

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS⁺: AG 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 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 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.

\$14,485,000*
COMMUNITY HIGH SCHOOL DISTRICT NUMBER 101
GRUNDY AND KENDALL COUNTIES, ILLINOIS
(MORRIS)
GENERAL OBLIGATION SCHOOL BONDS, SERIES 2025A

Dated: Date of Issuance**Due: February 1, as Shown on the Inside Cover Page**

The General Obligation School Bonds, Series 2025A (the “Bonds”), of Community High School District Number 101, Grundy and Kendall 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 February 1 and August 1 of each year, with August 1, 2026, as the first interest payment date. Amalgamated Bank of Chicago, Chicago, Illinois, 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) finance various referendum-approved capital projects in the District 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 Bonds are subject to optional redemption prior to maturity on the dates and at the redemption price described herein under “THE BONDS – Optional Redemption.”

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. (“AG”).



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 October 27, 2025.

STIFEL
AS UNDERWRITER

 **PMA**
Part of PTMA Financial Solutions
AS MUNICIPAL ADVISOR

The date of this Official Statement is October __, 2025.

*Preliminary, subject to change.
 +See “BOND RATING” herein.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$14,485,000* General Obligation School Bonds, Series 2025A

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP⁽¹⁾</u> <u>(400190)</u>
2027	3,455,000			
2028	390,000			
2029	410,000			
2030	435,000			
2031	455,000			
2032	475,000			
2033	500,000			
2034	525,000			
2035	550,000			
2036	580,000			
2037	610,000			
2038	640,000			
2039	670,000			
2040	705,000			
2041	740,000			
2042	775,000			
2043	815,000			
2044	855,000			
2045	900,000			

*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.

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix D—Specimen Municipal Bond Insurance Policy”.

**Community High School District Number 101
Grundy and Kendall Counties, Illinois
(Morris)
1000 Union Street
Morris, Illinois 60450
(815) 942-1294**

* * * * *

Board of Education

Scot Hastings, President
Lynn Vermillion, Vice President
Christopher Danek, Secretary
Christina Burgess
Matt Eber
Judy Miller
Kim Struck

School Treasurer

Mandy Grabowski

Superintendent

Dr. Craig Ortiz

Chief School Business Official

Elizabeth Shields

* * * * *

Paying Agent/Registrar

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Chicago, Illinois 60602

Independent Auditors

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Morris, Illinois 60450

Bond and Disclosure Counsel

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Chicago, Illinois 60606

Municipal Advisor

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Naperville, Illinois 60563

Underwriter

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

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

\$14,485,000*
Community High School District Number 101
Grundy and Kendall Counties, Illinois
(Morris)
General Obligation School Bonds, Series 2025A

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community High School District Number 101, Grundy and Kendall Counties, Illinois (the “District”), in connection with the offering and sale of its \$14,485,000* General Obligation School Bonds, Series 2025A (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 Amalgamated Bank of Chicago, Chicago, Illinois, 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 February 1 and August 1, beginning August 1, 2026. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar in Chicago, Illinois. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the record date, which is the 15th day of the month next preceding the interest payment date (the “Record Date”).

The Bonds are subject to optional redemption prior to maturity as discussed under “Optional Redemption” herein.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar (the “Register”), 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

*Preliminary, subject to change.

cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

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, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

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, a referendum held at the consolidated election on April 1, 2025 (the “Election”), and a bond resolution adopted by the Board of Education (the “Board”) of the District on September 8, 2025, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) finance various referendum-approved capital projects in the District (the “Project”), and (ii) pay costs associated with the issuance of the Bonds. See “USE OF PROCEEDS” herein.

The issuance of bonds in the amount of \$67,000,000 to pay for the Project was approved by the voters of the District at the Election. At the Election, 1,497 votes (52.51%) were cast in favor of the issuance of said bonds for the Project and 1,354 votes (47.49%) were cast in opposition.

After the issuance of the Bonds, the District will have \$52,515,000* of remaining referendum bond authority anticipated to be issued in 2026 and 2027 pursuant to the Election.

*Preliminary, subject to change.

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 Grundy and Kendall, 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.

Optional Redemption

The Bonds due on or after February 1, 2036*, are subject to redemption prior to maturity, at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Registrar), on February 1, 2035*, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Redemption Procedures

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

*Preliminary, subject to change.

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

All notices of redemption will state (1) the redemption date, (2) the redemption price, (3) if less than all the outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of Bonds, the respective principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon will cease to accrue from and after said date, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment will be the principal corporate trust office of the Registrar and (6) such other information then required by custom, practice or industry standard.

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

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

USE OF PROCEEDS

The current District campus has served the community for 75 years, with the most recent addition being 47 years ago. The referendum approved at the Election was the result of Board discussions and a committee of community members as well survey feedback the District collected in 2022 and 2023, which provided strong support for renovations and improvements.

Proceeds of the Bonds will be used to fund a major renovation of the District's existing high school buildings and a two-story addition attached to the existing main building that will

replace the three detached buildings on campus. An east addition that expands the lower level of the main wing and adds a security vestibule, as well as reconfigured parking and bus drop-off, are also part of the Project.

The Project specifically includes the following:

- Replace three separate buildings with one connected building
- Secured entrance, vestibules, and visibility
- Improved science labs and classrooms, including a mix of new and renovated spaces
- New and renovated restrooms
- New cafeteria at ground level that functions as a multipurpose space
- Replace aging HVAC systems with energy efficient system
- Upgrade electrical service
- Upgrade plumbing infrastructure
- Improved site traffic flow
- LED lighting
- ADA accessibility

The tentative timeline of the various phases of the Project is as follows:

- Spring 2025-Spring 2026: Facility and mechanical design
- Spring 2026-Summer 2027: East/front parking and addition
- Summer 2026: Phase 1 interior remodeling
- Spring 2027-Summer 2028: North parking and addition
- Summer 2027: Phase 2 interior remodeling
- Summer 2028: Phase 3 interior remodeling and completion of project

The District anticipates the Project to be completed by Summer 2028. The District anticipates issuing the remaining referendum-approved bonds in 2026 and 2027.

SOURCES AND USES

Estimated Sources of Funds

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

Estimated Uses of Funds

Cost of the Project.....	
Costs of Issuance..... ⁽¹⁾	<u>-</u>
Total Uses	<u>\$ -</u>

- (1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Municipal Advisor's fee, Registrar'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, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Inc

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the

significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At June 30, 2025:

- The policyholders' surplus of AG was approximately \$3,514 million.
- The contingency reserve of AG was approximately \$1,453 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,437 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

(i) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025).

(ii) 5).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents.

Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE".

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 Global Ratings (“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 Grundy County (the “County”), Illinois, and Kendall County, Illinois (together, 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.

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. At the November 4, 1997, election, the County of Kendall held a binding referendum to determine whether the Limitation Law shall be applicable to non-home rule taxing bodies in such County. Such referendum was successful. The County has yet to initiate the tax cap referendum. As such the Limitation Law does not currently apply to the District. No guarantee exists, however, that such referendum will not occur in the County in the future or on the outcome of such referendum.

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 of Illinois (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.

Construction Risks

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

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

Finances of the State of Illinois

State funding sources constituted 21.94% 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 2.20% 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.

Concentration of Taxpayers

Based on the District's 2024 EAV, the District's ten largest taxpayers own 21.93% of the total current EAV of taxable property in the District. See "FINANCIAL INFORMATION – Largest Taxpayers" herein. If one or more of these taxpayers were to relocate from the District or cease operations, would be unable to pay its tax bills or was successful in challenging its assessed valuation, the timely receipt of tax dollars by the District could be affected. Furthermore, the District could experience a significant reduction in EAV which could limit the amount of taxes that the District can extend for operating purposes. The District has the authority to levy deficiency taxes if debt service tax collections are inadequate. Notwithstanding, the value of the Bonds, the District's ability to repay the Bonds or the timing of repayment could be adversely affected.

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 includible 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 includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 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 approximately 60 miles southwest of Chicago, Illinois, in the County, with a very small portion in Kendall County. Encompassing an estimated 108.5 square mile area, the District serves the area surrounding the City of Morris (the “City”) (70.53% of the District’s 2024 EAV), in the County and unincorporated areas in the Counties (28.74% of the District’s 2024 EAV). According to the United States Census Bureau, the District’s current estimated population is 14,587. Morris Elementary School District Number 54, Community

Consolidated School District Number 24-C, Community Consolidated School District Number 60-C and Immaculate Conception Parochial Grade School feed into the District.

The transportation network serving the area includes Interstate 80, U.S. Route 6 and State Route 47. Freight and passenger rail service are provided by CSX Railroad. The Chicago-area international airports are within an 80 minute drive of the District.

Higher education opportunities are available through Community College District No. 525, a two-year college located in Joliet, Illinois, in addition to numerous public and private colleges and universities throughout the Chicago area.

Educational Facilities

The District operates one facility. The District expects that after the next two years, the referendum projects will relieve pressure on the District from paying for deferred maintenance projects. The District maintains a Capital Improvement Plan (CIP), which is updated annually, and will reflect the referendum projects. Going forward, the District expects to pay for its ongoing capital needs from the Operations and Maintenance Fund. Items are addressed and prioritized on a pay-as-you-go basis. The District's last 10-year Life Safety Survey was completed in 2021. All major items have been addressed. Remaining items have been incorporated into the CIP, and the District will continue to use its \$0.05 life safety levy to fund them over time. The District will prepare a new survey in 2031.

<u>Facility</u>	<u>Current Grades</u>	<u>Current Enrollment</u>	<u>Capacity Enrollment</u>	<u>Constructed</u>	<u>Additions and Renovations</u>
Morris Community High School.....	9-12	866	1,200	1949	1950, 1960, 1977

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 enrollment figures from the four feeder districts.

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-2022	876	2026-2027	868
2022-2023	901	2027-2028	869
2023-2024	887	2028-2029	901
2024-2025	866	2029-2030	892
2025-2026	866	2030-2031	900

Note: Projected enrollment to remain stable, with minor fluctuations based on incoming classes being slightly larger or smaller than previous incoming classes.

Source: The District

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.....	Scot Hastings	May 2027
Vice President.....	Lynn Vermillion	May 2027
Secretary.....	Christopher Danek	May 2029
Member.....	Christina Burgess	May 2029
Member.....	Matt Eber	May 2029
Member.....	Judy Miller	May 2027
Member.....	Kim Struck	May 2029
School Treasurer.....	Mandy Grabowski	Appointed

Administration

Dr. Craig R. Ortiz became the Superintendent of the District on July 1, 2019. Prior to becoming the Superintendent, Dr. Ortiz taught math and held other positions in the District for 23 years. Ms. Elizabeth Shields, Chief School Business Official, has been with the District since 2022. Prior to joining the District, Ms. Shields was the Internal Auditor/Grant Specialist at Joliet Public School District Number 86. Ms. Shields also is a CPA and worked for a decade as an independent auditor for Illinois school districts.

Employees

The District has approximately 90 employees of whom 65 are certified employees and 25 are non-certified. Of the total number, the Morris High School Education Association represents 60 members. The contract expires in August, 2027. The District considers its relationship with its employees to be positive.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

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

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>% Change</u> <u>2010-2020</u>
The District.....	N/A	18,332	18,681	+ 1.90
The City.....	11,928	13,636	14,163	+ 3.86
The County	37,535	50,063	52,533	+ 4.93
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.....	\$253,700	\$259,200	\$250,500	\$303,400
Median Household Income....	78,719	93,060	81,702	78,538
Median Family Income.....	103,625	109,922	103,504	96,922
Per Capita Income.....	41,581	43,744	45,104	43,289

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

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.....	55	\$ 9,335,000
2021.....	27	6,970,000
2022.....	16	6,963,590
2023.....	14	6,004,000
2024.....	32	13,172,000
2025 ⁽¹⁾	7	2,512,000

(1) Through May 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 first quarter of 2025.

<u>Year</u>	<u>Calendar The City</u>
2020	\$ 632,050,593
2021	794,572,482
2022	905,085,377
2023	851,518,976
2024	811,778,800
2025 ⁽¹⁾	358,139,803

(1) Through the first quarter of 2025.

Source: The Department

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 years ended June 30, 2021, through June 30, 2025, and the estimated amount of CPPRT to be received in fiscal year ending June 30, 2026:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>CPPRT</u> <u>Receipts</u>
2021	\$ 553,001
2022	1,205,397
2023	1,362,453
2024	852,413
2025	595,066
2026 ⁽¹⁾	607,327

(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.

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

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.

<u>Company Name</u>	<u>Product or Service</u>	<u>Location</u>	<u>Approximate employees at location</u>
Morris Hospital.....	Health care.....	Morris	1,400
The Lion Electric Co. USA, Inc.....	Electric school buses.....	Channahon	1,400
Constellation Energy.....	Electric supplier.....	Braceville	756
Exxon Mobil Corp	Gasoline, heating oil and propane gas.....	Channahon	600
Equistar Chemicals LP.....	Resins.....	Morris	400
Warehouse Services, Inc.	Distributor of aircraft tires and aircraft inner tubes	Wilmington	400
Wrigley Manufacturing Co., LLC.....	Sugar confections and chewing and bubble gum.....	Yorkville	375
Northfield Block Co.	Architectural concrete blocks.....	Morris	300
IOI Loders Croklaan.....	Producer and supplier of premium quality oils and fats for manufacturing industry.....	Channahon	250
United States Cold Storage, Inc.....	Commercial cold storage warehousing services.....	Minooka	200

Source: 2025 Manufacturers' News, Inc. Illinois Manufacturers and Illinois Services Directories, and the City's Annual Financial Information Disclosure as of April 30, 2025.

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 June 2024 and June 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⁾	8.0%	8.5%	9.3%
Average, 2021.....	4.9	5.3	6.1
Average 2022.....	4.2	4.8	4.6
Average 2023.....	4.0	4.6	4.5
Average, 2024.....	4.9	5.3	5.0
June, 2024.....	N/A ⁽²⁾	6.3	5.7
June, 2025.....	N/A ⁽²⁾	4.8	4.5

(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

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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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Farm	\$ 33,141,435	\$ 34,949,721	\$ 38,683,482	\$ 41,623,357	\$ 45,377,487
Residential.....	320,830,710	342,638,599	377,417,004	411,489,735	437,588,519
Commercial	71,445,045	74,587,925	78,225,188	81,430,969	85,966,310
Industrial.....	75,024,775	86,037,882	100,337,544	133,983,616	135,273,097
Mineral.....	-	-	-	167,407	172,988
Railroad	<u>1,173,356</u>	<u>1,416,992</u>	<u>1,680,329</u>	<u>2,025,921</u>	<u>2,177,659</u>
Total..... ⁽¹⁾	<u>\$ 501,615,321</u>	<u>\$ 539,631,119</u>	<u>\$ 596,343,547</u>	<u>\$ 670,721,005</u>	<u>\$ 706,556,060</u>
Percent of Change.....	+ 0.31% ⁽²⁾	+ 7.58%	+ 10.51%	+ 12.47%	+ 5.34%
New Property.....	\$ -	\$ -	\$ 18,933,180	\$ 68,414,107 ⁽³⁾	\$ 3,580,175

(1) Excludes tax increment financing (“TIF”) incremental EAV. See “Tax Increment Financing Districts Located within the District” herein.

(2) Based on the District’s 2019 EAV of \$500,049,324.

(3) The \$68,414,107 new property was primarily from the expansion of a Costco facility.

Source: County Clerks’ Offices

EAV by County

<u>Tax Year</u>	<u>The County</u>	<u>Kendall County</u>	<u>Total</u> ⁽¹⁾
2020	\$ 501,376,844	\$ 238,477	\$ 501,615,321
2021	539,437,083	194,036	539,631,119
2022	596,136,801	206,746	596,343,547
2023	670,507,321	213,684	670,721,005
2024	706,326,976	229,084	706,556,060

(1) Excludes TIF incremental EAV.

Source: County Clerks’ Offices

Tax Increment Financing Districts Located within the District

A portion of the District's EAV is contained in TIF districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The TIF districts are not expected to expire in the near future and the District is not aware of any new TIF districts planned in the immediate future. The District has a revenue surplus agreement with the Morris, Morris Marina and Morris Brisbin Road TIF districts. See the table below for a history of TIF payments received by the District. The District receives TIF payments and passes through a portion of the amounts designated into its Educational Fund to two elementary schools districts in the TIF districts. The District uses the Morris TIF money it receives to pay debt service on its Debt Certificates (as hereinafter defined).

<u>Location</u>	<u>Year</u>	<u>Base EAV</u>	<u>2024 EAV</u>	<u>Incremental EAV</u>
	<u>Established</u>			
Morris TIF	1985 ⁽¹⁾	\$ 18,575,979	\$ 111,176,234	\$ 92,600,255
Morris Marina TIF.....	2014	2,392,772	3,118,607	725,835
Morris Brisbin Road TIF.....	2022	1,579,698	22,327,158	20,747,460
Grundy Co EDPA #1.....	2006	2,383,647	6,411,772	4,028,125
Grundy EDPA #2.....	2011	5,626,305	6,264,646	638,341
Total.....		<u>\$ 30,558,401</u>	<u>\$ 149,298,417</u>	<u>\$ 118,740,016</u>

(1) Extended to 2033.

Source: Grundy County Clerk's Office

	For the Fiscal Years Ended					
	June 30					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total TIF Money Received.....	\$ 2,131,804	\$ 2,245,426	\$ 2,171,289	\$ 2,301,966	\$ 2,473,906	\$ 2,813,245
TIF Money Distributed to Elementary Schools	<u>1,254,875</u>	<u>1,319,848</u>	<u>1,157,014</u>	<u>1,221,316</u>	<u>1,316,438</u>	<u>1,455,179</u>
The District TIF Revenue	<u>\$ 876,929</u>	<u>\$ 925,578</u>	<u>\$ 1,014,275</u>	<u>\$ 1,080,650</u>	<u>\$ 1,157,468</u>	<u>\$ 1,358,066</u>

Source: The District

Tax Rates
(Per \$100 EAV)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Statutory <u>Maximum Rate</u>
Education	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.920
O&M	0.2500	0.2500	0.2500	0.2500	0.2500	0.250
Liability Insurance.....	0.0718	0.0593	0.0822	0.1156	0.1062	N/A
Transportation.....	0.1200	0.1200	0.1200	0.1200	0.1200	0.120
IMRF.....	0.0289	0.0000	0.0000	0.0149	0.0212	N/A
Social Security	0.0289	0.0649	0.0503	0.0596	0.0354	N/A
Bond and Interest.....	0.4270	0.4054	0.3769	0.3413	0.3721	N/A
Fire Prevention/Life Safety.....	0.0500	0.0500	0.0500	0.0500	0.0500	0.050
Lease PBC	0.0339	0.0297	0.0500	0.0500	0.0500	0.050
Special Education.....	0.0200	0.0200	0.0200	0.0200	0.0200	0.020
Working Cash.....	0.0500	0.0500	0.0500	0.0500	0.0500	0.050
Total.....	<u>\$ 2.0005</u>	<u>\$ 1.9692</u>	<u>\$ 1.9694</u>	<u>\$ 1.9914</u>	<u>\$ 1.9949</u>	

Source: Grundy 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.....	\$ 2.0005	\$ 1.9692	\$ 1.9694	\$ 1.9914	\$ 1.9949
The County.....	0.6520	0.6195	0.5774	0.5540	0.5365
Morris Township.....	0.0472	0.0463	0.0275	0.0256	0.0254
The City.....	0.6656	0.6569	0.6194	0.6635	0.6619
Morris Fire and Ambulance.....	0.6270	0.6106	0.5926	0.7166	0.7184
Morris Area Library District.....	0.1620	0.1563	0.1550	0.1490	0.1587
School District Number 54.....	3.6078	3.5923	3.6000	3.6088	3.6050
Community College District No. 525.....	0.2903	0.2853	0.2852	0.2813	0.2686
Total.....	<u>\$ 8.0523</u>	<u>\$ 7.9363</u>	<u>\$ 7.8263</u>	<u>\$ 7.9901</u>	<u>\$ 7.9694</u>

Source: Grundy County Clerk's Office

Tax Extensions and Collections

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Extensions	\$10,034,563	\$10,626,494	\$11,744,092	\$13,356,402	\$14,094,940
Collections	9,749,648	10,386,477	11,719,466	13,152,108	7,916,514 ⁽¹⁾
% Collected	97.16%	97.74%	99.79%	98.47%	56.17%

(1) As of July 2, 2025.

Source: Grundy and Kendall County Treasurers' Offices

Largest Taxpayers

The taxpayers listed below represent 21.93% of the District's 2024 EAV which is \$706,556,060 (which excludes TIF incremental EAV totaling \$118,740,016). 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>
Costco Wholesale Corp.....	Wholesale membership warehouse distribution center.....	\$ 76,542,462	10.83%
The Procter & Gamble Distributing, LLC.....	Logistics facility.....	26,666,666	3.77%
DRI/CHI Brisbin Road LLC 5 Crow Holdings.....	Industrial.....	16,775,538	2.37%
Pool 1 Industrial IL LLC.....	Industrial.....	9,999,333	1.42%
Walmart Inc.....	Grocery store.....	5,702,623	0.81%
HPT TA Properties LLC.....	Travel plaza.....	5,348,302	0.76%
Commonwealth Edison Company.....	Electric company.....	4,202,649	0.59%
Midwest Generation LLC.....	Electric company.....	3,377,821	0.48%
Roserock Holdings LLC.....	Industrial.....	3,251,783	0.46%
Northfield Block Company.....	Building material.....	3,075,934	0.44%
Total.....		<u>\$ 154,943,111</u>	<u>21.93%</u>

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

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Summary of Outstanding Debt

Shown below is a summary of the outstanding debt of the District as of the closing of the Bonds.

Issue Description	Dated Date	Original Amount Of Issue	Current Amount Outstanding	Final Maturity Date
Taxable G.O. (Limited Tax) Refunding Debt Certificates, Series 2020A..... ⁽¹⁾	03/19/20	\$ 430,000	\$ 145,000	11/01/25
G.O. (Limited Tax) Debt Certificates, Series 2020B..... ⁽¹⁾	03/19/20	1,425,000	1,425,000	11/01/29
Taxable G.O. School Bonds, Series 2024.....	02/27/24	2,025,000	800,000	02/01/26
Taxable G.O. School Bonds, Series 2025..... ⁽²⁾	02/26/25	1,730,000	1,730,000	02/01/27
The Bonds.....	10/27/25	14,485,000 *	14,485,000 *	02/01/45
Total			\$ 18,585,000 *	

(1) Together, the "Certificates."

(2) The "2025 Working Cash Bonds."

*Preliminary, subject to change.

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Debt Repayment Schedule

Shown below is the maturity schedule for the outstanding debt of the District as of the closing of the Bonds.

Fiscal Year	Principal Outstanding	The Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent (%)*
2026	\$ 2,770,000	\$ -	\$ 2,770,000	\$ 2,770,000	14.90
2027	350,000	3,455,000	3,805,000	6,575,000	35.38
2028	315,000	390,000	705,000	7,280,000	39.17
2029	325,000	410,000	735,000	8,015,000	43.13
2030	340,000	435,000	775,000	8,790,000	47.30
2031	-	455,000	455,000	9,245,000	49.74
2032	-	475,000	475,000	9,720,000	52.30
2033	-	500,000	500,000	10,220,000	54.99
2034	-	525,000	525,000	10,745,000	57.82
2035	-	550,000	550,000	11,295,000	60.77
2036	-	580,000	580,000	11,875,000	63.90
2037	-	610,000	610,000	12,485,000	67.18
2038	-	640,000	640,000	13,125,000	70.62
2039	-	670,000	670,000	13,795,000	74.23
2040	-	705,000	705,000	14,500,000	78.02
2041	-	740,000	740,000	15,240,000	82.00
2042	-	775,000	775,000	16,015,000	86.17
2043	-	815,000	815,000	16,830,000	90.56
2044	-	855,000	855,000	17,685,000	95.16
2045	-	900,000	900,000	18,585,000	100.00
	<u>\$ 4,100,000</u>	<u>\$ 14,485,000</u>	<u>\$ 18,585,000</u>		

*Preliminary, subject to change.

Overlapping General Obligation Bonds Debt
(As of August 22, 2025)

<u>Taxpayer</u>	<u>Bonded Debt</u> ⁽¹⁾	<u>Applicable to District</u>	
		<u>Percent</u>	<u>Amount</u>
The County..... ⁽²⁾	\$ 3,785,000	25.618%	\$ 969,641
Kendall County Forest Preserve.....	12,930,000	0.004%	517
Village of Channahon.....	5,095,000	0.805%	41,015
Channahon Park District.....	908,930	0.421%	3,827
Community Consolidated School District Number 24-C.....	180,000	77.721%	139,898
School District Number 54.....	9,090,000	100.000%	9,090,000
Community Consolidated School District Number 60-C.....	14,385,000	91.411%	13,149,472
Community Consolidated School District Number 90.....	143,000	3.076%	4,399
Community Consolidated School District Number 201.....	36,352,040	0.016%	5,816
Community College District No. 525.....	32,370,000	2.443%	790,799
Total.....			<u>\$ 24,195,384</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 Public Building Commission revenue bonds, the lease payments for which are considered general obligations of the County.

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.

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Debt Statement

General Obligation Direct Debt.....	\$4,100,000
The Bonds.....	\$14,485,000 *
Leases.....	\$161,522
Net Direct Debt	\$18,746,522 *
Overlapping Bonded Debt.....	\$24,195,384
Net Direct Debt and Overlapping Bonded Debt.....	\$42,941,906
EAV (2024)..... ⁽¹⁾	\$825,296,076
Statutory Debt Limit (6.9% of EAV).....	\$56,945,429
Debt Subject to Statutory Debt Limit..... ⁽²⁾	\$4,261,522
Statutory Debt Margin	\$52,683,907

(1) Includes TIF incremental EAV. See “Tax Increment Financing Districts Located within the District” herein.

(2) Excludes the Bonds. Pursuant to Section 19-1(p-225) of the School Code, the Bonds will not be considered indebtedness for the purposes of any statutory debt limitation.

*Preliminary, subject to change.

Debt Ratios

Estimated Market Valuation, 2024.....	\$2,475,888,228
EAV (2024)..... ⁽¹⁾	\$825,296,076
2019-2023 American Community Survey Population Estimate.....	19,033
Net Direct Debt to EAV.....	2.27% *
Net Direct Debt to Estimated Market Valuation	0.76% *
Net Direct Debt and Overlapping Bonded Debt to EAV.....	5.20% *
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation.....	1.73% *
Net Direct Debt Per Capita	\$984.95 *
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$2,256.18 *

(1) Includes TIF incremental EAV. See “Tax Increment Financing Districts Located within the District” herein.

*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. See “USE OF PROCEEDS” for a description of additional referendum-approved bonds expected to be issued in the future.

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 uses the General Fund in its report. However, the District’s general fund in its Annual Financial Report includes the Educational Fund, Operations and Maintenance Fund and Working Cash Fund.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Local Sources.....	73.37 %	70.96 %	73.79 %	74.97 %	75.86 %
State Sources.....	20.49	19.84	19.74	21.39	21.94
Federal Sources.....	<u>6.14</u> ⁽¹⁾	<u>9.20</u> ⁽¹⁾	<u>6.47</u> ⁽¹⁾	<u>3.64</u>	<u>2.20</u>
Total.....	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %

(1) 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, 2021-2024 and the District’s audited financial statements for the fiscal year ended June 30, 2025.

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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 Report includes the Educational Fund, Operations and Maintenance Fund and Working Cash Fund.

		Operations and						Combined	
	Educational	Maintenance	General Fund	Transportation	Working Cash	IMRF/Social	Tort Fund	Debt Service	Operating Funds and Debt Service
<u>2021</u>	Fund	Fund		Fund	Fund ⁽¹⁾	Security Fund		Fund	Fund
Receipts.....	\$ 10,420,497	\$ 1,923,392	\$ 12,343,889	\$ 873,787	\$ 240,815	\$ 269,656	\$ 342,842	\$ 2,344,263	\$ 16,415,252
Disbursements.....	11,230,256	1,794,199	13,024,455	563,763	-	299,774	286,809	2,342,888	16,517,689
Net Surplus (Deficit).....	(809,759)	129,193	(680,566)	310,024	240,815	(30,118)	56,033	1,375	(102,437)
Other Sources (Uses).....	2,450,000	-	2,450,000	-	2,202,348 ⁽²⁾	-	-	-	4,652,348
Transfer.....	-	-	-	-	(2,450,000)	-	-	-	(2,450,000)
Student Activity Funds.....	137,157	-	137,157	-	-	-	-	-	137,157
Beginning Fund Balance.....	2,522,062	736,815	3,258,877	261,408	20,094	225,960	124,150	29,182	3,919,671
Ending Fund Balance.....	\$ 4,299,460	\$ 866,008	\$ 5,165,468	\$ 571,432	\$ 13,257	\$ 195,842	\$ 180,183	\$ 30,557	\$ 6,156,739
<u>2022</u>									
Receipts.....	\$ 12,085,262	\$ 2,072,381	14,157,643	\$ 810,706	\$ 241,782	\$ 279,610	\$ 369,730	\$ 2,492,171	\$ 18,351,642
Disbursements.....	11,835,481	1,907,685	13,743,166	669,404	-	319,038	405,968	2,490,195	17,627,771
Net Surplus (Deficit).....	249,781	164,696	414,477	141,302	241,782	(39,428)	(36,238)	1,976	723,871
Other Sources (Uses).....	-	-	-	-	1,502,346 ⁽²⁾	-	-	-	1,502,346
Transfer.....	1,745,000 ⁽²⁾	-	1,745,000	-	(1,745,000)	-	-	-	-
Beginning Fund Balance.....	4,299,460	866,008	5,165,468	571,432	13,257	195,842	180,183	30,557	6,156,739
Ending Fund Balance.....	\$ 6,294,241	\$ 1,030,704	\$ 7,324,945	\$ 712,734	\$ 12,385	\$ 156,414	\$ 143,945	\$ 32,533	\$ 8,382,956
<u>2023</u>									
Receipts.....	\$ 12,577,325	\$ 2,689,812	15,267,137	\$ 879,659	\$ 278,223	\$ 352,908	\$ 320,804	\$ 2,554,038	\$ 19,652,769
Disbursements.....	13,203,828	1,822,475	15,026,303	945,569	-	317,680	442,934	2,536,525	19,269,011
Net Surplus (Deficit).....	(626,503)	867,337	240,834	(65,910)	278,223	35,228	(122,130)	17,513	383,758
Other Sources (Uses).....	1,520,000	-	1,520,000	-	1,502,400 ⁽²⁾	-	-	-	3,022,400
Transfer.....	-	-	-	-	(1,520,000)	-	-	-	(1,520,000)
Beginning Fund Balance.....	6,294,241	1,030,704	7,324,945	712,734	12,385	156,414	143,945	32,533	8,382,956
Ending Fund Balance.....	\$ 7,187,738	\$ 1,898,041	\$ 9,085,779	\$ 646,824	\$ 273,008	\$ 191,642	\$ 21,815	\$ 50,046	\$ 10,269,114
<u>2024</u>									
Receipts.....	\$ 13,965,536	\$ 2,710,774	\$ 16,676,310	\$ 1,132,925	\$ 336,994	\$ 319,788	\$ 543,631	\$ 2,587,593	\$ 21,597,241
Disbursements.....	13,946,885	2,293,639	16,240,524	929,841	-	331,713	504,052	2,576,769	20,582,899
Net Surplus (Deficit).....	18,651	417,135	435,786	203,084	336,994	(11,925)	39,579	10,824	1,014,342
Other Sources (Uses).....	-	2,200,000	2,200,000	76,000	2,025,000 ⁽²⁾	-	-	-	4,301,000
Transfer.....	-	-	-	-	(2,220,715)	-	-	-	(2,220,715)
Beginning Fund Balance.....	7,187,738	1,898,041	9,085,779	646,824	273,008	191,642	21,815	50,046	10,269,114
Ending Fund Balance.....	\$ 7,206,389	\$ 4,515,176	\$ 11,721,565	\$ 925,908	\$ 414,287	\$ 179,717	\$ 61,394	\$ 60,870	\$ 13,363,741
<u>2025</u>									
Receipts.....	\$ 14,270,831	\$ 3,270,516	\$ 17,541,347	\$ 1,178,348	\$ 367,585	\$ 518,656	\$ 786,689	\$ 2,587,229	\$ 22,979,854
Disbursements.....	14,483,528	4,265,828	18,749,356	1,438,557	-	341,783	526,272	2,614,105	23,670,073
Net Surplus (Deficit).....	(212,697)	(995,312)	(1,208,009) ⁽³⁾	(260,209)	367,585	176,873	260,417	(26,876)	(690,219)
Other Sources (Uses).....	404,950	1,700,000	2,104,950	-	1,730,000 ⁽⁴⁾	-	-	-	3,834,950
Transfer.....	-	-	-	-	(2,125,665)	-	-	-	(2,125,665)
Beginning Fund Balance.....	7,206,389	4,515,176	11,721,565	925,908	414,287	179,717	61,394	60,870	13,363,741
Ending Fund Balance.....	\$ 7,398,642	\$ 5,219,864	\$ 12,618,506	\$ 665,699	\$ 386,207	\$ 356,590	\$ 321,811	\$ 33,994	\$ 14,382,807
Fund Balance as % of Disbursements.....			67.30%						60.76%

See the footnotes on the following page.

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

(2) Represents the proceeds of the District’s Working Cash Fund bonds. The District has historically annually issued working cash bonds for operating purposes. In fiscal year 2021, the District began using at least half of the annual working cash bond proceeds for capital projects and continued to move the proceeds away from operations to fund capital projects. The proceeds of the 2025 Working Cash Bonds (\$1.7 million) were used almost solely for capital projects. The District expects to discontinue the annual issuance of working cash bonds.

(3) The fiscal year 2025 general fund deficit (\$1.2 million before proceeds of the 2025 Working Cash Bonds) was due in large part to the completion of the District’s elevator project (\$2.1 million). Proceeds of the 2025 Working Cash Bonds were sufficient to complete the elevator project.

Source: Compiled from the District’s Annual Financial Reports 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 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 Report 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	\$ 628,999
2022	603,625
2023	667,773
2024	712,387
2025	712,345

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 tentative budget summary for the fiscal year ending June 30, 2026.

<u>Fund</u>	<u>Fund Balances July 1, 2025</u>	<u>FY26 Revenue</u>	<u>FY26 Expenditures</u>	<u>FY26 Other Sources/Uses</u>	<u>Estimated Fund Balances June 30, 2026</u>
Educational.....	\$ 7,406,489	\$ 15,784,625	\$ 15,820,276	\$ 302,000	\$ 7,672,838
Operations & Maintenance.....	5,219,865	2,033,337	4,182,500 ⁽¹⁾	-	3,070,702
Transportation.....	665,698	1,216,910	1,542,122	38,000	378,486
IMRF/Social Security.....	356,590	390,440	362,156	-	384,874
Working Cash.....	386,207	371,412	-	(300,000)	457,619
Total Operating Funds	<u>\$ 14,034,849</u>	<u>\$ 19,796,724</u>	<u>\$ 21,907,054</u>	<u>\$ 40,000</u>	<u>\$ 11,964,519</u>
Debt Service.....	\$ 33,994	\$ 2,923,786	\$ 2,949,100	\$ -	\$ 8,680
Fire Prevention & Safety.....	363,065	353,744	907,920	-	(191,111)
Capital Projects.....	-	100,000	6,000,000	14,850,000 ⁽²⁾	8,950,000
Tort.....	321,811	721,790	641,842	-	401,759
Total All Funds	<u>\$ 14,753,719</u>	<u>\$ 23,896,044</u>	<u>\$ 32,405,916</u>	<u>\$ 14,890,000</u>	<u>\$ 21,133,848</u>

(1) The budgeted \$2.1 million Operations and Maintenance Fund drawdown is due to several one-time capital projects totaling \$1.8 million, including the replacement of gym bleachers, floors and air handlers and resurfacing the outdoor track.

(2) Represents estimated Bond proceeds.

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, 21.94% 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 \$1,587,309 (the “Initial Base Funding Minimum”). Mandated Categorical State Aid (as hereinafter defined) received by the District in fiscal year 2017, other than Mandated Categorical State Aid related to transportation and extraordinary special education, was included in the Initial Base Funding Minimum. Any New State Funds received by a district in a year become part of its Base Funding Minimum in the following year.

The following table sets forth the amounts 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>Evidence-Based Funding</u>
2021	\$ 2,357,188
2022	2,635,683
2023	2,795,556
2024	3,131,795
2025	3,455,979
2026 (projected)	3,489,778

Source: The audited financial statements of the District for the fiscal years ended June 30, 2021, through June 30, 2025, for historical amounts, and ISBE for the amount projected for fiscal year ending June 30, 2026. 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.

The District was placed in Tier One for fiscal year ended June 30, 2025. For fiscal year ending June 30, 2026, the District has been placed in Tier Two.

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 \$83,451 pursuant to ESSER I, \$326,769 pursuant to ESSER II and \$921,004 pursuant to ESSER III. All ESSER funds have been spent.

The District retained three positions that were paid from ESSER funds and are now being paid from operating funds at an annual cost of approximately \$180,000. The three positions were a math interventive specialist, paraprofessional and a full-time nurse assistant.

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)	Original Score	Designation Based on Original Score	Adjusted Score	Designation Based on Adjusted Score
2019	2.75	Financial Early Warning	2.75	Financial Early Warning
2020	3.55	Financial Recognition	3.55	Financial Recognition
2021	3.55	Financial Recognition	3.55	Financial Recognition
2022	4.00	Financial Recognition	4.00	Financial Recognition
2023	4.00	Financial Recognition	4.00	Financial Recognition
2024 ⁽¹⁾	4.00	Financial Recognition	N/A	N/A

(1) A preliminary score reported in the District’s fiscal year 2024 Annual Financial Report. The District expects that ISBE will release its official Original Score and Adjusted Score in 2025.

Source: ISBE, except for the preliminary fiscal year 2024 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 10A 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 of the State (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 10A 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	TRS
June 30	Contribution
2021	\$ 67,386
2022	51,340
2023	45,331
2024	45,464
2025	46,473

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 10A 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 10B 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 22.75% 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	IMRF
<u>December 31</u>	<u>Contribution</u>
2020	\$402,305
2021	377,980
2022	414,425
2023	341,180
2024	388,039

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.

Calendar	Fiduciary Net Position as				
Year Ended	Total Pension	Fiduciary Net	Net Pension	a % of Total Pension	Discount
December 31	Liability	Position	Liability/(Asset)	Liability	Rate
2020	\$ 14,471,505	\$ 14,279,536	\$ 191,969	98.67%	7.25%
2021	15,133,633	16,493,232	(1,359,599)	108.98%	7.25%
2022	16,306,976	14,269,579	2,037,397	87.51%	7.25%
2023	17,274,399	15,969,486	1,304,913	92.45%	7.25%
2024	18,237,260	16,917,672	1,319,588	92.76%	7.25%

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

See Note 10B 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.

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 \$42,4624 to the THIS fund. For the years ended June 30, 2024 and June 30, 2023, the District paid \$41,504 and \$39,281, 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 Internal Revenue Code of 1986, as amended (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 includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 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 insured rating of “AA” (Stable Outlook) to the Bonds with the understanding that upon issuance and delivery of the Bonds the Policy will be issued by AG. 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 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.”

In 2018, the District approved disclosure policies and procedures, and on December 16, 2019, the District approved additional procedures to be followed by the District in relation to the two new reportable events added to the list of reportable events for which the District must provide notice to the MSRB’s Electronic Municipal Market Access (“EMMA”) system.

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. The District has retained PMA Securities, LLC, Naperville, Illinois (“PMA”), to act as the District’s Dissemination Agent for its continuing disclosure filings. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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” or “Stifel”), 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.

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

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

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

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 and also from the investment of Bond proceeds. 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.

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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 High School District Number 101
Grundy and Kendall Counties, Illinois

October ____, 2025

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 High School District Number 101,
Grundy and Kendall Counties, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of Community High School District Number 101, Grundy and Kendall Counties, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation School Bonds, Series 2025A (the “*Bonds*”), to the amount of \$_____ dated _____, 2025, due serially on February 1 of the years and in the amounts and bearing interest as follows:

the Bonds due on or after February 1, 20____, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on February 1, 20____, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

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

It is our opinion that, subject to the District’s compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal

income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

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

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

Appendix B

Annual Financial Report for Fiscal Year Ended June 30, 2025

The Annual Financial Report of the District contained in this Appendix B (the “Audit”), including the independent auditor’s report accompanying the Audit, has been prepared by Mack & Associates, P.C., Morris, 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.

**MORRIS COMMUNITY
HIGH SCHOOL DISTRICT NO. 101**

MORRIS, ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

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MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Education
Morris Community High
School District No. 101
Morris, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Morris Community High School District No. 101, 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 and each major fund of Morris Community High School District No. 101 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 basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Morris Community High School District No. 101, 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 governmental activities, each major fund, and the aggregate remaining fund information are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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

Auditors' Responsibility 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 auditors' 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 GAAS 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 GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other and Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morris Community High School District No. 101's basic financial statements. The individual fund financial statements, notes to other information, and supplemental information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of 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 individual fund financial statements and notes to other information are fairly presented in all material respects in relation to the basic financial statements as a whole.

Supplemental Information

Management is responsible for the supplemental information included in the annual report. The supplemental information is comprised of the pension supplemental schedules and the assessed valuations, tax rates, tax extensions and tax collections schedule, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the supplemental information, and we do not express an opinion or any form of assurance thereon.

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 supplemental information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We previously audited Morris Community High School District No. 101's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2024. The summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2025, on our consideration of the Morris Community High School District No. 101's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 8, 2025

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statement
Statement of Net Position - Modified Cash Basis
June 30, 2025

	Governmental Activities	
	2025	2024
<u>Assets</u>		
Cash	\$ 2,573,957	1,332,769
Investments	12,172,270	12,083,977
Capital Assets		
Land	62,042	62,042
Construction in progress	192,496	610,101
Improvements	3,614,607	3,614,607
Buildings	23,532,341	20,590,614
Transportation equipment	172,184	86,128
Cafeteria equipment	307,865	307,865
Other equipment	5,185,467	4,802,698
Accumulated depreciation	(20,616,313)	(19,851,959)
Total assets	27,196,916	23,638,842
<u>Liabilities</u>		
Current Liabilities:		
Teacher's pension payable	355	-
Total current liabilities	355	-
Long-Term liabilities:		
Due within one year	2,770,000	2,405,000
Due in more than a year	1,330,000	2,370,000
Total Long-Term Liabilities	4,100,000	4,775,000
Total liabilities	4,100,355	4,775,000
<u>Net Position</u>		
Net investment in capital assets	8,350,689	5,447,096
Restricted	1,464,204	542,789
Unrestricted	13,281,668	12,873,957
Total net position	\$ 23,096,561	18,863,842

The Notes to Basic Financial Statements are an integral part of this statement.

Government-wide Financial Statement
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2025

Program Activities	Expenditures	Program Revenues			Net (Expenditures) Revenue And Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2025	2024
Governmental activities:						
Instruction	\$ 9,081,900	541,016	628,798	-	(7,912,086)	(6,963,837)
Supporting services	5,475,831	497,207	395,719	50,000	(4,532,905)	(5,325,400)
Community services	12,927	-	-	-	(12,927)	(12,262)
Payments to other districts	4,291,302	148,578	-	-	(4,142,724)	(3,062,639)
On-behalf payments	712,345	-	712,345	-	-	-
Unallocated interest and fees	234,271	-	-	-	(234,271)	(170,966)
Total government	<u>\$ 19,808,576</u>	<u>1,186,801</u>	<u>1,736,862</u>	<u>50,000</u>	<u>(16,834,913)</u>	<u>(15,535,104)</u>
General revenues						
Taxes:						
Property taxes					\$ 13,154,905	11,746,929
Replacement taxes					595,066	852,413
TIF revenue					2,773,619	2,485,779
Evidence based funding formula					3,455,979	3,131,795
Refund of prior years' expenditures					88,565	83,568
Interest on investments					823,962	827,537
Miscellaneous					170,586	136,703
Total general revenues					<u>21,062,682</u>	<u>19,264,724</u>
Special items:						
Sale of fixed assets					<u>4,950</u>	<u>76,000</u>
Change in net position					<u>4,232,719</u>	<u>3,805,620</u>
Net position at beginning of year					<u>18,863,842</u>	<u>15,058,222</u>
Net position at end of year					<u>\$ 23,096,561</u>	<u>18,863,842</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
June 30, 2025

	Special Revenue Funds						Total	
	General Fund	Transportation Fund	IMRF/SS Fund	Tort Fund	Fire Prevention and Safety Fund	Debt Service Fund	Governmental funds	
							2025	2024
<u>Assets</u>								
Cash in bank	\$ 2,522,034	7,669	5,949	4,812	72	33,421	2,573,957	1,332,769
Investments	10,483,034	658,030	350,641	316,999	362,993	573	12,172,270	12,083,977
Total assets	<u>\$ 13,005,068</u>	<u>665,699</u>	<u>356,590</u>	<u>321,811</u>	<u>363,065</u>	<u>33,994</u>	<u>14,746,227</u>	<u>13,416,746</u>
<u>Liabilities</u>								
Payroll liabilities	<u>\$ 355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>-</u>
Total liabilities	<u>355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>-</u>
<u>Fund Balance</u>								
Restricted	388,744	-	356,590	321,811	363,065	33,994	1,464,204	542,789
Committed	1,045,618	-	-	-	-	-	1,045,618	1,101,957
Assigned	275,503	665,699	-	-	-	-	941,202	1,197,785
Unassigned	11,294,848	-	-	-	-	-	11,294,848	10,574,215
Total fund balance	<u>13,004,713</u>	<u>665,699</u>	<u>356,590</u>	<u>321,811</u>	<u>363,065</u>	<u>33,994</u>	<u>14,745,872</u>	<u>13,416,746</u>
Total liabilities and fund balance	<u>\$ 13,005,068</u>	<u>665,699</u>	<u>356,590</u>	<u>321,811</u>	<u>363,065</u>	<u>33,994</u>		

Reconciliation of Statement of Net Position:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$33,067,002 (net of accumulated depreciation of \$20,616,313), are not financial resources and, therefore, are not reported in the funds.	\$ 12,450,689	10,222,096
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,100,000)	(4,775,000)
Net position of governmental activities	<u>\$ 23,096,561</u>	<u>18,863,842</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds						Total	
	General	Transportation	IMRF/SS	Tort	Fire Prevention	Debt Service	Governmental Funds	
	Fund	Fund	Fund	Fund	and Safety	Fund	2025	2024
Revenues received:								
Local sources	\$ 13,675,293	860,617	510,337	786,689	344,146	2,587,229	18,764,311	17,363,509
State sources	3,848,073	317,731	-	-	-	-	4,165,804	3,924,454
Federal sources	385,566	-	8,319	-	-	-	393,885	612,660
On behalf payments	712,345	-	-	-	-	-	712,345	712,387
Total revenues received	18,621,277	1,178,348	518,656	786,689	344,146	2,587,229	24,036,345	22,613,010
Expenditures disbursed:								
Current:								
Instruction	7,566,866	-	105,815	55,162	-	-	7,727,843	7,928,833
Supporting services	4,462,007	1,260,758	235,968	471,110	4,086	499	6,434,428	6,901,263
Community services	12,927	-	-	-	-	-	12,927	12,262
Intergovernmental:								
Payments to other districts	4,291,302	-	-	-	-	-	4,291,302	3,206,711
On-behalf payments	712,345	-	-	-	-	-	712,345	712,387
Capital outlay	2,416,254	177,799	-	-	30,000	-	2,624,053	565,818
Debt service:								
Interest	-	-	-	-	-	208,606	208,606	150,251
Principal	-	-	-	-	-	2,405,000	2,405,000	2,425,000
Total expenditures disbursed	19,461,701	1,438,557	341,783	526,272	34,086	2,614,105	24,416,504	21,902,525
Excess (deficiency) of revenues received over (under) expenditures disbursed	(840,424)	(260,209)	176,873	260,417	310,060	(26,876)	(380,159)	710,485
Other financing sources (uses)								
Bond proceeds	1,730,000	-	-	-	-	-	1,730,000	2,025,000
Sale of fixed assets	4,950	-	-	-	-	-	4,950	76,000
Bond issuance costs	(25,665)	-	-	-	-	-	(25,665)	(20,715)
Total other financing sources (uses)	1,709,285	-	-	-	-	-	1,709,285	2,080,285
Net change in fund balance	868,861	(260,209)	176,873	260,417	310,060	(26,876)	1,329,126	2,790,770
Fund balances, beginning of year	12,135,852	925,908	179,717	61,394	53,005	60,870	13,416,746	10,625,976
Fund balances, end of year	\$ 13,004,713	665,699	356,590	321,811	363,065	33,994	14,745,872	13,416,746

The Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT D
(Continued)

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Total	
	Governmental Funds	
	2025	2024
Net Change in Fund Balances - governmental activities	\$ 1,329,126	2,790,770
Issuance of debt is a revenue in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position: Debt Issuance	(1,730,000)	(2,025,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: Principal payments	2,405,000	2,425,000
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. The change in fund balance must be increased by capital purchases and decreased by depreciation		
Capital assets purchases	2,992,946	1,392,814
Capital asset disposals	-	(87,754)
Depreciation	(764,353)	(690,210)
Change in net position of governmental activities (Statement B)	<u>\$ 4,232,719</u>	<u>3,805,620</u>

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Morris Community High School District No. 101 (District) is a public educational agency operating under the applicable laws and regulations of the State of Illinois. It is governed by a seven-member Board of Education (Board) elected by registered voters of the District. The financial statements of the District have been prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Illinois, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below:

Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is a legally separate organization for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District also may be financially accountable if an organization is fiscally dependent on the District, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in the District's reporting entity. Also, the District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

The joint agreements (Grundy County Special Education Cooperative and Grundy Area Vocational Center) have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are, therefore, excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity. Joint agreements are required to have an annual audit. Financial statements are available upon request from the joint agreement at Grundy County Special Education Cooperative, 725 School St, Morris, IL 60450 and Grundy Area Vocational Center, 1002 Union St, Morris, IL 60450.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenues received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting - (Continued)

- a. total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. total assets, liabilities, revenues, and expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The District reports the following funds as major governmental funds: General Fund, Transportation Fund, Municipal Retirement/Social Security Fund (elected as major), Tort Fund (elected as major), Fire Prevention and Safety Fund (elected as major), Capital Projects Fund (elected as major), and the Debt Service Fund.

The following summarizes the fund types used by the District:

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is comprised of three funds, the Educational Fund, the Operations and Maintenance Fund and the Working Cash Fund. The Educational Fund records direct costs of instruction and related administration. The Operations and Maintenance Fund reports all costs of maintaining, improving or repairing school buildings and property. The Working Cash Fund reports financial resources held by the District to be used as loans for working capital requirements to any other fund for which taxes are levied. The earnings of the Working Cash Fund are allowed to be transferred to another fund under the Illinois Compiled Statutes. The principal of the Working Cash Fund, accumulated from bond issues, can be used as a source from which the District borrows money to support temporary deficiencies in other funds, or may be partially or fully transferred to the Educational Fund, upon Board approval.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than Debt Service and Capital Projects Funds) that are legally restricted to expenditures for specified purposes. The District operates the following Special Revenue Funds:

- Transportation Fund – This fund accounts for the revenue and expenditures relating to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting - (Continued)

- Municipal Retirement/Social Security Fund – This fund accounts for the District's portion of the pension contributions to the Illinois Municipal Retirement Fund for noncertified employees and social security contributions for applicable certified and noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes
- Tort Fund – This fund reports revenues and expenditures for the District's risk financing activities. Revenue is primarily derived from local property taxes.
- Fire Prevention and Safety Fund – This fund accounts for financial resources to be used for acquisitions and construction projects, which qualify as Fire Prevention and Safety expenditures. Revenue is primarily derived from local property taxes.

Capital Projects Fund:

- The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of school facilities and other capital assets.

Debt Service Fund:

- Bond and Interest Fund – This Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. This means that only balances resulting from previous cash transactions are shown on the Statement of Net Position, with two modifications: capital assets net of related depreciation and long-term liabilities resulting from debt issuances are also included. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenditures) in total net position, with three modifications: capital acquisitions are not reported as expenditures but rather capitalized and shown as assets on the Statement of Net Position, depreciation expense is reported in the Statement of Activities and long-term debt principal payments are shown as a reduction of long-term liabilities on the Statement of Net Position rather than an expenditure on the Statement of Activities.

Fund Financial Statements - All governmental funds are accounted for using the current financial resources measurement focus and the cash basis of accounting. This means that only current assets, liabilities and fund balances resulting from previous cash transactions are shown on the Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions. The Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances reports on the sources (i.e. revenues) and uses (i.e. expenditures).

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

Revenues are recognized when cash is received. Expenditures are recognized when paid. Allocations of cost, such as depreciation, are not recognized in governmental funds. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. While GASB 87 was in effect at June 30, 2025, the financial statements have not been adjusted for this, as the District's financial statements are reported on the cash basis of accounting. Lease expenditures are recorded in their applicable funds when incurred. See Note 8 for information on lease commitments. While GASB 96 was in effect as of June 30, 2025, there were no agreements that met the requirements of this pronouncement.

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit. Trust account investments in open-ended mutual funds are also considered cash equivalents.

To improve cash management, the District utilizes a pooled account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "cash."

Investments

During the fiscal year, investments were limited to certificates of deposit, the Illinois Funds and Illinois School District Liquid Asset Fund. Investments are stated at cost which approximates market value. Gains or losses on the sale of investments are recognized upon realization. The institutions in which investments are made must be approved by the Board of Education.

E. Capital Assets

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if the actual cost is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2004. Assets acquired since July 1, 2004 are recorded at cost.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Investments are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Capital Assets – (Continued)

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements	10-20 years
Buildings	39-50 years
Equipment	5-10 years

F. Compensated Absences

Full-time teacher certified employees receive 2 personal days per year and are allowed to accrue 3 days of personal leave total. Any days which accumulate in excess of 3 days will be transferred to sick leave at the end of the school year. Full-time teacher certified employees receive 15 days of sick leave each school year.

G. Accrued Liabilities and Long-Term Obligations

The District prepares its government-wide financial statements using the modified cash basis. On the modified cash basis, only long-term obligations are reported in the government-wide financial statements. Payables and accrued liabilities are not reflected in the government-wide statements.

The District prepares its fund financial statements using the cash basis. On the cash basis, payables, accrued liabilities and long-term obligations are not reflected in the fund financial statements.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Net Position

In the government-wide financial statements net position represents the difference between assets and liabilities, and is displayed in three components:

1. Net Position invested in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for acquisition, construction or improvement of these assets. At June 30, 2025, net investment in capital assets consists of the following:

Capital assets, at cost	\$ 33,067,002
Less: Accumulated depreciation	<u>(20,616,313)</u>
Capital assets, net	12,450,689
Less:	
General obligation bonds	<u>(4,100,000)</u>
Net investment in capital assets	<u>\$ 8,350,689</u>

2. Restricted net position – consists of net position with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

I. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

J. Reclassifications

Certain prior year balances may have been reclassified to conform to the current year presentation.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 85, Sections 902 and 906; and Chapter 122, Section 8-7. The District has adopted a formal written investment and cash management policy. The institution in which investments are made must be approved by the Board of Education. These are reported on the financial statements as cash.

Deposits

Custodial Credit Risk – is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's custodial credit risk policy is included in a formal written investment and cash management policy.

The District's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution.

Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution. At June 30, 2025, the carrying amount of the District's deposits was \$2,573,957 and the bank balance was \$2,662,759. As of June 30, 2025, all uninsured deposits (\$2,412,759) are fully collateralized with securities held by the pledging financial institution or covered under FDIC insurance.

Investments

Investments consist of the following as of June 30, 2025:

	<u>Carrying Amount</u>
Illinois School District	
Liquid Asset Fund	\$ 11,747,124
The Illinois Funds	114,699
Illinois National Bank	993
Grundy National Bank	309,454
	<u>\$ 12,172,270</u>

The Illinois Funds. The Illinois Funds is an external investment pool created by the Illinois General Assembly. The fund invests in U.S. Treasury bills and notes, treasury-only money market funds, repurchase agreements backed by the U.S. Treasuries, and certificates of deposit at Illinois financial institutions backed by U.S. Treasuries. The Illinois Funds perfects collateral on all investments in the aggregate and in the case of certificates of deposit perfected collateral is on amounts in excess of the FDIC limits. The monies invested in The Illinois Funds are reported at cost which represents market value.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS - (Continued)

The Illinois School District Liquid Asset Fund. The Illinois School District Liquid Asset Fund is an external investment pool sponsored by the Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials. PMA Securities, Inc. administers the fund. A thirteen-member Board of Trustees oversees the actions of the Administrator and decides on general policies. The fund invests in high-quality, short-term debt instruments guaranteed by the full faith and credit of the United States, certain U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by Illinois law. The monies invested in the Illinois School District Liquid Asset Funds are reported at cost which represents market value.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investing activities are managed under the custody of the District Superintendent and Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Education complying with the School Code of Illinois.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's procedures provide that to the extent practicable, investments are matched with anticipated cash flows. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

Concentration Risk is the risk that is a result of the Board placing no limit on the amount that can be invested with any single issuer.

NOTE 3: COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, cash of certain funds is combined in one common bank account. Individual accounting records are maintained showing the cash balance attributed to each fund. The Educational Fund maintains a \$5,000 imprest account and student activity accounts totaling \$275,501 which are not included in the pooled total below. As of June 30, 2025, the funds participating in the common bank account had the following cash balances:

Fund	Cash	Investments	Total
Educational Fund	\$ 340,602	7,058,369	7,398,971
Operations & Maintenance Fund	2,180,882	3,039,009	5,219,891
Working Cash Fund	550	385,656	386,206
Total General Fund	2,522,034	10,483,034	13,005,068
Debt Service Fund	33,421	573	33,994
Transportation Fund	7,669	658,030	665,699
IMRF and Social Security Fund	5,949	350,641	356,590
Tort Fund	4,812	316,999	321,811
Fire Prevention and Safety Fund	72	362,993	363,065
Total	\$ 2,573,957	12,172,270	14,746,227

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101**Notes to Basic Financial Statements
For the Year Ended June 30, 2025****NOTE 4: PROPERTY TAXES**

The District's property tax levy must be adopted by the Board by the last Tuesday of December. On the cash basis of accounting, property taxes are recognized as revenues when they are received. The property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of the levy. Taxes are remitted to the District in the month following the due dates. The 2023 tax levy was passed by the Board on December 11, 2023 in the amount of \$12,245,334, increased by bond and interest and reduced by statutory limitations to \$13,356,404. The 2023 tax levy was received by the District in the current fiscal year. The 2024 tax levy was passed by the Board on December 9, 2024 in the amount of \$13,488,583, increased by bond and interest and reduced by statutory limitations to \$14,094,946. The 2024 tax levy will be received by the District in the subsequent fiscal year.

NOTE 5: CHANGES IN CAPITAL ASSETS

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, net depreciable				
Land	\$ 62,042	-	-	62,042
Construction in Progress	610,101	192,497	(610,102)	192,496
Total capital assets, not depreciable	672,143	192,497	(610,102)	254,538
Capital assets, depreciable				
Land improvements	3,614,607	-	-	3,614,607
Buildings and improvements	20,590,614	2,941,727	-	23,532,341
Other equipment	4,802,698	382,769	-	5,185,467
Cafeteria equipment	307,865	-	-	307,865
Transportation equipment	86,129	86,055	-	172,184
Total capital assets, depreciable	29,401,913	3,410,551	-	32,812,464
Total capital assets	30,074,056	3,603,048	(610,102)	33,067,002
Less accumulated depreciation				
Land improvements	(1,294,223)	(163,771)	-	(1,457,994)
Building and improvements	(13,567,198)	(455,765)	-	(14,022,963)
Other equipment	(4,591,854)	(79,728)	-	(4,671,582)
Cafeteria equipment	(297,930)	(2,559)	-	(300,489)
Transportation equipment	(100,755)	(62,530)	-	(163,285)
Total accumulated depreciation	(19,851,960)	(764,353)	-	(20,616,313)
Total capital assets, net	\$ 10,222,096	2,838,695	(610,102)	12,450,689

Current year depreciation is allocated as follows:

Instructional Expenditures	\$ 79,728
Support Service Expenditures	<u>684,625</u>
Total Current Year Depreciation	<u>\$ 764,353</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 5: CHANGES IN CAPITAL ASSETS – (Continued)

Significant capital asset purchases include:

Elevator Addition	\$ 2,424,002
Wrestling Gym Mechanical	385,502
Main Gym Floor, Bleachers (Construction in Progress)	182,593
2024 Activity Busses (2)	177,799
Acoustic Shell	154,773
2021 Chevy Traverses (2)	61,000
Roof Section C	48,324
Auditorium Lighting	33,345
Door #7 Replacement	26,142
2021 Chevy Malibus (2)	25,056
Lower 1960s Door Replacement	24,411
2024 Polaris Ranger	24,223
Wrestling Mat	13,276
EBI Upgrade R700	9,904
Sousaphone	7,200
Fireproof File Cabinet, 44" 4 drawer	5,498

During the year ended June 30, 2025, the District entered into a contract for building improvements related to the Gym Renovation Project in the amount of \$1,562,174. The project was in progress as of June 30, 2025.

NOTE 6: LONG-TERM DEBT OBLIGATIONS

The following is a summary of general long-term debt transactions of the District for the year ended June 30, 2025.

	Payable at July 1, 2024	Debt Issued	Bonds Retired	Payable at June 30, 2025	Due Within One Year
Debt Certificates, Series 2020A	\$ 430,000	-	285,000	145,000	145,000
Debt Certificates, Series 2020B	1,425,000	-	-	1,425,000	145,000
G.O. Working Cash Bonds, Series 2023	895,000	-	895,000	-	-
G.O. Working Cash Bonds, Series 2024	2,025,000	-	1,225,000	800,000	800,000
G.O. Working Cash Bonds, Series 2025	-	1,730,000	-	1,730,000	1,680,000
Total	<u>\$ 4,775,000</u>	<u>1,730,000</u>	<u>2,405,000</u>	<u>4,100,000</u>	<u>2,770,000</u>

On March 10, 2020, the District issued General Obligation Refunding Debt Certificates, Series 2020A in the amount of \$430,000 to partially refinance the 2012 G.O. Refunding Bonds. The bonds bear an interest rate of 2% and require semi-annual debt service payments on May 1 and November 1.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2025**

NOTE 6: LONG-TERM DEBT OBLIGATIONS - (Continued)

Future payments due on the General Obligation Refunding Debt Certificates, Series 2020A are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 145,000	1,450
	<u>\$ 145,000</u>	<u>1,450</u>

On March 10, 2020, the District issued General Obligation Debt Certificates, Series 2020B in the amount of \$1,425,000 for the purpose of paying for the cost of purchasing real and personal property. The bonds bear an interest rate of 4% and require semi-annual debt service payments on May 1 and November 1.

Future payments due on the General Obligation Debt Certificates, Series 2020B are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 145,000	54,100
2027	300,000	45,200
2028	315,000	32,900
2029	325,000	20,100
2030	340,000	6,800
	<u>\$ 1,425,000</u>	<u>159,100</u>

On February 16, 2023, the District issued General Obligation Working Cash Bonds, Series 2023 in the amount of \$1,520,000 for the purpose of paying for the cost of purchasing real and personal property. The bonds bear an interest rate of .33% and require semi-annual debt service payments on February 1 and August 1. These bonds were paid in full during the year ended June 30, 2025.

On February 16, 2024, the District issued General Obligation Working Cash Bonds, Series 2024 in the amount of \$2,025,000 for the purpose of paying for the cost of purchasing real and personal property. The bonds bear a varying interest rate of 5.576% - 4.989% and require semi-annual debt service payments on February 1 and August 1.

Future payments due on the General Obligation Working Cash Bonds, Series 2024 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 800,000	43,200

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 6: LONG-TERM DEBT OBLIGATIONS - (Continued)

On February 26, 2025, the District issued General Obligation Working Cash Bonds, Series 2025 in the amount of \$2,025,000 for the purpose of paying for the cost of capital improvements. The bonds bear an interest rate of 4.60% and require semi-annual debt service payments on February 1 and August 1.

Future payments due on the General Obligation Working Cash Bonds, Series 2025 are as follows:

Year	Principal	Interest
2026	\$ 1,680,000	79,849
2027	50,000	2,480
	<u>\$ 1,730,000</u>	<u>82,329</u>

Debt service payments on all outstanding obligations are made from the Debt Service Fund.

NOTE 7: LEGAL DEBT MARGIN

Legal debt margin is the percent of the District's assessed valuation which is subject to debt limitation. The statutory debt limitation for the District is 6.9%. The District's legal debt margin limitation is as follows for the fiscal year ended June 30, 2025:

Assessed Valuation (2024)	<u>\$ 706,556,060</u>
Statutory debt limitation (6.9%)	\$ 48,752,368
Amount of debt applicable to debt limitation	<u>4,100,000</u>
Legal Debt Margin	<u>\$ 44,652,368</u>

NOTE 8: LEASE COMMITMENTS

Operating Leases

The District had the following leases as of June 30, 2025:

Description	Date	Type	Term	Payment
525 Chromebooks	7/1/2022	Annual	48 months	\$ 49,120
8 Savin MFPs	4/15/2023	Monthly	60 months	1,775
425 Chromebooks	7/1/2023	Annual	36 months	40,097

Future payments under these leases are as follows:

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 8: LEASE COMMITMENTS – (CONTINUED)

<u>Year</u>	<u>Principal</u>
2026	\$ 110,517
2027	21,300
2028	15,975
	<u>\$ 147,792</u>

NOTE 9: OTHER CONTRACTS AND COMMITMENTS

Teachers' contracts for services rendered during the school year for teachers electing twelve-month pay schedules are recorded in the fiscal year when such checks are drawn. At June 30, 2025, unpaid teachers' contracts for services performed during the year, amounted to \$1,045,618.

NOTE 10: RETIREMENT FUND COMMITMENTS

A. *Teachers' Retirement System of the State of Illinois*

General Information about the Plan

Plan Description

The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.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 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest consecutive years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. Teachers' Retirement System of the State of Illinois – (Continued)

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original programs benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 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 employer. For the year ended June 30, 2025, state of Illinois contributions recognized by the employer were based on the state's proportionate share of with the pension expense associated with the employer, and the employer recognized revenue and expenditures of \$655,307 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 \$36,758.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. *Teachers' Retirement System of the State of Illinois - (Continued)*

Contributions – (Continued)

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

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

For the year ended June 30, 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 \$93,956 were paid from federal and special trust funds that required employer contributions of \$9,715.

Employer Retirement Cost Contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2025, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

B. *Illinois Municipal Retirement Defined Benefit Pension Plan*

IMRF Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available 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.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

B. Illinois Municipal Retirement Defined Benefit Pension Plan - (Continued)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2024, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	88
Inactive, Non-Retired Members	284
Active Members	<u>189</u>
Total	<u><u>561</u></u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

B. Illinois Municipal Retirement Defined Benefit Pension Plan - (Continued)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate and actual District contributions for calendar year 2024 and the fiscal year ended June 30, 2025 are summarized below. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Plan member required contribution rate	4.50%
District required contribution rate for 2024	6.69%
District required contribution rate for 2025	6.61%
District actual contributions for 2024	\$ 104,778
District actual contributions for fiscal year 2025	\$ 108,589

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Teachers' Health Insurance Security Fund

The District participates in the Teacher Health Insurance Security (THIS) Fund of the state of Illinois (also known as the Teachers Retirement Insurance Program "TRIP"), 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. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued publicly available financial report that can be obtained at <https://www.auditor.illinois.gov/AuditReports/Compliance-Agency-List/CMS/THISF/FY24-CMS-THISF-Fin-Full.pdf>.

Benefits Provided

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 not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)- (Continued)

Contributions

Active members were required to contribute .90% of pay during the year ended June 30, 2025 to the THIS Fund. The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.67% during the year ended June 30, 2025. For the year ended June 30, 2025, the District paid \$42,462, to the THIS Fund, which was 100 percent of the required contribution.

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

On Behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. The District recognized \$57,038 in revenue and expenditures for this on-behalf contribution amount during the year in the General Fund.

NOTE 12: RISK MANAGEMENT – CLAIMS AND JUDGMENTS

All employees of the District are covered under the State of Illinois Unemployment Insurance Act. 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's risk management activities are recorded in the Tort Fund. No liability has been recorded on the books for future expenses related to risk management; these expenses are reported as the expenditures are made.

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. All insurance, including employee health insurance, is covered by commercial insurance policies.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 13: FUND BALANCE - GASB 54 PRESENTATION

	General Fund	Transportation Fund	SS/IMRF Fund	Tort Fund	Life Safety Fund	Bond and Interest Fund	Total Fund Balance
Restricted For:							
Retirement Contributions	\$ -	-	356,590	-	-	-	356,590
Tort related	-	-	-	321,811	-	-	321,811
Debt service	-	-	-	-	-	33,994	33,994
Leases	388,744						388,744
Life safety	-	-	-	-	363,065	-	363,065
Assigned to:							
Transportation	-	665,699	-	-	-	-	665,699
Student Activity	275,503	-	-	-	-	-	275,503
Committed to:							
Unpaid teachers' contracts	1,045,618	-	-	-	-	-	1,045,618
Unassigned:							
Operations/maintenance	5,219,864	-	-	-	-	-	5,219,864
Working cash	386,207	-	-	-	-	-	386,207
Educational fund	5,688,777	-	-	-	-	-	5,688,777
	<u>\$ 13,004,713</u>	<u>665,699</u>	<u>356,590</u>	<u>321,811</u>	<u>363,065</u>	<u>33,994</u>	<u>14,745,872</u>

According to Government Accounting Standards, 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. Below are definitions and how these balances are reported.

A. 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 is nothing to report for this classification.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Restrictions may be 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 these specified purposes. The District has several revenue sources received within different funds that also fall into these categories:

1. Special Education

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 13: FUND BALANCE – GASB 54 PRESENTATION - (Continued)

B. Restricted Fund Balance - (Continued)

2. Leasing Levy

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$388,744.

3. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2025, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted fund balance.

4. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational, the Operations and Maintenance, and IMRF/Social Security Funds. At June 30, 2025, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted fund balance.

5. IMRF/Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Social Security & IMRF Fund. As of June 30, 2025, the District has accumulated property taxes in the amount of \$356,590 which are restricted for IMRF retirement contributions.

6. Bond & Interest Levy

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Debt Service Fund. As of June 30, 2025, the District has a fund balance of \$33,994 restricted for debt service expenditures.

7. Tort Immunity

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Tort Fund. As of June 30, 2025, the District has a fund balance of \$321,811 restricted for Tort related insurance.

8. Fire Prevention and Safety

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Fire Prevention and Safety Fund. As of June 30, 2025, the District has a fund balance of \$363,065 restricted for fire prevention and safety related expenditures.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 13: FUND BALANCE – GASB 54 PRESENTATION - (Continued)

C. Committed Fund Balance

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

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

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2025, the total amount of unpaid contracts for services performed amounted to \$1,045,618. This amount is shown as Committed in the Educational Fund.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes. The District's Transportation Fund has a fund balance of \$665,699 which is assigned for the purpose of pupil transportation and transportation equipment. Student Activity fund balance of \$275,503 is also shown as assigned in the General Fund.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. As of June 30, 2025, the District has unassigned fund balances of \$5,688,777 in the Educational Fund, \$5,219,864 in the Operations & Maintenance Fund, and \$386,207 in the Working Cash Fund.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 13: FUND BALANCE – GASB 54 PRESENTATION - (Continued)

F. 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 14: CONTINGENCIES

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

NOTE 15: INTERFUND TRANSFERS

During the current fiscal year, the District made the following transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Educational Fund	\$ 400,000	-
Operations and Maintenance	1,700,000	-
Working Cash Fund	-	2,100,000
Total General Fund	<u>2,100,000</u>	<u>2,100,000</u>
Total Transfers	<u>\$ 2,100,000</u>	<u>2,100,000</u>

A transfer was made from the Working Cash Fund to the Operations & Maintenance Fund by resolution, abating the Working Cash Fund.

NOTE 16: PERSONAL PROPERTY REPLACEMENT TAXES

The District receives Personal Property Replacement Tax, which represents an additional State of Illinois income tax on corporations (certain utilities), trusts, partnerships, and Subchapter S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and waste services.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2025

NOTE 17: INTERGOVERNMENTAL AGREEMENTS AND SHARED SERVICES

Transportation Services

District #54, District #60C, and District #101 have entered into a five-year agreement in 2019 which allows for District #60C to provide District #54 and District #101 with all regular and special education transportation, extra-curricular trips, and other required transportation as agreed by the parties. District #60C agrees to acquire, by lease or purchase, all vehicles necessary for the provision of the transportation services. The parties shall meet prior to the acquisition of the vehicles to determine what equipment is appropriate for the provision of the Transportation Services. The cost of any specialty equipment (i.e. student tracking system for individual school districts) shall be covered by the party requesting such equipment. The cost of other equipment that benefits all districts shall be divided by each District's proportionate use of the services. The District paid \$1,168,809 to District #60C for shared transportation services for the year ended June 30, 2025.

NOTE 18: JOINTLY GOVERNED ORGANIZATIONS

Grundy County Special Education Cooperative

The Grundy County Special Education Cooperative is a jointly governed organization that was formed for the purpose of providing special education for children in the twelve-member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board.

During fiscal year 2025, the District paid \$2,569,683 to the Cooperative. Financial information can be obtained by writing Grundy County Special Education Cooperative, 725 School Street, Morris, IL 60450.

Grundy Area Vocational Center

The Grundy Area Vocational Center (GAVC) is a jointly governed organization that was formed for the purpose of providing career/technical training to the participating District's students. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board.

During the fiscal year ending June 30, 2025 the District paid a total of \$909,802 for these services.

NOTE 19: SUBSEQUENT EVENTS

Management evaluated subsequent events through September 8, 2025 the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of June 30, 2025, as a result of events occurring between July 1, 2025 and September 8, 2025. See Note 5 for construction projects in progress as of June 30, 2025.

OTHER INFORMATION

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

Combining Statement of Assets, Liabilities and Fund Balances
Arising from Cash Transactions
June 30, 2025

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	June 30, 2025	June 30, 2024
<u>Assets</u>					
Cash in bank	\$ 340,602	2,180,882	550	2,522,034	1,136,263
Investments	7,058,369	3,039,008	385,657	10,483,034	10,999,589
Total assets	<u>\$ 7,398,971</u>	<u>5,219,890</u>	<u>386,207</u>	<u>13,005,068</u>	<u>12,135,852</u>
<u>Liabilities</u>					
Payroll liabilities	\$ 329	26	-	355	-
Total liabilities	<u>329</u>	<u>26</u>	<u>-</u>	<u>355</u>	<u>-</u>
<u>Fund Balance</u>					
Restricted	388,744	-	-	388,744	187,803
Assigned	275,503	-	-	275,503	271,877
Committed	1,045,618	-	-	1,045,618	1,101,957
Unassigned	5,688,777	5,219,864	386,207	11,294,848	10,574,215
Total fund balance	<u>7,398,642</u>	<u>5,219,864</u>	<u>386,207</u>	<u>13,004,713</u>	<u>12,135,852</u>
Total liabilities and fund balance	<u>\$ 7,398,971</u>	<u>5,219,890</u>	<u>386,207</u>	<u>13,005,068</u>	<u>12,135,852</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

**Combining Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	Year Ended June 30,	
				2025	2024
Revenues received:					
Local sources	\$ 10,087,192	3,220,516	367,585	13,675,293	12,839,827
State sources	3,798,073	50,000	-	3,848,073	3,566,828
Federal sources	385,566	-	-	385,566	606,649
On behalf payments	712,345	-	-	712,345	712,387
Total revenues received	14,983,176	3,270,516	367,585	18,621,277	17,725,691
Expenditures disbursed:					
Instruction	7,587,418	-	-	7,587,418	8,317,019
Supporting services	2,741,105	4,116,604	-	6,857,709	4,704,532
Community services	12,927	-	-	12,927	12,262
Payments to other districts	4,142,078	149,224	-	4,291,302	3,206,711
On behalf payments	712,345	-	-	712,345	712,387
Total expenditures disbursed	15,195,873	4,265,828	-	19,461,701	16,952,911
Excess (deficiency) of revenues received over (under) expenditures disbursed	(212,697)	(995,312)	367,585	(840,424)	772,780
Other financing sources (uses):					
Bond proceeds	-	-	1,730,000	1,730,000	2,025,000
Bond issuance costs	-	-	(25,665)	(25,665)	(20,715)
Sale of Assets	4,950	-	-	4,950	-
Abatement of Working Cash Fund	400,000	1,700,000	(2,100,000)	-	-
Total other financing sources (uses)	404,950	1,700,000	(395,665)	1,709,285	2,004,285
Net change in fund balance	192,253	704,688	(28,080)	868,861	2,777,065
Fund balance, beginning of year	7,206,389	4,515,176	414,287	12,135,852	9,358,787
Fund balance, end of year	\$ 7,398,642	5,219,864	386,207	13,004,713	12,135,852

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

SCHEDULE A-3

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Educational Fund</u>				
Revenues received:				
Local sources:				
Property taxes	\$ 6,170,500	6,076,500	6,077,561	5,487,685
Leasing levy	335,000	330,300	330,236	298,242
Special education taxes	134,000	132,100	132,115	119,302
Replacement tax	150,000	165,100	165,099	370,506
Out of district tuition	-	4,100	15,951	7,191
Interest income	500,000	470,000	490,389	522,925
Cafeteria receipts	230,000	220,000	199,985	227,982
Athletic admissions	70,000	70,000	62,844	72,115
Other admissions	18,500	6,500	6,291	6,442
Fees	61,000	9,000	11,070	12,307
Textbook rentals	120,000	156,000	175,189	175,849
Contributions from private sources	15,000	22,750	23,705	47,163
Refund of prior years' expenditures	80,000	80,000	80,625	83,568
TIF surplus	2,031,250	1,596,890	1,596,888	1,713,959
Drivers education fees	22,000	22,000	22,185	21,492
Payments from other districts	120,000	145,000	148,578	144,072
Other local fees	41,000	14,200	19,719	16,924
Other local revenues	70,000	70,000	41,220	81,449
Student activity receipts	400,000	450,000	483,161	466,350
Impact Fees	15,000	5,000	4,381	-
Total local sources	10,583,250	10,045,440	10,087,192	9,875,523
State sources:				
Evidence based funding formula	3,453,232	3,453,232	3,455,979	3,131,795
Special education:				
Private facility tuition	275,000	240,000	240,000	266,585
Orphanage - Individual	50,000	20,000	19,704	50,185
Orphanage - Summer Indiv.	5,000	5,000	-	6,137
State free lunch & breakfast	100	100	342	375
Driver education	40,000	40,000	29,150	32,768
Other Restricted State Revenue	850	850	-	850
CTE Secondary Program	21,000	52,898	52,898	28,133
Total state sources	3,845,182	3,812,080	3,798,073	3,516,828
Federal sources:				
Title I - Low Income	90,000	114,000	114,895	99,069
Title IV - safe & drug free schools	10,000	3,400	3,391	10,145
Special education - IDEA flow-through	173,000	173,000	171,375	182,346
Special education - IDEA room & board	150,000	30,000	14,623	78,489
Title IIIIE - tech prep				
Title III - English Language Association	-	5,000	5,820	287
Title II - teacher quality	20,000	20,000	22,291	21,587
Medicaid matching funds - outreach	15,000	15,000	22,330	20,012
Medicaid matching funds - fee-for-service program	60,000	10,000	6,462	26,150
Other federal grants	-	24,379	24,379	135,100
Total federal sources	518,000	394,779	385,566	573,185
On behalf payments	750,000	750,000	712,345	712,387
Total revenues received	15,696,432	15,002,299	14,983,176	14,677,923

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

SCHEDULE A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Educational Fund (Continued)</u>				
Expenditures disbursed:				
Instructional:				
Regular programs:				
Salaries	\$ 3,073,000	3,058,699	2,931,196	2,879,321
Employee benefits	1,040,370	1,043,558	1,000,472	910,173
Purchased services	287,315	250,128	205,262	239,356
Supplies and materials	99,923	90,554	94,342	99,470
Capital outlay	15,500	21,765	3,600	14,340
Non-Capitalized Equipment	20,000	24,163	22,629	68,507
Total regular programs	4,536,108	4,488,867	4,257,501	4,211,167
Special education:				
Salaries	480,000	480,000	475,937	448,964
Employee benefits	178,300	178,300	177,849	174,041
Purchased services	-	5,275	4,604	913,973
Supplies and materials	5,000	7,000	6,297	5,380
Non-capitalized equipment	-	-	-	8,592
Total special education	663,300	670,575	664,687	1,550,950
Remedial programs:				
Salaries	59,000	102,150	86,778	60,353
Employee benefits	21,315	25,328	23,756	22,278
Purchased services	-	8,205	7,844	474
Supplies and materials	4,500	16,048	4,299	4,568
Total remedial program	84,815	151,731	122,677	87,673
Vocational programs:				
Salaries	320,000	320,000	283,363	317,017
Employee benefits	114,000	84,000	75,350	92,887
Purchased services	650	825	2,203	742,756
Supplies and materials	17,900	33,480	23,966	29,376
Capital outlay	3,800	17,493	-	-
Non-Capitalized Equipment	-	-	15,675	-
Total vocational programs	456,350	455,798	400,557	1,182,036
Interscholastic:				
Salaries	547,700	547,700	540,462	521,825
Employee benefits	89,000	64,000	62,591	63,118
Purchased services	197,250	207,456	201,920	176,527
Supplies and materials	107,000	97,196	79,869	35,662
Capital outlay	20,000	20,000	16,952	3,370
Other Objects	350	6,050	5,830	325
Non-Capitalized Equipment	3,000	5,400	5,392	1,770
Total interscholastic	964,300	947,802	913,016	802,597

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

SCHEDULE A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Educational Fund (Continued)</u>				
Expenditures disbursed (Continued):				
Instructional (Continued):				
Drivers education programs:				
Salaries	\$ 6,650	6,650	-	-
Employee benefits	665	665	-	-
Purchased Services	6,500	6,500	5,479	-
Supplies & Materials	700	700	79	2,021
Total drivers education programs	14,515	14,515	5,558	2,021
Bilingual programs:				
Salaries	54,200	53,600	51,567	49,407
Employee Benefits	20,700	20,700	23,340	21,673
Purchased Services	4,900	4,900	2,945	4,607
Supplies & Materials	3,000	3,000	2,421	4,892
Non-Capitalized Equipment	-	3,000	2,975	-
Total bilingual programs	82,800	85,200	83,248	80,579
Special Education Programs K-12 Private Tuition	1,000,000	897,000	650,485	-
Student activity fund expenditures				
Other objects	420,000	450,000	489,235	399,996
Total student activity fund expenditures	420,000	450,000	489,235	399,996
Total instructional	8,222,188	8,161,488	7,586,964	8,317,019
Support services:				
Attendance and social work services:				
Salaries	253,000	253,000	249,056	246,846
Employee benefits	78,100	78,100	76,520	70,945
Total attendance and social work services	331,100	331,100	325,576	317,791
Guidance services:				
Salaries	334,000	334,000	328,510	310,232
Employee benefits	99,000	99,000	95,881	96,490
Purchased services	15,000	15,125	15,123	13,192
Supplies and materials	1,800	1,675	1,061	837
Other Objects	150	150	129	129
Total guidance services	449,950	449,950	440,704	420,880
Health services:				
Salaries	136,500	136,500	133,078	125,398
Employee benefits	46,300	46,300	45,615	43,831
Purchased services	200	550	485	105
Supplies and materials	3,000	2,700	3,326	2,434
Total health services	186,000	186,050	182,504	171,768
Improvement of instruction services:				
Salaries	17,300	18,040	18,136	18,440
Employee benefits	4,000	4,261	2,949	3,143
Purchased services	19,900	45,460	22,855	8,136
Supplies and materials	2,200	2,996	-	-
Other objects	1,460	1,556	507	980
Non-capitalized equipment	-	-	-	1,825
Total improvement of instruction services	44,860	72,313	44,447	32,524

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND**

**SCHEDULE A-3
(Continued)**

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Educational Fund</u> (Continued)				
Expenditures disbursed (Continued):				
Support services (Continued):				
Other support services - pupils				
Salaries	\$ 25,500	25,500	24,717	23,654
Employee benefits	14,100	14,100	14,100	13,983
Total other support services - pupils	39,600	39,600	38,817	37,637
Educational media:				
Salaries	217,200	217,200	202,929	193,572
Employee benefits	52,875	52,875	50,158	50,231
Purchased services	19,875	14,600	12,095	23,079
Supplies and materials	4,450	4,450	3,073	3,703
Total educational media	294,400	289,125	268,255	270,585
Assessment & testing:				
Salaries	1,000	1,000	1,056	778
Employee Benefits	125	125	129	95
Purchased Services	15,000	15,000	11,238	11,274
Total assessment & testing	16,125	16,125	12,423	12,147
Board of Education:				
Salaries	55,000	55,000	53,243	50,477
Employee benefits	14,100	14,100	14,100	14,100
Purchased services	74,500	84,500	44,606	57,773
Supplies and materials	15,000	15,000	11,584	12,046
Other objects	8,000	8,000	5,919	5,684
Total board of education	166,600	176,600	129,452	140,080
Executive administration:				
Salaries	130,000	130,000	134,062	124,082
Employee benefits	36,665	26,665	25,060	25,491
Purchased services	8,000	7,700	8,822	3,281
Supplies and materials	500	800	777	267
Other objects	5,000	5,000	3,254	3,395
Total executive administration	180,165	170,165	171,975	156,516
Principal services:				
Salaries	261,000	261,000	257,301	196,909
Employee benefits	71,050	71,050	71,682	55,643
Purchased services	18,300	21,910	21,041	15,567
Supplies and materials	34,700	33,690	16,260	22,648
Other objects	7,400	1,700	400	6,096
Total principal services	392,450	389,350	366,684	296,863

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND**

**SCHEDULE A-3
(Continued)**

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Educational Fund</u> (Continued)				
Expenditures disbursed (Continued):				
Support services (Continued):				
Other Support Services - School Administration:				
Salaries	\$ 112,700	122,172	116,644	112,979
Employee benefits	38,900	39,450	39,439	39,916
Purchased services	120	120	225	120
Supplies and materials	2,600	3,100	1,612	875
Non-capitalized equipment	-	-	-	599
Total Other Support Services - School Administration	154,320	164,842	157,920	154,489
Direction of Business Support Services:				
Salaries	90,600	90,600	90,557	95,211
Employee benefits	24,540	24,540	24,520	26,579
Other Objects	700	835	835	340
Total Direction of Business Support Services	115,840	115,975	115,912	122,130
Fiscal services:				
Salaries	92,500	83,252	80,474	86,216
Employee benefits	28,200	23,700	19,082	28,200
Purchased services	34,500	34,665	29,846	31,648
Supplies and materials	2,500	2,500	1,881	1,927
Capital outlay	-	5,500	5,498	-
Total fiscal services	157,700	149,617	136,781	147,991
Food service:				
Salaries	12,000	12,000	9,931	8,557
Employee Benefits	6,000	6,000	5,138	2,938
Purchased services	303,150	303,150	311,200	279,922
Supplies and materials	12,700	15,450	12,907	11,458
Total food service	333,850	336,600	339,176	302,875
Internal services:				
Supplies and materials	-	-	-	346
Data Processing Services:				
Purchased Services	24,500	25,700	10,479	22,332
Total support services	2,887,460	2,913,112	2,741,105	2,606,954
Community services:	22,100	32,426	12,927	12,262
Payments to other schools:				
Special education				
Payments for Special Education Programs - Tuition	1,897,000	1,945,949	1,775,999	1,694,212
Other payments to in-state gov't units	2,031,250	1,455,179	1,455,179	1,316,438
Payments for CTE Programs - Tuition	800,000	911,560	911,354	-
Total payments to other schools	4,728,250	4,312,688	4,142,532	3,010,650
On behalf payments	750,000	750,000	712,345	712,387
Total expenditures disbursed	16,609,998	16,169,714	15,195,873	14,659,272

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND**

SCHEDULE A-3
(Continued)

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Educational Fund</u> (Continued)				
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ (913,566)	(1,167,415)	(212,697)	18,651
Other financing sources (uses):				
Sale of fixed assets	-	5,000	4,950	-
Abatement of the Working Cash Fund	-	400,000	400,000	-
Total other financing sources (uses)	-	405,000	404,950	-
Net change in fund balance	<u>\$ (913,566)</u>	<u>(762,415)</u>	192,253	18,651
Fund balance, beginning of year			7,206,389	7,187,738
Fund balance, end of year			<u>\$ 7,398,642</u>	<u>7,206,389</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

SCHEDULE A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Operations & Maintenance Fund</u>				
Revenues received:				
Local sources:				
Property taxes	\$ 1,676,500	1,651,200	1,651,515	1,491,211
Replacement taxes	450,000	425,000	429,967	481,907
Contributions and donations from private sources	6,400	6,400	-	-
TIF surplus	898,225	868,981	868,981	471,820
Interest on Investments	100,000	140,000	166,638	142,271
Maintenance grant	-	50,000	-	-
Miscellaneous	33,000	58,000	103,415	40,101
Total local revenues received	3,164,125	3,199,581	3,220,516	2,627,310
State sources:				
School Infrastructure - Maint. Projects	50,000	-	50,000	50,000
Federal sources:				
IDEA Flow-through revenue	-	-	-	17,643
Other restricted grants	-	-	-	15,821
Total federal revenues received	-	-	-	33,464
Total revenues received	3,214,125	3,199,581	3,270,516	2,710,774
Expenditures disbursed:				
Support services:				
Facilities acquisition & construction services:				
Purchased services	200,000	250,000	249,798	224,425
Capital outlay	2,800,000	2,800,000	2,350,508	523,993
Total facilities acquisition & construction services	3,000,000	3,050,000	2,600,306	748,418
Operations & maintenance of plant services:				
Salaries	578,000	578,000	556,708	566,678
Employee benefits	154,590	154,590	146,014	145,166
Purchased services	332,000	327,000	294,394	226,542
Supplies and materials	520,000	470,000	473,018	375,234
Capital outlay	35,000	43,500	39,696	24,115
Non-Capitalized Equipment	15,000	6,500	6,468	11,425
Total operations & maintenance of plant services	1,634,590	1,579,590	1,516,298	1,349,160
Total support services	4,634,590	4,629,590	4,116,604	2,097,578
Payments to other governmental units:				
Payments for CTE Programs:	210,000	210,000	149,224	196,061
Total expenditures disbursed	4,844,590	4,839,590	4,265,828	2,293,639
Excess (deficiency) of revenues received over (under) expenditures disbursed	(1,630,465)	(1,640,009)	(995,312)	417,135
Other financing sources (uses):				
Transfer in (out)	2,000,000	1,700,000	1,700,000	2,200,000
Net change in fund balance	\$ 369,535	59,991	704,688	2,617,135
Fund balance, beginning of year			4,515,176	1,898,041
Fund balance, end of year			\$ 5,219,864	4,515,176

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
GENERAL FUND

SCHEDULE A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

	Original Budget	Final Budget	Year Ended June 30,	
			2025	2024
<u>Working Cash Fund</u>				
Revenues received:				
Local sources:				
Property taxes	\$ 335,000	330,300	330,308	298,242
Interest income	30,000	36,000	37,277	38,752
Total revenues received	365,000	366,300	367,585	336,994
Expenditures disbursed	-	-	-	-
Excess (deficiency) of revenues received over (under) expenditures disbursed	365,000	366,300	367,585	336,994
Other financing sources (uses):				
Bond proceeds	1,700,000	1,730,000	1,730,000	2,025,000
Other use of funds-bond issuance costs	(20,000)	(25,665)	(25,665)	(20,715)
Abatement of the Working Cash Fund	(2,000,000)	(2,100,000)	(2,100,000)	(2,200,000)
Total other financing sources (uses)	(320,000)	(395,665)	(395,665)	(195,715)
Net change in fund balance	\$ 45,000	(29,365)	(28,080)	141,279
Fund balance, beginning of year			414,287	273,008
Fund balance, end of year			\$ 386,207	414,287

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
TRANSPORTATION FUND

SCHEDULE B-1

Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions
June 30, 2025

<u>Assets</u>	
Cash	\$ 7,669
Investments	658,030
Total assets	<u>\$ 665,699</u>
<u>Fund Balance</u>	
Assigned fund balance	<u>\$ 665,699</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

SCHEDULE B-2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30, 2025</u>	<u>2024</u>
Revenues received:				
Local sources:				
Property taxes	\$ 804,500	792,550	792,732	715,786
Interest on Investments	40,000	55,000	56,445	56,667
Refund of prior year expenditures	-	7,940	7,940	-
Other Local Revenues	2,000	2,000	3,500	2,846
Total local sources	<u>846,500</u>	<u>857,490</u>	<u>860,617</u>	<u>775,299</u>
State sources:				
Transportation - regular/vocational	19,000	19,000	18,825	21,146
Transportation - special education	325,000	325,000	298,906	336,480
Total state sources	<u>344,000</u>	<u>344,000</u>	<u>317,731</u>	<u>357,626</u>
Total revenues received	<u>1,190,500</u>	<u>1,201,490</u>	<u>1,178,348</u>	<u>1,132,925</u>
Expenditures disbursed:				
Support services:				
Pupil transportation services:				
Salaries	5,000	5,000	3,233	-
Purchased services	35,300	40,100	71,605	30,450
Supplies and materials	16,000	16,200	17,111	13,101
Capital outlay	95,000	177,800	177,799	-
Total pupil transportation services	<u>151,300</u>	<u>239,100</u>	<u>269,748</u>	<u>43,551</u>
Payments to other districts:				
Payments for regular programs	500,000	500,000	337,951	344,464
Payments for special education programs	700,000	700,000	830,858	541,826
Total payments to other districts	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,168,809</u>	<u>886,290</u>
Total expenditures disbursed	<u>1,351,300</u>	<u>1,439,100</u>	<u>1,438,557</u>	<u>929,841</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>(160,800)</u>	<u>(237,610)</u>	<u>(260,209)</u>	<u>203,084</u>
Other financing sources (uses):				
Sale of fixed asset	-	-	-	76,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,000</u>
Net change in fund balance	<u>\$ (160,800)</u>	<u>(237,610)</u>	<u>(260,209)</u>	<u>279,084</u>
Fund balance, beginning of year			<u>925,908</u>	<u>646,824</u>
Fund balance, end of year			<u>\$ 665,699</u>	<u>925,908</u>

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

SCHEDULE B-3

**Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2025**

<u>Assets</u>	
Cash in bank	\$ 5,949
Investments	350,641
Total assets	<u>\$ 356,590</u>
<u>Fund Balance</u>	
Restricted for IMRF	\$ 115,878
Restricted for Social Security	240,712
Fund balance	<u>\$ 356,590</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

SCHEDULE B-4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30, 2025</u>	<u>2024</u>
Revenues received:				
Local sources:				
Property tax - IMRF	\$ 100,000	98,500	98,501	16
Property tax - FICA	400,000	394,000	393,956	300,097
Interest on Investments	10,000	15,000	17,880	13,664
Total local sources	<u>510,000</u>	<u>507,500</u>	<u>510,337</u>	<u>313,777</u>
Federal sources:				
ESSER III	-	-	-	2,590
Title I - Low Income	500	1,900	3,316	537
Title IV - Student Support Grant	100	100	162	529
Idea Flow Through	2,300	4,465	4,653	2,304
Title II - Teacher Quality	50	50	188	51
Total federal sources	<u>2,950</u>	<u>6,515</u>	<u>8,319</u>	<u>6,011</u>
Total revenues received	<u>512,950</u>	<u>514,015</u>	<u>518,656</u>	<u>319,788</u>
Expenditures disbursed:				
Instruction - FICA	110,939	112,513	96,729	93,704
Instruction - IMRF	-	-	9,086	8,395
Supporting services - FICA	253,690	252,027	136,465	133,231
Supporting services - IMRF	-	-	99,503	96,383
Total expenditures disbursed	<u>364,629</u>	<u>364,540</u>	<u>341,783</u>	<u>331,713</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 148,321</u>	<u>149,475</u>	176,873	(11,925)
Fund balance, beginning of year			<u>179,717</u>	<u>191,642</u>
Fund balance, end of year			<u>\$ 356,590</u>	<u>179,717</u>

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
TORT FUND**

SCHEDULE - B-5

**Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2025**

	<u>Assets</u>	
Cash in bank		\$ 4,812
Investments		316,999
Total assets		<u>\$ 321,811</u>
	<u>Fund Balance</u>	
Restricted fund balance		<u>\$ 321,811</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

SCHEDULE B-6

	Original Budget	Final Budget	Year Ended June 30, 2025	2024
Revenues received:				
Local sources:				
Tort levy	\$ 775,000	763,170	763,318	490,164
Replacement Taxes	-	-	-	45,000
Interest income	5,000	15,000	16,371	8,467
Other revenue	-	7,000	7,000	-
Total local sources	<u>780,000</u>	<u>785,170</u>	<u>786,689</u>	<u>543,631</u>
Total revenues received	<u>780,000</u>	<u>785,170</u>	<u>786,689</u>	<u>543,631</u>
Expenditures disbursed:				
Interscholastic programs:				
Salaries	30,000	30,000	29,900	28,207
Employee Benefits	8,110	8,110	8,110	7,414
Purchased Services	20,000	20,000	17,152	15,797
Total interscholastic programs	<u>58,110</u>	<u>58,110</u>	<u>55,162</u>	<u>51,418</u>
Psychological services:				
Purchased services	10,000	10,000	-	4,500
Other support services - pupils:				
Salaries	21,600	21,600	22,533	20,160
Employee benefits	14,100	14,100	14,324	14,100
Total other support services - pupils	<u>35,700</u>	<u>35,700</u>	<u>36,857</u>	<u>34,260</u>
Executive administration services:				
Salaries	62,600	62,600	64,918	61,429
Employee benefits	13,235	13,235	13,494	13,067
Total executive administration services	<u>75,835</u>	<u>75,835</u>	<u>78,412</u>	<u>74,496</u>
Risk Management and Claims Services:				
Salaries	3,000	3,000	1,835	24,751
Employee benefits	1,150	1,150	759	14,100
Purchased services	285,500	285,500	144,161	190,285
Total risk management and claims services	<u>289,650</u>	<u>289,650</u>	<u>146,755</u>	<u>229,136</u>
Office of the Principal Services:				
Salaries	56,225	56,225	56,176	31,875
Employee Benefits	14,795	14,795	14,138	6,930
Purchased Services	-	14,739	-	-
Total office of the principal services	<u>71,020</u>	<u>85,759</u>	<u>70,314</u>	<u>38,805</u>
Other Support Services - School Administration:				
Salaries	4,600	4,800	4,866	-
Employee Benefits	1,300	1,330	1,264	-
Purchased Services	80,000	-	10,981	71,437
Total other support services - school administration	<u>85,900</u>	<u>6,130</u>	<u>17,111</u>	<u>71,437</u>
Support Services - Business				
Direction of Business Support Services				
Salaries	10,100	10,100	10,062	-
Employee Benefits	2,710	2,710	2,724	-
Total Direction of Business Support Services	<u>12,810</u>	<u>12,810</u>	<u>12,786</u>	<u>-</u>
Operation & Maintenance of Plant Services				
Salaries	28,000	28,000	27,201	-
Employee Benefits	5,410	5,410	5,358	-
Total Operation & Maintenance of Plant Services	<u>33,410</u>	<u>33,410</u>	<u>32,559</u>	<u>-</u>
Food Services				
Salaries	-	2,000	2,533	-
Total Food Services	<u>-</u>	<u>2,000</u>	<u>2,533</u>	<u>-</u>
Other Payments to Governments - Purchased Services	-	79,561	73,783	-
Total expenditures disbursed	<u>672,435</u>	<u>688,965</u>	<u>526,272</u>	<u>504,052</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 107,565</u>	<u>96,205</u>	260,417	39,579
Fund balance, beginning of year			61,394	21,815
Fund balance, end of year			<u>\$ 321,811</u>	<u>61,394</u>

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
FIRE PREVENTION AND SAFETY FUND**

SCHEDULE B-7

**Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2025**

	<u>Assets</u>	
Cash in bank		\$ 72
Investments		362,993
Total assets		<u>\$ 363,065</u>
	<u>Fund Balance</u>	
Restricted fund balance		<u>\$ 363,065</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)**

SCHEDULE B-8

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2025</u>	<u>2024</u>
Revenues received:				
Local sources:				
Property taxes	\$ 335,000	330,240	330,308	298,242
Interest on investments	2,000	10,760	13,838	5,140
TIF surplus	-	-	-	-
Total local sources:	<u>337,000</u>	<u>341,000</u>	<u>344,146</u>	<u>303,382</u>
State sources:				
School Maintenance Grant	-	-	-	-
Total revenues received	<u>337,000</u>	<u>341,000</u>	<u>344,146</u>	<u>303,382</u>
Expenditures disbursed:				
Facilities acquisition & construction services	5,000	5,000	4,086	4,593
Capital Outlay	<u>45,000</u>	<u>30,000</u>	<u>30,000</u>	<u>602,646</u>
Total expenditures disbursed	<u>50,000</u>	<u>35,000</u>	<u>34,086</u>	<u>607,239</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 287,000</u>	<u>306,000</u>	310,060	(303,857)
Fund balance, beginning of year			<u>53,005</u>	<u>356,862</u>
Fund balance, end of year			<u>\$ 363,065</u>	<u>53,005</u>

NOTES TO OTHER INFORMATION

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Other Information For the Year Ended June 30, 2025

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District's budget for all governmental funds is prepared on the cash basis of accounting (Non-GAAP) which is the same basis that is used in fund financial statements. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, Paragraph 17.1 of the Illinois Revised Statutes. The budget was passed on September 11, 2024 and was amended on June 12, 2025.

For each fund, total fund expenses paid may not legally exceed the budgeted amounts. The budget lapses at the end of the fiscal year. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

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 and the means of financing them. The proposed operating budget is placed on file and a public hearing is held to obtain comments from the community.

Prior to October 1, the budget is legally adopted by the Board of Education through passage of a resolution. Formal Budgetary integration is employed as a management control device at the function/object level during the year.

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. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 2: BUDGETARY COMPARISONS

The table below includes budgetary comparisons for the District's General and major special revenue funds.

Fund Expenditures	Budget	Actual	Variance	Percent Variance
General Fund:				
Education Fund	\$ 16,169,714	15,195,873	973,841	6.02%
Operations & Maintenance Fund	4,839,590	4,265,828	573,762	11.86%
Working Cash Fund	-	-	-	0.00%
Transportation Fund	1,439,100	1,438,557	543	0.04%
Municipal Retirement/Social Security Fund	364,540	341,783	22,757	6.24%
Tort Fund	688,965	526,272	162,693	23.61%
Fire Prevention & Safety Fund	35,000	34,086	914	2.61%

SUPPLEMENTARY INFORMATION

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
DEBT SERVICE FUND

SCHEDULE B-9

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2025

	<u>Assets</u>	
Cash in bank		\$ 33,421
Investments		573
Total assets		<u>\$ 33,994</u>
	<u>Fund Balance</u>	
Restricted fund balance		<u>\$ 33,994</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025
(With Comparative Figures for 2024)

SCHEDULE B-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30, 2025</u>	<u>2024</u>
Revenues received:				
Local sources:				
Property taxes	\$ 2,288,500	2,253,850	2,254,355	2,247,942
Interest on investments	30,000	25,000	25,124	39,651
TIF surplus	307,750	307,750	307,750	300,000
Total revenues received	<u>2,626,250</u>	<u>2,586,600</u>	<u>2,587,229</u>	<u>2,587,593</u>
Expenditures disbursed:				
Debt service:				
Principal	2,405,000	2,405,000	2,405,000	2,425,000
Interest	208,855	208,855	208,606	150,251
Other	5,000	500	499	1,518
Total expenditures disbursed	<u>2,618,855</u>	<u>2,614,355</u>	<u>2,614,105</u>	<u>2,576,769</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 7,395</u>	<u>(27,755)</u>	(26,876)	10,824
Fund balance, beginning of year			<u>60,870</u>	<u>50,046</u>
Fund balance, end of year			<u>\$ 33,994</u>	<u>60,870</u>

SUPPLEMENTAL INFORMATION

Schedule of Contributions
Illinois Municipal Retirement Fund

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2024	\$ 388,039 *	388,039	-	5,800,286	6.69%
2023	341,616	341,180	436	5,271,854	6.47%
2022	382,813	414,425	(31,612)	4,882,824	8.49%
2021	377,981	377,980	1	4,121,925	9.17%
2020	394,993	402,305	(7,312)	4,197,583	9.58%
2019	305,655	316,532	(10,877)	3,908,633	8.10%
2018	306,509	306,509	-	3,176,264	9.65%
2017	275,863	276,151	(288)	2,876,566	9.60%
2016	282,317	282,317	-	2,892,591	9.76%
2015	302,144	306,869	(4,725)	2,913,638	10.53%

* Estimated based on contribution rate of 6.69% and covered valuation payroll of \$5,800,286.

Notes to Schedule

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

Methods and assumptions used to determine 2024 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 19-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 14 years for most employers (five employers were financed over 15 years; one employer was financed over 16 years; two employers were financed over 17 years; one employer was financed over 20 years; three employers were financed over 23 years; four employers were financed over 24 years and one employer were financed over 25 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	2.75%
Price inflation	2.25%
Salary increases	2.75% to 13.75% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information

Notes: There were no benefit changes during the year.

Illinois Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios										
Calendar Year Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 461,117	457,223	389,515	368,198	399,218	322,642	290,552	287,958	320,188	315,616
Interest on the Total Pension Liability	1,237,934	1,168,718	1,082,101	1,034,852	982,292	902,945	836,314	809,868	772,535	727,090
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	123,832	198,213	507,457	22,634	280,894	501,828	394,498	117,916	(131,503)	(49,660)
Assumption Changes	-	(26,063)	-	-	(190,577)	-	370,631	(348,122)	(14,121)	13,463
Benefit Payments and Refunds	(860,022)	(830,668)	(805,730)	(763,556)	(699,129)	(643,412)	(565,547)	(467,040)	(426,907)	(351,296)
Net Change in Total Pension Liability	962,861	967,423	1,173,343	662,128	772,698	1,084,003	1,326,448	400,580	520,192	655,213
Total Pension Liability - Beginning	17,274,399	16,306,976	15,133,633	14,471,505	13,698,807	12,614,804	11,288,356	10,887,776	10,367,584	9,712,371
Total Pension Liability - Ending	<u>\$ 18,237,260</u>	<u>17,274,399</u>	<u>16,306,976</u>	<u>15,133,633</u>	<u>14,471,505</u>	<u>13,698,807</u>	<u>12,614,804</u>	<u>11,288,356</u>	<u>10,887,776</u>	<u>10,367,584</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 388,039	341,180	414,425	377,980	402,305	316,532	306,509	276,151	282,317	306,869
Contributions - Employee	261,013	237,020	228,588	185,487	190,683	176,115	142,933	129,579	130,168	133,077
Pension Plan Net Investment Income	1,570,565	1,563,072	(2,068,256)	2,433,095	1,772,097	2,005,659	(587,291)	1,642,351	608,962	46,180
Benefit Payments and Refunds	(860,022)	(830,668)	(805,730)	(763,556)	(699,129)	(643,412)	(565,547)	(467,040)	(426,907)	(351,296)
Other (Net Transfer)	(411,409)	389,303	7,320	(19,310)	132,255	48,935	238,048	(134,240)	(123,453)	(201,584)
Net Change in Plan Fiduciary Net Position	948,186	1,699,907	(2,223,653)	2,213,696	1,798,211	1,903,829	(465,348)	1,446,801	471,087	(66,754)
Plan Fiduciary Net Position - Beginning	15,969,486	14,269,579	16,493,232	14,279,536	12,481,325	10,577,496	11,042,844	9,596,043	9,124,956	9,191,710
Plan Fiduciary Net Position - Ending	<u>\$ 16,917,672</u>	<u>15,969,486</u>	<u>14,269,579</u>	<u>16,493,232</u>	<u>14,279,536</u>	<u>12,481,325</u>	<u>10,577,496</u>	<u>11,042,844</u>	<u>9,596,043</u>	<u>9,124,956</u>
Net Pension Liability (Asset)	<u>\$ 1,319,588</u>	<u>1,304,913</u>	<u>2,037,397</u>	<u>(1,359,599)</u>	<u>191,969</u>	<u>1,217,482</u>	<u>2,037,308</u>	<u>245,512</u>	<u>1,291,733</u>	<u>1,242,628</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.76%	92.45%	87.51%	108.98%	98.67%	91.11%	83.85%	97.83%	88.14%	88.01%
Covered Valuation Payroll	\$ 5,800,286	5,271,854	4,882,824	4,121,925	4,197,583	3,908,633	3,176,264	2,876,566	2,892,591	2,913,638
Net Pension Liability as a Percentage of the Covered Valuation Payroll	22.75%	24.75%	41.73%	-32.98%	4.57%	31.15%	64.14%	8.53%	44.66%	42.65%

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Teachers' Retirement System of the State of Illinois

Schedule of the District's Share of the Net Pension Liability										
	Fiscal Year*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The District's Proportion of the Net Pension Liability	0.0577%	0.0006%	0.0005%	0.0006%	0.0006%	0.0007%	0.0007%	0.0014%	0.0014%	0.0015%
The District's Proportionate Share of the Net Pension Liability	\$ 495,604	472,571	437,406	482,893	543,386	545,270	563,941	1,054,856	1,102,612	976,912
State's Proportionate Share of the Net Pension Liability associated with the District	41,322,704	40,783,161	37,942,112	40,471,588	42,560,802	38,806,253	38,632,344	36,567,442	42,623,705	33,835,173
Total	\$ 41,818,308	41,255,732	38,379,518	40,954,481	43,104,188	39,351,523	39,196,285	37,622,298	43,726,317	34,812,085
The District's Covered-Employee Payroll	\$ 6,194,670	5,862,800	5,533,667	5,399,132	5,283,334	5,248,532	5,182,982	4,938,823	5,369,941	5,525,477
The District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	8.00%	8.06%	7.90%	8.94%	10.28%	10.39%	10.88%	21.36%	20.53%	17.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.40%	43.90%	42.80%	45.10%	37.80%	39.60%	40.00%	39.30%	36.40%	41.50%

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

Schedule of Contributions										
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 36,704	35,910	34,004	32,095	31,315	30,643	30,441	30,061	28,645	31,146
Contributions in Relation to the Statutorily-Required Contribution	36,704	35,910	34,004	32,095	31,315	30,643	30,441	30,061	28,645	31,146
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
The District's Covered-Employee Payroll	\$ 6,337,589	6,194,670	5,862,800	5,533,667	5,399,132	5,283,334	5,248,532	5,182,982	4,938,823	5,369,941
Contributions as a Percentage of Covered-Employee Payroll	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%

Notes to Schedule:

For the 2023-2021 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.25 percent and a real return of 4.75 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated Sept. 30, 2021.

For the 2020-2016 measurement years, the assumed investment rate of return was 7.0, including an inflation rate of 2.50 percent and a real return of 4.50 percent. Salary increases were assumed to vary by service credit. The assumptions used for the 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 18, 2018 and August 13, 2015, respectively.

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Teachers' Health Insurance Security Fund of the State of Illinois

SCHEDULE C-5

Schedule of the District's Share of the Collective Net OPEB Liability										
	Fiscal Year*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The District's Proportion of the Collective Net OPEB Liability	0.0000%	0.0207%	0.0216%	0.0216%	0.0209%	0.0209%	0.0223%	0.0215%	0.0014%	0.0015%
The District's Proportionate Share of the Collective Net OPEB Liability	\$ -	1,474,025	1,372,499	4,772,484	5,593,606	5,792,908	5,882,430	5,571,446	1,102,612	976,912
State's Proportionate Share of the Collective Net OPEB Liability Associated with the District	-	1,474,037	1,372,507	4,772,470	5,593,569	5,786,342	7,898,811	7,145,635	42,623,705	33,835,173
Total	\$ -	2,948,062	2,745,006	9,544,954	11,187,175	11,579,250	13,781,241	12,717,081	43,726,317	34,812,085
The District's Covered-Employee Payroll	\$ 6,194,670	5,862,800	5,533,667	5,399,132	5,283,334	5,248,532	5,182,982	4,938,823	5,369,941	5,525,477
The District's Proportionate Share of the Collective Net OPEB Liability as a Percentage of Covered Payroll	0.00%	25.14%	24.80%	88.39%	105.87%	110.37%	113.50%	112.81%	20.53%	17.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	6.63%	5.53%	1.42%	0.70%	0.25%	-0.07%	-0.23%	36.40%	41.50%

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

** This information is not yet available as of the prior fiscal year.

SCHEDULE C-6

Schedule of Contributions										
	Fiscal Year*									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 42,462	41,504	39,281	37,076	49,672	48,607	48,287	45,610	28,645	31,146
Contributions in Relation to the Statutorily-Required Contribution	42,462	41,504	39,281	37,076	49,672	48,607	48,287	45,610	28,645	31,146
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
The District's Covered-Employee Payroll	\$ 6,337,589	6,194,670	5,862,800	5,533,667	5,399,132	5,283,334	5,248,532	5,182,982	4,938,823	5,369,941
Contributions as a Percentage of Covered-Employee Payroll	0.67%	0.70%	0.67%	0.67%	0.92%	0.92%	0.92%	0.88%	0.58%	0.58%

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

	Tax Year					
	2019	2020	2021	2022	2023	2024
Assessed Valuation	\$ 500,274,333	501,853,798	539,631,119	596,343,547	670,721,005	706,556,060
Tax rates:						
Educational	0.9200	0.9200	0.9200	0.9200	0.9200	0.9200
Operations & maintenance	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Liability insurance	0.0710	0.0718	0.0593	0.0822	0.1156	0.1062
Transportation	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Illinois Municipal Retirement	0.0280	0.0289	-	-	0.0149	0.0212
Social Security	0.0280	0.0289	0.0649	0.0503	0.0596	0.0354
Bond and interest	0.3988	0.4270	0.4054	0.3769	0.3413	0.3721
Fire prevention/Life safety	0.0440	0.0500	0.0500	0.0500	0.0500	0.0500
Lease PBC	0.0360	0.0339	0.0297	0.0500	0.0500	0.0500
Special education	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Working cash	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Totals	1.9658	2.0005	1.9692	1.9694	1.9914	1.9949
Tax extensions:						
Educational	\$ 4,600,369	4,614,806	4,964,602	5,486,361	6,170,633	6,500,316
Building	1,250,124	1,254,038	1,349,078	1,490,859	1,676,803	1,766,390
Liability insurance	354,991	360,010	320,010	490,015	775,018	750,009
Transportation	600,059	601,938	647,558	715,612	804,865	847,867
Illinois Municipal Retirement	140,017	145,017	-	-	100,005	150,002
Social Security	140,017	145,017	350,014	300,020	400,018	250,050
Bond and interest	1,994,433	2,141,800	2,187,670	2,247,440	2,288,835	2,629,166
Fire prevention/Life safety	220,026	250,807	269,816	298,172	335,361	353,278
Lease	180,021	169,998	160,005	298,172	335,361	353,278
Special education	100,010	100,323	107,926	119,269	134,144	141,311
Working cash	250,025	250,807	269,816	298,172	335,361	353,278
Totals	\$ 9,830,092	10,034,561	10,626,495	11,744,092	13,356,404	14,094,946
Tax Collections	\$ 9,540,293	9,750,936	10,771,780	11,747,842	13,157,045	2,871



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' 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
Morris Community High
School District No. 101
Morris, 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 the Morris Community High School District No. 101 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Morris Community High School District No. 101's basic financial statements, and have issued our report thereon dated September 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Morris Community High School District No. 101's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Morris Community High School District No. 101's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morris Community High School District No. 101'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morris Community High School District No. 101's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 8, 2025

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 High School District Number 101, Grundy and Kendall Counties, Illinois (the “*District*”), in connection with the issuance of \$_____ General Obligation School Bonds, Series 2025A (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 8th day of September, 2025 (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

Combined Educational Fund and Operations and Maintenance 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 Official Statement, dated _____, 2025, and relating to the Bonds.

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

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

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

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

State means the State of Illinois.

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

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the District will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the District remains legally liable for the payment of such Bonds; *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 HIGH SCHOOL DISTRICT
NUMBER 101, GRUNDY AND KENDALL
COUNTIES, ILLINOIS

By _____
President, Board of Education

Date: _____, 2025

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in 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 (FEB. 1)	CUSIP NUMBER (400190)
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Appendix D

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, 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 Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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 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 AG 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)