

SALE DATE AND TIME:  
APRIL 21, 2025  
10:15 A.M. CDT

NEW ISSUE – BOOK-ENTRY ONLY  
– BANK QUALIFIED

RATING<sup>+</sup>: S&P: “AA+” (NEGATIVE 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. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.*

**\$5,080,000\***  
**SCHOOL DISTRICT NUMBER 128**  
**COOK COUNTY, ILLINOIS**  
**(PALOS HEIGHTS)**  
**GENERAL OBLIGATION LIMITED TAX SCHOOL BONDS, SERIES 2025**

**Dated: Date of Issuance**

**Due: December 1, as Shown on the Inside Cover Page**

The General Obligation Limited Tax School Bonds, Series 2025 (the “Bonds”), of School District Number 128, Cook County, 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 June 1 and December 1 of each year, with December 1, 2025 as the first interest payment date. Zions Bancorporation, National Association, 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) increase the working cash fund of 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, 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 amount of said taxes that may be extended to pay the Bonds is limited as provided by law. See “THE BONDS – Limited Bonds” 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 Bonds are offered at public sale, subject 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 May 13, 2025.



The date of this Official Statement is April \_\_, 2025.

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

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

### \$5,080,000\* General Obligation Limited Tax School Bonds, Series 2025

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP<sup>(1)</sup></u> <u>(214759)</u>
2026	120,000			
***	***	***	***	***
2029	450,000			
2030	470,000			
2031	495,000			
2032	520,000			
2033	545,000			
2034	575,000			
2035	605,000			
2036	635,000			
2037	665,000			

\*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a Bond.

(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.

**School District Number 128  
Cook County, Illinois  
(Palos Heights)  
12809 South McVickers Avenue  
Palos Heights, Illinois 60463  
(708) 597-9040**

\* \* \* \* \*

**Board of Education<sup>(1)</sup>**

William Grady, President  
Amy Lyons, Vice President  
Kathy Lachowicz, Secretary  
Dr. Richard Facko  
Dr. Patricia Powell  
Kristin Restivo  
Gail Rubio

**School Treasurer**

Worth Township School Treasurer

**Superintendent**

Dr. Merryl Brownlow

**Business Manager**

Kim Anoman

\* \* \* \* \*

**Paying Agent/Registrar**

Zions Bancorporation, National Association  
111 West Washington Street, Suite 1860  
Chicago, Illinois 60602

**Independent Auditors**

RSM US LLP  
Chicago, Illinois

**Bond and Disclosure Counsel**

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

**Municipal Advisor**

PMA Securities, LLC  
2135 CityGate Lane, 7<sup>th</sup> Floor  
Naperville, Illinois 60563

**Underwriter**

(1) A school board election was held on April 1, 2025. The Board of Education will be reorganized on May 7, 2025 to reflect the election of board members and officers.

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Appendices:

- A. Form of Legal Opinion of Bond Counsel
- B. Annual Financial Report for Fiscal Year Ended June 30, 2024
- C. Form of Continuing Disclosure Undertaking
- D. Official Notice of Sale and Bid Form

**\$5,080,000\***  
**School District Number 128**  
**Cook County, Illinois**  
**(Palos Heights)**  
**General Obligation Limited Tax School Bonds, Series 2025**

**INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning School District Number 128, Cook County, Illinois (the “District”), in connection with the offering and sale of its \$5,080,000\* General Obligation Limited Tax School Bonds, Series 2025 (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 Zions Bancorporation, National Association, 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 June 1 and December 1, beginning December 1, 2025. 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 15<sup>th</sup> 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;

\*Preliminary, subject to change.

provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a 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 being issued pursuant to the School Code of the State of Illinois (the “School Code”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education (the “Board”) of the District on April 16, 2025, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) increase the working cash fund (the “Working Cash Fund”) of the District and (ii) pay costs associated with the issuance of the Bonds. See “USE OF PROCEEDS” herein.

### **Security and Payment**

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, 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 amount of said taxes that will be extended to pay the Bonds is limited pursuant to the



Property Tax Extension Limitation Law of the State of Illinois, as amended (the “Limitation Law”). See “Limited Bonds” herein.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate, upon all taxable property within the District in amounts to pay, as and when due, all principal of and interest on the Bonds, except for the interest due on the Bonds on December 1, 2025, which is expected to be paid from other lawfully available funds of the District. The Bond Resolution will be filed with the County Clerk of The County of Cook, Illinois (the “County Clerk”), and will serve as authorization to the County Clerk 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.

### **Limited Bonds**

The Bonds are limited bonds and are issued pursuant to the School Code, as supplemented by the Debt Reform Act. Although the obligation of the District to pay the Bonds is a general obligation under the School Code and all taxable property in the District is subject to the levy of taxes to pay the Bonds without limitation as to rate, the amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Limitation Law.

The Debt Reform Act provides that the Bonds are payable from the debt service extension base of the District (the “Base”), which is an amount equal to that portion of the extension for the District for the 1994 levy year constituting an extension for payment of principal and interest on bonds issued by the District without referendum, but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum, increased each year commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Limitation Law, the “CPI”) during the 12-month calendar year preceding the levy year (the “Annual Increase”). The Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

As of the closing of the Bonds, the Bonds will constitute one of three series of limited bonds of the District that are payable from the Base. Payments on the Bonds from the Base will be made on a parity with the payments on the District’s outstanding General Obligation Limited Tax School Bonds, Series 2022 (the “2022 Bonds”), and General Obligation Limited Tax School Bonds, Series 2023 (the “2023 Bonds” and together with the 2022 Bonds, the “Outstanding Limited Bonds”). The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District’s limited bonds. The amount of the Base for the 2025 levy year has been determined to be \$1,313,077.01, which is calculated as follows:

Levy Year	Debt Service Extension Base	CPI or 5%	Annual Increase or 5%	New Debt Service Extension Base
2009	\$ 902,093.75	0.10%	\$ 902.09	\$ 902,995.84
2010	902,995.84	2.70%	24,380.88	927,376.72
2011	927,376.72	1.50%	13,910.65	941,287.37
2012	941,287.37	3.00%	28,238.62	969,525.99
2013	969,525.99	1.70%	16,481.94	986,007.93
2014	986,007.93	1.50%	14,790.11	1,000,798.04
2015	1,000,798.04	0.80%	8,006.38	1,008,804.42
2016	1,008,804.42	0.70%	7,061.63	1,015,866.05
2017	1,015,866.05	2.10%	21,333.18	1,037,199.23
2018	1,037,199.23	2.10%	21,781.18	1,058,980.41
2019	1,058,980.41	1.90%	20,120.62	1,079,101.03
2020	1,079,101.03	2.30%	24,819.32	1,103,920.35
2021	1,103,920.35	1.40%	15,454.88	1,119,375.23
2022	1,119,375.23	5.00%	55,968.76	1,175,343.99
2023	1,175,343.99	5.00%	58,767.19	1,234,111.18
2024	1,234,111.18	3.40%	41,959.78	1,276,070.96
2025	1,276,070.96	2.90%	37,006.05	1,313,077.01

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The following chart shows the Base of the District, the debt service on the District's Outstanding Limited Bonds and the Bonds, and the available Base after the issuance of the Bonds.

Levy Year	Debt Service		Less: Funds on Hand*	Total Limited Bonds Debt Service*	Available Base (1)	Available Base*
	on the Outstanding Limited Bonds	Debt Service on the Bonds*				
2024	\$ 1,270,950	\$ 142,319	\$ (142,319)	\$ 1,270,950	\$ 1,276,071	\$ 5,121
2025	931,200	378,763	-	1,309,963	1,313,077	3,115
2026	931,500	252,763	-	1,184,263	1,313,077	128,815
2027	929,250	252,763	-	1,182,013	1,313,077	131,065
2028	-	702,763	-	702,763	1,313,077	610,315
2029	-	700,263	-	700,263	1,313,077	612,815
2030	-	701,763	-	701,763	1,313,077	611,315
2031	-	702,013	-	702,013	1,313,077	611,065
2032	-	701,013	-	701,013	1,313,077	612,065
2033	-	703,763	-	703,763	1,313,077	609,315
2034	-	705,013	-	705,013	1,313,077	608,065
2035	-	703,250	-	703,250	1,313,077	609,827
2036	-	699,913	-	699,913	1,313,077	613,165
	<u>\$ 4,062,900</u>	<u>\$ 7,346,357</u>	<u>\$ (142,319)</u>	<u>\$ 11,266,938</u>		

\*Preliminary, subject to change.

(1) Pursuant to Public Act 96-0501, the District's Base will increase by the lesser of CPI or 5% each year. In this chart, the applicable CPI increase has been applied to levy years 2024 and 2025, and is assumed to be 0% per year thereafter.

Note: Amounts are rounded.

The District expects that the interest due on the Bonds, on December 1, 2025, will be paid from excess funds in the District's bond and interest account or from other lawfully available District funds, including fund balances. See "SUMMARY OF OPERATING RESULTS – Summary of Operating Funds and Debt Service" herein.

### Optional Redemption

The Bonds due on or after December 1, 2035, 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 December 1, 2034, 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.

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 District will not redeem such Bonds, and 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**

After proper abatement and transfer from the Working Cash Fund, proceeds of the Bonds will be used to pay the costs of capital projects throughout the District (the “Project”). Specifically, such proceeds will be used to provide additional funding to complete projects started with proceeds from the 2022 Bonds and the 2023 Bonds. The Project includes roof improvements, identified in the District’s Master Multi Facility Combined Plan (the “Plan”).

The Plan is a five-year preventative maintenance and capital projects plan that identifies needs and revenue sources. The District has maintained its buildings through a bond issue every few years and fund balance reserves totaling \$5.5 million, including roofs, HVAC, lighting, playground and site work. The District expects to complete the Project by the summer of 2028.

**SOURCES AND USES**

**Estimated Sources of Funds**

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

**Estimated Uses of Funds**

Deposit into the Working Cash Fund .....	\$	-
Costs of Issuance..... <sup>(1)</sup>	_____	-
Total Uses .....	<u>\$</u>	<u>-</u>

(1) Includes Underwriter’s discount, Bond and Disclosure Counsel fees, Municipal Advisor’s fee, Registrar’s fee, rating agency fee and other costs of issuance.

**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](http://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 Cook County, Illinois (the “County”). There can be no assurance that the procedures described herein will not change.

#### **Real Property Assessment**

The County Assessor (the “Assessor”) is responsible for the assessment of all taxable real property within the County, including such property located within the boundaries of the District, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the “Department”). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the “South Tri”), north and northwest suburbs (the “North Tri”), and the City of Chicago (the “City Tri”). The District is located in the South Tri and was last reassessed for the 2023 tax levy year. The District will next be reassessed for the 2026 levy year.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the “Assessed Valuation”) for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:



CLASS	DESCRIPTION OF QUALIFYING PROPERTY	ASSESSMENT PERCENTAGE	REVERTS TO CLASS
6b	Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
C	Industrial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5b
	Commercial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7a/7b	Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7c	Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation	10% for first 3 years and any 3-year renewal; if not renewed, 15% in year 4, 20% in year 5	5a
8	Industrial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
	Commercial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years, 15% in year 11, 20% in year 12	5a
9	New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones	10% for first 10 years and any 10-year renewal	As Applicable
S	Class 3 properties subject to Section 8 contracts renewed under the "Mark up to Market" option	10% for term of Section 8 contract renewal and any subsequent renewal	3
L	Substantially rehabilitated Class 3, 4 or 5b properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	3, 4, or 5b
	Substantially rehabilitated Class 5a properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years, 15% in year 11, 20% in year 12	5a

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the “Board of Review”), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “PTAB”), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the “Circuit Court”) or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

**Equalization**

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department is required by statute to review the Assessed Valuations. The Department establishes an equalization factor (the “Equalization Factor”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State of Illinois (the “State”). Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization. The following table sets forth the Equalization Factor for the County for the last ten tax levy years.

Tax Levy Year	Equalization Factor
2014	2.7253
2015	2.6685
2016	2.8032
2017	2.9627
2018	2.9109
2019	2.9160
2020	3.2234
2021	3.0027
2022	2.9237
2023	3.0163

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the “EAV”) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the Department, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the “Assessment Base”).

## **Exemptions**

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

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$10,000 for tax years 2017 and thereafter.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer’s homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less (“Qualified Homestead Property”). If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been 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 Valuation 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 \$8,000 for tax years 2017 and thereafter.

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 \$65,000 beginning in assessment year 2017. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the

exemption, plus the EAV of improvements since such year. Beginning in tax year 2017, the amount of the exemption is equal to the greater of the amount calculated as described in the previous sentence (as more completely set forth in the Property Tax Code) or \$2,000.

Purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of 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 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 equalized assessed value 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.

## **Tax Levy**

As part of the annual budgetary process of governmental units (the “Units”) with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit’s maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year’s EAV for all property currently in the District. The prior year’s EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year’s EAV.

## **Property Tax Extension Limitation Law**

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. 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 they are approved by referendum, are alternate bonds, are school fire prevention and safety bonds, or are for certain refunding purposes.

The use of prior year EAVs to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in taxing districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

The District has the authority to levy taxes for many different purposes. See “FINANCIAL INFORMATION – Tax Rates.” The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (a) unlimited (as provided by statute), (b) initially set by statute but permitted to be increased by referendum, (c) capped by statute, or (d) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute,

at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) have flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

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. 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 the voters approve the proposition, the County Clerk will extend a rate for educational purposes that is no greater than the limiting rate for educational purposes computed in accordance with the Limitation Law. If such proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited bonds (such as the Bonds) in lieu of general obligation bonds that have otherwise been authorized by applicable law. See "THE BONDS - Limited Bonds" herein.

Beginning with levy year 2021, each tax-capped taxing district (such as the District) receives an automatic levy increase in the amount of any property tax refunds paid by such taxing district in the prior year as a result of the issuance of certificates of error, court orders issued in connection with valuation tax objection complaints and PTAB decisions. For levy year 2023, the additional amount added to the District's tax levy as a result of this change was \$107,925.

Pursuant to Section 18-190.7 of the Property Tax Code, school districts that have a designation of "recognition" or "review" according to the Illinois State Board of Education's ("ISBE") School District Financial Profile System, park districts, library districts and community college districts and for which taxes were not extended at the maximum amount permitted under the Limitation Law in a given levy year may be able to recapture all or a portion of such unrealized levy amount in a subsequent levy year. Section 18-190.7 directs county clerks, in calculating the limiting rate for a given taxing district, to use the greater of the taxing district's last preceding aggregate extension or the district's last preceding aggregate extension if the taxing district had utilized the maximum limiting rate permitted without referendum for each of the three immediately preceding levy years. The aggregate extension of a taxing district that includes any recapture for a particular levy year cannot exceed the taxing district's aggregate

extension for the immediately preceding levy year by more than 5%. If a taxing district cannot recapture the entire unrealized levy amount in a single levy year, the taxing district may increase its aggregate extension in each succeeding levy year until the entire levy amount is recaptured.

Illinois legislators have introduced several proposals to further modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

### **Extensions**

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

### **Collections**

Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has historically been the first business day in March. Pursuant to Public Act 102-1112, the first installment penalty date for levy year 2022 was changed from March 1, 2023 to April 1, 2023. The District did not expect to experience any cash flow issues due to such change.

The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019
2019	August 3, 2020
2020	August 2, 2021
2021	December 30, 2022
2022	December 1, 2023
2023	August 1, 2024

As a result of ongoing efforts to modernize technology within various County property tax agencies, personnel shortages and turnover attributable to COVID-19 and the complicated nature of the reassessment of property taxes in the City of Chicago, for the 2021 tax year (for amounts payable in calendar year 2022), the distribution of amounts related to second installment County property tax bills for calendar year 2022 were delayed. Likewise, such distribution of amounts were delayed in calendar year 2023. The District did not experience any cash flow issues due to such delays.

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, the County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

### **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 0.75% 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, the County Treasurer is required to sell the delinquent property taxes at the “Annual Tax Sale”, which is 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, the tax buyer can secure a court-ordered deed to the home. Tax buyers can seek the deed to a home after 2-1/2 years, with the option of a six-month extension. If the property is abandoned, that time frame 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 remain 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.

### **Scavenger Sales**

In the County, if a property’s taxes go unpaid in at least three of the previous 20 years, the property is offered at a biennial “Scavenger Sale,” which like the Annual Tax Sale, is a sale of unpaid taxes. The winning bidder is not required to pay any of the previous years’ unpaid taxes. If the owner, however, does not redeem such back taxes, the winning bidder can seek deed to the property. To obtain the deed, the bidder must pay all unpaid taxes billed on the property between the last year covered by the Scavenger Sale and the date the bidder seeks the deed. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property. As in the Annual Sale, bidders at the Scavenger Sale can seek the deed to a home after 2-1/2 years, with the option of a six-month extension. If the property is abandoned, that time frame can be shortened to two years. With a vacant, commercial or industrial property, the winning buyer can seek the deed after six months.

Public Act 103-0555, effective January 1, 2024, eliminates the County’s mandatory Scavenger Sale and allows the County or local governments to take control of properties if they are not purchased in the Annual Tax Sale. The County, like all other Illinois counties, can cease selling tax liens and instead work to connect chronically-delinquent, forfeited tax liens to new development opportunities.

### **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 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 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 11.57% of the District's General Fund revenue sources for the fiscal year ended June 30, 2024. While the finances of the State have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State's five retirement systems, have a combined unfunded pension liability of approximately \$140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State's long-term general obligation bonds carry the lowest ratings of all states.

### **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.

## **Bond Rating**

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

## **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 "LIMITED 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 the Congress of the United States (“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 covers an area of approximately four-square miles and is located in the southwestern portion of the County, approximately 15 miles southwest of the City of Chicago. The District serves portions of the City of Palos Heights (the "City") (70.16% of the District's 2023 EAV), and the Villages of Alsip (9.95% of the District's 2023 EAV) and Crestwood (3.45% of the District's 2023 EAV).

Students feed into Oak Lawn Community High School District Number 218 ("Oak Lawn 218"), which includes Dwight D. Eisenhower High School, Harold L. Richards High School, Alan B. Shepard High School and the Summit Learning Center. District residents have several options for higher education. Located in the immediately neighboring communities are a trade and technical school, a community college, a four-year college and a university. Within a 25-mile radius of the District are a total of seven universities. The District lies entirely within the boundaries of Moraine Valley Community College District No. 524 ("Moraine Valley College") a two-year public community college headquartered in Palos Hills, Illinois. District residents are also served by Trinity Christian College, a four-year private college located in Palos Heights, Illinois.

Located in the greater Chicago metropolitan area, the District has a diverse network of roadways available to meet its transportation needs. State Routes 43 and 83 run through the District, while Interstates 294 (the Tri-State Tollway), 55 and 57, U.S. Route 45 and State Route 7 are nearby. Commercial air service is readily available at both Chicago Midway Airport (approximately 15 miles) and O'Hare International Airport (approximately 35 miles).

The District was awarded a Pre-School for All grant in the amount of \$234,000 for fiscal year 2024 and \$312,000 for fiscal year 2025. The District is now fully funded for all 120 available seats by the State Preschool for All grant.

## Educational Facilities

The District operates four facilities.

<u>Facility</u>	<u>Grades</u>	<u>Current Enrollment</u>	<u>Capacity Enrollment</u>	<u>Constructed</u>	<u>Years of Additions/Renovations</u>
Indian Hill School <sup>(1)</sup>	PreK - K	192	200	1961	2001
Chippewa Elementary School	1 - 3	234	300	1964	1969, 2001
Navajo Heights School	4 - 5	174	200	1969	2001
Independence Junior High School	6 - 8	234	300	1975	2001

(1) The PreK program is half-day, so while enrollment is 192, at any given time there are no more than 134 students in the building at once.

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 turnover in single family homes of senior population to young families.

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment<sup>(2)</sup></u>
2020-2021	730	2025-2026	875
2021-2022	724	2026-2027	880
2022-2023	724	2027-2028	885
2023-2024	781	2028-2029	885
2024-2025	834 <sup>(1)</sup>	2029-2030	885

(1) Current enrollment as of March 11, 2025.

(2) There has been an increase in enrollment due to population changes with retirees moving out and younger families moving in.

Source: The District

With the District’s enrollment increasing by over 150 students in the past three years and no corresponding increase in State funding because the District is in Tier 4 under the hereinafter described “Evidence Based Funding Model” (see “STATE AID -- General State Aid - Evidence-Based Funding Model” herein), the District anticipates structural deficits in sustaining its current student programs. In recent years, additional grant funding and higher CPI have provided a temporary financial cushion, delaying concerns about deficits. The District has expanded its offerings, including constructing a preschool room to accommodate two additional sections and remains committed to maintaining high-quality programs for students. To minimize reliance on future bond funding, the Board plans to complete remaining capital projects in the short term as part of the Project and pay the same from proceeds of the Bonds. This strategy will allow the Board to request necessary operating funds while avoiding a significant tax increase. The

District expects to go to referendum at the spring or fall election in 2026 for a limiting rate increase to cover additional expenditures for regular and special education enrollment.

**Board of Education<sup>(1)</sup>**

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.....	William Grady	2025
Vice President.....	Amy Lyons	2025
Secretary.....	Kathy Lachowicz	2027
Member.....	Dr. Richard Facko	2025
Member.....	Dr. Patricia Powell	2027
Member.....	Kristin Restivo	2025
Member.....	Gail Rubio	2027
 School Treasurer.....	 Worth Township School Treasurer	 Appointed

(1) A school board election was held on April 1, 2025. The Board will be reorganized on May 7, 2025 to reflect the election of Board members and officers.

**Administration**

The District’s Superintendent is Dr. Merryl Brownlow, who has been with the District since July 2019. Dr. Brownlow previously served as the assistant superintendent for curriculum and instruction at Riverside School District Number 96 for four years and principal for nine years at Willard School in River Forest. Dr. Brownlow will be retiring in June of 2026 and her replacement will be named on April 16, 2026. Kim Anoman has served as the Business Manager for the District since July 2014. Ms. Anoman was previously with Alsip School District Number 126 for 16 years.

**Employees**

The District has approximately 131 employees of whom 79 are certified employees and 52 are non-certified. Of the total number, the Palos Heights Education Association (IEA/NEA) represents 70 members. The contract expires on August 31, 2028. The District considers its relationship with its employees to be amicable.

**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	10,275	9,807	-4.55
The City .....	11,260	12,515	12,068	-3.57
The County .....	5,376,741	5,194,675	5,275,541	+1.56
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.....	\$330,400	\$305,200	\$250,500	\$303,400
Median Household Income....	90,227	81,797	81,702	78,538
Median Family Income.....	125,641	102,297	103,504	96,922
Per Capita Income.....	52,316	47,801	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

**Retail Sales**

The following table demonstrates the estimated sales reported by retailers in the City for the last five calendar years.

<u>Calendar</u> <u>Year</u>	<u>Retail Sales</u>
2020	\$ 126,303,825
2021	165,186,128
2022	187,889,522
2023	197,879,232
2024	200,362,043

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 year ended June 30, 2020, through the most recently completed fiscal year of June 30, 2024, and the estimated amount of CPPRT to be received in fiscal year ending June 30, 2025:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>CPPRT</u> <u>Receipts</u>
2020	\$ 111,006
2021	140,800
2022	306,908
2023	346,875
2024	228,475
2025 <sup>(1)</sup>	153,941

(1) Estimated.

Source: The audited financial statements of the District for the fiscal years ended June 30, 2020-2024 and the Department for fiscal year 2025.

Going forward, the District expects CPPRT revenues will return to pre-fiscal year 2022 levels.

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## Largest Area Employers

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

Company Name	Product or Service	Location	Approximate employees at location
Advocate Christ Medical Center.....	Teaching Hospital & Trauma Center.....	Oak Lawn	5,186
Palos Community Hospital.....	General hospital.....	Palos Heights	2,480
Moraine Valley Community College.....	Community college.....	Palos Hills	1,110
Anixter, Inc.....	Electronic cable & wire, components & assemblies distribution....	Alsip	800
Executive Mailing Service, Inc.....	Direct mail service.....	Palos Hills	480
Griffith Foods, Inc.....	Corporate headquarters & food seasonings.....	Alsip	400
GDI Services, Inc.....	Food plant sanitation.....	Alsip	300
Panduit Corp.....	Electrical components & wiring.....	Orland Park	300
Great Lakes Coca-Cola Districution, LLC....	Corporate headquarters & trucking services.....	Alsip	270
HMD Trucking, Inc.....	Contract packaging & assembly.....	Chicago Ridge	250
Trinity Christian College.....	College.....	Palos Heights	225

Source: 2025 Manufacturers' News, Inc. Illinois Manufacturers and Illinois Services Directories and the Village of Oak Lawn fiscal year ended December 31, 2023 financial statement.

## 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 February 2024 and February 2025 for the City compared with the County and the State.

	<u>The City</u>	<u>The County</u>	<u>The State</u>
Average, 2019.....	3.5%	3.9%	4.0%
Average, 2020...(1).....	8.0	10.6	9.3
Average, 2021.....	5.0	7.0	6.1
Average, 2022.....	4.3	4.9	4.6
Average, 2023.....	4.0	4.4	4.5
February, 2024.....	N/A <sup>(2)</sup>	5.3	5.3
February, 2025.....	N/A <sup>(2)</sup>	5.5	5.1

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

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

Source: Illinois Department of Employment Security

**FINANCIAL INFORMATION**

**Trend of EAV**

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

The following table reflects the EAV trend of the District by property type, growth rate and new property. The District’s EAV peaked at \$406,072,443 in levy year 2010. The current EAV is 2.02% below the peak EAV.

<u>Property Type</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential .....	\$ 241,748,006	\$ 260,733,392	\$ 238,243,707	\$ 233,830,291	\$ 320,218,769
Commercial .....	49,907,768	57,116,707	55,171,262	53,662,190	58,480,706
Industrial .....	15,105,916	17,638,019	15,727,506	15,552,069	19,179,764
Total <sup>(1)</sup> .....	<u>\$ 306,761,690</u>	<u>\$ 335,488,118</u>	<u>\$ 309,142,475</u>	<u>\$ 303,044,550</u>	<u>\$ 397,879,239</u>
Percent of Change.....	-0.52% <sup>(2)</sup>	+ 9.36% <sup>(3)</sup>	-7.85%	-1.97%	+ 31.29% <sup>(3)</sup>
New Property Amounts...	\$2,089,671	\$1,375,031	\$322,316	\$291,639	\$152,372

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

(2) Based on the District’s 2018 EAV of \$308,366,909.

(3) Reassessment year.

Source: County Clerk’s Office

**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.

<u>Location</u>	<u>Year</u>			
	<u>Established</u>	<u>Base EAV</u>	<u>2023 EAV</u>	<u>Incremental EAV</u>
City of Palos Heights - Gateway.....	2005	\$ 16,235	\$ 141,977	\$ 125,742
City of Palos Heights - 127th / Harlem.....	2011	2,202,657	3,839,273	1,636,616
Total.....		<u>\$ 2,218,892</u>	<u>\$ 3,981,250</u>	<u>\$ 1,762,358</u>

Source: County Clerk’s Office

**Tax Rates**  
(Per \$100 EAV)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Statutory Maximum Rate<sup>(1)</sup></u>
IMRF.....	\$ 0.0517	\$ 0.0507	\$ 0.0563	\$ 0.0595	\$ 0.0478	N/A
Social Security.....	0.0590	0.0525	0.0578	0.0591	0.0578	N/A
Liability Insurance.....	0.0000	0.0000	0.0000	0.0000	0.0000	N/A
Transportation.....	0.0995	0.0945	0.0939	0.0992	0.1132	N/A
Education.....	2.2030	2.0699	2.2834	2.4498	1.8849	N/A <sup>(2)</sup>
Building.....	0.2423	0.2289	0.2534	0.2726	0.2137	\$0.550
Working Cash.....	0.0004	0.0004	0.0003	0.0003	0.0359	0.050
Life Safety.....	0.0004	0.0004	0.0003	0.0000	0.0000	0.100
Special Education.....	0.0720	0.0644	0.0766	0.0862	0.0679	0.400
Leasing Educational Facilities.....	0.0004	0.0004	0.0003	0.0000	0.0000	0.100
Limited Bonds.....	0.3062	0.2793	0.3802	0.4071	0.3257	N/A
Revenue Recapture..... <sup>(3)</sup>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0257</u>	<u>0.0826</u>	<u>0.0271</u>	N/A
Total.....	<u>\$ 3.035</u>	<u>\$ 2.841</u>	<u>\$ 3.228</u>	<u>\$ 3.517</u>	<u>\$ 2.774</u>	

(1) See “REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES – Property Tax Extension Limitation Law” herein for information on the operation of such maximum rates under the Limitation Law.

(2) The District does not have a maximum tax rate for educational fund purposes. The aggregate tax rate for the various purposes subject to the Limitation Law, however, may not exceed the District’s limiting rate under the Limitation Law.

(3) See “REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES – Property Tax Extension Limitation Law” herein for information on the property tax refund revenue recapture provisions of the Limitation Law.

Source: County Clerk’s Office

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**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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
The District.....	\$ 3.0349	\$ 2.8414	\$ 3.2283	\$ 3.5165	\$ 2.7741
The County.....	0.4540	0.4530	0.4460	0.4310	0.3860
Cook County Forest Preserve District.....	0.0590	0.0580	0.0580	0.0810	0.0750
Metropolitan Water Reclamation District.....	0.3890	0.3780	0.3820	0.3740	0.3450
Consolidated Elections.....	0.0300	0.0000	0.0190	0.0000	0.0320
South Cook Co. Mosquito Abatement District....	0.0180	0.0170	0.0190	0.0210	0.0170
Worth Township.....	0.0690	0.0600	0.0680	0.0750	0.0590
Worth Township General Assistance.....	0.0170	0.0150	0.0160	0.0180	0.0140
Worth Township Road & Bridge.....	0.0330	0.0290	0.0330	0.0360	0.0270
The City.....	1.5900	1.5270	1.7060	1.8210	1.4690
Palos Heights Library Fund.....	0.3790	0.3570	0.4160	0.4470	0.3580
Palos Heights Fire Protection District.....	1.0740	0.9990	1.0770	1.1030	0.8960
Oak Lawn 218.....	3.8210	3.4070	3.6190	4.0020	3.2500
Moraine Valley College.....	0.3930	0.3510	0.3940	0.4250	0.3340
Total.....	<u>\$ 11.361</u>	<u>\$ 10.492</u>	<u>\$ 11.481</u>	<u>\$ 12.351</u>	<u>\$ 10.036</u>

Source: County Clerk’s Office

**Tax Extensions and Collections**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Extensions .....	\$9,310,217	\$9,534,572	\$9,982,211	\$10,658,077	\$11,037,170
Collections .....	9,282,851	9,415,789	9,909,681	10,518,001	10,765,677
% Collected .....	99.71%	98.75%	99.27%	98.69%	97.54%

Source: County Treasurer’s Office

## Largest Taxpayers

The taxpayers listed below represent 9.32% of the District's 2023 EAV which is \$397,879,239 (which excludes TIF incremental EAV totaling \$1,762,358). 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>2023 EAV</u>	<u>% of EAV</u>
Ridgeland Nursing.....	Nursing Home.....	\$ 7,645,042	1.92%
Chicago Title Land Trust Co.....	Real Estate Advisor.....	7,037,877	1.77%
Griffith Foods.....	Food Seasonings.....	6,037,139	1.52%
Hayes Beer Distribution Co.....	Beer Distribution.....	4,543,190	1.14%
Albertsons.....	Grocery Store.....	4,164,623	1.05%
7520 W. 159th Street LLC.....	Retail Plaza.....	2,127,324	0.53%
Ridgeland Ave Square.....	Retail Plaza.....	1,507,562	0.38%
MGI Properties.....	Real Estate.....	1,396,019	0.35%
Individual.....	Real Estate.....	1,330,134	0.33%
7162 W. 127th Street Plaza.....	Retail Plaza.....	<u>1,298,644</u>	<u>0.33%</u>
Total.....		<u>\$ 37,087,554</u>	<u>9.32%</u>

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

## Summary of Outstanding Bonded Debt

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

<u>Issue Description</u>	<u>Dated</u>	<u>Original</u>	<u>Current</u>	<u>Final</u>
	<u>Date</u>	<u>Amount Of</u>	<u>Amount</u>	<u>Maturity</u>
	<u>Date</u>	<u>Issue</u>	<u>Outstanding</u>	<u>Date</u>
The 2022 Bonds.....	03/03/22	\$ 4,665,000	\$ 1,675,000	12/01/26
The 2023 Bonds.....	12/18/23	1,960,000	1,960,000	12/01/28
The Bonds.....	05/13/25	5,080,000 *	<u>5,080,000 *</u>	12/01/37
Total .....			<u>\$ 8,715,000 *</u>	

\*Preliminary, subject to change.

## Debt Repayment Schedule

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

<u>Fiscal Year</u>	<u>Principal Outstanding</u>	<u>The Bonds*</u>	<u>Total Principal*</u>	<u>Cumulative Amount*</u>	<u>Retirement Percent*</u>
2026	\$ 1,095,000	\$ -	\$ 1,095,000	\$ 1,095,000	12.56%
2027	810,000	120,000	930,000	2,025,000	23.24
2028	845,000	-	845,000	2,870,000	32.93
2029	885,000	-	885,000	3,755,000	43.09
2030	-	450,000	450,000	4,205,000	48.25
2031	-	470,000	470,000	4,675,000	53.64
2032	-	495,000	495,000	5,170,000	59.32
2033	-	520,000	520,000	5,690,000	65.29
2034	-	545,000	545,000	6,235,000	71.54
2035	-	575,000	575,000	6,810,000	78.14
2036	-	605,000	605,000	7,415,000	85.08
2037	-	635,000	635,000	8,050,000	92.37
2038	-	665,000	665,000	8,715,000	100.00
	<u>\$ 3,635,000</u>	<u>\$ 5,080,000</u>	<u>\$ 8,715,000</u>		

\*Preliminary, subject to change.

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**Overlapping General Obligation Bonds Debt**  
(As of February 21, 2025)

<u>Taxing Body</u>	<u>Bonded Debt</u> <sup>(1)</sup>	<u>Allocated to the District</u>	
		<u>Percent</u>	<u>Amount</u>
The County.....	\$ 1,930,661,750	0.200%	\$ 3,861,324
Cook County Forest Preserve District.....	41,835,000	0.200%	83,670
Metropolitan Water Reclamation District.....	1,820,725,000 <sup>(2)</sup>	0.203%	3,696,072
Village of Alsip.....	6,655,000	4.738%	315,314
The City.....	3,835,000	50.745%	1,946,071
Alsip Park District.....	1,040,000	5.726%	59,550
Oak Lawn 218.....	26,870,000	12.135%	3,260,675
Moraine Valley College.....	16,085,000	2.820%	453,597
Total.....			<u>\$ 13,676,272</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) Excludes IEPA Revolving Loan Bonds.

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

**Debt Statement**

General Obligation Direct Bonded Debt.....	\$3,635,000
The Bonds.....	\$5,080,000 *
Leases.....	\$114,610
Net Direct Debt .....	\$8,829,610 *
Overlapping Bonded Debt.....	\$13,676,272
Net Direct Debt and Overlapping Bonded Debt.....	\$22,505,882 *
EAV (2023) .. <sup>(1)</sup> .....	\$397,879,239
Statutory Debt Limit (6.9% of EAV).....	\$27,453,667
Statutory Debt Margin .....	\$18,624,057 *

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

\*Preliminary, subject to change.



**Debt Ratios**

Estimated Market Valuation (2023).....	\$1,193,637,717
EAV (2023)... <sup>(1)</sup> .....	\$397,879,239
2019-2023 American Community Survey Population Estimate.....	9,376
Net Direct Debt to EAV.....	2.22% *
Net Direct Debt to Estimated Market Valuation .....	0.74% *
Net Direct Debt and Overlapping Bonded Debt to EAV .....	5.66% *
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation .....	1.89% *
Net Direct Debt Per Capita .....	\$941.72 *
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$2,400.37 *

(1) Excludes 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.

**Default Record**

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

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**SUMMARY OF OPERATING RESULTS**

**Combined Educational Fund and Operations and Maintenance Fund Revenue Sources**  
(Years Ended June 30)

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Local Sources.....	88.13 %	87.51 %	83.50 %	84.80 %	80.42 %
State Sources.....	7.80	7.39	7.10	6.97	11.57 <sup>(1)</sup>
Federal Sources.....	<u>4.07</u>	<u>5.11</u>	<u>9.40</u>	<u>8.23</u>	<u>8.00</u>
Total.....	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

(1) The increase in State sources is due in large part to increases in special education funding and the District’s receipt of the Preschool for All grant.

Source: Compiled from the District’s Annual Financial Reports filed with ISBE for fiscal years ended June 30, 2020-2024.

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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.

	Educational Fund	Operations and Maintenance Fund	Combined Educational Fund and Operations and Maintenance Fund	Transportation Fund	Working Cash Fund <sup>(1)</sup>	IMRF/Social Security Fund	Debt Service Fund	Combined Operating Funds and Debt Service Fund
<u>2020</u>								
Receipts.....	\$ 8,380,654	\$ 806,376	\$ 9,187,030	\$ 421,784	\$ 59,812	\$ 343,154	\$ 933,586	\$ 10,945,366
Disbursements.....	7,916,824	694,345	8,611,169	307,888	-	331,121	883,100	10,133,278
Net Surplus (Deficit).....	463,830	112,031	575,861	113,896	59,812	12,033	50,486	812,088
Other Sources (Uses).....	-	60,000	60,000	(60,000)	(800,000)	-	-	(800,000)
Beginning Fund Balance.....	6,107,196	758,560	6,865,756	535,443	2,897,899	248,807	671,030	11,218,935
Ending Fund Balance.....	<u>\$ 6,571,026</u>	<u>\$ 930,591</u>	<u>\$ 7,501,617</u>	<u>\$ 589,339</u>	<u>\$ 2,157,711</u>	<u>\$ 260,840</u>	<u>\$ 721,516</u>	<u>\$ 11,231,023</u>
<u>2021</u>								
Receipts.....	\$ 8,442,220	\$ 826,157	\$ 9,268,377	\$ 422,009	\$ 27,300	\$ 341,451	\$ 926,412	\$ 10,985,549
Disbursements.....	8,570,547	880,598	9,451,145	259,095	-	363,008	886,100	10,959,348
Net Surplus (Deficit) <sup>(2)</sup> .....	(128,327)	(54,441)	(182,768)	162,914	27,300	(21,557)	40,312	26,201
Other Sources (Uses).....	-	250,000 <sup>(4)</sup>	250,000	(250,000) <sup>(4)</sup>	(2,000,000) <sup>(4)</sup>	-	-	(2,000,000)
Beginning Fund Balance.....	6,582,283 <sup>(3)</sup>	930,591	7,512,874	589,339	2,157,711	260,840	721,516	11,242,280
Ending Fund Balance.....	<u>\$ 6,453,956</u>	<u>\$ 1,126,150</u>	<u>\$ 7,580,106</u>	<u>\$ 502,253</u>	<u>\$ 185,011</u>	<u>\$ 239,283</u>	<u>\$ 761,828</u>	<u>\$ 9,268,481</u>
<u>2022</u>								
Receipts.....	\$ 9,292,659	\$ 838,178	\$ 10,130,837	\$ 401,942	\$ 6,218	\$ 343,754	\$ 1,026,459	\$ 11,909,210
Disbursements.....	9,619,413	874,664	10,494,077	381,287	-	368,769	1,013,406	12,257,539
Net Surplus (Deficit) <sup>(2)</sup> .....	(326,754)	(36,486)	(363,240)	20,655	6,218	(25,015)	13,053	(348,329)
Other Sources (Uses).....	(1,200,000) <sup>(5)</sup>	-	(1,200,000)	-	-	-	74,059	(1,125,941)
Beginning Fund Balance.....	6,453,956	1,126,150	7,580,106	502,253	185,011	239,283	761,828	9,268,481
Ending Fund Balance.....	<u>\$ 4,927,202</u>	<u>\$ 1,089,664</u>	<u>\$ 6,016,866</u>	<u>\$ 522,908</u>	<u>\$ 191,229</u>	<u>\$ 214,268</u>	<u>\$ 848,940</u>	<u>\$ 7,794,211</u>
<u>2023</u>								
Receipts.....	\$ 9,705,682	\$ 879,699	\$ 10,585,381	\$ 426,937	\$ 4,970	\$ 350,576	\$ 1,167,261	\$ 12,535,125
Disbursements.....	9,937,827	1,256,281	11,194,108	573,610	-	375,806	1,153,700	13,297,224
Net Surplus (Deficit) <sup>(2)</sup> .....	(232,145)	(376,582)	(608,727)	(146,673)	4,970	(25,230)	13,561	(762,099)
Other Sources (Uses).....	-	-	-	-	-	-	-	-
Beginning Fund Balance.....	4,927,202	1,089,664	6,016,866	522,908	191,229	214,268	848,940	7,794,211
Ending Fund Balance.....	<u>\$ 4,695,057</u>	<u>\$ 713,082</u>	<u>\$ 5,408,139</u>	<u>\$ 376,235</u>	<u>\$ 196,199</u>	<u>\$ 189,038</u>	<u>\$ 862,501</u>	<u>\$ 7,032,112</u>
<u>2024</u>								
Receipts.....	\$ 10,696,202	\$ 963,573	\$ 11,659,775	\$ 645,550	\$ 99,270	\$ 397,468	\$ 1,281,723	\$ 14,083,786
Disbursements.....	10,532,510	982,955	11,515,465	505,851	-	381,415	1,268,869	13,671,600
Net Surplus (Deficit).....	163,692	(19,382)	144,310	139,699	99,270	16,053	12,854	412,186
Other Sources (Uses).....	-	-	-	-	2,000,295 <sup>(6)</sup>	-	74,422	2,074,717
Beginning Fund Balance.....	4,695,057	713,082	5,408,139	376,235	196,199	189,038	862,501	7,032,112
Ending Fund Balance.....	<u>\$ 4,858,749</u>	<u>\$ 693,700</u>	<u>\$ 5,552,449</u>	<u>\$ 515,934</u>	<u>\$ 2,295,764</u>	<u>\$ 205,091</u>	<u>\$ 949,777</u>	<u>\$ 9,519,015</u>

Fund Balance as % of Disbursements.....

48.22%

69.63%

See footnotes on the following page.

- (1) See “Working Cash Fund” herein for a description of the Working Cash Fund.
  - (2) The deficit in the General Fund in fiscal years 2021 and 2022 was primarily caused by COVID-19 related expenditures. In fiscal year 2023, the deficit in the Educational Fund was due to increasing enrollment and higher than anticipated Special Education program costs. The deficit in the Operations and Maintenance Fund was caused by furniture and other capital purchases (due to increased enrollment) budgeted in fiscal year 2022 but paid in fiscal year 2023 due to unforeseen delays and delivery. The deficit in the Transportation Fund was primarily caused by special education and general education regular transportation costs.
  - (3) Restated fund balance.
  - (4) In fiscal year 2021, the District transferred funds from the Transportation Fund to the Operations and Maintenance Fund to rebalance its funds. The District also abated \$2,000,000 from the Working Cash Fund to the Capital Projects Fund to provide for capital needs identified in the Plan.
  - (5) Transfer from the Educational Fund to the Capital Projects Fund to provide additional funds for capital projects during the fiscal year.
  - (6) Proceeds of the 2023 Bonds.
- Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2020-2024.

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

See the District’s Annual Financial Report for the fiscal year ended June 30, 2024 (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>
2020	\$ 2,088,984
2021	2,191,866
2022	2,557,880
2023	2,705,650
2024	2,789,873

Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2020-2024.

### **Working Cash Fund**

The District is authorized to issue (subject to the provisions of the Limitation Law) general obligation bonds to create, re-create or increase a Working Cash Fund. Such fund can also be created, re-created or increased by the levy of an annual tax not to exceed \$0.05 per hundred dollars of EAV (the “Working Cash Fund Tax”). The purpose of the fund is to enable the District to have sufficient cash to meet demands for expenditures for corporate purposes. Moneys in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund or funds of the District in anticipation of ad valorem property taxes levied by the District for such fund or funds. The Working Cash Fund is reimbursed when the anticipated taxes or other moneys are received by the District.

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

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

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the Educational Fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the Educational Fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the Educational Fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the

time of abolishment, including all outstanding loans from the Working Cash Fund to other funds of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.

## Budget Summary

Below is the District’s budget summary for the fiscal year ending June 30, 2025 that was filed with ISBE.

<u>Fund</u>	<u>Fund Balances July 1, 2024</u> <sup>(1)</sup>	<u>FY25 Revenue</u>	<u>FY25 Expenditures</u>	<u>FY25 Other Sources/ (Uses)</u>	<u>Estimated Fund Balances June 30, 2025</u>
Educational.....	\$ 4,858,749	\$ 10,422,491	\$ 11,177,576 <sup>(2)</sup>	\$ -	\$ 4,103,664
Operations & Maintenance.....	693,700	946,500	1,010,951	-	629,249
Transportation.....	515,934	663,394	550,503	-	628,825
IMRF/Social Security.....	205,091	430,175	397,530	-	237,736
Working Cash.....	<u>2,295,764</u>	<u>159,543</u>	<u>-</u>	<u>-</u>	<u>2,455,307</u>
Total Operating Funds .....	<u>\$ 8,569,238</u>	<u>\$ 12,622,103</u>	<u>\$ 13,136,560</u>	<u>\$ -</u>	<u>\$ 8,054,781</u>
Debt Service.....	\$ 949,777	\$ 1,302,000	\$ 1,175,900	\$ -	\$ 1,075,877
Fire Prevention & Safety.....	186	100	-	-	286
Capital Projects.....	334,553	25,000	200,000	-	159,553
Tort.....	<u>4,908</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>4,958</u>
Total All Funds .....	<u>\$ 9,858,662</u>	<u>\$ 13,949,253</u>	<u>\$ 14,512,460</u>	<u>\$ -</u>	<u>\$ 9,295,455</u>

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

(2) Deficit in the Educational Fund is due to increased enrollment, curricular initiatives, and an increase in special education costs.

Source: The District

## STATE AID

### General

On June 5, 2024, Governor Pritzker signed the State’s \$53.1 billion general funds budget (Public Act 103-0589) for the fiscal year ending June 30, 2025 (the “Fiscal Year 2025 Budget”), which included a \$211 million surplus, additional contributions to the State’s pension system and the State’s Budget Stabilization Fund, commonly referred to as the State’s “rainy day” fund, which is set to surpass \$2.3 billion, and the elimination of the State’s bill backlog. In addition, the Fiscal Year 2025 Budget increased funding for education across early childhood, K-12 and higher education by more than \$500 million.

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, 2024, 11.57% of the District's General Fund revenue came from State funding sources. See "SUMMARY OF OPERATING RESULTS – Combined Educational Fund and Operations and Maintenance 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.

The Fiscal Year 2025 Budget, like the prior three State budgets, appropriated General State Aid in an amount \$350 million greater than the appropriation in the prior fiscal year budget.

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 \$581,474 (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.

Evidence-Based Funding

<u>Fiscal Year</u>	<u>Base Funding</u>		<u>Amount of</u>
	<u>Minimum</u>	<u>Tier Number</u>	<u>New State</u>
			<u>Funds</u>
2021	\$ 601,011	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>
2022	601,638	4	\$ 689
2023	602,327	3	14,539
2024	616,867	4	614
2025 <sup>(2)</sup>	617,480	4	642

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

(2) Projected

**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. Of the \$350 million of New State Funds appropriated in the Fiscal Year 2025 Budget, \$50 million was allocated to the Property Tax Relief Pool, as was done in the prior three State budgets.

**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 – Combined Educational Fund and Operations and Maintenance 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 amount of funds the District received from ESSER I was \$88,247. The District received additional funds in the amount of \$397,483 pursuant to ESSER II. Finally, the District was allocated \$892,259 of ESSER III funds. All ESSER funds have been fully expended and the District has been reimbursed for its expenditures.

Any new positions that were originally paid from ESSER funds have been absorbed into the District’s operational budget since fiscal year 2022. These positions have helped lessen the teaching burden brought on by the growing enrollment.

## 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	4.00	Financial Recognition	4.00	Financial Recognition
2020	4.00	Financial Recognition	4.00	Financial Recognition
2021	4.00	Financial Recognition	4.00	Financial Recognition
2022	3.65	Financial Recognition	3.65	Financial Recognition
2023	3.55	Financial Recognition	3.55	Financial Recognition
2024 <sup>(1)</sup>	4.00	Financial Recognition	N/A	N/A

(1) A preliminary score reported in the District’s fiscal year 2024 Annual Financial Report.  
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 6 to the Audit, attached hereto as Appendix B.

## **Background Regarding Pension Plans**

### *The Actuarial Valuation*

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

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

### *GASB Standards*

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

The GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset”, which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standards (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”).

Furthermore, the GASB Standards employ a rate, referred to in such statements as the “Discount Rate,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the GASB Standards.

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

### *Pension Plans Remain Governed by the Pension Code*

As described above, the GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension

Code in all respects, including, but not limited to, the amounts to be contributed by the District to the Pension Plans in each year.

### **Teachers' Retirement System of the State of Illinois**

The District participates in TRS, which is a cost-sharing multiple-employer defined benefit pension plan that was created by the General Assembly 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 6 to the Audit.

#### *Employer Funding of Teachers' Retirement System*

Under the Pension Code, active members contribute 9.0% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District, except for a small portion contributed by the teacher's employer, such as the District. For the fiscal years ended June 30, 2020 through June 30, 2024, all amounts contributed by the District to TRS were as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>TRS</u> <u>Contribution</u>
2020	\$ 41,061
2021	38,048
2022	57,375
2023	46,481
2024	56,719

Source: The District's audited financial statements for the fiscal years ended June 30, 2020-2024.

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

## Illinois Municipal Retirement Fund

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

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

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

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

### *Contributions*

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The District’s contribution rate for calendar year 2023 was 10.25% of covered payroll.

For the calendar years ended December 31, 2019 through December 31, 2023, the District contributed the following amounts to IMRF:

Calendar Year Ended December 31	IMRF Contribution
2019	\$ 148,610
2020	183,848
2021	188,473
2022	192,096
2023	157,722

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company (GRS) as of December 31, 2019-2023.

### *Measures of Financial Position*

The following table presents the measures of the IMRF Account’s financial position as of December 31, 2019 through December 31, 2023, which are presented pursuant to the GASB Standards.

Calendar Year Ended December 31	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)	Fiduciary Net Position as a % of Total Pension Liability	Discount Rate
2019	\$ 7,453,277	\$ 6,568,159	\$ 885,118	88.12%	7.25%
2020	7,832,678	7,336,904	495,774	93.67%	7.25%
2021	7,853,233	8,158,497	(305,264)	103.89%	7.25%
2022	8,191,893	6,815,372	1,376,521	83.20%	7.25%
2023	8,159,189	7,346,279	812,910	90.04%	7.25%

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company (GRS) as of December 31, 2019-2023.

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

### **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, 2024, 0.67% during the year ended June 30, 2023 and 0.67% during the year ended June 30, 2022. For the year ended June 30, 2024, the District paid \$39,678 to the THIS fund. For the years ended June 30, 2023 and June 30, 2022, the District paid \$36,896 and \$36,833, 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.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

### **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 RATING**

S&P has assigned its municipal bond rating of “AA+” (Negative Outlook) to the Bonds. The rating reflects only the views of S&P and any explanation of the significance of such rating 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 rating will be maintained for any given period of time or that such rating 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 rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading “LIMITED 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 rating or to oppose any such revision or withdrawal.

## **LIMITED CONTINUING DISCLOSURE**

Because at the time of the delivery of the Bonds the District will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds, the District is required to provide to the Municipal Securities Rulemaking Board (the “MSRB”), as specified in the Rule, annual financial information or operating data regarding the District which annual financial information and operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the District and is publicly available. Consequently, pursuant to the Rule, the District will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send the financial information to the MSRB for purposes of the Rule and to provide notice of certain events to 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 financial information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of the Undertaking, attached hereto as APPENDIX C.

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

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**

The Bonds were offered for sale by the District at a public, competitive sale on April 21, 2025. The best bid submitted at the sale was submitted by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$\_\_\_\_\_. The Underwriter has represented to the District that the Bonds have been subsequently reoffered 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 equals \$\_\_\_\_\_.

### **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, an investment adviser 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 possibly 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  
School District Number 128  
Cook County, Illinois

April \_\_, 2025

**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]**

School District Number 128,  
Cook County, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of School District Number 128, Cook County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Limited Tax School Bonds, Series 2025 (the “*Bonds*”), to the amount of \$ \_\_\_\_\_, dated \_\_\_\_\_, 2025, due serially on December 1 of the years and in the amounts and bearing interest as follows:

the Bonds due on or after December 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 December 1, 20\_\_, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, 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, 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 amount of said taxes that may be extended to pay the Bonds is limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “*Law*”). The Law provides that the annual amount of said taxes to be extended to pay the Bonds and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District, as more fully described in the Proceedings.

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 (the "*Code*"). 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.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

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

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

## Appendix B

### **Annual Financial Report for Fiscal Year Ended June 30, 2024**

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 RSM US LLP, Chicago, 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.

# **Palos Heights School District 128**

Annual Financial Report  
June 30, 2024

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## Independent Auditor's Report

Members of the Board of Education  
Palos Heights School District 128

### Report on the Audit of Financial Statements

#### **Opinions**

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Palos Heights School District 128 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter—Basis of Accounting**

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

#### **Responsibilities of Management for the Financial Statements**

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The supplementary information, such as the budgetary comparison information and combining and individual fund financial statements, debt service requirements, and schedule of assessed valuations, tax rates, extensions, and collections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, such as the budgetary comparison information and combining and individual fund financial statements, debt service requirements, and schedule of assessed valuations, tax rates, extensions, and collections, are presented for purposes of additional analysis and are not a required part of the basic financial statements, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Information**

Management is responsible for the other information include in the annual report. The other information comprises the schedules of employer contributions – Illinois Municipal Retirement Fund, schedule of changes in net pension (asset) liability and related ratios – Illinois Municipal Retirement Fund, schedule of employer contributions – Teachers’ Retirement System of the State of Illinois, schedule of the employer’s proportionate share of the net pension liability – Teacher’s Retirement System of the State of Illinois, schedule of employer contributions – Teachers’ Health Insurance Security Fund of the State of Illinois, and the schedule of the employer’s proportionate share of the collective total OPEB liability – Teachers’ Health Insurance Security Fund of the State of Illinois, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other 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 other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

*RSM US LLP*

Chicago, Illinois  
December 20, 2024

**Basic Financial Statements**

**Government-Wide  
Financial Statements (GWFS)**

**Palos Heights School District 128**

**Statement of Net Position - Modified Cash Basis  
June 30, 2024**

	Governmental Activities
<hr/>	
<b>Assets</b>	
Cash and investments	\$ 9,853,754
Capital assets not being depreciated	58,959
Capital assets being depreciated, net	<u>16,021,771</u>
<b>Total assets</b>	<u><u>\$ 25,934,484</u></u>
<b>Liabilities</b>	
Unamortized bond premium	\$ 205,685
Long-term obligations, due within one year:	
General obligation bonds	1,045,000
Long-term obligations, due in more than one year:	
General obligation bonds	<u>3,635,000</u>
<b>Total liabilities</b>	<u><u>4,885,685</u></u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	13,195,206
Restricted	
Student activity funds	5,490
Capital projects and maintenance	3,028,734
Retirement	205,091
Transportation	515,934
Unrestricted	<u>4,098,344</u>
<b>Total net position</b>	<u><u>21,048,799</u></u>
<b>Total liabilities and net position</b>	<u><u>\$ 25,934,484</u></u>

See notes to basic financial statements.

**Palos Heights School District 128**

**Statement of Activities - Modified Cash Basis  
Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue, and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular programs	\$ 4,831,788	\$ 293,843	\$ 170,402	\$ (4,367,543)
Pre-K programs	458,316	-	-	(458,316)
Special programs	1,611,292	-	1,229,551	(381,741)
Other instructional programs	1,241,836	-	202,958	(1,038,878)
Support services:				
Pupils	802,587	-	-	(802,587)
Instructional staff	214,676	-	24,890	(189,786)
General administration	794,007	-	36,829	(757,178)
School administration	748,807	-	-	(748,807)
Business	562,741	-	-	(562,741)
Central	545,436	14,406	-	(531,030)
Transportation	505,851	-	246,000	(259,851)
Operations and maintenance	1,023,042	-	-	(1,023,042)
Community services	53,609	-	-	(53,609)
Interest and charges	151,261	-	-	(151,261)
<b>Total governmental activities</b>	<b>\$ 13,545,249</b>	<b>\$ 308,249</b>	<b>\$ 1,910,630</b>	<b>(11,326,370)</b>
<b>General revenues:</b>				
Taxes:				
Property taxes, general purposes				9,547,113
Property taxes, debt service				1,260,256
Corporate property replacement taxes				228,475
State aid formula grants				617,954
Interest				235,484
Total general revenues				<u>11,889,282</u>
Change in net position				562,912
<b>Net position:</b>				
July 1, 2023				<u>20,485,887</u>
June 30, 2024				<u>\$ 21,048,799</u>

See notes to basic financial statements.

**Fund Financial Statements (FFS)**

**Palos Heights School District 128**

**Balance Sheet - Modified Cash Basis  
Governmental Funds  
June 30, 2024**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Assets</b>				
Cash and investments	\$ 7,848,213	\$ 334,553	\$ 1,670,988	\$ 9,853,754
<b>Liabilities and Fund Balances</b>				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted				
Student activity funds	5,490	-		5,490
Capital projects and maintenance	2,693,995	334,553	186	3,028,734
Retirement	-	-	205,091	205,091
Transportation	-	-	515,934	515,934
Debt service	-	-	949,777	949,777
Unassigned	5,148,728	-	-	5,148,728
<b>Total fund balances</b>	<b>7,848,213</b>	<b>334,553</b>	<b>1,670,988</b>	<b>9,853,754</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,848,213</b>	<b>\$ 334,553</b>	<b>\$ 1,670,988</b>	<b>\$ 9,853,754</b>

See notes to basic financial statements.

**Palos Heights School District 128**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position - Modified Cash Basis  
Year Ended June 30, 2024**

---

Total fund balances - governmental funds	\$ 9,853,754
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.	16,080,730
Premium on bonds that is other financing sources in the fund financial statements is a liability that is amortized over the life of the bonds in the government-wide financial statements.	(205,685)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
General obligation bonds	<u>(4,680,000)</u>
Net position of governmental activities	<u>\$ 21,048,799</u>

See notes to basic financial statements.



**Palos Heights School District 128**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
Governmental Funds  
Year Ended June 30, 2024**

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund		
Revenues:				
Property taxes	\$ 8,784,951	\$ -	\$ 2,022,418	\$ 10,807,369
Corporate property replacement taxes	224,340	-	4,135	228,475
Charges for services	293,843	-	14,406	308,249
Unrestricted state aid	617,954	-	-	617,954
Restricted state aid	933,647	-	246,000	1,179,647
Restricted federal aid	730,983	-	-	730,983
Interest	173,327	24,137	38,020	235,484
<b>Total revenues</b>	<b>11,759,045</b>	<b>24,137</b>	<b>2,324,979</b>	<b>14,108,161</b>
Expenditures:				
Current:				
Instruction:				
Regular programs	4,408,869	-	56,468	4,465,337
Pre-K programs	412,990	-	11,039	424,029
Special programs	1,376,549	-	107,428	1,483,977
Other instructional programs	1,129,806	-	19,168	1,148,974
Support services:				
Pupils	711,329	-	31,014	742,343
Instructional staff	197,873	-	762	198,635
General administration	718,532	-	16,814	735,346
School administration	659,171	-	31,375	690,546
Business	1,218,396	-	93,295	1,311,691
Central	488,463	-	13,786	502,249
Transportation	-	-	505,851	505,851
Community services	50,916	-	266	51,182
Debt service:				
Principal	-	-	995,000	995,000
Interest and charges	-	-	273,869	273,869
Capital outlay	142,571	1,700,389	9,263	1,852,223
<b>Total expenditures</b>	<b>11,515,465</b>	<b>1,700,389</b>	<b>2,165,398</b>	<b>15,381,252</b>
Excess (deficiency) of revenues over (under) expenditures	243,580	(1,676,252)	159,581	(1,273,091)
Other financing sources:				
Bond proceeds	1,960,000	-	-	1,960,000
Premium on long-term debt issued	40,295	-	74,422	114,717
<b>Total other financing sources</b>	<b>2,000,295</b>	<b>-</b>	<b>74,422</b>	<b>2,074,717</b>
Change in fund balance	2,243,875	(1,676,252)	234,003	801,626
Fund balances:				
July 1, 2023	5,604,338	2,010,805	1,436,985	9,052,128
June 30, 2024	\$ 7,848,213	\$ 334,553	\$ 1,670,988	\$ 9,853,754

See notes to basic financial statements.

**Palos Heights School District 128**

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Modified Cash Basis  
Year Ended June 30, 2024**

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Net change in fund balances - total governmental funds	\$ 801,626
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. These are the amounts in the current period:	
Depreciation	(1,098,943)
Capital outlays	1,817,338
In governmental funds, long-term debt is considered other financing sources, but in the statement of net position debt is reported as a liability. In the current period, proceeds were received from:	
General obligation bonds	(1,960,000)
Premium on bonds is recorded as other financing sources in the fund financial statements, but the premium is recorded as a liability in the statement of net position, which is amortized over the life of the bonds. This is the amount of amortization in the current period:	
Premium on bonds issued	(114,717)
Amortization premium on bonds	122,608
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Long-term debt principal retirement	<u>995,000</u>
Change in net position of governmental activities	<u>\$ 562,912</u>

See notes to basic financial statements.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 1. Significant Accounting Policies

##### Nature of Operations

Palos Heights School District 128 (the District) operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the community of Palos Heights, Illinois.

The accounting policies of the District conform to a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

##### Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government; or
- 2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government.

Financial benefit or financial burden is created if any one of the following relationships exists:

- 1) The primary government is legally entitled to or has access to the component unit's resources.
- 2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- 3) The primary government is obligated in some manner for the other component unit's debt.

Based upon the application criteria, no component units have been included within the reporting entity.

##### Basis of Presentation

**Government-Wide Financial Statements (GWFS):** The government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

The Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements (FFS):** Separate financial statements are provided for governmental funds. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District administers the following major governmental funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The **Capital Projects Fund** accounts for resources accumulated and payments made for major construction projects.

#### Measurement Focus and Basis of Accounting

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

##### **Measurement Focus**

In the government-wide Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) are reported within the limitations of the modified cash basis of accounting. Equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used. Under a "current financial resources" measurement focus, only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The funds use fund balances as their measure of available spendable financial resources at the end of the period.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

##### ***Basis of Accounting***

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and premiums paid on bonds in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of a modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are generally not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and all government-wide financials would be presented on the accrual basis of accounting.

##### **Significant Accounting Policies**

###### ***Property Taxes***

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2023 tax levy was passed by the Board of Education on December 14, 2023 and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2024 and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

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

###### ***Cash and Investments***

Cash and investments consist of pooled cash and investments held by the Worth Township Trustees which are reported at cost.

**Palos Heights School District 128**

**Notes to Basic Financial Statements**

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**Note 1. Significant Accounting Policies (Continued)**

***Interfund Receivables, Payables, and Activity***

The District, at times, has the following activities between funds:

**Loans** – amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are eliminated in the government-wide Statement of Net Position.

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

***Capital Assets***

Capital assets which include land, buildings, and other equipment, are reported in the Statement of Net Position - Modified Cash Basis. Capital assets are defined as assets with an initial individual cost of more than \$2,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized in the government-wide financial statement. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, if applicable, are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities – Modified Cash Basis with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Equipment	3-15 years

***Compensated Absences***

Certified employees working less than 12 months a year do not earn vacation days; however, noncertified, full-time employees earn vacation days which are vested.

All certified and noncertified employees receive 12 sick days per year, which accumulate to a maximum of 220 days. These accumulated sick days may be applied toward early retirement, and any unapplied days would be paid at a rate of \$55 per day upon retirement or resignation.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

##### ***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenses when incurred.

##### ***Net Position***

The District's government-wide net position is reported in three categories:

**Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position that does not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

##### ***Fund Balances***

Within the governmental fund types, the District's fund balances are reported in one of the following classifications:

***Nonspendable*** – 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. On June 30, 2024, the District has no nonspendable fund balance amounts.

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

***Committed*** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. At June 30, 2024, the District has no committed fund balance amounts.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

**Assigned** – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not authorized any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. At June 30, 2024, the District has no assigned fund balance amounts.

**Unassigned** – includes the residual fund balance that has not been restricted, committed, or assigned within the General Fund and unassigned deficit fund balances of other governmental funds.

It is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District, in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These funds may be lent to other District governmental funds in need but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the General Fund education account or abate the fund to any fund of the District in need. On June 30, 2024, the District had working cash stabilization fund balances of \$2,295,764 that have been classified as unassigned fund balances in the General Fund.

#### **Eliminations and Reclassifications**

In the process of aggregating data for the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, some amounts reported as interfund activity and interfund balances in the funds were eliminated or reclassified.

#### **Use of Estimates**

The preparation of financial statements in conformity with a 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 may differ from those estimates.

#### Note 2. Budgets and Budgetary Information

Annual budgets are adopted for all funds. These budgets are adopted on a modified cash basis of accounting. All annual appropriations lapse at fiscal year-end.

On or before July 1 of each year, the Superintendent is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than October 1.



**Palos Heights School District 128**

**Notes to Basic Financial Statements**

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**Note 2. Budgets and Budgetary Information (Continued)**

The appropriate budget is prepared by fund and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10% of the total of such fund and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level.

For budgetary purposes, the District does not recognize as revenue the retirement contributions made by the State to the Teachers' Retirement System of the State of Illinois and to the Teachers' Health Insurance Security Fund on behalf of the District as well as the related expenditures.

The following governmental funds over expended their budget for the year ended June 30, 2024:

	Budget	Actual
Major Fund:		
General Fund	\$ 11,506,735	\$ 11,515,465
Capital Projects Fund	1,620,201	1,700,389
Nonmajor Fund:		
Debt Service Fund	1,174,950	1,268,869

**Note 3. Cash and Investments**

Substantially all cash and investments are deposits and investments maintained in pooled accounts held in the name of the Worth Township Trustees.

a. Deposits

State statutes authorize the District to make deposits directly or through its Township Trustees in interest bearing depository accounts in federally insured and/or state-chartered banks, savings and loan associations and credit unions. As of June 30, 2024, the District had deposits with financial institutions of \$7,490 with bank balances totaling \$23,959.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Trustees' deposits may not be returned to it. As of June 30, 2024, none of the District's bank balances of \$7,490 were exposed to custodial credit risk.

b. Investments

As of June 30, 2024, the District had the following investments:

Investment Type	Cost	Investment Maturities (In Years)
Pooled cash and investments held by the Worth Township Trustees	<u>\$ 9,846,264</u>	N/A

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 3. Cash and Investments (Continued)

Of the total pooled cash and investments held by the Worth Township Trustees, maturities are approximately as follows: less than one year (14.8%), one to five years (29.2%), 6 to 10 years (30.4%), and greater than 10 years (25.6%). The pooled accounts hold the following types of investments: U.S. Treasury Securities, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), U.S. Department of Housing and Urban Development (HUD), Municipal Bonds, Commercial Paper, Money Market Mutual Funds, Money Market Accounts and Certificates of Deposit.

*Interest rate risk.* The District's investment policy does not limit its investment portfolio to specific maturities.

*Credit risk.* State statutes authorize the District to invest directly or through its Township Trustees in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000.

The District is also authorized to invest directly or through its Township Trustees in the Illinois School District Liquid Asset Fund Plus and the Illinois Funds, which invests member deposits, on a pooled basis, primarily in short-term certificates of deposit and in high-rated, short-term obligations of major United States corporations and banks.

*Concentration of credit risk.* The District has no investment policy related to the concentration of credit risk.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Information related to the interest rate risk, credit risk, concentration of credit risk and custodial credit risk of the other cash and investments held by the Worth Township Trustees can be obtained from the Worth Township Trustees at 10720 South Kenton, Oak Lawn, Illinois 60453, which issues a financial report that includes financial statements and supplementary information.

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Statement of net position (GWFS)	<u>\$ 9,853,754</u>
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**Palos Heights School District 128**

**Notes to Basic Financial Statements**

**Note 4. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 58,959	\$ -	\$ -	\$ 58,959
Capital assets, being depreciated:				
Buildings and improvements	29,437,461	1,726,442	-	31,163,903
Equipment	3,200,299	90,896	-	3,291,195
Total capital assets being depreciated	32,637,760	1,817,338	-	34,455,098
Less accumulated depreciation:				
Buildings and improvements	(14,649,726)	(950,765)	-	(15,600,491)
Equipment	(2,684,658)	(148,178)	-	(2,832,836)
Total accumulated depreciation	(17,334,384)	(1,098,943)	-	(18,433,327)
Total capital assets being depreciated, net	15,303,376	718,395	-	16,021,771
Governmental activities Capital assets, net	<u>\$ 15,362,335</u>	<u>\$ 718,395</u>	<u>\$ -</u>	<u>\$ 16,080,730</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular programs	\$ 361,325
Pre-K programs	34,287
Special programs	119,895
Other instructional programs	92,862
Support services:	
Pupils	60,002
Instructional staff	16,041
General administration	58,903
School administration	55,936
Business	177,591
Central	43,188
Operations and maintenance	76,486
Community services	2,427
	<u>\$ 1,098,943</u>

**Palos Heights School District 128**

**Notes to Basic Financial Statements**

**Note 5. Long-Term Debt**

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	General Obligation Bonds	Bond Premium	Totals
Long-term debt, July 1, 2023	\$ 3,715,000	\$ 213,576	\$ 3,928,576
Bonds issued	1,960,000	114,717	2,074,717
Debt retired	(995,000)	(122,608)	(1,117,608)
Long-term debt, June 30, 2024	<u>\$ 4,680,000</u>	<u>\$ 205,685</u>	<u>\$ 4,885,685</u>
Amounts due within one year	<u>\$ 1,045,000</u>	<u>\$ -</u>	<u>\$ 1,045,000</u>

On November 20, 2023, the District issued \$1,960,000 of General Obligation Limited Tax School Bonds Series 2023 (the Bonds) with an interest rate of 5.00%. Proceeds from the bond issuance will be used to pay for the cost of issuance and to increase the District's Working Cash Fund. After proper abatement and transfer from the District's Working Cash Fund, proceeds of the bonds will be used to pay for the costs of capital projects throughout the District.

The interest rate is 4.00-5.00% on the outstanding bonds. As of June 30, 2024, the future annual debt service requirements on the outstanding debt are as follows:

Year Ending June 30,	General Obligation Bonds		Total
	Principal	Interest	
2025	\$ 1,045,000	\$ 202,075	\$ 1,247,075
2026	1,095,000	148,575	1,243,575
2027	810,000	103,850	913,850
2028	845,000	65,375	910,375
2029	885,000	22,125	907,125
	<u>\$ 4,680,000</u>	<u>\$ 542,000</u>	<u>\$ 5,222,000</u>

The District's estimated legal debt limitation of \$27,453,667, based on 6.9% of the 2023 estimated assessed valuation of \$397,879,239, less outstanding debt of \$4,680,000, results in an estimated legal debt margin of \$22,773,667 as of June 30, 2024.

**Note 6. Retirement Fund Commitments**

Teachers' Retirement System

**Plan Description**

The District participates in the Teachers' Retirement System of the State of Illinois (TRS or System). 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 <https://www.trsil.org/financial/acfrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 6. Retirement Fund Commitments (Continued)

##### Teachers' Retirement System (Continued)

##### **Benefits Provided**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service. Disability and death benefits are also provided.

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

##### **Contributions**

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% 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% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

***On behalf contributions to TRS.*** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2024, State of Illinois contributions in the amount of \$2,789,873 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the District.

***2.2 formula contributions.*** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2024, were \$31,946.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 6. Retirement Fund Commitments (Continued)

##### Teachers' Retirement System (Continued)

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total normal employer cost.

For the year ended June 30, 2024, the employer pension contribution was 10.60% of salaries paid from federal and special trust funds. For the year ended June 30, 2023, salaries totaling \$225,210 were paid from federal and special trust funds that required employer contributions of \$23,872.

**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% 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. Additionally, PA 100-0023 requires school districts to pay for a portion of the cost of a member's pension if that member's salary, determined on a full-time equivalent basis, is greater than the governor's statutory salary (currently \$216,000). The amount charged to the employer is the employer normal cost, or 10.60%.

For the year ended June 30, 2024, the District was not required to make any payments to TRS for employer contributions due on salary increases in excess of 6%. The District paid \$283 for sick leave days granted in excess of the normal annual allotment and \$618 for member salaries in excess of the governor's statutory salary.

#### **Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

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

Because the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of the employer's proportionate share of the net pension liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 6. Retirement Fund Commitments (Continued)

##### Illinois Municipal Retirement

##### 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 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](http://www.imrf.org).

##### Benefits Provided

The District participates in the Regular Plan (RP). 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, 2023, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and beneficiaries currently receiving benefits	231
Inactive plan members entitled to but not yet receiving benefits	153
Active plan members	<u>50</u>
Total	<u><u>434</u></u>

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 6. Retirement Fund Commitments (Continued)

##### Illinois Municipal Retirement (Continued)

##### **Contributions**

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's required and actual contribution rates for the calendar years ending December 31, 2024 and 2023, were 9.84% and 10.25%, respectively. For fiscal year 2024, the District contributed \$166,098 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefit rate is set by statute.

##### **Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

The District's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of changes in net pension liability and related ratios and the schedule of employer contributions are presented as other information following the notes to the financial statements.

#### Note 7. Postemployment Healthcare Plan

##### Teachers' Health Insurance Security

##### **Plan Description**

The District participates in the Teachers' Health Insurance Security Fund (THIS) of the State of Illinois. THIS is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of eligible retired Illinois public school teachers employed outside the City of Chicago. All District employees receiving monthly benefits from the Teachers' Retirement System (TRS) who have at least eight years of creditable service with TRS, the survivor of an annuitant or benefit recipient who had at least eight years of creditable service or a recipient of a monthly disability benefit are eligible to enroll in THIS.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS plan 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. The publicly available financial report of the plan may be found on the website of the Illinois Auditor General. The current reports are listed under "Central Management Services" <http://www.auditor.illinois.gov/Audit-reports/CMS-THISF.asp>.



## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### Note 7. Postemployment Healthcare Plan (Continued)

##### Teachers' Health Insurance Security (Continued)

##### **Benefits Provided**

THIS provides medical, prescription, and behavioral health benefits for eligible retirees and their dependents, 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 were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan. The premiums charged reflect approximately a 75% subsidy for members that elect a managed care plan or elect the Teachers' Choice Health Plan (TCHP) if a managed care plan is either not available or only partially available. Members receive approximately a 50% subsidy if they elect the TCHP when a managed care plan is available. Medicare primary dependent beneficiaries enrolled in a managed care plan or in the TCHP when no managed care plan is available receive a premium subsidy.

##### **Contributions**

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2024, required contributions are as follows:

- Active members contribute 0.90% of covered payroll.
- Employers contribute 0.67% of covered payroll. 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. For the year ended June 30, 2024, the District paid \$39,678 to the THIS Fund, which was 100% of the required contribution.
- The State of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The State contributed 0.90% of covered payroll. For the year ended June 30, 2024, State of Illinois contributions on behalf of the District's employees were \$53,299.
- Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0% per year by statute. The Federal Government provides a Medicare Part D subsidy.

##### **OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

The collective total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to June 30, 2023. The employer's proportionate share of the total OPEB liability was based on the employer's share of contributions to THIS for the measurement year ended June 30, 2023, relative to the contributions of all participating employers and the State during that period.

Since the collective total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the OPEB plan are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of the employer's proportionate share of the collective net pension liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### **Note 8. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the School Employees Loss Fund (SELF) for its workers' compensation coverage, the Suburban School Cooperative Insurance Pool (SSCIP) for its general liability and property coverages and carries commercial insurance for its employee health insurance coverages. SELF and SSCIP are organizations of school districts in Illinois which have formed associations under the Illinois Intergovernmental Cooperation Statute to pool their risk management needs.

The cooperative agreement provides that SSCIP will be self-sustaining through member premiums. SSCIP will reinsure through commercial companies for claims in excess of \$1,000,000 per occurrence and \$3,000,000 in aggregate for general liability and property. SELF's member premiums are used to purchase commercial insurance. The District, along with other members of SELF and SSCIP, has a contractual obligation to fund any premium deficiency of the pools attributable to a year during which it was a member. SELF and SSCIP can assess supplemental premiums to fund these premium deficiencies. In the past three years, the District has made one supplemental premium payment to SELF, which was not significant to the District's financial statements.

Each District appoints one delegate to represent the District on the Board of Directors of the SELF pool. The District does not exercise any control over the activities of the pool beyond its representation on the Board of Directors, or the election of the Board members.

#### **Note 9. Commitments and Contingencies**

The District received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District on June 30, 2024.

#### **Note 10. Pronouncements Issued But Not Yet Adopted**

The following is a description of GASB authoritative pronouncements which have been issued but not yet adopted by the District:

GASB Statement No. 101, *Compensated Absences*, will through its unified recognition and remeasurement model, result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement will be effective for the District with its year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The statement will be effective for the District with its year ending June 30, 2025 (beginning after June 15, 2024).

## Palos Heights School District 128

### Notes to Basic Financial Statements

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#### **Note 10. Pronouncements Issued But Not Yet Adopted (Continued)**

GASB Statement No. 103, *Financial Reporting Model Improvements*, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The statement will be effective for the District with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will improve financial reporting by provided issuers of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The statement will be effective for the District with its year ending June 30, 2026.

Management has not currently determined what impact, if any, these GASB statements may have on its financial statements.

#### **Note 11. Subsequent Event**

Management evaluated subsequent events through the date of the report and determined that there have been no events that have occurred that would require adjustments to its disclosures in the financial statements.

## **Other Information**

**Palos Heights School District 128**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund**

<u>Calendar Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2023	\$ 157,722	\$ 157,722	\$ -	\$ 1,538,753	10.25%
2022	192,096	192,096	-	1,571,979	12.22%
2021	188,472	188,473	(1)	1,409,666	13.37%
2020	183,849	183,848	1	1,388,585	13.24%
2019	148,610	148,610	-	1,342,453	11.07%
2018	152,820	104,920	47,900	1,218,657	8.61%
2017	147,377	147,377	-	1,261,788	11.68%
2016	142,455	142,970	(515)	1,228,057	11.64%
2015	147,994	147,994	-	1,305,060	11.34%
2014	165,786	163,931	1,855	1,344,571	12.19%

**Note to schedule:** Detailed information and the summary of actuarial methods and assumptions used in the calculation of the contribution rate are available at the District's administrative offices.

**Palos Heights School District 128**

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

<b>Calendar Year Ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Total pension liability</b>			
Service cost	\$ 167,399	\$ 139,158	\$ 142,978
Interest on the Total Pension Liability	580,341	555,980	554,867
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(228,402)	151,766	(175,626)
Changes of assumptions	(10,271)	-	-
Benefit payments, including refunds of employee contributions	(541,771)	(508,244)	(501,664)
Net change in total pension liability	(32,704)	338,660	20,555
Total pension liability - beginning	8,191,893	7,853,233	7,832,678
Total pension liability - ending	<u>\$ 8,159,189</u>	<u>\$ 8,191,893</u>	<u>\$ 7,853,233</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 157,722	\$ 192,096	\$ 188,473
Contributions - employee	69,329	78,939	63,465
Net investment income	766,724	(1,105,625)	1,281,523
Benefit payments, including refunds of employee contributions	(541,771)	(508,244)	(501,664)
Other (net transfer)	78,903	(291)	(210,204)
Net change in plan fiduciary net position	530,907	(1,343,125)	821,593
Plan fiduciary net position - beginning	6,815,372	8,158,497	7,336,904
Plan fiduciary net position - ending	<u>\$ 7,346,279</u>	<u>\$ 6,815,372</u>	<u>\$ 8,158,497</u>
<b>Net pension liability</b>	<b>\$ 812,910</b>	<b>\$ 1,376,521</b>	<b>\$ (305,264)</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	90.04%	83.20%	103.89%
<b>Covered valuation payroll</b>	<b>\$ 1,538,753</b>	<b>\$ 1,571,979</b>	<b>\$ 1,409,666</b>
<b>Net pension liability as a percentage of covered valuation payroll</b>	52.83%	87.57%	-21.66%

Note to schedule: Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at <https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

	2020	2019	2018	2017	2016	2015
\$	142,665	\$ 142,826	\$ 134,431	\$ 132,160	\$ 141,918	\$ 149,381
	528,153	506,383	499,819	485,834	457,994	435,078
	-	-	-	-	-	-
	230,609	110,827	(49,175)	185,362	119,368	32,049
	(42,534)	-	172,520	(207,583)	(20,573)	6,522
	(479,492)	(439,877)	(443,037)	(377,852)	(316,446)	(293,018)
	379,401	320,159	314,558	217,921	382,261	330,012
	7,453,277	7,133,118	6,818,560	6,600,639	6,218,378	5,888,366
<b>\$</b>	<b>7,832,678</b>	<b>\$ 7,453,277</b>	<b>\$ 7,133,118</b>	<b>\$ 6,818,560</b>	<b>\$ 6,600,639</b>	<b>\$ 6,218,378</b>
\$	183,848	\$ 148,610	\$ 104,920	\$ 147,377	\$ 142,970	\$ 147,994
	62,584	61,096	37,178	56,780	55,281	58,842
	961,402	1,106,974	(390,001)	1,006,662	345,370	25,794
	(479,492)	(439,877)	(443,037)	(377,852)	(316,446)	(293,018)
	40,403	33,691	92,047	(91,756)	49,706	97,004
	768,745	910,494	(598,893)	741,211	276,881	36,616
	6,568,159	5,657,665	6,256,558	5,515,347	5,238,466	5,201,850
<b>\$</b>	<b>7,336,904</b>	<b>\$ 6,568,159</b>	<b>\$ 6,256,558</b>	<b>\$ 6,256,558</b>	<b>\$ 5,515,347</b>	<b>\$ 5,238,466</b>
<b>\$</b>	<b>495,774</b>	<b>\$ 885,118</b>	<b>\$ 1,475,453</b>	<b>\$ 562,002</b>	<b>\$ 1,085,292</b>	<b>\$ 979,912</b>
	93.67%	88.12%	79.32%	91.76%	83.56%	84.24%
<b>\$</b>	<b>1,388,585</b>	<b>\$ 1,342,453</b>	<b>\$ 1,218,657</b>	<b>\$ 1,261,788</b>	<b>\$ 1,228,057</b>	<b>\$ 1,305,060</b>
	35.70%	65.93%	121.07%	44.54%	88.37%	75.09%

**Palos Heights School District 128**

**Schedule of Employer Contributions  
Teachers' Retirement System of the State of Illinois  
Fiscal Year 2024**

	2024	2023	2022
Contractually-required contribution	\$ 58,221	\$ 44,097	\$ 57,124
Contributions in relation to the contractually-required contribution	58,213	44,103	51,288
Contribution deficiency (excess)	<u>\$ 8</u>	<u>\$ (6)</u>	<u>\$ 5,836</u>
Employer's covered payroll	\$ 5,922,152	\$ 5,506,822	\$ 5,497,473
Contributions as a percentage of covered payroll	0.98%	0.80%	1.04%

**Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Teachers' Retirement System of the State of Illinois  
Fiscal Year 2024**

	2024	2023	2022
Employer's proportion of the net pension liability	0.00052678%	0.00053729%	0.00057380%
Employer's proportionate share of the net pension liability	\$ 447,658	\$ 450,469	\$ 447,632
State's proportionate share of the net pension liability associated with the employer	38,633,150	39,075,189	37,516,279
Total	<u>\$ 39,080,808</u>	<u>\$ 39,525,658</u>	<u>\$ 37,963,911</u>
Employer's covered payroll	\$ 5,506,822	\$ 5,497,473	\$ 5,143,420
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	8.13%	8.19%	8.70%
Plan fiduciary net position as a percentage of the total pension liability	43.90%	42.80%	45.10%

Note to schedule: Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <https://www.trsil.org/financial/actuarial-reports/valuation-reports>



2021	2020	2019	2018	2017
\$ 37,714	\$ 33,619	\$ 31,459	\$ 24,599	\$ 24,388
37,717	33,625	31,459	24,292	24,388
\$ (3)	\$ (6)	\$ -	\$ 307	\$ -
\$ 5,143,420 0.73%	\$ 4,540,017 0.74%	\$ 4,435,779 0.71%	\$ 4,241,180 0.58%	\$ 4,204,908 0.58%

2021	2020	2019	2018	2017
0.00054028%	0.00062289%	0.00058465%	0.00069183%	0.00089624%
\$ 465,802	\$ 505,216	\$ 455,702	\$ 528,543	\$ 707,460
36,484,028	35,955,658	31,217,501	31,132,169	31,434,375
\$ 36,949,830	\$ 36,460,874	\$ 31,673,203	\$ 31,660,712	\$ 32,141,835
\$ 4,540,017	\$ 4,435,779	\$ 4,241,180	\$ 4,204,908	\$ 3,960,286
10.26%	11.39%	10.74%	12.57%	17.86%
37.80%	39.60%	40.00%	39.30%	36.40%

**Palos Heights School District 128**

**Schedule of Employer Contributions  
Teachers' Health Insurance Security Fund**

<b>For the fiscal year ending</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Statutorily-required contribution	\$ 39,678	\$ 36,896	\$ 36,833
Contributions in relation to the statutorily-required contribution	39,678	36,896	36,833
Contribution (excess) deficiency	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,922,152	\$ 5,506,822	\$ 5,497,473
Contributions as a percentage of covered payroll	0.67%	0.67%	0.67%

**Schedule of the Employer's Proportionate Share of the Collective Total OPEB Liability  
Teachers' Health Insurance Security Fund**

<b>For the fiscal year ending*</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Employer's proportion of the collective total OPEB liability	0.019743%	0.019922%	0.017951%
Employer's proportionate share of the collective total OPEB liability	\$ 1,407,175	\$ 1,363,572	\$ 4,372,141
The portion of the State's proportionate share amount of the collective total OPEB liability associated with the employer	1,902,924	1,855,026	5,928,046
Total	\$ 3,310,099	\$ 3,218,598	\$ 10,300,187
Covered payroll	\$ 5,506,822	\$ 5,497,473	\$ 5,143,420
Collective net OPEB liability as a percentage of the covered payroll	25.6%	24.8%	85.0%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%

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

**Note to Schedules**

Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at <https://cgfa.ilga.gov/>

<b>2021</b>	<b>2020</b>	<b>2019</b>
\$ 47,319	\$ 41,768	\$ 95,813
47,319	41,768	95,807
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>
\$ 5,143,420	\$ 4,540,017	\$ 4,435,779
0.92%	0.92%	2.16%

<b>2021</b>	<b>2020</b>	<b>2019</b>
0.017951%	0.019445%	0.017668%
\$ 4,799,379	\$ 5,381,993	\$ 4,654,798
6,519,572	7,287,753	6,250,470
<u>\$ 11,318,951</u>	<u>\$ 12,669,746</u>	<u>\$ 10,905,268</u>
\$ 4,540,017	\$ 4,435,779	\$ 4,204,908
105.7%	121.3%	110.7%
0.0%	0.0%	0.0%

## **Supplementary Information**

**Palos Heights School District 128**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
General Fund  
Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Property taxes	\$ 8,922,000	\$ 8,922,000	\$ 8,784,951	\$ (137,049)
Corporate property replacement taxes	246,000	246,000	224,340	(21,660)
Charges for services	290,000	290,000	293,843	3,843
Unrestricted state aid	617,000	617,000	617,954	954
Restricted state aid	888,349	888,349	933,647	45,298
Restricted federal aid	885,332	885,332	730,983	(154,349)
Interest	122,050	122,050	173,327	51,277
<b>Total revenues</b>	<b>11,970,731</b>	<b>11,970,731</b>	<b>11,759,045</b>	<b>(211,686)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular programs	4,188,876	4,322,535	4,408,869	(86,334)
Pre-K programs	342,523	414,938	412,990	1,948
Special programs	1,552,786	1,466,836	1,376,549	90,287
Other instructional programs	1,042,635	1,063,781	1,129,806	(66,025)
<b>Support services:</b>				
Pupils	710,787	733,353	711,329	22,024
Instructional staff	195,789	234,216	197,873	36,343
General administration	720,174	714,474	718,532	(4,058)
School administration	657,933	659,197	659,171	26
Business	1,145,257	1,163,081	1,218,396	(55,315)
Central	561,121	504,654	488,463	16,191
Community services	23,990	50,670	50,916	(246)
Capital outlay	169,500	179,000	142,571	36,429
<b>Total expenditures</b>	<b>11,311,371</b>	<b>11,506,735</b>	<b>11,515,465</b>	<b>(8,730)</b>
<b>Excess of revenues over expenditures</b>	<b>659,360</b>	<b>463,996</b>	<b>243,580</b>	<b>(220,416)</b>
<b>Other financing sources:</b>				
Bond proceeds	1,960,000	2,000,000	1,960,000	(40,000)
Premium on long-term debt issued	-	-	40,295	40,295
<b>Total other financing sources</b>	<b>1,960,000</b>	<b>2,000,000</b>	<b>2,000,295</b>	<b>295</b>
<b>Change in fund balance</b>	<b>\$ 2,619,360</b>	<b>\$ 2,463,996</b>	<b>2,243,875</b>	<b>\$ (220,121)</b>
<b>Fund balance:</b>				
July 1, 2023			<u>5,604,338</u>	
June 30, 2024			<u>\$ 7,848,213</u>	

**Palos Heights School District 128**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Capital Projects Fund  
Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Interest	\$ 50,000	\$ 50,000	\$ 24,137	\$ (25,863)
<b>Total revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>24,137</u>	<u>(25,863)</u>
Expenditures	<u>1,262,183</u>	<u>1,620,201</u>	<u>1,700,389</u>	<u>(80,188)</u>
<b>Change in fund balance</b>	<u>\$ (1,212,183)</u>	<u>\$ (1,570,201)</u>	<u>(1,676,252)</u>	<u>\$ (106,051)</u>
Fund balance:				
July 1, 2023			<u>2,010,805</u>	
June 30, 2024			<u>\$ 334,553</u>	

**Palos Heights School District 128**

**Combining Balance Sheet - Modified Cash Basis  
General Fund, By Accounts  
June 30, 2024**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Total
<b>Assets</b>				
Cash and investments	\$ 4,858,749	\$ 693,700	\$ 2,295,764	\$ 7,848,213
<b>Liabilities and Fund Balance</b>				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Fund balance:				
Restricted	5,490	693,700	2,000,295	2,699,485
Unassigned	4,853,259	-	295,469	5,148,728
<b>Total fund balance</b>	<u>4,858,749</u>	<u>693,700</u>	<u>2,295,764</u>	<u>7,848,213</u>
<b>Total liabilities and fund balance</b>	<u>\$ 4,858,749</u>	<u>\$ 693,700</u>	<u>\$ 2,295,764</u>	<u>\$ 7,848,213</u>

**Palos Heights School District 128**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance -  
Modified Cash Basis  
General Fund, By Accounts  
Year Ended June 30, 2024**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Total
<b>Revenues:</b>				
Property taxes	\$ 7,878,464	\$ 835,137	\$ 71,350	\$ 8,784,951
Corporate property replacement taxes	224,340	-	-	224,340
Charges for services	293,114	729	-	293,843
Unrestricted state aid	542,954	75,000	-	617,954
Restricted state aid	896,147	37,500	-	933,647
Restricted federal aid	730,983	-	-	730,983
Interest	130,200	15,207	27,920	173,327
<b>Total revenues</b>	<b>10,696,202</b>	<b>963,573</b>	<b>99,270</b>	<b>11,759,045</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular programs	4,408,869	-	-	4,408,869
Pre-K programs	412,990	-	-	412,990
Special programs	1,376,549	-	-	1,376,549
Other instructional programs	1,129,806	-	-	1,129,806
Support services:				
Pupils	711,329	-	-	711,329
Instructional staff	197,873	-	-	197,873
General administration	718,532	-	-	718,532
School administration	659,171	-	-	659,171
Business	352,950	865,446	-	1,218,396
Central	488,463	-	-	488,463
Community services	50,916	-	-	50,916
Capital outlay	25,062	117,509	-	142,571
<b>Total expenditures</b>	<b>10,532,510</b>	<b>982,955</b>	<b>-</b>	<b>11,515,465</b>
Excess (deficiency) of revenues over (under) expenditures	163,692	(19,382)	99,270	243,580
<b>Other financing sources:</b>				
Bond proceeds	-	-	1,960,000	1,960,000
Premium on long-term debt issued	-	-	40,295	40,295
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>2,000,295</b>	<b>2,000,295</b>
<b>Change in fund balance</b>	<b>163,692</b>	<b>(19,382)</b>	<b>2,099,565</b>	<b>2,243,875</b>
<b>Fund balance:</b>				
July 1, 2023	4,695,057	713,082	196,199	5,604,338
June 30, 2024	\$ 4,858,749	\$ 693,700	\$ 2,295,764	\$ 7,848,213



Palos Heights School District 128

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis

Budget and Actual - Budgetary Basis

General Fund, By Accounts

Year Ended June 30, 2024

	Educational Account		Operations and Maintenance		Working Cash Account		Original Budget	Actual	Amended Budget	Actual	Amended Budget	Actual
	Original Budget	Amended Budget	Original Budget	Amended Budget	Original Budget	Amended Budget						
<b>Revenues:</b>												
Property taxes	\$ 8,096,000	\$ 8,076,000	\$ 7,878,464	\$ 835,137	\$ 1,000	\$ 8,942,000	\$ 71,350	\$ 8,922,000	\$ 8,784,951			
Corporate property replacement taxes	242,106	246,000	224,340	-	-	242,106	-	246,000	224,340			
Charges for services	347,500	289,500	293,114	500	729	348,000	-	290,000	293,843			
Unrestricted state aid	542,480	542,000	542,954	75,000	75,000	617,480	-	617,000	617,954			
Restricted state aid	133,500	850,849	896,147	-	37,500	133,500	-	888,349	933,647			
Restricted federal aid	872,756	885,332	730,983	-	-	872,756	-	885,332	730,983			
Interest	100,000	100,000	130,200	18,050	18,050	158,050	27,920	122,050	173,327			
<b>Total revenues</b>	<b>10,334,342</b>	<b>10,989,681</b>	<b>10,696,202</b>	<b>938,550</b>	<b>976,050</b>	<b>11,313,892</b>	<b>99,270</b>	<b>11,970,731</b>	<b>11,759,045</b>			
<b>Expenditures:</b>												
Instruction:												
Regular programs	4,188,876	4,322,535	4,408,869	-	-	4,188,876	-	4,322,535	4,408,869			
Pre-K programs	342,523	414,938	412,990	-	-	342,523	-	414,938	412,990			
Special programs	1,552,786	1,466,836	1,376,549	-	-	1,552,786	-	1,466,836	1,376,549			
Other instructional programs	1,042,635	1,063,781	1,129,806	-	-	1,042,635	-	1,063,781	1,129,806			
Support services:												
Pupils	710,787	733,353	711,329	-	-	710,787	-	733,353	711,329			
Instructional staff	195,789	234,216	197,873	-	-	195,789	-	234,216	197,873			
General administration	720,174	714,474	718,532	-	-	720,174	-	714,474	718,532			
School administration	657,933	659,197	659,171	-	-	657,933	-	659,197	659,171			
Business	361,779	368,603	352,950	-	-	361,779	-	368,603	352,950			
Central	561,121	504,654	488,463	-	-	561,121	-	504,654	488,463			
Community services	23,950	50,670	50,916	-	-	23,950	-	50,670	50,916			
Capital outlay	35,500	36,000	25,062	134,000	143,000	169,500	-	179,000	142,571			
<b>Total expenditures</b>	<b>10,393,893</b>	<b>10,569,257</b>	<b>10,532,510</b>	<b>917,478</b>	<b>937,478</b>	<b>11,311,371</b>	<b>-</b>	<b>11,506,735</b>	<b>11,515,465</b>			
Excess (deficiency) of revenues over (under) expenditures	(59,551)	420,424	163,692	(19,382)	38,572	2,521	99,270	463,996	243,580			
Other financing sources:												
Bond proceeds	-	-	-	-	-	2,000,000	1,960,000	2,000,000	1,960,000			
Premium on long-term debt issued	-	-	-	-	-	-	40,295	-	40,295			
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>2,000,295</b>	<b>2,000,000</b>	<b>2,000,295</b>			
<b>Change in fund balance</b>	<b>\$(59,551)</b>	<b>\$420,424</b>	<b>\$163,692</b>	<b>\$(19,382)</b>	<b>\$38,572</b>	<b>\$2,002,521</b>	<b>\$2,099,565</b>	<b>\$2,463,996</b>	<b>\$2,243,875</b>			
Fund balance:												
July 1, 2023		4,695,057		713,082			196,199		5,604,338			
June 30, 2024		<u>\$ 4,858,749</u>		<u>\$ 693,700</u>			<u>\$ 2,295,764</u>		<u>\$ 7,848,213</u>			

**Palos Heights School District 128**

**Combining Balance Sheet -  
By Fund Type - Modified Cash Basis  
Nonmajor Governmental Funds  
June 30, 2024**

	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	
	Municipal Retirement Fund / Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 205,091	\$ 515,934	\$ 949,777	\$ 186	\$ 1,670,988
<b>Liabilities and Fund Balance</b>					
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance:					
Restricted	205,091	515,934	949,777	186	1,670,988
<b>Total liabilities and fund balance</b>	<b>\$ 205,091</b>	<b>\$ 515,934</b>	<b>\$ 949,777</b>	<b>\$ 186</b>	<b>\$ 1,670,988</b>

**Palos Heights School District 128**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance -  
By Fund Type - Modified Cash Basis  
Nonmajor Governmental Funds  
Year Ended June 30, 2024**

	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	
	Municipal Retirement Fund / Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 388,354	\$ 373,805	\$ 1,260,256	\$ 3	\$ 2,022,418
Corporate property replacement taxes	4,135	-	-	-	4,135
Charges for services	-	14,406	-	-	14,406
Restricted state aid	-	246,000	-	-	246,000
Interest	4,979	11,339	21,467	235	38,020
<b>Total revenues</b>	<b>397,468</b>	<b>645,550</b>	<b>1,281,723</b>	<b>238</b>	<b>2,324,979</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular programs	56,468	-	-	-	56,468
Pre-K programs	11,039	-	-	-	11,039
Special programs	107,428	-	-	-	107,428
Other instructional programs	19,168	-	-	-	19,168
Support services:					
Pupils	31,014	-	-	-	31,014
Instructional staff	762	-	-	-	762
General administration	16,814	-	-	-	16,814
School administration	31,375	-	-	-	31,375
Business	93,295	-	-	-	93,295
Central	13,786	-	-	-	13,786
Transportation	-	505,851	-	-	505,851
Community services	266	-	-	-	266
Capital outlay	-	-	-	9,263	9,263
Debt service:					
Principal	-	-	995,000	-	995,000
Interest and charges	-	-	273,869	-	273,869
<b>Total expenditures</b>	<b>381,415</b>	<b>505,851</b>	<b>1,268,869</b>	<b>9,263</b>	<b>2,165,398</b>
Excess (deficiency) of revenues over (under) expenditures	16,053	139,699	12,854	(9,025)	159,581
Other financing sources:					
Premium on long-term debt issued	-	-	74,422	-	74,422
<b>Change in fund balance</b>	<b>16,053</b>	<b>139,699</b>	<b>87,276</b>	<b>(9,025)</b>	<b>234,003</b>
Fund balance:					
July 1, 2023	189,038	376,235	862,501	9,211	1,436,985
June 30, 2024	\$ 205,091	\$ 515,934	\$ 949,777	\$ 186	\$ 1,670,988

**Palos Heights School District 128**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Municipal Retirement Fund / Social Security Fund  
Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property taxes	\$ 370,000	\$ 370,000	\$ 388,354	\$ 18,354
Corporate property replacement taxes	5,000	5,000	4,135	(865)
Interest	3,500	3,500	4,979	1,479
<b>Total revenues</b>	<u>378,500</u>	<u>378,500</u>	<u>397,468</u>	<u>18,968</u>
Expenditures:				
Current:				
Instruction:				
Regular programs	54,519	53,119	56,468	(3,349)
Pre-K programs	24,288	12,313	11,039	1,274
Special programs	117,433	117,433	107,428	10,005
Other instructional programs	10,647	19,997	19,168	829
Support services:				
Pupils	32,289	32,289	31,014	1,275
Instructional staff	844	844	762	82
General administration	18,232	17,946	16,814	1,132
School administration	34,387	34,300	31,375	2,925
Business	92,325	93,239	93,295	(56)
Central	14,291	14,291	13,786	505
Community services	127	-	266	(266)
<b>Total expenditures</b>	<u>399,382</u>	<u>395,771</u>	<u>381,415</u>	<u>14,356</u>
<b>Change in fund balance</b>	<u>\$ (20,882)</u>	<u>\$ (17,271)</u>	16,053	<u>\$ 33,324</u>
Fund balance:				
July 1, 2023			<u>189,038</u>	
June 30, 2024			<u>\$ 205,091</u>	

**Palos Heights School District 128**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Transportation Fund  
Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Property taxes	\$ 305,000	\$ 305,000	\$ 373,805	\$ 68,805
Charges for services	12,500	13,500	14,406	906
Restricted state aid	130,000	192,000	246,000	54,000
Interest	10,000	10,000	11,339	1,339
<b>Total revenues</b>	<u>457,500</u>	<u>520,500</u>	<u>645,550</u>	<u>125,050</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Transportation	610,973	610,973	505,851	105,122
<b>Total expenditures</b>	<u>610,973</u>	<u>610,973</u>	<u>505,851</u>	<u>105,122</u>
<b>Change in fund balance</b>	<u>\$ (153,473)</u>	<u>\$ (90,473)</u>	139,699	<u>\$ 230,172</u>
<b>Fund balance:</b>				
July 1, 2023			<u>376,235</u>	
June 30, 2024			<u>\$ 515,934</u>	

**Palos Heights School District 128**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Debt Service Fund  
Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Property taxes	\$ 1,230,000	\$ 1,230,000	\$ 1,260,256	\$ 30,256
Interest	15,000	15,000	21,467	6,467
<b>Total revenues</b>	<u>1,245,000</u>	<u>1,245,000</u>	<u>1,281,723</u>	<u>36,723</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal	995,000	995,000	995,000	-
Interest and charges	179,950	179,950	273,869	(93,919)
<b>Total expenditures</b>	<u>1,174,950</u>	<u>1,174,950</u>	<u>1,268,869</u>	<u>(93,919)</u>
	70,050	70,050	12,854	(57,196)
<b>Other financing sources:</b>				
Premium on long-term debt issued	-	-	74,422	74,422
<b>Change in fund balance</b>	<u>\$ 70,050</u>	<u>\$ 70,050</u>	<u>87,276</u>	<u>\$ 17,226</u>
<b>Fund balance:</b>				
July 1, 2023			<u>862,501</u>	
June 30, 2024			<u>\$ 949,777</u>	

**Palos Heights School District 128**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Fire Prevention and Safety Fund  
Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property taxes	\$ 1,000	\$ 1,000	\$ 3	\$ (997)
Interest	1,000	1,000	235	(765)
<b>Total revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>238</u>	<u>(1,762)</u>
Expenditures				
Capital outlay	-	9,263	9,263	-
<b>Change in fund balance</b>	<u>\$ 2,000</u>	<u>\$ (7,263)</u>	<u>(9,025)</u>	<u>\$ (1,762)</u>
Fund balance:				
July 1, 2023			<u>9,211</u>	
June 30, 2024			<u>\$ 186</u>	

**Palos Heights School District 128**

**Schedule of Assessed Valuations, Tax Rates, Extensions and Collections**

	Tax Year				
	2023	2022	2021	2020	2019
Assessed Valuations	\$ 397,879,239	\$ 303,044,550	\$ 336,863,149	\$ 335,488,118	\$ 306,761,690
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	1.9120	2.5324	2.1254	2.0699	2.2030
Tort Immunity	0.0000	0.0000	0.0000	0.0000	0.0000
Special Education	0.0679	0.0862	0.0705	0.0644	0.0720
Working Cash	0.0359	0.0003	0.0003	0.0004	0.0004
Operations and Main- tenance Accounts:					
Standard	0.2137	0.2726	0.2332	0.2289	0.2423
Facility Leasing	0.0000	0.0000	0.0003	0.0004	0.0004
Transportation Fund	0.1132	0.0992	0.0864	0.0945	0.0995
Municipal Retirement Fund:					
Illinois Municipal Retirement	0.0478	0.0595	0.0518	0.0507	0.0517
Social Security	0.0578	0.0591	0.0533	0.0525	0.0590
Bond and Interest Fund	0.3257	0.4071	0.3489	0.2793	0.3062
Fire Prevention and Safety Fund	0.0000	0.0000	0.0003	0.0004	0.0004
<b>Total</b>	<b>2.7740</b>	<b>3.5164</b>	<b>2.9704</b>	<b>2.8414</b>	<b>3.0349</b>
<b>Extended Tax Rate</b>	<b>2.774</b>	<b>3.516</b>	<b>2.970</b>	<b>2.841</b>	<b>3.035</b>
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 7,607,550	\$ 7,674,195	\$ 7,159,553	\$ 6,944,367	\$ 6,757,960
Tort Immunity	-	-	-	-	-
Special Education	270,160	261,224	237,620	216,156	220,868
Working Cash	142,838	909	970	1,233	1,227
Operations and Main- tenance Accounts:					
Standard	850,267	826,099	785,601	767,793	743,283
Facility Leasing	-	-	970	1,233	1,227
Transportation Fund	450,399	300,620	290,963	316,898	305,227
Municipal Retirement Fund:					
Illinois Municipal Retirement	190,186	180,311	174,578	170,186	158,595
Social Security	229,974	179,099	179,427	176,055	180,989
Bond and Interest Fund	1,295,817	1,233,698	1,175,290	937,125	939,435
Fire Prevention and Safety Fund	-	-	970	1,233	1,227
<b>Totals</b>	<b>\$ 11,037,191</b>	<b>\$ 10,656,155</b>	<b>\$ 10,005,942</b>	<b>\$ 9,532,279</b>	<b>\$ 9,310,038</b>
<b>Tax collections</b>	<b>\$ 5,476,797</b>	<b>\$ 10,497,852</b>	<b>\$ 9,888,507</b>	<b>\$ 9,255,097</b>	<b>\$ 8,913,566</b>
<b>Percentage collected</b>	<b>49.62%</b>	<b>98.51%</b>	<b>98.83%</b>	<b>97.09%</b>	<b>95.74%</b>



**Palos Heights School District 128**

**Schedule of Debt Service Requirements  
June 30, 2024**

	Years Ending June 30,	Interest Rate	Total Principal	Total Interest	Total Principal and Interest
General obligation bond, issue of February 9, 2022, original amount \$4,665,000, interest payable June 1 and December 1, paying agent: Zions Bancorporation	2025	5.00	\$ 1,045,000	\$ 104,075	\$ 1,149,075
	2026	5.00	1,095,000	50,575	1,145,575
	2027	4.00	580,000	11,600	591,600
			<u>\$ 2,720,000</u>	<u>\$ 166,250</u>	<u>\$ 2,886,250</u>
General obligation bond, issue of December 23, 2023, original amount \$1,960,000, interest payable June 1 and December 1, paying agent: Zions Bancorporation	2025	5.00	\$ -	\$ 98,000	\$ 98,000
	2026	5.00	-	98,000	98,000
	2027	5.00	230,000	92,250	322,250
	2028	5.00	845,000	65,375	910,375
	2029	5.00	885,000	22,125	907,125
			<u>\$ 1,960,000</u>	<u>\$ 375,750</u>	<u>\$ 2,335,750</u>



RSM US LLP

**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**

**Independent Auditor's Report**

Members of the Board of Education  
Palos Heights School District 128

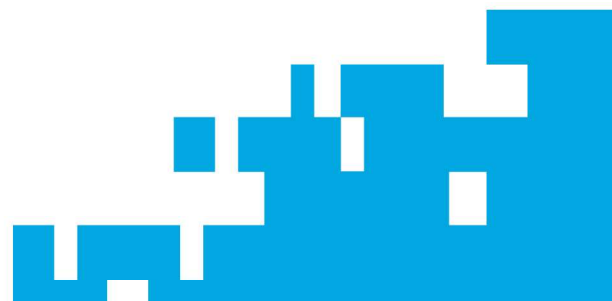
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palos Heights School District 128 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024. Our report contains an emphasis-of-matter paragraph that the financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*RSM US LLP*

Chicago, Illinois  
December 20, 2024

**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 School District Number 128, Cook County, Illinois (the “*District*”), in connection with the issuance of \$\_\_\_\_\_ General Obligation Limited Tax School Bonds, Series 2025 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 16th day of April, 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; CERTIFICATIONS. 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). This Agreement is prepared in compliance with paragraph (d)(2) of the Rule.

The District represents that:

(a) 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; and

(b) at the time of the delivery of the Bonds to the Participating Underwriters, the District will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from the Rule pursuant to paragraph (d)(1) of the Rule.

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

*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 Information* means the financial information and operating data described in *Exhibit I*.

*Financial Information Disclosure* means the dissemination of disclosure concerning Financial Information as set forth in Section 4.

*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. FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Financial Information at least annually 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. 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.

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. 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) 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;

(b) 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

(c) 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 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 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 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. CONTACT INFORMATION. Specific questions or inquiries relating to Financial Information Disclosure and Reportable Events Disclosure should be directed to:

Kim Anoman  
Business Manager  
12809 South McVickers Avenue  
Palos Heights, Illinois 60463  
(708) 597-9040

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

SCHOOL DISTRICT NUMBER 128, COOK COUNTY,  
ILLINOIS

By \_\_\_\_\_  
President, Board of Education

Date: \_\_\_\_\_, 2025

**EXHIBIT I**  
**FINANCIAL INFORMATION**

“*Financial Information*” means the District’s annual audited financial statements prepared in accordance with accounting principles mandated by the Illinois State Board of Education. The Financial Information 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, 2025. If audited financial statements are not available when the Financial Information is required to be filed, the District will submit the Financial Information to EMMA within 30 days after availability to the District. There shall be specified the date as of which such information was prepared. All or a portion of the Financial Information 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.

**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

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

**EXHIBIT III  
CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBER (214759)
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**Official Notice of Sale and Bid Form**

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**OFFICIAL NOTICE OF SALE**

**AND**

**BID FORM**

**FOR**

**SCHOOL DISTRICT NUMBER 128  
(PALOS HEIGHTS)**

**COOK COUNTY, ILLINOIS**

**\$5,080,000\* GENERAL OBLIGATION LIMITED TAX SCHOOL BONDS, SERIES 2025**

DATE AND TIME:

April 21, 2025  
10:15 a.m.  
Central Daylight Saving Time

PLACE:

PMA Securities, LLC  
2135 CityGate Lane, 7<sup>th</sup> Floor  
Naperville, Illinois 60563  
Attention: Jennifer Currier  
Phone: (630) 657-6443  
E-mail: [compbidIL@pmanetwork.com](mailto:compbidIL@pmanetwork.com)

FORM OF BIDDING:

Electronic or via e-mail, as described herein

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\*Preliminary, subject to change.

**OFFICIAL NOTICE OF SALE**

**SCHOOL DISTRICT NUMBER 128  
COOK COUNTY, ILLINOIS**

**\$5,080,000\* GENERAL OBLIGATION LIMITED TAX SCHOOL BONDS, SERIES 2025**

NOTICE IS HEREBY GIVEN that the Board of Education (the “Board”) of School District Number 128, Cook County, Illinois (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent via e-mail to [compbidIL@pmanetwork.com](mailto:compbidIL@pmanetwork.com) (each as more fully described below), for the purchase of its \$5,080,000\* General Obligation Limited Tax School Bonds, Series 2025 (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: 10:15 a.m.  
Central Daylight Saving Time  
April 21, 2025

PLACE: Offices of the District’s Municipal Advisor:  
PMA Securities, LLC (the “Municipal Advisor”)  
2135 CityGate Lane, 7<sup>th</sup> Floor  
Naperville, Illinois 60563

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board and the District to the bidder offering the *lowest true interest cost* (“TIC”) to the District.

**The Bonds**

The Bonds are issued pursuant to the School Code of the State of Illinois, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of the District on April 16, 2025, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) increase the working cash fund of the District and (ii) pay costs associated with the issuance of the Bonds.

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, 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 amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Property Tax Extension Limitation Law of the State of Illinois, as amended. See “THE BONDS – Limited Bonds” in the Preliminary Official Statement.

\*Preliminary, subject to change.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate, upon all taxable property within the District in amounts to pay, as and when due, all principal of and interest on the Bonds, except for the December 1, 2025, interest payment on the Bonds, as described in the Preliminary Official Statement. The Bond Resolution will be filed with the County Clerk of The County of Cook, Illinois (the “County Clerk”), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

The proposed form of opinion of Bond Counsel regarding the Bonds is set forth in Appendix A to the Preliminary Official Statement.

### **Bidding Instructions**

Each proposal must be submitted on the Official Bid Form without alteration or change until 10:15 a.m. Central Daylight Saving Time either:

(i) via **Parity®** in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity®** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity®**, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) via e-mail to [compbidIL@pmanetwork.com](mailto:compbidIL@pmanetwork.com).

**The bidder bears all risk of transmission failure.**

**Any bidder intending to bid via e-mail shall notify the Municipal Advisor of such intention no later than the close of business on April 18, 2025.**

### **Determination of Winning Bid**

The Bonds will be awarded to the single and best bidder (the “Purchaser”) whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the respective maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (commencing on December 1, 2025 and semiannually on each June 1 and December 1 thereafter), produces an amount on the date of the Bonds (expected to be May 13, 2025) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the bidder whose proposal is selected by lot from among all such proposals.

### **Bidding Parameters**

The Bonds will be dated the date of issuance thereof and will mature on the dates and in the amounts as described in the Official Bid Form attached hereto.

The Bonds are subject to optional redemption prior to maturity as set forth in the Preliminary Official Statement.



Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

**All interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.50%. The minimum rate of interest is 4.00% on the December 1, 2035 maturity and all maturities thereafter. All bids must be for all of the Bonds and must be for not less than 102.00% of the par amount thereof.**

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing this Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting a bid, the Purchaser agrees to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

*A good faith deposit will not be required prior to bid opening.* The Purchaser is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the School Treasurer who receives the taxes of the District as evidence of good faith of the Purchaser (the "Deposit") not later than 3:30 P.M. Central Daylight Saving Time on the Sale Date (as hereinafter defined). The Deposit will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of the Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until applied as follows: (a) at the delivery of the Bonds and upon compliance with the Purchaser's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Purchaser fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

### **Establishment of Issue Price**

(a) The Purchaser shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (as hereinafter defined) or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the Municipal Advisor, identified herein, and any notice or report to be provided to the District may be provided to the Municipal Advisor. Within one hour of the award, the Purchaser will provide the District and the Municipal Advisor the expected initial offering price of the Bonds, which the Purchaser used to formulate its bid.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

- (1) the District will disseminate this Official Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, any bid proposal submitted will not be subject to cancellation or withdrawal, and the District agrees to use the rules selected by the Purchaser on its bid form to determine the issue price for the Bonds. On the bid form, each bidder must select one of the following rules to establish the issue price of the Bonds: (i) the “10% Test” which will establish the issue price of a maturity of the Bonds as the first price at which 10% of such maturity of the Bonds is sold to the Public and/or (ii) the “Hold-the-Offering-Price Rule” which will establish the issue price of a maturity of the Bonds as the initial offering price of that maturity, in each case applied on a maturity-by-maturity basis. If the Purchaser selects the Hold-the-Offering-Price Rule, the Purchaser shall promptly advise the District, at or before the time of award of the Bonds, which maturities of the Bonds have not satisfied the 10% Test and will be subject to the Hold-the-Offering-Price Rule. ***Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule or the 10% Test, as selected on the bid form, in order to establish the issue price of the Bonds. In addition if the 10% Test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as of the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.***

(d) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the Hold-the-Offering-Price Rule**, then the Purchaser shall (i) confirm that the Underwriters (as hereinafter defined) have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields set forth in the bid submitted by the Purchaser and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The Purchaser will advise the District promptly after the close of the fifth (5<sup>th</sup>) business day after the Sale Date whether it has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public. Within one hour of the award, the Purchaser will inform the District of the Initial Offering Price for each maturity of the Bonds.

(e) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the 10% Test**, then until the 10% Test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Purchaser's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. In addition if the 10% Test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as of the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.

(f) The District acknowledges that, in making the representations set forth above, the Purchaser will rely on (i) the agreement of each Underwriter to comply with requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A)(i) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold to the Public or it is notified by the Purchaser that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser and (ii) to comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, which shall be until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5<sup>th</sup>) business day following the date of award,
- (B) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public, and
- (C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Purchaser shall assume that each order submitted by the Underwriter is a sale to the Public.

(ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the Purchaser or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser or the Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5<sup>th</sup>) business day following the date of the award.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,

- (ii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the Purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),
- (iii) “Sale Date” means the date that the Bonds are awarded by the District to the Purchaser, and
- (iv) “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

### **Closing Transcript**

At the time of delivery, the District will furnish to the Purchaser the approving legal opinion of Bond Counsel and, in due course, a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

### **Tax Exemption**

Subject to compliance by the District with certain covenants, in the opinion of 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” in the Preliminary Official Statement for a more complete discussion.

### **Qualified Tax-Exempt Obligations**

Subject to the District’s compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their

deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### **Book-Entry Only**

The Bonds will be issued as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Purchaser shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bond certificates in the denominations of \$5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same maturity then outstanding to the beneficial owners of the Bonds.

### **CUSIP Numbers**

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Purchaser.

### **Continuing Disclosure**

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “LIMITED CONTINUING DISCLOSURE” in the Preliminary Official Statement for a description of the District’s compliance during the last five years with undertakings previously entered into by it pursuant to the Rule.

The Purchaser's obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

### **Official Statement**

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Purchaser. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Purchaser will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the Sale Date, but in no event later than seven business days after the Sale Date, the District will provide the Purchaser with an electronic copy of the final Official Statement. The Purchaser agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

### **Conditions of Closing**

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the Parity® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be May 13, 2025. Should delivery, however, be delayed beyond forty-five (45) days from the Sale Date for any reason beyond the control of the District except failure of performance by the Purchaser, the District may cancel the award or the Purchaser may withdraw the Deposit and thereafter the Purchaser's interest in and liability for the Bonds will cease.

**Additional Information**

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Kim Anoman, Business Manager, 12809 South McVickers Avenue, Palos Heights, Illinois 60463, Telephone: (708) 597-9040, or from the Municipal Advisor, Attention: Jennifer Currier, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563, Telephone: (630) 657-6443.

By order of the Board of Education of the District, dated this 15<sup>th</sup> day of April, 2025.

/s/ Kim Anoman

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Business Manager  
School District Number 128  
Cook County, Illinois



**OFFICIAL BID FORM**

Board of Education  
 School District Number 128  
 Cook County, Illinois

April 21, 2025

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation Limited Tax School Bonds, Series 2025 (the "Bonds"), as described below:

Par amount of Bonds:	\$5,080,000*
Dated date:	Date of Issuance
Purchase price:	\$ _____
(not less than 102.00% of the par amount of the Bonds)	

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1%, (ii) not exceeding 5.50% and (iii) a minimum of 4.00% on the December 1, 2035 maturity and all maturities thereafter):

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate</u>	<u>Term Bonds</u> <u>(Year)</u>
2026	120,000	_____	_____
***	***	***	***
2029	450,000	_____	_____
2030	470,000	_____	_____
2031	495,000	_____	_____
2032	520,000	_____	_____
2033	545,000	_____	_____
2034	575,000	_____	_____
2035	605,000	_____	_____
2036	635,000	_____	_____
2037	665,000	_____	_____

\*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If the principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a Bond.

Any bidder electing to designate a maturity as a term bond shall so specify on the bid form. The term bond shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds are subject to optional redemption prior to maturity as set forth in the Preliminary Official Statement.

The Bonds are to be accompanied by the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting this bid, we agree to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost:	\$ _____
True Interest Cost:	_____ %

This bid is a firm offer for the purchase of the Bonds identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. If the Competitive Sale Requirements are not met, the bidder selects the following rule to establish the issue price of the maturities of the Bonds for which 10% is not sold to the Public on the date hereof applied on a maturity-by-maturity basis (mark one):

\_\_\_\_\_ 10% Test: the first price at which 10% of a maturity of the Bonds is sold to the Public for the following maturities: \_\_\_\_\_

\_\_\_\_\_ Hold-the-Offering-Price Rule: the initial offering price of that maturity for the following maturities: \_\_\_\_\_

By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *[If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]*

We understand that if we are the winning bidder, we will deposit with the School Treasurer who receives the taxes of the District not later than 3:30 P.M. CDT on the Sale Date a certified or cashier's check or a wire in the amount of two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

\_\_\_\_\_  
Managing Underwriter Signature

Name of Firm: \_\_\_\_\_

Direct Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

**—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—**

The foregoing offer is hereby accepted this 21<sup>st</sup> day of April, 2025, by the Board of Education of School District Number 128, Cook County, Illinois, and in recognition thereof is signed by the officials of the District empowered and authorized to make such acceptance.

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Business Manager  
School District Number 128  
Cook County, Illinois

**Form of Issue Price Certificate**

## CERTIFICATE OF PURCHASER

The undersigned, on behalf of \_\_\_\_\_ (the “*Purchaser*”), hereby certifies as set forth below with respect to the sale and issuance of the \$ \_\_\_\_\_ General Obligation Limited Tax School Bonds, Series 2025 (the “*Bonds*”), of School District Number 128, Cook County, Illinois (the “*District*”).

### **I. General**

On the Sale Date, the Purchaser purchased the Bonds from the District by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the District. The Purchaser has not modified the terms of the purchase since the Sale Date.

### **II. Price**

[3 Bids Received - Reasonably Expected Initial Offering Price.]

1. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Exhibit A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Exhibit B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

2. The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

3. The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

[3 Bids Not Received – 10% Test.]

1. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A*.

[2. With respect to each of the \_\_\_\_\_ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Exhibit A* (the “*Expected First Sale Price*”).]

[3 Bids Not Received – Hold-the-Offering-Price Rule Elected.]

### 3. Hold-the-Offering-Price Maturities

(a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Exhibit A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Exhibit B*.

(b) As set forth in the Official Notice of Sale and bid award, the Purchaser agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-the-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule.

(c) No Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

### III. Defined Terms

[1. “*General Rule Maturities*” means those Maturities of the Bonds not listed in *Exhibit A* hereto as the “*Hold-the-Offering-Price Maturities*.”]

[2. “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in *Exhibit A* hereto as the “*Hold-the-Offering-Price Maturities*.”]

[3. “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (said fifth business day being \_\_\_\_\_, 2025), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

5. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits

interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2025.

8. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the District (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

#### **IV. Use of Representations**

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion concerning interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.



IN WITNESS WHEREOF, I hereunto affix my signature, this \_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

HOLD-THE- OFFERING PRICE MATURITY IF MARKED (*)	YEAR (DEC. 1)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	EXPECTED OFFERING PRICE (% OF PAR)	FIRST SALE PRICE OF AT LEAST 10% (% OF PAR)	EXPECTED FIRST SALE PRICE (% OF PAR)	INITIAL OFFERING PRICE (% OF PAR)	TOTAL ISSUE PRICE (\$)
	20__							
	20__							
	20__							
	Total							

**EXHIBIT B**

**PURCHASER'S BID**

**[EXHIBIT C**

**PRICING WIRE OR EQUIVALENT COMMUNICATION]**