase agreement with Midland State Bank for the construction of a new track. The agreement is dated August 10, 2011 and requires five annual principal payments of $100,000 plus interest at 3.40%. The unpaid balance as of June 30, 2015 is $100,001. Payments are made from the Debt Services Fund and principal and interest to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 100,001	$ 3,400	$ 103,401

B. Short-Term Debt

A summary of short-term debt is as follows:

	Balance July 1, 2014	Additions	Decreases	Balance June 30, 2015
Taxable GO School Bonds, Series 2014A	$ --	$1,127,000	$ 1,127,000	$ --
Taxable GO School Bonds, Series 2015A	--	748,000	--	748,000
	$ --	$ 1,875,000	$ 1,127,000	$ 748,000

The 2014A Taxable Bonds were issued to increase the Working Cash Fund of the District. The bonds were dated September 3, 2014 and due on December 1, 2014 with an interest rate of 2.0%.

The 2015A Taxable Bonds were issued to increase the Working Cash Fund of the District. The bonds are dated June 9, 2015 and due on December 1, 2015 with an interest rate of 6.45%.

Note 6 - Retirement Fund Commitments

A. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

a. Plan Description

The District 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, P. O. Box 19253, Springfield, IL 62794; or by calling (888)877-0890, option 2.

b. Benefits provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 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 year of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

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

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

Contributions

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

Note 6 – Continued

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

a. On Behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2015, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of $3,741,728 in pension contributions from the State of Illinois.

b. Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were $42,377, and would be deferred because they were paid after the June 30, 2014 measurement date.

c. Federal and Special Trust Fund Contributions

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

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling $258,759 were paid from federal and special trust funds that required employer contributions of $85,391. These contributions would be deferred because they were paid after the June 30, 2014 measurement date.

d. Employer Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the District paid $0 to TRS for employer ERO contributions.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the District 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.

Note 6 - Continued

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

At June 30, 2015, the District has 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 committed by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follow:

District's proportionate share of the net pension liability	$ 2,079,558
State's proportionate share of the net pension liability associated with the District	46,474,964
Total	$ 48,554,522

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014 the District's proportion was 0.0034170503 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The employer's proportion of the net pension liability as of June 30, 2013, was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the employer's proportion was 0.0038619491 percent.

For the year ended June 30, 2015, the employer recognized pension expenditures of $3,741,728 and receipts of $3,741,728 for support provided by the state. At June 30, 2015 the employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,098	$ 0
Net Difference between projected and actual earnings on pension plan investments	0	104,514
Changes of assumptions	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	224,287
Employer contributions subsequent to the measurement date	127,768	0
Total	$ 128,866	$ 328,801

Note 6 - Continued

$127,768 included as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

Year ended June 30:	Net Deferred Outflows (Inflows) of Resources
2016	$(80,300)
2017	$(80,300)
2018	$(80,300)
2019	$(80,300)
2020	$(6,501)

Actuarial Assumptions

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

Inflation	3.00 percent
Salary Increases	5.75 percent, average, including inflation
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

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

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

Note 6 - Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	18%	8.23%
Global Equity Excluding U.S.	18%	8.58%
Aggregate Bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic Real Estate	4%	9.79%
ARS	8%	3.27%
Risk Parity	8%	5.57%
Diversified Inflation Strategy	1%	3.96%
Private Equity	14%	13.03%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the net pension liability	$2,568,152	$2,079,558	$1,674,946

TRS Fiduciary Net Position

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

Note 6 - Continued

B. Illinois Municipal Retirement Fund

IMRF 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. The report is available for download at 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 I benefits. Tier I employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier I 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 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 *lessor* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Note 6 - Continued

Employees covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	93
Inactive Plan Members entitled to but not yet receiving benefits	51
Active Members	76
Total	220

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 2014 was 13.04%. For the fiscal year ended June 30, 2015, the District contributed $250,597 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, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- 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 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **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.

Note 6 - Continued

- 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
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%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.5% 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 7.5%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.48%.

Note 6 - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2013	$ 11,394,915	$ 11,139,319	$ 255,596
Changes for year:			
Service Cost	251,060	--	251,060
Interest on the Total Pension Liability	844,867	--	844,867
Changes of Benefit Terms	--	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	147,070	--	147,070
Changes of Assumptions	500,769	--	500,769
Contributions – Employer	--	255,373	(255,373)
Contributions – Employees	--	96,861	(96,861)
Net Investment Income	--	674,653	(674,653)
Benefit Payments, including Refunds of Employee Contributions	(511,101)	(511,101)	--
Other (Net Transfer)	--	(4,775)	4,775
Net Changes	$ 1,232,665	$ 511,011	$ 721,654
Balances at December 31, 2014	$ 12,627,580	$ 11,650,330	$ 977,250

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 7.48%, 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:

	1% Lower (6.48%)	Current Discount (7.48%)	1% Higher (8.48%)
Net Pension Liability	$2,574,919	$977,250	$(340,752)

Note 6 - Continued

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

For the year ended June 30, 2015 on the modified cash basis, the District recognized pension expense of $404,784. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows or (Inflows) of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	$ 101,820	$ --	$ 101,820
Changes of assumptions	346,696	--	346,696
Net difference between projected and actual earnings on pension plan investments	123,727	--	123,727
Total Deferred Amounts to be recognized in pension expense in future periods	$ 572,243	$ --	$ 572,243
Pension Contributions made subsequent to the Measurement Date	$ 124,293	$ --	$ 124,293
Total Deferred Amounts Related to Pensions	$ 696,536	$ --	$ 696,536

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 December 31	Net Deferred Outflows of Resources
2015	$230,255
2016	230,255
2017	80,802
2018	30,931
2019	--
Thereafter	--
Total	$572,243

Note 6 - Continued

C. 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 $249,157, the total required employer contribution for the current year.

Note7 – Post Employment Benefits Other Than Pensions

Employer Contributions to Teacher Health Insurance Security (THIS) Fund

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who 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 be legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

•On Behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were $74,525 and the District recognized receipts and expenditures of this amount during the year.

•Employer Contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid $55,529 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

Note 8 – Fund Balance Reporting

Government Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," requires fund balances to be classified into five major classifications: Nonspendable Fund Balance; Restricted Fund Balance; Committed Fund Balance; Assigned Fund Balance; and Unassigned Fund Balance. However, the Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the classifications and reconciliation between the presentations required by generally accepted accounting principles and the regulatory basis.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the district, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The revenues received in the District's Debt Services, Transportation, Municipal Retirement/Social Security, Capital Projects, Tort and Fire Prevention and Safety Funds are subject to outside restrictions and therefore the fund balances of these funds are reported as restricted. 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. Cumulative expenditures disbursed exceeded cumulative revenues received for this purpose, resulting in no restricted balance.

2. Leasing Levy

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Operations and Maintenance Fund. Cumulative revenues received exceeded cumulative expenditures disbursed for this purpose by $46,425 in the Operations and Maintenance Fund, resulting in restricted and reserved fund balances of this amount.

3. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational, Debt Services, Transportation and Municipal Retirement/Social Security Funds. At June 30, 2015, cumulative expenditures disbursed exceeded cumulative revenue received from state grants, resulting in no restricted balances.

Note 8 – Continued

4. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2015, cumulative expenditures disbursed exceeded cumulative revenue received from state grants, resulting in no restricted balances.

5. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. At June 30, 2015, cumulative revenues received for this purpose exceeded cumulative expenditures disbursed from the Social Security levy by $75,050, resulting in a restricted fund balance of this amount. Prior to June 30, 2011, the District did not track tax amounts reserved for Municipal Retirement and Social Security separately; however, the entire balance of the Municipal Retirement/Social Security Fund is classified as restricted as the fund is a special revenue fund and is by definition restricted.

6. Driver's Education

Cash receipts and the related cash disbursements of this restricted program are accounted for in the Educational Fund. For the year ended June 30, 2015, cumulative expenditures disbursed exceeded cumulative revenues received for this program resulting in no restricted balance.

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 Board of Education). 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 Board of Education 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.

1. Unpaid Employment Contracts

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2015, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2015 was $967,412. This amount is shown as Unreserved in the Educational Fund.

Note 8 – Continued

3. Maintenance Shed

At June 30, 2015, the Operations and Maintenance Fund had remaining commitments totaling $130,000 for the construction of the maintenance shed. This balance is included in the financial statements as Unreserved in the Operations and Maintenance Fund.

4. School Construction Projects

The District was committed for $368,214 in school construction projects at the Elementary and Jr. High Schools at June 30, 2015. This balance is included in the financial statements as Unreserved in the Fire Prevention and Safety Fund and the Capital Projects Fund; however, the entire balance is classified as restricted in both funds as the funds are special revenue funds and are by definition restricted.

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 Board of Education itself or (b) the finance committee or by the Superintendent when the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

At June 30, 2015, no amounts were classified as assigned.

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 individual 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 Basis Fund Balance Definitions

Reserved Fund Balances are those balances that are reserved for a specified 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 the preparation of the financial statements.

Note 8 – Continued

	Generally Accepted Accounting Principles					Regulatory Basis Financial Statement Presentation	
Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned	Reserved	Unreserved
Educational	0	0	967,412	0	2,203,384	0	3,170,796
Operations & Maintenance	0	46,425	130,000	0	574,845	46,425	704,845
Debt Services	0	33,868	0	0	0	0	33,868
Transportation	0	271,167	0	0	0	0	271,167
Municipal Retirement/ Social Security	0	285,239	0	0	0	75,050	210,189
Capital Projects	0	180,203					180,203
Working Cash	0	0	0	0	1,114,631	0	1,114,631
Tort	0	253,137	0	0	0	0	253,137
Fire Prevention and Safety	0	264,594	0	0	0	0	264,594

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.

Note 8 - Required Individual Fund Disclosures

A. Overexpenditure of Budget

The district had no instances of overexpending the budgeted amounts in the individual funds.

B. Deficit Fund Balances

There were no deficit fund balances at June 30, 2015.

C. Interfund Transactions

There were no interfund receivable and payable balances at June 30, 2015.

Note 8 – Continued

D. Interfund Transfers

	Transfer In	Transfer Out
Educational Fund	$ 1,127,300	$ --
Operations & Maintenance Fund	--	257,644
Capital Projects Fund	257,644	--
Working Cash Fund	--	1,127,300
	$ 1,384,944	$ 1,384,944

The Working Cash Fund abated $1,127,300 to the Educational Fund. The Operations and Maintenance Fund transferred $257,644 of accumulated fund balance to the Capital Projects Fund to pay for various school construction projects.

Note 9 - Risk Management

The District is exposed to various risks of loss including, but not limited to, general liability, property casualty, auto liability, workers' compensation and public official liability. To limit exposure to these risks the District purchases commercial insurance coverage and also participates in a self-insurance trust.

The District is a member of the Illinois Public Risk Fund (IPRF) for workers compensation insurance coverage. By joining the trust, the District has pooled its workers compensation exposure with over 500 public entities and governmental agencies throughout Illinois. The District is required to participate in a loss prevention program. A Board of Trustees, elected by Fund participants, oversees the operation of the Fund. Eighty percent of premiums paid are added to a loss fund while the other twenty percent are used for the purchase of excess insurance and administration costs. All investments of the self-insured pool accrue to the fund. Profits are based on the underwriting surplus realized by the group and members share in this surplus based upon claims experience.

There has not been a significant reduction in the District's insurance coverage during the year ended June 30, 2015. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 10 – Tort Immunity

In accordance with PA 91-0628, an analysis of the District's tort immunity funds were as follows:

Tort Immunity Receipts:	
Property Taxes Collected	$ 717,912
Mobile Home Taxes	1,478
Interest Income	741
Reimbursements/Refunds	19,966
Total Tort Immunity Receipts	$ 740,097
Tort Expenditures:	
Insurance	$ 133,738
Workers' Compensation	107,063
Unemployment Insurance Payments	3,606
Educational, Inspectional and Services Related to Loss Prevention	467,805
Total Tort Expenditures	$ 712,212
Receipts over expenditures	$ 27,885
Other Sources	300
Restricted at July 1, 2014	224,952
Restricted at June 30, 2015	$ 253,137

Note 11 - Related Party Transactions

The District is a member of the Mid State Special Education (MSSE) Joint Agreement and the administrative district for the Okaw Area Vocational Center. During the year ended June 30, 2015 the district paid $205,244 to MSSE for special education services and received $218,011 in reimbursements and pass through grant funds and $1,777 in refunds of legal assessments. The District paid $90,776 for tuition and book fees to the Okaw Area Vocational Center and received $759,141 in payroll and other reimbursements, building rental, insurance and fiscal agent fees during fiscal year 2015.

Note 12 - Economic Dependence

The District is economically dependent on the State of Illinois for funding.

Note 13 – Commitments and Contingencies

A. Grant Audits

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 adjustment that may arise from these audits will be immaterial to District operations.

B. Compensated Absences

Employees of the District are entitled to paid vacations depending on job classification, length of service and other factors; however, the district policy does not allow any amounts of unused vacation to be carried over.

C. Unpaid Teacher Contracts

At June 30, 2015 the District was obligated for $967,412 in unpaid teacher contracts.

D. Copier Leases

The District is a party to an operating lease with Da-Com for eight copiers and five risographs. The lease began in January, 2011 and calls for 60 monthly payments of $1,505.

Commitments under terms of the lease are:

Fiscal Year	Lease Payments
2016	$ 9,030

E. Underground Storage Tank

The District has a 25 year ongoing groundwater issue out of a leaking diesel tank. The District may have liability for the final part of that project.

F. Working Cash Bonds

On June 9, 2015, the Board of Education approved a resolution declaring the intention to issue General Obligation, Refunding School Bonds for the purpose of refunding certain maturities of the District's outstanding bonds Series 2006, 2007, and 2010.

G. Maintenance Shed

The District was committed for $130,000 for the construction of the new maintenance shed at June 30, 2015.

H. School Construction Projects

The District was committed for $274,458 for the Elementary School and $93,756 for the Jr. High School construction projects at June 30, 2015.

I. Litigation

The District was involved in a Due Process Hearing in which the Hearing Officer issued a decision and found the District failed to follow certain IDEA procedures. The matter is ongoing.

Note 14 – Subsequent Events

Management evaluated subsequent events through October 19, 2015, the date which the financial statements were available to be issued, and discloses the following:

Technology Purchases

On September 17, 2015, the District purchased Chromebooks in the amount of $89,318.

Transportation Purchases

On August 19, 2015, the District purchased three mini-vans totaling $60,500.

Litigation

On September 22, 2015, the Board of Education filed a complaint in the United States District Court for the Southern District of Illinois appealing the decision of the ISBE-appointed hearing officer. The District intends to vigorously pursue the matter and the District's legal counsel is unable to offer an opinion as to the probable outcome of this matter.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
ASSESSED VALUATIONS, RATES AND EXTENSIONS
TAX LEVIES 2012 THROUGH 2014

	2012	2013	2014
Assessed Valuation	$ 105,611,854	$ 107,399,146	$ 107,920,624
Tax Rates:			
Educational	1.84000	1.84000	1.84000
Operations and Maintenance	0.50000	0.50000	0.50000
Transportation	0.20000	0.20000	0.20000
Debt Services	1.33959	1.32072	1.35217
Municipal Retirement	0.27477	0.22347	0.20849
Social Security	0.27477	0.22347	0.20849
Tort Immunity	0.58713	0.67040	0.69496
Fire Prevention and Safety	0.05000	0.05000	0.05000
Special Education	0.04000	0.04000	0.04000
Working Cash	0.05000	0.05000	0.05000
Leasing	0.05000	0.05000	0.05000
Total	5.20626	5.16806	5.19411
Tax Extensions:			
Educational	$ 1,941,853	$ 1,976,144	$ 1,985,856
Operations and Maintenance	528,059	536,996	539,603
Transportation	211,224	214,798	215,841
Debt Services	1,414,764	1,418,379	1,459,359
Municipal Retirement	290,189	239,994	225,018
Social Security	290,189	239,994	225,018
Tort Immunity	620,077	719,972	750,051
Fire Prevention and Safety	52,806	53,700	53,960
Special Education	42,245	42,960	43,168
Working Cash	52,806	53,700	53,960
Leasing	52,806	53,700	53,960
Total	$ 5,497,018	$ 5,550,337	$ 5,605,794

Reference should be made to the auditor's report regarding this information.

FINANCIAL PROFILE INFORMATION

Required to be completed for School Districts only.

A. Tax Rates (Enter the tax rate - ex: .0150 for $1.50)

Tax Year **2014** Equalized Assessed Valuation (EAV): 107,920,624

	Educational		Operations & Maintenance		Transportation		Combined Total		Working Cash
Rate(s):	0.018400	+	0.005000	+	0.002000	=	0.025400		0.000500

B. Results of Operations *

Receipts/Revenues	Disbursements/ Expenditures	Excess/ (Deficiency)	Fund Balance
12,463,885	12,822,851	(358,966)	5,307,864

* The numbers shown are the sum of entries on Pages 7 & 8, lines 8, 17, 20, and 81 for the Educational, Operations & Maintenance, Transportation and Working Cash Funds.

C. Short-Term Debt **

CPPRT Notes		TAWs		TANs		TO/EMP. Orders		GSA Certificates	
0	+	0	+	0	+	0	+	0	+

Other		Total
748,000	=	748,000

** The numbers shown are the sum of entries on page 25.

D. Long-Term Debt

Check the applicable box for long-term debt allowance by type of district.

	a.	6.9% for elementary and high school districts,	14,893,046
x	b.	13.8% for unit districts.	

Long-Term Debt Outstanding:

c. Long-Term Debt (Principal only) Outstanding:................................ Acct 511 11,905,401

E. Material Impact on Financial Position

If applicable, check any of the following items that may have a material impact on the entity's financial position during future reporting periods. Attach sheets as needed explaining each item checked.

- [ ] Pending Litigation
- [ ] Material Decrease in EAV
- [ ] Material Increase/Decrease in Enrollment
- [ ] Adverse Arbitration Ruling
- [ ] Passage of Referendum
- [ ] Taxes Filed Under Protest
- [ ] Decisions By Local Board of Review or Illinois Property Tax Appeal Board (PTAB)
- [ ] Other Ongoing Concerns (Describe & Itemize)

Comments:

ESTIMATED FINANCIAL PROFILE SUMMARY

(Go to the following website for reference to the Financial Profile)
www.isbe.net/sfms/p/profile.htm

District Name: VANDALIA CUSD #203
District Code: 03-026-2030-26
County Name: FAYETTE

1. Fund Balance to Revenue Ratio:		**Total**	**Ratio**	**Score**	4
Total Sum of Fund Balance (P8, Cells C81, D81, F81 & I81)	Funds 10, 20, 40, 70 + (50 & 80 if negative)	5,307,864.00	0.426	**Weight**	0.35
Total Sum of Direct Revenues (P7, Cell C8, D8, F8 & I8)	Funds 10, 20, 40, & 70,	12,463,885.00		**Value**	1.40
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)	Minus Funds 10 & 20	0.00			
(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)					
2. Expenditures to Revenue Ratio:		**Total**	**Ratio**	**Score**	3
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17, I17)	Funds 10, 20 & 40	12,822,851.00	1.029	**Adjustment**	0
Total Sum of Direct Revenues (P7, Cell C8, D8, F8, & I8)	Funds 10, 20, 40 & 70,	12,463,885.00		**Weight**	0.35
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)	Minus Funds 10 & 20	0.00			
(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)				**Value**	1.05
Possible Adjustment:					
3. Days Cash on Hand:		**Total**	**Days**	**Score**	3
Total Sum of Cash & Investments (P5, Cell C4, D4, F4, I4 & C5, D5, F5 & I5)	Funds 10, 20 40 & 70	5,326,732.00	149.54	**Weight**	0.10
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17 & I17)	Funds 10, 20, 40 divided by 360	35,619.03		**Value**	0.30
4. Percent of Short-Term Borrowing Maximum Remaining:		**Total**	**Percent**	**Score**	4
Tax Anticipation Warrants Borrowed (P25, Cell F6-7 & F11)	Funds 10, 20 & 40	0.00	100.00	**Weight**	0.10
EAV x 85% x Combined Tax Rates (P3, Cell J7 and J10)	(.85 x EAV) x Sum of Combined Tax Rates	2,330,006.27		**Value**	0.40
5. Percent of Long-Term Debt Margin Remaining:		**Total**	**Percent**	**Score**	1
Long-Term Debt Outstanding (P3, Cell H37)		11,905,401.00	20.06	**Weight**	0.10
Total Long-Term Debt Allowed (P3, Cell H31)		14,893,046.11		**Value**	0.10

Total Profile Score: **3.25** *

Estimated 2016 Financial Profile Designation: **REVIEW**

* Total Profile Score may change based on data provided on the Financial Profile Information, page 3 and by the timing of mandated categorical payments. Final score will be calculated by ISBE.

Reference should be made to the auditor's report regarding this information.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
FIDUCIARY FUND TYPES
AGENCY FUNDS
STUDENT ACTIVITY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Investments	$ 155,526	$ 405,212	$ 394,937	$ 165,801
LIABILITIES				
Amounts Due to Organizations:				
HIGH SCHOOL:				
Baseball Team	$ 951	$ 6,890	$ 6,609	$ 1,232
Basketball-Baseball Camps	4,049	33,233	28,158	9,124
Basketball Cheerleaders	311	9,752	10,082	(19)
Basketball Fund	4,411	12,678	15,293	1,796
Football Fund	8,571	12,432	16,910	4,093
Girls Basketball	6,775	17,838	22,377	2,236
Girls Track	83	--	--	83
Golf Team	775	5,685	5,365	1,095
Softball Team	4,284	3,775	7,615	444
High School Track Team	2,931	11,410	12,906	1,435
Girls VB	4,448	11,494	13,098	2,844
Girls Tennis	527	450	399	578
Class of 2010	1,822	--	--	1,822
Class of 2011	1,388	--	--	1,388
Co-op	189	--	--	189
HS Chorus	40	100	49	91
FCA	54	300	--	354
FFA	7,865	20,523	18,259	10,129
FCCLA	1,079	347	35	1,391
Health Careers Club	2,988	723	1,610	2,101
Library	219	15	--	234
National Honor Society	287	3,222	2,664	845
Scholastic Bowl	331	223	440	114
Student Council	4,124	8,050	7,132	5,042
Theater Arts	2,255	2,493	2,686	2,062
Varsity Club	3,970	46,034	25,812	24,192
Interest	255	127	274	108
Soccer	298	4,101	4,181	218
Mike Marks Memorial	755	--	--	755
Flag Corp	57	--	--	57
Wrestling	2,324	1,284	2,362	1,246
Booster	--	--	--	--
Valiant Vandal	121	--	--	121
Pep Club	609	4,578	4,907	280
Student Services	13	--	--	13
Accounting Club	93	--	--	93
HS Athletic Act	262	299	561	--
Class of 2012	2,585	--	--	2,585
Class of 2013	744	--	--	744
Class of 2014	601	--	--	601
Class of 2015	1,704	1,171	1,465	1,410
Class of 2016	3,119	2,830	4,867	1,082
Class of 2017	1,345	6,948	4,276	4,017
Class of 2018	--	1,901	746	1,155
South Central Conf	(8)	--	--	(8)
Industrial Arts	95	--	--	95
Ath. Act.	299	--	--	299
Parking Tags	1,820	1,541	1,550	1,811
Spanish Club	941	--	--	941
Math Club	--	44	44	--
Science Club	875	7,344	4,984	3,235
Band Activity	46	3,698	2,530	1,214
PBIS	1,446	7,081	4,070	4,457
Choral	126	--	120	6
SOS	811	1,175	1,821	165
Media Club	2	115	114	3
Interact	85	2,285	1,765	605
St. Travel Team	--	657	342	315
	$ 86,150	$ 254,846	$ 238,478	$ 102,518

Reference should be made to the auditor's report regarding this information.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
FIDUCIARY FUND TYPES
AGENCY FUNDS
STUDENT ACTIVITY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
JR HIGH:				
Special Ed Fund	$ 28	$ --	$ --	$ 28
Popcorn	4,007	18,915	17,348	5,574
7th & 8th Student Council	2,017	768	369	2,416
Library	77	2,208	2,134	151
Cheerleaders	457	3,079	3,126	410
SASS	46	--	--	46
Social Committee	113	1,235	1,335	13
Chorus	118	8,759	8,781	96
Drama	63	--	--	63
Student Rewards	2,614	4,186	5,825	975
6th Grade Core	1,198	3,021	2,834	1,385
Education Careers	23	--	--	23
7th Grade Core	1,663	1,085	1,208	1,540
5th Grade Core	602	2,286	1,523	1,365
Env Education	194	--	64	130
Band	597	7,201	5,103	2,695
5th & 6th Stud Council	445	1,989	1,503	931
Bank Int	20	35	--	55
8th Grade	1,727	2,244	2,284	1,687
Scholar Bowl	246	13	--	259
Life Touch	(89)	--	--	(89)
Student Support	709	880	9	1,580
Humanities	3	13	--	16
Pepsi	8,758	7,631	11,510	4,879
Intramural	4,657	4,930	3,234	6,353
Track	431	147	388	190
	$ 30,724	$ 70,625	$ 68,578	$ 32,771

Reference should be made to the auditor's report regarding this information.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
VANDALIA, ILLINOIS
FIDUCIARY FUND TYPES
AGENCY FUNDS
STUDENT ACTIVITY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
UNIT:				
Flower	$ 347	$ --	$ --	$ 347
Trust	20	--	--	20
Retirement Dinner	580	970	999	551
Health Insurance Prem	1,245	18,329	17,478	2,096
	$ 2,192	$ 19,299	$ 18,477	$ 3,014
SCHOLARSHIP/ASSISTANCE ACCTS:				
Vandalia CUSD-Corbell Student Assistance Fund	$ 4,851	$ 5	$ --	$ 4,856
Vandalia CUSD-Jim Littleford Mem. Scholarship Fund	1,664	2	1,000	666
	$ 6,515	$ 7	$ 1,000	$ 5,522
VANDALIA ELEMENTARY:				
Activity	$ 21,361	$ 30,834	$ 36,105	$ 16,090
Honor Chorus	448	755	599	604
	$ 21,809	$ 31,589	$ 36,704	$ 16,694
JEFFERSON PRIMARY:				
Coke & Candy	$ (279)	$ 636	$ 1,488	$ (1,131)
Interest	631	4	--	635
Special Ed	1,071	--	58	1,013
Activity &Fundraisers	6,663	28,065	29,914	4,814
Social	50	141	240	(49)
	$ 8,136	$ 28,846	$ 31,700	$ 5,282
TOTAL LIABILITIES	$ 155,526	$ 405,212	$ 394,937	$ 165,801

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

	A	B	C	D	E	F	G	H	I	J	K	L
1	*District's Accounting Basis is CASH*		---RECEIPTS---	---DISBURSEMENTS---								
2				(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)
3	ARRA Revenue Source Code	Acct #	ARRA Receipts	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other	Non-Capitalized Equipment	Termination Benefits	Total Expenditures
4	Beginning Balance July 1, 2014		0									
5	ARRA - General State Aid	4850	0									0
6	ARRA - Title I Low Income	4851	0									0
7	ARRA - Title I Neglected - Private	4852	0									0
8	ARRA - Title I Delinquent - Private	4853	0									0
9	ARRA - Title I School Improvement (Part A)	4854	0									0
10	ARRA - Title I School Improvement (Section 1003g)	4855	0									0
11	ARRA - IDEA Part B Preschool	4856	0									0
12	ARRA - IDEA Part B Flow Through	4857	0									0
13	ARRA - Title II D Technology Formula	4860	0									0
14	ARRA - Title II D Technology Competitive	4861	0									0
15	ARRA - McKenney - Vento Homeless Education	4862	0									0
16	ARRA - Child Nutrition Equipment Assistance	4863	0									0
17	Impact Aid Construction Formula	4864	0									0
18	Impact Aid Construction Competitive	4865	0									0
19	QZAB Tax Credits	4866	0									0
20	QSCB Tax Credits	4867	0									0
21	Build America Bonds Tax Credits	4868	0									0
22	Build America Bonds Interest Reimbursement	4869	0									0
23	ARRA - General State Aid - Other Govt Services Stabilization	4870	0									0
24	ARRA - Other II	4871	0									0
25	ARRA - Other III	4872	0									0
26	ARRA - Other IV	4873	0									0
27	ARRA - Other V	4874	0									0
28	ARRA - Early Childhood	4875	0									0
29	ARRA - Other VII	4876	0									0
30	ARRA - Other VIII	4877	0									0
31	ARRA - Other IX	4878	0									0
32	ARRA - Other X	4879	0									0
33	ARRA - Other XI	4880	0									0
34	Total ARRA Programs		0	0	0	0	0	0	0	0		0
35	Ending Balance June 30, 2015		0									

1. **Were any funds from the State Fiscal Stabilization Fund Program (SFSF) General State-Aid Accounts 4850, line 5 & 4870, line 23 used for the following non-allowable purposes:**

- [ ] Payments of maintenance costs;
- [ ] Stadiums or other facilities used for athletic contests, exhibitions or other events for which admission is charged to the general public;
- [ ] Purchase or upgrade of vehicles;
- [ ] Improvements of stand-alone facilities whose purpose is not the education of children such as central office administrative buildings;
- [ ] Financial assistance to students to attend private elementary or secondary schools unless the funds are used to provide special education and related services to children with disabilities as authorized by the IDEA Act;
- [ ] School modernization, renovation, or repair that is inconsistent with State Law.

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

Reference should be made to the auditor's report regarding this information.

	A	B	C	D	E	F
1	SCHEDULE OF AD VALOREM TAX RECEIPTS					
2	Description	Taxes Received 7-1-14 Thru 6-30-15 (from 2013 Levy & Prior Levies) *	Taxes Received (from the 2014 Levy)	Taxes Received (from 2013 & Prior Levies)	Total Estimated Taxes (from the 2014 Levy)	Estimated Taxes Due (from the 2014 Levy)
3				(Column B - C)		(Column E - C)
4	Educational	1,970,612		1,970,612	1,985,856	1,985,856
5	Operations & Maintenance	535,490		535,490	539,603	539,603
6	Debt Services **	1,414,494		1,414,494	1,459,359	1,459,359
7	Transportation	214,196		214,196	215,841	215,841
8	Municipal Retirement	239,342		239,342	225,018	225,018
9	Capital Improvements	0		0		0
10	Working Cash	53,549		53,549	53,960	53,960
11	Tort Immunity	717,912		717,912	750,051	750,051
12	Fire Prevention & Safety	53,549		53,549	53,960	53,960
13	Leasing Levy	53,549		53,549	53,960	53,960
14	Special Education	42,840		42,840	43,168	43,168
15	Area Vocational Construction	0		0		0
16	Social Security/Medicare Only	239,338		239,338	225,018	225,018
17	Summer School	0		0		0
18	Other (Describe & Itemize)	0		0		0
19	Totals	5,534,871	0	5,534,871	5,605,794	5,605,794
20						
21	* *The formulas in column B are unprotected to be overidden when reporting on a ACCRUAL basis.*					
22	** *All tax receipts for debt service payments on bonds must be recorded on line 6 (Debt Services).*					

SCHEDULE OF SHORT-TERM DEBT

Row	Description	Outstanding Beginning 07/01/14	Issued 07/01/14 Through 06/30/15	Retired 07/01/14 Through 06/30/15	Outstanding Ending 06/30/15
3	**CORPORATE PERSONAL PROPERTY REPLACEMENT TAX ANTICIPATION NOTES (CPPRT)**				
4	**Total CPPRT Notes**				0
5	**TAX ANTICIPATION WARRANTS (TAW)**				
6	Educational Fund				0
7	Operations & Maintenance Fund				0
8	Debt Services - Construction				0
9	Debt Services - Working Cash				0
10	Debt Services - Refunding Bonds				0
11	Transportation Fund				0
12	Municipal Retirement/Social Security Fund				0
13	Fire Prevention & Safety Fund				0
14	Other - (Describe & Itemize)				0
15	**Total TAWs**	0	0	0	0
16	**TAX ANTICIPATION NOTES (TAN)**				
17	Educational Fund				0
18	Operations & Maintenance Fund				0
19	Fire Prevention & Safety Fund				0
20	Other - (Describe & Itemize)				0
21	**Total TANs**	0	0	0	0
22	**TEACHERS'/EMPLOYEES' ORDERS (T/EO)**				
23	**Total T/EOs (Educational, Operations & Maintenance, & Transportation Funds)**				0
24	**GENERAL STATE-AID ANTICIPATION CERTIFICATES (GSAAC)**				
25	**Total GSAACs (All Funds)**				0
26	**OTHER SHORT-TERM BORROWING**				
27	**Total Other Short-Term Borrowing (Describe & Itemize)**	0	1,875,000	1,127,000	748,000

SCHEDULE OF LONG-TERM DEBT

Row	Identification or Name of Issue	Date of Issue (mm/dd/yy)	Amount of Original Issue	Type of Issue *	Outstanding 07/1/14	Issued 7/1/14 thru 6/30/15	Any differences described and itemized	Retired 7/1/14 thru 6/30/15	Outstanding 6/30/15	Amount to be Provided for Payment on Long-Term Debt
31	Refund Bonds, Series 2006	12/15/06	7,185,000	3	6,075,000			255,000	5,820,000	5,786,132
32	General Obligation Bonds, Series 2007	06/15/07	5,030,000	1,2,4	3,495,000			450,000	3,045,000	3,045,000
33	Lease Purchase Agreement, 2009	12/16/09	156,235	7	14,753			14,753	0	
34	General Obligation Bonds, Series 2010	10/28/10	1,830,000	3	1,325,000			175,000	1,150,000	1,150,000
35	Lease Purchase Agreement	08/10/11	500,000	7	200,001			100,000	100,001	100,001
36	GO Refunding School Bonds, Series 2014B	09/03/14	1,230,000	3		1,230,000			1,230,000	1,230,000
37	GO School Bonds, Series 2015B	06/09/15	560,400	4		560,400			560,400	560,400
38									0	
39									0	
40									0	
41									0	
42									0	
43									0	
44									0	
45									0	
46									0	
47									0	
48									0	
49			16,491,635		11,109,754	1,790,400	0	994,753	11,905,401	11,871,533

* Each type of debt issued must be identified separately with the amount:

1. Working Cash Fund Bonds	4. Fire Prevent, Safety, Environmental and Energy Bonds	7. Other Lease Purchase Agreement
2. Funding Bonds	5. Tort Judgment Bonds	8. Other
3. Refunding Bonds	6. Building Bonds	9. Other

Reference should be made to the auditor's report regarding this information.

Schedule of Restricted Local Tax Levies and Selected Revenues Sources
Schedule of Tort Immunity Expenditures

	A B C D E	F	G	H	I	J	K
1	**SCHEDULE OF RESTRICTED LOCAL TAX LEVIES AND SELECTED REVENUE SOURCES**						
2	Description	Account No	Tort Immunity [a]	Special Education	Area Vocational Construction	School Facility Occupation Taxes [b]	Driver Education
3	Cash Basis Fund Balance as of July 1, 2014			0			0
4	RECEIPTS:						
5	Ad Valorem Taxes Received by District	10, 20, 40 or 50-1100		42,840			
6	Earnings on Investments	10, 20, 40, 50 or 60-1500					
7	Drivers' Education Fees	10-1970					450
8	School Facility Occupation Tax Proceeds	30 or 60-1983					
9	Driver Education	10 or 20-3370					23,170
10	Other Receipts (Describe & Itemize on tab "Itemization 32")	–					
11	Sale of Bonds	10, 20, 40 or 60-7200					
12	**Total Receipts**		0	42,840	0	0	23,620
13	DISBURSEMENTS:						
14	Instruction	10 or 50-1000		42,840			23,620
15	Facilities Acquisition & Construction Services	20 or 60-2530					
16	Tort Immunity Services	10, 20, 40-2360-2370					
17	DEBT SERVICE						
18	Debt Services - Interest on Long-Term Debt	30-5200					
19	Debt Services - Payments of Principal on Long-Term Debt (Lease/Purchase Principal Retired)	30-5300					
20	Debt Services Other (Describe & Itemize on tab "Itemization 32")	30-5400					
21	**Total Debt Services**					0	
22	Other Disbursements (Describe & Itemize on tab "Itemization 32")	–					
23	**Total Disbursements**		0	42,840	0	0	23,620
24	**Ending Cash Basis Fund Balance as of June 30, 2015**		0	0	0	0	0
25	**Reserved Fund Balance**	714					
26	**Unreserved Fund Balance**	730	0	0	0	0	0

28	**SCHEDULE OF TORT IMMUNITY EXPENDITURES [a]**	
30	**Yes** ☐ **No** ☐ Has the entity established an insurance reserve pursuant to 745 ILCS 10/9-103?	
31	If yes, list in the aggregate the following: Total Claims Payments:	
32	Total Reserve Remaining:	
33	*Using the following categories, list all other Tort Immunity expenditures* ***not***	
34	*included in line 30 above. Include the total dollar amount for each category.*	
35	**Expenditures:**	
36	Workers' Compensation Act and/or Workers' Occupational Disease Act	
37	Unemployment Insurance Act	
38	Insurance (Regular or Self-Insurance)	
39	Risk Management and Claims Service	
40	Judgments/Settlements	
41	Educational, Inspectional, Supervisory Services Related to Loss Prevention and/or Reduction	
42	Reciprocal Insurance Payments (Insurance Code 72, 76, and 81)	
43	Legal Services	
44	Principal and Interest on Tort Bonds	

46–47 [a] Schedules for Tort Immunity are to be completed **only if** expenditures have been reported in any fund other than the Tort Immunity Fund (80) during the fiscal year as a result of existing (restricted) fund balances in those other funds that are being spent down. Cell G6 above should include interest earnings only from these restricted tort immunity monies and only if reported in a fund **other** than Tort Immunity Fund (80).

48 [b] 55 ILCS 5/5-1006.7

Reference should be made to the auditor's report regarding this information.

	A	B	C	D	E	F	G	H	I	J	K	L
1												
2												
3	**Schedule of Capital Outlay and Depreciation**											
4	Description of Assets	Acct #	Cost 7-1-14	Add: Additions 2014-15	Less: Deletions 2014-15	Cost 6-30-15	Life In Years	Accumulated Depreciation 7-1-14	Add: Depreciation Allowable 2014-15	Less: Depreciation Deletions 2014-15	Accumulated Depreciation 6-30-15	Balance Undepreciated 6-30-15
5	**Works of Art & Historical Treasures**	**210**				0					0	0
6	**Land**	**220**										
7	Non-Depreciable Land	221	143,601			143,601						143,601
8	Depreciable Land	222				0	**50**				0	0
9	**Buildings**	**230**										
10	Permanent Buildings	231	22,970,466	113,496		23,083,962	**50**	8,875,203	399,813		9,275,016	13,808,946
11	Temporary Buildings	232				0	**25**				0	0
12	Improvements Other than Buildings (Infrastructure)	240	2,513,906	11,986		2,525,892	**20**	1,244,051	115,887		1,359,938	1,165,954
13	**Capitalized Equipment**	**250**										
14	10 Yr Schedule	251	1,032,677	167,148	81,206	1,118,619	**10**	487,079	105,868	81,206	511,741	606,878
15	5 Yr Schedule	252	1,202,171	128,033		1,330,204	**5**	985,345	82,590		1,067,935	262,269
16	3 Yr Schedule	253	49,508	1,354		50,862	**3**	21,074	16,728		37,802	13,060
17	**Construction in Progress**	**260**	30,956	446,534	30,956	446,534	**–**					446,534
18	**Total Capital Assets**	**200**	27,943,285	868,551	112,162	28,699,674		11,612,752	720,886	81,206	12,252,432	16,447,242
19	**Non-Capitalized Equipment**	**700**				0	**10**		0			
20	**Allowable Depreciation**								720,886			

	A	B	C	D	E	F
1		ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2014-15)				
2		*This schedule is completed for school districts only.*				
3						
4	**Fund**	**Sheet, Row**		**ACCOUNT NO - TITLE**		**Amount**
5						
6				**OPERATING EXPENSE PER PUPIL**		
7	**EXPENDITURES:**					
8	ED	Expenditures 15-22, L114		Total Expenditures	$	11,482,347
9	O&M	Expenditures 15-22, L150		Total Expenditures		639,458
10	DS	Expenditures 15-22, L168		Total Expenditures		2,705,666
11	TR	Expenditures 15-22, L204		Total Expenditures		701,046
12	MR/SS	Expenditures 15-22, L288		Total Expenditures		499,792
13	TORT	Expenditures 15-22, L331		Total Expenditures		712,212
14				**Total Expenditures**	$	16,740,521
15						
16	**LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:**					
17						
18	TR	Revenues 9-14, L43, Col F	1412	Regular - Transp Fees from Other Districts (In State)	$	3,337
19	TR	Revenues 9-14, L47, Col F	1421	Summer Sch - Transp. Fees from Pupils or Parents (In State)		0
20	TR	Revenues 9-14, L48, Col F	1422	Summer Sch - Transp. Fees from Other Districts (In State)		0
21	TR	Revenues 9-14, L49, Col F	1423	Summer Sch - Transp. Fees from Other Sources (In State)		0
22	TR	Revenues 9-14, L50 Col F	1424	Summer Sch - Transp. Fees from Other Sources (Out of State)		0
23	TR	Revenues 9-14, L52, Col F	1432	CTE - Transp Fees from Other Districts (In State)		0
24	TR	Revenues 9-14, L56, Col F	1442	Special Ed - Transp Fees from Other Districts (In State)		0
25	TR	Revenues 9-14, L59, Col F	1451	Adult - Transp Fees from Pupils or Parents (In State)		0
26	TR	Revenues 9-14, L60, Col F	1452	Adult - Transp Fees from Other Districts (In State)		0
27	TR	Revenues 9-14, L61, Col F	1453	Adult - Transp Fees from Other Sources (In State)		0
28	TR	Revenues 9-14, L62, Col F	1454	Adult - Transp Fees from Other Sources (Out of State)		0
29	O&M	Revenues 9-14, L148, Col D	3410	Adult Ed (from ICCB)		0
30	O&M-TR	Revenues 9-14, L149, Col D & F	3499	Adult Ed - Other (Describe & Itemize)		0
31	O&M-TR	Revenues 9-14, L218, Col D,F	4600	Fed - Spec Education - Preschool Flow-Through		0
32	O&M-TR	Revenues 9-14, L219, Col D,F	4605	Fed - Spec Education - Preschool Discretionary		0
33	O&M	Revenues 9-14, L229, Col D	4810	Federal - Adult Education		0
34	ED	Expenditures 15-22, L7, Col K - (G+I)	1125	Pre-K Programs		141,173
35	ED	Expenditures 15-22, L9, Col K - (G+I)	1225	Special Education Programs Pre-K		0
36	ED	Expenditures 15-22, L11, Col K - (G+I)	1275	Remedial and Supplemental Programs Pre-K		0
37	ED	Expenditures 15-22, L12, Col K - (G+I)	1300	Adult/Continuing Education Programs		0
38	ED	Expenditures 15-22, L15, Col K - (G+I)	1600	Summer School Programs		0
39	ED	Expenditures 15-22, L20, Col K	1910	Pre-K Programs - Private Tuition		0
40	ED	Expenditures 15-22, L21, Col K	1911	Regular K-12 Programs - Private Tuition		9,399
41	ED	Expenditures 15-22, L22, Col K	1912	Special Education Programs K-12 - Private Tuition		374,807
42	ED	Expenditures 15-22, L23, Col K	1913	Special Education Programs Pre-K - Tuition		0
43	ED	Expenditures 15-22, L24, Col K	1914	Remedial/Supplemental Programs K-12 - Private Tuition		0
44	ED	Expenditures 15-22, L25, Col K	1915	Remedial/Supplemental Programs Pre-K - Private Tuition		0
45	ED	Expenditures 15-22, L26, Col K	1916	Adult/Continuing Education Programs - Private Tuition		0
46	ED	Expenditures 15-22, L27, Col K	1917	CTE Programs - Private Tuition		0
47	ED	Expenditures 15-22, L28, Col K	1918	Interscholastic Programs - Private Tuition		0
48	ED	Expenditures 15-22, L29, Col K	1919	Summer School Programs - Private Tuition		0
49	ED	Expenditures 15-22, L30, Col K	1920	Gifted Programs - Private Tuition		0
50	ED	Expenditures 15-22, L31, Col K	1921	Bilingual Programs - Private Tuition		0
51	ED	Expenditures 15-22, L32, Col K	1922	Truants Alternative/Optional Ed Progms - Private Tuition		0
52	ED	Expenditures 15-22, L75, Col K - (G+I)	3000	Community Services		7,982
53	ED	Expenditures 15-22, L102, Col K	4000	Total Payments to Other District & Govt Units		310,090
54	ED	Expenditures 15-22, L114, Col G	-	Capital Outlay		2,428
55	ED	Expenditures 15-22, L114, Col I	-	Non-Capitalized Equipment		0
56	O&M	Expenditures 15-22, L130, Col K - (G+I)	3000	Community Services		0
57	O&M	Expenditures 15-22, L138, Col K	4000	Total Payments to Other Dist & Govt Units		0
58	O&M	Expenditures 15-22, L150, Col G	-	Capital Outlay		140,350
59	O&M	Expenditures 15-22, L150, Col I	-	Non-Capitalized Equipment		0
60	DS	Expenditures 15-22, L154, Col K	4000	Payments to Other Dist & Govt Units		0
61	DS	Expenditures 15-22, L164, Col K	5300	Debt Service - Payments of Principal on Long-Term Debt		2,121,753
62	TR	Expenditures 15-22, L179, Col K - (G+I)	3000	Community Services		0
63	TR	Expenditures 15-22, L190, Col K	4000	Total Payments to Other Dist & Govt Units		0
64	TR	Expenditures 15-22, L200, Col K	5300	Debt Service - Payments of Principal on Long-Term Debt		0
65	TR	Expenditures 15-22, L204, Col G	-	Capital Outlay		129,386
66	TR	Expenditures 15-22, L204, Col I	-	Non-Capitalized Equipment		0
67	MR/SS	Expenditures 15-22, L210, Col K	1125	Pre-K Programs		9,079
68	MR/SS	Expenditures 15-22, L212, Col K	1225	Special Education Programs - Pre-K		0
69	MR/SS	Expenditures 15-22, L214, Col K	1275	Remedial and Supplemental Programs - Pre-K		0
70	MR/SS	Expenditures 15-22, L215, Col K	1300	Adult/Continuing Education Programs		0
71	MR/SS	Expenditures 15-22, L218, Col K	1600	Summer School Programs		0
72	MR/SS	Expenditures 15-22, L274, Col K	3000	Community Services		611
73	MR/SS	Expenditures 15-22, L278, Col K	4000	Total Payments to Other Dist & Govt Units		0
74						
75				**Total Deductions for OEPP Computation (Sum of Lines 18 - 73)**	$	3,250,395
76				**Total Operating Expenses Regular K-12 (Line 14 minus Line 75)**		13,490,126
77				**9 Mo ADA from the General State Aid Claimable for 2014-2015 and Payable in 2015-2016 (ISBE 54-33), L12**		1,394.10
78				**Estimated OEPP (Line 76 / Line 77)**	$	9,676.58
79						

	A	B	C	D	E	F
1				ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2014-15)		
2				*This schedule is completed for school districts only.*		
3						
4	**Fund**	**Sheet, Row**		**ACCOUNT NO - TITLE**		**Amount**
5						
80				**PER CAPITA TUITION CHARGE**		
81						
82	**LESS OFFSETTING RECEIPTS/REVENUES:**					
83	TR	Revenues 9-14, L42, Col F	1411	Regular -Transp Fees from Pupils or Parents (In State)	$	0
84	TR	Revenues 9-14, L44, Col F	1413	Regular - Transp Fees from Other Sources (In State)		0
85	TR	Revenues 9-14, L45, Col F	1415	Regular - Transp Fees from Co-curricular Activities (In State)		0
86	TR	Revenues 9-14, L46, Col F	1416	Regular Transp Fees from Other Sources (Out of State)		0
87	TR	Revenues 9-14, L51, Col F	1431	CTE - Transp Fees from Pupils or Parents (In State)		0
88	TR	Revenues 9-14, L53, Col F	1433	CTE - Transp Fees from Other Sources (In State)		0
89	TR	Revenues 9-14, L54, Col F	1434	CTE - Transp Fees from Other Sources (Out of State)		0
90	TR	Revenues 9-14, L55, Col F	1441	Special Ed - Transp Fees from Pupils or Parents (In State)		0
91	TR	Revenues 9-14, L57, Col F	1443	Special Ed - Transp Fees from Other Sources (In State)		0
92	TR	Revenues 9-14, L58, Col F	1444	Special Ed - Transp Fees from Other Sources (Out of State)		0
93	ED	Revenues 9-14, L75, Col C	1600	Total Food Service		252,492
94	ED-O&M	Revenues 9-14, L82, Col C,D	1700	Total District/School Activity Income		147,962
95	ED	Revenues 9-14, L84, Col C	1811	Rentals - Regular Textbooks		49,980
96	ED	Revenues 9-14, L87, Col C	1819	Rentals - Other (Describe & Itemize)		0
97	ED	Revenues 9-14, L88, Col C	1821	Sales - Regular Textbooks		0
98	ED	Revenues 9-14, L91, Col C	1829	Sales - Other (Describe & Itemize)		0
99	ED	Revenues 9-14, L92, Col C	1890	Other (Describe & Itemize)		0
100	ED-O&M	Revenues 9-14, L95, Col C,D	1910	Rentals		132,000
101	ED-O&M-TR	Revenues 9-14, L98, Col C,D,F	1940	Services Provided Other Districts		5,800
102	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L104, Col C,D,E,F,G	1991	Payment from Other Districts		0
103	ED	Revenues 9-14, L106, Col C	1993	Other Local Fees (Describe & Itemize)		0
104	ED-O&M-TR	Revenues 9-14, L131, Col C,D,F	3100	Total Special Education		425,618
105	ED-O&M-MR/SS	Revenues 9-14, L140, Col C,D,G	3200	Total Career and Technical Education		538
106	ED-MR/SS	Revenues 9-14, L144, Col C,G	3300	Total Bilingual Ed		0
107	ED	Revenues 9-14, L145, Col C	3360	State Free Lunch & Breakfast		6,858
108	ED-O&M-MR/SS	Revenues 9-14, L146, Col C,D,G	3365	School Breakfast Initiative		0
109	ED-O&M	Revenues 9-14, L147,Col C,D	3370	Driver Education		23,107
110	ED-O&M-TR-MR/SS	Revenues 9-14, L154, Col C,D,F,G	3500	Total Transportation		286,782
111	ED	Revenues 9-14, L155, Col C	3610	Learning Improvement - Change Grants		0
112	ED-O&M-TR-MR/SS	Revenues 9-14, L156, Col C,D,F,G	3660	Scientific Literacy		0
113	ED-TR-MR/SS	Revenues 9-14, L157, Col C,F,G	3695	Truant Alternative/Optional Education		0
114	ED-TR-MR/SS	Revenues 9-14, L159, Col C,F,G	3715	Reading Improvement Block Grant		0
115	ED-TR-MR/SS	Revenues 9-14, L160, Col C,F,G	3720	Reading Improvement Block Grant - Reading Recovery		0
116	ED-TR-MR/SS	Revenues 9-14, L161, Col C,F,G	3725	Continued Reading Improvement Block Grant		0
117	ED-TR-MR/SS	Revenues 9-14, L162, Col C,F,G	3726	Continued Reading Improvement Block Grant (2% Set Aside)		0
118	ED-O&M-TR-MR/SS	Revenues 9-14, L163, Col C,D,F,G	3766	Chicago General Education Block Grant		0
119	ED-O&M-TR-MR/SS	Revenues 9-14, L164, Col C,D,F,G	3767	Chicago Educational Services Block Grant		0
120	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L165, Col C,D,E,F,G	3775	School Safety & Educational Improvement Block Grant		0
121	ED-O&M-DS-TR-MR/SS	Revenues 9-14, L166, Col C,D,E,F,G	3780	Technology - Technology for Success		0
122	ED-TR	Revenues 9-14, L167, Col C,F	3815	State Charter Schools		0
123	O&M	Revenues 9-14, L170, Col D	3925	School Infrastructure - Maintenance Projects		0
124	ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L171, Col C-G,J	3999	Other Restricted Revenue from State Sources		103,474
125	ED	Revenues 9-14, L180, Col C	4045	Head Start (Subtract)		0
126	ED-O&M-TR-MR/SS	Revenues 9-14, L184, Col C,D,F,G	-	Total Restricted Grants-In-Aid Received Directly from Federal Govt		0
127	ED-O&M-TR-MR/SS	Revenues 9-14, L191, Col C,D,F,G	-	Total Title V		28,732
128	ED-MR/SS	Revenues 9-14, L201, Col C,G	-	Total Food Service		435,518
129	ED-O&M-TR-MR/SS	Revenues 9-14, L211, Col C,D,F,G	-	Total Title I		508,216
130	ED-O&M-TR-MR/SS	Revenues 9-14, L216, Col C,D,F,G	-	Total Title IV		0
131	ED-O&M-TR-MR/SS	Revenues 9-14, L220, Col C,D,F,G	4620	Fed - Spec Education - IDEA - Flow Through		216,157
132	ED-O&M-TR-MR/SS	Revenues 9-14, L221, Col C,D,F,G	4625	Fed - Spec Education - IDEA - Room & Board		0
133	ED-O&M-TR-MR/SS	Revenues 9-14, L222, Col C,D,F,G	4630	Fed - Spec Education - IDEA - Discretionary		0
134	ED-O&M-TR-MR/SS	Revenues 9-14, L223, Col C,D,F,G	4699	Fed - Spec Education - IDEA - Other (Describe & Itemize)		0
135	ED-O&M-MR/SS	Revenues 9-14, L228, Col C,D,G	4700	Total CTE - Perkins		0
160	ED-O&M-DS-TR-MR/SS-Tort	Revenue Adjustments (C231 thru J258)	4800	Total ARRA Program Adjustments		0
161	ED	Revenues 9-14, L260, Col C	4901	Race to the Top		0
162	ED-O&M-DS-TR-MR/SS-Tort	Revenues 9-14, L261, Col C-G,J	4902	Race to the Top-Preschool Expansion Grant		0
163	ED,O&M,MR/SS	Revenues 9-14, L262, Col C,D,G	4904	Advanced Placement Fee/International Baccalaureate		0
164	ED-TR-MR/SS	Revenues 9-14, L263, Col C,F,G	4905	Title III - Immigrant Education Program (IEP)		0
165	ED-TR-MR/SS	Revenues 9-14, L264, Col C,F,G	4909	Title III - Language Inst Program - Limited Eng (LIPLEP)		0
166	ED-TR-MR/SS	Revenues 9-14, L265, Col C,F,G	4910	Learn & Serve America		0
167	ED-O&M-TR-MR/SS	Revenues 9-14, L266, Col C,D,F,G	4920	McKinney Education for Homeless Children		0
168	ED-O&M-TR-MR/SS	Revenues 9-14, L267, Col C,D,F,G	4930	Title II - Eisenhower Professional Development Formula		0
169	ED-O&M-TR-MR/SS	Revenues 9-14, L268, Col C,D,F,G	4932	Title II - Teacher Quality		96,498
170	ED-O&M-TR-MR/SS	Revenues 9-14, L269, Col C,D,F,G	4960	Federal Charter Schools		0
171	ED-O&M-TR-MR/SS	Revenues 9-14, L270, Col C,D,F,G	4991	Medicaid Matching Funds - Administrative Outreach		29,119
172	ED-O&M-TR-MR/SS	Revenues 9-14, L271, Col C,D,F,G	4992	Medicaid Matching Funds - Fee-for-Service Program		37,196
173	ED-O&M-TR-MR/SS	Revenues 9-14, L272, Col C,D,F,G	4999	Other Restricted Revenue from Federal Sources (Describe & Itemize)		0
174						
175				**Total Deductions for PCTC Computation (Sum of Lines 83 - 173)**	$	2,786,047
176				**Total PCTC Expenditures (Line 76 minus Line 175)**		10,704,079
177				**Total Depreciation Allowance (from page 27, Col I)**		720,886
178				**Total Net Expenditures for PCTC Computation Line 176 plus Line 177)**		11,424,965
179				**9 Mo ADA (from Line 77)**		1,394.10
180				**Total Estimated PCTC (Line 178 / Line 179) ***	$	8,195.23
181						
182	* The total OEPP/PCTC may change based on the data provided. The final amounts will be calculated by ISBE					

Reference should be made to the auditor's report regarding this information.

	A / B	C	D	E	F	G	H
1	**ESTIMATED INDIRECT COST RATE DATA**						
2	**SECTION I**						
3	**Financial Data To Assist Indirect Cost Rate Determination**						
4	***(Source document for the computation of the Indirect Cost Rate is found in the "Expenditures 15-22" tab.)***						
5	**ALL OBJECTS EXCLUDE CAPITAL OUTLAY.** With the exception of line 11, enter the disbursements/expenditures included within the following functions charged directly to and reimbursed from federal grant programs. Also, include all amounts paid to or for other employees within each function that work with specific federal grant programs in the same capacity as those charged to and reimbursed from the same federal grant programs. For example, if a district received funding for a Title I clerk, all other salaries for Title I clerks performing like duties in that function must be included. Include any benefits and/or purchased services paid on or to persons whose salaries are classified as direct costs in the function listed.						
6	**Support Services - Direct Costs (1-2000) and (5-2000)**						
7	Direction of Business Support Services (1-2510) and (5-2510)						
8	Fiscal Services (1-2520) and (5-2520)						
9	Operation and Maintenance of Plant Services (1, 2, and 5-2540)						
10	Food Services (1-2560) *Must be less than (P16, Col E-F, L62)*			475,019			
11	Value of Commodities Received for Fiscal Year 2015 *(Include the value of commodities when determining if an A-133 is required)*.			61,593			
12	Internal Services (1-2570) and (5-2570)						
13	Staff Services (1-2640) and (5-2640)						
14	Data Processing Services (1-2660) and (5-2660)						
15	**SECTION II**						
16	**Estimated Indirect Cost Rate for Federal Programs**						
17			Restricted Program		Unrestricted Program		
18		Function	Indirect Costs	Direct Costs	Indirect Costs	Direct Costs	
19	**Instruction**	1000		8,276,202		8,276,202	
20	**Support Services:**						
21	Pupil	2100		523,463		523,463	
22	Instructional Staff	2200		301,990		301,990	
23	General Admin.	2300		830,202		830,202	
24	School Admin	2400		661,675		661,675	
25	**Business:**						
26	Direction of Business Spt. Srv.	2510	0	0	0	0	
27	Fiscal Services	2520	141,535	0	141,535	0	
28	Oper. & Maint. Plant Services	2540		1,127,293	1,127,293	0	
29	Pupil Transportation	2550		643,834		643,834	
30	Food Services	2560		330,156		330,156	
31	Internal Services	2570	0	0	0	0	
32	**Central:**						
33	Direction of Central Spt. Srv.	2610		0		0	
34	Plan, Rsrch, Dvlp, Eval. Srv.	2620		0		0	
35	Information Services	2630		0		0	
36	Staff Services	2640	0	0	0	0	
37	Data Processing Services	2660	0	0	0	0	
38	**Other:**	2900		0		0	
39	**Community Services**	3000		8,593		8,593	
40	**Total**		141,535	12,703,408	1,268,828	11,576,115	
41			**Restricted Rate**		**Unrestricted Rate**		
42			Total Indirect Costs:	141,535	Total Indirect costs:	1,268,828	
43			Total Direct Costs:	12,703,408	Total Direct Costs:	11,576,115	
44			=	**1.11%**	=	**10.96%**	
45							

Reference should be made to the auditor's report regarding this information.

ILLINOIS STATE BOARD OF EDUCATION
School Business Services Division (N-330)
100 North First Street
Springfield, IL 62777-0001

LIMITATION OF ADMINISTRATIVE COSTS WORKSHEET
(Section 17-1.5 of the School Code)

School District Name: VANDALIA CUSD #203
RCDT Number: 03-026-2030-26

Description	Funct. No.	Actual Expenditures, Fiscal Year 2015 (10) Educational Fund	(20) Operations & Maintenance Fund	Total	Budgeted Expenditures, Fiscal Year 2016 (10) Educational Fund	(20) Operations & Maintenance Fund	Total
1. Executive Administration Services	2320	177,161		177,161	191,693		191,693
2. Special Area Administration Services	2330	0		0	89,613		89,613
3. Other Support Services - School Administration	2490	0		0			0
4. Direction of Business Support Services	2510	0	0	0			0
5. Internal Services	2570	0		0			0
6. Direction of Central Support Services	2610	0		0			0
7. Deduct - Early Retirement or other pension obligations required by state law and included above.				0			0
8. Totals		177,161	0	177,161	281,306	0	281,306
9. **Percent Increase (Decrease) for FY2016 (Budgeted) over FY2015 (Actual)**							59%

CERTIFICATION

I certify that the amounts shown above as "Actual Expenditures, Fiscal Year 2015" agree with the amounts on the district's Annual Financial Report for Fiscal Year 2015.

I also certify that the amounts shown above as "Budgeted Expenditures, Fiscal Year 2016" agree with the amounts on the budget adopted by the Board of Education.

(Date) *Signature of Superintendent*

If line 9 is greater than 5% please check one box below.

☐ The District is ranked by ISBE in the lowest 25th percentile of like districts in administrative expenditures per student (4th quartile) and will waive the limitation by board action, subsequent to a public hearing. Waiver resolution must be adopted no later than June 30.

☒ The district is unable to waive the limitation by board action and will be requesting a waiver from the General Assembly pursuant to the procedures in Chapter 105 ILCS 5/2-3.25g. Waiver applications must be postmarked by August 16, 2015 to ensure inclusion in the Fall 2015 report, postmarked by January 17, 2016 to ensure inclusion in the Spring 2015 report, or postmarked by August 15, 2016 to ensure inclusion in the Fall 2016 report. Information on the waiver process can be found at www.isbe.net/isbewaivers/default.htm.

☐ The district will amend their budget to become in compliance with the limitation. Budget amendments must be adopted no later than June 30.

DEFICIT ANNUAL FINANCIAL REPORT (AFR) SUMMARY INFORMATION
New Provisions in the School Code, Section 17-1 (105 ILCS 5/17-1)

Instructions: *If the Annual Financial Report (AFR) reflects that a "deficit reduction plan" is required as calculated below, then the school district is to complete the "deficit reduction plan" in the annual budget and submit the plan to Illinois State Board of Education (ISBE) within 30 days after accepting the audit report. This may require the FY2014 annual budget to be amended to include a "deficit reduction plan" and narrative.*

The "deficit reduction plan" is developed using ISBE guidelines and format in the School District Budget Form 50-36. A plan is required when the operating funds listed below result in direct revenues (line 7) being less than direct expenditures (line 8) by an amount equal to or greater than one-third (1/3) of the ending fund balance (line 10). That is, if the ending fund balance is less than three times the deficit spending, the district must adopt and submit an original budget/amended budget with ISBE that provides a "deficit reduction plan" to balance the shortfall within the next three years.

DEFICIT AFR SUMMARY INFORMATION - Operating Funds Only
(All AFR pages must be completed to generate the following calculation)

	EDUCATIONAL	OPERATIONS & MAINTENANCE	TRANSPORTATION	WORKING CASH	TOTAL
Direct Revenues	11,082,711	785,476	541,059	54,639	12,463,885
Direct Expenditures	11,482,347	639,458	701,046		12,822,851
Difference	(399,636)	146,018	(159,987)	54,639	**(358,966)**
Fund Balance - June 30, 2015	3,170,796	751,270	271,167	1,114,631	**5,307,864**

Unbalanced - however, a deficit reduction plan is not required at this time.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
OTHER INFORMATION
IMRF SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MOST RECENT CALENDAR YEAR

Calendar Year Ended December 31,	2014
Total Pension Liability	
Service Cost	$ 251,060
Interest on the Total Pension Liability	844,867
Changes of Benefit Terms	--
Differences Between Expected and Actual Experience of the Total Pension Liability	147,070
Changes of Assumptions	500,769
Benefit Payments, including Refunds of Employee Contributions	(511,101)
Net Change in Total Pension Liability	$ 1,232,665
Total Pension Liability – Beginning	11,394,915
Total Pension Liability – Ending (A)	$12,627,580
Plan Fiduciary Net Position	
Contributions – Employer	$ 255,373
Contributions – Employees	96,861
Net Investment Income	674,653
Benefit Payments, including Refunds of Employee Contributions	(511,101)
Other (Net Transfer)	(4,775)
Net Change in Plan Fiduciary Net Position	$ 511,011
Plan Fiduciary Net Position – Beginning	11,139,319
Plan Fiduciary Net Position – Ending (B)	$11,650,330
Net Pension Liability – Ending (A) – (B)	$ 977,250
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.26%
Covered Valuation Payroll	$ 2,011,954
Net Pension Liability as a Percentage of Covered Valuation Payroll	48.57%

Notes to Schedule:

This schedule is 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.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
OTHER INFORMATION
IMRF SCHEDULE OF EMPLOYER CONTRIBUTIONS
MOST RECENT CALENDAR YEAR

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	$ 249,885	$ 255,373	$ (5,488)	$ 2,011,954	12.69%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contributions Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	4.40% to 16%. 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 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120 percent of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: — There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is 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.

Reference should be made to the auditor's report regarding this information.

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
OTHER INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015*

District's Proportion of the Net Pension Liability	0.003417%
District's Proportionate Share of the Net Pension Liability	$ 2,079,558
State's Proportionate Share of the Net Pension Liability Associated with the Employer	46,474,964
Total	$48,554,522
District's Covered-Employee Payroll	$ 7,517,166
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	27.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.00%

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

Notes to Other Information

Changes of Assumptions

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

VANDALIA COMMUNITY UNIT SCHOOL DISTRICT 203
OTHER INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015

Contractually-Required Contributions	$ 127,768
Contributions in Relation to the Contractually-Required Contribution	127,768
Contribution Deficiency (Excess)	$ --
District's Covered-Employee Payroll	$7,306,411
Contributions as a Percentage of Covered-Employee Payroll	1.75%

Reference should be made to auditor's report regarding this information.

REPORT ON SHARED SERVICES OR OUTSOURCING

School Code, Section 17-1.1 (*Public Act 97-0357*)

Fiscal Year Ending June 30, 2015

Complete the following for attempts to improve fiscal efficiency through shared services or outsourcing in the prior, current and next fiscal years. For additional information, please see the following website: http://www.isbe.net/sfms/afr/afr.htm .

VANDALIA CUSD #203
03-026-2030-26

☐ *Check if the schedule is not applicable.*	Prior Fiscal Year	Current Fiscal Year	Next Fiscal Year	Name of the Local Education Agency (LEA) Participating in the Joint Agreement, Cooperative or Shared Service.
Indicate with an (X) If Deficit Reduction Plan Is Required for Annual Budget ➡				
Service or Function (***Check all that apply***)			Barriers to Implementation	(Limit text to 200 characters, for additional space use line 33 and 38)
Curriculum Planning				
Custodial Services				
Educational Shared Programs	X	X	x	Bond County, Mulberry Grove, Ramsey, & St. Elmo CUSD's
Employee Benefits				
Energy Purchasing				
Food Services	X	X		Regional Office of Education - Alternative Education Program
Grant Writing				
Grounds Maintenance Services				
Insurance				
Investment Pools				
Legal Services				
Maintenance Services				
Personnel Recruitment				
Professional Development	X	X		St. Elmo CUSD
Shared Personnel			x	Ramsey CUSD
Special Education Cooperatives	X	X	x	Mid-State Special Education
STEM (science, technology, engineering and math) Program Offerings				
Supply & Equipment Purchasing				
Technology Services				
Transportation	X	X	x	Ramsey CUSD
Vocational Education Cooperatives	X	X	x	Okaw Area Vocational Center
All Other Joint/Cooperative Agreements				
Other				

Additional space for Column (D) - Barriers to Implementation:

Additional space for Column (E) - Name of LEA :

Reference should be made to the auditor's report regarding this information.

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues Year 7/1/13-6/30/14 (C)	Receipts/Revenues Year 7/1/14-6/30/15 (D)	Expenditure/Disbursements[4] Year 7/1/13-6/30/14 (E)	Expenditure/Disbursements[4] Year 7/1/14-6/30/15 (F)	Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
U.S. Department of Education									
Passed through Illinois State Board of Education									
(M) Title I - Low Income	84.010A	2014-4300	426,433	135,388	443,370	118,451		561,821	616,780
(M) Title I - Low Income	84.010A	2015-4300		372,828		449,265		449,265	549,088
Total Title I - Low Income			426,433	508,216	443,370	567,716	0	1,011,086	
Passed through Illinois State Board of Education									
Title II - Teacher Quality	84.367A	2014-4932	73,409	16,757	84,060	6,106		90,166	97,191
Title II - Teacher Quality	84.367A	2015-4932		79,741		80,978		80,978	83,485
Total Title II - Teacher Quality			73,409	96,498	84,060	87,084	0	171,144	
Passed through Mid-State Special Education									
Federal - Special Education - IDEA - Flow Through	84.027A	2014-4620	202,952		202,952			202,952	205,396
Federal - Special Education - IDEA - Flow Through	84.027A	2015-4620		216,157		216,157		216,157	216,547
Total Federal - Special Education - IDEA			202,952	216,157	202,952	216,157	0	419,109	

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

The accompanying notes are an integral part of this schedule.

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

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

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

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

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues Year 7/1/13-6/30/14 (C)	Receipts/Revenues Year 7/1/14-6/30/15 (D)	Expenditure/Disbursements[4] Year 7/1/13-6/30/14 (E)	Expenditure/Disbursements[4] Year 7/1/14-6/30/15 (F)	Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
Passed through Illinois State Board of Education									
Title VI - Rural Education Initiative Program	84.358B	2014-4107	27,998	900	28,898			28,898	31,383
Title VI - Rural Education Initiative Program	84.358B	2015-4107		27,832		29,193		29,193	31,747
Total Title VI - Rural Education Initiative Program			27,998	28,732	28,898	29,193	0	58,091	
Total U.S. Department of Education			**730,792**	**849,603**	**759,280**	**900,150**	0	**1,659,430**	
U.S. Department of Agriculture									
Passed through Department of Defense									
(M) Fresh Fruits and Vegetables (Non-Cash)	10.555	2015-4250		22,123		22,123		22,123	N/A
Passed through Illinois State Board of Education									
(M) Commodity Credit (Non-Cash)	10.555	2015-4250		39,470		39,470		39,470	N/A
(M) National School Lunch Program	10.555	2014-4210	329,264	68,186	329,264	68,186		397,450	N/A
(M) National School Lunch Program	9.555	2015-4209		273,612		273,612		273,612	N/A
Total National School Lunch Program			329,264	403,391	329,264	403,391	0	732,655	

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

The accompanying notes are an integral part of this schedule.

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

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues Year 7/1/13-6/30/14 (C)	Receipts/Revenues Year 7/1/14-6/30/15 (D)	Expenditure/Disbursements[4] Year 7/1/13-6/30/14 (E)	Expenditure/Disbursements[4] Year 7/1/14-6/30/15 (F)	Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
Passed through Illinois State Board of Education									
(M) School Breakfast Program	10.553	2014-4220	91,942	19,151	91,942	19,151		111,093	N/A
(M) School Breakfast Program	10.553	2015-4220		72,644		72,644		72,644	N/A
Total School Breakfast Program			91,942	91,795	91,942	91,795	0	183,737	
Passed through Illinois State Board of Education									
(M) Special Milk Program	10.556	2014-4215	1,099	246	1,099	246		1,345	
(M) Special Milk Program	10.556	2015-4215		1,679		1,679		1,679	N/A
Total Special Milk Program			1,099	1,925	1,099	1,925	0	3,024	
Total U. S. Department of Agriculture			**422,305**	**497,111**	**422,305**	**497,111**	**0**	**919,416**	
U.S. Department of Health and Human Services									

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

The accompanying notes are an integral part of this schedule.

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

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

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

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

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number[2] (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues Year 7/1/13-6/30/14 (C)	Receipts/Revenues Year 7/1/14-6/30/15 (D)	Expenditure/Disbursements[4] Year 7/1/13-6/30/14 (E)	Expenditure/Disbursements[4] Year 7/1/14-6/30/15 (F)	Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
U. S. Department of Health and Human Services									
Passed through Illinois Department of Health and Human Services									
Medicaid Matching Administrative Outreach	93.778	2014-4991	23,291	8,366	31,657			31,657	N/A
Medicaid Matching Administrative Outreach	93.778	2015-4991		20,753		20,753		20,753	N/A
Total U. S. Department of Health and Human Services			23,291	29,119	31,657	20,753		52,410	
Total Federal Financial Assistance			1,176,388	1,375,833	1,213,242	1,418,014	0	2,631,256	

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

The accompanying notes are an integral part of this schedule.

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

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

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

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

VANDALIA CUSD #203
03-026-2030-26
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ending June 30, 2015

Note 1: Basis of Presentation[5]
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Vandalia Community Unit School District 203 under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2: Summary of Significant Accounting Policies
Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Subrecipients[6]
Of the federal expenditures presented in the schedule, Vandalia Community Unit School District 203 provided federal awards to subrecipients as follows:

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

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by Vandalia Community Unit School District 203 and are included in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed:
NON-CASH COMMODITIES (CFDA 10.555)**: $61,593

Note 5: Insurance Provided by Federal Agencies
The District did not receive any insurance provided by a federal agency during the fiscal year ending June 30, 2015.

Note 6: Loans
The District did not have any loans or loan guarantees at June 30, 2015.

Note 7: Matching Expenditures
The District did not have any federal grants which required matching expenditures during the fiscal year ending June 30, 2015.

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

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

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

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Adverse
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

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

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

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

Type of auditor's report issued on compliance for major programs: Unmodified
(Unmodified, Qualified, Adverse, Disclaimer[7])

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § .510(a)? ____ YES __X__ NO

IDENTIFICATION OF MAJOR PROGRAMS:[8]

CFDA NUMBER(S)[9]	NAME OF FEDERAL PROGRAM or CLUSTER[10]
84.010A	Title I - Low Income
10.555	National School Lunch Program
10.553	School Breakfast Program
10.556	Special Milk Program

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? ____ YES __X__ NO

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

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

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

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

Reference should be made to the auditor's report regarding this information.

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:[11] **2015- 001** 2. THIS FINDING IS: [X] New [ ] Repeat from Prior Year?
Year originally reported? ______

3. Criteria or specific requirement
Internal controls over financial reporting require amounts reported as other assets and liabilities to be reconciled to supporting documentation.

4. Condition
No support exists for other assets and payroll deductions and withholdings reported in the Educational and Transportation Funds at June 30, 2015.

5. Context12
At June 30, 2015, other assets of $409 (Educational Fund) and $2,439 (Transportation Fund) and payroll deductions and withholdings of $21,716 (Educational Fund) were not supported by underlying documentation.

6. Effect
Unreconciled other assets and other liabilities accounts can result in the misstatement of related receipt, disbursement and fund balance accounts.

7. Cause
The district's internal controls over financial reporting do not require reconciliation of other assets and other liabilities accounts to supporting documentation.

8. Recommendation
Internal controls over financial reporting should include the requirement that other assets and other liabilities accounts be reconciled on a monthly basis.

9. Management's response[13]
Management will implement the auditor's recommendation.

For ISBE Review			
Date:	______	Resolution Criteria Code Number	______
Initials:	______	Disposition of Questioned Costs Code Letter	______

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

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

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

VANDALIA CUSD #203
03-026-2030-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:[14] **2015-** ______ 2. THIS FINDING IS: ☐ New ☐ Repeat from Prior year?
Year originally reported? ______

3. Federal Program Name and Year: ______

4. Project No.: ______ 5. CFDA No.: ______

6. Passed Through: ______

7. Federal Agency: ______

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

Our tests did not reveal any noncompliance or internal control over compliance findings or questioned costs.

9. Condition[15]

10. Questioned Costs[16]

11. Context[17]

12. Effect

13. Cause

14. Recommendation

15. Management's response[18]

For ISBE Review
Date: ______ Resolution Criteria Code Number ______
Initials: ______ Disposition of Questioned Costs Code Letter ______

[14] See footnote 11.
[15] Include facts that support the deficiency identified on the audit finding.
[16] Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.
[17] See footnote 12.
[18] To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

VANDALIA CUSD #203
03-026-2030-26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS[19]
Year Ending June 30, 2015

[If there are no prior year audit findings, please submit schedule and indicate NONE]

Finding Number	Condition	Current Status[20]

This schedule is not applicable because the District did not have any prior year findings related to federal awards.

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

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

[20] Current Status should include one of the following:

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

VANDALIA CUSD #203
03-026-2030-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS[21]
Year Ending June 30, 2015

Corrective Action Plan

Finding No.: **2015- 001**

Condition:
No support exists for other assets and payroll deductions and withholdings reported in the Educational and Transportation Funds at June 30, 2015.

Plan:
Internal controls over financial reporting should include the requirement that other assets and other liabilities accounts be reconciled on a monthly basis.

Anticipated Date of Completion: 6/30/2016

Name of Contact Person: Richard E. Well, II, Superintendent

Management Response: Management will implement the auditor's recommendation.

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

APPENDIX B-1 – THE SERIES 2016C BONDS

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the *"Proceedings"*) of the Board of Education of Community Unit School District Number 203, Fayette and Montgomery Counties, Illinois (the *"District"*), passed preliminary to the issue by the District of its fully registered Taxable General Obligation School Bonds, Series 2016C (the *"Bonds"*), to the amount of $1,925,000, dated September 7, 2016, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2016	$545,000	1.00%
2017	360,000	1.10%
2018	370,000	2.00%
2019	650,000	2.00%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that under present law, interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX B-2 – THE SERIES 2016D BONDS

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the *"Proceedings"*) of the Board of Education of Community Unit School District Number 203, Fayette and Montgomery Counties, Illinois (the *"District"*), passed preliminary to the issue by the District of its fully registered General Obligation Refunding School Bonds, Series 2016D (the *"Bonds"*), to the amount of $9,615,000, dated September 7, 2016, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2019	$ 315,000	2.00%
2020	1,145,000	2.00%
2021	1,170,000	2.00%
2022	790,000	2.00%
2023	800,000	2.00%
2025	490,000	2.00%
2026	1,335,000	3.00%
2027	1,375,000	3.00%
2028	1,415,00	3.00%
2029	780,000	3.00%

the Bonds due on or after December 1, 2025, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2024, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)