

PRELIMINARY OFFICIAL STATEMENT, DATED OCTOBER 14, 2025

NEW ISSUE
BOOK-ENTRY ONLY

Ratings:
S&P: "AA" (Stable Outlook)
BAM INSURED
MOODY'S: "Aa3" UNDERLYING
See "BOND RATINGS" herein

Interest on the 2025A 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 2025B Bonds and 2025C Bonds is excludible 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. Interest on the 2025B Bonds and 2025C Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

Community Unit School District Number 5 Whiteside and Lee Counties, Illinois (Sterling)

\$1,350,000* Taxable General Obligation Refunding School Bonds, Series 2025A
\$25,840,000* General Obligation School Bonds, Series 2025B
\$5,190,000* General Obligation School Bonds (Alternate Revenue Source), Series 2025C

Dated: Date of Delivery

Due: December 1, as further described on the inside cover page

The Taxable General Obligation Refunding School Bonds, Series 2025A (the "2025A Bonds"), General Obligation School Bonds, Series 2025B (the "2025B Bonds" and, together with the 2025A Bonds, the "2025 GO Bonds"), and General Obligation School Bonds (Alternate Revenue Source), Series 2025C (the "2025C Bonds" and, together with the 2025A Bonds and 2025B Bonds, the "Bonds"), of Community Unit School District Number 5, Whiteside and Lee 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 Bond Trust Services Corporation, Roseville, Minnesota, 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 June 1, 2026.

Proceeds of the 2025A Bonds will be used to (a) refund certain of the District's outstanding bonds, (b) pay certain interest on the 2025A Bonds and (c) pay costs associated with the issuance of the 2025A Bonds. Proceeds of the 2025B Bonds will be used to (a) increase the working cash fund of the District, (b) construct fire prevention and life safety improvements to the existing school buildings of the District, (c) pay certain interest on the 2025B Bonds and (d) pay costs associated with the issuance of the 2025B Bonds. Proceeds of the 2025C Bonds will be used to (a) alter and equip school buildings and facilities of the District and improve school sites and (b) pay costs associated with the issuance of the 2025C Bonds. See "USE OF PROCEEDS" herein.

The 2025A Bonds are not subject to redemption prior to maturity. The 2025B Bonds and the 2025C Bonds 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, 2034,* at the redemption price of par plus accrued interest to the redemption date. See "THE BONDS—Redemption" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate municipal bond insurance policies (collectively, the "Bond Insurance Policies") to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and APPENDIX D herein.



In the opinion of Bond Counsel, the 2025GO 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 2025 GO Bonds and the enforceability of the 2025 GO 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 for the 2025 GO Bonds" herein.

In the opinion of Bond Counsel, the 2025C Bonds are valid and legally binding upon the District and are payable (a) together with the District's outstanding Prior Alternate Bonds (as defined herein), from collections distributed to the District from taxes imposed in The Counties of Whiteside and Lee, Illinois, pursuant to the County School Facility Occupation Tax Law of the State of Illinois, as amended, and (b) from ad valorem taxes levied against all of the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the 2025C Bonds and the enforceability of the 2025C 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 for the 2025C Bonds" herein.

The Bonds are offered when, as and if issued by the District and received by Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, will also act as Disclosure Counsel to the District. Gilmore & Bell, P.C., Edwardsville, Illinois, will pass on certain matters for the Underwriter. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about November 12, 2025.

STIFEL

The date of this Official Statement is _____, 2025.

* Preliminary, subject to change.

**Community Unit School District Number 5
Whiteside and Lee Counties, Illinois
(Sterling)**

\$1,350,000* TAXABLE GENERAL OBLIGATION REFUNDING SCHOOL BONDS, SERIES 2025A

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS*

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER** (965672)
2034	\$ 135,000	%	%	
2035	1,215,000	%	%	

\$25,840,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2025B

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS*

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER** (965672)
2035	\$ 875,000	%	%	
2036	2,345,000	%	%	
2037	2,520,000	%	%	
2038	2,000,000	%	%	
2039	2,155,000	%	%	
2040	2,325,000	%	%	
2041	2,500,000	%	%	
2042	3,590,000	%	%	
2043	4,970,000	%	%	
2044	2,560,000	%	%	

**\$5,190,000* GENERAL OBLIGATION SCHOOL BONDS
(ALTERNATE REVENUE SOURCE), SERIES 2025C**

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS*

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER** (965672)
2038	\$ 705,000	%	%	
2039	740,000	%	%	
2040	775,000	%	%	
2041	1,890,000	%	%	
2042	1,080,000	%	%	

* Preliminary, subject to change.

** CUSIP data herein is provided by the CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized by the District or 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 BAM and the Bond Insurance Policies has been obtained from BAM. 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.

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 D—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.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "*Rule*"), this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein and is "deemed final" by the District as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to the Rule.

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.

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
THE BONDS.....	1
Authority and Purpose	1
General Description	2
Registration and Transfer.....	2
Redemption	3
Security for the 2025 GO Bonds.....	5
Security for the 2025C Bonds.....	5
General Provisions Regarding the 2025C Bonds.....	5
Sales Tax Revenues	8
Alternate Revenue Bonds Debt Service Coverage	9
USE OF PROCEEDS.....	10
The Refunding	10
Verification	11
The Project.....	11
SOURCES AND USES	12
COUNTY SCHOOL FACILITY OCCUPATION TAX LAW	12
RISK FACTORS	13
Uncertainty of Sales Taxes	13
Construction Risks.....	14
Finances of the State of Illinois	14
Federal Revenues	14
Local Economy	15
Concentration of Taxpayers.....	15
Loss or Change of Bond Ratings	15
Secondary Market for the Bonds	16
Continuing Disclosure	16
Suitability of Investment.....	16
Future Changes in Laws.....	16
Factors Relating to Tax Exemption	17
Cybersecurity	17
Bankruptcy	18
BOND INSURANCE.....	18
Bond Insurance Policy	18
Build America Mutual Assurance Company	18
THE DISTRICT	20
General Description	20
District Administration	21
Board of Education	21
Enrollment.....	21
District Facilities.....	22
Employee Union Membership and Relations	22

Population Data.....	22
FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT	23
Direct General Obligation Bonds (Principal Only)	23
Alternate Revenue Bonds (Principal Only)	24
Overlapping General Obligation Bonds.....	25
Selected Financial Information	25
Composition of EAV	26
Trend of EAV	26
Tax Increment Financing Districts Located within the District.....	27
Taxes Extended and Collected.....	27
School District Tax Rates by Purpose	28
Representative Total Tax Rates	28
Ten Largest Taxpayers.....	29
Retailers’ Occupation Tax and Service Occupation Tax.....	29
Corporate Personal Property Replacement Taxes.....	30
Largest Employers	31
Unemployment Rates.....	32
Housing Value and Income Statistics	32
SHORT-TERM BORROWING	32
FUTURE DEBT	33
DEFAULT RECORD	33
WORKING CASH FUND.....	33
Working Cash Fund Summary.....	34
REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES	34
Summary of Property Assessment, Tax Levy and Collection Procedures	34
Tax Levy and Collection Procedures.....	34
Unpaid Taxes and Annual Tax Sales.....	35
Exemptions	35
Property Tax Extension Limitation Law.....	37
Truth in Taxation Law	38
SCHOOL DISTRICT FINANCIAL PROFILE	39
STATE AID	40
General.....	40
General State Aid—Evidence-Based Funding Model	40
Property Tax Relief Pool Funds.....	42
Mandated Categorical State Aid	43
Competitive Grant State Aid.....	43
Payment for Mandated Categorical State Aid and Competitive Grant State Aid.....	44
Federal COVID-19 Funds Distributed to the District.....	44
RETIREMENT PLANS.....	44
Background Regarding Pension Plans	45
Teachers’ Retirement System of the State of Illinois	46
Illinois Municipal Retirement Fund.....	47
TEACHER HEALTH INSURANCE SECURITY FUND.....	48
BOND RATINGS	48
TAX MATTERS	49

The 2025A Bonds	49
The Tax-Exempt Bonds	49
CONTINUING DISCLOSURE	52
AUDITED FINANCIAL STATEMENTS.....	52
BOOK-ENTRY ONLY SYSTEM.....	53
CERTAIN LEGAL MATTERS	55
LITIGATION.....	56
UNDERWRITING	56
AUTHORIZATION.....	58

EXHIBITS

Exhibit A	—	Combined Statement of Revenues, Expenditures and Changes in Fund Balance, Fiscal Years Ended June 30, 2020-2024
Exhibit B	—	Amended Budget, Fiscal Year Ended June 30, 2025, and Budget, Fiscal Year Ending June 30, 2026
Exhibit C	—	General Fund Revenue Sources, Fiscal Years Ended June 30, 2020-2024

APPENDICES

Appendix A	—	Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2024
Appendix B	—	Proposed Forms of Opinions of Bond Counsel
Appendix C	—	Proposed Form of Continuing Disclosure Undertaking
Appendix D	—	Specimen Municipal Bond Insurance Policy

**COMMUNITY UNIT SCHOOL DISTRICT NUMBER 5
WHITESIDE AND LEE COUNTIES, ILLINOIS
(STERLING)**

410 East LeFevre Road
Sterling, Illinois 61081

Board of Education

Pam Capes
President

Dr. Savannah Mussington

Narcisco Puentes
Secretary

Julie Aitken
School Treasurer

Gonzalo Reyes

Dr. Sarah Alvarez-Brown
Vice President

David Miller

Administration

Dr. R. Tad Everett
Superintendent

Matt Birdsley
Director of Finance, CSBO

Professional Services

Underwriter
Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

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

Underwriter's Counsel
Gilmore & Bell, P. C.
Edwardsville, Illinois

Bond Registrar, Paying Agent and Escrow Agent
Bond Trust Services Corporation
Roseville, Minnesota

Auditor
Lauterbach & Amen, LLP
Naperville, Illinois

OFFICIAL STATEMENT

Community Unit School District Number 5

Whiteside and Lee Counties, Illinois

(Sterling)

\$1,350,000* Taxable General Obligation Refunding School Bonds, Series 2025A

\$25,840,000* General Obligation School Bonds, Series 2025B

\$5,190,000* General Obligation School Bonds (Alternate Revenue Source), Series 2025C

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community Unit School District Number 5, Whiteside and Lee Counties, Illinois (the “*District*”), in connection with the offering and sale of its Taxable General Obligation Refunding School Bonds, Series 2025A (the “*2025A Bonds*”), General Obligation School Bonds, Series 2025B (the “*2025B Bonds*”), and General Obligation School Bonds (Alternate Revenue Source), Series 2025C (the “*2025C Bonds*” and, together with the 2025B Bonds, the “*Tax-Exempt Bonds*” and, collectively with the 2025A Bonds and 2025B Bonds, the “*Bonds*”). The 2025A Bonds and the 2025B Bonds are collectively referred to herein as the “*2025 GO Bonds*.”

The District operates on a fiscal year which begins on July 1 of a calendar year and ends on June 30 of the subsequent calendar year. References in this Official Statement to “*Fiscal Year*” followed by a given year with respect to the District are a reference to the fiscal year ending on June 30th of such year (e.g. “*Fiscal Year 2025*” refers to the District’s fiscal year which began on July 1, 2024, and ended on June 30, 2025).

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 for the 2025

* Preliminary, subject to change.

GO Bonds (the “2025 GO Bond Resolution”), and a bond resolution for the 2025C Bonds (the “2025C Bond Resolution”), each adopted by the Board of Education of the District (the “Board”) on the 22nd day of October, 2025 (together, the “Bond Resolutions”).

Proceeds of the 2025A Bonds will be used to (a) refund (i) certain of the District’s outstanding General Obligation School Bonds, Series 2018A, dated April 5, 2018 (the “Series 2018A Bonds” and, those Series 2018A Bonds being refunded, the “2018A Refunded Bonds”), and (ii) certain of the District’s outstanding General Obligation School Bonds, Series 2022A, dated June 15, 2022 (the “Series 2022A Bonds” and, those Series 2022A Bonds being refunded, the “2022A Refunded Bonds” and, together with the 2018A Refunded Bonds, the “Refunded Bonds”), (b) pay certain interest on the 2025A Bonds and (c) pay costs associated with the issuance of the 2025A Bonds. Proceeds of the 2025B Bonds will be used to (a) increase the working cash fund of the District (the “Working Cash Fund”), (b) construct fire prevention and life safety improvements to the existing school buildings of the District, (c) pay certain interest on the 2025B Bonds and (d) pay costs associated with the issuance of the 2025B Bonds. Proceeds of the 2025C Bonds will be used to (a) alter and equip school buildings and facilities of the District and improve school sites and (b) pay costs associated with the issuance of the 2025C Bonds. See “USE OF PROCEEDS” herein.

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 Bond Trust Services Corporation, Roseville, Minnesota (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, commencing June 1, 2026.

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 record date, which is the 15th day of the month next preceding the interest payment date (the “Record Date”).

REGISTRATION AND TRANSFER

The Registrar will maintain books (the “Register”) 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 2025B Bonds and 2025C Bonds (the “Callable Bonds”), except in the case of the issuance of a Callable Bond or Callable Bonds for the unredeemed portion of a Callable 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 Record Date with respect to 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 Callable Bond after notice calling such Callable Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Callable Bonds.

REDEMPTION

Optional Redemption. The Callable Bonds 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 Callable Bonds of a single series and maturity to be selected by the Registrar), on December 1, 2034,* and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The 2025__ Bonds due on December 1 of the years 20__ and 20__ are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

FOR THE 2025__ BONDS DUE DECEMBER 1, 20__

YEAR	PRINCIPAL AMOUNT
20__	\$
20__	(stated maturity)

FOR THE 2025__ BONDS DUE DECEMBER 1, 20__

YEAR	PRINCIPAL AMOUNT
20__	\$
20__	(stated maturity)

[The principal amounts of 2025__ Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such 2025__ Bonds credited against future mandatory redemption requirements in such order of

* Preliminary, subject to change.

the mandatory redemption dates as the District may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Registrar may, and if directed by the District shall, purchase 2025__ Bonds required to be retired on such mandatory redemption date. Any such 2025__ Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

General. The District will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the series, principal amount and maturity or maturities of Callable Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Callable Bonds of a single series and maturity, the particular Callable Bonds or portions of Callable Bonds to be redeemed shall be selected by lot by the Registrar from the Callable Bonds of such series and maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Callable Bonds are held in a book-entry system, in which case the selection of Callable 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 Callable Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Callable 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 Callable 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 Callable 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 Callable 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 Callable 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 Callable Bonds or portions of Callable 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 Resolutions, and notwithstanding failure to receive such notice, the Callable Bonds or portions of Callable 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 Callable Bonds or portions of Callable Bonds shall cease to bear interest. Upon surrender of such Callable Bonds for redemption in accordance with said notice, such Callable Bonds will be paid by the Registrar at the redemption price.

SECURITY FOR THE 2025 GO BONDS

The 2025 GO 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 2025 GO Bonds and the enforceability of the 2025 GO 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 2025 GO Bond Resolution provides for the levy of ad valorem taxes (the “*2025 GO Pledged 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 2025 GO Bonds, except for a portion of the interest due on the 2025 GO Bonds up to and including December 1, 2027, which will be paid from proceeds of the 2025 GO Bonds. The 2025 GO Bond Resolution will be filed with the County Clerks of Whiteside and Lee Counties, Illinois (the “*County Clerks*”), and will serve as authorization to the County Clerks to extend and collect the 2025 GO Pledged Taxes.

Reference is made to APPENDIX B-1 and B-2 for the proposed forms of opinions of Bond Counsel for the 2025 GO Bonds.

SECURITY FOR THE 2025C BONDS

The 2025C Bonds, in the opinion of Bond Counsel, are valid and legally binding upon the District and are payable (a) together with the District’s outstanding General Obligation School Bonds (Alternate Revenue Source), Series 2017 (the “*Series 2017 Bonds*”), and General Obligation School Bonds (Alternate Revenue Source), Series 2024 (the “*Series 2024 Bonds*” and, together with the Series 2017 Bonds, the “*Prior Alternate Bonds*”), from collections distributed to the District from taxes imposed in The Counties of Whiteside and Lee, Illinois (the “*Counties*”), pursuant to the hereinafter-defined Sales Tax Law (the “*Sales Tax Revenues*” or the “*Pledged Revenues*”), and (b) from ad valorem taxes levied against all of the taxable property in the District without limitation as to rate or amount (the “*2025C Pledged Taxes*” and, together with the Pledged Revenues, the “*Pledged Moneys*”), except that the rights of the owners of the 2025C Bonds and the enforceability of the 2025C 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.

Reference is made to APPENDIX B-3 for the proposed form of opinion of Bond Counsel for the 2025C Bonds.

GENERAL PROVISIONS REGARDING THE 2025C BONDS

General Covenants Regarding the 2025C Bonds. For the purpose of providing funds required to pay the interest on the 2025C Bonds promptly when and as the same falls due, and to

pay and discharge the principal thereof at maturity, the District covenants and agrees with the purchasers and the owners of the 2025C Bonds that the District will deposit the Pledged Revenues into the Bond Fund (as hereinafter defined), in the manner set forth in the 2025C Bond Resolution. The Pledged Revenues are pledged to the payment of the 2025C Bonds and the Prior Alternate Bonds and the Board covenants and agrees to provide for, budget, collect and apply the Pledged Revenues to the payment of the 2025C Bonds and the Prior Alternate Bonds (together, the “*Alternate Bonds*”) and the provision of not less than an additional .25 times debt service.

The District covenants and agrees with the purchasers and the owners of the 2025C Bonds that so long as any of the 2025C Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to collect the Pledged Revenues or to levy and collect the 2025C Pledged Taxes, other than as described under “-Abatement of 2025C Pledged Taxes” below. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the 2025C Pledged Taxes will be levied, extended and collected as provided in the 2025C Bond Resolution and deposited in the Bond Fund, other than as described under “-Abatement of 2025C Pledged Taxes” below.

Bond Fund. The 2025C Bond Resolution establishes a special fund known as the “Alternate Bond and Interest Fund of 2025” (the “*Bond Fund*”). The Pledged Moneys will be set aside as collected and be deposited into the Bond Fund, which is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the District by the 2025C Bond Resolution. The 2025C Bonds are secured by a pledge of all of the moneys on deposit in the Bond Fund, and such pledge is irrevocable until the 2025C Bonds have been paid in full or until the obligations of the District are discharged under the 2025C Bond Resolution.

The 2025C Bond Resolution creates two accounts in the Bond Fund, designated as the Pledged Revenues Account and as the Pledged Taxes Account. All Pledged Revenues to be applied to the payment of the 2025C Bonds will be deposited to the credit of the Pledged Revenues Account. Such deposits of Pledged Revenues shall be on a parity with deposits into the bond fund established for the repayment of the Prior Alternate Bonds. All 2025C Pledged Taxes will be deposited to the credit of the Pledged Taxes Account. The 2025C Pledged Taxes on deposit to the credit of the Pledged Taxes Account will be fully spent to pay the principal of and interest on the 2025C Bonds prior to use of any moneys on deposit in the Pledged Revenues Account.

Filing with County Clerks. The 2025C Bond Resolution provides for the levy of 2025C Pledged Taxes in amounts sufficient to pay, as and when due, all principal of and interest on the 2025C Bonds, beginning with the December 1, 2026, payment. The 2025C Bond Resolution will be filed with the County Clerks and will serve as authorization to the County Clerks to extend and collect the 2025C Pledged Taxes as set forth in the 2025C Bond Resolution to pay 2025C Bonds (however, see “-Abatement of 2025C Pledged Taxes” herein). No 2025C Pledged Taxes will be levied for interest due on the 2025C Bonds on June 1, 2026, and such interest is expected to be paid from the Pledged Revenues.

Abatement of 2025C Pledged Taxes. Whenever Pledged Revenues or other lawfully available funds are available to pay principal of and interest on the 2025C Bonds when due so as

to enable the abatement of the 2025C Pledged Taxes levied for the same, the Board or the officers of the District acting with proper authority, shall direct the deposit of such Pledged Revenues and/or such other funds into the Bond Fund, and the Board shall direct the abatement of such 2025C Pledged Taxes by the amount of such deposit, and proper notification of such abatement shall be filed with the County Clerks in a timely manner to effect such abatement.

Additional Bonds. The 2025C Bonds are being issued on a parity with the Prior Alternate Bonds. The District is authorized to issue from time to time additional bonds payable from the Pledged Revenues as permitted by law and such additional bonds may share ratably and equally in the Pledged Revenues with the Alternate Bonds; *provided, however*, that no such additional bonds shall be issued except in accordance with the provisions of the Debt Reform Act.

Treatment of 2025C Bonds as Debt. The 2025C Bonds will be payable from the Pledged Moneys and will not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation, unless the 2025C Pledged Taxes will have been extended pursuant to the general obligation, full faith and credit promise supporting the 2025C Bonds, in which case the amount of the outstanding 2025C Bonds will be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the 2025C Bonds have been paid from the Pledged Revenues for a complete fiscal year, in accordance with the Debt Reform Act.

Highlights of Alternate Bonds. Section 15 of the Debt Reform Act provides that whenever there exists for a governmental unit (such as the District) a revenue source, the governmental unit may issue its general obligation bonds payable from any revenue source, and such general obligation bonds may be referred to as “alternate bonds.” Such bonds are general obligation debt payable from the pledged revenues with the general obligation of the governmental unit as back-up security.

The Debt Reform Act prescribes several conditions that must be met before alternate bonds payable from a revenue source may be issued:

First, alternate bonds must be issued for a lawful corporate purpose. If issued payable from a revenue source, which revenue source is limited in its purposes or applications, then the alternate bonds can only be issued for such limited purposes or applications.

Second, the question of issuance must be submitted to referendum if, within the time provided by law following publication of an authorizing resolution and notice of intent to issue alternate bonds, a petition signed by the requisite number of registered voters in the governmental unit is filed.

Third, an issuer must demonstrate that the pledged revenues are sufficient in each year to provide an amount not less than 1.25 times debt service on the alternate bonds payable from such revenue source previously issued and outstanding and the alternate bonds proposed to be issued. The sufficiency of the revenue source must be supported by the most recent audit of the governmental unit. The audit must be for a fiscal year ending

not earlier than 18 months prior to the issuance of the alternate bonds. If the audit does not adequately show such revenue source or if such source of revenue is shown to be insufficient, then the determination of sufficiency must be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters. Such report must demonstrate the sufficiency of the revenues and explain how the revenues will be greater than those shown in the audit. Whenever such sufficiency is demonstrated by reference to a schedule of higher rates or charges for enterprise revenues or a higher tax imposition for a revenue source, such higher rates, charges or taxes must be imposed by a resolution adopted prior to the delivery of the alternate bonds.

Fourth, the revenue source must be pledged to the payment of the alternate bonds.

Last, the governmental unit must covenant to provide for, collect and apply the revenue source to the payment of the alternate bonds and to provide for an amount equal to not less than an additional .25 times debt service.

The District will comply with all of the aforementioned conditions prior to the issuance of the 2025C Bonds.

As provided in the Debt Reform Act, the District's determination of the sufficiency of the Pledged Revenues will be based on the Fiscal Year 2025 Sales Tax Revenues as audited by the Auditor (as hereinafter defined).

SALES TAX REVENUES

A county-wide sales tax is distributed to all school districts in the Counties (as discussed under "COUNTY SCHOOL FACILITY OCCUPATION TAX LAW") and the amount of Sales Tax Revenues received by the District over the last six fiscal years is set forth in the following table:

FISCAL YEAR	SALES TAX REVENUES	% CHANGE
2020	\$1,692,043	(5.22%)(1)
2021	1,883,535	11.32%
2022	2,330,594	23.74%(2)
2023	2,057,484	(11.72)%
2024	2,096,595	1.90%
2025	2,592,757	23.67%

Source: The District's audited financial statements for Fiscal Years 2020 through 2024 and audited number by the Auditor for Fiscal Year 2025.

(1) Based on the District's Annual Sales Tax Revenues of \$1,785,236 for Fiscal Year 2019, as set forth in the District's audited financial statements for Fiscal Year 2019.

(2) Significant increase in Sales Tax Revenues is due in large part to a change in State law that made the sales tax applicable to internet sales and increased sales (including internet sales) during the COVID-19 pandemic.

ALTERNATE REVENUE BONDS DEBT SERVICE COVERAGE

FISCAL YEAR	SALES TAX REVENUES ⁽¹⁾	DEBT SERVICE ON THE PRIOR ALTERNATE BONDS	PLUS: DEBT SERVICE ON THE 2025C BONDS ⁽²⁾	TOTAL DEBT SERVICE ON THE ALTERNATE BONDS ⁽²⁾	DEBT SERVICE COVERAGE ⁽²⁾
2026	\$2,592,757	\$1,644,713	\$ 143,446	\$1,788,159	1.45x
2027	2,592,757	1,643,138	259,500	1,902,638	1.36x
2028	2,592,757	1,644,663	259,500	1,904,163	1.36x
2029	2,592,757	1,642,363	259,500	1,901,863	1.36x
2030	2,592,757	1,645,938	259,500	1,905,438	1.36x
2031	2,592,757	1,642,006	259,500	1,901,506	1.36x
2032	2,592,757	1,644,700	259,500	1,904,200	1.36x
2033	2,592,757	1,643,700	259,500	1,903,200	1.36x
2034	2,592,757	1,644,575	259,500	1,904,075	1.36x
2035	2,592,757	1,642,200	259,500	1,901,700	1.36x
2036	2,592,757	1,138,650	259,500	1,398,150	1.85x
2037	2,592,757	1,047,100	259,500	1,306,600	1.98x
2038	2,592,757	1,046,400	259,500	1,305,900	1.99x
2039	2,592,757	1,044,300	946,875	1,991,175	1.30x
2040	2,592,757	1,045,700	945,750	1,991,450	1.30x
2041	2,592,757	1,045,500	942,875	1,988,375	1.30x
2042	2,592,757		1,991,250	1,991,250	1.30x
2043	2,592,757		1,107,000	1,107,000	2.34x

(1) Reflects Sales Tax Revenues received by the District in Fiscal Year 2025. The District expects to use the Sales Tax Revenues not necessary to pay debt service on the Alternate Bonds in any year for pay-as-you-go capital projects.

(2) Preliminary, subject to change.

Note: Amounts may be rounded.

USE OF PROCEEDS

THE REFUNDING

Proceeds of the 2025A Bonds, along with lawfully available funds of the District (the “*Available Funds*”), will be used to refund the Refunded Bonds for debt restructuring purposes and to pay interest on the 2025A Bonds on June 1, 2026. The Refunded Bonds are further described as follows:

SERIES 2018A BONDS

MATURITY (DECEMBER 1)	ORIGINAL AMOUNT ISSUED	AMOUNT REFUNDED BY THE 2025A BONDS*	CALL PRICE	CALL DATE
2025	\$1,325,000	\$ 0	NA	NA
2026	<u>100,000</u>	<u>\$100,000</u>	Not Callable	Not Callable
TOTAL	\$1,425,000	\$100,000		

* Preliminary, subject to change.

SERIES 2022A BONDS

MATURITY (DECEMBER 1)	ORIGINAL AMOUNT ISSUED	AMOUNT REFUNDED BY THE 2025A BONDS*	CALL PRICE	CALL DATE*
2027	\$ 450,000	\$ 450,000	Not Callable	Not Callable
2028	1,070,000	175,000	Not Callable	Not Callable
2029	1,160,000	185,000	Not Callable	Not Callable
2030	1,210,000	155,000	100%	12/01/2029
2031	1,260,000	115,000	100%	12/01/2029
2032	1,315,000	85,000	100%	12/01/2029
2033	1,375,000	30,000	100%	12/01/2029
2034	<u>1,320,000</u>	<u>0</u>	NA	NA
TOTAL	\$9,160,000	\$1,195,000		

* Preliminary, subject to change.

Certain proceeds received from the sale of the 2025A Bonds and the Available Funds will be deposited in an Escrow Account (the “*Escrow Account*”) to be held by Bond Trust Services

Corporation, Roseville, Minnesota (the “*Escrow Agent*”), under the terms of an Escrow 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 initial 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 redemption dates thereof.

VERIFICATION

The accuracy of the mathematical computations regarding the adequacy of the maturing principal of and interest earnings on the Government Securities together with the initial cash deposit in the Escrow Account to pay the debt service described above on the Refunded Bonds will be verified by Robert Thomas CPA, LLC, Overland Park, Kansas. Such verification shall be based upon information supplied by the hereinafter defined Underwriter.

THE PROJECT

Proceeds of the 2025B Bonds will be used to renovate the Jefferson and Franklin Elementary Schools, install solar panels at each school building, pay for a portion of a Student Recreation and Training Facility at the Sterling High School (the “*Recreation Facility*”) and improve the track facilities at the Challand Middle and Sterling High Schools (the “*2025B Project*”). After proper abatement and transfer from the Working Cash Fund, the proceeds of the 2025B Bonds deposited into the Working Cash Fund at closing will be used for the 2025B Project.

Proceeds of the 2025B Bonds will also be used to pay certain interest on the 2025B Bonds through December 1, 2027.

Proceeds of the 2025C Bonds will be used to pay for a portion of the Recreation Facility (the “*2025C Project*” and, together with the 2025B Project, the “*Projects*”). The District expects to complete the Recreation Facility by August 2026, and most of the remaining parts of the Projects by August 2027. Due to timing issues associated with construction, the District expects to complete the remainder of the projects by August 2029.

SOURCES AND USES

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

SOURCES:	2025A BONDS	2025B BONDS	2025C BONDS
Principal Amount	\$	\$	\$
[Net] Original Issue Premium [Discount]	_____	_____	_____
Total Sources	\$	\$	\$
USES:			
Deposit to Escrow Account	\$	\$	\$
Deposit to Working Cash Fund			
Costs of the 2025B Project			
Costs of the 2025C Project			
Pay Interest on the Bonds			
Costs of Issuance*	_____	_____	_____
Total Uses	\$	\$	\$

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

COUNTY SCHOOL FACILITY OCCUPATION TAX LAW

On October 17, 2007, the General Assembly ("*General Assembly*") of the State of Illinois (the "*State*") enacted the County School Facility Occupation Tax Law of the State of Illinois, as amended (the "*Sales Tax Law*"), which authorizes a countywide sales tax to be used exclusively for school facility purposes (the "*Sales Tax*") to be imposed in any county, other than Cook County, following a successful referendum therefor. "School facility purposes" is defined in the Law and includes (a) the acquisition, development, construction, reconstruction, rehabilitation, improvement, financing, architectural planning, and installation of capital facilities consisting of buildings, structures and durable equipment, the acquisition and improvement of real property required, or expected to be required, in connection with capital facilities and fire prevention, safety, energy conservation, disabled accessibility, school security and specified repair purposes set forth under Section 17-2.11 of the School Code and (b) payment of bonds or other obligations issued for school facility purposes or issued to refund such bonds or other obligations, provided that the taxes levied to pay such bonds are abated by the Sales Tax proceeds used to pay such bonds. The Sales Tax may be imposed only in 0.25% increments and may not exceed 1%.

The question of imposing a 1% Sales Tax was approved by a majority of the voters of Whiteside County (the "*County*") at the general election held on November 4, 2014. The Illinois Department of Revenue (the "*Department*") began to administer and enforce the Sales Tax on July 1, 2015. School districts in the County began to receive the Sales Tax in November 2015. The question of imposing a 1% Sales Tax was approved by a majority of the voters of Lee County at the general election held on November 8, 2016. The Department began to administer and enforce the Sales Tax on July 1, 2017. School districts in Lee County began to receive the Sales Tax in November 2017. The District is currently using the Sales Tax for pay-as-you-go capital projects and to pay debt service on the Prior Alternate Bonds.

The Sales Tax is collected by the Department and held by the State Treasurer in the School Facility Occupation Tax Fund. By the 25th day of each month, the Department must certify to the State Comptroller the amount to be disbursed to the regional superintendent of schools for each county in which the taxes have been imposed and collected during the second preceding calendar month. Within 10 days after its receipt of such certification from the Department, the Comptroller is required to cause orders to be drawn for the amounts contained in the certification.

Within 30 days after receiving any Sales Tax, each regional superintendent must disburse the Sales Tax to each school district that is located in the county in which the tax was collected. The Sales Tax is disbursed on an enrollment basis and allocated based upon the number of each school district's pupils that reside within the county collecting the tax divided by the total number of students for all school districts within the county. Enrollment is based on the head count of the students residing in the county on the last school day of September of each year as reported on the Public School Fall Enrollment/Housing Report produced by the Illinois State Board of Education ("*ISBE*"). All Sales Tax received by a school district must be maintained in a special fund known as the School Facility Occupation Tax Fund and may only be used for school facility purposes.

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.

UNCERTAINTY OF SALES TAXES

The amount of Sales Taxes to be distributed to the District is dependent on a number of factors beyond the control of either the District, the Counties or the State, including, but not limited to, the state of the U.S. economy and the economy of the State and the Counties. Any one or more of these factors could result in the District receiving less Sales Taxes than anticipated. During periods in which economic activity declines, Sales Taxes are likely to decline. In addition, Sales Taxes are dependent on the volume of the transactions subject to the Sales Tax. From time to time, proposals have been made by the State legislature to add or remove certain types of purchases from sales tax. In addition, State governmental entities (like those of many other states) have seen a reduction in sales tax as a result of purchases made through the internet and other non-traditional means. The District cannot predict what impact these items may have on the Sales Taxes it receives. There can be no assurance that laws reducing or eliminating the Sales Tax will not be enacted in the future. Enactment of such a law would have a material adverse effect on the Sales Taxes received by the District.

The ability of the District to pay the 2025C Bonds from the Pledged Revenues may be limited by circumstances beyond the control of the District. There is no guarantee that the Pledged Revenues will continue to be available at current levels. Nevertheless, if the Pledged Revenues are insufficient to pay debt service on the 2025C Bonds, the District is obligated to extend and collect the 2025C Pledged Taxes.

To the extent that Pledged Revenues are insufficient to pay the 2025C Bonds, the 2025C Bonds are to be paid from the 2025C Pledged Taxes. If the 2025C Pledged Taxes are ever extended for the payment of the 2025C Bonds, the amount of the 2025C Bonds then outstanding will be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the 2025C Bonds have been paid from the 2025C Pledged Revenues for a complete fiscal year. See “THE BONDS—General Provisions Regarding the 2025C Bonds—Treatment of 2025C Bonds as Debt” above.

CONSTRUCTION RISKS

There are potential risks that could affect the ability of the District to timely complete the Projects. While preliminary costs have been projected by the District’s consulting architects, not all of the construction contracts have been let by the District. No assurance can be given that the cost of completing the Projects will not exceed available funds.

Completion of the Projects involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

FINANCES OF THE STATE OF ILLINOIS

State funding sources constituted 42.48% of the District’s combined Educational Fund and Operations and Maintenance Fund (the “*General Fund*”) revenue sources for the Fiscal Year 2024. While the finances of the State have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State’s five retirement systems, have a combined unfunded pension liability of approximately \$140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State’s long-term general obligation bonds carry the lowest ratings of all states.

FEDERAL REVENUES

Illinois school districts receive direct and indirect funding from various federal programs, such as Title I, the Individuals with Disabilities Education Act, and nutrition programs such as the National School Lunch and Breakfast Programs. These programs are subject to the priorities and policies of the federal government, which may change significantly from one administration to

another, and such programs may be modified through executive action or through legislation enacted by the Congress of the United States (“*Congress*”). Under the current administration, the federal government has taken executive actions to reduce the size and scope of the U.S. Department of Education, to terminate or restrict certain programs and services for students with disabilities, low-income students, and students from diverse backgrounds, and to impose new conditions and requirements for federal funding. These actions may impact the availability and amount of federal revenues received by Illinois school districts, such as the District. A reduction or interruption in federal funding, or an increase in compliance costs, could adversely affect the District’s financial condition and operations. The District makes no prediction as to the effect of these actions on the District’s federal revenues, which constituted 11.84% of the District’s General Fund revenue sources for Fiscal Year 2024, or the District’s ability to comply with federal laws and regulations in the future.

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.

CONCENTRATION OF TAXPAYERS

Based on the District’s 2024 equalized assessed valuation (“*EAV*”) (which includes tax increment financing (“*TIF*”) *EAV*), the District’s ten largest taxpayers own 12.82% of the total current *EAV* of taxable property in the District. See “FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT—Ten Largest Taxpayers” herein for more information. If one or more of these taxpayers were to relocate from the District or cease operations, would be unable to pay its tax bills or was successful in challenging its assessed valuation, the timely receipt of tax dollars by the District could be affected. The District has the authority to levy deficiency taxes if debt service tax collections are inadequate. Notwithstanding, the value of the Bonds, the District’s ability to repay the Bonds or the timing of repayment could be adversely affected.

Furthermore, if any of the largest taxpayers were to relocate or cease operations, the District could experience a significant reduction in *EAV*. Any reduction in *EAV* could limit the amount of taxes that the District can extend for operating purposes.

LOSS OR CHANGE OF BOND RATINGS

The Bonds have received an underlying credit rating from Moody’s Ratings, New York, New York (“*Moody’s*”) and are expected to receive an insured credit rating from S&P (as hereinafter defined). 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 (as defined herein) 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 rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of 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 this 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 MATTERS” 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 Resolutions. 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 Congress 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 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.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the District’s operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

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 and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by 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.bambonds.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 Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("*S&P*"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects 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 June 30, 2025, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$503.3 million, \$258.1 million and \$245.2 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.bambonds.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 <https://bambonds.com/insights/#video>. (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 Profile 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 final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. 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 issuer of or the underwriter for the Bonds, and the issuer 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 was organized in 1972 and comprises an area of 120 square miles. The District is located in the County (93.62% of the District's 2024 EAV) and Lee County (6.38% of the District's 2024 EAV) and is situated approximately 100 miles west of downtown Chicago and 60 miles southwest of Rockford. The District serves the City of Sterling (the "City") (48.07% of the District's 2024 EAV) and the Village of Coleta (0.46% of the District's 2024 EAV), as well as large unincorporated areas in the Counties (51.47% of the District's 2024 EAV).

Interstate 88, an East-West Tollway, is approximately 15 miles south of the City with two interchanges in Rock Falls at U.S. Route 30 and Illinois Route 88. Illinois Route 2 intersects with Illinois Route 40 in the City. Access is also available to Interstate 80 which is approximately 30 miles south with an interchange off Illinois Route 88. The nearest full-service commercial airports are in the Quad Cities, approximately 50 miles southwest of the City, and Rockford Airport, approximately 50 miles northeast of the City.

Higher education is offered at Sauk Valley Community College District No. 506 ("*Sauk Valley Community College*") in the City, Rockford University in Rockford, Augustana College in Rock Island, and Northern Illinois University in DeKalb.

The District is governed by an elected seven-member Board 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	YEAR STARTED IN POSITION
Dr. R. Tad Everett	Superintendent	2008
Matt Birdsley	Director of Finance/CSBO	2023

Dr. Everett is expected to retire on July 1, 2028. At its March 2025 meeting, the Board approved a new employment contract for Dr. Sara Dail, the current Assistant Superintendent, which will be a 5-year transition period in Fiscal Years 2026 through 2030, and will commence on July 1, 2025. Dr. Dail will continue to serve as the Assistant Superintendent through June 30, 2028, and will serve as the Superintendent in Fiscal Years 2029 and 2030, beginning on July 1, 2028.

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
Pam Capes	President	April 2029
Dr. Sarah Alvarez-Brown	Vice President	April 2027
Narcisco Puentes	Secretary	April 2027
Julie Aitken	Treasurer	April 2029
Dr. Savannah Mussington	Member	April 2029
Gonzalo Reyes	Member	April 2027
David Miller	Member	April 2029

ENROLLMENT

HISTORICAL		PROJECTED	
2020/2021	3,106	2025/2026	3,155
2021/2022	3,278	2026/2027	3,134
2022/2023	3,188	2027/2028	3,119
2023/2024	3,166	2028/2029	3,075
2024/2025	3,155	2029/2030	3,053

Source: The District.

DISTRICT FACILITIES

The District provides an educational program for grades Pre-K through 12. The current enrollment of 3,155 students is housed in six facilities as follows:

SCHOOL	CURRENT GRADE CONFIGURATION	NUMBER OF STUDENTS (APPROX.)	YEAR CONSTRUCTED	RENOVATIONS/ ADDITIONS
Sterling High School	9-12	924	1948	1998
Challand Middle School	6-8	713	1959	2014
Franklin Elementary School	Pre-K-2	386	1968	N/A
Jefferson Elementary School	Pre-K-2	473	1963	N/A
Lincoln Elementary School	3-5	255	1951	N/A
Washington Elementary School	3-5	404	1924	N/A

Source: The District.

EMPLOYEE UNION MEMBERSHIP AND RELATIONS

At the start of the 2025-2026 school year, the District had 433 full-time employees and 4 part-time employees. Of the total number of employees, approximately 323 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	June 30, 2026	IEA/NEA	227
Support Staff	June 30, 2028	IEA/NEA	96

POPULATION DATA

According to the 2019-2023 American Community Survey 5-Year Estimates (released by the U.S. Census Bureau December 12, 2024), the estimated population of the District is 20,923. The estimated populations of the City, County and State at the times of the last three U.S. Census surveys were as follows:

NAME OF ENTITY	2000	2010	2020	% CHANGE 2010/2020
The City	15,596	15,370	14,764	-3.94%
The County	60,663	58,498	55,691	-4.80%
The State	12,419,293	12,830,632	12,812,508	-0.14%

Source: U.S. Census Bureau, Decennial Census for 2000, 2010 and 2020, respectively.

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT

DIRECT GENERAL OBLIGATION BONDS (PRINCIPAL ONLY)*

CALENDAR YEAR	SERIES 2018A BONDS (DEC. 1)	SERIES 2022A BONDS (DEC. 1)	SERIES 2022B BONDS (DEC. 1)	PLUS: THE 2025A BONDS ⁽¹⁾ (DEC. 1)	PLUS: THE 2025B BONDS ⁽¹⁾ (DEC. 1)	LESS: THE REFUNDED BONDS ⁽¹⁾ (DEC. 1)	TOTAL OUTSTANDING BONDS ⁽¹⁾
2025	\$1,325,000						\$ 1,325,000
2026	100,000		\$1,280,000			\$ 100,000	1,280,000
2027		\$ 450,000	980,000			450,000	980,000
2028		1,070,000				175,000	895,000
2029		1,160,000				185,000	975,000
2030		1,210,000				155,000	1,055,000
2031		1,260,000				115,000	1,145,000
2032		1,315,000				85,000	1,230,000
2033		1,375,000				30,000	1,345,000
2034		1,320,000		\$ 135,000			1,455,000
2035				1,215,000	\$ 875,000		2,090,000
2036					2,345,000		2,345,000
2037					2,520,000		2,520,000
2038					2,000,000		2,000,000
2039					2,155,000		2,155,000
2040					2,325,000		2,325,000
2041					2,500,000		2,500,000
2042					3,590,000		3,590,000
2043					4,970,000		4,970,000
2044					2,560,000		2,560,000
TOTAL	\$1,425,000	\$9,160,000	\$2,260,000	\$1,350,000	\$25,840,000	\$1,295,000	\$38,740,000

* Does not include alternate revenue bonds, such as the Alternate Bonds, which, under the Debt Reform Act, are not included in the computation of indebtedness of the District unless the taxes levied to pay the principal of and interest on the Alternate Bonds are extended for collection by the County Clerks.

(1) Preliminary, subject to change.

ALTERNATE REVENUE BONDS (PRINCIPAL ONLY)

CALENDAR YEAR	SERIES 2017 BONDS (DEC. 1)	SERIES 2024 BONDS (DEC. 1)	PLUS: THE 2025C BONDS ⁽¹⁾ (DEC. 1)	TOTAL OUTSTANDING ALTERNATE BONDS ⁽¹⁾
2026	\$ 580,000	\$ 385,000		\$ 965,000
2027	600,000	410,000		1,010,000
2028	620,000	430,000		1,050,000
2029	640,000	455,000		1,095,000
2030	665,000	470,000		1,135,000
2031	690,000 ⁽²⁾	500,000		1,190,000
2032	725,000 ⁽²⁾	525,000		1,250,000
2033	765,000 ⁽²⁾	550,000 ⁽²⁾		1,315,000
2034	800,000	580,000 ⁽²⁾		1,380,000
2035	840,000 ⁽²⁾	90,000		930,000
2036	875,000 ⁽²⁾			875,000
2037	910,000			910,000
2038	945,000 ⁽²⁾		\$ 705,000	1,650,000
2039	985,000 ⁽²⁾		740,000	1,725,000
2040	1,025,000		775,000	1,800,000
2041			1,890,000	1,890,000
2042			<u>1,080,000</u>	<u>1,080,000</u>
TOTAL	\$11,665,000	\$4,395,000	\$5,190,000	\$21,250,000

(1) Preliminary, subject to change.

(2) Mandatory sinking fund payment.

OVERLAPPING GENERAL OBLIGATION BONDS
(As of July 9, 2025)

TAXING BODY	OUTSTANDING BONDS ⁽¹⁾	APPLICABLE TO THE DISTRICT	
		PERCENT	AMOUNT
Sauk Valley Community College	\$5,580,000	17.062%	<u>\$952,037</u>
TOTAL OVERLAPPING GENERAL OBLIGATION BONDS			\$952,037

Source: With respect to the applicable taxing bodies and the information used to calculate the percentage of overlapping EAV, the County Clerks' Offices. Information regarding the outstanding bonds of the overlapping taxing bodies was obtained from publicly-available sources.

- (1) Does not include alternate revenue bonds. Under the Debt Reform Act, alternate revenue bonds are not included in the computation of indebtedness of the overlapping taxing bodies unless the taxes levied to pay the principal of and interest on the alternate revenue bonds are extended for collection. The District provides no assurance that any of the taxes so levied have not been extended, nor can the District predict whether any of such taxes will be extended in the future.

SELECTED FINANCIAL INFORMATION

2024 Estimated Full Value of Taxable Property:	\$1,380,178,179
2024 EAV:	\$ 460,059,393 ⁽¹⁾
Population Estimate:	20,923

General Obligation Bonds:	\$ 38,740,000 ⁽²⁾⁽³⁾
Other Direct General Obligation Debt:	\$ 1,578,334
Total Direct General Obligation Debt:	\$ 40,318,334 ⁽²⁾
Percentage to Full Value of Taxable Property:	2.92% ⁽²⁾
Percentage to EAV:	8.76% ⁽²⁾
Debt Limit (13.8% of EAV):	\$ 63,488,196 ⁽⁴⁾
Percentage of Debt Limit:	63.51% ⁽²⁾
Per Capita:	\$ 1,927 ⁽²⁾

General Obligation Bonds:	\$ 38,740,000 ⁽²⁾⁽³⁾
Overlapping General Obligation Bonds:	\$ 952,037
General Obligation Bonds and Overlapping General Obligation Bonds:	\$ 39,692,037 ⁽²⁾
Percentage to Full Value of Taxable Property:	2.88% ⁽²⁾
Percentage to EAV:	8.63% ⁽²⁾
Per Capita:	\$ 1,897 ⁽²⁾

- (1) Includes Incremental EAV (as hereinafter defined) and Enterprise Zone EAV in the amount of \$19,703,142. See "Tax Increment Financing Districts Located Within the District" herein.

- (2) Preliminary, subject to change.

- (3) Does not include alternate revenue bonds, such as the Alternate Bonds, which, under the Debt Reform Act, are not included in the computation of indebtedness of the District unless the taxes levied to pay the principal of and interest on the Alternate Bonds are extended for collection by the County Clerks.

- (4) Incremental EAV is included in the calculation of the District's statutory debt limit. The District does not receive property tax revenues with respect to the incremental increase of the EAV of property included in the TIF district. See "Tax Increment Financing Districts Located Within the District" herein.

COMPOSITION OF EAV

	2020	2021	2022	2023	2024
By Property Type					
Residential	\$212,928,431	\$223,162,010	\$243,065,190	\$260,518,016	\$280,668,592
Farm	36,198,576	38,509,497	41,211,326	44,858,546	48,820,908
Commercial	59,168,561	59,292,818	62,240,937	62,977,789	65,237,299
Industrial	28,362,355	28,113,849	31,417,857	36,799,846	39,684,493
Mineral	4,625	4,625	162,267	165,057	184,847
Railroad	<u>4,710,871</u>	<u>5,124,434</u>	<u>5,619,483</u>	<u>6,073,441</u>	<u>5,760,112</u>
Total EAV ⁽¹⁾	\$341,373,419	\$354,207,233	\$383,717,060	\$411,392,695	\$440,356,251

Source: County Clerks' Offices.

(1) Does not include Incremental EAV and Enterprise Zone EAV.

	2020	2021	2022	2023	2024
By County					
The County	\$320,207,185	\$332,947,361	\$360,663,779	\$385,752,875	\$412,274,001
Lee County	<u>21,166,234</u>	<u>21,259,872</u>	<u>23,053,281</u>	<u>25,639,820</u>	<u>28,082,250</u>
Total EAV ⁽¹⁾	\$341,373,419	\$354,207,233	\$383,717,060	\$411,392,695	\$440,356,251

Source: County Clerks' Offices.

(1) Does not include Incremental EAV and Enterprise Zone EAV.

TREND OF EAV

LEVY YEAR	EAV ⁽¹⁾	% CHANGE IN EAV FROM PREVIOUS YEAR
2020	\$341,373,419	+5.01% ⁽²⁾
2021	354,207,233	+3.76%
2022	383,717,060	+8.33%
2023	411,392,695	+7.21%
2024	440,356,251	+7.04%

Source: County Clerks' Offices.

(1) Does not include Incremental EAV and Enterprise Zone EAV.

(2) Based on the District's 2019 EAV of \$325,082,918.

TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE DISTRICT

A portion of the District's EAV is contained in 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 (the "*Incremental 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. The District is not aware of any new TIF districts planned in the immediate future.

LOCATION/ NAME OF TIF	YEAR ESTABLISHED	BASE EAV	2024 EAV	INCREMENTAL EAV
Rock River TIF	2003 ⁽¹⁾	\$3,175,031	\$10,564,001	\$ 7,388,970
Sterling Lincolnway - Lynn TIF	2010	598,599	1,666,827	1,068,228
Sterling Lincoln Hwy. TIF	2021	594,042	2,505,521	1,911,479
East Central Business District Redev.	2016	909,781	1,198,963	289,182
Total Incremental EAV				\$ 10,657,859
2024 EAV				440,356,251
Enterprise Zone EAV ⁽²⁾				9,045,283
Total EAV				<u>\$460,059,393</u>

Source: Whiteside County Clerk's Office.

(1) This TIF district is expected to be extended for another 12-13 years.

(2) A portion of the District's EAV is contained in an enterprise zone. When an enterprise zone is established, all or a portion of taxes on real property located within the enterprise zone and upon which new improvements have been constructed or upon which existing improvements have been renovated or rehabilitated may be abated. The abatement applies only to taxes on the increase in assessed value attributable to the new construction, renovation or rehabilitation.

TAXES EXTENDED AND COLLECTED

TAX LEVY YEAR/ COLLECTION YEAR	TAXES EXTENDED	TAXES COLLECTED AND DISTRIBUTED ⁽¹⁾	PERCENT COLLECTED
2019/20	\$14,097,557	\$14,086,229	99.92%
2020/21	14,560,178	14,548,117	99.92%
2021/22	15,158,724	15,147,560	99.93%
2022/23	16,166,712	16,157,164	99.94%
2023/24	17,150,579	17,137,801	99.93%
2024/25	18,575,988	17,904,482 ⁽²⁾	96.39%

Source: Whiteside and Lee County Treasurers' Offices.

(1) Excludes interest.

(2) Collections are as of September 26, 2025.

SCHOOL DISTRICT TAX RATES BY PURPOSE

(Per \$100 EAV)

PURPOSE	2020	2021	2022	2023	2024	MAXIMUM RATE
Educational	\$2.5346	\$2.5900	\$2.5826	\$2.5607	\$2.5900	\$2.5900
Bonds and Interest	0.4680	0.4498	0.4735	0.4416	0.4122	None
Operations & Maintenance	0.4908	0.5000	0.4991	0.4943	0.5000	0.5000
IMRF	0.0952	0.0918	0.0782	0.0775	0.0795	None
Transportation	0.1963	0.2000	0.1996	0.1977	0.2000	0.2000
Working Cash	0.0498	0.0500	0.0000	0.0000	0.0000	0.0500
Life Safety	0.0410	0.0000	0.0000	0.0000	0.0500	0.0500
Special Education	0.0396	0.0400	0.0400	0.0395	0.0400	0.0400
Tort Fund	0.1758	0.1722	0.1668	0.1819	0.1783	None
Social Security	0.1319	0.1412	0.1564	0.1550	0.1431	None
Lease/Purchase/Rental	0.0498	0.0500	0.0250	0.0247	0.0253	0.0500
Prior Year Adjustment	<u>0.0000</u>	<u>(0.0011)</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	None
TOTAL	\$4.2728	\$4.2839	\$4.2212	\$4.1729	\$4.2184	

Source: Whiteside County Clerk's Office.

REPRESENTATIVE TOTAL TAX RATES

(Per \$100 EAV)

TAXING AUTHORITY	2020	2021	2022	2023	2024
The District	\$ 4.2728	\$ 4.2839	\$ 4.2212	\$ 4.1729	\$ 4.2184
The County	1.1200	1.0736	1.0441	1.0167	0.9787
Sterling Township	0.5132	0.4097	0.3962	0.3263	0.3210
Sterling Township Road	0.2831	0.2872	0.2735	0.3778	0.3745
The City	3.0880	3.1221	3.0365	2.9404	2.9141
Special Service Area #1	0.1659	0.1819	0.2004	0.1877	0.2140
Sterling Park District ⁽¹⁾	1.1335	1.1356	1.0782	1.0465	0.9994
Sauk Valley Community College	<u>0.4387</u>	<u>0.4396</u>	<u>0.4348</u>	<u>0.4158</u>	<u>0.4065</u>
TOTAL ⁽²⁾	\$11.0152	\$10.9336	\$10.6849	\$10.4841	\$10.4266

Source: Whiteside County Clerk's Office.

(1) The "Park District".

(2) The total of such rates is the property tax rate paid by a typical resident living in the City.

TEN LARGEST TAXPAYERS

TAXPAYER NAME	2024 EAV	PERCENT OF DISTRICT'S TOTAL EAV
Wal-Mart Stores, Inc.	\$13,585,449	2.95%
Wahl Clipper Corporation	11,191,657	2.43%
Halo Branded Solution	11,049,214	2.40%
Union Pacific Railroad Co.	5,758,857	1.25%
Sterling Steel Company LLC	3,995,105	0.87%
CGH Medical Center	3,978,768	0.86%
Menard, Inc.	2,874,452	0.62%
Sterling Rail LLC	2,269,309	0.49%
Highlands Sterling LLC	2,258,955	0.49%
Illinois American Water	<u>2,002,869</u>	<u>0.44%</u>
TOTAL	\$58,964,635	12.82%

Source: Whiteside County Clerk's Office. Values shown include Incremental EAV (if any).

The above taxpayers represent 12.82% of the District's 2024 EAV of \$460,059,393 (includes Incremental EAV and enterprise zone 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 TAX AND SERVICE OCCUPATION TAX

The following table shows the distribution of the municipal portion of the Retailers' Occupation Tax and Service Occupation Tax collected by the Department from retailers within the City. The table indicates the level of retail activity in the City.

CALENDAR YEAR	STATE SALES TAX DISTRIBUTION ⁽¹⁾
2020	\$4,396,225
2021	5,115,404
2022	5,248,919
2023	5,337,792
2024	5,554,255
2025 ⁽²⁾	1,388,457

Source: The Department.

- (1) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation Tax and Service Occupation 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.
- (2) Through the first quarter of 2025.

CORPORATE PERSONAL PROPERTY REPLACEMENT TAXES

Corporate Personal Property Replacement Taxes (“*CPPRT*”) are revenues received from a tax imposed on corporations, partnerships, trusts, S corporations and public utilities in the State. The purpose of the CPPRT is to replace revenues lost by units of local government (including the District) as a result of the abolishment of the corporate personal property tax (the “*Personal Property Tax*”) with the adoption of the Illinois Constitution of 1970. The State Revenue Sharing Act (the “*Sharing Act*”) was passed in 1979, implementing the CPPRT to replace the lost Personal Property Tax revenues and providing the mechanism for distributing collections of CPPRT to taxing districts (including the District) entitled to receive such tax revenues under the Sharing Act. The District receives CPPRT on an annual basis. The following table sets forth the amount of CPPRT over the last five fiscal years and the estimated amount of CPPRT to be received in Fiscal Year 2026:

FISCAL YEAR	CPPRT RECEIPTS
2021	\$3,663,408
2022	7,920,951
2023	8,260,823
2024	5,441,194
2025	3,607,999
2026 (estimate)	3,682,342

Source: The audited financial statements of the District for Fiscal Years 2021 through 2024, and the Department for Fiscal Years 2025 and 2026.

Going forward, the District expects CPPRT revenues will continue to be in amounts similar to pre-Fiscal Year 2022 levels.

LARGEST EMPLOYERS

Below is a listing of large employers within or near the District.

EMPLOYER	PRODUCT OR SERVICE	LOCATION	APPROXIMATE NUMBER OF EMPLOYEES
Walmart Distribution Center	Distribution of cold and frozen foods	Sterling	1,000
Wahl Clipper Corp. ⁽¹⁾	Salon, professional and personal care hair clippers and trimmers	Sterling	1,000
CGH Medical Center	Hospital and healthcare services	Sterling	925
OSF St. Katharine Medical Center	Medical center	Dixon	920
HALO Branded Solutions, Inc.	Corporate headquarters; promotional products distribution	Sterling	500
Raynor Garage Doors	Company headquarters; residential, commercial and industrial garage doors	Dixon	500
The District	Public education	Sterling	437
DeKalb Feeds	Manufacturer of cattle and swine feed and antibiotic supplements, and distributor of wet distilled and gluten by-products	Rock Falls	340
Allied-Locke Industries, Inc.	Agricultural, food industry and wastewater conveyor drive chains, precision rollers, sprockets and elevator buckets	Dixon	330
BorgWarner Emissions, Thermal & Turbo Systems	Commercial diesel and automotive emissions control components	Dixon	300
Sterling Steel	Steel manufacturing	Sterling	250
Sterling Commercial Roofing, Inc.	Commercial roofing contractor	Sterling	215
Donaldson Co., Inc.	Engine, compressor, hydraulic filters, filtration systems and replacement parts	Dixon	200
PNC, Inc.	Coils and insert injection molding	Polo	200
Morrison Community Hospital	Hospital	Morrison	176

Source: 2025 Illinois Services and 2025 Illinois Manufacturers Directories and the Illinois Department of Commerce and Economic Opportunity, except for District employee information which was provided by the District.

(1) According to published reports, Wahl Clipper is reducing its Sterling workforce by approximately 20% as part of a company-wide reorganization, which began with voluntary resignation packages in September 2025.

UNEMPLOYMENT RATES

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates, as well as the average unemployment rates for the five-month period ending May 2025, for the City, County and State.

	THE CITY	THE COUNTY	THE STATE
2020 – Average ⁽¹⁾	8.8%	7.9%	9.3%
2021 – Average	5.3%	5.0%	6.1%
2022 – Average	4.3%	4.2%	4.6%
2023 – Average	4.8%	4.7%	4.5%
2024 – Average	4.8%	4.7%	5.0%
2025 – Average ⁽²⁾	NA	4.2%	4.8%

Source: State of Illinois Department of Employment Security.

(1) The District attributes the higher unemployment rates to the COVID-19 pandemic.

(2) Five-month average unemployment rate. This rate is not available for municipalities, such as the City, with a population of less than 25,000.

HOUSING VALUE AND INCOME STATISTICS

The following table sets forth information regarding median home values and various income related statistics for the City, County and State.

	THE CITY	THE COUNTY	THE STATE
Median Home Value	\$107,800	\$125,800	\$250,500
Median Household Income	52,647	64,536	81,702
Median Family Income	70,737	85,370	103,504
Per Capita Income	35,146	36,788	45,104

Source: U.S. Census Bureau 2019-2023 American Community Survey 5-Year Estimates released by the U.S. Census Bureau December 12, 2024.

SHORT-TERM BORROWING

During Fiscal Years 2020 and 2021, the District entered into lines of credit agreements to ensure appropriate cash flow in the event of lack of or late State funding. The lines of credit were for approximately \$5,500,000 for the Educational Fund and \$550,000 for the Transportation Fund. The lines of credit were secured by property tax revenues. The District did not draw on these lines of credit. The District has not entered into any lines of credit since Fiscal Year 2021 and does not expect to enter into any lines of credit during the current fiscal year.

FUTURE DEBT

Except for the Bonds, the District does not currently anticipate issuing any debt in the next six months.

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
2020	\$1,650,234
2021	1,813,861
2022	1,991,356
2023	2,074,592
2024	2,183,652

Source: Compiled from the District's audited financial statements for Fiscal Years 2020 through 2024.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

A separate tax to pay 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.

UNPAID TAXES AND ANNUAL TAX SALES

Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are deemed delinquent and bear interest at the rate of 1.50% per month (or portion thereof) until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax. If taxes go unpaid for 13 months, each county treasurer is required to sell the delinquent property taxes at the “Annual Tax Sale” — a sale of tax liens, not properties. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Taxpayers can redeem their property by paying the amount paid at the sale, plus interest penalties and fees. If no redemption is made within the applicable redemption period, then the tax buyer can secure a court-ordered deed to the home. If a tax buyer can prove the home has been abandoned, the period for seeking a deed can be shortened to two years. Owners of vacant, commercial and industrial properties have six months to redeem their taxes before the tax buyer can seek ownership of the property.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

When taxes go unpaid for more than 20 years, Illinois law states that the property is “forfeited to the state.” As a practical matter, this does not happen. Instead, the taxes are wiped out, as the property remains in its distressed condition barring a change in the owner’s circumstances or it being sold.

EXEMPTIONS

The Illinois Property Tax Code, as amended (the “*Property Tax Code*”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the 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. Beginning with tax year 2023, the maximum reduction in the five collar counties (DuPage, Kane, Lake, McHenry and Will) (the “*Collar Counties*”) is \$8,000.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years 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. The maximum exemption is \$5,000. Beginning with tax year 2023, the maximum exemption in the Collar Counties is \$8,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$65,000. 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.

Purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) 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 the Consumer Price Index ("*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 benefit ceases in the tenth 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. 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.

Several exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, 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 or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities 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, and 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, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities 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 CPI 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 Collar Counties 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, are for certain refunding purposes, or are for school fire prevention and safety 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. Lee County held a successful referendum on the applicability of the Limitation

Law on November 5, 1996. The County held an unsuccessful referendum on the applicability of the Limitation Law on November 4, 1997. No guarantee exists, however that such a referendum will not be held in the future in the County.

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.

If the District's Adequacy Target (as defined under "STATE AID" herein) exceeds 110% for the school year that begins during the calendar year immediately preceding the levy year for which a tax reduction is sought, a petition signed by at least 10% of the registered voters in the District may be filed requiring a proposition to be submitted to the District's voters at the next consolidated election in April of odd-numbered years asking the voters whether the District must reduce its extension for educational purposes for the levy year in which the election is held to an amount that is less than the extension for educational purposes for the immediately preceding levy year. If the voters approve the proposition, the amount extended by the County Clerks for educational purposes will be reduced as provided in the proposition. The reduced extension, however, may not be more than 10% lower than the amount extended for educational purposes in the previous levy year and may not cause the District's Adequacy Target to fall below 110% for the levy year for which the reduction is sought. If such proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law 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 Resolutions that it will not take any action or fail to take any action which would adversely affect the ability of the District to levy and collect the taxes levied by the District for payment of principal of and interest on the Bonds, except as described under "THE BONDS—General Provisions Regarding the 2025C Bonds – Abatement of 2025C Pledged Taxes" herein. The District also covenanted that it and its officers will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Resolutions, except as described under "THE BONDS—General Provisions Regarding the 2025C Bonds – Abatement of 2025C Pledged Taxes" herein.

SCHOOL DISTRICT FINANCIAL PROFILE

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 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 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 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 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 the calendar year following the conclusion of each fiscal year):

FISCAL YEAR	ORIGINAL SCORE	DESIGNATION BASED ON ORIGINAL SCORE	ADJUSTED SCORE	DESIGNATION BASED ON ADJUSTED SCORE
2019	3.70	Recognition	3.70	Recognition
2020	3.70	Recognition	3.70	Recognition
2021	3.70	Recognition	3.70	Recognition
2022	3.80	Recognition	3.80	Recognition
2023	3.80	Recognition	3.80	Recognition

The Auditor has calculated the District’s Original Score for Fiscal Year 2024 to be 3.80, which places the District in the Financial Recognition category. Such calculation of the Original Score is preliminary and may be different from the official Original Score released by ISBE. The District expects that ISBE will release its official Original Score and its Adjusted Score in calendar year 2025.

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 Fiscal Year 2024, 42.48% of the District’s General Fund revenue came from State funding sources. See *Exhibit C* to this Official Statement for more information concerning the breakdown of the District’s revenue sources.

GENERAL STATE AID—EVIDENCE-BASED FUNDING MODEL

Beginning with fiscal year 2018, general State funds (“*General State Aid*”) have, pursuant to Public Act 100-0465, been distributed to school districts under the “Evidence-Based Funding

Model.” The Evidence-Based Funding Model sets forth a school funding formula that ties individual district funding to evidence-based best practices that certain research shows enhance student achievement in the classroom. Under the funding formula, ISBE will calculate an adequacy target (the “*Adequacy Target*”) each year for each district based upon its unique student population, regional wage differences and best practices. Each district will be placed in one of four tiers depending on how close the sum of its local resources available to support education (based on certain State resources and its expected property tax collections, its “*Local Capacity Target*”), and its Base Funding Minimum (as hereinafter defined) are to its Adequacy Target; Tier One and Tier Two for those districts that are the furthest away from their Adequacy Targets and Tier Three and Tier Four for those districts that are the closest to (or above) their Adequacy Targets. For each school year, all State funds appropriated for General State Aid in excess of the amount needed to fund the Base Funding Minimum for all school districts (“*New State Funds*”) will be distributed to districts based on tier placement. Of any New State Funds available, Tier One receives 50%, Tier Two receives 49%, Tier Three receives 0.9%, and Tier Four receives 0.1%. Tier Two includes all Tier One districts for the purpose of the allocation percentages for New State Funds.

On June 16, 2025, Governor Pritzker signed the State’s \$55.2 billion general funds budget (Public Act 104-0003) for the fiscal year ending June 30, 2026 (the “*Fiscal Year 2026 Budget*”). The Fiscal Year 2026 Budget increased funding for K-12 education by approximately \$275 million. The Fiscal Year 2026 Budget appropriated General State Aid in an amount \$300 million greater than the appropriation in the prior fiscal year budget. Such additional General State Aid will be distributed to districts pursuant to the Evidence-Based Funding Model.

The Evidence-Based Funding Model provides that each school district will be allocated at least as much in General State Aid in future years as it received in the most recently completed school year (such amount being the district’s “*Base Funding Minimum*”). The Base Funding Minimum for the District for school year 2017-2018 was \$10,951,555 (the “*Initial Base Funding Minimum*”). Mandated Categorical State Aid (as hereinafter defined) received by the District in fiscal year 2017, other than Mandated Categorical State Aid related to transportation and extraordinary special education, was included in the Initial Base Funding Minimum. Any New State Funds received by a district in a year become part of its Base Funding Minimum in the following year.

The following table sets forth the amounts of Evidenced-Based Funding in each of the last five fiscal years, and the amount expected to be received in Fiscal Year 2026.

FISCAL YEAR	EVIDENCE-BASED FUNDING
2021	\$14,337,003
2022	15,673,367
2023	16,168,920
2024	16,401,615
2025	16,729,459
2026 (projected)	17,626,537

Source: The audited financial statements of the District for Fiscal Years 2021 through 2024, for historical amounts and ISBE for the amount for Fiscal Year 2025, and the amount projected for Fiscal Year 2026. The projected amount of Evidenced-Based Funding for Fiscal Year 2026 consists of the Base Funding Minimum plus anticipated New State Funds for Fiscal Year 2026.

The District was placed in Tier Two for Fiscal Year 2025. For Fiscal Year 2026, the District has been placed in Tier One.

PROPERTY TAX RELIEF POOL FUNDS

For the purpose of encouraging high tax rate school districts to reduce property taxes, the Evidence-Based Funding Model also established a property tax relief grant program (the “*Property Tax Relief Pool*”). School districts must apply for the grant and indicate an amount of intended property tax relief, which relief may not be greater than 1% of EAV for a unit district, 0.69% of EAV for an elementary school district or 0.31% of EAV for a high school district, reduced, in each case, based on the Local Capacity Target of the applicant. Property Tax Relief Pool grants will be allocated to school districts based on each district’s percentage of the simple average operating tax rate of all school districts of the same type (unit, elementary or high), in order of priority from highest percentage to lowest, until the Property Tax Relief Pool is exhausted. A school district which receives a Property Tax Relief Pool grant is required to abate its property tax levy by the amount of intended property tax relief for the levy year in which the grant is to be received, and the succeeding levy year. The difference between the amount of the grant and the amount of the abatement is based on a statutory calculation which takes into account relative Local Capacity Targets. Pursuant to such calculation, a school district with a low Local Capacity Target will be required to abate less than a school district with a high Local Capacity Target, assuming the amount of Property Tax Relief Pool grants received by the school districts are the same. Property Tax Relief Pool grants received by a school district are included in future calculations of that district’s Base Funding Minimum, unless that district does not abate its property tax levy by the amount of intended property tax relief as described above.

For each of the last three fiscal years, \$50 million of General State Aid was allocated to the Property Tax Relief Pool. In the Fiscal Year 2026 Budget, no funds were allocated to the Property Tax Relief Pool.

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. From time to time, Mandated Categorical State Aid payments from the State have been delayed and have been prorated as part of the appropriation process, as described below.

Prior to fiscal year 2018, the School Code provided 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. Beginning with fiscal year 2018, Mandated Categorical State Aid is no longer the source of funding for mandatory school programs relating to special education, other than private facility tuition and transportation. Mandated Categorical State Aid received by a district in fiscal year 2017 for special education programming no longer available for Mandated Categorical State Aid in fiscal year 2018 is included in the Base Funding Minimum for that district.

In addition, although 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 each year 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 annually determined separately for each category of aid 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.

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 extraordinary 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.

FEDERAL COVID-19 FUNDS DISTRIBUTED TO THE DISTRICT

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, had an adverse impact on global economies, including economic conditions in the United States. In response to the pandemic, federal legislation, particularly the (i) Coronavirus Aid, Relief, and Economic Security Act (commonly known as ESSER I), (ii) Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (commonly known as ESSER II), and (iii) American Rescue Plan of 2021 (commonly known as ESSER III), was enacted to provide funds to mitigate the economic downturn and health care crisis caused by COVID-19.

The District received \$682,613 pursuant to ESSER I, \$2,684,387 pursuant to ESSER II and \$6,955,159 pursuant to ESSER III. Approximately \$4.8 million of the ESSER III funds were spent on an HVAC project at Sterling High School. All ESSER funds have been spent.

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*”).

The following summarizes certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 4 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 (the “*GASB Standards*”) issued by the Governmental Accounting Standards Board (“*GASB*”), as described below.

In producing an actuarial valuation, the actuary for the 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

The GASB Standards provide standards for financial reporting and accounting related to pension plans.

The 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 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*”).

Furthermore, the 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 GASB Standards.

Finally, the 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, and that an expense be recognized on the income statement of the employer.

Pension Plans Remain Governed by the Pension Code

As described above, the 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 General Assembly 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 Pension Code sets the benefit provisions of TRS, which can only be amended by the General Assembly. The State 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.

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 4 to the Audit.

Employer Funding of Teachers' Retirement System

Under the Pension Code, active members contribute 9.0% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District, except for a small portion contributed by the teacher's employer, such as the District. For Fiscal Years 2020 through 2024, all amounts contributed by the District to TRS were as follows:

FISCAL YEAR	TRS CONTRIBUTION
2020	\$130,887
2021	156,849
2022	211,519
2023	145,634
2024	158,422

Source: The audited financial statements of the District for Fiscal Years 2020 through 2024.

For information regarding additional contributions the District may be required to make to TRS with respect to certain salary increases and other programs, see Note 4 to the Audit.

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 the State. The IMRF is established and administered under statutes adopted by the General Assembly. The Pension Code sets the benefit provisions of the IMRF, which can only be amended by the 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 of Trustees (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 4 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. The District’s contribution rate for calendar year 2024 was 5.60% of covered payroll.

For the calendar years ended December 31, 2020, through December 31, 2024, the District contributed the following amounts to IMRF:

CALENDAR YEAR	IMRF CONTRIBUTION
2020	\$344,136
2021	365,046
2022	335,172
2023	230,272
2024	290,387

Source: The audited financial statements of the District for Fiscal Years 2021 through 2024, and Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company as of December 31, 2024.

Measures of Financial Position

The following table presents the measures of the IMRF Account's financial position as of December 31 of the years 2020 through 2024, which are presented pursuant to the GASB Standards.

CALENDAR YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION (ASSET)/LIABILITY	FIDUCIARY NET POSITION AS A % OF	DISCOUNT RATE
				TOTAL PENSION LIABILITY	
2020	\$21,530,926	\$22,724,992	\$(1,194,066)	105.55%	7.25%
2021	21,791,672	25,531,491	(3,739,819)	117.16%	7.25%
2022	23,031,512	21,326,425	1,705,087	92.60%	7.25%
2023	24,184,245	23,229,826	954,419	96.05%	7.25%
2024	24,892,262	24,152,695	739,567	97.03%	7.25%

Source: The audited financial statements of the District for Fiscal Years 2021 through 2024, and Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company as of December 31, 2024.

See Note 4 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 GASB Standards.

TEACHER HEALTH INSURANCE SECURITY FUND

The District participates in the Teacher Health Insurance Security Fund (the "*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 TRS.

The State maintains primary responsibility for funding, but contributions from participating employers and members are also required. For Fiscal Year 2024, the District paid \$128,020 to the THIS Fund, which was 100% of the required contribution. For more information regarding the District's THIS Fund obligation, see Note 4 to the Audit.

BOND RATINGS

S&P is expected to assign the Bonds a rating of "AA" (Stable Outlook) based on the Policy to be issued by BAM. Moody's has assigned the Bonds an underlying rating of "Aa3". These ratings reflect only the views of such rating agencies. An explanation of the methodology for such ratings may be obtained from such rating agencies. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's and BAM by the

District. There is no assurance that the ratings will be maintained for any given period of time or that such ratings will not be changed by such rating agencies if, in such rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings 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", the form of which is attached hereto as APPENDIX C, 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 ratings or to oppose any such revision or withdrawal.

TAX MATTERS

THE 2025A BONDS

Interest on the 2025A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2025A Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the 2025A Bonds should consult their tax advisors with respect to the inclusion of interest on the 2025A Bonds in gross income for federal income tax purposes and any collateral tax consequences.

Interest on the 2025A Bonds is not exempt from present State income taxes. Ownership of the 2025A 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 2025A Bonds. Prospective purchasers of the 2025A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

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 excludible 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 excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Interest on the Tax-Exempt Bonds may affect the corporate 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.

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 for original issue discount (as further discussed below) and market discount purposes (the "*OID 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 (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The *OID 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 pages hereof.

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

For an investor who purchases an *OID Bond* in the initial public offering at the *OID Issue Price* for such maturity and who holds such *OID 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 Bond* constitutes interest which is excludible 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 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 under the Code; and (d) the accretion of original issue discount in each year may result in certain 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 Department under State income tax law, accreted original issue discount on such *OID 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 Bonds* should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such *OID 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 *OID 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 Bond, its OID 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 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 Congress 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.

Interest on the Tax-Exempt Bonds is not exempt from present State income taxes. Ownership of the Tax-Exempt 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 Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

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 in the form of the Undertaking, attached hereto as APPENDIX C.

The District has implemented the March, 2019, update (Issue 100) of the Illinois Association of School Boards’ Policy Reference Education Subscription Service (PRESS) that includes disclosure policies and procedures as 4.40–AP, Preparing and Updating Disclosures. The policies specifically include additional procedures to be followed by the District in relation to the two new reportable events required by the Rule for undertakings entered into on and after February 27, 2019.

For Fiscal Year 2022, the District failed to include certain tables in its annual financial information filing on the MSRB’s Electronic Municipal Market Access (“*EMMA*”) system. Additionally, the District failed to file notice on EMMA of a financial obligation, namely, a lease in the original principal amount of \$2,104,445 entered into on January 15, 2025, for computer hardware. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolutions 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.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the District for Fiscal Year 2024 (the “*Audit*”), contained in APPENDIX A, including the independent auditor’s report accompanying the Audit,

have been prepared by Lauterbach & Amen, LLP, Naperville, 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.

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 each series 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 any of the statements contained in 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 this 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. Gilmore & Bell, P.C., Edwardsville, Illinois, will pass on certain matters for the Underwriter.

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.

A Rock Falls student athlete has filed a lawsuit against the District, the Rock Falls High School District and the Park District after he suffered a broken neck and paralysis during a March 2025 indoor track meet. The track meet, which was hosted by the District, was held at the Park District's Westwood Fitness and Sports Center. The District had rented the Center's fieldhouse for the event. The lawsuit alleges the defendants did not meet applicable safety standards. The amount of damages sought by the plaintiff is not known. Given the severity of the injury, the District understands the amount could be substantial. The District is represented by counsel, will assert defenses and immunities under State law, and has, and will continue, to vigorously defend itself in the lawsuit. The District makes no prediction as to what impact the lawsuit will have on District finances, if any.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement (the "*Agreement*") between the District and Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the "*Underwriter*" or "*Stifel*"), the Underwriter has agreed to purchase the 2025A Bonds at an aggregate purchase price of \$ _____. The purchase price will produce an underwriting spread of ____% of the principal amount of the 2025A Bonds. Pursuant to the terms of the Agreement between the District and the Underwriter, the Underwriter has agreed to purchase the 2025B Bonds at an aggregate purchase price of \$ _____. The purchase price will produce an underwriting spread of ____% of the principal amount of the 2025B Bonds. Pursuant to the terms of the Agreement between the District and the Underwriter, the Underwriter has agreed to purchase the 2025C Bonds at an aggregate purchase price of \$ _____. The purchase price will produce an underwriting spread of ____% of the principal amount of the 2025C Bonds. 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.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of 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, this Official Statement, together with any supplements thereto, as of the date hereof, 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/

Director of Finance, CSBO
Community Unit School District Number 5,
Whiteside and Lee Counties, Illinois

_____, 2025

EXHIBITS

Exhibit A shows the District’s recent financial history. Exhibit B provides information on the District’s Fiscal Year 2025 amended budget and Fiscal Year 2026 budget. Exhibit C provides information on the general fund revenue sources of the District.

EXHIBIT A — COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, FISCAL YEARS ENDED JUNE 30, 2020-2024

	Ed ⁽¹⁾	O&M	DEBT SERVICE	TRANS	IMRF	CAP PROJECTS	WORKING CASH	TORT	FIRE	TOTAL
Beginning Balance	\$ 7,537,870	\$1,252,880	\$2,761,694	\$ 959,770	\$ 667,852	\$3,595,198	\$1,484,859	\$860,705	\$2,024,780	\$21,145,608
Revenues	30,031,991	2,622,046	2,744,761	1,771,130	884,518	818,627	188,963	612,300	18,058	39,692,394
Expenditures	28,263,885	2,644,852	2,901,724	1,760,379	862,206	3,387,911	0	589,931	2,042,838	42,453,726
Net Transfers	(408,175)	0	431,763	0	0	0	(23,588)	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/20	\$ 8,897,801	\$1,230,074	\$3,036,494	\$ 970,521	\$ 690,164	\$1,025,914	\$1,650,234	\$883,074	\$ 0	\$18,384,276
Beginning Balance	\$ 8,897,801	\$1,230,074	\$3,036,494	\$ 970,521	\$ 690,164	\$1,025,914	\$1,650,234	\$883,074	\$ 0	\$18,384,276
Revenues	33,012,983	2,928,729	2,647,740	1,971,993	927,484	1,757,395	170,827	595,775	70,579	44,083,505
Expenditures	30,846,263	2,679,571	2,895,604	1,534,697	876,103	2,031,594	0	601,675	41,931	41,507,438
Net Transfers	(424,563)	0	431,763	0	0	0	(7,200)	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/21	\$10,639,958	\$1,479,232	\$3,220,393	\$1,407,817	\$ 741,545	\$ 751,715	\$1,813,861	\$877,174	\$ 28,648	\$20,960,343
Beginning Balance	\$10,639,958	\$1,479,232	\$3,220,393	\$1,407,817	\$ 741,545	\$ 751,715	\$1,813,861	\$877,174	\$ 28,648	\$20,960,343
Revenues	35,826,389	3,160,434	2,704,966	2,188,504	989,386	8,391,088 ⁽³⁾	178,956	618,985	70,428	54,129,136
Expenditures	31,615,439	2,880,631	3,953,131	1,973,015	944,635	3,082,450	0	616,081	254,671	45,320,053
Net Transfers	(394,961)	0	396,422	0	0	0	(1,461)	0	0	0
Other Sources (Uses) ⁽²⁾	0	0	1,079,213	0	0	2,759,757	0	0	7,671,520	11,510,490
Ending Balance, 6/30/22	\$14,455,947	\$1,759,035	\$3,447,863	\$1,623,306	\$ 786,296	\$8,820,110	\$1,991,356	\$880,078	\$7,515,925	\$41,279,916
Beginning Balance	\$13,158,187	\$1,759,035	\$3,447,863	\$1,623,306	\$ 786,296	\$8,820,110	\$1,991,356	\$880,078	\$7,515,925	\$39,982,156
Revenues	38,621,881	3,087,688	3,071,586	2,626,838	1,032,595	5,717,413 ⁽³⁾	141,845	645,363	188,480	55,133,689
Expenditures	33,636,951	3,009,212	2,391,322	2,221,810	949,147	8,109,200 ⁽⁴⁾	0	616,135	1,056,290	51,990,067
Net Transfers	58,609	0	0	0	0	0	(58,609)	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/23	\$18,201,726	\$1,837,511	\$4,128,127	\$2,028,334	\$ 869,744	\$6,428,323	\$2,074,592	\$909,306	\$6,648,115	\$43,125,778
Beginning Balance	\$18,201,726	\$1,837,511	\$4,128,127	\$2,028,334	\$ 869,744	\$6,428,323	\$2,074,592	\$909,306	\$6,648,115	\$43,125,778
Revenues	37,742,407	3,314,733	3,069,351	2,893,311	1,145,566	2,776,996	109,060	716,063	251,586	52,019,073
Expenditures	35,900,215	3,369,111	2,695,348	2,524,237	883,332	8,449,653	0	642,054	3,784,091	58,248,041
Other Sources (Uses)	0	0	0	0	0	5,103,479 ⁽⁵⁾	0	0	0	5,103,479
Ending Balance, 6/30/24	\$20,043,918	\$1,783,133	\$4,502,130	\$2,397,408	\$1,131,978	\$5,859,145	\$2,183,652	\$983,315	\$3,115,610	\$42,000,289

Source: The audited financial statements of the District for Fiscal Years 2020 through 2024.

(1) Excludes payments made by the State to TRS with respect to District employees, commonly referred to as “on-behalf” payments and student activity funds.

(2) Represents proceeds of the Series 2022A Bonds.

(3) Significant increase in revenues due to approximately \$4.8 million of CPPRT revenue and \$1.9 million of COVID-19 funds in Fiscal Year 2022, and \$3.8 million of CPPRT revenue and \$1 million of COVID-19 funds in Fiscal Year 2023.

(4) Expenditures include an approximate \$4.8 million HVAC project at Sterling High School.

(5) Represents proceeds of the Series 2024 Bonds, which were used to purchase and install two six-classroom modular units.

EXHIBIT B-1 —AMENDED BUDGET, FISCAL YEAR ENDED JUNE 30, 2025

	Ed ⁽¹⁾	O&M	DEBT SERVICE	TRANS	IMRF	CAP PROJECTS	WORKING CASH	TORT	FIRE	TOTAL
EST. BEGINNING BALANCE, 7/1/24	\$19,116,037	\$1,884,432	\$4,447,406	\$2,034,510	\$ 949,282	\$7,373,213	\$2,074,592	\$942,625	\$4,148,115	\$42,970,212
REVENUES	38,405,857	3,317,014	3,496,423	3,077,756	1,006,487	835,000	85,000	783,323	85,000	51,091,860
EXPENDITURES	37,921,432	3,311,219	5,298,297	3,070,129	1,111,151	5,886,095	0	848,412	2,889,152	60,335,887
OTHER SOURCES (USES)	45,000	0	0	0	0	0	(45,000)	0	0	0
EST. ENDING BALANCE, 6/30/25	\$19,645,462	\$1,890,227	\$2,645,532	\$2,042,137	\$ 844,618	\$2,322,118	\$2,114,592	\$877,536	\$1,343,963	\$33,726,185

Source: The Board adopted the amended Fiscal Year 2025 Budget on May 28, 2025. The beginning fund balances were estimated by the District at the time the budget was adopted. Consequently, such balances may not match the ending fund balances set forth in the District's audited financial statements for Fiscal Year 2024.

(1) Excludes payments made by the State to TRS with respect to District employees, commonly referred to as "on-behalf" payments and student activity funds.

EXHIBIT B-2 —BUDGET, FISCAL YEAR ENDING JUNE 30, 2026

	Ed ⁽¹⁾	O&M	DEBT SERVICE	TRANS	IMRF	CAP PROJECTS	WORKING CASH	TORT	FIRE	TOTAL
EST. BEGINNING BALANCE, 7/1/25	\$20,941,329	\$1,591,221	\$2,424,445	\$2,005,611	\$1,394,211	\$ 2,345,919	\$2,292,712	\$1,002,256	\$ 0	\$33,997,704
REVENUES	39,635,636	3,613,301	3,524,861	3,007,145	1,030,232	25,500,000	85,000	820,155	5,845,178	83,061,508
EXPENDITURES	39,240,037	3,613,109	3,443,738	2,979,278	1,124,114	17,510,000	0	869,224	1,950,000	70,729,500
OTHER SOURCES (USES)	85,000	0	0	0	0	0	(85,000)	0	0	0
EST. ENDING BALANCE, 6/30/26	\$21,421,928	\$1,591,413	\$2,505,568	\$2,033,478	\$1,300,329	\$10,335,919	\$2,292,712	\$ 953,187	\$ 3,895,178	\$46,329,712

Source: The Board adopted the Fiscal Year 2026 budget on September 24, 2025. The beginning fund balances were estimated by the District at the time the budget was adopted.

(1) Excludes payments made by the State to TRS with respect to District employees, commonly referred to as "on-behalf" payments and student activity funds.

**EXHIBIT C — GENERAL FUND REVENUE SOURCES,
FISCAL YEARS ENDED JUNE 30, 2020-2024**

	YEAR ENDED JUNE 30, 2020	YEAR ENDED JUNE 30, 2021	YEAR ENDED JUNE 30, 2022	YEAR ENDED JUNE 30, 2023	YEAR ENDED JUNE 30, 2024
Local Sources	45.03%	39.45%	40.06%	39.67%	45.67%
State Sources	46.70%	43.10%	43.52%	42.20%	42.48%
Federal Sources	<u>8.27%</u>	<u>17.45%⁽¹⁾</u>	<u>16.42%⁽¹⁾</u>	<u>18.14%⁽¹⁾</u>	<u>11.84%</u>
 TOTAL	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%

Source: The audited financial statements of the District for Fiscal Years 2020 through 2024. For purposes of this Exhibit, the General Fund includes the Educational Fund and the Operations and Maintenance Fund. Excludes student activity funds.

(1) Increase in Federal Sources due in large part to the District's receipt of federal COVID-19 funds. See "STATE AID-Federal COVID-19 Funds Distributed to the District" herein.

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE
DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

COMMUNITY SCHOOL DISTRICT UNIT NO. 5,
ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

410 East LeFevre
Sterling, IL 61081
Phone: 815.626.5050
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COMMUNITY UNIT SCHOOL DISTRICT NO. 5

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	<u>1</u>
-------------------------------------	--------------------------

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 <i>GOVERNMENTAL AUDITING STANDARDS</i>	<u>4</u>
--	--------------------------

MANAGEMENT'S DISCUSSION AND ANALYSIS	<u>7</u>
---	--------------------------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements	
Statement of Net Position	<u>18</u>
Statement of Activities	<u>20</u>
Fund Financial Statements	
Balance Sheet - Governmental Funds	<u>22</u>
Reconciliation of Total Governmental Fund Balance to the	
Statement of Net Position - Governmental Activities	<u>24</u>
Statement of Revenues, Expenditures and Changes in	
Fund Balances - Governmental Funds	<u>26</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances to the Statement of Activities - Governmental Activities	<u>28</u>
Statement of Net Position - Proprietary Fund	<u>29</u>
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	<u>30</u>
Statement of Cash Flows - Proprietary Fund	<u>31</u>
Statement of Fiduciary Net Position	<u>32</u>
Statement of Changes in Fiduciary Net Position	<u>33</u>
Notes to Financial Statements	<u>34</u>

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Employer's Total OPEB Liability	
Retiree Health Plan	<u>75</u>
Schedule of Employer Contributions	
Teacher's Health Insurance Security Fund	<u>77</u>
Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION - Continued

REQUIRED SUPPLEMENTARY INFORMATION - Continued

Teacher's Health Insurance Security Fund	79
Schedule of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions Teachers' Retirement System	81
Schedule of Employer Contributions Illinois Municipal Retirement Fund	83
Schedule of Changes in the Employer's Net Pension Liability/(Asset) Illinois Municipal Retirement Fund	85
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund	87

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet - General Fund - by Account	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances General Fund - by Account	92
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Educational Account - General Fund	93
Working Cash Account - General Fund	103
Capital Projects Fund	104
Fire Prevention and Safety Fund - Capital Projects Fund	105
Combining Balance Sheet - Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	108
Operations and Maintenance - Special Revenue Fund	110
Transportation - Special Revenue Fund	111
Municipal Retirement/Social Security - Special Revenue Fund	112
Tort - Special Revenue Fund	114
Debt Service Fund	116
Consolidated Year-End Financial Report	117

SUPPLEMENTAL SCHEDULES

Long-Term Debt Requirements	
General Obligation (Alternate Revenue Source) Bonds of 2017	119
General Obligation School Bonds of 2018	120
General Obligation School Bonds of 2022A	121
Taxable General Obligation Refunding School Bonds of 2022B	122
General Obligation School Bonds (Alternate Revenue Source) of 2024	123

FINANCIAL SECTION

This section includes:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedules

INDEPENDENT AUDITOR'S REPORTS

This section includes the opinions of the District's independent auditing firm.



INDEPENDENT AUDITOR'S REPORT

January 7, 2025

Members of the Board of Education
Sterling Community Unit School District No. 5
Sterling, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sterling Community Unit School District No. 5 (the District), Illinois, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sterling Community Unit School District No. 5, Illinois, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and supplementary pension and other post-employment benefit (OPEB) schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sterling Community Unit School District No. 5 (the District), Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2025, on our consideration of the District'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 the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP



**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 GOVERNMENTAL AUDITING STANDARDS**

January 7, 2025

Members of the Board of Education
Sterling Community Unit School District No. 5
Sterling, 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 financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Sterling Community Unit School District No. 5 (the District), Illinois as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. According, we do not express an opinion on the effectiveness of the District's internal control.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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*.

Sterling Community Unit School District No. 5
January 7, 2025

Purpose of this Report

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

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

The Management Discussion and Analysis of Sterling Community Unit School District No. 5's (the District) financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2024. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the MD&A).

FINANCIAL HIGHLIGHTS

- In total, net position increased by \$6,221,589 or 13.8 percent from 2023.
- The District had \$56,842,492 in expenses related to governmental activities. However, only \$19,679,570 of these expenses were offset by program specific charges and grants.
- The Teacher's Retirement System (TRS) and the Teachers Health Insurance Security Trust (THIS) receive "on-behalf" pension and post-retirement health insurance program payments from the State of Illinois for the District's certified staff. In FY24, \$10,619,545 was included in the total revenues and expenditures of the District representing the State of Illinois on-behalf contributions to TRS and THIS for the District.
- Revenues for fiscal year 2024, as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, were \$63,057,920. Expenditures for fiscal year 2024 were \$69,829,415.
- Actual revenues received in fiscal year 2024 for the General Fund, exclusive of the State of Illinois on-behalf payment to TRS and THIS, was \$37,870,769. Actual expenditures exclusive of on-behalf contributions were \$36,280,833 in fiscal year 2024.
- The District increased the total outstanding long-term debt by 10.3 percent. As of June 30, 2024, total outstanding debt was \$33,980,000.
- In the previous year, the District did not correctly recognize capital assets. This error underestimated beginning net position for governmental activities.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government unit.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government wide financial statements can be found in the financial section of this report.

The Statement of Net Position reports information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities, purposes or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only maintains governmental funds.

Governmental Funds

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

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

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Fire and safety Fund, which are considered a major funds.

The District adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The District adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

Proprietary Fund

The District maintains one proprietary fund type: internal service. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions.

The District uses the internal service fund to account for its insurance program. This service predominantly benefits governmental rather than business-type functions, and therefore, has been included within governmental activities in the government-wide financial statements.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

USING THIS ANNUAL REPORT - Continued

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's Post-Retirement Health Plan, Teacher's Health Insurance Security Fund, Teacher's Retirement and I.M.R.F employee pension obligations, and budgetary comparison schedules for the major funds.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$51,214,218 for FY24.

	Net Position	
	2024	2023
Current/Other Assets	\$ 55,360,222	56,009,979
Capital Assets	60,859,638	53,175,753
Total Assets	116,219,860	109,185,732
Deferred Outflows	3,588,337	3,767,322
Total Assets/Deferred Outflows	119,808,197	112,953,054
Long-Term Debt	41,071,816	38,323,141
Other Liabilities	5,801,475	5,516,868
Total Liabilities	46,873,291	43,840,009
Deferred Inflows	21,720,688	23,189,628
Total Liabilities/Deferred Inflows	68,593,979	67,029,637
Net Position		
Net Investment in Capital Assets	41,326,155	36,084,983
Restricted	19,949,100	22,976,343
Unrestricted (Deficit)	(10,061,037)	(13,137,909)
Total Net Position	51,214,218	45,923,417

A large portion of the District's net position, \$41,326,155, reflects its investment in capital assets (for example, land, construction in progress, land improvements, buildings, equipment, leases assets), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$19,949,100, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$10,061,037, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position	
	2024	2023
Revenues		
Program Revenues		
Charges for Services	\$ 506,825	842,302
Operating Grants/ Contributions	19,172,745	21,462,048
General Revenues		
Property Taxes	16,684,644	14,646,997
Personal Property Replacement	5,441,194	8,260,823
General State Aid	16,401,615	16,168,920
Earnings on Investments	2,000,373	1,150,052
Other General Revenues	2,856,685	2,632,736
Total Revenues	63,064,081	65,163,878
Expenses		
Instruction	22,014,021	20,529,509
Support Services	20,275,352	17,252,158
Community Services	47,330	48,895
Payments to Other Districts/Govts.	2,872,080	2,792,454
State Retirement Contributions	10,619,545	9,690,881
Interest on Long-Term Debt	1,014,164	942,572
Total Expenses	56,842,492	51,256,469
Change in Net Position	6,221,589	13,907,409
Net Position as Previously Reported	45,923,417	32,016,008
Error Correction - Capital Assets	(930,788)	—
Net Position - Beginning as Restated	44,992,629	32,016,008
Net Position - Ending	51,214,218	45,923,417

Net position of the District's governmental activities increased by 13.8 percent (\$51,214,218 in fiscal year 2024 from restated balance of \$44,992,629 in fiscal year 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit balance of \$10,061,037 at June 30, 2024.

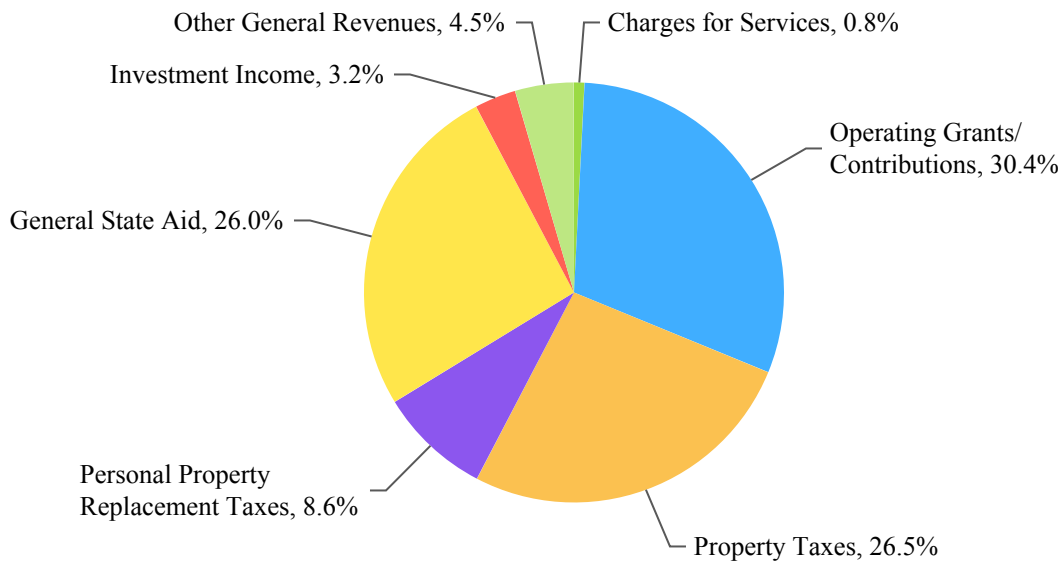
COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

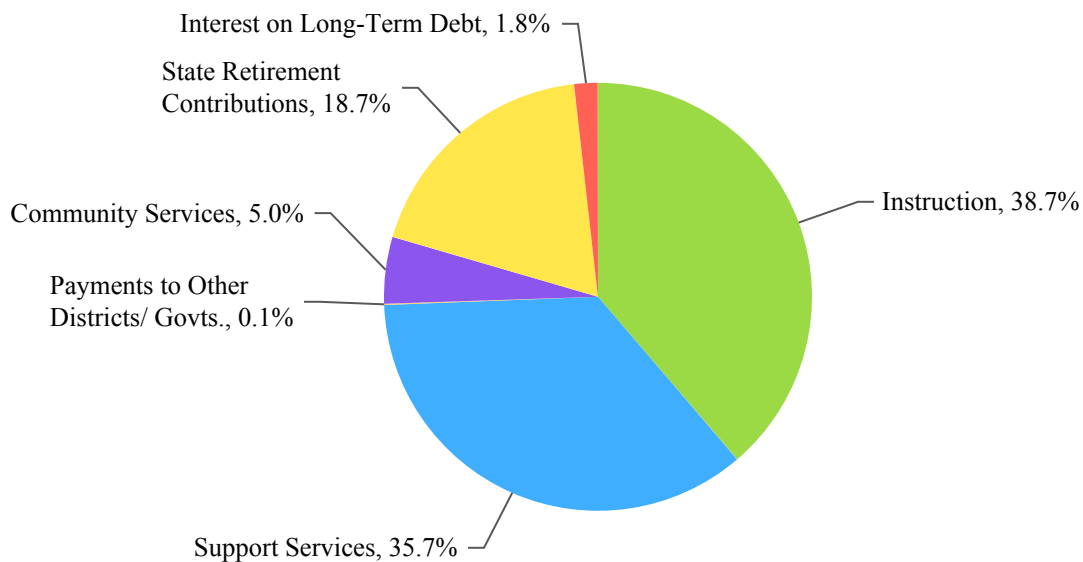
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

District-Wide Revenues by Source



District-Wide Expenses by Function



Revenues for governmental activities totaled \$63,064,081, while the cost of all governmental functions totaled \$56,842,492. This results in an increase of \$6,221,589. In 2023, revenues of \$65,163,878 exceeded expenses of \$51,256,469, resulting in an increase of \$13,907,409. The increase in 2024 was due to an increase in earnings on investments, property tax collection increasing, and an increase in other general revenues.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District's governmental funds reported combining ending fund balances of \$41,679,138, which is \$1,668,016, or 3.8 percent, lower than last year's total of \$43,347,154. Of the \$41,679,138 total, \$21,620,761, or 51.9 percent, of the fund balance constitutes unassigned fund balance.

Actual revenues, excluding on-behalf payments, for the year ended were \$52,438,375. Actual expenditures, excluding on-behalf payments, totaled \$59,209,870. Expenditures were monitored closely during the year, which resulted in the expenditures being below budget in total. Property taxes accounted for the largest portion of the District's revenues, contributing \$16,684,644 of total revenues. The remainder of revenues came from other local, state, and federal grant sources.

The total cost of all the District's programs was \$59,209,870, excluding on-behalf payments, with 41.6 percent of expenditures dedicated to directly instructing the students. The remaining amount of District expenditures was split among student support services, community support services, building operations and non-operational support.

The General Fund reported an increase to fund balance of \$1,589,936 was due to the increase amount received through Corporate Personal Property Replacement tax.

The Capital Projects Fund reported a decrease to fund balance of \$750,389 due in large part to the completion of facility projects including baseball and softball turf fields, Washington and Lincoln Elementary remodel, and Sterling High School HVAC project.

The Fire Prevention and Safety Fund reported a decrease of 3,532,505 due to the completion of HLS work at Washington and Lincoln Elementary as well as Sterling High School HVAC work.

Over the course of the fiscal year, the District did amended the original fiscal year 2024 budget.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the District's largest budgeted fund and consists of the Educational Account and Working Cash Account. The General Fund's budgeted revenues were less than actual revenues of \$37,870,769 by \$907,305, excluding on-behalf payments. Actual expenditures of \$36,280,833 were more than budgeted expenditures of \$36,163,529 by \$117,304, excluding on-behalf payments.

Within these accounts the Educational Account is the most significant budgeted fund. In the Educational Account, revenues from local sources were over budget by \$1,275,457, state sources were under budget by \$266,653, and federal sources were under budget by \$113,559. Total budgeted revenues in the Educational Account were less than actual revenues by \$895,245, excluding on-behalf payments. Expenditures in the Educational Account were more than budget by \$117,304, excluding on-behalf payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2024, was \$60,859,638 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and other equipment.

	Capital Assets - Net of Accumulated Depreciation	
	2024	2023
Land	\$ 411,728	411,728
Construction in Progress	12,578,579	6,868,460
Land Improvements	9,119,478	4,820,157
Buildings	36,859,821	38,450,392
Equipment	1,691,881	1,671,812
Leased Assets	198,151	22,416
Total	60,859,638	52,244,965

This year's major additions included:

Construction in Progress	\$ 7,790,699
Land Improvements	2,662,065
Buildings	100,059
Equipment	452,788
Leased Assets	199,611
	<u>11,205,222</u>

Additional information on the District's capital assets can be found in Note 3 on of this report.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Management's Discussion and Analysis

June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

The District increased debt by \$3,180,000 during the fiscal year with a total outstanding debt of \$33,980,000. At the end of FY24, the District had a debt limit of \$59,577,605.

	Long-Term Debt Outstanding	
	2024	2023
General Obligation Bonds	\$ 31,480,000	28,300,000
Qualified Zone Academy Bonds	2,500,000	2,500,000
	<u>33,980,000</u>	<u>30,800,000</u>

Additional information on the District’s long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

For fiscal year 2023, increases in Evidence based funding was passed in the state budget and the District received just over \$880 thousand in additional funding and in 2024 the District will receive \$330,000 in additional funding. Over the last 3 years the District received a record amount CCPRT revenue, however, the District expects the CCPRT revenue for 2025 to be at its previous average. The District’s equalized assessed valuation for property taxes, continues to remain stable with a healthy increase in 2020, 2021, and 2022. The District has done a good job on expenditure control, while trying to preserve vital education programs. The District passed a \$1.2 million dollar deficit budget in the Education Fund in fiscal year 2012 and created a deficit reduction plan as a result. For budget year 2015, the District passed a balanced budget in the Education Fund and has done so every year since, including 2024. The District will continue to practice sound fiscal management while trying to meet state and federal mandates and provide the best quality education to the students of Community Unit School District No. 5

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to: the Director of Finance, Sterling Community Unit School District No. 5, 410 East LeFevre, Sterling, Illinois 61081.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements

- Fund Financial Statements

 - Governmental Funds

 - Proprietary Fund

 - Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Net Position

June 30, 2024

See Following Page

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Net Position

June 30, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 44,212,188
Receivables - Net of Allowances	
Property Taxes	9,139,737
Accounts	1,439,089
Prepays	569,208
Total Current Assets	<u>55,360,222</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	12,990,307
Depreciable/Amortizable	90,112,153
Accumulated Depreciation/Amortization	<u>(42,242,822)</u>
Total Noncurrent Assets	<u>60,859,638</u>
Total Assets	<u>116,219,860</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - RHP	86,047
Deferred Items - THIS	1,187,005
Deferred Items - TRS	183,084
Deferred Items - IMRF	<u>2,132,201</u>
Total Deferred Outflows of Resources	<u>3,588,337</u>
Total Assets and Deferred Outflows of Resources	<u>119,808,197</u>

The notes to the financial statements are an integral part of this statement.

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,901,472
Payroll Deductions and Withholdings	1,422,160
Retainage Payable	581,211
Accrued Interest Payable	109,277
Current Portion of Long-Term Debt	1,787,355
Total Current Liabilities	<u>5,801,475</u>
Noncurrent Liabilities	
Compensated Absences	53,658
Total OPEB Liability - RHP	977,089
Total OPEB Liability - THIS	4,500,429
Net Pension Liability - TRS	1,436,756
Net Pension Liability - IMRF	954,419
General Obligation Bonds Payable - Net	30,649,465
Qualified Zone Academy Bonds	2,500,000
Total Noncurrent Liabilities	<u>41,071,816</u>
Total Liabilities	<u>46,873,291</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	9,139,737
Grants	413,481
Deferred Items - RHP	705,930
Deferred Items - THIS	11,347,316
Deferred Items - TRS	87,285
Deferred Items - IMRF	26,939
Total Deferred Inflows of Resources	<u>21,720,688</u>
Total Liabilities and Deferred Inflows of Resources	<u>68,593,979</u>
NET POSITION	
Net Investment in Capital Assets	41,326,155
Restricted	
Student Activity	466,869
Operations and Maintenance	1,783,133
Transportation	2,397,408
Municipal Retirement/Social Security	1,131,978
Tort	983,315
Debt Service	4,392,853
Capital Projects	5,677,934
Fire Prevention and Safety	3,115,610
Unrestricted (Deficit)	<u>(10,061,037)</u>
Total Net Position	<u>51,214,218</u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Activities

For the Fiscal Year Ended June 30, 2024

		Program Revenues		(Expenses)/
		Charges	Operating	Revenues
		for	Grants/	Governmental
	Expenses	Services	Contributions	Activities
Governmental Activities				
Instruction	\$ 22,014,021	487,870	643,402	(20,882,749)
Support Services	20,275,352	18,955	7,909,798	(12,346,599)
Community Services	47,330	—	—	(47,330)
Payments to Other Districts/Govts.	2,872,080	—	—	(2,872,080)
State Retirement Contributions	10,619,545	—	10,619,545	—
Interest on Long-Term Debt	1,014,164	—	—	(1,014,164)
Total Governmental Activities	56,842,492	506,825	19,172,745	(37,162,922)
General Revenues				
Taxes				
Property Taxes				16,684,644
Intergovernmental - Unrestricted				
Personal Property Replacement Taxes				5,441,194
State Aid-Formula Grants				16,401,615
Earnings on Investments				2,000,373
Other General Revenues				2,856,685
				43,384,511
Change in Net Position				6,221,589
Net Position as Previously Reported				45,923,417
Error Correction - Capital Assets				(930,788)
Net Position - Beginning as Restated				44,992,629
Net Position - Ending				51,214,218

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Balance Sheet - Governmental Funds

June 30, 2024

See Following Page

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Balance Sheet - Governmental Funds

June 30, 2024

	General
ASSETS	
Cash and Investments	\$ 22,353,614
Receivables - Net of Allowances	
Property Taxes	5,749,216
Accounts	1,313,172
Prepays	409,787
Total Assets	29,825,789
LIABILITIES	
Accounts Payable	313,352
Payroll Deductions Payable	1,262,110
Retainage Payable	—
Total Liabilities	1,575,462
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	5,749,216
Grants	413,481
Total Deferred Inflows of Resources	6,162,697
Total Liabilities and Deferred Inflows of Resources	7,738,159
FUND BALANCES	
Restricted	466,869
Unassigned	21,620,761
Total Fund Balances	22,087,630
Total Liabilities, Deferred Inflows of Resources and Fund Balances	29,825,789

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Capital Projects	Fire Prevention and Safety	Nonmajor	Totals
6,268,101	4,643,249	10,724,201	43,989,165
—	—	3,390,521	9,139,737
—	—	125,917	1,439,089
—	—	159,421	569,208
6,268,101	4,643,249	14,400,060	55,137,199
8,956	1,527,639	51,525	1,901,472
—	—	160,050	1,422,160
581,211	—	—	581,211
590,167	1,527,639	211,575	3,904,843
—	—	3,390,521	9,139,737
—	—	—	413,481
—	—	3,390,521	9,553,218
590,167	1,527,639	3,602,096	13,458,061
5,677,934	3,115,610	10,797,964	20,058,377
—	—	—	21,620,761
5,677,934	3,115,610	10,797,964	41,679,138
6,268,101	4,643,249	14,400,060	55,137,199

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

June 30, 2024

Total Governmental Fund Balances	\$ 41,679,138
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	60,859,638
An internal service fund is used by the District to charge the costs of employee health insurance costs to the individual funds. The assets and liabilities of the internal service fund are included with the governmental activities.	223,023
Deferred Outflows/Inflows of Resources related to the retirement plans not reported in the funds.	
Deferred Items - RHP	(619,883)
Deferred Items - THIS	(10,160,311)
Deferred Items - TRS	95,799
Deferred Items - IMRF	2,105,262
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(67,073)
Total OPEB Liability - RHP	(977,089)
Total OPEB Liability - THIS	(4,500,429)
Net Pension Liability - TRS	(1,436,756)
Net Pension Liability/Asset - IMRF	(954,419)
General Obligation Bonds Payable - Net	(32,423,405)
Qualified Zone Academy Bonds	(2,500,000)
Accrued Interest Payable	(109,277)
Net Position of Governmental Activities	<u>51,214,218</u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2024**

See Following Page

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2024

	<u>General</u>
Revenues	
Local Sources	
Property Taxes	\$ 10,479,460
Personal Property Replacement Taxes	2,032,139
Earnings on Investments	1,084,789
Other Revenue from Local Sources	1,942,220
State Sources	17,469,160
Federal Sources	4,863,001
On-Behalf Payments - State of Illinois	10,619,545
Total Revenues	<u>48,490,314</u>
Expenditures	
Instruction	24,152,218
Support Services	9,209,455
Community Services	47,080
Payments to Other Districts and Governmental Units	2,872,080
Debt Service	
Principal Retirement	—
Interest and Fiscal Charges	—
On-Behalf Payments - State of Illinois	10,619,545
Total Expenditures	<u>46,900,378</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,589,936</u>
Other Financing Sources	
Debt Issuance	—
Premium on Debt Issuance	—
	<u>—</u>
Net Change in Fund Balances	1,589,936
Fund Balances - Beginning	<u>20,497,694</u>
Fund Balances - Ending	<u>22,087,630</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Capital Projects	Fire Prevention and Safety	Nonmajor	Totals
—	—	6,205,184	16,684,644
1,498,881	—	1,910,174	5,441,194
243,249	251,586	414,588	1,994,212
1,347,426	—	1,421,290	4,710,936
50,000	—	1,187,788	18,706,948
37,440	—	—	4,900,441
—	—	—	10,619,545
3,176,996	251,586	11,139,024	63,057,920
—	—	495,388	24,647,606
9,030,864	3,784,091	6,923,096	28,947,506
—	—	250	47,330
—	—	—	2,872,080
—	—	1,585,000	1,585,000
—	—	1,110,348	1,110,348
—	—	—	10,619,545
9,030,864	3,784,091	10,114,082	69,829,415
(5,853,868)	(3,532,505)	1,024,942	(6,771,495)
4,765,000	—	—	4,765,000
338,479	—	—	338,479
5,103,479	—	—	5,103,479
(750,389)	(3,532,505)	1,024,942	(1,668,016)
6,428,323	6,648,115	9,773,022	43,347,154
5,677,934	3,115,610	10,797,964	41,679,138

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (1,668,016)
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	11,205,222
Depreciation Expense	(1,883,253)
Disposals - Cost	(1,717,035)
Disposals - Accumulated Depreciation	1,009,739

An internal service fund is used by the District to charge the costs of employee health insurance costs to the individual funds. The net revenue (expense) of the internal service fund is reported with the governmental activities.

	11,793
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Changes in Deferred Items Related to Pensions

RHP	18,150
THIS	2,071,685
TRS	276,025
IMRF	(258,826)

The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Changes in Compensated Absences Payable	(12,318)
Changes in Total OPEB Liability - RHP	128,243
Changes in Total OPEB Liability - THIS	(250,237)
Changes in Net Pension Liability - TRS	(37,956)
Changes in Net Pension Liability - IMRF	750,668
Issuance of Long-Term Debt	(4,765,000)
Retirement of Long-Term Debt	1,585,000
Amortization of Bond Premium	110,968
Issuance of Bond Premium	(338,479)
Changes in Accrued Interest	(14,784)

Changes in Net Position of Governmental Activities	6,221,589
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COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Net Position - Proprietary Fund
June 30, 2024

		Governmental Activities
		Internal Service
		Employee Benefits
ASSETS		
Current Assets		
Cash and Investments	\$	223,023
LIABILITIES		
None		—
NET POSITION		
Unrestricted		223,023

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund For the Fiscal Year Ended June 30, 2024

	Governmental Activities
	Internal Service
	Employee Benefits
Operating Revenues	
Internal Services	
Employee Contributions	\$ 792,856
Board Contributions	4,469,536
Miscellaneous	122,094
Total Operating Revenues	5,384,486
Operating Expenses	
Operations	
Claims	5,235,373
Administrative Fees	143,481
Total Operating Expenses	5,378,854
Operating Income	5,632
Nonoperating Revenues	
Earnings on Investments	6,161
Change in Net Position	11,793
Net Position - Beginning	211,230
Net Position - Ending	223,023

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Cash Flows - Proprietary Fund For the Fiscal Year Ended June 30, 2024

	Governmental Activities
	Internal Service
	Employee Benefits
Cash Flows from Operating Activities	
Internal Services	\$ 5,384,486
Payments to Suppliers	(5,378,854)
	5,632
Cash Flows from Investing Activities	
Earnings on Investments	6,161
Net Change in Cash and Cash Equivalents	11,793
Cash and Cash Equivalents - Beginning	211,230
Cash and Cash Equivalents - Ending	223,023
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income	5,632
Net Cash Provided by Operating Activities	5,632

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Statement of Fiduciary Net Position
June 30, 2024

	<u>Custodial</u> <u>Pennington</u>
ASSETS	
Cash and Investments	<u>\$ 12,743</u>
NET POSITION	
Net Position Restricted for Private-Purpose	<u>12,743</u>

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2024**

	<u>Custodial</u> <u>Pennington</u>
Additions	
Investment Income	
Earnings on Investments	\$ 497
Deductions	<u>—</u>
Change in Fiduciary Net Position	497
Net Position Restricted for Private-Purpose	
Beginning	<u>12,246</u>
Ending	<u><u>12,743</u></u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sterling Community Unit School District No. 5 (the District), Illinois operates as a public-school system under the direction of its Board of Education. The District is organized under the School Code of the State of Illinois, as amended. The District serves the community of Sterling, Illinois.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies established under GAAP and used by the District are described below.

REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of the District as pension trust funds and there are no discretely component units to include in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's operating activities are all considered governmental activities, that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions (instruction, support services, community services, etc.). The functions are supported by general government revenues (property and personal property replacement taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenues (property and personal property replacement taxes, interest income, etc.). This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all governmental funds.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid. The General Fund is a major fund and is comprised of two accounts, the Educational Account and the Working Cash Account.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund or the Capital Projects Funds. The District maintains four nonmajor special revenue funds.

Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service. The Debt Service Fund is treated as a nonmajor fund.

Capital Projects Funds are used to account for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities. The District maintains two capital projects funds. The Capital Projects Fund, a major fund, is used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities. The Fire Prevention and Safety Fund, also a major fund, is used to account for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Internal Service Funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the District on a cost-reimbursement basis. The District maintains one internal service fund. The Employee Benefits Fund accounts for the District's employee benefit fund plan. The purpose of the fund is to account for the District's contributions and expenditures relating to its health and dental plans. The District's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (instruction, support services, community services, etc.).

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Custodial Funds are used to account assets held in a custodial capacity for private-purpose payments. The Pennington Fund is used to account for monies provided by a private donor. The principal amount of the gift is to be maintained intact while interest earnings can be used for the advancement of science learning.

The District's custodial fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus is used.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust funds' equity is classified as net position.

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end, except for state aid. State aid payments received after 60 days are being considered as available as historically, state aid collected within 60 days has represented all state aid expected to be collected. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, investment income, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and custodial funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are interfund services. Operating expenses for internal service funds include the cost of claims and administrative fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

On-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements. Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with a fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, and intergovernmental.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized/amortized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized/amortized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical costs based on replacement costs.

Depreciation/amortization on all assets is computed and recorded using the straight-line method of depreciation/amortization over the following estimated useful lives:

Land Improvements	15 - 20 Years
Buildings	45 Years
Equipment	5 - 10 Years
Leased Assets	5 - 10 Years

Compensated Absences

The District accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

Under the terms of collective bargaining agreements and District policy, full time employees are entitled to vacation and sick leave in amounts varying with tenure and classification. Generally, in the event of termination or death, an employee is reimbursed for accumulated vacation days, but not for sick days.

All vacation pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The budget for the government funds is prepared on the modified accrual basis of accounting, which is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. The budget was passed on September 28, 2023 and was amended on June 28, 2024. A budget is not prepared for the Employee Benefits Fund or the Pennington Fund. For each fund, total fund expenditures may not legally exceed the budgeted expenditures. 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.

The District follows these procedures in establishing the budgetary data reflected in the general-purpose financial statements:

- Annually the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at a public meeting to obtain taxpayer comments after the proposed budget has been made available to the public for a 30-day period.
- Prior to September 30, the budget is legally enacted through passage of a resolution.
- Legal spending control for District monies is at the fund level, but management control is exercised at budgetary line item levels within each fund. The Board of Education may amend the budget after it is approved using the same procedures necessary to approve the original budget. The Board also authorizes transfers between the various budgetary line items in any fund, not exceeding, in the aggregate, 10% of the total amount budgeted for such fund. There was one amendment or authorized transfers to the original budget.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Educational Account - General	\$ 117,304
Capital Projects	2,070,864
Fire Prevention and Safety	1,034,091
Operations and Maintenance	199,381
Tort	22,790

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Under State law, limits are imposed as to investments in commercial paper, corporate bonds, and mutual funds in which the District may invest, as well as the Illinois Funds and the Illinois School District Liquid Asset Fund Plus (ISDLAF+).

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, which is the price for which the investment could be sold.

The ISDLAF+ is a non-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company. Investments are sold valued at share price, which is the price for which the investment could be sold.

Deposits. At year-end, the carrying amount of the District's deposits for governmental activity totaled \$13,978,499 and the bank balances totaled \$16,170,955.

Investments. At year-end, the District has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois Funds	\$ 8,922,799	8,922,799	—	—	—
ISDLAF +	8,295,026	8,295,026	—	—	—
Municipal Bonds	518,864	388,778	130,086	—	—
Certificates of Deposits	12,497,000	9,497,000	3,000,000	—	—
Totals	30,233,689	27,103,603	3,130,086	—	—

The District has the following recurring fair value measurements as of year-end:

- Illinois Funds of \$8,922,799 are valued using net asset value per share as determined by the pool
- ISDLAF+ of \$8,295,026 are valued using net asset value per share as determined by the pool
- Municipal Bonds of \$518,864 are valued using matrix pricing model (Level 2 inputs)
- Certificates of Deposit of \$12,497,000 are valued using matrix pricing model (Level 2 inputs)

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy states that the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, the maturity and marketability of investments shall be considered. At year-end, the District's investment in the Illinois Funds was rated AAmmf by Fitch, the ISDLAF+ Funds was rated AAam by Standard & Poor's, the municipal bonds were not rated, and the certificate of deposits were not rated

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy states that the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, the maturity and marketability of investments shall be considered.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Custodial Credit Risk. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized in accordance with the Public Funds Investment Act, 30 ILCS 235. The Superintendent or designee shall keep the Board informed of collateral agreements. the District's investment in the Illinois Fund and ISDLAF+ is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy states that the investment portfolio is diversified as to materials and investments, as appropriate to the nature, purpose, and amount of the funds. At year-end, the District does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

PROPERTY TAXES

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2023 tax levy was passed by the Board on November 16, 2023. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The County collects such taxes and remits them periodically. The District receives significant distributions of tax receipts approximately one month after these dates.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5 percent or the percentage increase in the Consumer Price Index for all Urban Consumers. The limitation includes taxes levied for purposes without a statutory maximum rate. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to voter approved increases.

PERSONAL PROPERTY REPLACEMENT TAXES

Personal property replacement taxes are first allocated to the Municipal Retirement/ Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances as Restated	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 411,728	—	—	411,728
Construction in Progress	6,868,460	7,790,699	2,080,580	12,578,579
	<u>7,280,188</u>	<u>7,790,699</u>	<u>2,080,580</u>	<u>12,990,307</u>
Depreciable/Amortizable Capital Assets				
Land Improvements	7,263,328	4,742,645	—	12,005,973
Buildings	66,194,260	100,059	813,907	65,480,412
Equipment	12,316,210	452,788	893,957	11,875,041
Leased Assets	560,287	199,611	9,171	750,727
	<u>86,334,085</u>	<u>5,495,103</u>	<u>1,717,035</u>	<u>90,112,153</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	2,443,171	443,324	—	2,886,495
Buildings	27,743,868	1,095,430	218,707	28,620,591
Equipment	10,644,398	320,623	781,861	10,183,160
Leased Assets	537,871	23,876	9,171	552,576
	<u>41,369,308</u>	<u>1,883,253</u>	<u>1,009,739</u>	<u>42,242,822</u>
Total Net Depreciable/Amortizable Capital Assets	<u>44,964,777</u>	<u>3,611,850</u>	<u>707,296</u>	<u>47,869,331</u>
Total Net Capital Assets	<u>52,244,965</u>	<u>11,402,549</u>	<u>2,787,876</u>	<u>60,859,638</u>

Depreciation/amortization expense was charged to governmental activities as follows:

Instruction	\$ 51,849
Support Services	<u>1,831,404</u>
	<u>1,883,253</u>

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities or to increase working cash funds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Bonds of 2017 - Due in annual installments of \$360,000 to \$1,025,000 plus semi-annual interest at 3.00% to 5.00% through December 1, 2040.	\$ 12,955,000	—	360,000	12,595,000
General Obligation School Bonds of 2018 - Due in annual installments of \$100,000 to \$1,325,000 plus semi-annual interest at 4.00% through December 1, 2026.	3,925,000	—	1,225,000	2,700,000
General Obligation School Bonds of 2022A - Due in annual installments of \$450,000 to \$1,320,000 plus semi-annual interest at 4.00% through December 1, 2034.	9,160,000	—	—	9,160,000
General Obligation Taxable General Obligation Refunding School Bonds of 2022B - Due in annual installments of \$980,000 to \$1,280,000 plus semi-annual interest at 3.65% to 3.80% through December 1, 2027.	2,260,000	—	—	2,260,000
General Obligation School Bonds (Alternate Revenue Source) of 2024 - Due in installments of \$90,000 to \$370,000 plus semi-annual interest at 5.00% through December 1, 2035.	—	4,765,000	—	4,765,000
	<u>28,300,000</u>	<u>4,765,000</u>	<u>1,585,000</u>	<u>31,480,000</u>

Qualified Zone Academy Bonds

Qualified Zone Academy Bonds were issued on December 3, 2009 for \$2,500,000. These bonds carry no interest rate. The District is required to make payments of \$159,767 which started on October 15, 2010 and each year thereafter until October 15, 2024. These payments will be deposited into an interest-bearing sinking account with an interest rate of 2.56%. On October 15, 2024 the accumulated funds in the sinking account will then pay off the entire bond amount. As of June 30, 2024, the District had \$2,472,290 in the sinking account within the Debt Service Fund.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Notes to the Financial Statements****June 30, 2024****NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued****LONG-TERM DEBT - Continued****Legal Debt Margin**

No school districts maintaining grades K through 12 shall become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 13.8% on the value of the taxable property therein to be ascertained by the last assessment for State and county taxes or, until January 1, 1983, if greater, the sum that is produced by multiplying the school district's 1975 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979, previous to the incurring of such indebtedness.

Assessed Valuation - 2023	<u>\$ 431,721,776</u>
Legal Debt Limit - 13.8% of Assessed Value	59,577,605
Amount of Debt Applicable to Limit	<u>21,385,000</u>
Legal Debt Margin	<u>38,192,605</u>

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 54,755	24,636	12,318	67,073	13,415
Total OPEB Liability - RHP	1,105,332	—	128,243	977,089	—
Total OPEB Liability - THIS	4,250,192	250,237	—	4,500,429	—
Net Pension Liability - TRS	1,398,800	37,956	—	1,436,756	—
Net Pension Liability - IMRF	1,705,087	—	750,668	954,419	—
General Obligation Bonds	28,300,000	4,765,000	1,585,000	31,480,000	1,650,000
Unamortized Bond Premium	715,894	338,479	110,968	943,405	123,940
Qualified Zone Academy Bonds	2,500,000	—	—	2,500,000	—
	<u>40,030,060</u>	<u>5,416,308</u>	<u>2,587,197</u>	<u>42,859,171</u>	<u>1,787,355</u>

For governmental activities, the compensated absences, the total OPEB liabilities, and the net pension liability for TRS will be repaid from the General Fund (Educational Account). The Municipal Retirement/Social Security Fund liquidates the net pension liability for IMRF. The general obligation bonds and the qualified zone academy bonds are being paid from the Debt Service Fund.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2025	\$ 1,650,000	1,279,375
2026	2,250,000	1,200,572
2027	2,345,000	1,083,538
2028	2,440,000	1,034,282
2029	2,120,000	940,663
2030	2,255,000	852,637
2031	2,345,000	762,813
2032	2,450,000	668,356
2033	2,565,000	563,175
2034	2,690,000	447,125
2035	2,700,000	327,725
2036	930,000	245,450
2037	875,000	206,400
2038	910,000	172,100
2039	945,000	136,400
2040	985,000	99,300
2041	1,025,000	60,700
	<u>31,480,000</u>	<u>10,080,611</u>

Defeased Debt

In prior years, the District defeased general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased bonds of \$440,000 remain outstanding as of the date of this report.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATION

Net investment in capital assets was comprised of the following as of June 30, 2024:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 60,859,638
Plus: Unspent Bond Proceeds	3,724,077
Less: Capital Related Debt	
General Obligation (Alternate Revenue Source) Bonds of 2017	(12,595,000)
General Obligation School Bonds of 2018	(2,700,000)
General Obligation School Bonds of 2024	(4,765,000)
Unamortized Bond Premium	(697,560)
Qualified Zone Academy Bonds	<u>(2,500,000)</u>
Net Investment in Capital Assets	<u>41,326,155</u>

FUND BALANCE CLASSIFICATIONS

In the governmental fund financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Education' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Education itself or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Education, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

Minimum Fund Balance Policy. The District's fund balance policy states that the fund balance of the operating funds should maintain a minimum fund balance greater than or equal to 15% of the total revenues.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

		Capital Projects			
	General	Capital Projects	Fire Prevention and Safety	Nonmajor	Totals
Fund Balances					
Restricted					
Student Activity	\$ 232,551	—	—	—	232,551
Lease Levy	234,318	—	—	—	234,318
Operations and Maintenance	—	—	—	1,783,133	1,783,133
Transportation	—	—	—	2,397,408	2,397,408
Municipal Retirement	—	—	—	1,131,978	1,131,978
Tort	—	—	—	983,315	983,315
Debt Service	—	—	—	4,502,130	4,502,130
Capital Projects	—	5,677,934	—	—	5,677,934
Fire Prevention and Safety	—	—	3,115,610	—	3,115,610
	466,869	5,677,934	3,115,610	10,797,964	20,058,377
Unassigned	21,620,761	—	—	—	21,620,761
Total Fund Balances	22,087,630	5,677,934	3,115,610	10,797,964	41,679,138

REPORTING UNIT AFFECTED BY ADJUSTMENT TO AND RESTATEMENT OF BEGINNING BALANCE

Error Correction. In the previous year, the District did not correctly recognize capital assets. This error underestimated beginning net position for governmental activities

The following is a summary of the net position as previously reported and as restated:

	Governmental Activities
Beginning Net Position as Previously Reported	\$ 45,923,417
Error Correction - Capital Assets	(930,788)
Beginning Net Position as Restated	44,992,629

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION

JOINT AGREEMENTS

The District is a member of the Whiteside Regional Vocational System (WRVS) and Bi-County Special Education Cooperative (BCSEC). WRVS provides vocational training to member districts and bills member districts for the costs of these services in proportion to the number of students served by WRVS. BCSEC provides special education services to member districts and bills member districts for the costs of these services in proportion to the number of students served by the cooperative. The member districts are jointly and severally liable as members of WRVS and BCSEC. WRVS and BCSEC are required by the Illinois Compiled Statutes to have an annual audit of their financial statements. These financial statements are available through Whiteside Regional Vocational System offices in Sterling, Illinois and Bi-County Special Education Cooperative offices in Sterling, Illinois. Since WRVS and BCSEC do not meet the criteria for a component unit, they are not included in the financial statements of the District.

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the District's employees. The District has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

The District is fully insured for employee health and dental insurance and contracts with Blue Cross/Blue Shield and Metlife for its dental needs starting in fiscal year 2015. Prior to August 1, 2014, the District self-funded for its health and dental needs. The District has established an internal service fund, the Employee Benefit Plan, to account for the activity. Premiums are collected and displayed on the financial statements as revenues and expenditures/expenses to the extent that the charge is based on the actual expenses of the fund. The Employee Benefit Fund paid premiums/claims in the amount of \$5,235,373, \$4,677,846, and \$4,578,624, in fiscal years ended June 30, 2024, 2023, and 2022, respectively.

To limit exposure to the District's other risks, the District purchases insurance from commercial enterprises. The District is liable for \$50 to \$5,000 per occurrence loss deductible on these various policies. The District's policy is to record any related expenditures in the year in which they are notified and pay the assessment. During the year ended June 30, 2024, there were no significant reductions in coverage. The District is not aware of any additional assessments owed at June 30, 2024. Also, there have been no settlements which have exceeded insurance coverage in the past three years.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

From time to time, the District is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District financial position or results of operations.

State and Federal Contingencies

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, would be immaterial.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Retirement Health Plan

The aggregate amounts recognized for the two plans are:

	OPEB (Revenues)	Net OPEB Liability	Deferred Outflows	Deferred (Inflows)
OPEB - RBP	\$ (108,918)	977,089	86,047	(705,930)
OPEB - THIS	(1,693,428)	4,500,429	1,187,005	(11,347,316)
	(1,802,346)	5,477,518	1,273,052	(12,053,246)

General Information

Plan Description. The District's defined benefit OPEB plan, Retiree Health Plan (RHP), provides OPEB for all permanent full-time employees of the District. RHP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RHP provides post-employment health care benefits to its retirees. There are no age or service requirements. All health care benefits are provided through the District's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Retirement Health Plan - Continued

General Information - Continued

Plan Membership. As of June 30, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>157</u>
Total	<u><u>159</u></u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.21%
Healthcare Cost Trend Rates	Initial rate of 6% to ultimate rate of 4.50%.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees.

The discount rate should yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality Rates are based on PubG.H-2010(B) Mortality Table – General (below-median income), The Male table is adjusted by 108.0% and the Female table is adjusted by 106.4%. Future mortality improvements made using scale MP-2021.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Retirement Health Plan - Continued

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	<u>\$ 1,105,332</u>
Changes for the Year:	
Service Cost	66,063
Interest on the Total OPEB Liability	44,877
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	(106,801)
Changes of Assumptions or Other Inputs	(94,907)
Benefit Payments	<u>(37,475)</u>
Net Changes	<u>(128,243)</u>
Balance at June 30, 2024	<u>977,089</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 4.21%, while the prior valuation used 4.13%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	\$ 1,040,483	977,089	918,432

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Retirement Health Plan - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using variable Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using variable Healthcare Trend Rates that are one percentage point lower or one percentage point higher:

		Healthcare Cost Trend	
	1% Decrease (Varies)	Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 894,850	977,089	1,072,171

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB revenue of \$108,918. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 17,199	(257,839)	(240,640)
Change in Assumptions	68,848	(448,091)	(379,243)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Deferred Amounts Related to OPEB	86,047	(705,930)	(619,883)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Retirement Health Plan - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2025	\$ (219,859)
2026	(119,442)
2027	(104,521)
2028	(75,070)
2029	(42,784)
Thereafter	<u>(58,207)</u>
Total	<u><u>(619,883)</u></u>

Teachers' Health Insurance Security Fund

General Information

Plan Description. 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. THIS health coverage includes provisions for medical, prescription drug, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2015, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Benefits Provided. The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS, who are not employees of the State, to contribute 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.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Teachers' Health Insurance Security Fund - Continued

General Information - Continued

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.90 percent of pay during the year ended June 30, 2024. State of Illinois contributions were \$171,968, and the District recognized revenues and expenditures of this amount during the year.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.67 percent during the year ended June 30, 2024. For the year ended June 30, 2024 the District paid \$128,020 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: <https://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."

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.25%
Salary Increases:	Depends on service and ranges from 8.50% at 1 year of service to 3.50% at 20 or more years of service.
Investment Rate of Return:	2.75%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare Cost Trend Rates:	Trend rates for plan year 2024 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2025 and decrease gradually to an ultimate rate of 4.25% in 2040. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 6.08% in 2034, declining gradually to an ultimate rate of 4.25% in 2040.

Mortality rates for retirement and beneficiary annuitants were based on the PubT-2010 Retiree Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the PubNS-2010 Non-Safety Disabled Retiree Table. Mortality rates for pre-retirement were based on the PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2020.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Teachers' Health Insurance Security Fund - Continued

General Information - Continued

Actuarial Assumptions - Continued. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2020.

Single Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since TRIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.86% as of June 30, 2023, and 3.69% as of June 30, 2022.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (4.86%)	Current Discount Rate (3.86%)	1% Increase (2.86%)
Employer's Proportionate Share of the OPEB Liability	\$ 5,025,248	4,500,429	4,037,473

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Teachers' Health Insurance Security Fund - Continued

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the plan's net OPEB liability as of June 30, 2023, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The current claims trend rates are 6.00% in 2024, 8.00% in 2025, decreasing to an ultimate trend rate of 4.25% in plan year end 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's Proportionate Share of the OPEB Liability	\$ 3,830,496	4,500,429	5,321,185

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of the District, actuarially determined. At June 30, 2024, the District's proportion was 0.000631 percent, which was an increase of 0.000010 from its proportion measured as of June 30, 2023. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follow:

Employer's Proportionate Share of the Net OPEB Liability	\$ 4,500,429
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>6,086,032</u>
Total	<u><u>10,586,461</u></u>

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Teachers' Health Insurance Security Fund - Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

For the year ending June 30, 2024, the District recognized OPEB revenue and expense of \$171,968 for support provided by the State. For the year ending June 30, 2024, the District recognized OPEB revenue of \$1,693,428. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ —	(2,513,135)	(2,513,135)
Net Difference Between Projected and Actual Earnings on Pension Investments	—	(8,786,127)	(8,786,127)
Changes of Assumptions	1,816	(24)	1,792
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,057,169	(48,030)	1,009,139
Total Pension Expense to be Recognized in Future Periods	1,058,985	(11,347,316)	(10,288,331)
Employer Contributions Subsequent to the Measurement Date	128,020	—	128,020
Totals	1,187,005	(11,347,316)	(10,160,311)

\$128,020 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2025	\$ (1,883,168)
2026	(1,680,647)
2027	(1,627,326)
2028	(1,606,752)
2029	(1,481,979)
Thereafter	(2,008,459)
Total	(10,288,331)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS

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

The aggregate amounts recognized for the two pension plans are:

	Pension (Revenue)	Net Pension Liability	Deferred Outflows	Deferred (Inflows)
TRS	\$ (81,199)	1,436,756	183,084	(87,285)
IMRF	(232,559)	954,419	2,132,201	(26,939)
	(313,758)	2,391,175	2,315,285	(114,224)

Teachers' Retirement System

Plan Descriptions, Provisions and Funding Policies

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 only be made by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for TRS's administration. TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/acfrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

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 consecutive years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

Tier 2 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 highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Benefits Provided - Continued

Essentially all Tier 1 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 2 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.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2023, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2024, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$10,447,577 in pension contributions from the State. For the year ended June 30, 2023, the employer recognized revenue and expenditures of \$9,531,155 in pension contributions from the State.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Contributions - Continued

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2024 were \$110,824 and are deferred because they were paid after the June 30, 2023 measurement date.

Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2024, the employer pension contribution was 10.60 percent of salaries paid from federal and special trust funds. For the fiscal year ended June 30, 2023, the employer pension contribution was 10.49 percent of salaries paid from federal and special trust funds. For the fiscal year ended June 30, 2024, salaries totaling \$434,702 were paid from federal and special trust funds that required employer contributions of \$46,078. For the fiscal year ended June 30, 2023, required employer contributions of \$39,188, which was equal to the District's actual contributions. The June 30, 2024 contributions are deferred because they were paid after the June 30, 2023 measurement date.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members 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, 2024, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$1,520 for salary increases in excess of 3 percent and \$0 for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2023, the District paid \$184 to TRS for employer contributions due on salary increases in excess of 6 percent, paid \$3,327 for salary increases in excess of 3 percent and made no payments for sick leave days granted in excess of the normal annual allotment.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

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

At June 30, 2023, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer 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 employer follows below:

Employer's Proportionate Share of the Net Pension Liability	\$ 1,436,756
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>123,992,802</u>
Total	<u><u>125,429,558</u></u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2023, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2023, the employer's proportion was 0.001700 percent, which was an increase of 0.000000 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the employer recognized pension expense of \$9,531,155 and revenue of \$9,531,155 for support provided by the state. At June 30, 2024, the employer reported deferred outflows of resources and deterred inflows of resources related to pension from the following sources:

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 5,972	(5,792)	180
Net Difference Between Projected and Actual Earnings on Pension Investments	—	(41)	(41)
Changes of Assumptions	4,901	(1,264)	3,637
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	15,341	(80,188)	(64,847)
Total Pension Expense to be Recognized in Future Periods	26,214	(87,285)	(61,071)
Employer Contributions Subsequent to the Measurement Date	156,870	—	156,870
Totals	183,084	(87,285)	95,799

\$156,870 reported 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2025	\$ (30,464)
2026	(35,695)
2027	3,116
2028	(763)
2029	2,735
Thereafter	—
Total	(61,071)

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50 Percent

Salary Increases: Varies by Amount of Service Credit

Investment Rate of Return: 7.00 Percent, Net of Pension Plan Investment Expense, Including Inflation

In the June 30, 2023 actuarial valuation, mortality rates were based on the PubT-2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2022 actuarial valuation, mortality rates were based on the PubT-2010 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2020.

The long-term (20-year) 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:

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Actuarial Assumptions - Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	5.4%
Private Equity	15.0%	8.0%
Income	26.0%	4.3%
Real Assets	18.0%	4.6%
Diversifying Strategies	4.0%	3.4%
Total	100.0%	

Discount Rate

At June 30, 2023, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2022 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2023 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 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. All projected future payments were covered, so 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.

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

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

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate.

	1% Decrease (8.00%)	Current Discount Rate (7.00%)	1% Increase (6.00%)
Employer's Proportionate Share of the OPEB Liability	\$ 1,768,445	1,436,756	1,161,490

Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2023 is available in the separately issued TRS *Annual Comprehensive Financial Report*.

Illinois Municipal Retirement Fund

Plan Descriptions

Plan Administration. 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 defined benefit agent 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.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

Plan Descriptions - Continued

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

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Plan Membership. As of December 31, 2023, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	227
Inactive Plan Members Entitled to but not yet Receiving Benefits	177
Active Plan Members	<u>170</u>
Total	<u><u>574</u></u>

Contributions. As set by statute, the District's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the fiscal year ended June 30, 2024, the District's contribution was 5.09% of covered payroll.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

Plan Descriptions - Continued

Net Pension Liability. The District's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2023, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

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:

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	4.75%
Domestic Equities	34.50%	5.00%
International Equities	18.00%	6.35%
Real Estate	10.50%	6.30%
Blended	11.50%	6.05% - 8.65%
Cash and Cash Equivalents	1.00%	3.80%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the District calculated using the discount rate as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 3,428,298	954,419	(1,059,205)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Notes to the Financial Statements****June 30, 2024****NOTE 4 - OTHER INFORMATION - Continued****RETIREMENT SYSTEMS - Continued****Illinois Municipal Retirement Fund - 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, 2022	\$ 23,031,512	21,326,425	1,705,087
Changes for the Year:			
Service Cost	454,841	—	454,841
Interest on the Total Pension Liability	1,627,213	—	1,627,213
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	740,580	—	740,580
Changes of Assumptions	(40,681)	—	(40,681)
Contributions - Employer	—	230,272	(230,272)
Contributions - Employees	—	226,879	(226,879)
Net Investment Income	—	2,378,178	(2,378,178)
Benefit Payments, Including Refunds of Employee Contributions	(1,629,220)	(1,629,220)	—
Other (Net Transfer)	—	697,292	(697,292)
Net Changes	1,152,733	1,903,401	(750,668)
Balances at December 31, 2023	24,184,245	23,229,826	954,419

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

For the year ended June 30, 2024, the District recognized pension revenue of \$232,559. At June 30, 2024, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Notes to the Financial Statements

June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 743,389	—	743,389
Changes of Assumptions	—	(26,939)	(26,939)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	1,243,608	—	1,243,608
Total Pension Expense to be Recognized			
in Future Periods	1,986,997	(26,939)	1,960,058
Pension Contributions Made Subsequent			
to the Measurement Date	145,204	—	145,204
Total Deferred Amounts Related to IMRF	2,132,201	(26,939)	2,105,262

\$145,204 reported 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, 2025. 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:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2025	\$ 608,809
2026	643,582
2027	877,510
2028	(169,843)
2029	—
Thereafter	—
Total	1,960,058

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in the Employer's Total OPEB Liability
Retiree Health Plan
- Schedule Employer Contributions
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Collective Net OPEB Liability
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions
Teachers' Retirement System
- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Retiree Health Plan

Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2024

See Following Page

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Retiree Health Plan****Schedule of Changes in the Employer's Total OPEB Liability****June 30, 2024**

	6/30/2018	6/30/2019
Total OPEB Liability		
Service Cost	\$ 95,585	86,764
Interest	41,039	40,872
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	123,193	—
Change of Assumptions or Other Inputs	(883,874)	17,523
Benefit Payments	(48,890)	(60,092)
Other	(184,744)	(5,296)
Net Change in Total OPEB Liability	(857,691)	79,771
Total OPEB Liability - Beginning	2,259,271	1,401,580
Total OPEB Liability - Ending	1,401,580	1,481,351
Covered-Employee Payroll	\$ 4,014,865	4,014,865
Total OPEB Liability as a Percentage of Covered-Employee Payroll	34.91%	36.90%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2018 through 2024.

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
76,269	71,746	92,867	71,766	66,063
40,915	27,005	24,388	41,921	44,877
—	—	—	—	—
(306,447)	—	(58,400)	—	(106,801)
(220,025)	33,536	(109,521)	(2,716)	(94,907)
(29,720)	(32,635)	(24,950)	(61,217)	(37,475)
(10,801)	—	—	—	—
(449,809)	99,652	(75,616)	49,754	(128,243)
1,481,351	1,031,542	1,131,194	1,055,578	1,105,332
1,031,542	1,131,194	1,055,578	1,105,332	977,089
3,099,455	3,099,455	4,251,503	4,421,328	4,703,457
33.28%	36.50%	24.83%	25.00%	20.77%

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Teacher's Health Insurance Security Fund
Schedule of Employer Contributions
June 30, 2024**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 121,385	\$ 121,385	\$ —	\$ 13,793,793	0.88%
2019	120,914	120,914	—	14,394,556	0.84%
2020	140,851	140,851	—	15,320,802	0.92%
2021	144,265	144,265	—	15,680,943	0.92%
2022	114,374	114,374	—	17,070,806	0.67%
2023	118,907	118,907	—	17,747,357	0.67%
2024	128,020	128,020	—	19,107,502	0.67%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Teacher's Health Insurance Security Fund Schedule of Employer Contributions - Continued June 30, 2024

Notes to the Schedule of Employer Contributions

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Sponsor's Fiscal Year End	June 30, 2024

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2023, contribution rates are 0.90% of pay for active members, 0.67% of pay for school districts and 0.90% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Asset Valuation Method	Fair Value
Investment Rate of Return	2.75%, net of OPEB plan investment expense, including inflation for all plan years.
Inflation	2.25%
Salary Increases	Depends on service and ranges from 8.50% at 1 year of service to 3.50% at 20 or more years of service.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2021, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: PubT-2010 Retiree Mortality Table, adjusted for TRS experience. Disabled Annuitants: PubNS-2010 Non Safety Disabled Retiree Table. Pre- Retirement: PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2020.
Healthcare Cost Trend Rates	Trend rates for plan year 2024 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2025 and decrease gradually to an ultimate rate of 4.25% in 2040. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 6.08% in 2034, declining gradually to an ultimate rate of 4.25% in 2040.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Teacher's Health Insurance Security Fund****Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability****June 30, 2024**

	6/30/2018	6/30/2019
Employer's Proportion of the Net OPEB Liability	0.005849%	0.005821%
Employer's Proportionate Share of the Net OPEB Liability	\$ 13,936,822	15,355,769
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	18,538,127	15,719,450
Total	32,474,949	31,075,219
Employer's Covered Payroll	\$ 15,454,209	13,793,793
Employer's Proportionate Share of the Net OPEB Liability as a % of its Covered Payroll	90.18%	111.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	(0.17%)	(0.07%)

Notes:

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

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
0.005854%	0.060560%	0.060408%	0.062095%	0.063143%
16,203,548	16,191,355	13,323,251	4,250,192	4,500,429
21,941,671	21,934,877	18,064,384	5,781,956	6,086,032
38,145,219	38,126,232	31,387,635	10,032,148	10,586,461
14,394,556	15,320,802	15,680,943	17,070,806	17,747,357
112.57%	105.68%	84.96%	24.90%	25.36%
0.25%	0.70%	1.40%	5.24%	6.21%

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Teachers' Retirement System

Schedule of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions June 30, 2024

	6/30/2015	6/30/2016	6/30/2017
Employer's Proportion of the Net Pension Liability	0.005206%	0.008002%	0.006018%
Employer's Proportionate Share of the Net Pension Liability	\$ 3,168,253	5,241,858	4,750,579
State's Proportionate Share of the Net Pension Liability Associated with the Employer	82,624,875	87,487,706	106,470,610
Total	85,793,128	92,729,564	111,221,189
Employer's Covered Payroll	\$ 13,365,144	13,534,652	13,413,685
Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll	23.71%	38.73%	35.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.00%	41.50%	36.44%
Contractually-Required Contribution	\$ 280,309	228,745	216,878
Contributions in Relation to the Contractually Required Contribution	280,309	228,745	216,878
Contribution Deficiency (Excess)	—	—	—
Employer's Covered Payroll	\$ 13,534,652	13,413,685	15,454,209
Contributions as a % of Covered Payroll	2.07%	1.71%	1.40%

Notes:

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

For the 2023 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.50 percent and a real return of 4.50 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated September 30, 2021.

For the 2022-2018 measurement years, the assumed investment rate of return was 7.0, including an inflation rate of 2.25 percent and a real return of 4.75 percent. Salary increases were assumed to vary by service credit.

The assumptions used for the 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 18, 2018 and August 13, 2015, respectively.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three year period ending June 30, 2014.

6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
0.005264%	0.001927%	0.001844%	0.001823%	0.001748%	0.001668%	0.001700%
4,021,653	1,502,119	1,495,238	1,572,113	1,363,854	1,398,800	1,436,756
99,616,051	102,901,456	106,414,440	123,136,080	114,305,501	121,336,658	123,992,802
103,637,704	104,403,575	107,909,678	124,708,193	115,669,355	122,735,458	125,429,558
15,454,209	13,793,793	14,394,556	15,320,802	15,680,943	17,070,806	17,747,357
26.02%	10.89%	10.39%	10.26%	8.70%	8.19%	8.10%
39.26%	40.00%	39.60%	37.80%	45.10%	42.80%	43.90%
116,205	122,145	130,887	156,849	211,518	142,123	156,902
116,205	122,145	130,887	156,849	211,518	142,123	156,870
—	—	—	—	—	—	32
13,793,793	14,394,556	15,320,802	15,680,943	17,070,806	17,747,357	19,107,502
0.84%	0.85%	0.85%	1.00%	1.24%	0.80%	0.82%

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Illinois Municipal Retirement Fund Schedule of Employer Contributions June 30, 2024

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 371,712	\$ 371,712	\$ —	\$ 3,248,764	11.44%
2016	362,879	362,879	—	3,347,254	10.84%
2017	356,121	356,121	—	3,378,820	10.54%
2018	352,991	352,991	—	3,490,302	10.11%
2019	331,678	331,678	—	3,418,506	9.70%
2020	314,641	314,641	—	3,765,438	8.36%
2021	319,953	319,953	—	3,469,855	9.22%
2022	347,657	347,657	—	4,071,131	8.54%
2023	299,894	299,894	—	5,028,283	5.96%
2024	259,283	259,283	—	5,089,215	5.09%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

June 30, 2024

See Following Page

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

June 30, 2024

	12/31/2014	12/31/2015	12/31/2016
Total Pension Liability			
Service Cost	\$ 380,799	388,424	375,667
Interest	1,194,207	1,313,015	1,370,228
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	148,100	53,383	(157,966)
Change of Assumptions	764,727	19,495	(39,804)
Benefit Payments, Including Refunds of Member Contributions	(819,454)	(948,856)	(1,010,412)
Net Change in Total Pension Liability	1,668,379	825,461	537,713
Total Pension Liability - Beginning	16,142,083	17,810,462	18,635,923
Total Pension Liability - Ending	17,810,462	18,635,923	19,173,636
Plan Fiduciary Net Position			
Contributions - Employer	\$ 370,249	361,420	360,206
Contributions - Members	145,768	165,112	149,120
Net Investment Income	979,067	83,311	1,134,842
Benefit Payments, Including Refunds of Member Contributions	(819,454)	(948,856)	(1,010,412)
Other (Net Transfer)	(4,251)	271,872	48,403
Net Change in Plan Fiduciary Net Position	671,379	(67,141)	682,159
Plan Net Position - Beginning	16,201,990	16,873,369	16,806,228
Plan Net Position - Ending	16,873,369	16,806,228	17,488,387
Employer's Net Pension Liability/(Asset)	\$ 937,093	1,829,695	1,685,249
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.74%	90.18%	91.21%
Covered Payroll	\$ 3,399,606	3,343,391	3,313,770
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	27.56%	54.73%	50.86%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2014 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2014, 2017 and 2023.

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
365,110	346,801	380,363	387,592	345,891	395,191	454,841
1,410,736	1,428,893	1,472,109	1,520,384	1,524,512	1,539,297	1,627,213
—	—	—	—	—	—	—
198,175	140,965	47,127	(370,719)	(257,412)	820,518	740,580
(603,770)	493,641	—	(147,439)	—	—	(40,681)
(1,092,768)	(1,145,213)	(1,202,866)	(1,271,831)	(1,352,245)	(1,515,166)	(1,629,220)
277,483	1,265,087	696,733	117,987	260,746	1,239,840	1,152,733
19,173,636	19,451,119	20,716,206	21,412,939	21,530,926	21,791,672	23,031,512
19,451,119	20,716,206	21,412,939	21,530,926	21,791,672	23,031,512	24,184,245
354,659	357,120	299,153	344,136	365,046	335,172	230,272
156,399	160,864	169,545	167,156	169,176	216,944	226,879
3,131,153	(1,139,270)	3,469,652	2,953,737	3,912,319	(3,414,396)	2,378,178
(1,092,768)	(1,145,213)	(1,202,866)	(1,271,831)	(1,352,245)	(1,515,166)	(1,629,220)
(467,111)	370,560	(183,596)	(194,874)	(287,797)	172,380	697,292
2,082,332	(1,395,939)	2,551,888	1,998,324	2,806,499	(4,205,066)	1,903,401
17,488,387	19,570,719	18,174,780	20,726,668	22,724,992	25,531,491	21,326,425
19,570,719	18,174,780	20,726,668	22,724,992	25,531,491	21,326,425	23,229,826
(119,600)	2,541,426	686,271	(1,194,066)	(3,739,819)	1,705,087	954,419
100.61%	87.73%	96.80%	105.55%	117.16%	92.60%	96.05%
3,457,257	3,574,765	3,767,673	3,714,590	3,759,474	4,535,494	5,089,215
(3.46%)	71.09%	18.21%	(32.15%)	(99.48%)	37.59%	18.75%

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2024**

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local Sources				
Property Taxes	\$ 12,159,291	12,159,291	10,479,460	(1,679,831)
Personal Property Replacement Taxes	—	—	2,032,139	2,032,139
Earnings on Investments	12,000	107,000	1,084,789	977,789
Other Revenue from Local Sources	1,325,734	1,984,800	1,942,220	(42,580)
State Sources	17,738,313	17,735,813	17,469,160	(266,653)
Federal Sources	4,519,552	4,976,560	4,863,001	(113,559)
On-Behalf Payments - State of Illinois	13,000,000	13,000,000	10,619,545	(2,380,455)
Total Revenues	48,754,890	49,963,464	48,490,314	(1,473,150)
Expenditures				
Instruction	22,852,738	23,151,732	24,152,218	(1,000,486)
Support Services	9,299,274	9,736,907	9,209,455	527,452
Community Services	44,704	136,940	47,080	89,860
Payments to Other Districts and Government Units	2,937,950	2,937,950	2,872,080	65,870
Provision for Contingencies	200,000	200,000	—	200,000
On Behalf Payments - State of Illinois	13,000,000	13,000,000	10,619,545	2,380,455
Total Expenditures	48,334,666	49,163,529	46,900,378	2,263,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	420,224	799,935	1,589,936	790,001
Other Financing (Uses)				
Transfers Out	(37,675)	—	—	—
Net Change in Fund Balances	382,549	799,935	1,589,936	790,001
Fund Balances - Beginning			20,497,694	
Fund Balances - Ending			22,087,630	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements - General Fund
- Budgetary Comparison Schedules - General Fund Accounts
- Budgetary Comparison Schedule - Nonmajor Governmental Fund
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes the Educational Account and the Working Cash Account.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital project funds) that are legally restricted to expenditure for specified purposes.

Operations and Maintenance Fund

The Operations and Maintenance Fund is used to account for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund

The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund

The Municipal Retirement/Social Security Fund is used to account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Tort Fund

The Tort Fund is used to account for all revenues received and expenditures made under the District's Risk Management Plan and Tort Immunity Act. Revenues are derived primarily from local property taxes.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

INDIVIDUAL FUND DESCRIPTIONS

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Capital Projects Fund

The Capital Project Fund is used to account for the financial resources to be used for the acquisition or construction of, and/or addition to, major capital facilities.

Fire Prevention and Safety Fund

The Fire Prevention and Safety Fund is used to account for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

Employee Benefit Fund

The Employee Benefit Fund is used to account for the District's contributions and expenditures relating to its health and dental plans.

CUSTODIAL FUND

Pennington Fund

The Pennington Fund is used to account for monies provided by a private donor. The principal amount of the gift is to be maintained intact while interest earnings can be used for the advancement of science learning.

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**General Fund - by Account****Combining Balance Sheet****June 30, 2024**

	Educational Account	Working Cash Account	Totals
ASSETS			
Cash and Investments	\$ 20,169,962	2,183,652	22,353,614
Receivables - Net of Allowances			
Property Taxes	5,749,216	—	5,749,216
Accounts	1,313,172	—	1,313,172
Prepays	409,787	—	409,787
Total Assets	27,642,137	2,183,652	29,825,789
LIABILITIES			
Accounts Payable	313,352	—	313,352
Payroll Deductions and Withholdings	1,262,110	—	1,262,110
Total Liabilities	1,575,462	—	1,575,462
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	5,749,216	—	5,749,216
Grants	413,481	—	413,481
Total Deferred Inflows of Resources	6,162,697	—	6,162,697
Total Liabilities and Deferred Inflows of Resources	7,738,159	—	7,738,159
FUND BALANCES			
Restricted	466,869	—	466,869
Unassigned	19,437,109	2,183,652	21,620,761
Total Fund Balances	19,903,978	2,183,652	22,087,630
Total Liabilities, Deferred Inflows of Resources and Fund Balances	27,642,137	2,183,652	29,825,789

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**General Fund - by Account****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****For the Fiscal Year Ended June 30, 2024**

	Educational Account	Working Cash Account	Elimination	Totals
Revenues				
Local Sources				
Property Taxes	\$ 10,479,460	—	—	10,479,460
Personal Property Replacement Taxes	2,032,139	—	—	2,032,139
Earnings on Investments	975,729	109,060	—	1,084,789
Other Revenue from Local Sources	1,942,220	—	—	1,942,220
State Sources	17,469,160	—	—	17,469,160
Federal Sources	4,863,001	—	—	4,863,001
Total Direct Revenues	37,761,709	109,060	—	37,870,769
On-Behalf Payments - State of Illinois	10,619,545	—	—	10,619,545
Total Revenues	48,381,254	109,060	—	48,490,314
Expenditures				
Instruction	24,152,218	—	—	24,152,218
Support Services	9,209,455	—	—	9,209,455
Community Services	47,080	—	—	47,080
Payments to Other Districts and Government Units	2,872,080	—	—	2,872,080
Total Direct Expenditures	36,280,833	—	—	36,280,833
On-Behalf Payments - State of Illinois	10,619,545	—	—	10,619,545
Total Expenditures	46,900,378	—	—	46,900,378
Net Change in Fund Balance	1,480,876	109,060	—	1,589,936
Fund Balances - Beginning	18,423,102	2,074,592	—	20,497,694
Fund Balances - Ending	19,903,978	2,183,652	—	22,087,630

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 10,159,291	10,159,291	10,479,460	320,169
Personal Property Replacement Taxes	2,000,000	2,000,000	2,032,139	32,139
Tuition	10,000	10,000	23,850	13,850
Earnings on Investments	351,234	875,000	975,729	100,729
Food Service	31,500	31,500	46,145	14,645
Textbooks	155,000	167,000	183,385	16,385
District/School Activity Income	221,500	204,500	234,490	29,990
Other Revenues from Local Sources	566,500	706,800	1,062,557	355,757
Total Local Sources	13,495,025	14,154,091	15,429,548	1,275,457
State Sources				
Evidence Based Funding	16,401,615	16,401,615	16,401,615	—
Special Education				
Funding for Special Education	—	—	38,915	38,915
Private Facility Tuition	850,000	850,000	604,487	(245,513)
Orphanage - Individual	55,000	55,000	—	(55,000)
State Free Lunch and Breakfast	40,000	40,000	29,199	(10,801)
Driver Education	25,000	25,000	29,005	4,005
Career and Technical Education	27,468	27,468	26,730	(738)
Early Childhood - Block Grant	296,730	296,730	327,203	30,473
Technology - Technology for Success	2,500	—	2,656	2,656
Other Restricted Revenue from State Sources	40,000	40,000	9,350	(30,650)
Total State Sources	17,738,313	17,735,813	17,469,160	(266,653)
Federal Sources				
National School Lunch Program	1,250,000	1,250,000	1,129,345	(120,655)
School Breakfast Program	380,000	380,000	459,995	79,995
Summer Food Service Program	5,000	5,000	—	(5,000)
Other	—	—	123,479	123,479
Title I - Low Income	750,231	1,145,704	832,089	(313,615)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues - Continued				
Federal Sources - Continued				
Federal - Special Education - Continued				
Title IV	\$ 52,742	69,143	100,608	31,465
Federal - Special Education				
Preschool Flow-Through	47,558	48,792	30,547	(18,245)
IDEA - Flow Through	1,022,633	1,022,633	857,633	(165,000)
IDEA - Room and Board	70,000	70,000	111,439	41,439
Eng LIPLEP	19,500	19,500	4,497	(15,003)
Title II - Teacher Quality	139,888	183,788	104,605	(79,183)
Administrative Outreach	50,000	50,000	124,527	74,527
Fee-For-Service Program	105,000	105,000	517,756	412,756
Other Revenues from Federal Sources	627,000	627,000	466,481	(160,519)
Total Federal Sources	4,519,552	4,976,560	4,863,001	(113,559)
Total Direct Revenues	35,752,890	36,866,464	37,761,709	895,245
On-Behalf Payments - State of Illinois	13,000,000	13,000,000	10,619,545	(2,380,455)
Total Revenues	48,752,890	49,866,464	48,381,254	(1,485,210)
Expenditures				
Instruction				
Regular Programs				
Salaries	4,945,770	4,945,770	5,038,043	(92,273)
Employee Benefits	1,459,596	1,459,596	1,445,905	13,691
Purchased Services	5,000	5,000	9,125	(4,125)
Supplies and Materials	230,977	230,977	398,098	(167,121)
Capital Outlay	94,185	100,160	79,004	21,156
Other Objects	—	10,040.00	10,040	—
	6,735,528	6,751,543	6,980,215	(228,672)
Tuition Payment to Charter Schools				
Salaries	2,482,023	2,482,023	2,508,104	(26,081)
Employee Benefits	740,113	710,980	741,475	(30,495)
Purchased Services	50,500	50,500	33,080	17,420
Supplies and Materials	81,372	81,372	147,907	(66,535)
Capital Outlay	—	20,000	60,230	(40,230)
Other Objects	—	6,940.00	6,940	—
	3,354,008	3,351,815	3,497,736	(145,921)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Instruction - Continued				
Pre-K Programs				
Salaries	\$ 3,733,480	3,477,786	3,565,743	(87,957)
Employee Benefits	1,053,228	1,053,228	1,122,007	(68,779)
Purchased Services	86,850	86,850	148,784	(61,934)
Supplies and Materials	336,168	364,457	580,619	(216,162)
Capital Outlay	32,500	82,500	171,672	(89,172)
Other Objects	3,050	11,905	20,757	(8,852)
	5,245,276	5,076,726	5,609,582	(532,856)
Special Education Programs				
Salaries	3,552,839	3,552,839	3,480,625	72,214
Employee Benefits	1,259,888	1,259,888	892,496	367,392
Purchased Services	209,070	209,070	218,511	(9,441)
Supplies and Materials	60,000	60,000	56,002	3,998
	5,081,797	5,081,797	4,647,634	434,163
Special Education Programs Pre-K				
Salaries	243,598	243,598	246,817	(3,219)
Employee Benefits	70,628	70,628	61,153	9,475
Purchased Services	5,000	5,000	170	4,830
Supplies and Materials	3,000	3,000	801	2,199
	322,226	322,226	308,941	13,285
Remedial and Supplemental Programs K-12				
Salaries	643,578	890,357	745,055	145,302
Employee Benefits	21,838	80,103	269,089	(188,986)
Supplies and Materials	2,000	126,678	37,765	88,913
	667,416	1,097,138	1,051,909	45,229
CTE Programs				
Supplies and Materials	7,950	7,950	2,626	5,324

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Instruction - Continued				
Interscholastic Programs				
Salaries	\$ 685,759	685,759	766,294	(80,535)
Employee Benefits	91,637	91,637	75,920	15,717
Purchased Services	260,935	260,935	271,024	(10,089)
Supplies and Materials	165,265	165,265	261,514	(96,249)
Capital Outlay	82,000	106,000	143,224	(37,224)
Other Objects	30,210	30,210	28,249	1,961
	1,315,806	1,339,806	1,546,225	(206,419)
Summer School Program				
Salaries	87,568	87,568	82,599	4,969
Employee Benefits	15,663	15,663	12,078	3,585
Supplies and Materials	4,000	4,000	29,829	(25,829)
	107,231	107,231	124,506	(17,275)
Bilingual Programs				
Purchased Services	1,200	1,200	—	1,200
Supplies and Materials	14,300	14,300	2,226	12,074
	15,500	15,500	2,226	13,274
Student Activity Fund				
Other Objects	—	—	380,618	(380,618)
Total Instruction	22,852,738	23,151,732	24,152,218	(1,000,486)
Support Services				
Pupils				
Attendance and Social Work Services				
Salaries	355,525	355,525	358,785	(3,260)
Employee Benefits	126,041	126,041	130,023	(3,982)
	481,566	481,566	488,808	(7,242)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Pupils - Continued				
Guidance Services				
Salaries	\$ 656,267	656,267	653,410	2,857
Employee Benefits	149,944	149,944	194,503	(44,559)
Supplies and Materials	1,000	1,000	660	340
Capital Outlay	1,000	1,000	—	1,000
	808,211	808,211	848,573	(40,362)
Health Services				
Salaries	353,902	353,902	328,898	25,004
Employee Benefits	68,621	68,621	96,399	(27,778)
Purchased Services	6,000	6,000	207	5,793
Supplies and Materials	27,500	27,500	17,807	9,693
	456,023	456,023	443,311	12,712
Speech Pathology and Audiology Services				
Salaries	553,159	553,159	554,038	(879)
Employee Benefits	164,171	164,171	197,459	(33,288)
	717,330	717,330	751,497	(34,167)
Other Support Services - Pupils				
Salaries	179,921	227,034	118,810	108,224
Employee Benefits	35,611	35,611	27,601	8,010
Supplies and Materials	9,500	9,500	4,452	5,048
Other Objects	11,500	11,500	11,945	(445)
	236,532	283,645	162,808	120,837
Total Pupils	2,699,662	2,746,775	2,694,997	51,778

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Instructional Staff				
Improvement of Instructional Services				
Salaries	\$ 203,610	203,610	182,186	21,424
Employee Benefits	48,171	48,171	61,861	(13,690)
Purchased Services	197,794	249,791	154,731	95,060
Supplies and Materials	68,750	117,849	110,182	7,667
Other Objects	1,000	1,000	180	820
	519,325	620,421	509,140	111,281
Educational Media Services				
Salaries	226,586	226,586	201,212	25,374
Employee Benefits	60,718	60,718	72,707	(11,989)
Purchased Services	297,882	313,382	354,983	(41,601)
Supplies and Materials	323,188	397,162	336,963	60,199
Capital Outlay	90,000	127,279	120,621	6,658
Other Objects	—	—	12,025	(12,025)
	998,374	1,125,127	1,098,511	26,616
Total Instructional Staff	1,517,699	1,745,548	1,607,651	137,897
General Administration				
Board of Education Services				
Purchased Services	62,000	62,000	91,616	(29,616)
Supplies and Materials	250	250	28	222
Capital Outlay	1,250	1,250	—	1,250
Other Objects	19,500	19,500	25,065	(5,565)
	83,000	83,000	116,709	(33,709)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
General Administration				
Executive Administration Services				
Salaries	\$ 199,993	199,993	191,666	8,327
Employee Benefits	76,926	76,926	68,732	8,194
Purchased Services	1,000	1,000	13,161	(12,161)
Supplies and Materials	26,000	26,000	17,313	8,687
Capital Outlay	2,500	2,500	1,691	809
Other Objects	5,000	5,000	4,945	55
	311,419	311,419	297,508	13,911
Total General Administration	394,419	394,419	414,217	(19,798)
School Administration				
Office of the Principal Services				
Salaries	1,557,399	1,557,399	1,271,904	285,495
Employee Benefits	534,283	534,283	461,777	72,506
Purchased Services	11,000	11,000	3,605	7,395
Supplies and Materials	23,900	23,900	21,604	2,296
Capital Outlay	8,500	8,500	8,049	451
Other Objects	15,187	15,187	13,281	1,906
Total School Administration	2,150,269	2,150,269	1,780,220	370,049
Other Support Services - School Admin				
Employee Benefits	2,950	2,950	2,389	561
Total School Administration	2,153,219	2,153,219	1,782,609	370,610

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Business				
Direction of Business Support Services				
Salaries	\$ 266,156	266,156	233,203	32,953
Employee Benefits	85,068	85,068	55,548	29,520
Purchased Services	66,500	66,500	109,839	(43,339)
Supplies and Materials	20,500	20,500	13,976	6,524
Capital Outlay	6,500	73,200	67,268	5,932
Other Objects	11,000	36,000	33,233	2,767
	455,724	547,424	513,067	34,357
Fiscal Services				
Salaries	129,309	129,309	112,167	17,142
Employee Benefits	34,640	34,640	18,049	16,591
	163,949	163,949	130,216	33,733
Pupil Transportation Services				
Purchased Services	30,000	30,000	78,360	(48,360)
Food Services				
Salaries	131,475	131,475	150,526	(19,051)
Employee Benefits	8,745	8,745	8,912	(167)
Purchased Services	1,273,500	1,273,500	1,339,929	(66,429)
Supplies and Materials	7,500	7,500	3,866	3,634
Capital Outlay	50,000	50,000	41,903	8,097
	1,471,220	1,471,220	1,545,136	(73,916)
Total Business	2,120,893	2,212,593	2,266,779	(54,186)

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Central				
Information Services				
Purchased Services	\$ 6,000	6,000	16,075	(10,075)
Supplies and Materials	2,000	2,000	2,394	(394)
	8,000	8,000	18,469	(10,469)
Staff Services				
Salaries	218,067	218,067	222,501	(4,434)
Employee Benefits	62,761	62,761	67,936	(5,175)
Purchased Services	11,300	11,300	10,988	312
Supplies and Materials	49,500	49,500	39,914	9,586
Capital Outlay	1,500	1,500	—	1,500
Other Objects	47,992	47,992	44,938	3,054
	391,120	391,120	386,277	4,843
Total Central	399,120	399,120	404,746	(5,626)
Other Support Services				
Purchased Services	13,262	20,894	37,222	(16,328)
Supplies and Materials	1,000	64,339	1,234	63,105
	14,262	85,233	38,456	46,777
Total Support Services	9,299,274	9,736,907	9,209,455	527,452
Community Services				
Salaries	10,524	34,748	2,272	32,476
Employee Benefits	—	—	42	(42)
Purchased Services	28,351	47,863	16,873	30,990
Capital Outlay	—	48,500	—	48,500
Supplies and Materials	5,829	5,829	27,893	(22,064)
Total Community Services	44,704	136,940	47,080	89,860

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Educational Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Payments to Other Governmental Units				
Purchased Services	\$ 52,950	52,950	53,188	(238)
Other Objects	2,885,000	2,885,000	2,818,892	66,108
Total Payments to Other Districts and Governmental Units	2,937,950	2,937,950	2,872,080	65,870
Provision for Contingencies	200,000	200,000	—	200,000
Total Direct Expenditures	35,334,666	36,163,529	36,280,833	(117,304)
On Behalf Payments - State of Illinois	13,000,000	13,000,000	10,619,545	2,380,455
Total Expenditures	48,334,666	49,163,529	46,900,378	2,263,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	418,224	702,935	1,480,876	777,941
Other Financing Sources (Uses)				
Transfers In	2,000	97,000	—	(97,000)
Transfers Out	(37,675)	—	—	—
	(35,675)	97,000	—	(97,000)
Net Change in Fund Balance	382,549	799,935	1,480,876	680,941
Fund Balance - Beginning			18,423,102	
Fund Balance - Ending			19,903,978	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Working Cash Account - General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Earnings on Investments	\$ 2,000	97,000	109,060	12,060
Expenditures	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	97,000	109,060	12,060
Other Financing (Uses)				
Transfers Out	(2,000)	(97,000)	—	97,000
Net Change in Fund Balance	—	—	109,060	109,060
Fund Balance - Beginning			2,074,592	
Fund Balance - Ending			2,183,652	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
Personal Property Replacement Taxes	\$ 1,724,890	1,584,890	1,498,881	(86,009)
Earnings on Investments	20,000	220,000	243,249	23,249
Other Revenue from Local Sources	1,050,000	1,050,000	1,347,426	297,426
Total Local Sources	2,794,890	2,854,890	3,089,556	234,666
State Sources				
Other Restricted Revenue from State Sources	50,000	50,000	50,000	—
Federal Sources				
Other Restricted Revenue from Federal Sources	—	—	37,440	37,440
Total Revenues	2,844,890	2,904,890	3,176,996	272,106
Expenditures				
Support Services				
Business				
Facilities and Acquisition and Construction Services				
Purchased Services	10,000	10,000	102,063	(92,063)
Capital Outlay	6,750,000	6,950,000	6,471,594	478,406
Non-Capitalized Equipment	—	—	2,457,207	(2,457,207)
Total Expenditures	6,760,000	6,960,000	9,030,864	(2,070,864)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,915,110)	(4,055,110)	(5,853,868)	(1,798,758)
Other Financing Sources (Uses)				
Debt Issuance	—	4,765,000	4,765,000	—
Premium on Debt Issuance	—	338,478	338,479	1
	—	5,103,478	5,103,479	1
Net Change in Fund Balance	(3,915,110)	1,048,368	(750,389)	(1,798,757)
Fund Balance - Beginning			6,428,323	
Fund Balance - Ending			5,677,934	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Fire Prevention and Safety - Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Earnings on Investments	\$ 5,000	250,000	251,586	1,586
Expenditures				
Support Services				
Business				
Facilities and Acquisition and Construction Services				
Capital Outlay	2,750,000	2,750,000	3,784,091	(1,034,091)
Net Change in Fund Balance	<u>(2,745,000)</u>	<u>(2,500,000)</u>	(3,532,505)	<u>(1,032,505)</u>
Fund Balance - Beginning			<u>6,648,115</u>	
Fund Balance - Ending			<u>3,115,610</u>	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2024

	Special
	Operations and Maintenance
ASSETS	
Cash and Investments	\$ 1,876,814
Receivables - Net of Allowances	
Property Taxes	1,082,646
Accounts	72,265
Prepays	—
Total Assets	3,031,725
LIABILITIES	
Accounts Payable	34,389
Payroll Deductions and Withholdings	131,557
Total Liabilities	165,946
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	1,082,646
Total Liabilities and Deferred Inflows of Resources	1,248,592
FUND BALANCES	
Restricted	1,783,133
Total Liabilities, Deferred Inflows of Resources and Fund Balances	3,031,725

Revenue				
Transportation	Municipal Retirement/ Social Security	Tort	Debt Service	Totals
2,288,584	1,201,680	854,993	4,502,130	10,724,201
433,014	509,233	398,409	967,219	3,390,521
21,510	—	32,142	—	125,917
—	—	159,421	—	159,421
2,743,108	1,710,913	1,444,965	5,469,349	14,400,060
17,136	—	—	—	51,525
(104,450)	69,702	63,241	—	160,050
(87,314)	69,702	63,241	—	211,575
433,014	509,233	398,409	967,219	3,390,521
345,700	578,935	461,650	967,219	3,602,096
2,397,408	1,131,978	983,315	4,502,130	10,797,964
2,743,108	1,710,913	1,444,965	5,469,349	14,400,060

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2024

	<u>Special</u>
	<u>Operations and Maintenance</u>
Revenues	
Local Sources	
Property Taxes	\$ 1,974,492
Personal Property Replacement Taxes	1,000,003
Earnings on Investments	87,072
Other Revenue from Local Sources	253,166
State Sources	—
Total Revenues	<u>3,314,733</u>
Expenditures	
Instruction	—
Support Services	3,369,111
Community Services	—
Debt Service	
Principal Retirement	—
Interest and Fiscal Charges	—
Total Expenditures	<u>3,369,111</u>
Net Change in Fund Balances	(54,378)
Fund Balances - Beginning	<u>1,837,511</u>
Fund Balances - Ending	<u><u>1,783,133</u></u>

Revenue				
Transportation	Municipal Retirement/ Social Security	Tort	Debt Service	Totals
789,672	928,398	692,013	1,820,609	6,205,184
740,000	170,171	—	—	1,910,174
156,896	46,997	24,050	99,573	414,588
18,955	—	—	1,149,169	1,421,290
1,187,788	—	—	—	1,187,788
2,893,311	1,145,566	716,063	3,069,351	11,139,024
—	495,388	—	—	495,388
2,524,237	387,694	642,054	—	6,923,096
—	250	—	—	250
—	—	—	1,585,000	1,585,000
—	—	—	1,110,348	1,110,348
2,524,237	883,332	642,054	2,695,348	10,114,082
369,074	262,234	74,009	374,003	1,024,942
2,028,334	869,744	909,306	4,128,127	9,773,022
2,397,408	1,131,978	983,315	4,502,130	10,797,964

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Operations and Maintenance - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 1,915,131	1,915,131	1,974,492	59,361
Personal Property Replacement Taxes	1,100,000	1,000,000	1,000,003	3
Earnings on Investments	10,000	80,000	87,072	7,072
Other Revenue from Local Sources	221,520	221,520	253,166	31,646
Total Revenues	3,246,651	3,216,651	3,314,733	98,082
Expenditures				
Operations and Maintenance of Plant Services				
Salaries	1,341,038	1,363,538	1,502,936	(139,398)
Employee Benefits	321,442	322,942	326,905	(3,963)
Purchased Services	945,500	945,500	981,035	(35,535)
Supplies and Materials	380,500	317,500	362,346	(44,846)
Capital Outlay	145,000	145,000	120,889	24,111
Other Objects	75,250	75,250	75,000	250
Total Operations and Maintenance of Plant Services	3,208,730	3,169,730	3,369,111	(199,381)
Total Expenditures	3,208,730	3,169,730	3,369,111	(199,381)
Net Change in Fund Balance	37,921	46,921	(54,378)	(101,299)
Fund Balance - Beginning			1,837,511	
Fund Balance - Ending			1,783,133	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Transportation - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 765,899	765,899	789,672	23,773
Personal Property Replacement Taxes	875,000	740,000	740,000	—
Transportation Fees	8,000	8,000	18,955	10,955
Earnings on Investments	45,000	90,000	156,896	66,896
Total Local Sources	1,693,899	1,603,899	1,705,523	101,624
State Sources				
Transportation - Regular/Vocational	702,757	702,757	449,971	(252,786)
Transportation - Special Education	569,257	569,257	737,817	168,560
Total State Sources	1,272,014	1,272,014	1,187,788	(84,226)
Total Revenues	2,965,913	2,875,913	2,893,311	17,398
Expenditures				
Support Services				
Business				
Pupil Transport Services				
Salaries	28,735	28,735	30,058	(1,323)
Employee Benefits	6,012	6,012	9,230	(3,218)
Purchased Services	2,358,600	2,365,600	2,345,435	20,165
Supplies and Materials	154,750	156,250	4,528	151,722
Capital Outlay	313,140	313,140	134,986	178,154
Total Expenditures	2,861,237	2,869,737	2,524,237	345,500
Net Change in Fund Balance	104,676	6,176	369,074	362,898
Fund Balance - Beginning			2,028,334	
Fund Balance - Ending			2,397,408	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Municipal Retirement/Social Security - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 900,199	900,199	928,398	28,199
Personal Property Replacement Taxes	185,000	170,000	170,171	171
Earnings on Investments	5,000	43,000	46,997	3,997
Total Revenues	1,090,199	1,113,199	1,145,566	32,367
Expenditures				
Instruction				
Regular Programs	139,688	139,688	62,345	77,343
Pre-K Programs	119,972	90,389	72,927	17,462
Special Education Programs	175,083	187,283	197,057	(9,774)
Special Education Programs Pre-K	7,832	9,832	10,462	(630)
Remedial and Supplemental Programs K-12	67,380	67,380	71,636	(4,256)
Interscholastic Programs	31,259	33,659	38,293	(4,634)
Summer School Programs	4,955	4,955	275	4,680
Tuition Payment to Charter Schools	9,769	46,902	42,393	4,509
Total Instruction	555,938	580,088	495,388	84,700
Support Services				
Pupil				
Attendance and Social Work Services	9,838	10,138	4,357	5,781
Guidance Services	9,890	9,890	7,853	2,037
Health Services	39,913	41,413	39,015	2,398
Speech Pathology and Audiology Services	6,500	7,000	6,321	679
Other Support Services - Pupils	9,640	9,640	2,506	7,134
Total Pupil	75,781	78,081	60,052	18,029
Instructional Staff				
Improvement of Instruction Services	9,046	9,046	2,775	6,271
Educational Media Services	27,925	27,925	25,132	2,793
Total Instructional Staff	36,971	36,971	27,907	9,064

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Municipal Retirement/Social Security - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
General Administration				
Executive Administration Services	\$ 9,194	9,194	7,477	1,717
Risk Management and Claims Services Payments	—	—	17,917	(17,917)
Total General Administration	9,194	9,194	25,394	(16,200)
School Administration				
Office of the Principal Services	42,716	54,466	55,051	(585)
Business				
Direction of Business Support Services	20,326	20,826	19,457	1,369
Fiscal Services	6,962	6,962	7,779	(817)
Operations and Maintenance of Plant Services	216,677	220,177	167,322	52,855
Pupil Transportation Services	4,320	4,320	3,369	951
Food Services	2,310	7,110	9,394	(2,284)
Total Business	250,595	259,395	207,321	52,074
Central				
Staff Services	10,361	11,561	11,969	(408)
Total Support Services	425,618	449,668	387,694	61,974
Community Services	3,905	3,905	250	3,655
Total Expenditures	985,461	1,033,661	883,332	150,329
Net Change in Fund Balance	104,738	79,538	262,234	182,696
Fund Balance - Beginning			869,744	
Fund Balance - Ending			1,131,978	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Tort - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 640,040	640,040	692,013	51,973
Earnings on Investments	15,000	23,000	24,050	1,050
Total Revenues	655,040	663,040	716,063	53,023
Expenditures				
Instruction				
Interscholastic Programs				
Salaries	10,457	9,261	—	9,261
Employee Benefits	—	1,196	—	1,196
Total Instruction	10,457	10,457	—	10,457
Support Services				
Executive Administration Services				
Salaries	20,062	20,062	—	20,062
Employee Benefits	2,526	2,526	—	2,526
Risk Management and Claims Services Payments				
Salaries	—	—	211,097	(211,097)
Employee Benefits	—	—	52,005	(52,005)
Purchased Services	371,000	374,000	378,952	(4,952)
Capital Outlay	1,500	1,500	—	1,500
Office of the Principal Services				
Salaries	47,811	47,811	—	47,811
Employee Benefits	9,009	9,009	—	9,009
Operations and Maintenance of Plant Services				
Salaries	135,325	135,325	—	135,325

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Tort - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Operations and Maintenance of				
Plant Services - Continued				
Purchased Services	\$ 36,500	21,500	—	21,500
Staff Services				
Salaries	6,670	6,670	—	6,670
Employee Benefits	861	861	—	861
Total Support Services	631,264	619,264	642,054	(22,790)
 Total Expenditures	 641,721	 629,721	 642,054	 (12,333)
 Net Change in Fund Balance	 13,319	 33,319	 74,009	 40,690
 Fund Balance - Beginning			909,306	
 Fund Balance - Ending			983,315	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 1,816,900	1,816,900	1,820,609	3,709
Earnings on Investments	25,000	85,000	99,573	14,573
Other Revenue from Local Sources	1,150,000	1,150,000	1,149,169	(831)
Total Revenues	2,991,900	3,051,900	3,069,351	17,451
Expenditures				
Debt Service				
Principal Retirement	1,614,850	1,614,850	1,585,000	29,850
Interest and Fiscal Charges	1,117,771	1,117,771	1,110,348	7,423
Total Expenditures	2,732,621	2,732,621	2,695,348	37,273
Excess (Deficiency) of Revenues Over (Under) Expenditures	259,279	319,279	374,003	54,724
Other Financing Sources				
Disposal of Capital Assets	29,850	—	—	—
Transfers In	7,825	—	—	—
	37,675	—	—	—
Net Change in Fund Balance	296,954	319,279	374,003	54,724
Fund Balance - Beginning			4,128,127	
Fund Balance - Ending			4,502,130	

COMMUNITY UNIT SCHOOL DISTRICT NO. 5**Consolidated Year-End Financial Report****June 30, 2024**

CSFA #	Program Name	State	Federal	Totals
478-00-0251	Medical Assistance Program	—	129,716	129,716
586-18-0875	Agricultural Education	11,364	—	11,364
586-18-0520	Early Childhood Block Grant	327,203	—	327,203
586-18-0523	Illinois Free Lunch and Breakfast	29,199	—	29,199
586-18-0517	Career and Technical Education Improvement (State)	14,333	—	14,333
586-18-0407	National School Lunch Program	—	1,129,345	1,129,345
586-18-0406	School Breakfast Program	—	459,994	459,994
586-62-0414	Title I Basic - Title I Grants to Local Educational Agencies	—	832,089	832,089
586-18-0421	Title IVA Student Support and Academic Enrichment	—	100,608	100,608
586-43-0430	Teacher II - Improving Teacher Quality State Grants	—	108,148	108,148
586-18-0428	English Language Acquisition State Grants	—	4,497	4,497
586-57-0420	Fed. - Sp. Ed. - Pre-School Flow Through	—	30,547	30,547
586-64-0417	Fed - Sp Ed - IDEA Flow Through	—	857,633	857,633
586-82-1466	Fed. - Sp Ed- IDEA - Room and Board	—	111,439	111,439
586-18-2330	Non-Cash Commodity Value	—	123,602	123,602
586-62-2402	CARES/CRRSAA - Elementary and Secondary School Relief Grant	—	26,770	26,770
586-62-2578	ARP – LEA and COOP American Rescue Plan (ESSER III)	—	410,235	410,235
586-43-2483	Elementary and Secondary Relief - Digital Equity Formula	—	24,351	24,351
586-00-1723	School Maintenance Program Grant	50,000	—	50,000
	Other Grant Programs and Activities	—	1,725	1,725
	Totals	432,099	4,350,699	4,782,798

SUPPLEMENTAL SCHEDULES

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Long-Term Debt Requirements

General Obligation (Alternate Revenue Source) Bonds of 2017

June 30, 2024

Date of Issue	April 19, 2017
Date of Maturity	December 1, 2040
Authorized Issue	\$13,950,000
Interest Rates	3.00% - 5.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Bank of New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2025	\$ 375,000	510,250	885,250
2026	555,000	490,712	1,045,712
2027	580,000	444,413	1,024,413
2028	600,000	468,012	1,068,012
2029	620,000	444,413	1,064,413
2030	640,000	423,112	1,063,112
2031	665,000	403,813	1,068,813
2032	690,000	383,006	1,073,006
2033	725,000	354,950	1,079,950
2034	765,000	319,575	1,084,575
2035	800,000	282,325	1,082,325
2036	840,000	243,200	1,083,200
2037	875,000	206,400	1,081,400
2038	910,000	172,100	1,082,100
2039	945,000	136,400	1,081,400
2040	985,000	99,300	1,084,300
2041	1,025,000	60,700	1,085,700
	12,595,000	5,442,681	18,037,681

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Long-Term Debt Requirements

General Obligation School Bonds of 2018

June 30, 2024

Date of Issue	April 5, 2018
Date of Maturity	December 1, 2026
Authorized Issue	\$8,820,000
Interest Rate	4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Bank of New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2025	\$ 1,275,000	82,500	1,357,500
2026	1,325,000	30,500	1,355,500
2027	100,000	2,000	102,000
	2,700,000	115,000	2,815,000

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Long-Term Debt Requirements

General Obligation School Bonds of 2022A

June 30, 2024

Date of Issue	June 15, 2022
Date of Maturity	December 1, 2034
Authorized Issue	\$9,160,000
Interest Rate	4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Bank of New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2025	\$ —	366,400	366,400
2026	—	366,400	366,400
2027	—	366,400	366,400
2028	450,000	357,400	807,400
2029	1,070,000	327,000	1,397,000
2030	1,160,000	282,400	1,442,400
2031	1,210,000	235,000	1,445,000
2032	1,260,000	185,600	1,445,600
2033	1,315,000	134,100	1,449,100
2034	1,375,000	80,300	1,455,300
2035	1,320,000	26,400	1,346,400
	<u>9,160,000</u>	<u>2,727,400</u>	<u>11,887,400</u>

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Long-Term Debt Requirements

General Obligation School Bonds (Alternate Revenue Source) of 2024

June 30, 2024

Date of Issue	June 15, 2022
Date of Maturity	December 1, 2027
Authorized Issue	\$2,260,000
Interest Rates	3.65% - 3.80%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Bank of New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2025	\$ —	83,960	83,960
2026	—	83,960	83,960
2027	1,280,000	60,600	1,340,600
2028	980,000	18,620	998,620
	<u>2,260,000</u>	<u>247,140</u>	<u>2,507,140</u>

COMMUNITY UNIT SCHOOL DISTRICT NO. 5

Long-Term Debt Requirements

General Obligation School Bonds (Alternate Revenue Source) of 2024

June 30, 2024

Date of Issue	June 4, 2024
Date of Maturity	December 1, 2035
Authorized Issue	\$4,765,000
Interest Rates	5.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Stifel, Nicolaus & Company Incorporated

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2025	\$ —	236,265	236,265
2026	370,000	229,000	599,000
2027	385,000	210,125	595,125
2028	410,000	190,250	600,250
2029	430,000	169,250	599,250
2030	455,000	147,125	602,125
2031	470,000	124,000	594,000
2032	500,000	99,750	599,750
2033	525,000	74,125	599,125
2034	550,000	47,250	597,250
2035	580,000	19,000	599,000
2036	90,000	2,250	92,250
	4,765,000	1,548,390	6,313,390

APPENDIX B-1

**PROPOSED FORM OF OPINION OF BOND COUNSEL
[THE 2025A BONDS]**

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community Unit School District Number 5
Whiteside and Lee Counties, Illinois

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 5, Whiteside and Lee Counties, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered Taxable General Obligation Refunding School Bonds, Series 2025A (the "*Bonds*"), to the amount of \$_____, dated _____, 2025, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2034	\$	%
2035		%

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

**PROPOSED FORM OF OPINION OF BOND COUNSEL
[THE 2025B BONDS]**

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community Unit School District Number 5
Whiteside and Lee Counties, Illinois

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 5, Whiteside and Lee Counties, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation School Bonds, Series 2025B (the "*Bonds*"), to the amount of \$_____, dated _____, 2025, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2035	\$	%
2036		%
2037		%
2038		%
2039		%
2040		%
2041		%
2042		%
2043		%
2044		%

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, 20__, 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 excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Bonds may affect the corporate 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.

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-3

**PROPOSED FORM OF OPINION OF BOND COUNSEL
[THE 2025C BONDS]**

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community Unit School District Number 5
Whiteside and Lee Counties, Illinois

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 5, Whiteside and Lee Counties, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation School Bonds (Alternate Revenue Source), Series 2025C (the "*Bonds*"), to the amount of \$_____, dated _____, 2025, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2038	\$	%
2039		%
2040		%
2041		%
2042		%

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, 20__, 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 (i) together with the District's outstanding General Obligation School Bonds (Alternate Revenue Source), Series 2017, and General Obligation School Bonds (Alternate Revenue Source), Series 2024, from collections distributed to the District from taxes imposed in The Counties of Whiteside and Lee, Illinois, pursuant to the County School Facility Occupation Tax Law of the State of Illinois, as amended, and (ii) from ad valorem property taxes levied against all of the taxable property in the District 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 excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Bonds may affect the corporate 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.

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

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by Community Unit School District Number 5, Whiteside and Lee Counties, Illinois (the “*District*”), in connection with the issuance of \$ _____ Taxable General Obligation Refunding School Bonds, Series 2025A (the “*2025A Bonds*”), \$ _____ General Obligation School Bonds, Series 2025B (the “*2025B Bonds*”) and \$ _____ General Obligation School Bonds (Alternate Revenue Source), Series 2025C (the “*2025C Bonds*” and, together with the 2025A Bond and the 2025B Bonds, the “*Bonds*”). The Bonds are being issued pursuant to the resolutions adopted by the Board of Education of the District on the 22nd day of October, 2025 (the “*Resolutions*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

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

THE BONDS—Alternate Revenue Bonds Debt Service Coverage

THE DISTRICT—Enrollment

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT

—Direct General Obligation Bonds (Principal Only)

—Alternate Revenue Bonds (Principal Only)

—Selected Financial Information (only as it relates to direct debt)

—Composition of EAV

—Trend of EAV

—Taxes Extended and Collected

—School District Tax Rates by Purpose

Exhibit A—Combined Statement of Revenues, Expenditures and Changes in Fund Balance

Exhibit C—General Fund Revenue Sources

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the District prepared pursuant to the principles and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; *provided* that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement, dated _____, 2025, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the District will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the District remains legally liable for the payment of such Bonds. The District will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA 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 and by such time so that such entities receive the information by the dates specified. 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.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby 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 EMMA 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. References to “material” in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. 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. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolutions.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, 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 this Agreement. A default under this Agreement shall not be deemed a default under the Resolutions, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or 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) This Agreement, 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

(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 shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolutions.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

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

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. 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 this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolutions unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 5,
WHITESIDE AND LEE COUNTIES, ILLINOIS

By _____
President, Board of Education

Date: _____, 2025

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in an Official Statement, the Official Statement must be available on EMMA; the Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 270 days after the last day of the District's fiscal year (currently June 30), beginning with the fiscal year ended June 30, 2025. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH
REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. 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
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. 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
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties

* 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.

EXHIBIT III
CUSIP NUMBERS

2025A BONDS

MATURITY (DECEMBER 1)	CUSIP NUMBER (965672)
2034	
2035	

2025B BONDS

MATURITY (DECEMBER 1)	CUSIP NUMBER (965672)
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044	

2025C BONDS

MATURITY (DECEMBER 1)	CUSIP NUMBER (965672)
2038	
2039	
2040	
2041	
2042	

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



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:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN