

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS⁺: BAM INSURED
 S&P: "AA" (STABLE OUTLOOK)
 S&P UNDERLYING RATING "A" (STABLE OUTLOOK)

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 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not includable as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the 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 EXEMPTION" herein for a more complete discussion.

\$20,425,000*

**COMMUNITY UNIT SCHOOL DISTRICT NUMBER 5
 MONROE AND ST. CLAIR COUNTIES, ILLINOIS
 (WATERLOO)
 GENERAL OBLIGATION REFUNDING SCHOOL BONDS, SERIES 2026**

Dated: Date of Issuance

Due: April 15, as Shown on the Inside Cover Page

The General Obligation Refunding School Bonds, Series 2026 (the "Bonds"), of Community Unit School District Number 5, Monroe and St. Clair Counties, Illinois (the "District"), are issuable as fully-registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry system form only. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. The Bonds are issued in fully-registered form in denominations of \$5,000 and integral multiples thereof, and will bear interest payable on April 15 and October 15 of each year, with October 15, 2026 as the first interest payment date. UMB Bank, N.A., St. Louis, Missouri, will act as registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

Proceeds of the Bonds will be used to (i) refund certain of the District's outstanding General Obligation Refunding School Bonds, Series 2017, dated February 28, 2017, and (ii) pay costs associated with the issuance of the Bonds. See "USE OF PROCEEDS" herein.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" herein and Appendix D – Specimen Municipal Bond Insurance Policy.



The Bonds are not subject to optional redemption prior to maturity.

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. Chapman and Cutler LLP, Chicago, Illinois, is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about March 11, 2026.

STIFEL
 AS UNDERWRITER

PMA
 Part of PTMA Financial Solutions
 AS MUNICIPAL ADVISOR

The date of this Official Statement is February __, 2026.

*Preliminary, subject to change.
 +See "BOND RATINGS" herein.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**\$20,425,000* General Obligation Refunding School Bonds, Series 2026**

<u>Maturity</u> <u>(April 15)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP⁽¹⁾</u> <u>(610253)</u>
2027	1,045,000			
2028	4,380,000			
2029	3,340,000			
2030	3,790,000			
2031	1,960,000			
2032	2,185,000			
2033	2,420,000			
2034	1,305,000			

*Preliminary, subject to change.

(1) CUSIP data herein is provided by 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.

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

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies 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.

PMA Securities, LLC, Naperville, Illinois, is serving as municipal advisor (the "Municipal Advisor") to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the 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.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, 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.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

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

**Community Unit School District Number 5
Monroe and St. Clair Counties, Illinois
(Waterloo)
302 Bellefontaine Drive
Waterloo, Illinois 62298
(618) 939-3453**

* * * * *

Board of Education

Lori Dillenberger, President
Neil Giffhorn, Vice President
Amanda Propst, Secretary
Jo Ellen (Jodi) Burton
John Caupert
Nathan Mifflin
James Yaekel Jr.

School Treasurer

Julie Bradley

Superintendent

Brian Charron

Business/Office Manager

Marla Byrd

* * * * *

Paying Agent/Registrar/Escrow Agent

UMB Bank, N.A.
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St. Louis, Missouri 63102

Independent Auditors

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7 Hill Castle Lane
Columbia, Illinois 62236

Bond and Disclosure Counsel

Chapman and Cutler LLP
320 South Canal Street
Chicago, Illinois 60606

Municipal Advisor

PMA Securities, LLC
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

Underwriter

Stifel, Nicolaus & Company, Incorporated
501 North Broadway
St. Louis, Missouri 63102

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- A. Form of Legal Opinion of Bond Counsel
- B. Annual Financial Statements for Fiscal Year Ended June 30, 2025
- C. Form of Continuing Disclosure Undertaking
- D. Specimen Municipal Bond Insurance Policy

\$20,425,000*
Community Unit School District Number 5
Monroe and St. Clair Counties, Illinois
(Waterloo)
General Obligation Refunding School Bonds, Series 2026

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community Unit School District Number 5, Monroe and St. Clair Counties, Illinois (the “District”), in connection with the offering and sale of its \$20,425,000* General Obligation Refunding School Bonds, Series 2026 (the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

THE BONDS

General Description

The Bonds will be issued in fully-registered form, without coupons, in denominations of \$5,000 each or authorized integral multiples 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 as described under the caption “BOOK-ENTRY SYSTEM” by UMB Bank, N.A., St. Louis, Missouri, as paying agent and registrar (the “Registrar”).

The Bonds will be dated as of the date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each April 15 and October 15, beginning October 15, 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 in St. Louis, Missouri. 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 1st day of the month of the interest payment date (the “Record Date”).

The Bonds are not subject to optional redemption prior to maturity.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration shall be at the expense of the District; provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or

*Preliminary, subject to change.

other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District shall execute and the Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully-registered Bond or Bonds of the same maturity of authorized denominations for a like aggregate principal amount. Any fully-registered Bond or Bonds may be exchanged at said office of the Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the District of any fully-registered Bond shall constitute full and due authorization of such Bond and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

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.

Authority and Purpose

The Bonds are issued pursuant to the School Code of the State of Illinois (the “School Code”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education (the “Board”) of the District on February 2, 2026, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) refund certain of the District’s outstanding General Obligation Refunding School Bonds, Series 2017, dated February 28, 2017 (the “2017 Bonds”), and (ii) pay costs associated with the issuance of the Bonds. See “USE OF PROCEEDS” herein.

Security and Payment

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

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Resolution will be filed with the

County Clerks of The Counties of Monroe and St. Clair, Illinois (the “County Clerks”), and will serve as authorization to the County Clerks to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

Reference is made to Appendix A for the proposed form of legal opinion of Bond Counsel.

USE OF PROCEEDS

Proceeds of the Bonds, together with funds of the District on hand and lawfully available therefor (the “Available Funds”), will be used to refund certain of the 2017 Bonds (the “Refunded Bonds”). The purpose of the refunding is to realize debt service savings for the District and to reduce the annual debt service burden of the District. The Refunded Bonds are further described below.

2017 Bonds (Dated Date: February 28, 2017)

CUSIP (610253)	Maturities (April 15)	Original		Remaining Amount*	Redemption Price ⁽¹⁾	Redemption Date
		Outstanding Amount	Refunded Bonds*			
DH6	2026	\$ 2,930,000	\$ -	\$ 2,930,000	N/A	N/A
DJ2	2027	1,120,000	1,120,000	-	100.00%	April 15, 2026
DK9	2028	4,395,000	4,395,000	-	100.00%	April 15, 2026
DL7	2029	4,885,000	4,885,000	-	100.00%	April 15, 2026
DM5	2030	5,400,000	5,400,000	-	100.00%	April 15, 2026
DN3	2031	3,945,000	3,945,000	-	100.00%	April 15, 2026
DP8	2031	2,000,000	2,000,000	-	100.00%	April 15, 2026
		<u>\$ 24,675,000</u>	<u>\$ 21,745,000</u>	<u>\$ 2,930,000</u>		

*Preliminary, subject to change.

(1) Expressed as a percentage of par.

Proceeds of the Bonds, together with Available Funds, will be used to fund an irrevocable escrow account (the “Escrow Account”) consisting of cash and direct obligations of the United States of America (the “Government Obligations”). The Escrow Account will be held by UMB Bank, N.A., St. Louis, Missouri (the “Escrow Agent”), and will be used to pay the principal of and interest on the Refunded Bonds on the redemption date thereof. The Escrow Account will be held by the Escrow Agent pursuant to an escrow agreement between the District and the Escrow Agent which irrevocably directs the Escrow Agent to (i) make all payments of the principal of and interest on the Refunded Bonds on the redemption date, and (ii) take all steps necessary to call the Refunded Bonds on such date. The Escrow Account will be funded in such amounts so that the initial cash deposit and the principal and interest payments received on the Government Obligations will be sufficient, without reinvestment, to pay the principal of and interest on the Refunded Bonds on the redemption date.

SOURCES AND USES

Estimated Sources of Funds

Par Amount of the Bonds.....	
[Net] Original Issue Premium/(Discount).....	
Available Funds.....	
Total Sources	<u>\$</u> _____ -

Estimated Uses of Funds

Deposit into Escrow Account.....	
Costs of Issuance..... ⁽¹⁾	
Total Uses	<u>\$</u> _____ -

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Municipal Advisor's fee, Registrar's fee, Escrow Agent's fee, rating agency fee, bond insurance premium and other costs of issuance.

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 exhibit 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.bam bonds.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 September 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$517.2 million, \$273.6 million and \$243.6 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://bam bonds.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://bam bonds.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.

BOOK-ENTRY SYSTEM

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation"

within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (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 Securities and Exchange Commission (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 affect 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 (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) 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; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

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 Monroe and St. Clair Counties, Illinois (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 Illinois Department of Revenue (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 1.5% 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.

Recent federal court decisions have challenged the constitutionality of tax sale systems similar to the Illinois tax sale system in other states. In December 2025, a federal court determined that Cook County’s tax sale system is likewise unconstitutional based on those earlier rulings. The General Assembly (the “General Assembly”) of the State of Illinois (the “State”) has not yet considered legislation to modify the tax sale system in Illinois. The District makes no prediction as to the effect of such rulings on the State’s tax sale process or the likelihood, or effect, of any legislation modifying such tax sale process in the future.

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 Equalized Assessed Valuation (“EAV”) of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000. 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 or are for certain refunding purposes.

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

Under the legislation, the county board of any such county can initiate a binding tax cap referendum at any regularly scheduled election other than the consolidated primary, which is the February election in odd-numbered years. If the referendum is successful, then the Limitation Law will become applicable to those non-home rule taxing bodies having all of their EAV 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 EAV 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. Monroe County (the “County”) held a successful referendum on the applicability of the Limitation Law on November 5, 1996. A referendum on the applicability of the Limitation Law has yet to be initiated in St. Clair County (together with the County, the “Counties”). No guarantee exists, however that such a referendum will not be held in the future.

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

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 Resolution that it will not take any action or fail to take any action which in any way 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. 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 Resolution.

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 in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

State funding sources constituted 19.72% of the District's combined Educational Fund and Operations and Maintenance Fund (the "General Fund") revenue sources for the fiscal year ended June 30, 2025. 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 5.59% of the District's General Fund revenue sources for the fiscal year ended June 30, 2025, 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 impact the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

Loss or Change of Bond Ratings

The Bonds have received a credit rating from S&P and are expected to receive an insured credit rating from S&P. The ratings 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.

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 viruses, 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.

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 hereinafter-defined 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 Commission under 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 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 EXEMPTION” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the 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 Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the 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 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 includable 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 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 Bonds, regardless of the ultimate outcome.

Bankruptcy

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

THE DISTRICT

General Description

The District is located primarily in the northeastern portion of the County (98.89% of the District's 2024 EAV), approximately 25 miles from St. Louis, Missouri. A small portion of western St. Clair County (1.11 % of the District's 2024 EAV) is also included in the District. The District encompasses approximately 186 square miles in the County and St. Clair County. The economy of the District is a mixture of agriculture/agribusiness, retail trade and manufacturing. The District serves the City of Waterloo (the "City") (54.23% of the District's 2024 EAV) and the Village of Hecker (1.47% of the District's 2024 EAV) and other unincorporated areas in the Counties (44.30% of the District's 2024 EAV). The City is primarily a bedroom community for St. Louis, which is less than a half-hour commute by car.

The City is the largest municipality within the District and serves as the county seat for the County. The City provides a variety of municipal services, including police and fire protection, and owns and operates a natural gas distribution system and a municipal electric distribution system. Recreational activities are provided by the Waterloo Park District which operates five parks. The parks contain a variety of features including walking trails, ball fields, soccer/football fields, sand volleyball courts, playgrounds, fishing lakes, a skate park, a roller hockey park and an 18-hole disc golf course. Other recreational activities include golf, provided by four golf courses, a dog park and tennis courts that are operated and maintained by the District. Numerous commercial businesses, religious denominations and civic groups are located in the District.

The District's transportation network includes Illinois Route 3 which runs through the City, Illinois State Route 156 which runs east and west through the City and multi-schedule bus service provided by the Bi-State Development Agency with several St. Louis-Waterloo bus routes scheduled throughout the weekdays. Air service is available at Lambert-St. Louis International Airport located approximately 42 miles from the City. In addition, Scott Air Force Base is located within 29 miles of the District and Mid-America Airport is located within 15 miles of the District.

The proximity of the District to the Metro-East and St. Louis areas provides residents with ample educational and employment opportunities. Higher education is offered at Southwestern Illinois Community College District No. 522 ("SWIC 522"), Lewis and Clark Community College, and Southern Illinois University-Edwardsville, as well as various colleges and universities in St. Louis.

The District is governed by an elected seven-member Board and a full-time administrative staff.

Educational Facilities

The District operates five facilities.

<u>Facility</u>	<u>Grades</u>	<u>Current Enrollment</u>	<u>Capacity Enrollment</u>	<u>Constructed</u>	<u>Years of Additions/Renovations</u>
W.J. Zahnow Elementary.....	PreK-1	475	952	1971	2012, 2025
Rogers Elementary.....	2-3	407	812	1992	N/A
Gardner Elementary.....	4-5	441	1,176	1999	N/A
Waterloo Junior High School....	6-8	579	1,400	1937	1953, 1964, 1987, 2009, 2010
Waterloo High School.....	9-12	850	1,932	2009	N/A

Source: The District

Enrollments

The table below includes historical enrollment utilizing the Fall Housing Count (Housed) which reflects students enrolled as of the last school day in September and the projected enrollment for the next five years. The projected enrollment figures are based on actual enrollments from current and previous years.

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-2022	2,742	2026-2027	2,750
2022-2023	2,768	2027-2028	2,750
2023-2024	2,742	2028-2029	2,750
2024-2025	2,767	2029-2030	2,750
2025-2026	2,752	2030-2031	2,750

Source: The District

Information Related to Potential Community Reinvestment Act Credit

The National School Lunch Program (the “NSLP”) provides free or reduced-price school meals to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program), or whose median household incomes fall below certain federal poverty thresholds. The table below includes the participation of District students in the NSLP. The District makes no representation as to the status of any investment in the Bonds under the Community Reinvestment Act.

<u>Facility</u>	<u>Eligibility Percent⁽¹⁾</u>
W J Zahnow Elementary School.....	30.60%
Gardner Elementary School.....	24.08%
Waterloo Junior High School.....	18.39%
Rogers Elementary School.....	18.02%
Waterloo High School.....	16.22%

(1) Program Year 2026 Eligibility Data.

Source: ISBE

Board of Education

The District is governed by the Board, whose members are elected for staggered terms of office. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District, and oversee the property and facilities of the District. The Board elects a President, Vice President and Secretary from its membership. The present members are as follows:

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
President.....	Lori Dillenberger	2027
Vice President.....	Neil Giffhorn	2029
Secretary.....	Amanda Propst	2027
Member.....	Jo Ellen (Jodi) Burton	2027
Member.....	John Caupert	2029
Member.....	Nathan Mifflin	2029
Member.....	James Yaekel Jr.	2029
School Treasurer.....	Julie Bradley	Appointed

Administration

The District’s Superintendent is Mr. Brian Charron, who has been with the District for 12 years. Mr. Charron became the Superintendent in 2014 and joined the District as the Waterloo High School Principal in 2010. The District’s Business/Office Manager is Ms. Marla Byrd, who

has been with the District for 25 years. Ms. Byrd became the Business/Office Manager in 2017, and joined the District as the Accounting/Payroll Clerk in 2001.

Employees

The District has approximately 353 employees of whom 207 are certified employees and 146 are non-certified. Of the total number, the Waterloo Classroom Teachers' Association, IEA-NEA represents 193 members and the Waterloo Association of Service Personnel represents 107 members. The contract for Waterloo Classroom Teachers Association expires in August 2026. The contract for Waterloo Association of Service Personnel expires in July 2027. The District considers its relationship with its employees to be respectful and cooperative.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

Below are the population statistics for the District, the City, the Counties and the State.

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>% Change</u>
				<u>2010-2020</u>
The District.....	N/A	17,917	19,029	N/A
The City	7,614	9,811	11,013	+ 12.25
The County	27,619	32,957	34,962	+ 6.08
St. Clair County.....	256,082	270,056	257,400	- 4.69
The State	12,419,293	12,830,632	12,812,508	- 0.14

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

Income and Housing

The following table sets forth the comparative income and home value levels for the District, the County, the State and the United States.

	<u>The</u> <u>District</u>	<u>The</u> <u>County</u>	<u>The</u> <u>State</u>	<u>United</u> <u>States</u>
Median Home Value.....	284,900	282,100	\$263,300	\$332,700
Median Household Income.....	101,102	102,880	83,390	80,734
Median Family Income.....	125,234	128,097	106,018	99,999
Per Capita Income.....	49,216	49,605	46,406	44,673

Source: 2020-2024 American Community Survey 5-year Estimates, U.S. Census Bureau as released by the U.S. Census Bureau on January 29, 2026

Residential Housing Building Permits

The following table sets forth the reported number of residential building permits issued and relative construction costs in the City for each of the years listed.

<u>Year</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2020.....	59	\$16,618,365
2021.....	54	15,344,059
2022.....	46	14,018,142
2023.....	30	10,082,888
2024.....	28	10,279,843
2025..... ⁽¹⁾	31	17,000,000

(1) Through October, 2025.

Source: U.S. Census Bureau

Retail Sales

The following table demonstrates the estimated sales reported by retailers in the City for the last five calendar years and through the third quarter of 2025.

Calendar	
<u>Year</u>	<u>Retail Sales</u>
2020	\$ 244,587,179
2021	280,516,170
2022	294,129,433
2023	317,263,550
2024	334,619,217
2025 ⁽¹⁾	281,574,743

(1) Through the third quarter of 2025.

Source: The Department

School Facilities Sales Tax

On October 17, 2007, the General Assembly 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 Sales Tax 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%.

Pursuant to the Sales Tax Law, a 1% Sales Tax was approved by a majority of the voters of the County. The District received \$2,074,513 during fiscal year 2025 from its share of the Sales Tax and anticipates receiving approximately \$2,400,000 going forward. The District has used such Sales Tax for pay-as-you-go projects.

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.

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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 following table sets forth the amount of CPPRT received by the District during fiscal year ended June 30, 2021, through the most recently completed fiscal year of June 30, 2025, and the estimated amount of CPPRT to be received in fiscal year ending June 30, 2026:

<u>Fiscal Year Ended June 30</u>	<u>CPPRT Receipts</u>
2021	\$ 417,679
2022	910,431
2023	1,029,054
2024	677,812
2025	449,450
2026 ⁽¹⁾	458,711

(1) Estimated.

Source: The audited financial statements of the District for the fiscal years ended June 30, 2021-2025 and the Department for fiscal year 2026.

Largest Area Employers

The following table reflects the major employers in the area surrounding the District by the products manufactured or services performed and approximate number of employees.

Company Name	Product or Service	Location	Approximate employees at location
Luhr Crosby, LLC.....	Company headquarters & construction contractor.....	Columbia	520
The District.....	Education.....	Waterloo	353
Sydenstricker Nobbe Partners.....	Company headquarters & distributor of agricultural equipment.....	Waterloo	312
The County.....	Government.....	Waterloo	184
Budnick Converting, Inc.....	Custom converting of industrial tapes, foams, foils, & flexible materials.....	Columbia	110
Crown Linen Service.....	Linen rental services for restaurants & hotels.....	Columbia	100
EMCO Chemical Packaging.....	Packaging of blended paint & coatings & chemicals.....	Columbia	94
Rural King.....	Distributor of agricultural equipment & supplies.....	Waterloo	50
Royal Gate Dodge Chrysler Jeep Of Columbia.....	Fleet vehicle sales & leasing & repair services.....	Columbia	35
Superior Express, Inc.....	Local trucking services, including less-than-truckload services.....	Waterloo	32

Source: 2026 Manufacturers’ News, Inc. Illinois Manufacturers and Illinois Services Directories and District employee information provided by the District

Historical Unemployment Statistics

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates as well as the monthly unemployment rates for December 2024 and December 2025 for the City compared with the County and the State.

	<u>The City</u>	<u>The County</u>	<u>The State</u>
Average, 2020 ⁽¹⁾	6.0%	5.3%	9.3%
Average, 2021.....	3.4	3.1	6.1
Average, 2022.....	3.0	2.9	4.6
Average, 2023.....	3.2	3.0	4.5
Average, 2024.....	3.1	3.1	5.0
December, 2024.....	N/A ⁽²⁾	2.5	4.3
December, 2025.....	N/A ⁽²⁾	3.2	4.8

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

(2) There is no monthly data available for the City since it is a community with a population of less than 25,000.
Source: Illinois Department of Employment Security

FINANCIAL INFORMATION

Trend of EAV

(Estimated 33-1/3% of Fair Market Value)

The following table reflects the EAV trend of the District by property type, growth rate and new property.

<u>Property Type</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	\$ 383,661,113	\$ 401,978,530	\$ 428,986,696	\$ 481,028,958	\$ 537,364,164
Farm	70,592,204	76,621,588	83,817,260	94,840,463	100,573,322
Commercial	54,932,917	55,233,682	55,852,820	61,229,793	64,271,962
Industrial	3,453,331	3,407,074	3,421,734	3,613,158	3,860,763
Railroad	216,720	235,435	257,831	278,371	264,249
Total.....	<u>\$ 512,856,285</u>	<u>\$ 537,476,309</u>	<u>\$ 572,336,341</u>	<u>\$ 640,990,743</u>	<u>\$ 706,334,460</u>
Percent of Change.....	3.31% ⁽¹⁾	4.80%	6.49%	12.00%	10.19%
New Property Amounts.....	\$7,212,880	\$6,660,660	\$9,656,080	\$11,787,961	\$8,532,110

(1) Based on the District's 2019 EAV of \$496,438,390.

Source: County Clerks' Offices

EAV by County

Tax Year	The County	St. Clair County	Total
2020	\$ 507,352,583	\$ 5,503,702	\$ 512,856,285
2021	531,601,380	5,874,929	537,476,309
2022	565,834,296	6,502,045	572,336,341
2023	633,833,105	7,157,638	640,990,743
2024	698,486,150	7,848,310	706,334,460

Source: Monroe and St. Clair County Clerks' Offices

Tax Rates (Per \$100 EAV)

	2020	2021	2022	2023	2024	Statutory Maximum Rate
Education.....	\$ 2.190	\$ 2.190	\$ 2.168	\$ 2.083	\$ 2.166	\$2.190
Bond & Interest.....	0.760	0.765	0.761	0.717	0.687	N/A
O&M.....	0.500	0.500	0.500	0.475	0.495	0.500
IMRF.....	0.107	0.102	0.096	0.086	0.025	N/A
Transportation.....	0.200	0.200	0.200	0.190	0.198	0.200
Working Cash.....	0.050	0.050	0.050	0.048	0.049	0.050
Fire and Safety.....	0.050	0.050	0.049	0.048	0.049	0.050
Special Education.....	0.040	0.040	0.039	0.038	0.040	0.040
Tort.....	0.268	0.274	0.253	0.265	0.283	N/A
Social Security.....	0.107	0.102	0.096	0.086	0.078	N/A
Lease.....	0.050	0.050	0.049	0.048	0.049	0.050
Total.....	<u>\$ 4.323</u>	<u>\$ 4.323</u>	<u>\$ 4.263</u>	<u>\$ 4.083</u>	<u>\$ 4.120</u>	

Source: Monroe County Clerk's Office

Representative Tax Rates for Property within the District
 (Per \$100 EAV)

The following table of representative tax rates is for a resident of the District living in the City.

<u>Taxing Body</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
The District.....	\$ 4.323	\$ 4.323	\$ 4.263	\$ 4.083	\$ 4.120
The County	0.748	0.738	0.735	0.700	0.640
Waterloo Fire District.....	0.309	0.296	0.237	0.223	0.154
SWIC 522.....	0.448	0.436	0.417	0.397	0.375
Waterloo Park.....	0.124	0.123	0.122	0.114	0.105
Waterloo Cemetery.....	0.004	0.004	0.004	0.004	0.004
The City.....	<u>0.525</u>	<u>0.524</u>	<u>0.530</u>	<u>0.509</u>	<u>0.470</u>
Total.....	<u><u>\$ 6.480</u></u>	<u><u>\$ 6.444</u></u>	<u><u>\$ 6.308</u></u>	<u><u>\$ 6.029</u></u>	<u><u>\$ 5.866</u></u>

Source: Monroe County Clerk's Office

Tax Extensions and Collections

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Extensions	\$22,171,755	\$23,238,509	\$24,404,504	\$26,192,850	\$29,109,407
Collections	22,135,463	23,188,643	24,372,576	26,152,329	29,034,353
% Collected	99.84%	99.79%	99.87%	99.85%	99.74%

Source: Monroe and St. Clair County Treasurers' Offices

Largest Taxpayers

The taxpayers listed below represent 3.18% of the District's 2024 EAV which is \$706,334,460. Reasonable efforts have been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

<u>Taxpayer</u>	<u>Description</u>	<u>2024 EAV</u>	<u>% of EAV</u>
Walmart Real Estate Business Trust.....	Retail.....	\$ 3,966,236	0.56%
SM Properties Waterloo LLC.....	Commercial Real Estate.....	3,812,162	0.54%
Groves Investments Co.....	Real Estate.....	2,592,102	0.37%
Harrisonville Telephone CO.....	Telecommunication Services.....	2,488,034	0.35%
Cedarhurst of Waterloo Real Estate.....	Assisted Living Facility.....	2,401,402	0.34%
GAHC4 Waterloo IL SH LLC.....	Healthcare Services.....	2,690,627	0.38%
Gateway FS Inc.....	Agricultural Cooperative.....	1,479,087	0.21%
Jim Lou LLC.....	Commercial Real Estate.....	1,022,622	0.14%
Waterloo Sunset Land LLC.....	Commercial Real Estate.....	1,014,637	0.14%
First National Bank of Waterloo.....	Bank.....	<u>1,014,078</u>	<u>0.14%</u>
Total.....		<u>\$ 22,480,987</u>	<u>3.18%</u>

Source: Monroe County Clerk's Office, other than the taxpayer descriptions, which are derived from publicly-available sources.

Summary of Outstanding Bonded Debt

Shown below is a summary of the outstanding bonded debt of the District as of the closing of the Bonds and the refunding of the Refunded Bonds.

Issue Description	Dated	Original	Current	Final
		Amount of Issue	Amount Outstanding	Maturity Date
The 2017 Bonds.....	02/28/17	\$ 37,090,000	\$ 2,930,000	* 04/15/26 *
General Obligation Refunding School Bonds, Series 2022.....	03/15/22	5,275,000	3,535,000	04/15/27
The Bonds.....	03/11/26	20,425,000 *	<u>20,425,000</u>	* 04/15/34 *
Total			<u>\$ 26,890,000</u>	*

*Preliminary, subject to change.

Debt Repayment Schedule

Shown below is the maturity schedule for the outstanding bonded debt of the District as of the closing of the Bonds and the refunding of the Refunded Bonds.

Fiscal Year	Principal Outstanding	Less: The Refunded Bonds*	The Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent*
2026	\$ 3,585,000	\$ -	\$ -	\$ 3,585,000	\$ 3,585,000	13.33%
2027	4,000,000	(1,120,000)	1,045,000	3,925,000	7,510,000	27.93
2028	4,395,000	(4,395,000)	4,380,000	4,380,000	11,890,000	44.22
2029	4,885,000	(4,885,000)	3,340,000	3,340,000	15,230,000	56.64
2030	5,400,000	(5,400,000)	3,790,000	3,790,000	19,020,000	70.73
2031	5,945,000	(5,945,000)	1,960,000	1,960,000	20,980,000	78.02
2032	-	-	2,185,000	2,185,000	23,165,000	86.15
2033	-	-	2,420,000	2,420,000	25,585,000	95.15
2034	<u>\$ 28,210,000</u>	<u>\$ (21,745,000)</u>	<u>\$ 20,425,000</u>	<u>\$ 1,305,000</u>	<u>\$ 26,890,000</u>	<u>100.00</u>

*Preliminary, subject to change.

Overlapping General Obligation Bonds Debt

(As of January 29, 2026)

Taxing Bondy	Allocated to the District		
	Bonded Debt ⁽¹⁾	Percent	Amount
St. Clair County... ⁽²⁾	\$33,175,000	0.15%	\$49,431
Waterloo Park District.....	190,000	100.00%	190,000
SWIC 522.....	74,110,000	6.76%	<u>5,009,095</u>
Total.....			<u>\$ 5,248,526</u>

(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.

(2) Includes bonds issued by the Public Building Commission of St. Clair County that are supported by lease payments of the County for which the County levies taxes.

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

Debt Statement

General Obligation Direct Bonded Debt.....	\$28,210,000
Less: Refunded Bonds.....	(\$21,745,000) *
The Bonds.....	\$20,425,000 *
Leases.....	504,292
Net Direct Debt	\$27,394,292 *
Overlapping Bonded Debt.....	\$5,248,526
Net Direct Debt and Overlapping Bonded Debt.....	\$32,642,818 *
EAV (2024)	\$706,334,460
Statutory Debt Limit (13.8% of EAV).....	\$97,474,155
Statutory Debt Margin	\$70,079,863 *

*Preliminary, subject to change.

Debt Ratios

Estimated Market Valuation (2024).....	\$2,119,003,380
EAV (2024).....	\$706,334,460
2020-2024 American Community Survey Population Estimate.....	19,409
Net Direct Debt to EAV.....	3.88% *
Net Direct Debt to Estimated Market Valuation	1.29% *
Net Direct Debt and Overlapping Bonded Debt to EAV	4.62% *
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation	1.54% *
Net Direct Debt Per Capita	\$1,411.42 *
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$1,681.84 *

*Preliminary, subject to change.

Short-Term Financing Record

In the last five years, the District has not issued any tax anticipation warrants or revenue anticipation notes and has no plans to issue tax anticipation warrants or revenue anticipation notes in the foreseeable future.

Future Financing

The District does not intend to issue any additional long-term debt in the next six months. The District is considering the issuance of life safety bonds to repair and renovate the Junior High School Building. Currently, the District estimates the cost of such improvements to be between \$42 and \$49 million. Construction of a new junior high school building to replace the existing building, which is also being discussed, is estimated to cost between \$82 and \$89 million and would require referendum approval. Project and plan of finance discussions are still preliminary and no financing for the Junior High School Building is expected to occur for at least two years.

Default Record

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

SUMMARY OF OPERATING RESULTS

General Fund Revenue Sources

(Years Ended June 30)

Below is a summary of the General Fund revenue sources exclusive of “on-behalf” payments made by the State to TRS, as defined herein. This summary is provided since S&P combines these funds as the “General Fund” in its report. However, the District’s general fund in its Annual Financial Statements includes the Educational Fund, Operations and Maintenance Fund, the Working Cash Fund and the Tort Fund.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Local Sources.....	71.72 %	68.08 %	71.05 %	72.80 %	74.58 %
Flow-through Receipts.....	0.01	0.05	0.10	0.11	0.12
State Sources.....	22.53	19.25	18.68	20.42	19.72
Federal Sources.....	<u>5.74</u>	<u>12.62⁽¹⁾</u>	<u>10.16⁽¹⁾</u>	<u>6.68</u>	<u>5.59</u>
Total.....	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %

(1) The increase in Federal Sources is due in large part to the District’s receipt of ESSER funds. See “STATE AID—Federal COVID-19 Funds Distributed to the District” herein.

Source: Compiled from the District’s Annual Financial Reports filed with ISBE for fiscal years ended June 30, 2021-2025.

Summary of Operating Funds and Debt Service Fund (Years Ended June 30)

Below is a combined summary of the operating funds of the District (consisting of the Educational Fund, Operations and Maintenance Fund, Transportation Fund, Working Cash Fund, IMRF/Social Security Fund and Tort Fund) in addition to the Debt Service Fund exclusive of “on-behalf” payments made by the State to TRS. The District’s General Fund in its Annual Financial Statements includes the Educational Fund, Operations and Maintenance Fund, the Working Cash Fund and the Tort Fund.

	Combined Operating Funds						
	Educational Fund	Operations and Maintenance Fund	General Fund	Transportation Fund	Working Cash Fund ⁽¹⁾	IMRF/Social Security Fund	Debt Service Fund
<u>2021</u>							
Receipts.....	\$ 18,495,834	\$ 2,512,852	\$ 21,008,686	\$ 2,211,557	\$ 244,467	\$ 1,098,533	\$ 1,372,757
Disbursements.....	<u>18,451,475</u>	<u>2,712,068</u>	<u>21,163,543</u>	<u>1,790,822</u>	<u>-</u>	<u>770,857</u>	<u>1,145,997</u>
Net Surplus (Deficit).....	44,359	(199,216)	(154,857)	420,735	244,467	327,676	226,760
Transfer.....	-	-	-	-	-	-	-
Other Sources (Uses).....	(86,515) ⁽³⁾	-	(86,515)	-	-	-	86,515
Beginning Fund Balance.....	4,348,108	2,774,662	7,122,770	498,836	3,136,599	2,181,535	965,233
Ending Fund Balance.....	<u>\$ 4,305,952</u>	<u>\$ 2,575,446</u>	<u>\$ 6,881,398</u>	<u>\$ 919,571</u>	<u>\$ 3,381,066</u>	<u>\$ 2,509,211</u>	<u>\$ 1,191,993</u>
<u>2022</u>							
Receipts.....	\$ 22,050,784	\$ 3,265,806	\$ 25,316,590	\$ 2,243,317	\$ 260,948	\$ 1,102,523	\$ 1,375,142
Disbursements.....	<u>23,067,911</u>	<u>3,169,405</u>	<u>26,237,316</u>	<u>1,832,179</u>	<u>-</u>	<u>814,432</u>	<u>1,274,603</u>
Net Surplus (Deficit).....	(1,017,127)	96,401	(920,726)	411,138	260,948	288,091	100,539
Transfer.....	-	-	-	-	-	-	-
Other Sources (Uses).....	(26,075) ⁽³⁾	5,638	(20,437)	-	-	-	5,301,075
Beginning Fund Balance.....	4,305,952	2,575,446	6,881,398	919,571	3,381,066	2,509,211	1,191,993
Ending Fund Balance.....	<u>\$ 3,262,750</u>	<u>\$ 2,677,485</u>	<u>\$ 5,940,235</u>	<u>\$ 1,330,709</u>	<u>\$ 3,642,014</u>	<u>\$ 2,797,302</u>	<u>\$ 1,292,532</u>
<u>2023</u>							
Receipts.....	\$ 23,310,377	\$ 3,076,819	\$ 26,387,196	\$ 2,140,056	\$ 370,323	\$ 1,192,988	\$ 1,524,202
Disbursements.....	<u>22,910,175</u>	<u>3,255,212</u>	<u>26,165,387</u>	<u>1,929,159</u>	<u>-</u>	<u>826,626</u>	<u>1,358,712</u>
Net Surplus (Deficit).....	400,202	(178,393)	221,809	210,897	370,323	366,362	165,490
Other Sources (Uses).....	-	8,013	8,013	-	-	-	43,381
Beginning Fund Balance.....	3,262,750	2,677,485	5,940,235	1,330,709	3,642,014	2,797,302	1,292,532
Ending Fund Balance.....	<u>\$ 3,662,952</u>	<u>\$ 2,507,105</u>	<u>\$ 6,170,057</u>	<u>\$ 1,541,606</u>	<u>\$ 4,012,337</u>	<u>\$ 3,163,664</u>	<u>\$ 1,458,022</u>
<u>2024</u>							
Receipts.....	\$ 23,269,607	\$ 3,127,508	\$ 26,397,115	\$ 2,400,335	\$ 443,013	\$ 1,238,256	\$ 1,510,096
Disbursements.....	<u>23,470,984</u>	<u>3,261,819</u>	<u>26,732,803</u>	<u>2,246,766</u>	<u>-</u>	<u>832,663</u>	<u>1,533,930</u>
Net Surplus (Deficit).....	(201,377)	(134,311)	(335,688)	153,569	443,013	405,593	(23,834)
Other Sources (Uses).....	-	18,000	18,000	-	-	-	18,000
Beginning Fund Balance.....	3,662,952	2,507,105	6,170,057	1,541,606	4,012,337	3,163,664	1,458,022
Ending Fund Balance.....	<u>\$ 3,461,575</u>	<u>\$ 2,390,794</u>	<u>\$ 5,852,369</u>	<u>\$ 1,695,175</u>	<u>\$ 4,455,350</u>	<u>\$ 3,569,257</u>	<u>\$ 1,434,188</u>
Fund Balance as % of Disbursements.....			15.75%				42.83%

(1) See “Working Cash Fund” herein for a description of the Working Cash Fund.

(2) The beginning fund balance includes a student activity balance of \$400,483 for all facilities.

(3) Transfer to the Debt Service Fund for lease payments initially paid from the Educational Fund.

(4) The deficit is due in large part to increased labor cost.

Source: Compiled from the District’s Annual Financial Statements for fiscal years ended June 30, 2021-2025.

On-Behalf Payments Summary

(Years Ended June 30)

Below is a history of “on-behalf payments” made by the State to TRS with respect to the pension costs associated with the pensions of current and former District employees. At present, the State maintains the primary responsibility for funding TRS with respect to the District’s employees, however, such payments by the State on-behalf of the District are treated in the District’s financial statements as flowing through the District to the State. As such, the District’s financial statements recognize revenues and expenditures each in an amount equal to the amount paid by the State to TRS on the District’s behalf. The amount of on-behalf payments may vary significantly from year to year as a result of factors entirely outside the District’s control, including, but not limited to, changes in the law governing the State’s contributions to TRS, investment returns on TRS assets and changes in actuarial assumptions and methods used in calculating TRS’s liability.

As noted in the paragraphs preceding the tables titled “General Fund Revenue Sources” (the “Revenue Sources Table”) and “Summary of Operating Funds and Debt Service Fund” (the “Fund Summary Table” and, together with the Revenue Sources Table, the “Financial Summary Tables”) above, the on-behalf payments have been excluded from the Financial Summary Tables for the purpose of isolating the revenues and expenditures derived from the District’s operations. However, as a result of this practice, the revenue and expenditure amounts used to make the calculations necessary to produce the Revenue Sources Table and the revenue and expenditure amounts set forth in the Fund Summary Table are inconsistent with the amount of revenues and expenditures set forth in the District’s respective audited financial statements for any fiscal year. For each fiscal year, the amount set forth in the table below constitutes the difference between the revenue and expenditure amounts in the financial statements and those used in, or used to produce, the Financial Summary Tables.

See the District’s Annual Financial Statement for the fiscal year ended June 30, 2025 (the “Audit”), attached hereto as Appendix B, for additional information regarding the District’s on-behalf payments.

<u>Fiscal Year</u>	<u>On-Behalf Payments</u>
2021	\$ 10,539,446
2022	7,018,555
2023	7,522,109
2024	9,237,076
2025	8,358,899

Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2021-2025.

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 \$0.05 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.

Budget Summary

Below is the District's budget summary for the fiscal year ending June 30, 2026.

Fund	Fund Balances		FY26		FY26		Other Sources/ (Uses)	Fund Balances	
	July 1, 2025 ⁽¹⁾	Revenue	Expenditures	(⁽²⁾)	June 30, 2026				
Educational.....	\$ 2,082,931	\$ 25,849,595	\$ 28,109,219	\$ 750,000	\$ 573,307				
Operations & Maintenance.....	2,417,099	3,775,914	3,959,027	-	2,233,986				
Transportation.....	1,613,450	2,728,817	2,682,579	-	1,659,688				
IMRF/Social Security.....	3,903,667	871,873	1,077,351	-	3,698,189				
Working Cash.....	4,846,485	439,395	-	(750,000)	4,535,880				
Total Operating Funds	<u>\$ 14,863,632</u>	<u>\$ 33,665,594</u>	<u>\$ 35,828,176</u>	<u>\$</u>	<u>\$ 12,701,050</u>				
Debt Service.....	\$ 234,640	\$ 4,884,083	\$ 4,853,618	\$ -	\$ 265,105				
Fire Prevention & Safety.....	503,173	377,395	880,565	-	3				
Capital Projects.....	3,655,370	2,105,000	905,635	-	4,854,735				
Tort.....	1,344,247	2,044,296	2,157,461	-	1,231,082				
Total All Funds	<u>\$ 20,601,062</u>	<u>\$ 43,076,368</u>	<u>\$ 44,625,455</u>	<u>\$</u>	<u>\$ 19,051,975</u>				

(1) The beginning fund balance was revised from the adopted budget to reflect the actual ending fund balance for the prior fiscal year. The budget is adopted before the audit for the prior fiscal year is available.

(2) The increase in expenditures in the Educational Fund is due to increased labor costs. The District anticipates a smaller deficit in the Educational Fund in Fiscal Year 2027 than the prior two fiscal years due in large part to more moderate increases in personnel costs, before achieving balanced operations in Fiscal Year 2028.

Source: The District

STATE AID

General

The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such State aid as a significant part of their budgets. For the fiscal year ended June 30, 2025, 19.72% of the District's General Fund revenue came from State funding sources. See "SUMMARY OF OPERATING RESULTS – General Fund Revenue Sources" herein 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 also 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 that district’s “Base Funding Minimum”). The Base Funding Minimum for the District for school year 2017-2018 was \$4,224,591 (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.

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The following table sets forth the amounts received by the District pursuant to the Evidenced-Based Funding Model in each of the last five fiscal years, and the amount expected to be received in fiscal year ending June 30, 2026.

<u>Fiscal Year</u>	<u>Base Funding Minimum</u>	<u>Tier Number</u>	<u>Amount of New State Funds</u>	<u>Total Evidence-Based Funding</u>
2021 ⁽¹⁾	\$ 4,479,022	N/A ⁽¹⁾	N/A ⁽¹⁾	\$ 4,479,022
2022	4,478,450	2	\$ 84,868	4,563,318
2023	4,563,318	2	80,291	4,643,609
2024	4,643,609	2	91,490	4,735,099
2025	4,735,099	2	104,466	4,839,565
2026 ⁽²⁾	4,839,565	2	68,203	4,907,769

(1) The State fiscal year 2021 budget did not appropriate General State Aid in excess of the amount appropriated in the State fiscal year 2020 budget. Therefore, school districts did not receive New State Funds during State fiscal year 2021

(2) Projected.

Source: ISBE. The projected amount of Evidenced-Based Funding for fiscal year ending June 30, 2026, consists of the Base Funding Minimum plus anticipated New State Funds for fiscal year ending June 30, 2026.

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 "SUMMARY OF OPERATING RESULTS – General Fund Revenue Sources" herein 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 \$119,134 pursuant to ESSER I, \$401,625 pursuant to ESSER II and \$988,738 pursuant to ESSER III. All ESSER funds have been spent.

The ESSER funds were primarily spent on technology (Chromebook and iPads) and other measures aimed at lowering class sizes and addressing learning loss, including the hiring of an additional social worker and two reading specialists. Such positions, which were initially paid from ESSER funds, are now being paid from general revenues of the District. The District is

managing the financial impact of such retention through non-replacement of retiring staff and the use of fund balance.

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 (June 30)	Designation		Designation	
	Original Score	Based on Original Score	Adjusted Score	Based on Adjusted Score
2020	3.70	Financial Recognition	3.70	Financial Recognition
2021	3.70	Financial Recognition	3.70	Financial Recognition
2022	3.45	Financial Review	3.45	Financial Review
2023	3.80	Financial Recognition	3.80	Financial Recognition
2024	3.80	Financial Recognition	3.45	Financial Review
2025 ⁽¹⁾	3.45	Financial Review	N/A	N/A

(1) A preliminary score reported in the District's fiscal year 2025 Annual Financial Report.
Source: ISBE, except for the preliminary fiscal year 2025 score.

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 6 to the Audit, attached hereto as Appendix B.

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

GASB Standards

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 6 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 the fiscal years ended June 30, 2021 through June 30, 2025, all amounts contributed by the District to TRS were as follows:

Fiscal Year Ended June 30	TRS Contribution
2021	\$ 760,066 ⁽¹⁾
2022	113,035
2023	140,144
2024	108,515
2025	107,508

(1) The District made an overpayment of \$631,932 towards the required contribution of total creditable earnings for the 2.2 formula change and an overpayment of \$34,225 towards the required contribution of salaries paid from federal and special trust funds for fiscal year 2021.

Source: The District's audited financial statements for the fiscal years ended June 30, 2021-2025.

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

Contributions

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The District’s contribution rate for calendar year 2024 was 7.54% 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 Ended December 31	IMRF Contribution
2020	\$ 346,781
2021	396,564
2022	338,431
2023	304,218
2024	330,644

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company (GRS) as of December 31, 2020-2024.

Measures of Financial Position

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

Year Ended December 31	Calendar		Fiduciary Net Position as a % of Total Pension			Discount Rate
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)	Liability	Liability	
2020	\$ 18,829,216	\$ 19,076,433	\$ (247,217)		101.31%	7.25%
2021	19,786,274	21,760,634	(1,974,360)		109.98%	7.25%
2022	20,429,593	18,048,570	2,381,023		88.35%	7.25%
2023	21,042,350	19,643,171	1,399,179		93.35%	7.25%
2024	21,905,136	20,173,061	1,732,075		92.09%	7.25%

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company (GRS) as of December 31, 2020-2024.

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

OPEB Summary

The District administers a single-employer defined benefit healthcare plan with coverage provided through UMR & Veris/Benecon. The District's plan does not issue a separate publicly available financial statement. The contribution requirements for the District's plan may be amended by the School Board. Current policy is to pay for post-retirement medical and insurance premiums as they occur. Insurance premiums are the same for retirees as for active employees, but the District requires retirees to contribute 100% of the premium for their desired coverage. Premiums vary depending on the benefits elected and covered family members. Although the amount charged to retirees includes an implied rate subsidy by the District through the blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

Post-Employment Benefit Trust

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 General Assembly for the benefit of the State's retired public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of

the TRS. Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.67% during the year ended June 30, 2025, 0.67% during the year ended June 30, 2024 and 0.67% during the year ended June 30, 2023. For the year ended June 30, 2025, the District paid \$108,800 to the THIS fund. For the years ended June 30, 2024 and June 30, 2023, the District paid \$103,136 and \$99,691, respectively, to the THIS Fund, which was 100% of the required contribution.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the 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 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 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 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 Code. Interest on the 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 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 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 Bonds is the price at which a substantial amount of such maturity of the 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 Bonds may be

different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

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

If a Bond is purchased at any time for a price that is less than the 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 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 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 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a 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 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 Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 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 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 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 includable 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 Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 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 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 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 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 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 Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

BOND RATINGS

S&P is expected to assign its municipal bond rating of “AA” (Stable Outlook) to the Bonds with the understanding that upon delivery of the Bonds the Policy will be issued by BAM. See “BOND INSURANCE” above. S&P has assigned its municipal underlying rating of “A” (Stable Outlook) to the Bonds.

The ratings reflect only the views of S&P and any explanation of the significance of such ratings may only be obtained from S&P. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P 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 may not be changed by S&P, if, in the 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,” 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 such ratings or to oppose any such revision or withdrawal.

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 “Appendix C – Form of Continuing Disclosure Undertaking.”

The District expects to implement 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 Section 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.

There have been no instances in the previous five years in which the District failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the “Underwriter”), has agreed, subject to the terms of a purchase contract (the “Purchase Contract”) to purchase the Bonds from the District at a price of \$ _____. The Purchase Contract provides, in part, 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 Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals ____ percent of the par amount of the Bonds.

MUNICIPAL ADVISOR

PMA has been retained as municipal advisor (the “Municipal Advisor” in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA is a broker-dealer and municipal advisor registered with the Commission and the MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to municipal entity clients, including municipal advisory

services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, LLC, a financial services provider, and PMA Asset Management, LLC, and Public Trust Advisors, LLC, both investment advisers registered with the Commission. These entities operate under common ownership with PMA and are collectively referred to in this disclosure as the “Affiliates.” Each of these Affiliates also provides services to municipal entity clients and PMA and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

The Municipal Advisor’s duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as municipal advisor on the Bonds. PMA’s compensation for serving as municipal advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

This Official Statement has been approved by the District for distribution to the Underwriter.

The District's officials will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming to the Underwriter that, to the best of their knowledge and belief, this Official Statement as of the date hereof and at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain any 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/

Superintendent
Community Unit School District Number 5
Monroe and St. Clair Counties, Illinois

February __, 2026

Appendix A

Form of Legal Opinion of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community Unit School District Number 5
Monroe and St. Clair 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, Monroe and St. Clair Counties, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation Refunding School Bonds, Series 2026 (the "*Bonds*"), to the amount of \$_____, dated _____, 2026, due serially on April 15 of the years and in the amounts and bearing interest as follows:

2027	\$	%
2028		%
2029		%
2030		%
2031		%
2032		%
2033		%
2034		%

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

Annual Financial Statements for Fiscal Year Ended June 30, 2025

The Annual Financial Statements of the District contained in this Appendix B (the “Audit”), including the independent auditor’s report accompanying the Audit, has been prepared by Scheffel Boyle, Columbia, Illinois (the “Auditor”), and approved by formal action of the Board of Education of the District. 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.

**WATERLOO COMMUNITY UNIT SCHOOL
DISTRICT NO. 5
MONROE COUNTY, ILLINOIS**

ANNUAL FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

**WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS**

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June 30, 2025**

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**WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS**

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**WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS**

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FINANCIAL SECTION



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Waterloo Community Unit School District No. 5
Waterloo, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Waterloo Community Unit School District No. 5 (the District) as of and for the year ended June 30, 2025, 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 modified cash basis financial position of the governmental activities, each major fund of Waterloo Community Unit School District No. 5 as of June 30, 2025, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 Waterloo Community Unit School District No. 5 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.

Emphasis of Matter – Basis of Accounting

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



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; and for determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Waterloo Community Unit School District No. 5'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 and *Government 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 Waterloo Community Unit School District No. 5'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 Waterloo Community Unit School District No. 5'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterloo Community Unit School District No. 5's basic financial statements. The supplementary information as listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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, the supplementary information as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

The 2024 comparative information in the Schedule of Expenditures of Federal Awards was subjected to the auditing procedures applied by us and our report dated September 5, 2024, expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the 2024 financial statements taken as a whole.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of the Waterloo Community Unit School District No. 5'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 solely 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 Waterloo Community Unit School District No. 5'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 Waterloo Community Unit School District No. 5's internal control over financial reporting and compliance.

Sul-Hr1 8-14

SCHEFFEL BOYLE
Columbia, Illinois

December 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

The School District's annual report consists of a series of financial statements that show information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities (exhibit A and exhibit B) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Our fund financial statements start with exhibit C. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School District's overall financial health. Fund financial statements also report the School District's operations in more detail than the government-wide financial statements providing information about the School District's most significant funds – such as the School District's General fund.

Our auditor has provided assurance in an independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Supplemental Information identified above. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

FINANCIAL HIGHLIGHTS

- In October of 2016, the Board authorized the Superintendent or Board President to sign a Facilities Sales Tax Intergovernmental Agreement between Waterloo Community Unit School District No. 5 and the Regional Superintendent of Schools for the County of Monroe, effective October 17, 2016. The total amounts received: FY25: \$2,074,513 FY24: \$1,961,355; FY 23: \$1,868,685; FY22: \$1,707,715; FY21: \$1,272,620; FY20: \$1,241,517.10; FY19: \$1,227,849.67; FY18: \$1,189,948.33; and FY17: \$742,022.55.
- In January of 2021, the Board approved the 2020-2025 Agreement Between the Board of Education of Waterloo Community Unit School District No. 5 and the Waterloo Association of Service Personnel (WASP), effective July 1, 2020.
- FGMA, the District architect firm, has prepared plans for an addition/renovation to W.J. Zahnow Elementary School. At the January 23, 2023 Regular Board Meeting, the Board of Education approved a contract with Holland Construction Services as construction manager for the project. The guaranteed maximum price of the project is \$7,934,782. This project has been completed, with an open house for the public and a ribbon cutting held on February 1, 2025.
- In August of 2024, the Board approved the 2024-2026 Agreement Between the Board of Education of Waterloo Community Unit School District No. 5 and the Waterloo Classroom Teachers' Association (WCTA, IEA, NEA), effective August 1, 2024.
- In May of 2025, the Board approved a project authorization for facility planning for Waterloo Junior High School.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the School District as a whole begins on page 13. One of the most important questions asked about the School District is, "Is the School District as a whole better or worse off financially as a result of the year's activities". The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the modified cash basis of accounting.

These two statements report the School District's net position – the difference between assets and liabilities, as reported in the Statement of Net Position – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position – as reported in the Statement of Activities – are one indicator of whether its financial health is improving or deteriorating.

The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report the following activity for the School District:

Governmental Activities – All of the School District's services are reported here, including instruction, plant services, transportation, and food services. Property taxes, corporate personal property replacement taxes, and the state and federal grants finance most of these activities.

Fund Financial Statements

The School District's fund financial statements, which begin with exhibit C, provide detailed information about all the major funds of the District, however, the District elects to show all funds as major so all funds are shown on exhibit C. The School District's governmental funds use the following accounting approach.

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified cash accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on Exhibit C-1 and D-1.

THE SCHOOL DISTRICT AS A WHOLE

The School District's net position was \$54,507,619 at June 30, 2025. Of this amount, \$33,915,011 reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Additionally, \$3,789,218 is restricted for capital projects, \$234,640 is restricted for debt service, \$7,679,442 is restricted for special purposes, \$181,061 is in a permanently restricted endowment fund, and \$8,708,247 is unrestricted. The restricted component of net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that part of the District's net position for day-to-day operations.

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental activities.

Table 1

Net Position of Governmental Activities
June 30, 2025 and 2024
(In Thousands)

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 21,298	\$ 26,515
Capital and right of use assets	64,295	59,173
Total assets	\$ 85,593	\$ 85,688
Current and other liabilities	\$ 4,667	\$ 4,136
Long-term liabilities	26,418	30,199
Total liabilities	\$ 31,085	\$ 34,335
Net investment in capital assets	\$ 33,915	\$ 25,481
Restricted	11,885	14,262
Unrestricted	8,708	11,610
Total net position	\$ 54,508	\$ 51,353

The unrestricted net position of \$8,708 thousand of governmental activities represents the accumulated results of all prior years' operations. It means that if we had to pay off all of our bills today including all of our noncapital liabilities, we would have \$8,708 thousand left. We will need to closely monitor our expenditures in the future and adhere strictly to the budget to increase this amount. Ending net position changed from \$51,353 thousand to \$54,508 thousand, for an increase of \$3,155 thousand. This increase in ending net position can be seen in Table 2.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 14. Table 2 takes that information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

Changes in Net Position
Year Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 1,680	\$ 1,752
Federal grants	1,526	1,762
State grants and entitlements	1,557	1,833
	<u>\$ 4,763</u>	<u>\$ 5,347</u>
General revenues		
Property taxes	\$ 26,153	\$ 24,374
Payments in lieu of property taxes	449	678
School facility occupation tax	2,075	1,961
Evidence based funding	4,843	4,739
Activity fund revenues	750	674
Other general revenues	1,025	1,234
On behalf payments - state	8,359	9,237
	<u>\$ 43,654</u>	<u>\$ 42,897</u>
Total revenues	<u>\$ 48,417</u>	<u>\$ 48,244</u>
Functions/program expenses		
Instruction		
Regular programs	\$ 11,945	\$ 11,542
Special programs	5,222	4,356
Other instructional programs	2,272	1,967
Activity fund programs	709	651
	<u>\$ 20,148</u>	<u>\$ 18,516</u>
Support services		
Pupils	\$ 816	\$ 786
Instructional staff	1,141	1,132
General administration	2,205	1,852
School administration	1,525	1,499
Business services	7,972	7,508
Facilities acquisition and construction services	171	109
Operation & maintenance of plan services	212	19
	<u>\$ 14,042</u>	<u>\$ 12,905</u>
Community services	\$ 151	\$ 144
Non-programmed charges	\$ 1,413	\$ 1,343
Interest on long-term debt	\$ 1,071	\$ 1,195
Other debt service	\$ 78	
On behalf payments - state	<u>\$ 8,359</u>	<u>\$ 9,237</u>
Total expenses	<u>\$ 45,262</u>	<u>\$ 43,340</u>
Increase in net position	<u>3,155</u>	<u>4,904</u>
Net position – beginning of year	<u>51,353</u>	<u>46,449</u>
Net position - ending	<u>\$ 54,508</u>	<u>\$ 51,353</u>

Governmental Activities

As reported in the Statement of Activities in exhibit B, the cost of all of our governmental activities this year was \$45,262 thousand. However, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$31,167 thousand because some of the cost was paid by those who benefited from the programs (\$1,680 thousand), by interest earned on District funds (\$973 thousand) by other governments and organizations that subsidized certain programs with grants and contributions (\$3,083 thousand), or by state on behalf payments (\$8,359 thousand). We paid for the remaining “public benefit” portion of our governmental activities with \$26,153 thousand in real estate taxes, \$450 thousand in payments in lieu of property taxes (primarily corporate personal property replacement tax), \$2,075 thousand in School Facility Occupation taxes, \$4,843 in evidence based funding, and with other revenues, such as activity fund proceeds, and donations.

In the table below, we have presented the cost of each of the District’s six largest functions - regular programs instruction, special programs instruction, other instructional programs, support services – general instruction, support services – business, and debt service, as well as each program’s net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

For the Year Ended June 30, 2025

(In Thousands)

	Governmental Activities	
	Total Cost Of Services 2025	Net Cost Of Services 2025
Regular programs instruction	\$ 11,945	\$ 11,276
Special programs instruction	5,222	3,683
Other instructional programs	2,272	1,869
Support services – general administration	2,205	2,205
Support services – business	7,974	6,087
Support services - school administration	1,525	1,525
All others	<u>14,119</u>	<u>13,856</u>
 Totals	 <u>\$ 45,262</u>	 <u>\$ 40,501</u>

THE SCHOOL DISTRICT’S FUNDS

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the District is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the District’s overall financial health.

As the District completed this year, our governmental funds reported a combined fund balance of \$20,601 thousand, which is a decrease of \$5,271 thousand from last year. The primary reasons for the increases and decreases in the school district’s funds are as follows:

The fund balance in the general fund, our principal operating fund, has decreased \$1,051 thousand to \$10,691 thousand. The District projected a decrease in fund balance of approximately \$2,685 thousand in the General fund. Actually, the District's total revenues received were \$78 thousand more than expected and expenditures disbursed were \$1,596 thousand less than originally projected. Revenues received were more than projected due to more state revenues received than expected. Expenditures were less than projected due to less expenditures in regular program salaries and supplies and special ed program salaries, benefits, and supplies in the educational fund and less expenditures of purchased services and supplies in the operations and maintenance fund. This was due to the District's request that principals and directors freeze discretionary spending for the remaining school year after the amended budget was filed as the District noted a trend of decreasing fund balances. Also, some projects that were budgeted for in the operations and maintenance fund were actually paid out of the capital projects fund.

The IMRF/social security fund had an increase of \$334 thousand and an ending fund balance of \$3,904 thousand. This increase in fund balance is just slightly smaller than the increase last year. The total revenue received by this fund was virtually the same as the prior year as even though the EAV increased the property tax levy decreased. Expenses increased by \$86 thousand, mostly for instructional wage benefits. This was due to the District experiencing an influx of special needs students, especially at the early childhood level, which required employment of additional special education paraprofessionals.

The transportation fund showed a decrease of approximately \$82 thousand and an ending fund balance of \$1,613 thousand. In the prior year, this fund had an increase of fund balance of \$154 thousand. This swing to the negative was due to both a decrease in revenue (\$79 thousand) due to the prior year having five categorical payments and the current year only having four and an increase in expenses (\$157 thousand) due to a 16% increase in the bus contract costs.

The fire prevention and life safety fund showed a decrease of approximately \$336 thousand and showed an ending fund balance of \$503 thousand. This decrease was due to the District having several capital projects related to fire prevention and safety occurring at the district during the fiscal year. A few examples would be partial roof replacements at two elementary schools, the junior high bleacher replacement, and emergency repairs at Rogers Elementary.

The debt service fund showed an increase of approximately \$25 thousand and showed an ending fund balance of \$235 thousand. This fund is usually close to break even.

The capital projects fund showed a decrease of approximately \$4,162 thousand and an ending fund balance of \$3,655 thousand. This decrease in fund balance was mostly due to the work done on the Zahnow addition of \$5,630 thousand. The District did have an increase in the school facility occupation tax of \$113 thousand.

General Fund Budgetary Highlights

The District adopts its budget annually prior to the end of September. The School Board amended its budget on April 28, 2025 (which is allowed by State law). Budgetary comparison for major fund expenditures required to be budgeted are shown, beginning on page 38, compared to actual expenditures.

The following table summarizes the amendments to the original budget and actual revenues and expenditures:

General Fund Budgetary Highlights
For the year ended June 30, 2025
(In Thousands)

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Actual</u>
Revenues			
Local sources	\$ 22,372	\$ 22,666	\$ 22,457
Flow-through sources	20	24	31
State sources	5,260	5,303	5,373
Federal sources	<u>1,358</u>	<u>1,315</u>	<u>1,525</u>
Total revenue received	<u>\$ 29,010</u>	<u>\$ 29,308</u>	<u>\$ 29,386</u>
On behalf payments - revenue			8,359
Total revenue	<u>\$ 29,010</u>	<u>\$ 29,308</u>	<u>\$ 37,745</u>
Expenditures			
Instruction	\$ 18,856	\$ 19,278	\$ 18,764
Support services	11,140	11,168	10,080
Community services	142	142	140
Nonprogrammed charges	<u>1,324</u>	<u>1,405</u>	<u>1,413</u>
Total expenditures disbursed	<u>\$ 31,462</u>	<u>\$ 31,993</u>	<u>\$ 30,397</u>
On behalf payments - expenditures			8,359
Total expenditures	<u>\$ 31,462</u>	<u>\$ 31,993</u>	<u>\$ 38,756</u>
Excess (deficiency) of revenues over expenditures	\$ (2,452)	\$ (2,685)	\$ (1,011)
Other financing sources			(40)
Change in fund balance	<u>\$ (2,452)</u>	<u>\$ (2,685)</u>	<u>\$ (1,051)</u>

CAPITAL/RIGHT OF USE ASSETS AND DEBT ADMINISTRATION

Capital/Right of Use Assets

At June 30, 2025, the District had \$64,294 thousand invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$5,121 thousand or 8.7 percent, from last year.

Capital/Right of use assets, net of depreciation/amortization for governmental activities as of year-end (in thousands)

	2025	2024
Land	\$ 1,877	\$ 1,877
Work in progress	8,642	3,108
Land improvements	3,868	3,984
Buildings	48,119	48,779
Equipment	1,565	1,425
Capital assets, net of depreciation totals	<u>\$ 64,071</u>	<u>\$ 59,173</u>
Right of use asset, net	223	223
Total	<u><u>\$ 64,294</u></u>	<u><u>\$ 59,173</u></u>

This year's additions of \$6,896 thousand included the Zahnow addition, junior high outside bleacher replacement, Rogers and Gardner partial roof replacement, junior high partial roof replacement, district paving improvements, 2024 Dodge Ram Promasters, and other miscellaneous items.

We present more detailed information about capital assets in Note 5 to the financial statements.

Debt

At the end of this year, the School District had \$28,210,000 in bonds outstanding versus \$31,400,000 last year – a decrease of 10.2 percent. Those bonds consisted of:

General Obligation Refunding Bonds	\$ 28,210,000
------------------------------------	---------------

The District also has \$212,993 outstanding in lease liability which was incurred in the year ended June 30, 2025.

The State limits the amount of debt that school districts can issue to 13.8 percent of the assessed value of all taxable property within the school district's limits. The School District's outstanding debt of \$28,423 thousand is lower than the \$97,474 thousand statutorily imposed limit.

We present more detailed information about long-term debt in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our elected and appointed officials consider many factors when setting the School District's 2025-2026 fiscal year budget and tax rates. One of the most important factors affecting the budget is the timing of reimbursement of mandated categoricals and grants from the state and federal governments. The 2025-2026 budget was developed based on an estimate of revenue/expenditures that are anticipated during this fiscal year.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or request additional financial information, contact Brian Charron, Superintendent at Waterloo Community Unit School District No. 5, 302 Bellefontaine Drive, Waterloo, Illinois 62298.

BASIC FINANCIAL STATEMENTS

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2025

ASSETS	GOVERNMENTAL ACTIVITIES
Current assets	
Cash and cash equivalents	\$ 20,736,730
Activity fund cash	529,325
Total current assets	<u>\$ 21,266,055</u>
Non-current assets	
Bond insurance costs, net	31,999
Land and work-in-progress	10,519,402
Land improvements, net	3,867,772
Buildings, net	48,119,592
Equipment, net	1,564,630
Right of use leased assets, net	223,354
Total non-current assets	<u>\$ 64,326,749</u>
Total assets	<u>\$ 85,592,804</u>
LIABILITIES AND NET POSITION	
Current liabilities	
Payroll withholding liability	\$ 664,993
Lease liability interest payable	8,454
Current portion of long-term debt	3,993,637
Total current liabilities	<u>\$ 4,667,084</u>
Non-current liabilities	
Bonds payable, net	\$ 26,272,817
Lease liability	145,284
Total non-current liabilities	<u>\$ 26,418,101</u>
Total liabilities	<u>\$ 31,085,185</u>
Net position	
Net investment in capital assets	\$ 33,915,011
Restricted for:	
Endowment fund	181,061
Capital projects	3,789,218
Debt service	234,640
Grants	51,513
Lease	766,565
Tort	1,344,247
Municipal retirement/social security	3,903,667
Transportation	1,613,450
Unrestricted	8,708,247
Total net position	<u>\$ 54,507,619</u>
Total liabilities and net position	<u>\$ 85,592,804</u>

See notes to financial statements.

EXHIBIT B

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instructional					
Regular programs	\$ 11,944,847	\$ 36,070	\$ 632,780		\$ (11,275,997)
Special programs	5,221,834	103,121	1,435,225		(3,683,488)
Other instructional programs	2,271,743	70,285	332,273		(1,869,185)
Activity fund programs	708,949				(708,949)
Support services					
Pupils	815,967				(815,967)
Instructional staff	1,140,779		215,548		(925,231)
General administration	2,205,455				(2,205,455)
School administration	1,525,206				(1,525,206)
Business services	7,973,646	1,470,860	415,627		(6,087,159)
Facilities acquisition and construction services	170,773			\$ 50,000	(120,773)
Operation & maintenance of plant services	211,944				(211,944)
Community services					(151,081)
Non-programmed charges	151,081				
Interest on long-term borrowing	1,412,697				(1,412,697)
Other debt service	1,070,677				(1,070,677)
On behalf payments- state	77,893				(77,893)
Total governmental activities	\$ 45,262,390	\$ 1,680,336	\$ 3,031,453	\$ 50,000	\$ (40,500,601)
General revenues					
Taxes					
Property taxes, levied for general purposes					\$ 21,556,000
Property taxes, levied for debt service					4,597,371
Payments in lieu of taxes					449,450
School facility occupation tax					2,074,514
Intergovernmental					31,378
Earnings on investments					972,813
Activity fund revenues					749,906
Grants and contributions not restricted to specific activities					4,843,473
Gain on sale of fixed assets					21,253
On behalf payments- state					8,358,899
Total general revenues					\$ 43,655,057
Change in net position					\$ 3,154,456
Net position, beginning of year					51,353,163
Net position, end of year					\$ 54,507,619
See notes to financial statements.					

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2025

ASSETS	General Fund	Debt Service Fund	Capital Projects Fund	Municipal Retirement/ Social Security	Transportation	Fire Prevention and Life Safety	Total
Cash and cash equivalents	\$ 10,800,250	\$ 234,640	\$ 3,655,370	\$ 3,929,847	\$ 1,613,450	\$ 503,173	\$ 20,736,730
Activity fund cash	529,325						529,325
Total assets	\$ 11,329,575	\$ 234,640	\$ 3,655,370	\$ 3,929,847	\$ 1,613,450	\$ 503,173	\$ 21,266,055
LIABILITIES AND FUND BALANCES							
Payroll withholding liability	\$ 638,813			\$ 26,180			\$ 664,993
Total liabilities	\$ 638,813	\$ 0	\$ 0	\$ 26,180	\$ 0	\$ 0	\$ 664,993
Fund balances							
Nonspendable	\$ 160,079						\$ 160,079
Restricted	2,183,307	\$ 234,640	\$ 3,286,045	\$ 3,903,667	\$ 1,613,450	\$ 503,173	11,724,282
Committed	611,195						611,195
Assigned	2,295,452		369,325				2,664,777
Unassigned	5,440,729						5,440,729
Total fund balances	\$ 10,690,762	\$ 234,640	\$ 3,655,370	\$ 3,903,667	\$ 1,613,450	\$ 503,173	\$ 20,601,062
Total liabilities and fund balances	\$ 11,329,575	\$ 234,640	\$ 3,655,370	\$ 3,929,847	\$ 1,613,450	\$ 503,173	\$ 21,266,055

See notes to financial statements.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS - TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances for governmental funds (Exhibit C) \$ 20,601,062

Total net position reported for governmental activities in the statement of net position is different because:

Capital/right of use assets used in governmental activities are not financial resources and therefore are not reported in the individual funds.

Those assets consist of:

Land and work-in-progress	\$ 10,519,402
Land improvements, net of \$2,588,701 accumulated depreciation	3,867,772
Buildings, net of \$26,494,064 accumulated depreciation	48,119,592
Equipment, net of \$10,444,786 accumulated depreciation	1,564,630
Right of use leased asset, net of \$66,402 of accumulated depreciation	<u>223,354</u>

Total capital/right of use assets \$ 64,294,750

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and are not reported as fund liabilities.

Bond discount	\$ 13,733
Bond insurance costs	31,999
Bond premium	(2,002,478)
General obligation bonds	(28,210,000)
Lease liability	(212,993)
Lease liability interest payable	<u>(8,454)</u>

Total long-term liabilities \$ (30,388,193)

Total net position of governmental activities (Exhibit A) \$ 54,507,619

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Municipal Retirement/Social Security	Transportation	Fire Prevention and Life Safety	Total
Revenues:							
Local sources							
Property taxes	\$ 18,933,662	\$ 4,597,371		\$ 1,099,868	\$ 1,217,963	\$ 304,507	\$ 26,153,371
Payments in lieu of taxes	449,450						449,450
Tuition	136,776						136,776
Transportation					2,415		
Earnings on investments	645,291	25,434	\$ 46,525	153,215	74,169	28,179	972,813
Food services	806,580						806,580
Pupil activities	334,423						334,423
Textbook rentals and sales	252,690						252,690
Rentals	8,513						8,513
School Facility Occupation Tax				2,074,513			2,074,513
Activity Fund revenues	749,906						749,906
Other local	139,238						139,238
Other flow through revenue	31,378						31,378
State sources							
Unrestricted state aid	4,843,473						4,843,473
Restricted state aid					1,027,190		1,027,190
Categorical grants	529,282						529,282
Federal sources							
Categorical grants	1,524,681						1,524,681
Total direct revenue received	\$ 29,385,343	\$ 4,622,805	\$ 2,121,038	\$ 1,253,083	\$ 2,321,737	\$ 332,686	\$ 40,034,277
State on-behalf contributions (TRS & THIS)	8,358,899						8,358,899
Total revenue	\$ 37,744,242	\$ 4,622,805	\$ 2,121,038	\$ 1,253,083	\$ 2,321,737	\$ 332,686	\$ 48,393,176
Expenditures:							
Current							
Instruction							
Regular programs	\$ 11,230,275			\$ 128,140			\$ 11,358,415
Special education programs	4,700,394			265,223			4,965,617
Other instructional programs	2,112,366			42,721			2,155,087
Activity Fund programs	708,949						708,949
Support services							
Pupils	737,527			38,403			775,930
Instructional staff	1,048,426			41,569			1,089,995
General administration	2,091,717			5,524			2,097,241
School administration	1,371,737			78,633			1,450,370
Business services	4,514,981			307,102	\$ 2,403,462		7,225,545
Facilities acquisition and construction services				\$ 170,773			170,773
Operations & maintenance of plant services						\$ 211,944	211,944
Other support services	83						83
Community services	139,723			11,358			151,081
Payments to other districts and governmental units							
Total current	\$ 1,412,697						\$ 1,412,697
	\$ 30,068,875	\$ 0	\$ 170,773	\$ 918,673	\$ 2,403,462	\$ 211,944	\$ 33,773,727
Capital outlay							
Instruction							
Regular programs	\$ 6,953						\$ 6,953
Support services							
Business services	320,287		\$ 6,111,820		\$ 456,531		6,888,638
Total capital outlay	\$ 327,240	\$ 0	\$ 6,111,820	\$ 0	\$ 0	\$ 456,531	\$ 6,895,591
Debt services							
Total direct expenditures disbursed	\$ 30,396,115	\$ 4,676,071	\$ 6,282,593	\$ 918,673	\$ 2,403,462	\$ 668,475	\$ 45,345,389
State on-behalf contributions (TRS & THIS)	\$ 8,358,899						\$ 8,358,899
Total expenditures disbursed	\$ 38,755,014	\$ 4,676,071	\$ 6,282,593	\$ 918,673	\$ 2,403,462	\$ 668,475	\$ 53,704,288
Excess (deficiency) of revenues received over expenditures disbursed	\$ (1,010,772)	\$ (53,266)	\$ (4,161,555)	\$ 334,410	\$ (81,725)	\$ (335,789)	\$ (5,311,112)
Other financing sources (uses)							
Proceeds on sale of assets	\$ 37,520						\$ 37,520
Permanent transfer	(77,893)	\$ 77,893					0
Total other financing sources (uses)	\$ (40,373)	\$ 77,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,520
Net change in fund balances	\$ (1,051,145)	\$ 24,627	\$ (4,161,555)	\$ 334,410	\$ (81,725)	\$ (335,789)	\$ (5,271,177)
Fund Balance, Beginning of Year	11,741,907	210,013	7,816,925	3,569,257	1,695,175	838,962	25,872,239
Fund Balance, End of Year	\$ 10,690,762	\$ 234,640	\$ 3,655,370	\$ 3,903,667	\$ 1,613,450	\$ 503,173	\$ 20,601,062

See notes to financial statements.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
JUNE 30, 2025

Net change in fund balances - governmental funds (Exhibit D) \$ (5,271,177)

The change in net position reported for governmental activities in the Statement of Activities is 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. This is the amount by which capital outlay (\$6,895,590) exceeded depreciation expense (\$1,981,194) in the current period. (See Note 5) 4,914,396

Governmental funds report lease payments as expenditures while Governmental Activities report amortization expense on Right of Use Assets and interest expense on the lease liability as expenditures over the term of the lease. This is the amount by which the amortization and interest expense exceed the lease payments in the current year. 1,907

The debt service fund is used to retire bonded debt of the District and pay related debt service expenses (interest and bank fees). Principal payments are recorded as fund expenses, but in the entity-wide statements the principal payments are recognized as reducing the outstanding liability on the Statement of Net Position. The principal retired during the current year was: 3,190,000

Premium on Bonds sold is amortized over the life of the debt in the Statement of Net Position, but is reported as Other Financing Sources in the year the debt is issued in the governmental funds. 343,282

Discounts are expenditures in the governmental funds in the year the debt is issued but are amortized over the life of the debt in the Statement of Net Position. (2,354)

Bond insurance costs are expenditures in the governmental funds in the year the debt is issued, but are amortized over the life of the debt in the Statement of Net Position. (5,331)

The loss on disposal of capital assets reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. (16,267)

Change in net position (Exhibit B) \$ 3,154,456

See notes to financial statements.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

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

Component Units

The District has developed criteria to determine whether outside agencies whose activities benefit the citizens of the District, including joint agreements that serve pupils from numerous districts, should be included within its financial statements as component units. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. There are no component units.

The District is a member of the Perandoe Special Education District and Career Center of Southern Illinois along with other area school districts. The District's pupils benefit from programs administered under these joint agreements, and the District benefits from jointly administered grants and programming. The District does not have an equity interest in these joint agreements. Perandoe Special Education District and Career Center of Southern Illinois is audited separately and is not included in these financial statements. Financial information may be obtained directly from Perandoe Special Education District at 1525 Locust, P.O. Box 169, Red Bud, Illinois 62278 and Career Center of Southern Illinois at 6137 Beck Road, Red Bud, Illinois 62278.

Basis of Presentation, Basis of Accounting

Government-wide statements: The statement of net position and the statement of activities display information about the primary government (Waterloo Community Unit School District No. 5). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the District's funds. Separate statements are presented for each fund category - governmental and proprietary. The emphasis of fund financial statements is on major funds, each is displayed in a separate column. The District elects to treat all governmental funds as major funds. These include the general fund, debt service fund, the capital projects fund, the municipal retirement/social security fund, the transportation fund, and the fire prevention and life safety fund.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The District has no proprietary funds.

The District also reports the following fund type in the entity-wide financial statements:

Individual Fund Financial Statements - As required by the State of Illinois, the District maintains individual funds. These funds are grouped as required for reports filed with the Illinois State Board of Education. Individual fund financial statements have been presented as "Supplementary Information" in these financial statements. This section includes detailed reporting on the following funds:

The general fund, which consists of the educational fund, the operations and maintenance fund, the working cash fund, and the tort fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is the primary operating fund of the District. Special education is included in these funds as well as Activity funds.

Special revenue funds, which consists of the transportation fund, which accounts for transportation costs of the District and the Illinois Municipal Retirement/Social Security fund, which accounts for retirement costs and payroll taxes of the District's employees, are used to account for cash received from specific sources (other than those accounted for in the debt service fund or capital projects funds) that are legally restricted to cash disbursements for specified purposes.

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

Capital projects funds, which consists of the capital projects fund and the fire prevention and life safety fund, are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

Measurement Focus, Basis of Accounting

Government-wide financial statements - The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the modified cash basis of accounting. Additionally, depreciation of fixed assets, net depreciated value of fixed assets, and the long-term liabilities, bonds, leases, and subscription-based IT arraignments, have been taken into account in the government-wide financial statements. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grant entitlements and donations are recognized when received, consistent with the cash basis of accounting.

Governmental fund financial statements - Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting, except for the recording of teacher's salaries. Starting in 2022, it is the District's policy to record and budget salaries based on the contract period instead of actual cash date paid, as well as to show the related reduction in cash for the District's net check expense and the related deduction liabilities based on the contractual period. The contractual payments due in July and August are recorded as current fiscal year salaries as of June 30 each year.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash, except for salaries as discussed above. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under note payables are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical grants, and then by general revenues.

Assets and Liabilities

Deposits and Investments

Deposits refer to all time and demand deposits with financial institutions. These deposits have been categorized according to established criteria. The categorization of deposits and investments is revealed in Note 4 of these statements. However, since the District seeks investments within the IL School District Liquid Asset Fund, fair value leveling is not required.

Investments are stated at cost, which approximates market. Gains and losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education. The District held no investments as of June 30, 2025.

Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits with financial institutions.

Inventories

Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased. The District maintains records of supply inventories; however, the cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

Capital Assets

Purchased or constructed capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

The District records purchases of property and equipment as expenditures of various funds when paid. The District's capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives	Capitalization Threshold
Buildings	50	\$ 25,000
Land and improvements	20	25,000
Equipment	10	5,000
Kitchen/cafeteria equipment	10	5,000
Software	5	5,000
Transportation equipment	5	5,000

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Lease liabilities are reported at the present value of the lease payments minus principal payments made to date (cash payments made minus calculated interest expense). The related right of use asset is reported at the present value of the lease minus amortization using the straight-line method over the lease term.

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 and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refunding paid from proceeds which are reported as other financing costs. Lease payments are expensed in the period they are incurred.

New and Future Accounting Pronouncement

Effective for fiscal year ended June 30, 2025, the District adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires governments to disclose information about risks from certain concentrations or constraints that limit its ability to acquire resources or control spending. At this time, the District has not identified any new concentrations or constraints that pose a risk requiring disclosure as a result of adopting this standard.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Management is in the process of completing its assessment of the impact of these requirements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Management is in the process of completing its assessment of the impact of these requirements.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board passed the 2023 levy on November 20, 2023. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments (due in September and November). These taxes were collected by the County and distributed prior to June 30, 2025.

The Board passed the 2024 levy on November 18, 2024.

The taxes recorded in these financial statements are from the 2023 and prior tax levies.

The following are the taxes applicable to various levies per \$100 assessed valuation:

	Maximum <u>Rate</u>	Actual <u>2024</u>	Actual <u>2023</u>	Actual <u>2022</u>
Education	2.19000	2.16627	2.08254	2.16831
Tort Immunity	N/A	0.28316	0.26522	0.25335
Fire and Safety	0.05000	0.04946	0.04755	0.04926
Operations and Maintenance	0.50000	0.49459	0.47547	0.50000
Municipal Retirement	N/A	0.02478	0.08581	0.09610
Social Security	N/A	0.07787	0.08581	0.09610
Transportation	0.20000	0.19784	0.19019	0.20000
Debt Service	N/A	0.68716	0.71736	0.76108
Facility Leasing	0.05000	0.04946	0.04755	0.04926
Special Education	0.04000	0.03957	0.03804	0.03941
Working Cash	0.05000	<u>0.04946</u>	<u>0.04755</u>	<u>0.05000</u>
 Total		<u>4.11962</u>	<u>4.08309</u>	<u>4.26287</u>

NOTE 3. FUND BALANCE REPORTING

According to Government Accounting Standards Statement No. 54, fund balances are to be classified into five major classifications: non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. Following are definitions and details of how these balances are reported.

Non-spendable Fund Balance

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the District, all such items are expensed at the time of purchase, so there are no inventories or prepaids. In a prior year, \$160,079 was bequeathed to the District. This is a permanent endowment and the District cannot use the principal but can spend the interest on operations at the High School.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. FUND BALANCE REPORTING (CONTINUED)

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special revenue funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories.

Special education - Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

Leasing levy - Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Educational and Operations and Maintenance Funds. At June 30, 2025, there was a restricted fund balance in the Educational Fund of \$694,919 and in the Operations and Maintenance Fund of \$71,647.

Local grants - Proceeds from local grants and the related expenditures have been included in the Educational and Operations and Maintenance Funds. At June 30, 2025, expenditures disbursed exceed revenue received for this purpose.

State grants - Proceeds from state grants and the related expenditures have been included in the Educational, Operations and Maintenance, and Transportation Funds. At June 30, 2025, there was a restricted fund balance of \$50,000 in the Operations and Maintenance fund due to remaining money not spent for the State Maintenance Grant. Also at June 30, 2025, there was a restricted fund balance of \$1,513 in the Educational fund due to unspent Preschool for All grant money. Expenditures disbursed exceeded revenue received resulting in no restricted balance in the Transportation Fund.

Federal grants - Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2025, expenditures disbursed from federal grants exceeded the revenue received for those specific purposes in the Educational Fund, resulting in no restricted balances. The Child Nutrition Cluster Program requires the District to restrict any food service profit to be used only to operate and improve its food service. There is no restricted fund balance for food service at June 30, 2025.

Permanent Endowment Interest – Interest earned on the permanent endowment interest is restricted for use at the High School and is included in the Educational Fund. At June 30, 2025, the restricted fund balance for this purpose is \$20,981.

Social Security – Cash disbursed and the related cash receipts of this restricted tax levy for social security are accounted for in the Municipal Retirement/Social Security Fund. At June 30, 2024, there was a restricted fund balance of \$1,388,016.

Tort – Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. At June 30, 2025, there was a restricted fund balance of \$1,344,247.

School Facility Occupation Sales Tax – Cash receipts and the related cash disbursements of this restricted sales tax are accounted for in the Capital Projects Fund. This money must be used for only school facility purposes. At June 30, 2025, there was a restricted fund balance of \$3,286,045.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. FUND BALANCE REPORTING (CONTINUED)

Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

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

The District has entered into several construction contracts for various District projects. As of June 30, 2025, the District has \$81,869 committed to finish these projects with current Educational fund balance.

The Activity Fund ending cash balance is recorded in the Educational Fund and has been committed by the School Board for the use of the specific school funds' purpose for which the money was raised. At June 30, 2025, the committed balance is \$529,326.

Assigned Fund Balance

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

The District received Capital Development Board money during fiscal year 2014 in both the Operations and Maintenance Fund and the Capital Projects Fund. This money has been assigned to do maintenance/construction projects at the schools or to retire bonds as the District sees fit. The unspent/uncommitted portion as of June 30, 2025, is \$2,295,452 in Operations and Maintenance and \$0 in the Capital Projects Fund.

The District also assigns the interest earned on School Facility Tax cash balances for school facility purposes. As of June 30, 2025, the assigned interest is \$369,325 in the Capital Projects Fund.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. FUND BALANCE REPORTING (CONTINUED)

	<u>Non-spendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General	\$ 160,079	\$ 2,183,307	\$ 611,195	\$ 2,295,452	\$ 5,440,729
Municipal Retirement/					
Social Security		3,903,667			
Transportation		1,613,450			
Capital Projects		3,286,045		369,325	
Fire Prevention & Safety		503,173			
Debt Services		234,640			
Total	\$ 160,079	\$ 11,724,282	\$ 611,195	\$ 2,664,777	\$ 5,440,729

Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 4. CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Deposit Accounts held with a Financial Institution	\$ 20,788,217
ISDLAF Money Market	477,838
Total Cash and Cash Equivalents	\$ 21,266,055

The District is allowed to invest in securities as authorized in the School Code of Illinois, Chapter 30, Section 235/6, Chapter 105 Section 5/34A-202 and Section 5/8-7. The District shall ensure that the loss of capital, whether from credit or market risk, is avoided, the District's anticipated cash flows are met, and the highest rate of return on investments is sought. The District should avoid any investment transaction which in appearance or fact might impair public confidence. The District did not have any investments as of June 30, 2025.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. As of June 30, 2025, the District had no investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's state investment pool has earned Standard and Poor's highest rating (AAAm).

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2025, all of the District's cash accounts were held at First National Bank of Waterloo (97.8%) and ISDLAF (2.2%).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

At June 30, 2025, all deposit accounts held with a financial institution (including the deposits of fiduciary activities if any) were covered either through federal depository insurance or by collateral held by the depository institutions in the District's name. At June 30, 2025, the District had \$22,746,797 of funds that were collateralized by US Treasury and Agency Obligations in the District's name.

NOTE 5. CAPITAL ASSETS

Capital assets, not depreciated activity for the year ended June 30, 2025, follows:

<u>Capital Assets, Not Depreciated</u>			
	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at July 1, 2024	\$ 1,876,765	\$ 3,108,421	\$ 4,985,186
Increases		5,738,976	5,738,976
Decreases		204,760	204,760
Balance at June 30, 2025	<u>\$ 1,876,765</u>	<u>\$ 8,642,637</u>	<u>\$ 10,519,402</u>

Capital Asset and Right of Use Asset activity for the year ended June 30, 2025, follows:

	<u>Capital Assets, Depreciated and Right of Use Assets</u>					Right of Use Leased <u>Asset</u>	Net Capital Assets & <u>Right of Use Assets</u>
	Land			Total Capital Assets, <u>Depreciated</u>			
	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>				
Balance at July 1, 2024	\$ 6,294,100	\$ 73,825,814	\$ 11,617,972	\$ 91,737,886	\$ 0	\$ 91,737,886	
Increases	162,373	787,842	411,159	1,361,374	289,756	1,651,130	
Decreases			19,715	19,715	66,402	86,117	
Balance at June 30, 2025	<u>\$ 6,456,473</u>	<u>\$ 74,613,656</u>	<u>\$ 12,009,416</u>	<u>\$ 93,079,545</u>	<u>\$ 223,354</u>	<u>\$ 93,302,899</u>	
Accumulated Depreciation							
Balance at July 1, 2024	\$ 2,309,915	\$ 25,046,498	\$ 10,193,395	\$ 37,549,808			
Increases	278,786	1,447,566	254,842	1,981,194			
Decreases			3,451	3,451			
Balance at June 30, 2025	<u>\$ 2,588,701</u>	<u>\$ 26,494,064</u>	<u>\$ 10,444,786</u>	<u>\$ 39,527,551</u>			
Capital Assets, net	<u>\$ 3,867,772</u>	<u>\$ 48,119,592</u>	<u>\$ 1,564,630</u>	<u>\$ 53,551,994</u>			

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

<u>Instructional</u>	
Regular programs	\$ 586,432
Special programs	256,217
Other instructional programs	111,466
<u>Support services</u>	
Pupils	40,037
Instructional staff	55,974
General administration	108,214
School administration	74,836
Business services	748,018
Total depreciation expense	<u>\$ 1,981,194</u>

NOTE 6. PENSION PLANS

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

General Information about the Pension Plan

Plan Description. The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration. TRS issues a publicly available financial report that can be obtained at <http://trsил.org/financial/acfrs/fy2024>; 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 I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

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

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONTINUED)

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

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

Public act 100-0023, enacted in 2017, creates an optional Tier III 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 I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and will be 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, 2024, 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 District. For the year ended June 30, 2025, state of Illinois contributions recognized by the District were based on the state's proportionate share of with the pension expense associated with the District, and the District recognized revenue and expenditures of \$8,212,749 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2025, were \$94,185.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under 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.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2025, the employer pension contribution was 10.34 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2025, salaries totaling \$128,851 were paid from federal and special trust funds that required employer contributions of \$13,323.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that a District is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members 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, 2025, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$0 for contributions on salaries greater than the governor's statutory salary, and \$0 for sick leave days granted in excess of the normal annual allotment.

Pension Expense For the fiscal year ended June 30, 2025, the employer recognized TRS pension expense of \$1,471,913 on a cash basis under this plan.

(b) Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and their beneficiaries. The District plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension plan. 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 Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided. 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.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. PENSION PLANS (CONTINUED)

(a) Illinois Municipal Retirement Fund (Continued)

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

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

Employees covered by benefit terms. At December 31, 2024, the following employees were covered by the Plan:

Active employees	140
Inactive employees or beneficiaries currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	133
Total	383

Contributions. As set by statute, the District's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual required contribution rate for calendar year 2024 and 2025 was 7.54 percent and 7.59 percent, respectively. For the fiscal year ended June 30, 2025, the District contributed \$351,580 to the plan. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(c) Aggregate Pension Reporting

The District recognized pension expense of \$1,471,913 for TRS and \$351,580 for IMRF, for an aggregate net pension expense of \$1,823,493 for all retirement fund commitments for the year ending June 30, 2025.

(d) Social Security

Employees not qualifying for coverage under the Illinois Downstate Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid \$369,358, the total required contribution for the current fiscal year.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District participates in two Post Employment benefit plans Other than Pensions. The two plans are the Teacher's Health Insurance Security (THIS) Fund and UMR & Veris/Benecon. All IMRF employers are required to allow retirees to continue on their health plans.

(a) Teacher Health Insurance Security Fund

General Information about the Postemployment Benefit Plan Other than Pensions

Plan description. The District participates in the Teachers' Health Insurance Security (THIS) Fund which accounts for the Teacher Retirement Insurance Program of Illinois (TRIP or Plan). TRIP is 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. TRIP health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. TRIP is administered in accordance with the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) which established the eligibility and benefit provisions of the plan.

Benefits provided. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) requires that the Department's Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

A summary of the post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>).

On behalf contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to cover the actuarial costs to the THIS Fund that are not covered by contributions from active members which were .9 percent of pay for the year ended June 30, 2025. State of Illinois contributions were \$146,150, and the employer recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was .67 percent during the year ended June 30, 2025. For the year ended June 30, 2025, the employer paid \$108,800 to the THIS Fund.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

(a) UMR & Veris/Benecon

Plan Description – The District administers a single-employer defined benefit healthcare plan with coverage provided through UMR & Veris/Benecon. The District's plan does not issue a separate publicly available financial statement.

Funding Policy – The contribution requirements for the District's plan may be amended by the School Board. Current policy is to pay for post-retirement medical and insurance premiums as they occur. Insurance premiums are the same for retirees as for active employees, but the District requires retirees to contribute 100% of the premium for their desired coverage. Premiums vary depending on the benefits elected and covered family members. These premiums currently range from \$959 to \$1,136 per month for individual coverage and from \$2,129 to \$2,521 per month for family coverage. Although the amount charged to retirees includes an implied rate subsidy by the District through the blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

Contributions Made – Because the retiree insurance premium is paid entirely by retiree contributions, there is no net cash outflow by the District related to these benefits when paid. Therefore, there are no cash-basis expenditures reported by the District in regard to plan benefits for retirees.

NOTE 8. LONG-TERM DEBT

General Obligation Bonds

The District issued General Obligation Refunding School Bonds, Series 2017, dated February 28, 2017. This issuance provided a current refunding of the General Obligation Refunding School Bonds, Series 2011A dated December 21, 2011. This issue provided for serial retirements of principal ranging from \$635,000 to \$5,945,000 during the years 2018 to 2031. Interest is payable on these bonds semiannually beginning April 15, 2017, and every October 15 and April 15 thereafter until the principal amount is paid. Interest rates vary from 3.5 percent to 5.0 percent. Interest expense during the year ended June 30, 2025, totaled \$1,331,750. These bonds were sold at a premium of \$4,805,947 and it is being amortized over the life of the bonds. Accumulated amortization as of June 30, 2025, was \$2,803,469. These bonds were also sold at a discount of \$32,960 and are being accreted over the life of the bonds. Accumulated accretion as of June 30, 2025, was \$19,227. Prepaid Bond Insurance associated with this bond sale was \$75,553 and is also being amortized over the life of the bonds. Accumulated amortization as of June 30, 2025, was \$43,554.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

The annual requirements to amortize the debt outstanding are as follows:

<u>Year Ended</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>	<u>Rate</u>				
2026	5.000%		\$ 2,930,000	\$ 1,203,750	\$ 4,133,750
2027	5.000%		1,120,000	1,057,250	2,177,250
2028	5.000%		4,395,000	1,001,250	5,396,250
2029	5.000%		4,885,000	781,500	5,666,500
2030	5.000%		5,400,000	537,250	5,937,250
2031	3.5% / 5.00%		<u>5,945,000</u>	<u>267,250</u>	<u>6,212,250</u>
Total			<u>\$ 24,675,000</u>	<u>\$ 4,848,250</u>	<u>\$ 29,523,250</u>

The District issued General Obligation Refunding School Bonds, Series 2022, dated March 15, 2022. This issuance provided a current refunding of the General Obligation Refunding School Bonds, Series 2012 dated December 13, 2012. This issue provided for serial retirements of principal ranging from \$525,000 to \$2,880,000 during the years 2024 to 2028. Interest is payable on these bonds semiannually beginning October 15, 2022, and every April 15 and October 15 thereafter until the principal amount is paid. Interest rates remain the same at 1.835 percent. Interest expense during the year ended June 30, 2025, totaled \$76,428.

The annual requirements to amortize the debt outstanding are as follows:

<u>Year Ended</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>	<u>Rate</u>				
2026	1.835%		\$ 655,000	\$ 64,867	\$ 719,867
2027	1.835%		2,880,000	52,848	2,932,848
			<u>\$ 3,535,000</u>	<u>\$ 117,715</u>	<u>\$ 3,652,715</u>

Cash Requirements

The annual debt service requirements to maturity, including principal and interest, for general obligation bonds as of June 30, 2025, are as follows:

<u>For the Year</u> <u>Ended June 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,585,000	\$ 1,268,617
2027	4,000,000	1,110,098
2028	4,395,000	1,001,250
2029	4,885,000	781,500
2030	5,400,000	537,250
2031	5,945,000	267,250
Total	<u>\$ 28,210,000</u>	<u>\$ 4,965,965</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8. LONG-TERM DEBT (CONTINUED)

Leases

The District entered into a chromebook lease beginning in August 2024 for a term of 4 years. The discount rate is 4.68%. The District's Right of Use Asset is recorded as \$289,756, less accumulated amortization of \$66,402 for a net Right of Use Asset of \$233,354, as of June 30, 2025.

This lease has resulted in a lease liability of \$212,993 as of June 30, 2025. The annual requirements to retire this lease are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2026	\$ 67,709	\$ 10,184	\$ 77,893
2027	70,946	6,947	77,893
2028	74,338	3,555	77,893
	<u>\$ 212,993</u>	<u>\$ 20,686</u>	<u>\$ 233,679</u>

Changes in Long-term Debt

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Payable in</u> <u>One Year</u>
Governmental activities					
General obligation debt					
Bonds payable	\$ 31,400,000		\$ 3,190,000	\$ 28,210,000	\$ 3,585,000
Bond premiums	2,345,760		343,282	2,002,478	343,282
Bond discounts	(16,087)		(2,354)	(13,733)	(2,354)
Total general obligation debt	<u>\$ 33,729,673</u>	<u>\$ 0</u>	<u>\$ 3,530,928</u>	<u>\$ 30,198,745</u>	<u>\$ 3,925,928</u>
Lease liability	\$ 0	\$ 289,756	\$ 76,763	\$ 212,993	\$ 67,709
Total long-term debt	<u>\$ 33,729,673</u>	<u>\$ 289,756</u>	<u>\$ 3,607,691</u>	<u>\$ 30,411,738</u>	<u>\$ 3,993,637</u>

Legal Debt Margin

At June 30, 2025, the legal debt margin of the school district was as follows:

Assessed Valuation as of January 1, 2024	\$ 706,334,460
Legal Debt Margin	13.80%
Debt Margin	97,474,155
Debt Outstanding	<u>28,422,993</u>
Legal Debt Margin	<u>\$ 69,051,162</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. TAX ANTICIPATION WARRANTS

There were no tax anticipation warrants issued, retired, or outstanding during the fiscal year ended June 30, 2025.

NOTE 10. TAX ABATEMENTS

The District knows of no material tax abatement agreements that would affect the amount of tax revenue they are entitled to receive as of June 30, 2025.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

During the year ended June 30, 2025, the District loaned \$600,000 from the Working Cash (General) fund to the Debt Service Fund in order to pay scheduled debt service payments. This loan was to be repaid upon receipt of debt service property tax funds. As of June 30, 2025, this loan was repaid. The District did not have any other interfund receivable or payable transactions.

NOTE 12. INTERFUND TRANSFERS

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. In the year ended June 30, 2025, the District transferred \$77,893 of restricted receipts from the General Fund to the Debt Service Fund for debt service payments.

NOTE 13. COMMON BANK ACCOUNTS

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common interest-bearing checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

NOTE 14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds. No funds had deficit fund balances for the year ended June 30, 2025.

NOTE 15. SELF-INSURANCE PLAN

All employees of the District are covered under the State of Illinois Unemployment Insurance Act. The District had the option of paying the state a tax of 1 percent on the first \$10,500 per covered worker or becoming self-insured. The District elected to be self-insured and, therefore, is liable to the state for any payments made to an unemployed worker claiming benefits. The District paid \$0 in unemployment claims for the year ended June 30, 2025.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16. CONTINGENCIES AND COMMITMENTS

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

The District has entered into several contracts with different vendors during the year ended June 30, 2025. The District entered into a contract for Junior High gym bleacher replacement with Middendorf & Reuss Construction for \$313,000 (including change orders) and no payments have been made as of June 30, 2025. The District entered into a contract for a partial roof replacement for the cafeteria at Zahnow with Kehrer Brothers West Roofing for \$123,609 and no payments have been made as of June 30, 2025. The District entered into a contract for district pavement improvements with Sonnenberg Asphalt for \$327,880 and no payments have been made as of June 30, 2025. The District entered into a contract with Vernier Sales for a cooling tower replacement at the high school for \$335,000 and no payments have been made as of June 30, 2025. The District entered into a contract with Helitech for emergency repairs at Rogers for \$331,728, and as of June 30, 2025, the District has \$221,152 left to pay. The District entered into a contract with Stafford-Smith for a dishwasher at the high school for \$81,869 and no payments have been made as of June 30, 2025. In total, the District has commitments for contracts and purchases of \$1,538,333 as of June 30, 2025.

NOTE 17. RISK MANAGEMENT-CLAIMS AND JUDGMENTS

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended June 30, 2025, there were no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 18. SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 1, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue received				
Local sources	\$ 22,371,848	\$ 22,666,019	\$ 22,456,529	\$ (209,490)
Flow-through sources	20,000	24,000	31,378	7,378
State sources	5,260,026	5,303,059	5,372,755	69,696
Federal sources	<u>1,358,059</u>	<u>1,315,031</u>	<u>1,524,681</u>	<u>209,650</u>
Total revenue received	<u>\$ 29,009,933</u>	<u>\$ 29,308,109</u>	<u>\$ 29,385,343</u>	<u>\$ 77,234</u>
State TRS/THIS on-behalf contributions			<u>8,358,899</u>	<u>8,358,899</u>
Total revenue	<u>\$ 29,009,933</u>	<u>\$ 29,308,109</u>	<u>\$ 37,744,242</u>	<u>\$ 8,436,133</u>
Expenditures disbursed				
Instruction	\$ 18,856,075	\$ 19,277,620	\$ 18,758,937	\$ 518,683
Support services	11,140,382	11,168,492	10,084,758	1,083,734
Community services	141,060	142,810	139,723	3,087
Payments to other districts and governmental units	<u>1,324,075</u>	<u>1,404,575</u>	<u>1,412,697</u>	<u>(8,122)</u>
Total expenditures disbursed	<u>\$ 31,461,592</u>	<u>\$ 31,993,497</u>	<u>\$ 30,396,115</u>	<u>\$ 1,597,382</u>
State TRS/THIS on-behalf payments			<u>8,358,899</u>	<u>(8,358,899)</u>
Total expenditures	<u>\$ 31,461,592</u>	<u>\$ 31,993,497</u>	<u>\$ 38,755,014</u>	<u>\$ (6,761,517)</u>
Excess (deficiency) of revenue received over (under) expenditures disbursed	<u>\$ (2,451,659)</u>	<u>\$ (2,685,388)</u>	<u>\$ (1,010,772)</u>	<u>\$ 1,674,616</u>
Other financing sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (40,373)</u>	<u>\$ (40,373)</u>
Net change in fund balance	<u>\$ (2,451,659)</u>	<u>\$ (2,685,388)</u>	<u>\$ (1,051,145)</u>	<u>\$ 1,634,243</u>
Fund balance, July 1, 2024			<u>11,741,907</u>	
Fund balance, June 30, 2025			<u>\$ 10,690,762</u>	

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue received				
From local sources				
Taxation				
General levy	\$ 4,598,178	\$ 4,598,178	\$ 4,597,371	\$ (807)
Interest on investments	<u>40,000</u>	<u>23,000</u>	<u>25,434</u>	<u>2,434</u>
Total revenue received	<u>\$ 4,638,178</u>	<u>\$ 4,621,178</u>	<u>\$ 4,622,805</u>	<u>\$ 1,627</u>
Expenditures disbursed				
Support services				
Debt service	<u>\$ 4,598,178</u>	<u>\$ 4,598,178</u>	<u>\$ 4,676,071</u>	<u>\$ (77,893)</u>
Total expenditures disbursed	<u>\$ 4,598,178</u>	<u>\$ 4,598,178</u>	<u>\$ 4,676,071</u>	<u>\$ (77,893)</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 40,000</u>	<u>\$ 23,000</u>	<u>\$ (53,266)</u>	<u>\$ (76,266)</u>
Other financing sources				
Permanent transfer, net	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,893</u>	<u>\$ (77,893)</u>
Total other finances sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,893</u>	<u>\$ (77,893)</u>
Net change in fund balances	<u>\$ 40,000</u>	<u>\$ 23,000</u>	<u>\$ 24,627</u>	<u>\$ 1,627</u>
Fund balance, July 1, 2024			<u>210,013</u>	
Fund balance, June 30, 2025			<u>\$ 234,640</u>	

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue received				
From local sources				
School facility occupation tax proceeds	\$ 1,900,000	\$ 1,900,000	\$ 2,074,513	\$ 174,513
Interest on investments	330,000	28,500	46,525	18,025
Total revenue from local sources	<u>\$ 2,230,000</u>	<u>\$ 1,928,500</u>	<u>\$ 2,121,038</u>	<u>\$ 192,538</u>
Total revenue received	<u>\$ 2,230,000</u>	<u>\$ 1,928,500</u>	<u>\$ 2,121,038</u>	<u>\$ 192,538</u>
Expenditures disbursed				
Support services				
Facilities acquisition and construction services				
Purchased services	\$ 400,000	\$ 57,000	\$ 168,747	\$ (111,747)
Capital outlay	6,288,515	6,233,240	6,111,820	121,420
Non-capitalized equipment			2,026	(2,026)
Total expenditures disbursed	<u>\$ 6,688,515</u>	<u>\$ 6,290,240</u>	<u>\$ 6,282,593</u>	<u>\$ 7,647</u>
Net change in fund balances	<u>\$ (4,458,515)</u>	<u>\$ (4,361,740)</u>	<u>\$ (4,161,555)</u>	<u>\$ 200,185</u>
Fund balance, July 1, 2024			<u>7,816,925</u>	
Fund balance, June 30, 2025			<u>\$ 3,655,370</u>	

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue received				
From local sources				
Taxation				
Municipal retirement levy	\$ 550,000	\$ 550,000	\$ 549,934	\$ (66)
Social security/medicare levy	550,000	550,000	549,934	(66)
Interest on investments	<u>130,000</u>	<u>140,000</u>	<u>153,215</u>	<u>13,215</u>
Total revenue received	<u>\$ 1,230,000</u>	<u>\$ 1,240,000</u>	<u>\$ 1,253,083</u>	<u>\$ 13,083</u>
Expenditures disbursed				
Instruction				
Regular programs	\$ 135,041	\$ 135,281	\$ 123,507	\$ 11,774
Pre-K programs	5,782	2,962	4,633	(1,671)
Special education programs	265,652	266,784	231,084	35,700
Special education programs Pre-K	34,529	34,124	34,139	(15)
Remedial and supplemental programs	11,107	16,394	15,907	487
CTE programs	5,486	5,486	5,539	(53)
Interscholastic programs	20,953	22,116	15,921	6,195
Summer school programs	4,575	4,575	3,677	898
Driver's education program	<u>1,787</u>	<u>1,787</u>	<u>1,677</u>	<u>110</u>
Total instruction	<u>\$ 484,912</u>	<u>\$ 489,509</u>	<u>\$ 436,084</u>	<u>\$ 53,425</u>
Supporting services				
Attendance and social work services	\$ 4,633	\$ 4,684	\$ 4,309	\$ 375
Guidance services	12,352	12,352	10,316	2,036
Health services	24,580	24,150	23,778	372
Improvement of instruction services	42,778	38,546	36,166	2,380
Educational media services	6,484	5,891	5,403	488
Board of education services	124	124	153	(29)
Executive administration services	2,727	2,727	2,612	115
Service area administrative services	3,738	2,963	2,759	204
Office of the principal services	94,872	88,659	78,633	10,026
Fiscal services	38,986	34,400	35,708	(1,308)
Operations and maintenance	222,551	203,613	193,079	10,534
Food services	<u>86,414</u>	<u>76,958</u>	<u>78,315</u>	<u>(1,357)</u>
Total supporting services	<u>\$ 540,239</u>	<u>\$ 495,067</u>	<u>\$ 471,231</u>	<u>\$ 23,836</u>
Community services				
Community services	\$ 12,850	\$ 12,265	\$ 11,358	\$ 907
Total community services	<u>\$ 12,850</u>	<u>\$ 12,265</u>	<u>\$ 11,358</u>	<u>\$ 907</u>
Total expenditures disbursed	<u>\$ 1,038,001</u>	<u>\$ 996,841</u>	<u>\$ 918,673</u>	<u>\$ 78,168</u>
Net change in fund balance	<u>\$ 191,999</u>	<u>\$ 243,159</u>	<u>\$ 334,410</u>	<u>\$ 91,251</u>
Fund balance, July 1, 2024			<u>3,569,257</u>	
Fund balance, June 30, 2025			<u>\$ 3,903,667</u>	

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
TRANSPORTATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue received				
From local sources				
Taxation				
General levy	\$ 1,219,077	\$ 1,219,077	\$ 1,217,963	\$ (1,114)
Transportation fees				
Special Ed - other districts (in state)			2,415	2,415
Interest on investments	<u>70,000</u>	<u>70,000</u>	<u>74,169</u>	<u>4,169</u>
Total revenue from local sources	<u>\$ 1,289,077</u>	<u>\$ 1,289,077</u>	<u>\$ 1,294,547</u>	<u>\$ 5,470</u>
From state sources				
Transportation aid				
Regular	\$ 459,883	\$ 613,177	\$ 563,081	\$ (50,096)
Special education	<u>413,914</u>	<u>551,886</u>	<u>464,109</u>	<u>(87,777)</u>
Total revenue from state sources	<u>\$ 873,797</u>	<u>\$ 1,165,063</u>	<u>\$ 1,027,190</u>	<u>\$ (137,873)</u>
Total revenue received	<u>\$ 2,162,874</u>	<u>\$ 2,454,140</u>	<u>\$ 2,321,737</u>	<u>\$ (132,403)</u>
Expenditures disbursed				
Support services				
Pupil transportation services	<u>\$ 2,678,447</u>	<u>\$ 2,681,719</u>	<u>\$ 2,403,462</u>	<u>\$ 278,257</u>
Total expenditures disbursed	<u>\$ 2,678,447</u>	<u>\$ 2,681,719</u>	<u>\$ 2,403,462</u>	<u>\$ 278,257</u>
Net change in fund balance	<u>\$ (515,573)</u>	<u>\$ (227,579)</u>	<u>\$ (81,725)</u>	<u>\$ 145,854</u>
Fund balance, July 1, 2024			<u>1,695,175</u>	
Fund balance, June 30, 2025			<u>\$ 1,613,450</u>	

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
FIRE PREVENTION AND LIFE SAFETY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue received				
From local sources				
Taxation				
General levy	\$ 304,770	\$ 304,770	\$ 304,507	\$ (263)
Interest on investments	<u>25,000</u>	<u>28,000</u>	<u>28,179</u>	<u>179</u>
Total revenue from local sources	<u>\$ 329,770</u>	<u>\$ 332,770</u>	<u>\$ 332,686</u>	<u>\$ (84)</u>
Total revenue received	<u>\$ 329,770</u>	<u>\$ 332,770</u>	<u>\$ 332,686</u>	<u>\$ (84)</u>
Expenditures disbursed				
Support services				
Facilities acquisition & construction	\$ 288,725	\$ 468,915	\$ 456,531	\$ 12,384
Operation and maintenance of plant service	<u>149,040</u>	<u>149,240</u>	<u>211,944</u>	<u>(62,704)</u>
Total expenditures disbursed	<u>\$ 437,765</u>	<u>\$ 618,155</u>	<u>\$ 668,475</u>	<u>\$ (50,320)</u>
Net change in fund balance	<u>\$ (107,995)</u>	<u>\$ (285,385)</u>	<u>\$ (335,789)</u>	<u>\$ 50,404</u>
Fund balance, July 1, 2024			<u>838,962</u>	
Fund balance, June 30, 2025			<u>\$ 503,173</u>	

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

The budget for all governmental fund types is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17-1 of the Illinois Compiled Statutes. The budget was passed on September 16, 2024 and was amended on April 28, 2025.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

1. Prior to July 1 the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1 the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10 percent of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 2. EXPENDITURES OVER BUDGET

The District must disclose excesses of expenditures over budget in individual funds. The following funds had expenditures over budget for the year ended June 30, 2025:

Fire Prevention and Safety Fund	\$50,320
Debt Service Fund	\$77,893

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS
JUNE 30, 2025

ASSETS	Operations				General Total
	Educational	and Maintenance	Working Cash	Tort	
Cash and cash equivalents	\$ 2,192,419	\$ 2,417,099	\$ 4,846,485	\$ 1,344,247	\$ 10,800,250
Activity fund cash	<u>529,325</u>				<u>529,325</u>
Total assets	<u><u>\$ 2,721,744</u></u>	<u><u>\$ 2,417,099</u></u>	<u><u>\$ 4,846,485</u></u>	<u><u>\$ 1,344,247</u></u>	<u><u>\$ 11,329,575</u></u>

LIABILITIES AND FUND BALANCES

Accrued payroll withholding	<u>\$ 638,813</u>				<u>\$ 638,813</u>
Total liabilities	<u><u>\$ 638,813</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 638,813</u></u>
Fund balances					
Unspendable	\$ 160,079				\$ 160,079
Restricted	717,413	\$ 121,647		\$ 1,344,247	2,183,307
Committed	611,195				611,195
Assigned		2,295,452			2,295,452
Unassigned	<u>594,244</u>		<u>\$ 4,846,485</u>		<u>5,440,729</u>
Total fund balances	<u>\$ 2,082,931</u>	<u>\$ 2,417,099</u>	<u>\$ 4,846,485</u>	<u>\$ 1,344,247</u>	<u>\$ 10,690,762</u>
Total liabilities and fund balances	<u><u>\$ 2,721,744</u></u>	<u><u>\$ 2,417,099</u></u>	<u><u>\$ 4,846,485</u></u>	<u><u>\$ 1,344,247</u></u>	<u><u>\$ 11,329,575</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND
COMBINING STATEMENTS OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Operations and Educational	Working Maintenance	Cash	Tort	General Total
Revenue received					
From local sources					
Taxation					
General levy	\$ 13,336,442	\$ 3,044,877	\$ 304,505	\$ 1,699,725	\$ 18,385,549
Leasing levy	259,369	45,139			304,508
Special education levy	243,605				243,605
Payments in lieu of taxes					
Corporate personal property replacement taxes	449,450				449,450
Tuition					
Regular tuition	36,070				36,070
Special education tuition	100,706				100,706
Interest on investments	435,026	81,251	86,630	42,384	645,291
Food services	806,580				806,580
District/school activities	334,423				334,423
Textbook rentals and sales	252,690				252,690
Rentals		8,513			8,513
Activity fund revenues	749,906				749,906
Other revenue	128,012	11,226			139,238
Total revenue from local sources	<u>\$ 17,132,279</u>	<u>\$ 3,191,006</u>	<u>\$ 391,135</u>	<u>\$ 1,742,109</u>	<u>\$ 22,456,529</u>
From flow-through revenue					
Flow-through revenue	<u>\$ 31,378</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,378</u>
Total revenue from flow-through sources	<u>\$ 31,378</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,378</u>
Sub-totals (carried forward)	<u>\$ 17,163,657</u>	<u>\$ 3,191,006</u>	<u>\$ 391,135</u>	<u>\$ 1,742,109</u>	<u>\$ 22,487,907</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND
COMBINING STATEMENTS OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Operations and Educational	Working Maintenance	Cash	Tort	General Total
Sub-totals (brought forward)	\$ 17,163,657	\$ 3,191,006	\$ 391,135	\$ 1,742,109	\$ 22,487,907
From state sources					
Unrestricted grants-in-aid					
General state aid	\$ 4,843,473				\$ 4,843,473
Restricted grants-in-aid					
Special education					
Private facilities tuition	69,534				69,534
Orphanage - individual	166,378				166,378
Orph. - indiv. - summer	5,492				5,492
Secondary program	7,248				7,248
Agricultural education	20,984				20,984
State lunch and breakfast	2,935				2,935
Drivers education	35,511				35,511
Preschool for all	69,699				69,699
Other state revenue	101,501	\$ 50,000			151,501
Total revenue from state sources	\$ 5,322,755	\$ 50,000	\$ 0	\$ 0	\$ 5,372,755
Sub-totals (carried forward)	\$ 22,486,412	\$ 3,241,006	\$ 391,135	\$ 1,742,109	\$ 27,860,662

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND
COMBINING STATEMENTS OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Operations and Educational	Working Maintenance	Cash	Tort	General Total
Sub-totals (brought forward)	\$ 22,486,412	\$ 3,241,006	\$ 391,135	\$ 1,742,109	\$ 27,860,662
From federal sources					
Restricted grants-in-aid					
School lunch	\$ 357,307				\$ 357,307
Special milk	1,720				1,720
Breakfast	53,665				53,665
Title I - low income	200,694				200,694
Sp. Ed - Preschool flow-through	15,618				15,618
Sp. Ed - IDEA flow-through	714,094				714,094
CTE - Perkins - Title IIIE	2,653	\$ 154			2,807
Title II - teacher quality	30,405				30,405
Medicaid matching funds	83,642				83,642
Other federal revenue	64,729				64,729
Total revenue from federal sources	\$ 1,524,527	\$ 154	\$ 0	\$ 0	\$ 1,524,681
Revenue for on-behalf payments		<u>8,358,899</u>			<u>8,358,899</u>
Total revenue received (carried forward)	\$ 32,369,838	\$ 3,241,160	\$ 391,135	\$ 1,742,109	\$ 37,744,242

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND

COMBINING STATEMENTS OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Operations					General
	Educational	and Maintenance	Working Cash	Tort		Total
Total revenue received (brought forward)	\$ 32,369,838	\$ 3,241,160	\$ 391,135	\$ 1,742,109		\$ 37,744,242
Expenditures disbursed						
Instruction						
Regular programs	\$ 11,135,525					\$ 11,135,525
Pre-K programs	101,703					101,703
Special education programs	4,126,257					4,126,257
Special education programs Pre-K	574,137					574,137
Remedial and supplemental programs	215,029					215,029
CTE programs	444,063					444,063
Interscholastic programs	1,063,176					1,063,176
Summer school programs	55,062					55,062
Tort immunity services				\$ 187,669		187,669
Driver's education programs	147,367					147,367
Activity fund programs	708,949					708,949
Total instruction	<u>\$ 18,571,268</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 187,669</u>		<u>\$ 18,758,937</u>
Supporting services						
Attendance & social work services	\$ 256,879					\$ 256,879
Guidance services	381,981					381,981
Health services	98,667					98,667
Improvement of instruction	888,979					888,979
Educational media services	155,862					155,862
Assessment and testing	3,585					3,585
Board of education	163,597					163,597
Executive administration	217,368					217,368
Special area admin. services	66,371					66,371
Tort immunity services				\$ 1,644,381		1,644,381
Office of the principal	1,371,737					1,371,737
Fiscal services	325,706					325,706
Operations and maintenance		\$ 3,252,375				3,252,375
Food services	1,257,187					1,257,187
Other support services	83					83
Total supporting services	<u>\$ 5,188,002</u>	<u>\$ 3,252,375</u>	<u>\$ 0</u>	<u>\$ 1,644,381</u>		<u>\$ 10,084,758</u>
Community services	<u>\$ 139,723</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 139,723</u>
Sub-total expenditures (carried forward)	\$ 23,898,993	\$ 3,252,375	\$ 0	\$ 1,832,050		\$ 28,983,418

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
GENERAL FUND

COMBINING STATEMENTS OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Operations and Maintenance	Working Cash	Tort	General Total
	Educational			
Total revenue received (brought forward)	\$ 32,369,838	\$ 3,241,160	\$ 391,135	\$ 1,742,109
Sub-total expenditures (brought forward)	<u>\$ 23,898,993</u>	<u>\$ 3,252,375</u>	<u>\$ 0</u>	<u>\$ 1,832,050</u>
Payments to other districts and governmental units				
Payments for special education programs	\$ 860,024			\$ 860,024
Payments for CTE programs	61,425			61,425
Payments for regular programs - tuition	11,072			11,072
Payments for special education programs - tuition	<u>480,176</u>			<u>480,176</u>
Total payments to other districts and governmental units	<u>\$ 1,412,697</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,412,697</u>
Disbursements for on-behalf payments	<u>\$ 8,358,899</u>			<u>\$ 8,358,899</u>
Total expenditures disbursed	<u>\$ 33,670,589</u>	<u>\$ 3,252,375</u>	<u>\$ 0</u>	<u>\$ 1,832,050</u>
Excess (deficiency) of revenue received over expenditures disbursed	<u>\$ (1,300,751)</u>	<u>\$ (11,215)</u>	<u>\$ 391,135</u>	<u>\$ (89,941)</u>
Other financing sources (uses)				
Permanent transfers, net	\$ (77,893)			\$ (77,893)
Gain on sale of assets	\$ 37,520			\$ 37,520
Total other financing sources (uses)	<u>\$ (77,893)</u>	<u>\$ 37,520</u>	<u>\$ 0</u>	<u>\$ (40,373)</u>
Net change in fund balance	<u>\$ (1,378,644)</u>	<u>\$ 26,305</u>	<u>\$ 391,135</u>	<u>\$ (89,941)</u>
Fund balance, July 1, 2024	<u>3,461,575</u>	<u>2,390,794</u>	<u>4,455,350</u>	<u>1,434,188</u>
Fund balance, June 30, 2025	<u>\$ 2,082,931</u>	<u>\$ 2,417,099</u>	<u>\$ 4,846,485</u>	<u>\$ 1,344,247</u>
				<u>\$ 10,690,762</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Instruction				
Regular programs				
Salaries	\$ 8,569,736	\$ 8,570,682	\$ 8,734,584	\$ 164,848
Employee benefits	2,067,780	1,913,369	2,040,893	(26,887)
Purchased services	87,555	127,725	128,105	40,550
Supplies and materials	248,409	360,150	354,736	106,327
Capital outlay	6,953		7,000	47
Other objects	4,004	9,800	9,800	5,796
Non capital equipment	56,585	43,100	72,840	16,255
Termination benefits	94,503	178,000	99,000	4,497
Total regular programs	<u>\$ 11,135,525</u>	<u>\$ 11,202,826</u>	<u>\$ 11,446,958</u>	<u>\$ 311,433</u>
Tuition payment to charter schools				
Purchased services			\$ 399	\$ 399
Total tuition payment to charter schools	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 399</u>	<u>\$ 399</u>
Pre-K programs				
Salaries	\$ 82,064	\$ 88,380	\$ 113,982	\$ 31,918
Employee benefits	9,796	17,150	18,323	8,527
Supplies and materials	9,843	20,550	9,833	(10)
Total Pre-K programs	<u>\$ 101,703</u>	<u>\$ 126,080</u>	<u>\$ 142,138</u>	<u>\$ 40,435</u>
Special education programs				
Salaries	\$ 3,411,136	\$ 3,336,159	\$ 3,487,169	\$ 76,033
Employee benefits	609,385	742,148	650,004	40,619
Purchased services	44,748	43,650	54,635	9,887
Supplies and materials	45,711	83,050	81,681	35,970
Other objects	278		278	
Non capital equipment	9,419	30,600	30,100	20,681
Termination benefits	5,580	4,500	6,500	920
Total special education programs	<u>\$ 4,126,257</u>	<u>\$ 4,240,107</u>	<u>\$ 4,310,367</u>	<u>\$ 184,110</u>
Special education programs Pre-K				
Salaries	\$ 449,468	\$ 418,855	\$ 439,385	\$ (10,083)
Employee benefits	90,235	94,365	91,129	894
Purchased services	6,388	19,100	13,600	7,212
Supplies and materials	27,286	30,000	40,000	12,714
Non-capitalized equipment	760	4,000	3,000	2,240
Total special education programs Pre-K	<u>\$ 574,137</u>	<u>\$ 566,320</u>	<u>\$ 587,114</u>	<u>\$ 12,977</u>
Remedial and supplemental programs				
Salaries	\$ 180,181	\$ 139,527	\$ 174,376	\$ (5,805)
Employee benefits	30,168	34,984	28,535	(1,633)
Purchased services	(1,070)	3,028	3,270	4,340
Supplies and materials	5,750	11,540	19,140	13,390
Total remedial and supplemental programs	<u>\$ 215,029</u>	<u>\$ 189,079</u>	<u>\$ 225,321</u>	<u>\$ 10,292</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Instruction (continued)				
CTE programs				
Salaries	\$ 321,684	\$ 319,327	\$ 319,327	\$ (2,357)
Employee benefits	101,026	93,015	94,936	(6,090)
Purchased services	2,262	11,500	11,000	8,738
Supplies and materials	19,091	28,601	25,201	6,110
Total CTE programs	<u>\$ 444,063</u>	<u>\$ 452,443</u>	<u>\$ 450,464</u>	<u>\$ 6,401</u>
Interscholastic programs				
Salaries	\$ 678,397	\$ 649,796	\$ 669,648	\$ (8,749)
Employee benefits	119,867	98,824	105,499	(14,368)
Purchased services	111,357	124,375	125,125	13,768
Supplies and materials	78,320	107,500	101,000	22,680
Capital outlay		350	350	350
Other objects	64,529	74,800	76,100	11,571
Non-capitalized equipment	10,706	14,650	15,650	4,944
Total interscholastic programs	<u>\$ 1,063,176</u>	<u>\$ 1,070,295</u>	<u>\$ 1,093,372</u>	<u>\$ 30,196</u>
Summer school programs				
Salaries	\$ 50,476	\$ 57,000	\$ 66,065	\$ 15,589
Employee benefits	4,586	3,212	4,136	(450)
Total summer school programs	<u>\$ 55,062</u>	<u>\$ 60,212</u>	<u>\$ 70,201</u>	<u>\$ 15,139</u>
Driver's education programs				
Salaries	\$ 117,780	\$ 123,241	\$ 123,241	\$ 5,461
Employee benefits	23,293	17,620	19,602	(3,691)
Purchased services	696	6,200	5,200	4,504
Supplies and materials	5,598	6,850	7,350	1,752
Total driver's education programs	<u>\$ 147,367</u>	<u>\$ 153,911</u>	<u>\$ 155,393</u>	<u>\$ 8,026</u>
Activity fund programs				
Other objects	\$ 708,949	\$ 608,224	\$ 608,224	\$ (100,725)
Total Activity fund programs	<u>\$ 708,949</u>	<u>\$ 608,224</u>	<u>\$ 608,224</u>	<u>\$ (100,725)</u>
Total instruction	<u><u>\$ 18,571,268</u></u>	<u><u>\$ 18,669,497</u></u>	<u><u>\$ 19,089,951</u></u>	<u><u>\$ 518,683</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Support services				
Attendance & social work services				
Salaries	\$ 161,879	\$ 159,736	\$ 161,521	\$ (358)
Employee benefits	87,059	76,822	85,157	(1,902)
Purchased services	5,508	22,500	22,000	16,492
Supplies and materials	2,433	4,000	4,793	2,360
Total attendance & social work services	<u>\$ 256,879</u>	<u>\$ 263,058</u>	<u>\$ 273,471</u>	<u>\$ 16,592</u>
Guidance services				
Salaries	\$ 313,627	\$ 316,996	\$ 316,996	\$ 3,369
Employee benefits	59,883	57,265	61,435	1,552
Purchased services	3,055	5,500	5,500	2,445
Supplies and materials	844	1,000	1,000	156
Non-capitalized equipment		1,500	1,500	1,500
Termination benefits	4,572	2,820	5,000	428
Total guidance services	<u>\$ 381,981</u>	<u>\$ 385,081</u>	<u>\$ 391,431</u>	<u>\$ 9,450</u>
Health services				
Salaries	\$ 41,577	\$ 43,283	\$ 44,625	\$ 3,048
Employee benefits	27,543	41,297	30,986	3,443
Purchased services	2,333	11,500	8,500	6,167
Supplies and materials	14,289	27,500	18,500	4,211
Capital outlay		2,570		0
Non-capitalized equipment	12,925	11,000	14,450	1,525
Total health services	<u>\$ 98,667</u>	<u>\$ 137,150</u>	<u>\$ 117,061</u>	<u>\$ 18,394</u>
Improvement of instruction services				
Salaries	\$ 461,606	\$ 457,105	\$ 461,292	\$ (314)
Employee benefits	94,679	111,278	121,661	26,982
Purchased services	264,555	276,448	340,835	76,280
Supplies and materials	42,919	50,565	46,946	4,027
Non capital equipment	25,220	21,650	21,998	(3,222)
Total improvement of instruction services	<u>\$ 888,979</u>	<u>\$ 917,046</u>	<u>\$ 992,732</u>	<u>\$ 103,753</u>
Educational media services				
Salaries	\$ 107,604	\$ 104,666	\$ 106,252	\$ (1,352)
Employee benefits	29,018	24,480	28,333	(685)
Purchased services	7,889	13,775	7,901	12
Supplies and materials	11,351	18,630	18,714	7,363
Total educational media services	<u>\$ 155,862</u>	<u>\$ 161,551</u>	<u>\$ 161,200</u>	<u>\$ 5,338</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Support services (continued)				
Assessment and testing	\$ 225			\$ (225)
Purchased services	\$ 3,360	\$ 8,000	\$ 9,798	\$ 6,438
Supplies and materials				
Total assessment and testing	<u>\$ 3,585</u>	<u>\$ 8,000</u>	<u>\$ 9,798</u>	<u>\$ 6,213</u>
Board of education services				
Salaries	\$ 2,000	\$ 2,000	\$ 2,000	\$ 0
Employee benefits	27,219	30,000	30,000	2,781
Purchased services	115,629	118,800	112,900	(2,729)
Supplies and materials	17,669	19,115	19,115	1,446
Other objects	1,080	2,800	2,800	1,720
Non-capitalized equipment		2,500	2,500	2,500
Total board of education services	<u>\$ 163,597</u>	<u>\$ 175,215</u>	<u>\$ 169,315</u>	<u>\$ 5,718</u>
Executive administration services				
Salaries	\$ 158,448	\$ 169,260	\$ 169,260	\$ 10,812
Employee benefits	35,919	32,504	34,486	(1,433)
Purchased services	5,876	4,400	5,100	(776)
Supplies and materials	1,305	1,350	650	(655)
Other objects	2,396	2,200	2,200	(196)
Termination benefits	13,424	7,000	8,000	(5,424)
Total executive administrative services	<u>\$ 217,368</u>	<u>\$ 216,714</u>	<u>\$ 219,696</u>	<u>\$ 2,328</u>
Special area administrative services				
Salaries	\$ 15,628	\$ 25,276	\$ 19,931	\$ 4,303
Employee benefits	35,713	43,611	40,569	4,856
Purchased services	7,540	5,100	10,100	2,560
Supplies and materials	1,953	3,000	3,000	1,047
Other objects	1,234	2,500	2,500	1,266
Termination benefits	4,303	5,000	5,000	697
Total special area administrative services	<u>\$ 66,371</u>	<u>\$ 84,487</u>	<u>\$ 81,100</u>	<u>\$ 14,729</u>
Office of the principal services				
Salaries	\$ 1,097,392	\$ 1,179,643	\$ 1,167,868	\$ 70,476
Employee benefits	225,406	240,820	239,251	13,845
Purchased services	9,102	23,950	19,850	10,748
Supplies and materials	22,590	35,610	38,110	15,520
Other objects	3,269	4,750	4,750	1,481
Non capital equipment				
Termination benefits	13,978	15,316	12,000	(1,978)
Total office of the principal services	<u>\$ 1,371,737</u>	<u>\$ 1,509,089</u>	<u>\$ 1,485,829</u>	<u>\$ 114,092</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Support services (continued)				
Fiscal services				
Salaries	\$ 225,967	\$ 214,828	\$ 214,828	\$ (11,139)
Employee benefits	31,230	32,855	29,008	(2,222)
Purchased services	35,669	20,200	21,700	(13,969)
Supplies and materials	30,096	23,900	32,700	2,604
Other objects	170	1,800	1,800	1,630
Non-capitalized equipment		4,500	4,500	4,500
Termination benefits	2,574	2,100	2,500	(74)
Total fiscal services	<u>\$ 325,706</u>	<u>\$ 300,183</u>	<u>\$ 307,036</u>	<u>\$ (18,670)</u>
Food services				
Salaries	\$ 524,058	\$ 515,820	\$ 500,481	\$ (23,577)
Employee benefits	27,689	90,770	32,019	4,330
Purchased services	19,429	46,650	63,850	44,421
Supplies and materials	614,708	619,815	661,315	46,607
Capital outlay	40,561	101,700	43,600	3,039
Other objects	2,290	4,560	3,950	1,660
Non capital equipment	28,452	48,600	38,000	9,548
Total food services	<u>\$ 1,257,187</u>	<u>\$ 1,427,915</u>	<u>\$ 1,343,215</u>	<u>\$ 86,028</u>
Other support services				
Supplies and materials	\$ 83	\$ 501	\$ 501	\$ 418
Total other support services	<u>\$ 83</u>	<u>\$ 501</u>	<u>\$ 501</u>	<u>\$ 418</u>
Total support services	<u>\$ 5,188,002</u>	<u>\$ 5,585,990</u>	<u>\$ 5,552,385</u>	<u>\$ 364,383</u>
Community services				
Salaries	\$ 118,028	\$ 120,000	\$ 120,000	\$ 1,972
Employee benefits	346	338	338	(8)
Purchased services	2,816	3,122	4,472	1,656
Supplies and materials	18,533	17,600	18,000	(533)
Total community services	<u>\$ 139,723</u>	<u>\$ 141,060</u>	<u>\$ 142,810</u>	<u>\$ 3,087</u>
Payments to other districts and government units				
Payments for special education programs				
Purchased services	\$ 860,024	\$ 804,840	\$ 804,840	\$ (55,184)
Total payments for special education programs	<u>\$ 860,024</u>	<u>\$ 804,840</u>	<u>\$ 804,840</u>	<u>\$ (55,184)</u>
Payments for CTE programs				
Other objects	\$ 61,425			\$ (61,425)
Total payments for CTE programs	<u>\$ 61,425</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (61,425)</u>
Payments for regular programs - tuition				
Other objects	\$ 11,072	\$ 5,735	\$ 9,735	\$ (1,337)
Total payments for regular programs - tuition	<u>\$ 11,072</u>	<u>\$ 5,735</u>	<u>\$ 9,735</u>	<u>\$ (1,337)</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Payments to other districts and governmental units (continued)				
Payments for special education programs - tuition				
Other objects	\$ 480,176	\$ 473,500	\$ 550,000	\$ 69,824
Total payments for special education programs - tuition	<u>\$ 480,176</u>	<u>\$ 473,500</u>	<u>\$ 550,000</u>	<u>\$ 69,824</u>
Payments for CTE programs - tuition				
Other objects	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000
Total payments for CTE programs - tuition	<u>\$ 0</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>
Total payments to other districts and governmental units	<u>\$ 1,412,697</u>	<u>\$ 1,324,075</u>	<u>\$ 1,404,575</u>	<u>\$ (8,122)</u>
Total expenditures disbursed	<u>\$ 25,311,690</u>	<u>\$ 25,720,622</u>	<u>\$ 26,189,721</u>	<u>\$ 878,031</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
OPERATIONS AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Operation and maintenance of plant services				
Salaries	\$ 1,189,616	\$ 1,163,997	\$ 1,200,111	\$ 10,495
Employee benefits	233,262	210,965	258,524	25,262
Purchased services	482,312	665,300	644,650	162,338
Supplies and materials	1,046,327	1,510,763	1,414,425	368,098
Capital outlay	279,726	194,700	249,966	(29,760)
Other objects	1,161	7,900	7,900	6,739
Non-capitalized equipment	19,971	84,150	76,150	56,179
 Total expenditures disbursed	 <u>\$ 3,252,375</u>	 <u>\$ 3,837,775</u>	 <u>\$ 3,851,726</u>	 <u>\$ 599,351</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
WORKING CASH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed	\$ 0	\$ 0	\$ 0	\$ 0
Total expenditures disbursed	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Actual</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual to Amended Budget Variance</u>
Expenditures disbursed				
Instruction				
Regular programs				
Salaries	\$ 75,018	\$ 75,018	\$ 75,018	\$ 0
Total regular programs	<u>\$ 75,018</u>	<u>\$ 75,018</u>	<u>\$ 75,018</u>	<u>\$ 0</u>
CTE programs				
Salaries	\$ 74,789	\$ 74,789	\$ 74,789	\$ 0
Total CTE programs	<u>\$ 74,789</u>	<u>\$ 74,789</u>	<u>\$ 74,789</u>	<u>\$ 0</u>
Interscholastic programs				
Salaries	\$ 37,862	\$ 36,771	\$ 37,862	\$ 0
Total interscholastic programs	<u>\$ 37,862</u>	<u>\$ 36,771</u>	<u>\$ 37,862</u>	<u>\$ 0</u>
Total instruction	<u>\$ 187,669</u>	<u>\$ 186,578</u>	<u>\$ 187,669</u>	<u>\$ 0</u>
Support services				
Attendance & social work services				
Salaries	\$ 161,520	\$ 159,736	\$ 161,520	\$ 0
Total attendance & social work services	<u>\$ 161,520</u>	<u>\$ 159,736</u>	<u>\$ 161,520</u>	<u>\$ 0</u>
Health services				
Salaries	\$ 185,617	\$ 173,534	\$ 185,617	\$ 0
Total health services	<u>\$ 185,617</u>	<u>\$ 173,534</u>	<u>\$ 185,617</u>	<u>\$ 0</u>
Improvements of instruction services				
Salaries	\$ 21,674	\$ 21,674	\$ 21,674	\$ 0
Total improvements of instruction services	<u>\$ 21,674</u>	<u>\$ 21,674</u>	<u>\$ 21,674</u>	<u>\$ 0</u>
Board of Education services				
Purchased services	\$ 142,661	\$ 146,000	\$ 146,500	\$ 3,839
Total Board of Education services	<u>\$ 142,661</u>	<u>\$ 146,000</u>	<u>\$ 146,500</u>	<u>\$ 3,839</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
TORT FUND
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Actual	Original Budget	Amended Budget	Actual to Amended Budget Variance
Expenditures disbursed				
Support Services (continued)				
Executive administration services				
Salaries	\$ 18,807	\$ 18,807	\$ 18,807	\$ 0
Total executive administration services	<u>\$ 18,807</u>	<u>\$ 18,807</u>	<u>\$ 18,807</u>	<u>\$ 0</u>
Special area administration services				
Salaries	\$ 179,376	\$ 227,482	\$ 179,376	\$ 0
Total special area administration services	<u>\$ 179,376</u>	<u>\$ 227,482</u>	<u>\$ 179,376</u>	<u>\$ 0</u>
Office of the Principal services				
Salaries	\$ 109,961	\$ 109,961	\$ 109,961	\$ 0
Total Office of the Principal services	<u>\$ 109,961</u>	<u>\$ 109,961</u>	<u>\$ 109,961</u>	<u>\$ 0</u>
Operation & Maintenance of plant services				
Salaries	\$ 161,345	\$ 157,443	\$ 161,345	\$ 0
Purchased services	368,980	330,000	370,000	1,020
Total operation & maintenance of plant services	<u>\$ 530,325</u>	<u>\$ 487,443</u>	<u>\$ 531,345</u>	<u>\$ 1,020</u>
Food services				
Salaries	\$ 52,581	\$ 54,980	\$ 52,581	\$ 0
Total food services	<u>\$ 52,581</u>	<u>\$ 54,980</u>	<u>\$ 52,581</u>	<u>\$ 0</u>
Other support services				
Purchased services	\$ 241,859	\$ 307,000	\$ 347,000	\$ 105,141
Non-capitalized equipment		10,000	10,000	10,000
Total other support services	<u>\$ 241,859</u>	<u>\$ 317,000</u>	<u>\$ 357,000</u>	<u>\$ 115,141</u>
Total support services	<u>\$ 1,644,381</u>	<u>\$ 1,716,617</u>	<u>\$ 1,764,381</u>	<u>\$ 120,000</u>
Total expenditures disbursed	<u><u>\$ 1,832,050</u></u>	<u><u>\$ 1,903,195</u></u>	<u><u>\$ 1,952,050</u></u>	<u><u>\$ 120,000</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
ACTIVITY FUNDS
COMBINING STATEMENT OF CASH RECEIVED
AND CASH DISBURSED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Balance</u> <u>July 1, 2024</u>	<u>Cash</u> <u>Received</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2025</u>
Zahnow Activity Funds	\$ 42,700	\$ 59,210	\$ 51,349	\$ 50,561
Rogers Activity Funds	30,950	32,747	39,280	24,417
Gardner Activity Funds	42,072	52,917	52,775	42,214
Junior High School Activity Funds	78,196	87,480	87,084	78,592
High School Activity Funds	<u>294,450</u>	<u>517,552</u>	<u>478,461</u>	<u>333,541</u>
Total	<u><u>\$ 488,368</u></u>	<u><u>\$ 749,906</u></u>	<u><u>\$ 708,949</u></u>	<u><u>\$ 529,325</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF CASH RECEIVED AND CASH DISBURSED
ZAHNOW ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Activity	Balance July 1, 2024	Cash Received	Cash Disbursed	Balance June 30, 2025
Book Fair	\$ 509	\$ 3,253	\$ 3,272	\$ 490
Box Tops	151	66	57	160
Calendars	1,173	1,760	2,259	674
School Pictures	1,876	1,013	2,338	551
Papa Johns	1,839		757	1,082
Santa Breakfast	1,147	5,112	4,861	1,398
Spirit Gear	1,624	6,148	6,696	1,076
Student Activity Account	417	4,316	4,319	414
T-shirt District	1,905		985	920
WFC	30,795	25,792	17,122	39,465
WFPE		3,415	3,415	
Color Run	719			719
E Scrip	95			95
Interest	90	58	100	48
Merch Pick Up		798	254	544
Recycling	358	2,222		2,580
Social Committee	2	<u>5,257</u>	<u>4,914</u>	<u>345</u>
	<u><u>\$ 42,700</u></u>	<u><u>\$ 59,210</u></u>	<u><u>\$ 51,349</u></u>	<u><u>\$ 50,561</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF CASH RECEIVED AND CASH DISBURSED
ROGERS ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Activity	Balance July 1, 2024	Cash Received	Cash Disbursed	Balance June 30, 2025
Book Fair	\$ 10,009	\$ 6,494	\$ 4,511	\$ 11,992
Box Tops	1,819	101	668	1,252
Color Run	427		151	276
Cookie Dough	7,227	20,643	26,238	1,632
Escrip	89		49	40
Interest	89	35		124
Lifetouch	5,104	1,266	2,228	4,142
Papa Johns	1,949	188	666	1,471
Recycling	193	928	433	688
Special Projects	684	1,692	1,360	1,016
Tablet Sales	6			6
Waterloo Foundation	<u>3,354</u>	<u>1,400</u>	<u>2,976</u>	<u>1,778</u>
	<u><u>\$ 30,950</u></u>	<u><u>\$ 32,747</u></u>	<u><u>\$ 39,280</u></u>	<u><u>\$ 24,417</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF CASH RECEIVED AND CASH DISBURSED
GARDNER ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Activity	Balance July 1, 2024	Cash Received	Cash Disbursed	Balance June 30, 2025
4th Grade Field Trip	\$ 3,614	\$ 4,830	\$ 5,464	\$ 2,980
5th Grade Field Trip	135	3,258	2,783	610
Angela Leifeld Scholarship	335			335
Book Fair	2,809	11,810	12,972	1,647
Color Run	360			360
Music	1,689	9,163	8,726	2,126
Revtrak	72			72
Staff	1,347	3,266	2,114	2,499
SHOW	404	2,021	1,233	1,192
Social/Mental Wellness		1,000	18	982
WFEE		3,371	2,600	771
Students	<u>31,307</u>	<u>14,198</u>	<u>16,865</u>	<u>28,640</u>
	<u><u>\$ 42,072</u></u>	<u><u>\$ 52,917</u></u>	<u><u>\$ 52,775</u></u>	<u><u>\$ 42,214</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF CASH RECEIVED AND CASH DISBURSED
JUNIOR HIGH SCHOOL ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Activity	Balance July 1, 2024	Cash Received	Cash Disbursed	Balance June 30, 2025
Art	\$ 1,455	\$ 1,000	\$ 833	\$ 1,622
Band	2,421	2,022	1,871	2,572
Baseball	9,992	12,140	10,938	11,194
Boy's Basketball	2,101			2,101
Softball	8,584	1,390	1,333	8,641
Volleyball	2,328		1,380	948
Cheerleading	373	13,778	12,266	1,885
Chorus	339			339
Cross Category	891	1,416	2,153	154
Cross Country	5,466	2,525	2,709	5,282
6th Grade	741			741
7th Grade	869			869
8th Grade	738		95	643
Drama Club	1,003	469	882	590
General (Picture) Fund	19,966	27,378	28,695	18,649
Girls' Basketball	1,887		102	1,785
Incentives	142			142
Pep Club	5,684	12,068	11,604	6,148
Social Committee	89	1,700	974	815
Student Council	5,616	11,310	11,094	5,832
Teachers' Lounge	117			117
Yearbook	7,357	255	155	7,457
Fees (Revtrak, etc)	<u>37</u>	<u>29</u>		<u>66</u>
	<u><u>\$ 78,196</u></u>	<u><u>\$ 87,480</u></u>	<u><u>\$ 87,084</u></u>	<u><u>\$ 78,592</u></u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
STATEMENT OF CASH RECEIVED AND CASH DISBURSED
HIGH SCHOOL ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Balance July 1, 2024	Cash Received	Cash Disbursed	Balance June 30, 2025
Advanced Biology	\$ 165	\$ 1,060	\$ 984	\$ 241
Art Club	1,211	927	270	1,868
Athletic Director Fund	3,940	68,141	49,909	22,172
Athletics Hall of Fame	881		725	156
Auto Club	7,678	11,188	7,958	10,908
Band Fund	7,185	12,839	13,759	6,265
Baseball	333	825		1,158
Basketball Coaches Apparel	(1,325)	1,755	337	93
Boy's Basketball	1,848	11,698	10,587	2,959
Bass Fishing	1,122			1,122
Bowling	1,784	6,624	8,275	133
Boy's Golf	2,157	2,346	2,987	1,516
Boy's Track	710	8,056	3,876	4,890
Building Fund 1	13,032	10,588	10,668	12,952
Building Fund 2	6,496	4,304	5,836	4,964
Bulldog Council	842			842
Campus Store	3,544	15,582	19,111	15
Cheerleading - Basketball	2,729	7,755	6,272	4,212
Cheerleading - Football	4,917	11,564	15,368	1,113
Chorus	3,290	6,002	5,746	3,546
CIA	22			22
Class of 2019	658			658
Class of 2020	1,175			1,175
Class of 2023	1,815		527	1,288
Class of 2024	1,064		408	656
Class of 2025	1,640		1,440	200
Class of 2026	8,092	998	3,781	5,309
Class of 2027	1,808	4,421	2,997	3,232
Class of 2028	0	1,758	77	1,681
Color Guard	1,214			1,214
Construction	2,523	3,948	2,382	4,089
Co-Op Club	571			571
Cross Country	1,656	9,476	5,212	5,920
Diversity	75	65	126	14
Drama Fund	2,765	7,435	9,678	522
Employee Assistance Fund	697			697
FCCLA	480		234	246
Football	3,983	14,660	15,474	3,169
Football Coaches Apparel	(614)	614		0
Foreign Travel	5,904	21,918	25,409	2,413
4th/5th Basketball	1,597			1,597
Freshmen Academy	716			716
Future Business Leaders of America	1			1
Future Farmers of America	11,717	17,915	25,164	4,468
German Club	1,896	3,070	2,933	2,033
Girls' Basketball	4,454	5,559	2,928	7,085
Girls' Basketball Coaches Apparel	1,607			1,607
Girls' Golf	5,433	3,670	1,788	7,315
Girls' Track	258			258
Girls/Boys PE	3,925	13,710	2,693	14,942
Guidance	18,250	21,234	24,279	15,205
Horticulture	23,696	18,377	14,806	27,267
Interfund Transfers	0	(9,765)	(9,765)	0
Legacy Society	25			25
Library	4,929	1,537	2,081	4,385
Master Locks	2,303	1,566		3,869
Math Dept	503		68	435
National Honor Society	6,071	2,642	3,050	5,663
Orange Crush	512	1,251	1,114	649
Physics Class Trip	531	3,316	3,049	798
Ping Pong Club	1,160	660	358	1,462
Positivity Project Community	196			196
Renaissance	10,948	50,334	44,328	16,954
Revtrak Fees	(891)	56	510	(1,345)
Safe	94			94
Saturday Scholars	8,725	3,084	2,040	9,769
Scholar Bowl Team	3,174	430	50	3,554
Science Club	1,070	1,393	1,680	783
Soccer Fund	8,840	10,743	10,964	8,619
Softball	794		50	744
Spanish Club	1,873	4,297	4,467	1,703
Speech Club	98	3,865	3,277	686
Student Council	8,327	25,454	22,425	11,356
Student ID's	5,818	1,402	1,912	5,308
Teachers' Lounge	739	1,414	982	1,171
Tennis	3,959			3,959
Volleyball Coaches Apparel	118	277	394	1
Volleyball Fund	5,734	24,063	23,304	6,493
Voyageur Wilderness Programme	303			303
Wahischo	37,288	544	1,788	36,044
WHS Post Prom	93	24,816	23,977	932
WHS Prom	7,753	22,281	24,221	5,813
WHS Student Angel Fund	1,123			1,123
Wrestling	623		11,810	5,300
	<u>\$ 294,450</u>	<u>\$ 517,552</u>	<u>\$ 478,461</u>	<u>\$ 333,541</u>

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS
SCHEDULE OF CHANGES IN BONDS PAYABLE
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Principal	Interest	Total
Total outstanding obligation, July 1, 2024	\$ 31,400,000	\$ 6,374,143	\$ 37,774,143
Plus: Bonds issued and interest added during the fiscal year ended June 30, 2025			0
Less: Bonds refunded and interest paid during the fiscal year ended June 30, 2025	<u>(3,190,000)</u>	<u>(1,408,178)</u>	<u>(4,598,178)</u>
Total outstanding obligation, June 30, 2025	<u><u>\$ 28,210,000</u></u>	<u><u>\$ 4,965,965</u></u>	<u><u>\$ 33,175,965</u></u>

**WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
MONROE COUNTY, ILLINOIS**

**Schedule of Assessed Valuation, Tax Rates, Taxes Extended
and Taxes Collected
June 30, 2024, 2023, and 2022**

	2024	2023	2022
Assessed valuations	<u>\$ 706,334,460</u>	<u>\$ 640,990,743</u>	<u>\$ 572,336,341</u>
 Tax rates			
Education	2.16627	2.08254	2.16831
Tort Immunity	0.28316	0.26522	0.25335
Fire Prevention and Safety	0.04946	0.04755	0.04926
Operations and Maintenance	0.49459	0.47547	0.50000
Municipal Retirement	0.02478	0.08581	0.09610
Social Security	0.07787	0.08581	0.09610
Transportation	0.19784	0.19019	0.20000
Debt Service	0.68716	0.71736	0.76108
Facility Leasing	0.04946	0.04755	0.04926
Special Education	0.03957	0.03804	0.03941
Working Cash	<u>0.04946</u>	<u>0.04755</u>	<u>0.05000</u>
	<u>4.11962</u>	<u>4.08309</u>	<u>4.26287</u>
 Tax extensions ***			
Education	\$ 15,302,974	\$ 13,356,580	\$ 12,411,437
Tort Immunity	2,002,296	1,702,289	1,451,064
Fire Prevention and Safety	349,395	304,967	281,981
Operations and Maintenance	3,493,885	3,049,474	2,861,682
Municipal Retirement	175,228	550,763	550,419
Social Security	550,645	550,763	550,419
Transportation	1,397,582	1,219,802	1,144,673
Debt Service	4,859,082	4,604,305	4,359,086
Facility Leasing	349,395	304,967	281,981
Special Education	279,530	243,973	225,596
Working Cash	<u>349,395</u>	<u>304,967</u>	<u>286,168</u>
	<u>\$ 29,109,407</u>	<u>\$ 26,192,850</u>	<u>\$ 24,404,506</u>
 Collections	<u>\$ 0</u>	<u>\$ 26,153,371</u>	<u>\$ 24,373,618</u>
 Percentage of extensions collected	<u>0.00%</u>	<u>99.85%</u>	<u>99.87%</u>

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

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

To the Board of Education
Waterloo Community Unit School District No. 5
Waterloo, 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 and each major fund of Waterloo Community Unit School District No. 5 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Waterloo Community Unit School District No. 5's basic financial statements, and have issued our report thereon dated December 1, 2025 on the modified cash basis of accounting.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterloo Community Unit School District No. 5'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 Waterloo Community Unit School District No. 5's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterloo Community Unit School District No. 5's internal control.

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

Our consideration of internal control 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 Waterloo Community Unit School District No. 5'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.

Waterloo Community Unit School District No. 5's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Waterloo Community Unit School District No. 5's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Waterloo Community Unit School District No. 5's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

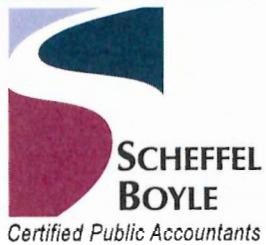
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sue-H. Boyle

SCHEFFEL BOYLE
Columbia, Illinois

December 1, 2025



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Waterloo Community Unit School District No. 5
Waterloo, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Waterloo Community Unit School District No. 5's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Waterloo Community Unit School District No. 5's major federal programs for the year ended June 30, 2025. Waterloo Community Unit School District No. 5's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Waterloo Community Unit School District No. 5's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Waterloo Community Unit School District No. 5 and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Waterloo Community Unit School District No. 5's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Waterloo Community Unit School District No. 5's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Waterloo Community Unit School District No. 5's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Waterloo Community Unit School District No. 5's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Waterloo Community Unit School District No. 5's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Waterloo Community Unit School District No. 5's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Waterloo Community Unit School District No. 5's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

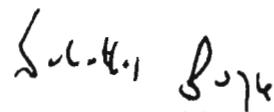
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



SCHEFFEL BOYLE
Columbia, Illinois

December 1, 2025

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)

DISTRICT/Joint AGREEMENT

Year Ending June 30, 2025

DISTRICT/Joint AGREEMENT NAME WATERLOO COMMUNITY UNIT SCHOOL DISTR	RCDT NUMBER 45-067-005-26	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 66.005101
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable)		NAME AND ADDRESS OF AUDIT FIRM SCHEFFEL BOYLE 7 HILL CASTLE LANE COLUMBIA, IL 62236
ADDRESS OF AUDITED ENTITY <i>(Street and/or P.O. Box, City, State, Zip Code)</i> 302 BELLEFONTAINE DR. WATERLOO , IL 62298		E-MAIL ADDRESS: KEITH BRINKMAN
NAME OF AUDIT SUPERVISOR KEITH BRINKMAN		CPA FIRM TELEPHONE NUMBER 618-281-7605
		FAX NUMBER 618-281-6630

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE SINGLE AUDIT REPORT:

- A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to the GATA Portal (either with the audit or under separate cover).
- Financial Statements including footnotes (Title 2 CFR §200.510 (a))
- Schedule of Expenditures of Federal Awards including footnotes (Title 2 CFR §200.510 (b))
- Independent Auditor's Report on the Financial Statements (Title 2 CFR §200.515 (a))
- Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Title 2 CFR §200.515 (b))
- Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance (Title 2 CFR §200.515 (c))
- Schedule of Findings and Questioned Costs (Title 2 CFR §200.515 (d))
- Summary Schedule of Prior Audit Findings (Title 2 CFR §200.511 (b))
- Corrective Action Plan(s) (Title 2 CFR §200.511 (c))

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- A Copy of the Federal Data Collection Form (Title 2 CFR §200.512 (b))
- A Copy of each Management Letter
- A copy of the Consolidated Year-end Financial Report (CYEFR) and In-relation to opinion

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT
45-067-005-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	AL Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues			Expenditure/Disbursements ⁴					Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/23-6/30/24 (C)	Year 7/1/24-6/30/25 (D)	Year 7/1/23-6/30/24 (E)	Year 7/1/23-6/30/24 Pass through to Subrecipients	Year 7/1/24-6/30/25 (F)	Year 7/1/24-6/30/25 Pass through to Subrecipients					
IS DEPARTMENT OF AG-PASS THRU IL STATE BOARD OF ED-NUTRITION CLUSTER												0	
NATIONAL SCHOOL LUNCH PROGRAM	10.555	24-4210-00	270,259	65,320	270,259	N/A	65,320	N/A				335,579	N/A
NATIONAL SCHOOL LUNCH PROGRAM	10.555	25-4210-00		269,340		N/A	269,340	N/A					N/A
CHOOL BREAKFAST PROGRAM	10.553	24-4220-00	44,854	9,911	44,854	N/A	9,911	N/A				54,765	N/A
CHOOL BREAKFAST PROGRAM	10.553	25-4220-00		43,755		N/A	43,755	N/A					N/A
PESICAL MILK PROGRAM	10.556	24-4215-00	1,634	297	1,634	N/A	297	N/A				1,931	N/A
PESICAL MILK PROGRAM	10.556	25-4215-00		1,424		N/A	1,424	N/A					N/A
CHOOL LUNCH COMMODITIES (NONCASH)	10.555			64,975		N/A	64,975	N/A				64,975	N/A
TOTAL US DEPARTMENT OF AG-PASS THRU IL STATE BOARD OF ED-NUTRITION CLUSTER			316,747	455,022	316,747		455,022					457,250	
IS DEPT OF DEFENSE-PASSED THRU IL STATE BOARD OF ED												0	
CHOOL LUNCH COMMODITIES (NONCASH)	10.555			61,324			61,324					61,324	N/A
TOTAL US DEPARTMENT OF DEFENSE-PASSED THRU IL STATE BOARD OF ED				61,324			61,324					61,324	
TOTAL CHILD NUTRITION CLUSTER			316,747	516,346	316,747		516,346					518,574	
IS DEPT OF AG-PASS THRU IL STATE BOARD OF ED												0	
COVID-19 SUPPLY CHAIN ASSISTANCE	10.560	24-4299-SC	71,137	4,252	71,137	N/A	4,252	N/A				75,389	N/A
OCAL FOOD FOR SCHOOLS	10.185	25-4210-LF		18,395		N/A	18,395	N/A				18,395	N/A
TOTAL US DEPT OF AG-PASS THRU IL STATE BOARD OF ED			71,137	22,647	71,137		22,647					93,784	

• (M) Program was audited as a major program as defined by §200.518.

¹Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

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

When the Assistance Listing (AL) number is not available, the auditee should indicate that the AL number is not available and include in the schedule the program's name and, if applicable, other identifying number.

When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT

45-067-005-26

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2025

Federal Grantor/Pass-Through Grantor	AL Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues			Expenditure/Disbursements ⁴				Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/23-6/30/24 (C)	Year 7/1/24-6/30/25 (D)	Year 7/1/23-6/30/24 (E)	Year 7/1/23-6/30/24 Pass through to Subrecipients	Year 7/1/24-6/30/25 Pass through to Subrecipients	Year 7/1/24-6/30/25 Pass through to Subrecipients				
US DEPT OF ED-PASS THROUGH ISBE TITLE 1												
TITLE 1 -LOW INCOME	84.010	24-4300-00	79,175	34,033	113,208	N/A	0	N/A			113,208	127,395
TITLE 1 -LOW INCOME	84.010	25-4300-00		166,661		N/A	262,774	N/A				284,716
TOTAL US DEPT OF ED-PASS THRU ISBE TITLE 1			79,175	200,694	113,208		262,774				113,208	412,111
US DEPT OF ED-PASS THROUGH ISBE-TITLE II												
TITLE II -TEACHER QUALITY	84.367	24-4932-00	12,809	1,414	14,223	N/A	0	N/A			14,223	23,694
TITLE II -TEACHER QUALITY	84.367	25-4932-00		28,991		N/A	34,677	N/A				40,186
TOTAL US DEPT OF ED-PASS THRU ISBE TITLE II			12,809	30,405	14,223		34,677				14,223	63,880
US DEPT OF ED-PASS THRU ISBE-IDEA CLUSTER												
IDEA FLOWTHROUGH (M)	84.027	24-4620-00	712,528	15,960	728,488	N/A	0	N/A			728,488	731,613
IDEA FLOWTHROUGH (M)	84.027	25-4620-00		698,134		N/A	698,134	N/A			698,134	698,134
IDEA PRE-SCHOOL FLOWTHROUGH (M)	84.173	25-4600-00		15,618		N/A	15,618	N/A			15,618	15,618
TOTAL US DEPT OF ED-PASS THRU ISBE-IDEA CLUSTER (M)			712,528	729,712	728,488		713,752				1,442,240	1,445,365
US DEPT OF ED-PASS THRU ISBE - EDUCATION STABILIZATION FUND												
COVID-19 ESSER 3	84.425U	24-4998-E3	131,426	64,729	188,066	N/A	8,089	N/A			196,155	196,418
TOTAL US DEPT OF ED-PASS THRU ISBE-EDUCATION STABILIZATION FUND			131,426	64,729	188,066		8,089				196,155	196,418

• (M) Program was audited as a major program as defined by §200.518.

*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

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

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

³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

**WATERLOO COMMUNITY UNIT SCHOOL DISTRICT
45-067-005-26**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2025

• (M) Program was audited as a major program as defined by §200.518.

Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

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

When the Assistance Listing (AL) number is not available, the auditee should indicate that the AL number is not available and include in the schedule the program's name and, if applicable, other identifying number.

When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT

45-067-005-26

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Year Ending June 30, 2025

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Waterloo Community Unit School District #5 and is presented on the modified cash basis. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Indirect Facilities & Administration costs⁶

Auditee elected to use 15% de minimis cost rate? _____ YES _____ X NO
Restricted indirect cost rate of 1.38%, unrestricted cost rate of 15.73%.

Note 3: Subrecipients

Of the federal expenditures presented in the schedule, Waterloo Community Unit School District #5 provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal AL Number	Amount Provided to Subrecipient
NONE		

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by Waterloo Community Unit School District #5 and should be included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (AL 10.555)**: \$126,299
 OTHER NON-CASH ASSISTANCE - DEPT. OF DEFENSE FRUITS & VEGETABLES \$0 Total Non-C-

Note 5: Other Information

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

Property	NO
Auto	NO
General Liability	NO
Workers Compensation	NO
Loans/Loan Guarantees Outstanding at June 30:	NO
District had Federal grants requiring matching expenditures	NO

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

⁵ This note is included to meet the Uniform Guidance requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule. (§200.510 (b)(6))

6 The Uniform Guidance requires the Schedule of Expenditures of Federal Awards to note whether or not the auditee elected to use the 15% de minimis cost rate as covered in §200.414 Indirect (F&A) costs. §200.510 (b)(6)

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT

45-067-005-26

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ending June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTSType of auditor's report issued: UNMODIFIED
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

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

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

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

Type of auditor's report issued on compliance for major programs: UNMODIFIED
(Unmodified, Qualified, Adverse, Disclaimer⁷)Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? YES NOIDENTIFICATION OF MAJOR PROGRAMS:⁸

AL NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰	AMOUNT OF FEDERAL PROGRAM
84.027 & 84.173	IDEA CLUSTER	713,752
	Total Amount Tested as Major	\$713,752

Total Federal Expenditures for 7/1/2024 - 6/30/2025 \$1,578,154% tested as Major 45.23%Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00Auditee qualified as low-risk auditee? YES NO⁷ If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program.

Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.⁹ When the AL number is not available, include other identifying number, if applicable.¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT
45-067-005-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2025 - 001 2. THIS FINDING IS: New Repeat from Prior Year?
Year originally reported? 2024

3. Criteria or specific requirement

The District is required to spend within its legal budget authority.

4. Condition

As of 6/30/25, it was noted that the District had over-expended its approved budget in the Fire Prevention and Safety Fund by \$50,320 and the Debt Service Fund by \$77,893.

5. Context¹²

The District has nine major funds with a combined budget for expenditures of \$47,178,630. The Fire Prevention & Safety fund budget is \$618,155 and total expenditures for the fiscal year was \$668,475. The Debt Service fund budget is \$4,598,178 and total expenditures for the fiscal year was \$4,676,071.

6. Effect

The District was not in spending compliance by overexpending its budget for the year in this fund.

7. Cause

The District spent money for the Rogers Elementary Settlement project and the High School cooling tower replacement project that was not budgeted for in the Fire Prevention and Safety fund until the next fiscal year. The District entered into a new lease in the current fiscal year. Lease payments have to be expensed in the Debt Service Fund and this was not budgeted for.

8. Recommendation

The District should accurately amend their budget if actual expenses are over budget.

9. Management's response¹³

The District will be more careful in budgeting.

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2025 would be assigned a reference number of 2025-001, 2025-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

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

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT

45-067-005-26

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ending June 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2025 - 2. THIS FINDING IS: New Repeat from Prior year?

Year originally reported?

3. Federal Program Name and Year: NONE

4. Project No.: 5. AL No.: _____

6. Passed Through: _____

7. Federal Agency: _____

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

9. Condition¹⁵10. Questioned Costs¹⁶11. Context¹⁷

12. Effect

13. Cause

14. Recommendation

15. Management's response¹⁸¹⁴ See footnote 11.¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).¹⁷ See footnote 12.¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

WATERLOO COMMUNITY UNIT SCHOOL DISTRICT
45-067-005-26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2025

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

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
2024-001	As of 6/30/24, it was noted that the District had over-expended its approved budget in the Fire Prevention & Safety fund by \$4,070.	This occurred again in the current year. See finding 2025-001

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

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

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



**WATERLOO COMMUNITY UNIT SCHOOL DISTRICT NO. 5
UNIT OFFICE OF THE SUPERINTENDENT
302 Bellefontaine Drive
Waterloo, IL 62298**



W. J. Zahnow Elem. School
301 Hamacher Street
Waterloo, IL 62298

Rogers Elem. School
200 N. Rogers Street
Waterloo, IL 62298

Gardner Elem. School
1 Ed Gardner Place
Waterloo, IL 62298

Waterloo Junior High School
200 Bellefontaine Drive
Waterloo, IL 62298

Waterloo High School
505 E. Bulldog Boulevard
Waterloo, IL 62298

December 1, 2025

CORRECTIVE ACTION PLAN

Illinois State Board of Education

Waterloo Community Unit School District No. 5 respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Scheffel Boyle
7 Hill Castle Lane
Columbia, IL 62236

Audit Period: For the Year Ended June 30, 2025

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2025 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

Internal Control Over Financial Reporting

None

Compliance and Other Matters

2025-001

Condition: As of 6/30/25, it was noted that the District had over-expended its approved budget in the Fire Prevention & Safety fund by \$50,320 and in the Debt Service fund by \$77,893.

Recommendation: The District should amend their budget if actual expenses are over budget.

Management Response: The District will be more careful in budgeting.

Anticipated Date of Completion: June 30, 2026

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

If the Illinois State Board of Education has any questions regarding this plan, contact Brian Charron at 618-939-3453.

Sincerely yours,



Brian Charron, Superintendent

Appendix C

Form of Continuing Disclosure Undertaking

**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, Monroe and St. Clair Counties, Illinois (the “*District*”), in connection with the issuance of \$_____ General Obligation Refunding School Bonds, Series 2026 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 2nd day of February, 2026 (as supplemented by a notification of sale, the “*Resolution*”).

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 the Official Statement:

FINANCIAL INFORMATION

- Trend of EAV
- Tax Rates
- Tax Extensions and Collections
- Summary of Outstanding Bonded Debt
- Debt Repayment Schedule
- Debt Statement (with respect to the District’s debt only)
- Debt Ratios (with respect to the District’s debt only)

SUMMARY OF OPERATING RESULTS

- General Fund Revenue Sources
- Summary of Operating Funds and Debt Service Fund
- On-Behalf Payments Summary (table only)
- Budget Summary

SCHOOL DISTRICT FINANCIAL PROFILE (last paragraph only)

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 of the District 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 Final Official Statement, dated _____, 2026, 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; *provided, however,* that the District will not be required to make such filings under new CUSIP Numbers unless the District has been notified in writing by the Participating Underwriter or the District's financial advisor that new CUSIP Numbers have been assigned to the 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 for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds 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 Resolution.

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 Resolution, 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 Resolution.

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 Resolution 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,
MONROE AND ST. CLAIR COUNTIES, ILLINOIS

By _____
President, Board of Education

Date: _____, 2026

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 a Final Official Statement, the Final Official Statement must be available on EMMA; the Final 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 ending June 30, 2026. 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 mandated by the Illinois State Board of Education.

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, 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, 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

MATURITY (APRIL 15)	CUSIP NUMBER (610253)
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	

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