

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. 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.

\$2,115,000
SCHOOL DISTRICT NUMBER 122
WINNEBAGO COUNTY, ILLINOIS
(HARLEM)
GENERAL OBLIGATION LIMITED SCHOOL BONDS, SERIES 2020

Dated: Date of Issuance

Due: January 1, as Shown on the Inside Cover Page

The General Obligation Limited School Bonds, Series 2020 (the "Bonds"), of School District Number 122, Winnebago 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 January 1 and July 1 of each year, with July 1, 2020, as the first interest payment date. Amalgamated Bank of Chicago, Chicago, Illinois, will act as registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

Proceeds of the Bonds will be used to (i) increase the District's working cash fund and (ii) pay costs associated with the issuance of the Bonds.

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 not subject to redemption prior to maturity.

The Bonds are offered when, as and if issued by the District and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bond Counsel. Chapman and Cutler LLP, Chicago, Illinois, is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about March 3, 2020.

Baird
AS UNDERWRITER


AS FINANCIAL ADVISOR

The date of this Official Statement is February 4, 2020.

+See "BOND RATING" herein.

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

\$2,115,000 General Obligation Limited School Bonds, Series 2020

Maturity (January 1)	Amount (\$)	Rate (%)	Yield (%)	CUSIP ⁽¹⁾ (974518)
2021	110,000	5.00	1.10	GV8
2022	525,000	5.00	1.13	GW6
2023	280,000	5.00	1.16	GX4
2024	790,000	5.00	1.19	GY2
2025	410,000	5.00	1.22	GZ9

(1) CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized 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 School District Number 122, Winnebago County, Illinois (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 financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial 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 Financial Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Financial 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.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

**School District Number 122
Winnebago County, Illinois
(Harlem)
8605 North Second Street
Machesney Park, Illinois 61115
(815) 654-4500**

* * * * *

Board of Education

Larry Barger, President
Sue Berogan, Vice President
Evelyn Meeks, Secretary
Jill Berogan
Michael Flanagan
Rich Meister
Michael Sterling

Superintendent

Dr. Julie Morris

Assistant Superintendent for Business & Operations/School Treasurer

Joshua Aurand

* * * * *

Paying Agent/Registrar

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Appendices:

- A. Form of Legal Opinion of Bond Counsel
- B. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019
- C. Form of Continuing Disclosure Undertaking

\$2,115,000
School District Number 122
Winnebago County, Illinois
(Harlem)
General Obligation Limited School Bonds, Series 2020

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning School District Number 122, Winnebago County, Illinois (the “District”), in connection with the offering and sale of its \$2,115,000 General Obligation Limited School Bonds, Series 2020 (the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

THE BONDS

General Description

The Bonds will be issued in fully-registered form, without coupons, in denominations of \$5,000 each or authorized integral multiples thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and interest on the Bonds will be payable as described under the caption “BOOK-ENTRY SYSTEM” by Amalgamated Bank of Chicago, Chicago, Illinois, as paying agent and registrar (the “Registrar”).

The Bonds will be dated as of the date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each January 1 and July 1, beginning July 1, 2020. 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 15th day of the month next preceding the interest payment date.

The Bonds are not subject to redemption prior to maturity.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration shall be at the expense of the District; provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

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

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date.

Authority and Purpose

The Bonds are issued pursuant to the School Code of the State of Illinois (the “School Code”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education (the “Board”) of the District on January 27, 2020, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) increase the District’s working cash fund and (ii) pay costs associated with the issuance of the Bonds. See “THE PLAN OF FINANCE” 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. The Bond Resolution will be filed with the County Clerk of The County of

Winnebago, 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 1996 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 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 four 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 School Bonds, Series 2016, General Obligation Limited School Bonds, Series 2017, and General Obligation Limited School Bonds, Series 2018 (together, 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 2019 levy year has been determined to be \$2,464,194.75 and for the 2020 levy year has been determined to be \$2,520,871.22, which are calculated as follows:

Levy Year	Debt Service		New Debt Service	
	Extension Base	CPI	CPI Increase	Extension Base
2009	\$ 2,059,987.50	0.10%	\$ 2,059.98	\$ 2,062,047.48
2010	2,062,047.48	2.70%	55,675.28	2,117,722.76
2011	2,117,722.76	1.50%	31,765.84	2,149,488.60
2012	2,149,488.60	3.00%	64,484.65	2,213,973.25
2013	2,213,973.25	1.70%	37,637.54	2,251,610.79
2014	2,251,610.79	1.50%	33,774.16	2,285,384.95
2015	2,285,384.95	0.80%	18,283.07	2,303,668.02
2016	2,303,668.02	0.70%	16,125.67	2,319,793.69
2017	2,319,793.69	2.10%	48,715.66	2,368,509.35
2018	2,368,509.35	2.10%	49,738.69	2,418,248.04
2019	2,418,248.04	1.90%	45,946.71	2,464,194.75
2020	2,464,194.75	2.30%	56,676.47	2,520,871.22

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

Levy Year	Fiscal Year	Outstanding Limited		Total Limited		Available Base
		Bonds Debt Service	Debt Service on the Bonds	Bonds Debt Service	Base ⁽¹⁾	
2019	2021	\$ 1,773,500	\$ 197,538	\$ 1,971,038	\$ 2,464,195	\$ 493,157
2020	2022	1,895,410	625,250	2,520,660	2,520,871	211
2021	2023	1,865,090	354,000	2,219,090	2,520,871	301,781
2022	2024	1,366,450	850,000	2,216,450	2,520,871	304,421
2023	2025	1,367,050	430,500	1,797,550	2,520,871	723,321
2024	2026	981,050	-	981,050	2,520,871	1,539,821
		<u>\$ 9,248,550</u>	<u>\$ 2,457,288</u>	<u>\$ 11,705,838</u>		

(1) Pursuant to Public Act 96-0501, the District's Base will increase by the lesser of CPI or 5% each year starting with levy year 2009. In this chart, the applicable CPI increase has been applied to levy years 2019 and 2020, and is assumed to be 0% per year thereafter. Note: Amounts are rounded.

THE PLAN OF FINANCE

Certain of the proceeds of the Bonds will be deposited into the District's Working Cash Fund at closing; after proper abatement of and transfer from such Working Cash Fund, such proceeds will be used to pay for capital projects throughout the District (the "Project"). The District expects to complete the Project by next summer.

SOURCES AND USES

Estimated Sources of Funds

Par Amount of the Bonds.....	\$ 2,115,000.00
Original Issue Premium.....	<u>254,700.45</u>
Total Sources	<u>\$ 2,369,700.45</u>

Estimated Uses of Funds

Deposit into the Working Cash Fund	\$ 2,300,000.00
Costs of Issuance..... ⁽¹⁾	<u>69,700.45</u>
Total Uses	<u>\$ 2,369,700.45</u>

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Financial 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 rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

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

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

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

Exemptions

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

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

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years to the extent the assessed value is attributable solely to such improvements or rebuilding.

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

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015, purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the 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 occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The 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 up to a maximum of \$250,000.

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

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

Property Tax Extension Limitation Law

The 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. 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.

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 or are for certain refunding purposes.

The District has the authority to levy taxes for many different purposes. See "FINANCIAL INFORMATION - Tax Rates" herein. 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.

Public Act 100-465, effective August 31, 2017 ("Public Act 100-465"), provides that 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. Furthermore, if the voters approve such proposition, separate limiting rates for educational purposes and for the aggregate of the District's other funds subject to the Limitation Law will be computed in accordance with the provisions of the Limitation Law. If the proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

Local governments, including the District, can issue limited bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law. See "THE BONDS-Limited Bonds" herein.

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

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the taxes levied by the District for payment of principal of and interest on the Bonds. The

District also covenanted that it and its officers will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Resolution.

RISK FACTORS

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

Construction Risks

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

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

Finances of the State of Illinois

The State continues to experience adverse fiscal conditions. The severe underfunding of the State's pension systems, which, based on the comprehensive annual financial reports of the State's five retirement systems, have a combined unfunded pension liability in excess of \$130 billion and a combined funded ratio less than 45%, and an ongoing bill backlog of billions of dollars contribute to the State's poor financial health. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education.

The State enacted full budgets for the State fiscal year ending June 30, 2018 (the "Fiscal Year 2018 Budget"), for the State fiscal year ending June 30, 2019 (the "Fiscal Year 2019 Budget") and for the State fiscal year ending June 30, 2020 (the "Fiscal Year 2020 Budget"). The Fiscal Year 2018 Budget contained appropriations for General State Aid (as hereinafter defined), contingent upon General State Aid being allocated among school districts in

accordance with an “Evidence-Based Funding Model.” Public Act 100-465 provides for an Evidence-Based Funding Model for allocating General State Aid to school districts. See “STATE AID” herein for more information on the Evidence-Based Funding Model. Both the Fiscal Year 2019 Budget and the Fiscal Year 2020 Budget also contained appropriations for General State Aid and allocated the same among school districts in accordance with the Evidence-Based Funding Model.

The Fiscal Year 2020 Budget was a \$40 billion budget package, representing an increase in State spending of \$1 billion from the Fiscal Year 2019 Budget. The Fiscal Year 2020 Budget increased General State Aid by \$375 million over the Fiscal Year 2019 Budget. To cover the increases in State spending, the General Assembly of the State (the “General Assembly”) enacted, and the Governor approved, separate legislation designed to increase State revenues (including the imposition of additional taxes and fees and the expansion of revenue producing activities, including gaming).

State funding sources constituted 36.87% of the District’s General Fund revenue sources for the fiscal year ended June 30, 2019. The District cannot predict the effect the State’s ongoing financial problems may have on the District’s future finances.

Local Economy

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

Loss or Change of Bond Rating

The Bonds have received a credit rating from Moody’s Investors Service, New York, New York (“Moody’s”). 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 for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Commission under the Exchange Act, and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the 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 became the second consolidated school district in the County in 1910. It is located directly northeast of the City of Rockford and serves the City of Loves Park (the “City”) (39.90% of the District’s 2018 EAV), the Village of Machesney Park (the “Village”) (47.46% of the District’s 2018 EAV), a portion of the City of Rockford (3.26% of the District’s 2018 EAV) and the southern portion of the Village of Roscoe (8.47% of the District’s 2018 EAV). The District’s tax base is primarily residential (72.23% of the District’s 2018 EAV) and commercial (17.89% of the District’s 2018 EAV).

The District is served by major roads and highways. Interstate I-90 is located east of the Village, leading north into Wisconsin and southeast to Chicago and beyond, and is accessible from Illinois Route 173 and U.S. Highway 20.

Air travel is available via the Chicago Rockford International Airport, located within the City of Rockford. Other primary commercial airports located within a one-hour drive are O’Hare International Airport in Chicago, Dane County Regional Airport in Madison, Wisconsin and General Mitchell International Airport in Milwaukee, Wisconsin.

Several institutions of higher learning are located within a 10-mile radius of the Village, including Northern Illinois University Rockford Campus, Rockford College, Rock Valley Community College and the University of Illinois College of Medicine at Rockford.

Educational Facilities

The District operates one PreK-K school, eight elementary schools, one middle school, one 9th grade campus and one high school.

<u>Facility</u>	<u>Grades</u>	<u>Current Enrollment⁽²⁾</u>	<u>Capacity Enrollment</u>	<u>Constructed</u>	<u>Years of Additions/Renovations</u>
Donald C. Parker Early Ed Center	PreK-K	559	591	1954	1965, 1999, 2011
Loves Park Elementary School	1-6	340	620	1948	1967, 1969, 1973
Machesney Park Elementary School	4-6	372	620	1962	N/A
Maple Elementary School	1-6	401	550	1959	1965, 1969
Marquette Elementary School	1-3	298	540	1957	1969
Olson Park Elementary School	1-6	307	640	1973	N/A
Rock Cut Elementary School	1-6	423	550	1967	1969
Ralston Elementary School	1-6	307	570	1959	1969, 1973
Windsor Elementary School	1-6	395	580	1954	1965, 1969
Harlem Middle School	7-8	1,025	1,350	1952	1962, 1969, 1973
Hoffman Center, 9th Grade Campus ⁽¹⁾	n/a	0	650	1968	2010
Harlem High School	9-12	1,941	2,600	1975	1986, 1999

(1) The District closed this building starting with the 2019-20 school year and 9th grade students now attend Harlem High School. The District expects to save \$500,000-\$600,000 of operational costs annually with the closing of the school.

(2) As of October 1, 2019. Figures do not reflect 110 outplaced students.

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 a combination of the District's enrollment student and internal projections based on the first years after the enrollment study referenced below.

<u>School Year</u>	<u>Enrollment</u> ⁽¹⁾	<u>School Year</u>	<u>Enrollment</u> ⁽²⁾
2015-2016	6,665	2020-2021	6,400
2016-2017	6,566	2021-2022	6,330
2017-2018	6,544	2022-2023	6,236
2018-2019	6,458	2023-2024	6,178
2019-2020	6,368	2024-2025	6,090

(1) The decrease in historical enrollment was due to lower incoming class sizes, and the District anticipates that future enrollment will continue to decrease due to lower incoming class sizes. The District completed an enrollment study in 2017 that estimated a decline of 1,000 students over the next ten years. In the years after the enrollment study, enrollment has trended slightly higher than projected.

(2) Projected enrollment

Source: The District

The Board of Education

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

<u>Position</u>	<u>Official</u>	<u>Current Term Expires</u>
President.....	Larry Barger	2021
Vice President.....	Sue Berogan	2021
Secretary.....	Evelyn Meeks	2021
Member.....	Jill Berogan	2023
Member.....	Michael Flanagan	2021
Member.....	Rich Meister	2023
Member.....	Michael Sterling	2023
School Treasurer.....	Joshua Aurand	Appointed

Administration

The District's Superintendent is Dr. Julie Morris, who has been with the District since 2004. Joshua Aurand joined the District in 2008 as the Business Manager and School Treasurer. In 2010, he became the Assistant Superintendent for Business and Operations.

Employees

The District currently has 1,234 employees, of whom 616 are certified and 618 are non-certified. The Harlem Federation of Teachers represents 557 certified staff employees, and 464 non-certified staff are represented by the Harlem Federation of Support Staff Council. The contracts expire on June 30, 2022. The District considers its relationship with its unions to be productive.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>% Change 1990-2010</u>
The District.....	N/A	N/A	44,272	N/A
The City	15,462	20,044	23,996	55.19
The Village	19,033	20,759	23,499	23.46
The County	252,913	278,418	295,266	16.75
The State	11,430,602	12,419,293	12,830,632	12.25

Source: U.S. Census Bureau, 1990 Census, 2000 Census and 2010 Census.

Education

The educational background of residents living in the District compared to the County and the State is illustrated in the following table.

Educational Levels for Persons 25 Years of Age and Older

<u>Education Level</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Less than 9th Grade	2.1%	4.0%	5.0%
9th to 12th grade, no diploma	8.6	8.3	6.1
High school graduate	37.7	32.0	26.1
Some college, no degree	27.0	24.4	20.7
Associate degree	9.3	8.7	8.0
Bachelor's degree	10.5	14.0	20.8
Graduate or professional degree	4.9	8.5	13.3
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2014-2018 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Income

The following table sets forth the distribution of household income and median household income for the District compared with the County and the State.

<u>Household Income</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Under \$10,000	4.1%	7.2%	6.5%
\$10,000 to \$14,999	3.7	5.0	4.0
\$15,000 to \$24,999	8.9	10.7	8.9
\$25,000 to \$34,999	11.4	10.3	8.6
\$35,000 to \$49,999	15.5	14.1	12.0
\$50,000 to \$74,999	22.8	19.3	17.2
\$75,000 to \$99,999	14.3	13.0	12.7
\$100,000 to \$149,999	13.9	12.3	15.6
\$150,000 to \$199,999	3.9	4.7	6.9
\$200,000 or more	1.7	3.4	7.6
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median household income ..	\$68,396	\$69,030	\$63,575

Source: American Community Survey, 2014-2018 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Housing

The following table sets forth the distribution of home values for owner-occupied units as well as the median home value and percent owner-occupied in the District compared to the County and the State.

<u>Value of Specified Owner-Occupied Units</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Less than \$50,000	7.9%	9.2%	6.7%
\$50,000 to \$99,999	36.0	30.8	15.0
\$100,000 to \$149,999	32.4	29.1	15.7
\$150,000 to \$199,999	16.5	16.3	16.1
\$200,000 to \$299,999	4.8	10.2	21.0
\$300,000 to \$499,999	1.5	3.2	16.9
\$500,000 to \$999,999	0.9	0.8	7.0
\$1,000,000 or more	0.1	0.3	1.8
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median value	\$117,000	\$108,800	\$187,200
Owner-occupied	65.7%	71.8%	66.0%

Source: American Community Survey, 2014-2018 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Residential Housing Building Permits

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

<u>Year</u>	<u>The City</u>		<u>The Village</u>	
	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>	<u>Reported Number of Building Permits</u>	<u>Construction Cost</u>
2015.....	24	\$ 2,722,606	0	\$ 0
2016.....	22	2,864,403	2	283,692
2017.....	25	5,078,334	12	1,688,426
2018.....	70	8,287,384	48	5,137,362
2019 ⁽¹⁾	68	10,385,736	62	6,626,178

(1) Through November 2019.
Source: U.S. Census Bureau

Retail Sales

The following table demonstrates the estimated sales reported by retailers in the City and the Village for the last four calendar years and through the third quarter of 2019.

Calendar		
<u>Year</u>	<u>The City</u>	<u>The Village</u>
2015	\$ 433,780,914	\$ 359,204,303
2016	433,500,389	382,493,045
2017	441,694,500	394,289,712
2018	449,822,586	409,714,918
2019 ⁽¹⁾	347,507,770	311,896,603

(1) Through the third quarter of 2019.

Source: The Department

Employment by Occupation

The District has an employment base provided by a range of manufacturing, commercial and public enterprises. The following table categorizes occupations for residents 16 years of age and older living in the District compared with the County and the State.

<u>Occupational Category</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Management, business, science, and arts occupations.....	25.4%	30.4%	38.1%
Service occupations.....	17.1	17.9	17.2
Sales and office occupations.....	24.9	22.5	22.4
Natural resources, construction, and maintenance occupations.....	8.5	7.4	7.2
Production, transportation, and material moving occupations.....	24.1	21.7	15.1
Totals	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2014-2018 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Employment by Industry

The following table categorizes employment by industry for residents 16 years of age and older living in the District compared with the County and the State.

<u>Industry Category</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Agriculture, forestry, fishing, hunting, and mining.....	0.3%	0.4%	1.1%
Construction.....	6.1	5.3	5.3
Manufacturing.....	23.8	22.6	12.1
Wholesale trade.....	2.6	2.6	3.0
Retail trade.....	11.1	11.2	10.8
Transportation, warehousing, and utilities.....	4.7	5.3	6.3
Information.....	1.5	1.4	1.9
Finance, insurance, real estate, rental and leasing.....	4.5	4.4	7.3
Professional, scientific, management, administrative and waste management services.....	8.0	9.0	11.8
Educational services, health care and social assistance.....	22.4	21.4	22.9
Arts, entertainment, recreation, accommodation and food services.....	7.8	8.7	9.1
Other services, except public administration	4.2	4.9	4.7
Public administration.....	3.1	2.7	3.6
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2014-2018 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

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
The District.....	Education.....	Machesney Park	1,234
Woodward, Inc. ⁽¹⁾	Aircraft engine control systems & auxiliary components.....	Loves Park	1,200
Mondelez International, Inc. (Cadbury Adams)..	Chewing gum.....	Loves Park	650
Danfoss Drives.....	Divisional headquarters & AC-adjustable speed controls.....	Loves Park	350
Ecolab, Inc.....	Food safety products.....	Roscoe	350
Gleason Cutting Tools Corp.....	Cutting tools.....	Loves Park	335
JC Milling Co., Inc.....	Manufacturing components, fixtures and cutters.....	Loves Park	332
TH Foods, Inc.....	Snack foods & rice crackers.....	Loves Park	325
Henning, Inc.	Machine protection devices.....	Machesney Park	266
Bridgeway, Inc.	Mental health, employment & family services	Loves Park	250

(1) Woodward, Inc. announced a merger with Hexcel Corporation which is a leading producer of carbon fiber reinforcements and resin systems and a leader in honeycomb manufacturing for the commercial aerospace industry. The merger would combine Hexcel's operation together with Woodward into a new company.

Source: The District's Comprehensive Annual Financial Report for fiscal year ended June 30, 2019 (the "Audit").

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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 November 2018 and November 2019 for the City, the Village, the County and the State.

	<u>The City</u>	<u>The Village</u>
Average, 2014.....	7.4%	8.1%
Average, 2015.....	6.1	6.7
Average, 2016.....	6.1	6.2
Average, 2017.....	5.9	6.1
Average, 2018.....	5.0	5.3
November, 2018..... ⁽¹⁾	N/A	N/A
November, 2019..... ⁽¹⁾	N/A	N/A

	<u>The County</u>	<u>The State</u>
Average, 2014.....	8.2%	7.1%
Average, 2015.....	7.0	6.0
Average, 2016.....	6.7	5.8
Average, 2017.....	6.5	4.9
Average, 2018.....	5.7	4.3
November, 2018.....	9.3	4.0
November, 2019.....	5.1	3.4

(1) There is no monthly data available for the City and the Village since they are communities with populations 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 \$734,923,482 in levy year 2009. The current EAV is 16.77% below the peak EAV.

<u>Property Type</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$ 414,895,252	\$ 410,461,562	\$ 417,708,549	\$ 427,695,484	\$ 441,834,361
Farm	392,591	400,090	489,241	507,513	532,502
Commercial	98,008,589	102,993,446	103,047,975	105,588,340	109,407,789
Industrial	53,321,994	54,594,788	57,010,660	57,086,398	59,375,375
Railroad	413,139	496,170	504,859	515,093	553,517
Total ⁽¹⁾	<u>\$ 567,031,565</u>	<u>\$ 568,946,056</u>	<u>\$ 578,761,284</u>	<u>\$ 591,392,828</u>	<u>\$ 611,703,544</u>
Percent of Change.	-4.66% ⁽²⁾	+ 0.34%	+ 1.73%	+ 2.18%	+ 3.43%
New Property Amounts.....	\$1,499,802	\$4,137,758	\$1,516,210	\$2,365,664	\$3,277,996

(1) Excludes tax increment financing ("TIF") incremental EAV. The 2018 TIF incremental EAV is \$28,008,189. See "Tax Increment Financing Districts Located within the District" herein.

(2) Based on the District's 2013 EAV of \$594,763,480.

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. The District has a revenue surplus agreement with the Village until 2026. In 2020, the District received \$568,641.05 and expects to receive similar amounts in the future.

<u>Location</u>	<u>Year Established</u>	<u>Adjusted Base EAV</u>	<u>2018 EAV</u>	<u>Incremental EAV</u>
North 2nd TIF Loves Park.....	2006	\$ 10,563,142	\$ 11,620,969	\$ 1,057,827
North 2nd TIF Machesney Park.....	2006	7,258,294	10,798,026	3,539,732
Forest Hill Road TIF.....	2013	4,179,750	5,297,261	1,117,511
Machesney Park TIF.....	1991 ⁽¹⁾	588,390	9,460,879	8,872,489
North Willow Creek TIF.....	2010	1,367,780	1,523,787	156,007
South Willow Creek TIF.....	2010	6,302,003	9,430,717	3,128,714
Zenith Cutter TIF.....	2010	987,657	11,123,566	10,135,909
Total.....			<u>\$ 59,255,205</u>	<u>\$ 28,008,189</u>

(1) Extended through 2026 in 2014.
Source: County Clerk's Office

Tax Rates

(Per \$100 EAV)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Statutory Maximum Rate</u>
Education	\$ 3.986	\$ 4.000	\$ 3.977	\$ 5.059	\$ 4.996	N/A ⁽¹⁾
Tort.....	0.300	0.303	0.302	0.304	0.297	N/A
O&M	0.741	0.750	0.750	0.750	0.750	\$ 0.750
Special Education.....	0.794	0.800	0.800	0.338	0.327	0.800
Transportation ⁽²⁾	0.711	0.747	0.771	0.348	0.339	N/A
IMRF	0.189	0.213	0.190	0.182	0.192	N/A
Social Security	0.245	0.220	0.190	0.182	0.192	N/A
Bond & Interest.....	1.205	1.187	1.119	1.027	0.994	N/A
Lease & Rental.....	0.100	0.100	0.099	0.001	0.001	0.100
Fire Prevention & Safety.....	0.001	0.018	0.017	0.004	0.020	0.100
Working Cash.....	0.049	0.050	0.049	0.001	0.001	0.050
Total.....	<u>\$ 8.320</u>	<u>\$ 8.386</u>	<u>\$ 8.265</u>	<u>\$ 8.196</u>	<u>\$ 8.109</u>	

(1) Pursuant to Public Act 100-465, the District no longer has 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.

(2) The District increased the Transportation Fund tax rate to capture new tax revenues available under the Limitation Law for levy years 2014 through 2016. The District transferred a portion of the Transportation Fund revenues to the Educational Fund to cover a portion of the deficit in the Educational Fund. See "SUMMARY OF OPERATING RESULTS – Summary of Operating Funds and Debt Service Fund" herein.

Source: County Clerk's Office

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

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

<u>Taxing Body</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The County.....	\$ 1.0845	\$ 1.0984	\$ 1.0826	\$ 1.0587	\$ 1.0173
Forest Preserve	0.1199	0.1203	0.1207	0.1182	0.1147
Harlem Township	0.1138	0.1140	0.1116	0.1114	0.1110
Harlem Township Road	0.0486	0.0487	0.0470	0.0477	0.0475
The Village.....	0.0000	0.0000	0.0000	0.0000	0.0000
North Park Fire	0.4455	0.4522	0.4541	0.4573	0.4553
Rock River Water Rec	0.2008	0.2075	0.2082	0.2040	0.1964
North Suburban Library	0.3027	0.3032	0.3002	0.3023	0.2996
Greater Rockford Airport	0.1063	0.1073	0.1103	0.1102	0.1073
The District	8.3197	8.3864	8.2648	8.1964	8.1087
Community College No. 511 .	<u>0.4823</u>	<u>0.4893</u>	<u>0.4927</u>	<u>0.5053</u>	<u>0.4987</u>
Total	<u>\$ 11.2241</u>	<u>\$ 11.3273</u>	<u>\$ 11.1922</u>	<u>\$ 11.1115</u>	<u>\$ 10.9565</u>

Source: County Clerk's Office

Tax Extensions and Collections

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽¹⁾</u>
Extensions	\$47,175,325	\$47,714,092	\$47,833,463	\$48,472,922	\$49,601,205
Collections	46,721,539	47,483,403	47,265,071	48,145,209	48,612,764
% Collected	99.04%	99.52%	98.81%	99.32%	98.01%

(1) In progress, as of December, 2019.

Source: Winnebago County Treasurer's Office

Largest Taxpayers

The taxpayers listed below represent 6.58% of the District's 2018 EAV which is \$611,703,544 (which excludes TIF incremental EAV totaling \$28,008,189). 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>Product or Service</u>	<u>2018 EAV</u>	<u>% of EAV</u>
Woodward Inc.....	Industrial land and commercial business property.....	\$ 11,505,512	1.88%
Meijer Stores LP.....	Grocery store.....	5,043,353	0.82%
US Bank Trustee.....	Commercial business.....	3,430,052	0.56%
OSF Saint Francis Inc.....	Aero-medical life-line ambulance service.....	3,263,792	0.53%
Machesney Crossing Inc.....	Commercial business/vacant land.....	3,197,512	0.52%
Menard Inc.....	Home center.....	3,016,802	0.49%
Walmart	Discount department store.....	2,956,459	0.48%
Ballard Properties Group, LLC.....	Industrial land, vacant and improved.....	2,933,041	0.48%
Schnuck Markets Inc.....	Supermarket.....	2,619,742	0.43%
Curtis Metal Finishing Co.	Coatings on fasteners and components.....	2,304,117	0.38%
Total.....		<u>\$ 40,270,382</u>	<u>6.58%</u>

Source: The Audit.

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 Date</u>	<u>Original Amount of Issue</u>	<u>Current Amount Outstanding</u>	<u>Final Maturity Date</u>
General Obligation Refunding School Bonds, Series 2010C..	09/29/10	\$ 14,235,000	\$ 3,660,000	01/01/21
General Obligation Limited School Bonds, Series 2016.....	03/14/16	4,000,000	3,675,000	01/01/23
General Obligation Limited School Bonds, Series 2017.....	04/06/17	2,635,000	2,625,000	01/01/26
General Obligation Limited School Bonds, Series 2018.....	03/01/18	2,055,000	2,035,000	01/01/26
The Bonds.....	03/03/20	2,115,000	<u>2,115,000</u>	01/01/25
Total			<u>\$ 14,110,000</u>	

Debt Repayment Schedule

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

Fiscal Year	Principal Outstanding	The Bonds	Total Principal	Cumulative Amount	Retirement Percent (%)
2021	\$ 5,170,000	\$ 110,000	\$ 5,280,000	\$ 5,280,000	37.42
2022	1,675,000	525,000	2,200,000	7,480,000	53.01
2023	1,685,000	280,000	1,965,000	9,445,000	66.94
2024	1,235,000	790,000	2,025,000	11,470,000	81.29
2025	1,285,000	410,000	1,695,000	13,165,000	93.30
2026	945,000	-	945,000	14,110,000	100.00
	<u>\$ 11,995,000</u>	<u>\$ 2,115,000</u>	<u>\$ 14,110,000</u>		

Overlapping Bonded Debt (As of December 6, 2019)

Taxpayer	Bonded Debt ⁽¹⁾	Applicable to District	
		Percent	Amount
Winnebago County Forest Preserve.....	\$ 1,869,090	15.93%	\$ 297,671
City of Rockford.....	6,180,000	1.32%	81,700
Rockford Park District.....	5,605,000	12.49%	700,008
Community College No. 511.....	64,350,000	10.56%	6,796,647
Total.....			<u>\$ 7,876,026</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.

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.....	\$11,995,000
Leases.....	\$43,501
The Bonds.....	\$2,115,000
Net Direct Debt	\$14,153,501
Overlapping Bonded Debt.....	\$7,876,026
Net Direct Debt and Overlapping Bonded Debt.....	\$22,029,527
EAV, 2018. ⁽¹⁾	\$611,703,544
Statutory Debt Limit (13.8% of EAV).....	\$84,415,089
Statutory Debt Margin	\$70,261,588

(1) Excludes TIF incremental EAV. The 2018 TIF incremental EAV is \$28,008,189. See “Tax Increment Financing Districts Located within the District” herein.

Debt Ratios

Estimated Market Valuation, 2018.....	\$1,835,110,632
EAV, 2018. ⁽¹⁾	\$611,703,544
2014-2018 American Community Survey Population Estimate.....	42,063
Net Direct Debt to EAV	2.31%
Net Direct Debt to Estimated Market Valuation	0.77%
Net Direct Debt and Overlapping Bonded Debt to EAV	3.60%
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Value.....	1.20%
Net Direct Debt Per Capita	\$336.48
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$523.73

(1) Excludes TIF incremental EAV. The 2018 TIF incremental EAV is \$28,008,189. See “Tax Increment Financing Districts Located within the District” herein.

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.

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 Moody’s previously combined these funds as the “General Fund” in its report. However, the District’s General Fund in its Audited Financial Statements includes the Educational Fund and Working Cash Fund.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Local Sources.....	55.76 %	56.17 %	54.92 %	52.93 %	54.17 %
Flow-through Receipts.....	-	-	-	-	-
State Sources.....	33.71	34.66	36.41	38.41	36.87
Federal Sources.....	<u>10.53</u>	<u>9.16</u>	<u>8.67</u>	<u>8.65</u>	<u>8.96</u>
Total.....	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

Source: Compiled from the District’s Annual Financial Reports filed with the Illinois State Board of Education (“ISBE”) for fiscal years ended June 30, 2015-2019.

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 Audited Financial Statements includes the Educational Fund and Working Cash Fund. The District defers its June property tax collections to the next fiscal year which accounts for the cash position being elevated relative to fund balances. The District adopted this practice since it is the Board’s philosophy that property taxes for the current levy year first distributed in June of each year should be designated for the next fiscal year’s budget. Historically, the District has transferred revenues from the Transportation Fund to the Educational Fund for operational costs. With the flexibility provided by Public Act 100-465, the District increased its Educational Fund tax rate to eliminate the need to transfer from the Transportation Fund.

The District applied for a property tax relief grant in the amount of \$4.0 million (which requires a total \$4.3 million abatement) which would be used to abate the District’s debt service in levy year 2019. The District’s taxpayers will get a reduction in their taxes one year earlier because the tax rate associated with the District’s referendum bonds is going to end in two years.

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	Combined Educational Fund and Operations and Maintenance								Combined Operating Funds and Debt
	Educational Fund	Operations and Maintenance Fund	Operations and Maintenance Fund	Transportation Fund	Working Cash Fund ⁽¹⁾	IMRF/Social Security Fund	Tort Fund	Debt Service Fund	Service Fund
<u>2015</u>									
Receipts.....	\$ 64,962,023	\$ 4,786,286	\$ 69,748,309	\$ 5,165,002	\$ 299,236	\$ 3,094,902	\$ 1,680,472	\$ 6,834,974	\$ 86,822,895
Disbursements.....	65,593,206	4,660,110	70,253,316	4,685,923	-	2,734,749	1,873,130	7,078,264	86,625,382
Net Surplus (Deficit).....	(631,183)	126,176	(505,007)	479,079	299,236	360,153	(192,658)	(243,290)	197,513
Other Sources (Uses).....	665,103	(1,000,721) ⁽²⁾	(335,618)	(458,800)	(220,000)	-	-	212,778	(801,640)
Beginning Fund Balance.....	414,118	3,620,691	4,034,809	1,761,460	599,805	1,405,648	1,002,298	560,655	9,364,675
Ending Fund Balance.....	<u>\$ 448,038</u>	<u>\$ 2,746,146</u>	<u>\$ 3,194,184</u>	<u>\$ 1,781,739</u>	<u>\$ 679,041</u>	<u>\$ 1,765,801</u>	<u>\$ 809,640</u>	<u>\$ 530,143</u>	<u>\$ 8,760,548</u>
<u>2016</u>									
Receipts.....	\$ 64,077,880	\$ 4,439,423	\$ 68,517,303	\$ 6,080,504	\$ 276,400	\$ 2,735,625	\$ 1,697,329	\$ 6,774,520	\$ 86,081,681
Disbursements.....	67,702,984	4,402,732	72,105,716	4,768,691	-	2,686,710	1,811,975	7,033,786	88,406,878
Net Surplus (Deficit).....	(3,625,104) ⁽³⁾	36,691	(3,588,413)	1,311,813	276,400	48,915	(114,646)	(259,266)	(2,325,197)
Other Sources (Uses).....	1,714,044	253,474	1,967,518	(1,799,000) ⁽³⁾	(275,000)	-	-	157,482	51,000
Beginning Fund Balance.....	448,038	2,746,146	3,194,184	1,781,739	679,041	1,765,801	809,640	530,143	8,760,548
Ending Fund Balance.....	<u>\$ (1,463,022)</u>	<u>\$ 3,036,311</u>	<u>\$ 1,573,289</u>	<u>\$ 1,294,552</u>	<u>\$ 680,441</u>	<u>\$ 1,814,716</u>	<u>\$ 694,994</u>	<u>\$ 428,359</u>	<u>\$ 6,486,351</u>
<u>2017</u>									
Receipts.....	\$ 67,187,284	\$ 4,467,186	\$ 71,654,470	\$ 7,014,842	\$ 290,639	\$ 2,894,629	\$ 1,771,592	\$ 6,745,844	\$ 90,372,016
Disbursements.....	68,538,520	4,558,722	73,097,242	4,666,606	-	2,731,780	1,719,883	6,949,677	89,165,188
Net Surplus (Deficit).....	(1,351,236) ⁽³⁾	(91,536)	(1,442,772)	2,348,236 ⁽⁴⁾	290,639	162,849	51,709	(203,833)	1,206,828
Other Sources (Uses).....	2,784,797	(338,704)	2,446,093	(2,147,000) ⁽⁴⁾	(350,000)	-	-	196,409	145,502
Beginning Fund Balance.....	(1,463,022)	3,036,311	1,573,289	1,294,552	680,441	1,814,716	694,994	428,359	6,486,351
Ending Fund Balance.....	<u>\$ (29,461)</u>	<u>\$ 2,606,071</u>	<u>\$ 2,576,610</u>	<u>\$ 1,495,788</u>	<u>\$ 621,080</u>	<u>\$ 1,977,565</u>	<u>\$ 746,703</u>	<u>\$ 420,935</u>	<u>\$ 7,838,681</u>
<u>2018</u>									
Receipts.....	\$ 66,260,744	\$ 4,424,468	\$ 70,685,212	\$ 7,538,891	\$ 294,882	\$ 2,627,516	\$ 1,762,388	\$ 6,444,444	\$ 89,353,333
Disbursements.....	66,850,497	4,646,707	71,497,204	4,721,190	-	2,824,721	1,813,714	6,602,032	87,458,861
Net Surplus (Deficit).....	(589,753)	(222,239)	(811,992)	2,817,701 ⁽⁴⁾	294,882	(197,205)	(51,326)	(157,588)	1,894,472
Other Sources (Uses).....	2,436,811	(7,898)	2,428,913	(2,675,000) ⁽⁴⁾	(300,000)	-	-	124,774	(421,313)
Beginning Fund Balance.....	(29,461)	2,606,071	2,576,610	1,495,788	621,080	1,977,565	746,703	420,935	7,838,681
Ending Fund Balance.....	<u>\$ 1,817,597</u>	<u>\$ 2,375,934</u>	<u>\$ 4,193,531</u>	<u>\$ 1,638,489</u>	<u>\$ 615,962</u>	<u>\$ 1,780,360</u>	<u>\$ 695,377</u>	<u>\$ 388,121</u>	<u>\$ 9,311,840</u>
<u>2019</u>									
Receipts.....	\$ 72,610,475	\$ 4,631,893	\$ 77,242,368	\$ 6,202,909	\$ 19,766	\$ 2,608,697	\$ 1,820,405	\$ 6,089,021	\$ 93,983,166
Disbursements.....	70,670,088	4,549,946	75,220,034	4,890,540	-	2,784,507	1,821,964	6,140,971	90,858,016
Net Surplus (Deficit).....	1,940,387	81,947	2,022,334	1,312,369	19,766	(175,810)	(1,559)	(51,950)	3,125,150
Other Sources (Uses).....	(411,908)	39,553	(372,355)	(292,000)	-	-	-	61,908	(602,447)
Beginning Fund Balance.....	1,817,597	2,375,934	4,193,531	1,638,489	615,962	1,780,360	695,377	388,121	9,311,840
Ending Fund Balance.....	<u>\$ 3,346,076</u>	<u>\$ 2,497,434</u>	<u>\$ 5,843,510</u>	<u>\$ 2,658,858</u>	<u>\$ 635,728</u>	<u>\$ 1,604,550</u>	<u>\$ 693,818</u>	<u>\$ 398,079</u>	<u>\$ 11,834,543</u>
Fund Balance as % of Disbursements...			7.77%						13.03%
Cash Balances as of June 30, 2019..... ⁽⁵⁾	<u>\$ 12,636,364</u>	<u>\$ 3,440,909</u>	<u>\$ 16,077,273</u>	<u>\$ 2,523,005</u>	<u>\$ 636,507</u>	<u>\$ 2,170,740</u>	<u>\$ 1,057,002</u>	<u>\$ 1,068,467</u>	<u>\$ 23,532,994</u>

See footnotes on the following page.

- (1) See “Working Cash Fund” herein for a description of the Working Cash Fund.
 - (2) Transfer of \$200,000 from the Transportation Fund to the Operations and Maintenance Fund, and a transfer of \$1,000,721 from the Operations and Maintenance Fund to the Capital Projects Fund.
 - (3) Deficit due in part to the District reaching its maximum Educational Fund tax rate. The District increased the Transportation Fund tax rate to capture new tax revenues available under the Limitation Law, and the District transferred the Transportation Fund surplus and some fund balance to cover a portion of the deficit in the Educational Fund. Pursuant to Public Act 100-465, the District no longer has 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. 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. See also “FINANCIAL INFORMATION -Tax Rates” herein.
 - (4) Surplus due to the District increasing the Transportation Fund tax rate to capture new tax revenues available under the Limitation Law. The District transferred the surplus and some balance to the Educational Fund.
 - (5) The cash balances are higher than the fund balance primarily due to the District deferring its June tax collections to the subsequent fiscal year.
- Source: Compiled from the District’s Annual Financial Reports for fiscal year ended June 30, 2015 and the District’s Comprehensive Annual Financial Reports for fiscal years ended June 30, 2016-2019.

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 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>
2015	\$ 19,606,867
2016	21,442,802
2017	31,991,336
2018	30,011,705
2019	18,522,509

Source: Compiled from the District's Annual Financial Reports for fiscal year ended June 30, 2015 and the District's Comprehensive Annual Financial Reports for fiscal years ended June 30, 2016-2019.

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, 2020 that was filed with ISBE.

<u>Fund</u>	<u>Fund Balances</u> <u>July 1, 2019</u> ⁽¹⁾	<u>FY20</u> <u>Revenue</u>	<u>FY20</u> <u>Expenditures</u>	<u>FY20</u> <u>Transfers/Other</u>	<u>Fund Balances</u> <u>June 30, 2020</u>
Education.....	\$ 3,346,076	\$ 73,676,104	\$ 72,372,409	\$ -	\$ 4,649,771
Operations & Maintenance...	2,497,434	4,795,802	4,619,284	(95,000)	2,578,952
Transportation.....	2,658,858	5,276,069	4,917,050	41,000	3,058,877
IMRF/Social Security.....	1,604,550	2,806,425	2,822,243	-	1,588,732
Working Cash.....	635,728	24,869	-	1,750,000	2,410,597
Total Operating Funds	<u>\$ 10,742,646</u>	<u>\$ 86,579,269</u>	<u>\$ 84,730,986</u>	<u>\$ 1,696,000</u>	<u>\$ 14,286,929</u>
Debt Service.....	\$ 398,079	\$ 6,100,437	\$ 6,082,300	\$ -	\$ 416,216
Fire Prevention & Safety.....	1,050,049	136,264	615,000	-	571,313
Capital Projects.....	-	-	845,000	845,000	-
Tort.....	693,818	1,835,568	1,797,218	-	732,168
Total All Funds	<u>\$ 12,884,592</u>	<u>\$ 94,651,538</u>	<u>\$ 94,070,504</u>	<u>\$ 2,541,000</u>	<u>\$ 16,006,626</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.

Source: The District

STATE AID

General

The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such "State Aid" as a significant part of their budgets. For the fiscal year ended June 30, 2019, 36.87% of the District's General Fund revenue came from sources at the State, including State Aid. 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

Through fiscal year 2017, general State financial aid (“General State Aid”) was allocated to each Illinois school district based on the difference between available local resources per pupil (which was calculated based on a number of factors, including the district’s EAV, the number of students in attendance in the district and the district’s corporate personal property replacement tax receipts) and a foundation level (the “Foundation Level”). The Foundation Level was an amount established annually by the State’s budget representing the minimum level of per pupil financial support that was to be available to provide for the basic education of each pupil.

The State appropriation for General State Aid in some fiscal years prior to fiscal year 2017 was reduced. As such, the State was not able to fully fund General State Aid and the amount each district received was prorated in each of fiscal years 2010 through 2016. For fiscal year 2017, the State appropriation was increased to fully fund General State Aid.

Both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget appropriated General State Aid in an amount \$350 million greater than the appropriation for the preceding fiscal year and require such additional funds to be distributed to school districts under an Evidence-Based Funding Model. The Fiscal Year 2020 Budget appropriates General State Aid in the amount of \$375 million greater than the appropriation for Fiscal Year 2019 and requires such additional funds to be distributed to school districts under the Evidence-Based Funding Model. The Evidence-Based Funding Model provided for in Public Act 100-465 sets forth a new school funding formula which ties individual district funding to 27 evidence-based best practices that certain research shows enhance student achievement in the classroom. Under the new 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.

For school year 2019-2020, ISBE notified the District that its Local Capacity Target, plus its Base Funding Minimum, is 65.8% of its Adequacy Target and that the District has been placed in Tier One. For school year 2019-2020, the District will receive approximately \$1,056,596.49 of New State Funds. No assurance can be given that the Adequacy Target, Local Capacity Target, Tier placement and expected New State Funds for school year 2020-2021 or beyond will not be materially different than the Adequacy Target, Local Capacity Target, Tier placement and New State Funds for school year 2019-2020.

Public Act 100-465 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 \$24,547,037.57 (the "Initial Base Funding Minimum"). Mandated Categorical State Aid (as hereinafter defined) received by the District in fiscal year 2017, other than Mandated Categorical State Aid related to transportation and extraordinary special education, was included in the Initial Base Funding Minimum. Any New State Funds received by a district in a year become part of its Base Funding Minimum in the following year. The Base Funding Minimum for the District for school year 2019-2020 was \$26,106,672.32. If the State appropriates insufficient funds to cover the cost of the Base Funding Minimum, reductions will be made first to the Base Funding Minimum for all Tier 3 and Tier 4 school districts on a per pupil basis; provided, however, that such reductions may not reduce State funding for such districts below the Initial Base Funding Minimum. If funds are still insufficient, then further reductions are to be done on a per pupil basis for all school districts. Consequently, reduced appropriations for General State Aid in future years could result in the District receiving less in a future fiscal year than its Base Funding Minimum.

Property Tax Relief Pool Funds

For the purpose of encouraging high tax rate school districts to reduce property taxes, Public Act 100-465 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 \$375 million of New State Funds appropriated in the Fiscal Year 2020 Budget, \$50 million was allocated to the Property Tax Relief Pool.

Mandated Categorical State Aid

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as "Mandated Categorical State Aid," are made to

the school district in the fiscal year following the expenditure, *provided* that the school district files the paperwork necessary to inform the State of such an entitlement. From time to time, Mandated Categorical State Aid payments from the State have been delayed and have been prorated as part of the appropriation process, as described below.

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

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

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

Competitive Grant State Aid

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

Competitive Grant State Aid is allocated, after appropriation by the State, among certain school districts selected by the State. The level of funding is annually determined separately for each category of aid based on the State's budget. This process does not guarantee that any funding will be available for Competitive Grant State Aid programs, even if a school district received such funding in a prior year. Therefore, school districts may incur expenditures with

respect to certain Competitive Grant State Aid programs without any guarantee that the State will appropriate the money necessary to reimburse such expenditures.

Payment for Mandated Categorical State Aid and Competitive Grant State Aid

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

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

See “SUMMARY OF OPERATING RESULTS – Combined Educational Fund and Operations and Maintenance Fund Revenue Sources” herein for a summary of the District’s general fund revenue sources.

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 Aid payments or evidence-based funding, as required by Section 1A-8 of the School Code. ISBE has implemented this statutory requirement by adding in payments expected to be received during the calculation year but not actually received until the following fiscal year, as well as by subtracting certain State Aid payments or evidence-based funding received during the current fiscal year but attributable to a prior fiscal year. Such adjustments may have a varying effect on a school district's Adjusted Score based on the amount of time by which such State Aid payments or evidence-based funding are delayed and the accounting basis adopted by such school district. Due to the manner in which such requirement has been implemented by ISBE, a school district's Adjusted Score may be different than it otherwise would have been in certain years based on the scheduled receipt of State Aid payments or evidence-based funding.

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

Fiscal Year (June 30)	Original Score	Designation Based on Original Score	Adjusted Score	Designation Based on Adjusted Score
2014	3.10	Financial Review	3.10	Financial Review
2015	3.10	Financial Review	3.10	Financial Review
2016	2.75	Early Warning	2.75	Early Warning
2017	3.10	Financial Review	3.10	Financial Review
2018	3.10	Financial Review	3.10	Financial Review
2019 ⁽¹⁾	3.45	Financial Review	N/A	N/A

(1) A preliminary score reported in the District's fiscal year 2019 Annual Financial Report. The District expects that ISBE will release its official Original Score and Adjusted Score in March 2020.

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 9 to the Audit, attached hereto as Appendix B.

Background Regarding Pension Plans

The Actuarial Valuation

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

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

GASB Standards

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

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

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

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

Pension Plans Remain Governed by the Pension Code

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

Teachers’ Retirement System of the State of Illinois

The District participates in TRS, which is a cost-sharing multiple-employer defined benefit pension plan that was created by the General Assembly for the benefit of Illinois public school teachers outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer, which includes all school districts located outside of the City of Chicago, to provide services for which teacher licensure is required.

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

TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report may be viewed at TRS's website as follows: <https://www.trsil.org/financial/financial-reports>.

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 9 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, 2015 through June 30, 2019, all amounts contributed by the District to TRS were as follows:

<u>Fiscal Year</u>	<u>TRS</u>
<u>Ended June 30</u>	<u>Contributions</u>
2015	\$ 644,096
2016	353,466
2017	626,115
2018	320,420
2019	380,616

Source: The District's audited financial statements for the fiscal years ended June 30, 2015-2019.

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 9 to the Audit.

Shift of Contributions from the State to Employers

Various proposals have been introduced into the General Assembly to shift the burden of making certain contributions to TRS from the State to the school districts employing participants in TRS, such as the District (each, a "Cost Shifting Proposal"). Though these Cost Shifting Proposals differ in certain respects, the most common formulation would require a school district, such as the District, to contribute the full amount of the normal costs of its employees' TRS pensions, with such additional contributions being phased in over the course of several years.

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

If the Cost Shifting Proposal were to become law, it may have a material adverse effect on the finances of the District. How local school districts, including the District, would pay for such shift of contributions cannot be determined at the current time. Property taxes to pay pension costs are capped by the Limitation Law. If such pension expenditures are not exempted from the Limitation Law, school districts (such as the District) would have to pay such additional contributions from revenues or reserves.

Although the Cost Shifting Proposal has not been adopted as of the date hereof, the General Assembly approved legislation shifting a portion of the State's contributions to TRS to individual school districts. On July 6, 2017, the General Assembly enacted Public Act 100-23 ("P.A. 100-23") which, among other things, requires employers participating in TRS, such as the District, to make certain contributions to TRS that were not required under prior law. P.A. 100-23 includes provisions for a separate set of benefits (the "New Tier Benefits") applicable to employees hired after the "Implementation Date," the same being the date on which TRS authorizes new hires to participate in the New Tier Benefits, which P.A. 100-23 directs should be "as soon as possible" after the effective date of P.A. 100-23. Under P.A. 100-23, beginning in Fiscal Year 2018, the District will be responsible for paying the normal cost for those employees earning the New Tier Benefits (as well as the normal cost for certain employees hired after the Implementation Date that elect to earn the benefits currently in place) and to amortize any unfunded liability related thereto. Finally, P.A. 100-23 mandates that the District make an additional payment to TRS to the extent that any employee's salary exceeds the salary of the Governor of the State of Illinois (currently \$177,412), as calculated therein.

The contributions required by P.A. 100-23 represent an increase in the District's contributions to TRS in comparison to prior law; however, the District is unable to predict the timing or the degree of any such additional contributions, and as such, the District is not able to predict whether the impact of such additional contributions on its finances will be material.

Recognition of Net Pension Liability

The GASB Standards divide the Net Pension Liability of a pension plan for which multiple entities make a portion of the employer contribution among such contributing entities. With respect to TRS, the District and the State each provide a portion of the employer contribution with respect to the District's TRS liability. As of June 30, 2019, the Net Pension Liability associated with the District was \$313,730,113, of which the District's proportionate share was \$4,513,830, and the State's proportionate share was \$309,216,283.

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 9 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 2018 was 11.48% of covered payroll.

For the calendar years ended December 31, 2014 through December 31, 2018, the District contributed the following amounts to IMRF:

Calendar Year Ended December 31	IMRF Contributions
2014	\$ 1,300,559
2015	1,295,283
2016	1,278,838
2017	1,312,327
2018	1,345,307

Source: Actuarial GASB Disclosures Statement 68 prepared by GRS Retirement Consulting as of December 31, 2018.

Measures of Financial Position

The following table presents the measures of the IMRF Account’s financial position as of December 31, 2014 through December 31, 2018 which are presented pursuant to the GASB Standards.

Calendar Year Ended December 31	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total	
				Pension Liability	Discount Rate (%)
2014	\$ 51,433,562	\$ 46,280,116	\$ 5,153,446	89.98%	7.49
2015	53,340,384	45,703,377	7,637,007	85.68%	7.48
2016	55,520,924	47,542,139	7,978,785	85.63%	7.50
2017	56,469,706	53,927,062	2,542,641	95.50%	7.50
2018	59,982,693	50,273,737	9,708,956	83.81%	7.25

Source: Actuarial GASB Disclosures Statement 68 prepared by GRS Retirement Consulting as of December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017 and December 31, 2018.

See Note 9 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the District's funding policy, information on the assumptions and methods used by the actuary, and the financial reporting information required by the GASB Standards.

OPEB Summary

The District currently provides post-employment benefits ("OPEB") other than pensions to four individuals. The District provides continued health insurance coverage at the blended employee rate to all eligible retirees. The District's total OPEB liability was \$787,698 as of June 30, 2019.

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 0.92% during the year ended June 30, 2019, 0.88% during the year ended June 30, 2018 and 0.84% during the year ended June 30, 2017. For the year ended June 30, 2019, the District paid \$386,713 to the THIS fund. For the years ended June 30, 2018 and June 30, 2017, the District paid \$363,901 and \$341,651, 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 excludable 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 excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code").

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 excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of

original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 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

Moody's has assigned its municipal rating of "A1" to the Bonds. The rating reflects only the views of Moody's and any explanation of the significance of such rating may only be obtained from Moody's. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's 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 Moody, 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 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.

CONTINUING DISCLOSURE

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

The deadline for filing the District’s annual financial information and audited financial statement is 210 days after the fiscal year end with the exception of the Capital Appreciation School Bonds, Series 1998 (the “Series 1998 Bonds”). The deadline for the Series 1998 Bonds was 180 days after the fiscal year end. For the Series 1998 Bonds, the District failed to file its audited financial statement in a timely manner for fiscal year June 30, 2015 and failed to file its annual financial information in a timely manner for fiscal years June 30, 2014 through June 30, 2017. The 1998 Bonds matured on January 1, 2018.

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

Except to the extent the preceding is deemed to be material, to the best of the District’s knowledge, it has not failed to comply in the previous five years in any material respect with undertakings previously entered into by it pursuant to the Rule. The District has established procedures to ensure timely filings in the future. The District has retained PMA Securities LLC, Naperville, Illinois to act as the District’s Dissemination Agent for its future 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 February 4, 2020. The best bid submitted at the sale was submitted by Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$2,357,179.65. 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 \$12,520.80.

FINANCIAL ADVISOR

PMA Securities, LLC, Naperville, Illinois, has been retained as financial advisor (the “Financial Advisor” or “PMA”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial 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 Financial Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Financial 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 financial 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 Prudent Man Advisors, 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 Financial Advisor’s duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as financial advisor on the Bonds. PMA’s compensation for serving as financial advisor on the Bonds is conditional on the successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE OFFICIAL STATEMENT

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

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

Accuracy and Completeness of the Official Statement

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

The District’s officials will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming to the Underwriter that, to the best of their knowledge and belief, this Official Statement as of the date hereof and at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain any untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

/s/ Joshua Aurand

Assistant Superintendent for Business &
Operations/School Treasurer
School District Number 122
Winnebago County, Illinois

February 4, 2020

Appendix A

Form of Legal Opinion of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

School District Number 122
Winnebago 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 122, Winnebago County, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered 5.00% General Obligation Limited School Bonds, Series 2020 (the "*Bonds*"), to the amount of \$2,115,000, dated March 3, 2020, and due serially on January 1 of the years and in the amounts as follows:

2021	\$110,000
2022	525,000
2023	280,000
2024	790,000
2025	410,000

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, however, 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 excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). 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

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019

The Comprehensive 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 Baker Tilly Virchow Krause, LLP, Oak Brook, 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. If you have a specific question or inquiry relating to the financial information of the District since the date of the Audit, you should contact Joshua Aurand, Assistant Superintendent for Business & Operations/School Treasurer of the District.

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

OF

**HARLEM CONSOLIDATED SCHOOL
DISTRICT 122**

MACHESNEY PARK, ILLINOIS

As of and for the Year Ended June 30, 2019

Officials Issuing Report

Joshua Aurand, Assistant Superintendent for Business and
Operations

Department Issuing Report

Business Office

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

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December 2, 2019

Board of Education and Citizens
Harlem Consolidated School District No. 122
Machesney Park, Illinois 61115

The Comprehensive Annual Financial Report (CAFR) of the Harlem Consolidated School District No. 122 (the District) for the fiscal year ended June 30, 2019, is hereby submitted. The District's Business Office has prepared this report. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administration. To provide a reasonable basis for making these representations, the District has established an internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As administration, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent accounting firm of Baker Tilly has audited the Harlem Consolidated School District's basic financial statements. The purpose of the independent audit conducted by Baker Tilly was to express an opinion as to whether the District's financial statements as of and for the fiscal year ended June 30, 2019, present fairly in all material respects the financial position and the change in net position of the District in accordance with GAAP. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Harlem Consolidated School District's basic financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP.



A Community of Leaders

8605 N. Second St., Machesney Park, IL 61115 ■ (815) 654-4500 ■ (815) 654-4600 (fax) ■ www.harlem122.org

Harlem Consolidated Schools

DISTRICT 122

In addition to the independent audit of the financial statements, a separate, federally mandated “Single Audit” was performed to meet the needs of specific grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair financial statements, but also on the audited government’s internal controls and compliance with legal requirements applicable to certain federal awards. These reports are available in the Harlem Consolidated School District’s separately issued Single Audit Reports.

The CAFR is presented in three sections: introductory, financial, and statistical. The **Introductory Section** is designed to introduce the reader to the report and includes this transmittal letter, the organizational chart, a list of District officials, and the Certificate of Achievement for Excellence in Financial Reporting for the 2018 fiscal year.

The **Financial Section** begins with the independent auditor’s report. The auditor’s report discloses the opinion of the independent auditor with regard to the presentation of the financial statements. This section also includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes that provide information on the District’s financial position and operating results, and additional supplementary information and schedules that provide detailed information relative to the Basic Financial Statements.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis. This section is designed to provide the user with a broader and more complete understanding of the District and its financial affairs than is possible from only the financial statements and supporting schedules presented in the financial section.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Harlem Consolidated School District’s MD&A can be found in the Financial Section, immediately following the report of the independent auditor.

Harlem Consolidated School District #122

Since 1910, when the District became the second consolidated school district in Winnebago County, Illinois, the District has outgrown its four original sites and now houses students in twelve buildings. The schools are organized with children in pre-kindergarten and kindergarten, attending the District’s Early Education Center, children in grades one through six attending elementary schools, students in grades seven and eight attending middle school, students in grade nine attend the ninth grade campus and students in grades ten through twelve attend the high school main campus. The School District had 6,601 students enrolled for the 2018-2019 school year. Current enrollment projections continue to show a slight decrease in enrollment for the near future.

The District is located in Northern Winnebago County. The District serves three progressive communities with a combined population of over 40,000 residents. The District is located adjacent to the City of Rockford on the north and east. The City of Loves Park, Village of Machesney Park and the southern part of the Village of Roscoe are the primary population centers of the District’s twenty-two square miles. The District derives its name from the Harlem Township.

Harlem Consolidated Schools

DISTRICT 122

The flat topography and concentrated population allows the District to provide neighborhood schools with minimal time riding school buses. Students living more than 1.5 miles from school are transported to the school building on District buses. Students who would encounter a hazardous road condition on their way to school are also transported.

Despite the many diverse responsibilities placed on schools, the District has maintained a healthy educational philosophy and has developed a sound educational system through careful program management. Strides have been made during the past years in the revision of curriculum, maintaining career/vocational classes and special education services for students with special needs.

Educators continuously encounter a public that has shifting attitudes and expectations. State and national education priorities have prompted the District to shift its emphasis from the responsibility of providing educational opportunities to the responsibility of guaranteeing every child an appropriate education.

The Elementary and Secondary Education Act (ESEA) has diversified goals of programs and continue to place additional financial constraints upon the District. Due to the need to prioritize our resources and in order to review the District's educational programming for its effectiveness, the District developed a long range plan which can be accessed at www.harlem122.org. The District's responsibility of meeting the needs of each student is taken seriously and reflects this commitment in its mission statement.

“The Mission of the Harlem Consolidated School District, as a vital part of the community, is to help diverse learners realize their unlimited potential by providing an educational program dedicated to academic excellence and the development of strong character in a safe and respectful learning environment.”

Financial Condition

Beginning in 2009, the Harlem Consolidated School District 122 faced financial challenges resulting from the economic downturn and financial condition of the State of Illinois. The financial challenges leveled off in 2013. In 2017, the District saw an increase in the General Fund of \$1,374,200, in 2018 the General Fund increased \$1,841,940, and in 2019 the General Fund increased \$1,548,245. These increases continue to show improvement in the districts financial health. These increases mainly consist of additional local and state revenues. Recently the State passed a new Evidence Based Funding model which is the District's main source of State revenue. This new funding model will provide additional funds to the District and will ensure that there is not a loss of funds due to a decline in enrollment. The District was in Tier 1 and funded at 65.1% in 2019.

Every district receives a designation from the Illinois State Board of Education (ISBE) in order to provide further information regarding the financial condition of school districts throughout the State of Illinois. These designations, ranked from highest to lowest, are; Financial Recognition, Financial Review, Financial Early Warning and Financial Watch. For 2017, the District received a designation of “Review.” In 2018, the District received a designation of “Review.” In 2019, the District received a designation of “Review”.

Harlem Consolidated Schools

DISTRICT 122

The District has historically been in a community with stable tax values. Due to the economic recession, the district experienced a notable decrease in equalized assessed valuation (EAV). In 2009, the equalized assessed valuation of the District was \$734,923,482. By 2014, EAV had bottomed out at \$567,031,565. Since that time period the EAV has begun to slowly increase over each of the last three years. The EAV in 2018 was \$611,703,544. In November 1996, the County passed the “Property Tax Extension Limitation Act.” This Act imposed a mandatory property tax limitation, which limits the increase in property tax extensions to 5% or the percent increase in the National Consumer Price Index (CPI), whichever is less. Voters must approve increases above 5% or the Consumer Price Index by referendum. This Act limits the amount of tax dollars available to the District.

The Districts 12 school buildings, when you take the year built plus additions, have an average age of 48.4 years old. The District prioritizes maintenance and upkeep of its facilities and has invested \$11.5 Million in Life Safety funds over the last 5 years. Those funds focused on security and facility improvements.

The District has eight Tax Incremental Financing (TIF) districts within the School District boundaries. The TIF districts cause the School District’s property tax to remain on the level at which the property was during the conception of the TIF, with any increased value being captured by the TIF to further development. Growth within the TIF districts has helped the economic development within the local area, but has created a loss of property tax revenue. The largest single source of revenue to the School District is local property taxes.

Long-Term Financial Planning

The District utilizes a third party to assist with Long-Range financial planning. Historical information is used in conjunction with current budget information and certain estimates regarding future variables are made to compile a financial projection five years into the future. This financial projection is updated annually and plays an important role in the future financial decisions of the District.

The Budget

The District annually creates a comprehensive line item budget that is adopted by the Board of Education in a public meeting during the first quarter of the fiscal year. Management’s control of the budget is maintained at the department/building level and is overseen at the District Administrative level. It is the responsibility of each department/building to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs of the District. The annual budget is presented on our website site at www.harlem122.org.

Awards

The Association of School Business Officials International (ASBO) awarded its Certificate of Achievement for Excellence in Reporting to the District for the last twenty-six consecutive fiscal years (1992 through 2018). In order to be awarded a Certificate of Excellence for Financial Reporting, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Harlem Consolidated Schools

DISTRICT 122

A Certificate of Excellence for Financial Reporting is valid for a period of one year. We believe our current report continues to conform to the program requirements, and we are submitting it to ASBO to determine eligibility for this recognition. We welcome comments or suggestions regarding this report.

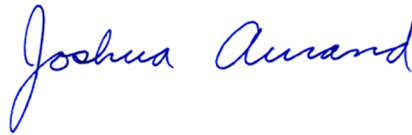
Acknowledgement

The preparation of this report could not have been accomplished without the efficient and dedicated services of Xira Hardt, Accountant, and Anna Sweeney, Administrative Assistant to Business Services. In addition, we would like to express appreciation to all members of the Administrative staff who assisted in the preparation of this report. We also extend a special thank you to the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Julie M. Morris, Ed.D.
Superintendent



Joshua Aurand
Assistant Superintendent for Business and Operations



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Harlem Consolidated School District 122

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



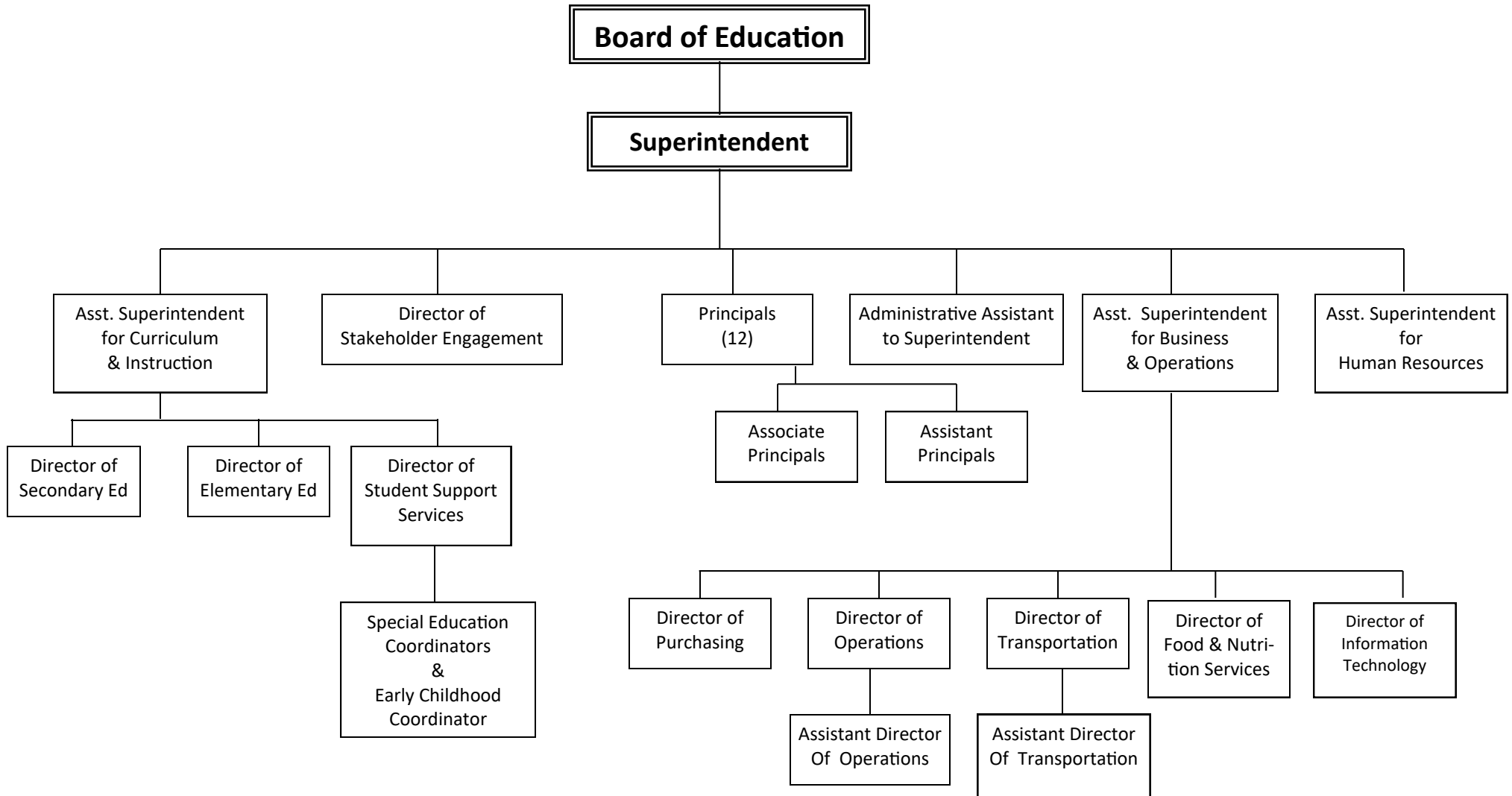
A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Harlem Consolidated School District 122
Organizational Chart



COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

Loves Park, Machesney Park, and Southern Roscoe, Illinois

For the fiscal year ended June 30, 2019

BOARD OF EDUCATION

		<u>Term Expires</u>
Larry Barger	President	2021
Sue Berogan	Vice President	2021
Evelyn Meeks	Secretary	2021
Jill Berogan	Member	2023
Rich Meister	Member	2023
Michael Sterling	Member	2023
Melissa Wenger	Member	2021

DISTRICT ADMINISTRATION

Julie Morris, Ed.D.	Superintendent of Schools
Michelle Erb, Ed.D.	Assistant Superintendent for Curriculum & Instruction
Joshua Aurand	Assistant Superintendent for Business & Operations
Scott Rollinson	Assistant Superintendent for Human Resources

OFFICIALS ISSUING REPORT

Julie Morris, Ed.D.	Superintendent of Schools
Joshua Aurand	Assistant Superintendent for Business & Operations

DEPARTMENT ISSUING REPORT

Business Office

ADMINISTRATIVE CENTER

8605 North Second Street
Machesney Park, IL 61115

. . .

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Harlem Consolidated School District 122
Machesney Park, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harlem Consolidated School District 122, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Harlem Consolidated School District 122's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Harlem Consolidated School District 122's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Harlem Consolidated School District 122's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Education
Harlem Consolidated School District 122

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harlem Consolidated School District 122 as of June 30, 2019 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harlem Consolidated School District 122's basic financial statements. The supplementary information for the year ended June 30, 2019 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019, 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 is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

To the Board of Education
Harlem Consolidated School District 122

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Harlem Consolidated School District 122 as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 21, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The supplementary information for the year ended June 30, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harlem Consolidated School District 122's basic financial statements. The introductory and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of Harlem Consolidated School District 122's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harlem Consolidated School District 122's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
December 2, 2019

Harlem Consolidated School District 122

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2019

The discussion and analysis of Harlem Consolidated School District 122's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2019. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$5.0. This represents a 28% increase from 2018 and it is due to additional revenue received by the District of \$1.3 for the Early Childhood Grant. The remaining increase is due to fluctuations in pension and OPEB liabilities and related deferred outflows of resources and deferred inflows of resources, as well as payoff of bonds.
- General revenues accounted for \$78.5 in revenue or 63% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$46.7 or 37% of total revenues of \$125.2.
- The District had \$120.2 in expenses related to government activities. However, only \$46.7 of these expenses were offset by program specific charges and grants.
- Total fund balances in the fund financial statements of the District increased from \$11.6 in fiscal year 2018 to 12.9 in fiscal year 2019, a 11.3% increase.
- During the year, \$1.2 of planned life safety projects were completed. Limited Tax School Fire Prevention and Life Safety Bonds were issued in 2017/2018 to fund these multiyear state approved projects.
- The District continued to pay down its long-term debt retiring \$5.4 million in fiscal 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

Harlem Consolidated School District 122

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2019

The statement of net position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

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

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

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Tort Immunity and Judgment, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, Capital Projects Fund, and Fire Prevention and Safety Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget.

Harlem Consolidated School District 122

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2019

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

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and post-employment benefits to its employees.

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2019, than it was the year before, increasing 28% to \$(13.1).

Table 1		
Condensed Statements of Net Position		
(in millions of dollars)		
	<u>2018</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 69.2	\$ 70.7
Capital assets	<u>58.2</u>	<u>58.1</u>
Total assets	<u>127.4</u>	<u>128.8</u>
Total deferred outflows of resources	<u>4.2</u>	<u>7.9</u>
Liabilities:		
Current liabilities	8.3	8.2
Long-term debt outstanding	<u>78.8</u>	<u>79.1</u>
Total liabilities	<u>87.1</u>	<u>87.3</u>
Total deferred inflows of resources	<u>62.6</u>	<u>62.5</u>
Net position:		
Net investment in capital assets	35.5	41.1
Restricted	7.4	6.5
Unrestricted	<u>(61.0)</u>	<u>(60.7)</u>
Total net position	<u><u>\$ (18.1)</u></u>	<u><u>\$ (13.1)</u></u>

Revenues in the governmental activities of the District of \$125.2 exceeded expenses by \$5.0.

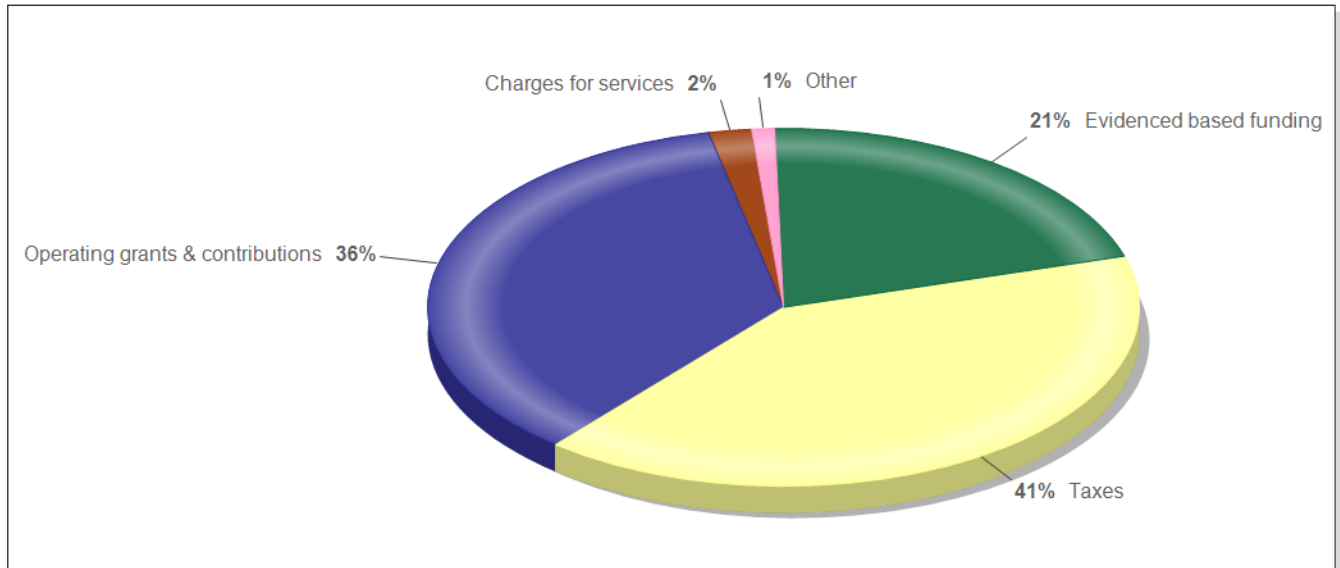
Harlem Consolidated School District 122
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2019

Table 2 Changes in Net Position (in millions of dollars)		
	<u>2018</u>	<u>2019</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 2.1	\$ 2.1
Operating grants & contributions	40.5	44.6
<i>General revenues:</i>		
Taxes	50.0	51.1
Evidenced based funding	25.3	26.1
Other	<u>1.0</u>	<u>1.3</u>
Total revenues	<u>118.9</u>	<u>125.2</u>
Expenses:		
Instruction	76.3	82.8
Pupil & instructional staff services	13.7	11.6
Administration & business	10.9	10.4
Transportation	5.4	5.3
Operations & maintenance	7.0	6.8
Interest & fees	1.1	0.9
Other	<u>2.3</u>	<u>2.4</u>
Total expenses	<u>116.7</u>	<u>120.2</u>
Increase (decrease) in net position	2.2	5.0
Net position, beginning of year	<u>(20.3)</u>	<u>(18.1)</u>
Net position, end of year	<u><u>\$ (18.1)</u></u>	<u><u>\$ (13.1)</u></u>

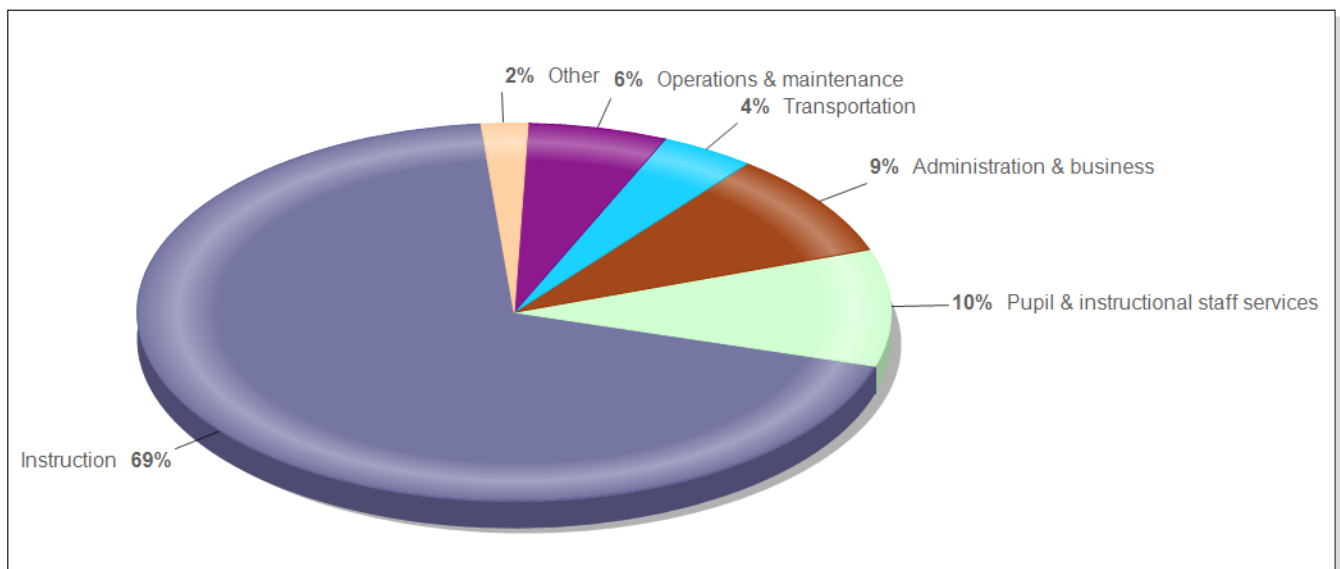
Property taxes accounted for the largest portion of the District's revenues, contributing 41%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$120.2, mainly related to instructing and caring for the students and student transportation at 83%.

Harlem Consolidated School District 122
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2019

District-Wide Revenues by Source



District-Wide Expenses by Function



Harlem Consolidated School District 122

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2019

Financial Analysis of the District's Funds

The District's Governmental Funds balance increased from \$11.6 to \$12.9.

- The District's Governmental Funds balance increased from \$11.6 to \$13.0.
- A transfer of \$350,000 was made from the General Fund to the Operations and Maintenance Fund for operational costs.
- The General Fund in FY 19 had an increase of \$1,548,245 for the year and an ending balance of \$3,981,804. Since FY 17 the fund balance has increased by 673% or \$3,390,000.
- The Operations and Maintenance Fund in FY 19 had an increase of \$121,500 for the year and an ending balance of \$2,497,434. Since FY 17 the fund balance has decreased 4.2% or \$108,637.
- The Transportation Fund in FY 19 had an increase of \$1,020,369 for the year and an ending balance of \$2,658,858. Since FY 17 the fund balance has increased by 77% or \$1,163,070.
- A transfer of \$350,000 was made from the Transportation Fund to the Operations and Maintenance Fund for operational costs.
- Transportation Accounts – State Revenue – Came in \$892,854 higher than budgeted due to a 5th Categorical payment.

General Fund Budgetary Highlights

- General Fund (Educational Accounts) – Local Revenue – CPPRT Funding came in at \$427,336 higher than budgeted. Interest came in \$198,435 higher due to increased interest rates.
- General Fund (Educational Accounts) – Federal Revenue – Title I came in \$360,668 higher than budgeted. Medicaid came in \$244,695 higher than budgeted.
- General Fund (Educational Accounts) – Health Insurance expenditures came in \$507,631 higher than budgeted due to claims.
- General Fund (Educational Accounts) – Outplaced Tuition expenditures came in \$462,599 higher than budgeted.

Harlem Consolidated School District 122

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2019

Capital Assets and Debt Administration

Capital assets

By the end of 2019, the District had compiled a total investment of \$110.3 (\$58.1 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$2.6. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	<u>2018</u>	<u>2019</u>
Land	\$ 0.4	\$ 0.4
Construction in progress	1.3	0.4
Buildings	52.3	53.1
Transportation equipment	2.1	2.1
Other equipment	0.8	0.8
Land improvements	1.3	1.3
Total	<u>\$ 58.2</u>	<u>\$ 58.1</u>

Long-term debt

The District retired \$5.4 in bonds in 2019. At the end of fiscal 2019, the District had a debt margin of \$66.9. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

Table 4 Outstanding Long-Term Debt (in millions of dollars)		
	<u>2018</u>	<u>2019</u>
General obligation bonds	\$ 22.8	\$ 17.4
Net pension liability	8.6	14.2
Net THIS OPEB liability	45.8	46.0
Capital leases and other	0.1	0.1
Unamortized premium	0.4	0.3
Net District stand-alone OPEB liability	0.8	0.8
Compensated absences	0.3	0.3
Total	<u>\$ 78.8</u>	<u>\$ 79.1</u>

Harlem Consolidated School District 122

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2019

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

At the end of FY 19 the District closed its ninth-grade campus, these students will now attend the District's High School.

Currently the District is undergoing a facility utilization study to help evaluate, plan, and maximize the District's facilities, by reviewing historical and future projected enrollment trends.

Factors that will have an impact on financial operations going forward will be:

- Enrollment trends
- Healthcare trends
- The State having a budget and adequately funding education

For FY19 healthcare costs came in \$1.8 million more than the previous year.

The Board of Education and the District's administration believe that these factors will enable the District to continue meeting the education needs of the students within the District.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office:

Joshua Aurand, Assistant Superintendent for Business and Operations
Harlem Consolidated School District 122
8605 North Second Street
Machesney Park, Illinois 61115

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

STATEMENT OF NET POSITION

AS OF JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and investments	\$ 25,078,947
Property taxes	41,732,904
Replacement taxes	466,757
Intergovernmental	2,747,381
Other	256,915
Inventory	167,267
Prepaid items	282,672
Capital assets:	
Land	363,110
Construction in progress	396,297
Capital assets being depreciated, net of accumulated depreciation	<u>57,377,164</u>
Total assets	<u>128,869,414</u>
Deferred outflows of resources	
Deferred charge on refunding	438,050
Deferred outflows related to pensions	6,181,505
Deferred outflows related to OPEB	<u>1,236,154</u>
Total deferred outflows of resources	<u>7,855,709</u>
Liabilities	
Accounts payable	872,647
Salaries and wages payable	1,105,596
Contracts payable	4,633,089
Unearned other	20,807
Health claims payable	1,580,630
Long-term liabilities:	
Other long-term liabilities - due within one year	5,666,788
Other long-term liabilities - due after one year	<u>73,472,493</u>
Total liabilities	<u>87,352,050</u>
Deferred inflows of resources	
Property taxes levied for a future period	49,601,205
Deferred inflows related to pensions	5,290,577
Deferred inflows related to OPEB	<u>7,558,935</u>
Total deferred inflows of resources	<u>62,450,717</u>
Net position	
Net investment in capital assets	41,133,026
Tort immunity	693,818
Operations and maintenance	2,497,434
Student transportation	2,658,858
Debt service	398,079
Capital projects	258,122
Unrestricted (deficit)	<u>(60,716,981)</u>
Total net position	<u>\$ (13,077,644)</u>

See Notes to Basic Financial Statements

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND
				GOVERNMENTAL
				CHANGES IN NET POSITION
Governmental activities				
Instruction:				
Regular programs	\$ 29,232,798	\$ 771,864	\$ 124,959	\$ (28,335,975)
Special programs	17,229,335	35,792	7,135,200	(10,058,343)
Other instructional programs	4,246,476	23,098	74,291	(4,149,087)
State retirement contributions	32,131,224	-	32,131,224	-
Support Services:				
Pupils	8,506,235	-	45,006	(8,461,229)
Instructional staff	3,054,541	-	159,124	(2,895,417)
General administration	2,992,609	-	-	(2,992,609)
School administration	4,145,176	-	-	(4,145,176)
Business	3,254,734	1,074,098	1,741,110	(439,526)
Transportation	5,294,893	7,159	3,272,885	(2,014,849)
Operations and maintenance	6,792,933	168,875	-	(6,624,058)
Central	1,732,355	-	-	(1,732,355)
Other supporting services	42,467	-	-	(42,467)
Community services	661,705	-	-	(661,705)
Payments to other districts and gov't units - excluding special education	11,892	-	-	(11,892)
Interest and fees	900,667	-	-	(900,667)
Total governmental activities	\$ 120,230,040	\$ 2,080,886	\$ 44,683,799	(73,465,355)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	31,717,062
Real estate taxes, levied for specific purposes	10,413,575
Real estate taxes, levied for debt service	6,037,764
Personal property replacement taxes	2,917,336
State aid-formula grants	26,111,020
Investment income	765,283
Miscellaneous	564,117
Total general revenues	<u>78,526,157</u>

Change in net position	5,060,802
Net position, beginning of year	<u>(18,138,446)</u>
Net position, end of year	<u>\$ (13,077,644)</u>

See Notes to Basic Financial Statements

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GOVERNMENTAL FUNDS

BALANCE SHEET

AS OF JUNE 30, 2019

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018

	GENERAL FUND	TORT IMMUNITY AND JUDGMENT FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND
Assets				
Cash and investments	\$ 13,273,141	\$ 1,057,002	\$ 3,440,909	\$ 2,523,005
Receivables (net allowance for uncollectibles):				
Property taxes	27,401,963	1,527,044	3,860,012	1,745,751
Replacement taxes	466,757	-	-	-
Intergovernmental	1,906,490	-	-	840,891
Other	160,539	-	96,376	-
Inventory	167,267	-	-	-
Prepaid items	269,634	7,836	2,601	2,601
Total assets	<u>\$ 43,645,791</u>	<u>\$ 2,591,882</u>	<u>\$ 7,399,898</u>	<u>\$ 5,112,248</u>
Liabilities				
Accounts payable	\$ 223,168	\$ 25,333	\$ 124,635	\$ 23,674
Salaries and wages payable	1,014,514	10,097	23,196	55,002
Contracts payable	4,245,417	27,162	16,095	153,829
Unearned other	20,807	-	-	-
Health claims payable	1,362,503	20,548	60,064	137,515
Total liabilities	<u>6,866,409</u>	<u>83,140</u>	<u>223,990</u>	<u>370,020</u>
Deferred inflows of resources				
Property taxes levied for a future period	32,568,320	1,814,924	4,587,777	2,074,898
Unavailable state and federal aid receivable	229,258	-	-	8,472
Unavailable other receivable	-	-	90,697	-
Total deferred inflows of resources	<u>32,797,578</u>	<u>1,814,924</u>	<u>4,678,474</u>	<u>2,083,370</u>
Fund balance				
Nonspendable	436,901	7,836	2,601	2,601
Restricted	-	685,982	2,494,833	2,656,257
Unassigned	3,544,903	-	-	-
Total fund balance	<u>3,981,804</u>	<u>693,818</u>	<u>2,497,434</u>	<u>2,658,858</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 43,645,791</u>	<u>\$ 2,591,882</u>	<u>\$ 7,399,898</u>	<u>\$ 5,112,248</u>

See Notes to Basic Financial Statements

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
				2019	2018
\$ 2,170,740	\$ 1,068,467	\$ 45,434	\$ 1,500,249	\$ 25,078,947	\$ 43,015,209
1,977,348	5,115,795	-	104,991	41,732,904	22,731,605
-	-	-	-	466,757	446,688
-	-	-	-	2,747,381	2,434,127
-	-	-	-	256,915	161,816
-	-	-	-	167,267	152,990
-	294,150	-	-	576,822	615,636
<u>\$ 4,148,088</u>	<u>\$ 6,478,412</u>	<u>\$ 45,434</u>	<u>\$ 1,605,240</u>	<u>\$ 71,026,993</u>	<u>\$ 69,558,071</u>
\$ -	\$ -	\$ 45,434	\$ 430,403	\$ 872,647	\$ 1,149,420
2,787	-	-	-	1,105,596	1,051,190
190,586	-	-	-	4,633,089	4,394,914
-	-	-	-	20,807	56,989
-	-	-	-	1,580,630	1,608,313
<u>193,373</u>	<u>-</u>	<u>45,434</u>	<u>430,403</u>	<u>8,212,769</u>	<u>8,260,826</u>
2,350,165	6,080,333	-	124,788	49,601,205	48,472,921
-	-	-	-	237,730	1,139,352
-	-	-	-	90,697	110,697
<u>2,350,165</u>	<u>6,080,333</u>	<u>-</u>	<u>124,788</u>	<u>49,929,632</u>	<u>49,722,970</u>
-	294,150	-	-	744,089	768,626
1,604,550	103,929	-	1,050,049	8,595,600	8,760,918
-	-	-	-	3,544,903	2,044,731
<u>1,604,550</u>	<u>398,079</u>	<u>-</u>	<u>1,050,049</u>	<u>12,884,592</u>	<u>11,574,275</u>
<u>\$ 4,148,088</u>	<u>\$ 6,478,412</u>	<u>\$ 45,434</u>	<u>\$ 1,605,240</u>	<u>\$ 71,026,993</u>	<u>\$ 69,558,071</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2019

Total fund balances - governmental funds		\$ 12,884,592
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		58,136,571
Certain revenues receivable by the District and recognized in the Statement of Net Position do not provide current financial resources and are included as deferred inflows of resources in the Governmental Funds Balance Sheet, as follows:		
State and federal aid	\$ 237,730	
Other unavailable receivables	<u>90,697</u>	
		328,427
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		6,181,505
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		1,236,154
Deferred charge on refunding included in the Statement of Net Position is not available to pay for current period expenditures and, therefore, is not included in the Governmental Funds Balance Sheet.		438,050
Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(5,290,577)
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(7,558,935)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Balances at June 30, 2019 are:		
Bonds payable	\$ (17,485,000)	
Unamortized bond premium	(303,362)	
Net OPEB liability	(46,761,702)	
Net pension liability	(14,222,786)	
Capital leases	(43,501)	
Compensated absences	<u>(322,930)</u>	
		(79,139,281)
Interest paid prior to its due date, which is after the fiscal year end, is considered to be a prepaid in the governmental funds. However it is considered to be an expense of the current period in the governmental activities and is not an asset on the Statement of Net Position:		<u>(294,150)</u>
Net position of governmental activities		<u>\$ (13,077,644)</u>

See Notes to Basic Financial Statements

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND	TORT IMMUNITY AND JUDGMENT FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND
Revenues				
Property taxes	\$ 31,726,504	\$ 1,788,878	\$ 4,406,975	\$ 2,046,868
Corporate personal property replacement taxes	2,627,336	-	-	-
State aid	47,004,099	-	-	4,088,556
Federal aid	6,920,952	-	-	-
Investment income	438,508	25,138	102,453	60,013
Other	<u>2,435,351</u>	<u>6,389</u>	<u>122,465</u>	<u>7,472</u>
Total revenues	<u>91,152,750</u>	<u>1,820,405</u>	<u>4,631,893</u>	<u>6,202,909</u>
Expenditures				
Current:				
Instruction:				
Regular programs	28,297,287	-	-	-
Special programs	14,169,061	-	-	-
Other instructional programs	4,080,219	-	-	-
State retirement contributions	18,522,509	-	-	-
Support Services:				
Pupils	8,619,074	-	10,959	7,047
Instructional staff	2,940,542	-	-	-
General administration	1,027,925	1,821,964	-	-
School administration	3,923,434	-	-	-
Business	3,023,521	-	7,067	-
Transportation	-	-	-	4,171,753
Operations and maintenance	73,573	-	4,484,357	-
Central	1,549,071	-	-	-
Other supporting services	42,274	-	-	-
Community services	615,040	-	-	-
Payments to other districts and gov't units	2,228,104	-	-	-
Debt Service:				
Principal	-	-	-	797
Interest and other	-	-	-	173
Capital outlay	<u>80,963</u>	<u>-</u>	<u>47,563</u>	<u>710,770</u>
Total expenditures	<u>89,192,597</u>	<u>1,821,964</u>	<u>4,549,946</u>	<u>4,890,540</u>
Excess (deficiency) of revenues over expenditures	<u>1,960,153</u>	<u>(1,559)</u>	<u>81,947</u>	<u>1,312,369</u>
Other financing sources (uses)				
Transfers in	-	-	700,000	-
Transfers (out)	(411,908)	-	(660,447)	(350,000)
Principal on bonds sold	-	-	-	-
Premium on bonds sold	-	-	-	-
Sale or compensation for capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000</u>
Total other financing sources (uses)	<u>(411,908)</u>	<u>-</u>	<u>39,553</u>	<u>(292,000)</u>
Net change in fund balance	1,548,245	(1,559)	121,500	1,020,369
Fund balance, beginning of year	<u>2,433,559</u>	<u>695,377</u>	<u>2,375,934</u>	<u>1,638,489</u>
Fund balance, end of year	<u>\$ 3,981,804</u>	<u>\$ 693,818</u>	<u>\$ 2,497,434</u>	<u>\$ 2,658,858</u>

See Notes to Basic Financial Statements

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
				2019	2018
\$ 2,136,750	\$ 6,037,764	\$ -	\$ 24,662	\$ 48,168,401	\$ 47,265,074
290,000	-	-	-	2,917,336	2,621,621
88,339	-	-	-	51,180,994	60,204,651
36,606	-	-	-	6,957,558	6,250,676
57,002	51,257	-	30,912	765,283	487,669
-	-	42,500	-	2,614,177	2,664,109
<u>2,608,697</u>	<u>6,089,021</u>	<u>42,500</u>	<u>55,574</u>	<u>112,603,749</u>	<u>119,493,800</u>
315,751	-	-	-	28,613,038	27,125,022
567,452	-	-	-	14,736,513	13,825,309
78,365	-	-	-	4,158,584	4,045,122
-	-	-	-	18,522,509	30,011,705
370,639	-	-	-	9,007,719	9,146,545
40,643	-	-	-	2,981,185	2,244,130
82,741	-	-	-	2,932,630	2,690,706
173,901	-	-	-	4,097,335	4,309,268
216,987	-	-	-	3,247,575	3,420,860
399,120	-	-	-	4,570,873	4,545,914
315,187	-	-	-	4,873,117	4,983,624
151,930	-	-	-	1,701,001	1,647,975
193	-	-	-	42,467	43,576
71,598	-	-	-	686,638	414,989
-	-	-	-	2,228,104	1,752,801
-	5,396,704	-	-	5,397,501	6,073,613
-	744,267	-	-	744,440	737,374
-	-	702,947	1,267,960	2,810,203	3,171,750
<u>2,784,507</u>	<u>6,140,971</u>	<u>702,947</u>	<u>1,267,960</u>	<u>111,351,432</u>	<u>120,190,283</u>
<u>(175,810)</u>	<u>(51,950)</u>	<u>(660,447)</u>	<u>(1,212,386)</u>	<u>1,252,317</u>	<u>(696,483)</u>
-	61,908	660,447	-	1,422,355	3,221,087
-	-	-	-	(1,422,355)	(3,221,087)
-	-	-	-	-	2,055,000
-	-	-	-	-	106,639
-	-	-	-	58,000	-
-	61,908	660,447	-	58,000	2,161,639
(175,810)	9,958	-	(1,212,386)	1,310,317	1,465,156
<u>1,780,360</u>	<u>388,121</u>	<u>-</u>	<u>2,262,435</u>	<u>11,574,275</u>	<u>10,109,119</u>
<u>\$ 1,604,550</u>	<u>\$ 398,079</u>	<u>\$ -</u>	<u>\$ 1,050,049</u>	<u>\$ 12,884,592</u>	<u>\$ 11,574,275</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds		\$ 1,310,317
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds current year net capital outlay in the current period.		(29,676)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:		
State and federal aid	\$ (901,622)	
Other unavailable revenue	<u>(20,000)</u>	(921,622)
The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to the governmental funds, while its principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which current year principal repayments exceeded proceeds from current year long-term financing arrangements.		5,397,501
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:		
Prepaid interest	\$ 67,017	
Compensated absences	17,756	
Net OPEB liability	(146,453)	
Deferred outflows related to OPEB	(91,823)	
Deferred inflows related to OPEB	(1,939,899)	
Net pension liability	(5,665,629)	
Deferred outflows related to pensions	4,072,865	
Deferred inflows related to pensions	3,213,692	
Amortization of premium on bond issuances	68,790	
Amortization of deferred charge on refunding	(292,034)	
State on-behalf contribution revenue - TRS and THIS	13,608,715	
State on-behalf contribution expense - TRS and THIS	<u>(13,608,715)</u>	(695,718)
Change in net position of governmental activities		<u><u>\$ 5,060,802</u></u>

See Notes to Basic Financial Statements

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

AGENCY FUND

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AS OF JUNE 30, 2019

	<u>AGENCY STUDENT ACTIVITY FUND</u>
Assets	
Cash and investments	<u>\$ 421,718</u>
Total assets	<u>\$ 421,718</u>
Liabilities	
Due to student groups	<u>\$ 421,718</u>
Total liabilities	<u>\$ 421,718</u>

See Notes to Basic Financial Statements

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Harlem Consolidated School District 122 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District.

Reporting Entity

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property taxes and most other revenues available if they are collected within 60 days after year-end and pledged donations and state aid available if they are collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

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

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

Tort Immunity and Judgment Fund - accounts for all revenue and expenditures related to the prevention of tort liability. Revenue is derived primarily from local property tax collections and investment income.

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

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

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

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capital Project Funds

Capital Projects Fund - accounts for construction projects and renovations financed through transfers from other funds.

Fire Prevention and Life Safety Fund - accounts for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

Other Fund Types

Fiduciary Funds - account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds - include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

On-behalf payments (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net position. Receivables are expected to be collected within one year.

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2018 levy resolution was approved during the November 13, 2018 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2018 and 2017 tax levies were 2.1% and 2.1%, respectively.

Property taxes are collected by the County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two equal installments: the first due on June 1 and the second due on September 1. Property taxes are normally collected by the District within 60 days of the respective installment dates.

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represents the 2018 levy and prior levies still uncollected, if any. Taxes from the 2018 levy are intended to finance the expenditures for the year ended June 30, 2019, and, accordingly, the entire tax levy has been deferred as of June 30, 2019. The 2019 tax levy, which attached as an enforceable lien on property as of January 1, 2019, has not been recorded as a receivable as of June 30, 2019 as the tax has not yet been levied by the District and will not be levied until December 2019 and, therefore, the levy is not measurable at June 30, 2019.

Personal Property Replacement Taxes

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

Inventory

Inventories are recorded at the lower of cost or market on a first-in-first-out basis and are expensed when used.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, transportation equipment, and other equipment are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings	50
Land improvements	20
Transportation equipment	5-10
Other equipment	3-15

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

District employees earn vacation days and these vacation days may be taken at any time during the year in which they were earned or a subsequent two-year period. The vacation days earned is dependent on the type of position, collective bargaining agreement and length of service.

All full-time employees receive various numbers of sick days per years based on the collective bargaining agreements or policies in place. These days may accumulate to an unlimited number of days. Sick leave does not vest and, therefore, is recognized only when used.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Equity Classifications

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less than any unspent debt proceeds.

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

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

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

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Education. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education board that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. The authority to assign fund balance has been delegated to the District's Assistant Superintendent for Business and Operations through the approved fund balance policy of the District. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2019 are as follows:

The nonspendable fund balance in the General Fund is comprised of \$167,267 for inventory and \$269,634 for prepaid items. The nonspendable fund balance in the Operations & Maintenance, Debt Service, Transportation Fund and Tort Immunity and Judgment Fund is comprised of \$2,601, \$294,150, \$2,601 and \$7,836, respectively for prepaid items. The remaining restricted fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section.

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which such summarized information was derived.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Budget

For the year ended June 30, 2019, expenditures exceeded budget in the Tort Immunity and Judgment Fund, Transportation Fund, Debt Service Fund, Capital Projects Fund and Fire Prevention and Life Safety Fund by \$36,777, \$48,874, \$63,629, \$102,947 and \$67,960, respectively, and were funded by available financial resources. In addition, after excluding on-behalf payments, expenditures exceeded budget in the General Fund by \$1,481,233.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the District's cash and investments was comprised of the following:

	Government- wide	Fiduciary	Total
Cash and investments	\$ 25,078,947	\$ 421,718	\$ 25,500,665
Total	<u>\$ 25,078,947</u>	<u>\$ 421,718</u>	<u>\$ 25,500,665</u>

For disclosure purposes, this amount is segregated into the following components: 1) cash on hand 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit, as follows:

	Cash and investments
Cash on hand	\$ 100
Deposits with financial institutions	<u>25,500,565</u>
Total	<u>\$ 25,500,665</u>

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2019 the bank balance of the District's deposits with financial institutions totaled \$27,580,432; this entire amount was collateralized and insured.

Separate cash and investment accounts are not maintained for all District funds; instead, the individual funds maintain their invested and uninvested balances in the common checking and investment accounts, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund.

NOTE 4 - INTERFUND TRANSFERS

During the year, the District transferred \$61,908 from the General Fund (Educational Accounts) to the Debt Service Fund for the funding of capital lease principal and interest payments.

The District transferred \$660,447 from the Operations and Maintenance Fund to the Capital Projects Fund to fund capital projects.

The Board of Education authorized the transfer of \$350,000 from the Transportation Fund, and a transfer of \$350,000 from to the General Fund (Educational Accounts), for the total of \$700,000 to the Operations and Maintenance Fund for operational costs.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2019 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u>Capital assets not being depreciated:</u>				
Land	\$ 363,110	\$ -	\$ -	\$ 363,110
Construction in progress	<u>1,267,974</u>	<u>1,925,214</u>	<u>2,796,891</u>	<u>396,297</u>
Total capital assets not being depreciated	<u>1,631,084</u>	<u>1,925,214</u>	<u>2,796,891</u>	<u>759,407</u>
<u>Capital assets being depreciated:</u>				
Land improvements	1,882,912	12,205	-	1,895,117
Buildings	93,266,616	2,626,634	-	95,893,250
Transportation equipment	6,870,736	704,965	544,514	7,031,187
Other equipment	<u>4,553,977</u>	<u>173,320</u>	<u>33,884</u>	<u>4,693,413</u>
Total capital assets being depreciated	<u>106,574,241</u>	<u>3,517,124</u>	<u>578,398</u>	<u>109,512,967</u>
<u>Less Accumulated Depreciation for:</u>				
Land improvements	535,342	94,788	-	630,130
Buildings	40,979,767	1,658,838	-	42,638,605
Transportation equipment	4,734,798	718,131	514,171	4,938,758
Other equipment	<u>3,789,171</u>	<u>172,746</u>	<u>33,607</u>	<u>3,928,310</u>
Total accumulated depreciation	<u>50,039,078</u>	<u>2,644,503</u>	<u>547,778</u>	<u>52,135,803</u>
Net capital assets being depreciated	<u>56,535,163</u>	<u>872,621</u>	<u>30,620</u>	<u>57,377,164</u>
Net governmental activities capital assets	<u>\$ 58,166,247</u>	<u>\$ 2,797,835</u>	<u>\$ 2,827,511</u>	<u>\$ 58,136,571</u>

Depreciation expense was recognized in the operating activities of the District as follows:

<i>Governmental Activities</i>	<i>Depreciation</i>
Regular programs	\$ 98,130
Other instructional programs	1,000
Business	1,677,019
Transportation	709,393
Operations and maintenance	142,761
Other supporting services	<u>16,200</u>
Total depreciation expense - governmental activities	<u>\$ 2,644,503</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2019:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
General obligation bonds	\$ 22,825,000	\$ -	\$ 5,340,000	\$ 17,485,000	\$ 5,490,000
Unamortized premium	<u>372,152</u>	<u>-</u>	<u>68,790</u>	<u>303,362</u>	<u>68,790</u>
Total bonds payable	<u>23,197,152</u>	<u>-</u>	<u>5,408,790</u>	<u>17,788,362</u>	<u>5,558,790</u>
Net THIS OPEB liability	45,861,835	2,488,240	2,376,071	45,974,004	-
Capital leases	101,002	-	57,501	43,501	27,266
Net District OPEB liability	753,414	163,081	128,797	787,698	-
Compensated absences	340,686	3,318	21,074	322,930	80,732
Net pension liability	<u>8,557,157</u>	<u>8,405,572</u>	<u>2,739,943</u>	<u>14,222,786</u>	<u>-</u>
Total long-term liabilities - governmental activities	<u>\$ 78,811,246</u>	<u>\$ 11,060,211</u>	<u>\$ 10,732,176</u>	<u>\$ 79,139,281</u>	<u>\$ 5,666,788</u>

The net pension liability will be repaid from the Illinois Municipal Retirement/Social Security Fund and the General Fund. The capital leases will be repaid from the Debt Service Fund. Capital leases paid from the Debt Service Fund will be funded with transfers from the General Fund and Operations & Maintenance Fund. The obligations for the compensated absences and other post-employment benefits will be repaid from the General Fund.

General Obligation Bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

<i>Purpose</i>	<i>Interest Rates</i>	<i>Original Indebtedness</i>	<i>Carrying Amount</i>
Series 2010C General Obligation Refunding School Bonds dated September 29, 2010 are due in annual installments through January 1, 2021	3% to 4%	\$ 14,235,000	\$ 9,140,000
Series 2016 General Obligation Limited Bonds dated March 14, 2016 is due in a single lump sum payment on January 1, 2023	2.4%	4,000,000	3,675,000
Series 2017 General Obligation Limited School Bonds dated April 6, 2017 are due in annual installments through January 1, 2026	3% to 4%	2,635,000	2,635,000
Series 2018 General Obligation Limited School Bonds dated February 6, 2018 are due in annual installments through January 1, 2026	3% to 4%	<u>2,055,000</u>	<u>2,035,000</u>
Total		<u>\$ 22,925,000</u>	<u>\$ 17,485,000</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 - LONG TERM LIABILITIES - (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	\$ 5,490,000	\$ 588,300	\$ 6,078,300
2021	5,170,000	410,200	5,580,200
2022	1,675,000	220,410	1,895,410
2023	1,685,000	180,090	1,865,090
2024	1,235,000	131,450	1,366,450
2025 - 2026	<u>2,230,000</u>	<u>118,100</u>	<u>2,348,100</u>
Total	<u>\$ 17,485,000</u>	<u>\$ 1,648,550</u>	<u>\$ 19,133,550</u>

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2019, the statutory debt limit for the District was \$84,415,089, providing a debt margin of \$66,886,588.

Capital Leases. The District has various capital lease obligations. These lease agreements qualify as capital leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At June 30, 2019, \$270,984 of amounts included in capital assets were acquired via capital leases. The obligations for the capital leases will be repaid from the Debt Service Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

	<i>Amount</i>
2020	\$ 29,535
2021	14,849
2022	<u>2,304</u>
Total minimum lease payments	46,688
Less: amount representing interest	<u>(3,187)</u>
Present value of minimum lease payments	<u>\$ 43,501</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pool: Collective Liability Insurance Cooperative (CLIC) for general liability, workers compensation and other. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - RISK MANAGEMENT - (CONTINUED)

The District is self-insured for medical coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$175,000 per employee, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2019, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$1,580,630. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. For the two years ended June 30, 2018 and June 30, 2019, changes in the liability reported in the General Fund, Tort Immunity and Judgment Fund, Operations and Maintenance Fund, and Transportation Fund for unpaid claims are summarized as follows:

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claims Payments</i>	<i>Claims Payable End of Year</i>
Fiscal Year 2018	<u>\$ 1,457,631</u>	<u>\$ 12,227,156</u>	<u>\$ 12,109,519</u>	<u>\$ 1,575,268</u>
Fiscal Year 2019	<u>\$ 1,575,268</u>	<u>\$ 13,847,279</u>	<u>\$ 13,841,917</u>	<u>\$ 1,580,630</u>

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

Plan Description. The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

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

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2019. State of Illinois contributions of \$521,222 were recognized as revenues and expenditures by the District during the year in the General Fund based on current financial resources measurement basis. On the economic resources measurement basis, the District recognized revenues and expenses of \$3,090,718 in Governmental Activities equal to the proportion of the State of Illinois's OPEB expense associated with the employer.

Contributions. The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.92% during the year ended June 30, 2019. 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, 2019, the District paid \$386,713 to the THIS Fund, which was 100 percent of the required contribution for the year.

THIS Fiduciary Net Position. Detailed information about the THIS Fund's fiduciary net position as of June 30, 2018 is available in the separately issued THIS Annual Financial Report.

Net OPEB Liability. At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for the state's retiree insurance support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collection net OPEB liability	\$ 45,974,004
State's proportionate share of the collective net OPEB liability associated with the District	<u>61,733,173</u>
Total	<u>\$ 107,707,177</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2018, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2018 and 2017, the District's proportion was 0.174440% and 0.176734%, respectively.

Actuarial Assumptions. The net OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.25% to 9.25%
Investment Rate of Return	0.00%
Healthcare Cost Trend Rates - Initial	Non-Medicare - 8.00%; Post-Medicare - 9.00%
Healthcare Cost Trend Rates - Ultimate	4.50% with additional 0.36% added to non-Medicare costs
Fiscal Year the Ultimate Rate is Reached	2022

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Mortality rates were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Discount Rate. At June 30, 2018, the discount rate used to measure the total OPEB liability was a blended rate of 3.62%, which was a change from the June 30, 2017 rate of 3.56%. Since THIS is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	<u>\$ 55,258,795</u>	<u>\$ 45,974,004</u>	<u>\$ 38,615,174</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (initial rate of 7.00% decreasing to an ultimate rate of 3.86%) for non-Medicare coverage and initial rate of 8.00% decreasing to an ultimate rate of 3.50% for Medicare coverage) or 1-percentage-point higher (initial rate of 9.00% decreasing to an ultimate rate of 5.86%) for non-Medicare coverage and initial rate of 10.00% decreasing to an ultimate rate of 5.50% for Medicare coverage) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 37,264,217</u>	<u>\$ 45,974,004</u>	<u>\$ 57,669,807</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the District recognized OPEB expense of \$2,488,240 and on-behalf revenue and expense of \$3,090,718 for support provided by the state. At June 30, 2019, the District's deferred outflows of resources and deferred inflows of resources related to OPEBs were from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences Between Expected and Actual Experience	\$ -	\$ 164,955
Changes in Assumptions	-	6,694,587
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	1,411
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	584,274	584,370
District Contributions Subsequent to the Measurement Date	<u>386,713</u>	<u>-</u>
Total	<u>\$ 970,987</u>	<u>\$ 7,445,323</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net OPEB liability for the year ending June 30, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$6,861,049)) will be recognized in OPEB expense as follows in these reporting years:

<i>Year Ending June 30,</i>	<i>Amount</i>
2020	\$ (1,062,217)
2021	(1,062,217)
2022	(1,062,217)
2023	(1,062,216)
2024	(1,061,864)
Thereafter	<u>(1,550,318)</u>
Total	<u>\$ (6,861,049)</u>

Postretirement Health Plan

Plan Description. The District's group health insurance plan, which is a single employer plan, provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Employees Covered by Benefit Terms. At July 1, 2017, the actuarial valuation date, the following employees were covered by the benefit terms:

Retired Plan Members	4
Active Employees Not Yet Eligible	-
Active Employees Fully Eligible	<u>414</u>
Total	<u>418</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Total OPEB Liability. The District's total OPEB liability of \$787,698 was measured as of July 1, 2017, and was determined by an actuarial valuation as of July 1, 2017.

Inflation	2.50%
Election at Retirement	15.00%
Discount Rate	2.98%
Healthcare Cost Trend Rate - Initial	6.00%
Healthcare Cost Trend Rate - Ultimate	4.50%
Fiscal Year the Ultimate Rate is Reached	2028

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2019.

Mortality rates were based on 2017 IMRF Actuarial Valuation Report.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of the estimates of future events.

Changes in Total OPEB Liability. The District's changes in total OPEB liability for the year ended June 30, 2019 was as follows:

	Total OPEB Liability
Balance at June 30, 2018	\$ 753,414
Changes for the Year:	
Service Cost	40,843
Interest	21,919
Other Changes	(576)
Changes in Assumptions and Other Inputs	7,875
Benefit Payments	<u>(35,777)</u>
Net Changes	<u>34,284</u>
Balance at June 30, 2019	<u>\$ 787,698</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98%) or 1-percentage-point higher (3.98%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 830,370</u>	<u>\$ 787,698</u>	<u>\$ 747,122</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 728,625	\$ 787,698	\$ 854,482

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the District recognized OPEB expense of \$87,224. The District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 142,108	\$ -
Assumption Changes	123,059	113,612
Total	\$ 265,167	\$ 113,612

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the total OPEB liability for the year ending June 30, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$151,555) will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2020	\$ 24,463
2021	24,463
2022	24,463
2023	24,463
2024	24,463
Thereafter	29,240
Total	\$ 151,555

NOTE 9 - RETIREMENT SYSTEMS

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

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

Teachers' Retirement System

Plan Description. The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants 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/financial-reports>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

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

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

Essentially all *Tier 1* retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. *Tier 2* annual increases will be the lesser of three percent of the original 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. The earliest possible implementation date is July 1, 2019.

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2019, State of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenses of \$29,040,506 in governmental activities based on economic resources measurement basis and revenues and expenditures in the amount of \$18,001,287 in the General Fund based on current financial resources measurement basis.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019, were \$243,586, and are deferred because they were paid after the June 30, 2018 measurement date.

Federal and 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, federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2019, the District pension contribution was 9.85 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2019, were \$114,027, which was equal to the District's required contribution. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

Salary increases over 6 percent. The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. For the year ended June 30, 2019, the District paid \$18,642 to TRS for employer contributions due on salary increases in excess of 6 percent.

Excess sick leave. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the District paid \$4,361 to TRS for sick leave days granted in excess of the normal annual allotment.

TRS Fiduciary Net Position. Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS Comprehensive Annual Financial Report.

Net Pension Liability. At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 4,513,830
State's proportionate share of the collective net pension liability associated with the District	<u>309,216,283</u>
Total	<u>\$ 313,730,113</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2018 and 2017, the District's proportion was 0.00579106 percent and 0.00787259 percent, respectively.

Summary of Significant Accounting Policies. For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the June 30, 2018 actuarial valuation included (a) 7.00% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit, and (c) inflation of 2.50%.

Mortality. Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2017. The assumptions were based on the results of an experience study dated September 18, 2018.

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

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
U.S. equities large cap	15.00 %	6.70 %
U.S. equities small/mid cap	2.00 %	7.90 %
International equities developed	13.60 %	7.00 %
Emerging market equities	3.40 %	9.40 %
U.S. bonds core	8.00 %	2.20 %
International debt developed	2.20 %	1.30 %
Emerging international debt	2.60 %	4.50 %
Real estate	16.00 %	5.40 %
Commodities (real return)	4.00 %	1.80 %
Hedge funds (absolute return)	14.00 %	3.90 %
Private equity	15.00 %	10.20 %

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate. At June 30, 2018, the discount rate used to measure the total pension liability was a blended rate of 7.00 percent, which was the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. *Tier 1's* liability is partially funded by *Tier 2* members, as the *Tier 2* member contribution is higher than the cost of *Tier 2* benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	<u>\$ 5,535,786</u>	<u>\$ 4,513,830</u>	<u>\$ 3,690,848</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2019, the District recognized pension expense of \$(1,253,431) and on-behalf revenue and expense of \$29,040,506 for support provided by the state. At June 30, 2019, the District's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,719	\$ 984
Net difference between projected and actual earnings on pension plan investments	-	13,821
Assumption changes	197,975	127,932
Changes in proportion and differences between District contributions and proportionate share of contributions	72,293	4,016,421
District contributions subsequent to the measurement date	<u>357,613</u>	<u>-</u>
Total	<u>\$ 718,600</u>	<u>\$ 4,159,158</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending June 30, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$3,798,171)) will be recognized in pension expense as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2020	\$ (1,336,915)
2021	(1,400,969)
2022	(639,794)
2023	(295,654)
2024	<u>(124,839)</u>
Total	<u>\$ (3,798,171)</u>

Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer pension plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 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 *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 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 *Regular 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

Plan Membership. At December 31, 2018, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	366
Inactive, non-retired members	364
Active members	565
Total	<u>1,295</u>

Contributions. As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actuarially determined contribution rate for calendar year 2018 was 11.48 percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2018 annual actuarial valuation included (a) 7.25% investment rate of return, (b) projected salary increases from 3.39% to 14.25%, including inflation, and (c) price inflation of 2.50%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

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

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	8.50 %	7.15 %
International equities	18.00 %	9.20 %	7.25 %
Fixed income	28.00 %	3.75 %	3.75 %
Real estate	9.00 %	7.30 %	6.25 %
Alternatives	7.00 %		
Private equity		12.40 %	8.50 %
Hedge funds		5.75 %	5.50 %
Commodities		4.75 %	3.20 %
Cash equivalents	1.00 %	2.50 %	2.50 %

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2017 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount Rate Sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.25% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 67,151,396	\$ 59,982,693	\$ 53,998,088
Plan fiduciary net position	50,273,737	50,273,737	50,273,737
Net pension liability/(asset)	<u>\$ 16,877,659</u>	<u>\$ 9,708,956</u>	<u>\$ 3,724,351</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2018 was as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net Pension Liability/ (Asset) (a) - (b)</i>
Balances at December 31, 2017	\$ 56,469,703	\$ 53,927,062	\$ 2,542,641
Service cost	1,154,075	-	1,154,075
Interest on total pension liability	4,159,403	-	4,159,403
Differences between expected and actual experience of the total pension liability	(220,593)	-	(220,593)
Change of assumptions	1,596,160	-	1,596,160
Benefit payments, including refunds of employee contributions	(3,176,055)	(3,176,055)	-
Contributions - employer	-	1,345,307	(1,345,307)
Contributions - employee	-	528,024	(528,024)
Net investment income	-	(3,121,674)	3,121,674
Other (net transfer)	-	771,073	(771,073)
Balances at December 31, 2018	<u>\$ 59,982,693</u>	<u>\$ 50,273,737</u>	<u>\$ 9,708,956</u>

Changes in Assumptions. Change of assumptions reflects a change in the discount rate from 7.50% to 7.25%.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2019, the District recognized pension expense of \$1,294,136. The District's deferred outflows and inflows of resources related to pension were from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 216,285	\$ 196,814
Assumption changes	1,195,349	934,605
Net difference between projected and actual earnings on pension plan investments	3,431,642	-
Contributions subsequent to the measurement date	<u>619,629</u>	<u>-</u>
Total	<u>\$ 5,462,905</u>	<u>\$ 1,131,419</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RETIREMENT SYSTEMS - (CONTINUED)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending June 30, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$3,711,857) will be recognized in pension expense as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2020	\$ 1,097,499
2021	495,146
2022	689,957
2023	<u>1,429,255</u>
Total	<u>\$ 3,711,857</u>

NOTE 10 - CONTINGENT LIABILITIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 11 - STATE AND FEDERAL AID CONTINGENCIES

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

NOTE 12 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 91, *Conduit Debt Obligations*. Application of these standards may restate portions of these financial statements.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 1,154,075	\$ 1,178,689	\$ 1,155,668	\$ 1,222,891	\$ 1,287,142
Interest	4,159,403	4,096,350	3,926,941	3,797,091	3,497,890
Differences between expected and actual experience	(220,593)	379,144	64,274	(475,424)	(317,665)
Changes of assumptions	1,596,160	(1,720,860)	(128,324)	61,320	2,123,683
Benefit payments, including refunds of member contributions	<u>(3,176,055)</u>	<u>(2,984,544)</u>	<u>(2,838,019)</u>	<u>(2,699,056)</u>	<u>(2,304,904)</u>
Net change in total pension liability	3,512,990	948,779	2,180,540	1,906,822	4,286,146
Total pension liability - beginning	<u>56,469,703</u>	<u>55,520,924</u>	<u>53,340,384</u>	<u>51,433,562</u>	<u>47,147,416</u>
Total pension liability - ending (a)	<u>\$ 59,982,693</u>	<u>\$ 56,469,703</u>	<u>\$ 55,520,924</u>	<u>\$ 53,340,384</u>	<u>\$ 51,433,562</u>
Plan fiduciary net position					
Employer contributions	\$ 1,345,307	\$ 1,312,327	\$ 1,278,838	\$ 1,295,283	\$ 1,300,559
Employee contributions	528,024	513,176	506,142	481,606	482,414
Net investment income	(3,121,674)	8,534,306	3,124,927	229,095	2,673,850
Benefit payments, including refunds of member contributions	(3,176,055)	(2,984,544)	(2,838,019)	(2,699,056)	(2,304,904)
Other (net transfer)	<u>771,073</u>	<u>(990,342)</u>	<u>(233,126)</u>	<u>116,333</u>	<u>33,620</u>
Net change in plan fiduciary net position	(3,653,325)	6,384,923	1,838,762	(576,739)	2,185,539
Plan fiduciary net position - beginning	<u>53,927,062</u>	<u>47,542,139</u>	<u>45,703,377</u>	<u>46,280,116</u>	<u>44,094,577</u>
Plan fiduciary net position - ending (b)	<u>\$ 50,273,737</u>	<u>\$ 53,927,062</u>	<u>\$ 47,542,139</u>	<u>\$ 45,703,377</u>	<u>\$ 46,280,116</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 9,708,956</u>	<u>\$ 2,542,641</u>	<u>\$ 7,978,785</u>	<u>\$ 7,637,007</u>	<u>\$ 5,153,446</u>
Plan fiduciary net position as a percentage of the total pension liability	83.81%	95.50%	85.63%	85.68%	89.98%
Covered payroll	\$ 11,718,703	\$ 11,285,100	\$ 10,780,819	\$ 10,695,651	\$ 10,669,242
Employer's net pension liability as a percentage of covered payroll	82.85%	22.53%	74.01%	71.40%	48.30%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Actuary valuations are as of December 31st, which is 6 months prior to the end of the fiscal year.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,345,307	\$ 1,279,730	\$ 1,271,059
Contributions in relation to the actuarially determined contribution	<u>(1,345,307)</u>	<u>(1,312,327)</u>	<u>(1,278,838)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (32,597)</u>	<u>\$ (7,779)</u>
 Covered payroll	 \$ 11,718,703	 \$ 11,285,100	 \$ 10,780,819
 Contributions as a percentage of covered payroll	 11.48%	 11.63%	 11.86%
	 <u>2016</u>	 <u>2015</u>	
Actuarially determined contribution	\$ 1,272,782	\$ 1,278,175	
Contributions in relation to the actuarially determined contribution	<u>(1,295,283)</u>	<u>(1,300,559)</u>	
Contribution deficiency (excess)	<u>\$ (22,501)</u>	<u>\$ (22,384)</u>	
 Covered payroll	 \$ 10,695,651	 \$ 10,669,242	
 Contributions as a percentage of covered payroll	 12.11%	 12.19%	

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Inflation	2.75% -- approximate
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

TEACHERS' RETIREMENT SYSTEM

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS Five Most Recent Fiscal Years

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0057910572%	0.0078725949%	0.0085747558%	0.0173549433%	0.0167550609%
District's proportionate share of the net pension liability	\$ 4,513,830	\$ 6,014,516	\$ 6,768,573	\$ 11,369,236	\$ 10,196,841
State's proportionate share of the net pension liability	<u>309,216,283</u>	<u>299,991,701</u>	<u>321,118,574</u>	<u>256,438,875</u>	<u>238,517,464</u>
Total net pension liability	<u>\$ 313,730,113</u>	<u>\$ 306,006,217</u>	<u>\$ 327,887,147</u>	<u>\$ 267,808,111</u>	<u>\$ 248,714,305</u>
Covered payroll	\$ 42,034,052	\$ 41,352,416	\$ 40,672,745	\$ 40,482,863	\$ 39,576,382
District's proportionate share of the net pension liability as a percentage of covered payroll	10.74%	14.54%	16.64%	28.08%	25.76%
Plan fiduciary net position as a percentage of the total pension liability	40.00%	39.30%	36.40%	41.50%	43.00%
Contractually required contribution	\$ 350,629	\$ 279,444	\$ 320,358	\$ 314,726	\$ 605,316
Contributions in relation to the contractually required contribution	<u>(357,613)</u>	<u>(295,430)</u>	<u>(325,373)</u>	<u>(314,726)</u>	<u>(605,316)</u>
Contribution deficiency (excess)	<u>\$ (6,984)</u>	<u>\$ (15,986)</u>	<u>\$ (5,015)</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	0.8508%	0.7144%	0.8000%	0.7774%	1.5295%

Notes to Schedule:

The District implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Key Assumptions:

Long-term expected rate of return	7.00%	7.00%	7.00%	7.50%	7.50%
Municipal bond index	3.87%	3.58%	2.85%	3.73%	N/A
Single equivalent discount rate	7.00%	7.00%	6.83%	7.47%	7.50%
Inflation rate	2.50%	2.50%	2.50%	3.00%	3.00%
Projected salary increases	4.00% to 9.50%	3.25% to 9.25%	3.25% to 9.25%	3.75% to 9.75%	5.75%
	varying by service	varying by service	varying by service	varying by service	

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122
DISTRICT OPEB PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 40,843	\$ 42,733
Interest	21,919	21,950
Changes of benefit terms	-	-
Differences between expected and actual experience	-	188,354
Changes of assumptions	7,875	(94,535)
Benefit payments, including refunds of member contributions	(35,777)	(33,686)
Other Changes	(576)	97,854
Net change in total OPEB liability	34,284	222,670
Total OPEB liability - beginning	753,414	530,744
Total OPEB liability - ending (a)	<u>\$ 787,698</u>	<u>\$ 753,414</u>
Plan fiduciary net position		
Employer contributions	\$ -	\$ -
Employee contributions	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	-	-
Administration	-	-
Other (net transfer)	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 787,698</u>	<u>\$ 753,414</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 8,410,935	\$ 8,410,935
District's net pension liability as a percentage of covered payroll	9.37%	8.96%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

DISTRICT OPEB PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS Two Most Recent Fiscal Years

	2019	2018
Actuarially determined contribution	N/A	N/A
Contributions in relation to the actuarially determined contribution	N/A	N/A
Contribution deficiency (excess)	N/A	N/A
Covered payroll	\$ 8,410,935	\$ 8,410,935
Contributions as a percentage of covered payroll	0.00%	0.00%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

Valuation date:

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	10-year rolling period
Asset valuation method	5- Year smoothed market, 20% corridor
Election at retirement	15.00%
Salary increases	3.75% to 14.50%
Investment rate of return	7.50%
Healthcare cost trend rate - initial	6.00%
Healthcare cost trend rate - ultimate	4.50%
Mortality	MP-2014

Other information:

There were no benefit changes during the year.

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

TEACHERS' HEALTH INSURANCE SECURITY FUND

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS

Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.174440%	0.176734%
District's proportionate share of the net OPEB liability	\$ 45,974,004	\$ 45,861,835
State's proportionate share of the net OPEB liability	<u>61,733,173</u>	<u>60,227,985</u>
Total net OPEB liability	<u>\$ 107,707,177</u>	<u>\$ 106,089,820</u>
Covered payroll	\$ 41,352,416	\$ 41,352,416
District's proportionate share of the net OPEB liability as a percentage of covered payroll	111.18%	110.90%
Plan fiduciary net position as a percentage of the total pension liability	-0.07%	-0.17%
Contractually required contribution	\$ 386,713	\$ 363,901
Contributions in relation to the contractually required contribution	<u>(386,713)</u>	<u>(363,546)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 355</u>
Contributions as a percentage of covered payroll	0.9352%	0.8791%

Notes to Schedule:

The District implemented GASB 68 in fiscal year 2018. Information for fiscal years prior to 2018 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Key Assumptions:

Long-term expected rate of return	0.00%	0.00%
Municipal bond index	3.62%	3.56%
Single equivalent discount rate	3.62%	3.56%
Inflation rate	2.75%	2.75%
Healthcare cost trend rates - initial	Medicare - 8.00%	Medicare - 8.00%
	Non-Medicare - 9.00%	Non-Medicare - 9.00%
Healthcare cost trend rates - ultimate	4.50%	4.50%
Mortality	RP-2014 Tables	RP-2014 Tables

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 29,801,423	\$ 29,734,258	\$ (67,165)	\$ 23,022,959
Leasing levy	4,712	4,721	9	567,890
Special education levy	1,992,090	1,987,525	(4,565)	4,575,070
Other tax levies	531,664	-	(531,664)	-
Mobile home privilege tax	41,400	-	(41,400)	41,404
Corporate personal property replacement taxes	2,200,000	2,627,336	427,336	2,343,377
Regular tuition from pupils or parents (in state)	1,000	1,500	500	529
Summer school tuition from pupils or parents (in state)	20,000	23,090	3,090	19,460
Special education tuition from other LEA's (in state)	96,094	35,792	(60,302)	79,483
Investment income	237,000	438,508	201,508	236,665
Sales to pupils - lunch	450,000	440,347	(9,653)	429,081
Sales to pupils - breakfast	25,000	28,083	3,083	25,128
Sales to pupils - a la carte	575,000	566,793	(8,207)	579,827
Sales to pupils - other	-	8,727	8,727	10,013
Other food service	30,000	30,148	148	17,386
Admissions - athletic	60,000	66,653	6,653	47,351
Admissions - other	17,500	11,221	(6,279)	11,402
Fees	112,000	111,451	(549)	111,782
Rentals	81,406	81,406	-	79,035
Contributions and donations from private sources	-	6,239	6,239	790
Payments of surplus monies from TIF districts	-	557,878	557,878	526,400
Driver's education fees	-	8	8	-
Other local fees	-	412,837	412,837	484,045
Other	550,000	53,178	(496,822)	77,218
Total local sources	36,826,289	37,227,699	401,410	33,286,295
State sources				
Evidence based funding	26,000,000	26,111,020	111,020	25,311,459
Special education - private facility tuition	350,000	508,792	158,792	344,115
Special education - extraordinary	-	-	-	229,671
Special education - personnel	-	-	-	322,723
Special education - orphanage - individual	335,000	173,502	(161,498)	329,957
Special education - orphanage - summer	50,000	26,245	(23,755)	76,023
Special education - summer school	14,000	-	(14,000)	14,419
CTE - Technical education - tech prep	17,250	43,570	26,320	17,147
Bilingual education - downstate - TPI	65,000	-	(65,000)	76,438
State free lunch & breakfast	20,000	24,860	4,860	23,626
Driver education	52,000	50,492	(1,508)	67,363
Early childhood - block grant	1,479,579	1,529,152	49,573	329,906
State charter schools	5,097	-	(5,097)	-
Other restricted revenue from state sources	-	13,957	13,957	8,995
On behalf payment to TRS from the state	35,000,000	18,522,509	(16,477,491)	30,011,705
Total state sources	63,387,926	47,004,099	(16,383,827)	57,163,547

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal sources				
National school lunch program	\$ 1,650,000	\$ 1,298,525	\$ (351,475)	\$ 1,443,386
Special milk program	225,000	-	(225,000)	-
School breakfast program	-	222,212	222,212	232,031
Child care commodity/SFS 13-adult day care	-	5,536	5,536	15,620
Fresh fruits & vegetables	-	107,711	107,711	106,975
Food service - other	-	87,385	87,385	96,077
Title I - Low income	1,330,390	1,691,058	360,668	1,193,895
Title I - Other	-	66,782	66,782	-
Title IV - Safe & drug free schools - formula	79,269	45,006	(34,263)	13,702
Federal - special education - preschool flow-through	38,793	23,219	(15,574)	50,194
Federal - special education - IDEA - flow-through/low incident	1,557,147	1,570,299	13,152	1,326,651
Federal - special education - IDEA - room & board	-	-	-	1,270
Emergency immigrant assistance	-	3,190	3,190	1,678
Title III - English language acquisition	29,700	30,721	1,021	42,504
McKinney education for homeless children	10,350	11,273	923	10,372
Title II - Eisenhower professional development formula	214,674	-	(214,674)	-
Title II - Teacher quality	-	159,124	159,124	156,714
Medicaid matching funds - administrative outreach	215,000	223,226	8,226	177,687
Medicaid matching funds - fee-for-service program	1,110,000	1,346,469	236,469	1,224,477
Other restricted revenue from federal sources	27,500	29,216	1,716	24,256
Total federal sources	6,487,823	6,920,952	433,129	6,117,489
Total revenues	106,702,038	91,152,750	(15,549,288)	96,567,331
Expenditures				
Instruction				
Regular programs				
Salaries	19,445,422	19,551,004	(105,582)	19,315,363
Employee benefits	5,917,338	6,387,691	(470,353)	5,262,546
On-behalf payments to TRS from the state	35,000,000	18,522,509	16,477,491	30,011,705
Purchased services	563,883	836,865	(272,982)	854,183
Supplies and materials	1,252,238	1,312,357	(60,119)	1,003,020
Capital outlay	55,000	49,537	5,463	7,814
Other objects	3,850	31,488	(27,638)	41,078
Non-capitalized equipment	181,500	177,882	3,618	344,076
Total	62,419,231	46,869,333	15,549,898	56,839,785

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Special education programs				
Salaries	\$ 9,812,726	\$ 9,594,861	\$ 217,865	\$ 8,939,124
Employee benefits	3,576,698	3,254,918	321,780	3,116,197
Purchased services	139,200	159,480	(20,280)	191,375
Supplies and materials	126,915	151,588	(24,673)	58,292
Non-capitalized equipment	<u>25,674</u>	<u>59,783</u>	<u>(34,109)</u>	<u>2,080</u>
Total	<u>13,681,213</u>	<u>13,220,630</u>	<u>460,583</u>	<u>12,307,068</u>
Remedial and supplemental programs K - 12				
Salaries	702,775	599,739	103,036	571,589
Employee benefits	293,319	149,165	144,154	214,513
Purchased services	17,981	32,184	(14,203)	15,455
Supplies and materials	<u>50,346</u>	<u>167,343</u>	<u>(116,997)</u>	<u>152,109</u>
Total	<u>1,064,421</u>	<u>948,431</u>	<u>115,990</u>	<u>953,666</u>
CTE programs				
Salaries	1,143,698	1,126,126	17,572	1,151,395
Employee benefits	360,392	365,292	(4,900)	379,351
Purchased services	1,500	684	816	1,573
Supplies and materials	<u>400</u>	<u>-</u>	<u>400</u>	<u>1,115</u>
Total	<u>1,505,990</u>	<u>1,492,102</u>	<u>13,888</u>	<u>1,533,434</u>
Interscholastic programs				
Salaries	585,989	677,199	(91,210)	592,617
Employee benefits	32,715	76,387	(43,672)	53,221
Purchased services	77,000	80,853	(3,853)	71,054
Supplies and materials	25,319	35,870	(10,551)	33,639
Capital outlay	9,875	-	9,875	-
Other objects	35,000	35,657	(657)	32,615
Non-capitalized equipment	<u>9,800</u>	<u>13,146</u>	<u>(3,346)</u>	<u>5,635</u>
Total	<u>775,698</u>	<u>919,112</u>	<u>(143,414)</u>	<u>788,781</u>
Summer school programs				
Salaries	45,000	118,463	(73,463)	121,782
Employee benefits	448	9,933	(9,485)	13,536
Purchased services	-	90	(90)	90
Supplies and materials	<u>-</u>	<u>4,517</u>	<u>(4,517)</u>	<u>2,487</u>
Total	<u>45,448</u>	<u>133,003</u>	<u>(87,555)</u>	<u>137,895</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Gifted programs				
Salaries	\$ 140,729	\$ 76,267	\$ 64,462	\$ 59,826
Employee benefits	31,788	27,799	3,989	20,031
Purchased services	-	-	-	17,000
Total	<u>172,517</u>	<u>104,066</u>	<u>68,451</u>	<u>96,857</u>
Driver's education programs				
Salaries	76,259	76,261	(2)	73,846
Employee benefits	22,324	22,141	183	21,764
Purchased services	<u>97,500</u>	<u>96,320</u>	<u>1,180</u>	<u>95,170</u>
Total	<u>196,083</u>	<u>194,722</u>	<u>1,361</u>	<u>190,780</u>
Bilingual programs				
Salaries	874,408	882,735	(8,327)	872,235
Employee benefits	325,033	319,267	5,766	308,001
Purchased services	12,750	12,091	659	1,255
Supplies and materials	<u>4,033</u>	<u>4,333</u>	<u>(300)</u>	<u>14,678</u>
Total	<u>1,216,224</u>	<u>1,218,426</u>	<u>(2,202)</u>	<u>1,196,169</u>
Truant's alternative and optional programs				
Purchased services	<u>30,000</u>	<u>18,788</u>	<u>11,212</u>	<u>24,619</u>
Total	<u>30,000</u>	<u>18,788</u>	<u>11,212</u>	<u>24,619</u>
Total instruction	<u>81,106,825</u>	<u>65,118,613</u>	<u>15,988,212</u>	<u>74,069,054</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	1,393,266	1,572,579	(179,313)	1,431,229
Employee benefits	399,374	489,333	(89,959)	411,022
Purchased services	100	56	44	122
Supplies and materials	<u>11,900</u>	<u>6,996</u>	<u>4,904</u>	<u>11,756</u>
Total	<u>1,804,640</u>	<u>2,068,964</u>	<u>(264,324)</u>	<u>1,854,129</u>
Guidance services				
Salaries	959,475	1,048,497	(89,022)	1,086,614
Employee benefits	302,602	325,576	(22,974)	347,916
Purchased services	200	-	200	10
Supplies and materials	<u>2,000</u>	<u>1,937</u>	<u>63</u>	<u>1,799</u>
Total	<u>1,264,277</u>	<u>1,376,010</u>	<u>(111,733)</u>	<u>1,436,339</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Health services				
Salaries	\$ 346,212	\$ 306,314	\$ 39,898	\$ 349,628
Employee benefits	101,105	93,642	7,463	102,339
Purchased services	50	12,501	(12,451)	54,820
Supplies and materials	7,300	9,187	(1,887)	14,848
Non-capitalized equipment	-	-	-	1,535
Total	<u>454,667</u>	<u>421,644</u>	<u>33,023</u>	<u>523,170</u>
Psychological services				
Salaries	407,101	398,798	8,303	349,771
Employee benefits	117,347	116,951	396	92,414
Purchased services	120,000	119,098	902	125,709
Supplies and materials	<u>8,000</u>	<u>8,396</u>	<u>(396)</u>	<u>6,132</u>
Total	<u>652,448</u>	<u>643,243</u>	<u>9,205</u>	<u>574,026</u>
Speech pathology and audiology services				
Salaries	1,003,296	1,039,168	(35,872)	1,027,964
Employee benefits	293,313	320,103	(26,790)	303,931
Supplies and materials	10,000	7,053	2,947	14,805
Capital outlay	-	-	-	3,833
Other objects	<u>3,600</u>	<u>3,161</u>	<u>439</u>	<u>-</u>
Total	<u>1,310,209</u>	<u>1,369,485</u>	<u>(59,276)</u>	<u>1,350,533</u>
Other support services - pupils				
Salaries	2,090,531	2,105,447	(14,916)	2,307,246
Employee benefits	580,316	609,780	(29,464)	716,927
Supplies and materials	<u>11,500</u>	<u>24,501</u>	<u>(13,001)</u>	<u>14,972</u>
Total	<u>2,682,347</u>	<u>2,739,728</u>	<u>(57,381)</u>	<u>3,039,145</u>
Total pupils	<u>8,168,588</u>	<u>8,619,074</u>	<u>(450,486)</u>	<u>8,777,342</u>
Instructional staff				
Improvement of instructional services				
Salaries	630,006	497,344	132,662	573,406
Employee benefits	115,602	105,931	9,671	129,231
Purchased services	212,016	229,661	(17,645)	134,962
Supplies and materials	19,787	32,668	(12,881)	23,188
Other objects	300	1,579	(1,279)	300
Non-capitalized equipment	<u>-</u>	<u>2,353</u>	<u>(2,353)</u>	<u>895</u>
Total	<u>977,711</u>	<u>869,536</u>	<u>108,175</u>	<u>861,982</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Educational media services				
Salaries	\$ 859,250	\$ 841,758	\$ 17,492	\$ 831,886
Employee benefits	248,410	264,551	(16,141)	278,823
Purchased services	15,740	25,751	(10,011)	9,626
Supplies and materials	50,071	271,152	(221,081)	166,038
Non-capitalized equipment	-	184,779	(184,779)	-
Total	<u>1,173,471</u>	<u>1,587,991</u>	<u>(414,520)</u>	<u>1,286,373</u>
Assessment and testing				
Salaries	152,500	323,698	(171,198)	2,290
Employee benefits	18,439	81,467	(63,028)	166
Purchased services	46,824	73,266	(26,442)	53,741
Supplies and materials	<u>5,700</u>	<u>4,584</u>	<u>1,116</u>	<u>3,225</u>
Total	<u>223,463</u>	<u>483,015</u>	<u>(259,552)</u>	<u>59,422</u>
Total instructional staff	<u>2,374,645</u>	<u>2,940,542</u>	<u>(565,897)</u>	<u>2,207,777</u>
General administration				
Board of education services				
Salaries	64,544	85,887	(21,343)	27,772
Employee benefits	39,232	3,371	35,861	22,225
Purchased services	273,395	261,144	12,251	224,091
Supplies and materials	80,285	19,103	61,182	13,210
Other objects	22,500	13,803	8,697	22,519
Non-capitalized equipment	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>484,956</u>	<u>383,308</u>	<u>101,648</u>	<u>309,817</u>
Executive administration services				
Salaries	237,698	245,128	(7,430)	234,056
Employee benefits	53,040	59,899	(6,859)	55,307
Purchased services	25,950	32,199	(6,249)	20,995
Supplies and materials	6,800	4,369	2,431	4,441
Other objects	7,950	2,095	5,855	1,898
Non-capitalized equipment	<u>1,000</u>	<u>1,533</u>	<u>(533)</u>	<u>-</u>
Total	<u>332,438</u>	<u>345,223</u>	<u>(12,785)</u>	<u>316,697</u>
Special area administration services				
Salaries	62,201	212,096	(149,895)	123,358
Employee benefits	44,154	60,877	(16,723)	35,152
Purchased services	3,127	464	2,663	676
Supplies and materials	1,375	14,402	(13,027)	5,008
Other objects	<u>-</u>	<u>115</u>	<u>(115)</u>	<u>-</u>
Total	<u>110,857</u>	<u>287,954</u>	<u>(177,097)</u>	<u>164,194</u>
Tort immunity services				
Purchased services	<u>8,500</u>	<u>11,440</u>	<u>(2,940)</u>	<u>12,326</u>
Total	<u>8,500</u>	<u>11,440</u>	<u>(2,940)</u>	<u>12,326</u>
Total general administration	<u>936,751</u>	<u>1,027,925</u>	<u>(91,174)</u>	<u>803,034</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
School administration				
Office of the principal services				
Salaries	\$ 3,022,927	\$ 2,883,670	\$ 139,257	\$ 2,951,394
Employee benefits	909,320	922,608	(13,288)	1,015,411
Purchased services	177,392	108,966	68,426	136,020
Supplies and materials	15,356	6,840	8,516	10,843
Other objects	2,950	1,350	1,600	2,467
Non-capitalized equipment	500	-	500	-
Total	<u>4,128,445</u>	<u>3,923,434</u>	<u>205,011</u>	<u>4,116,135</u>
Total school administration	<u>4,128,445</u>	<u>3,923,434</u>	<u>205,011</u>	<u>4,116,135</u>
Business				
Direction of business support services				
Salaries	196,152	189,157	6,995	188,897
Employee benefits	30,860	43,854	(12,994)	22,936
Purchased services	82,588	85,947	(3,359)	83,962
Supplies and materials	3,990	4,405	(415)	2,605
Other objects	1,800	2,390	(590)	750
Non-capitalized equipment	750	2,724	(1,974)	-
Total	<u>316,140</u>	<u>328,477</u>	<u>(12,337)</u>	<u>299,150</u>
Fiscal services				
Salaries	77,824	78,224	(400)	76,698
Employee benefits	10,282	14,758	(4,476)	14,958
Total	<u>88,106</u>	<u>92,982</u>	<u>(4,876)</u>	<u>91,656</u>
Operation and maintenance of plant services				
Salaries	49,072	47,714	1,358	45,005
Employee benefits	-	-	-	1
Purchased services	9,031	-	9,031	-
Supplies and materials	20,885	9,659	11,226	-
Capital outlay	16,200	7,010	9,190	-
Non-capitalized equipment	-	16,200	(16,200)	-
Total	<u>95,188</u>	<u>80,583</u>	<u>14,605</u>	<u>45,006</u>
Food services				
Salaries	1,074,867	989,335	85,532	1,046,047
Employee benefits	184,458	198,063	(13,605)	219,526
Purchased services	31,350	23,696	7,654	39,492
Supplies and materials	1,423,115	1,314,384	108,731	1,407,687
Capital outlay	25,000	24,416	584	12,677
Other objects	48,750	61,204	(12,454)	55,724
Non-capitalized equipment	20,000	9,872	10,128	7,168
Total	<u>2,807,540</u>	<u>2,620,970</u>	<u>186,570</u>	<u>2,788,321</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Internal services				
Purchased services	\$ 4,500	\$ 5,508	\$ (1,008)	\$ 3,925
Supplies and materials	<u>235</u>	<u>-</u>	<u>235</u>	<u>235</u>
Total	<u>4,735</u>	<u>5,508</u>	<u>(773)</u>	<u>4,160</u>
Total business	<u>3,311,709</u>	<u>3,128,520</u>	<u>183,189</u>	<u>3,228,293</u>
Central				
Direction of central support services				
Salaries	410,287	416,317	(6,030)	405,443
Employee benefits	147,490	145,851	1,639	145,441
Purchased services	95,600	60,502	35,098	69,009
Supplies and materials	20,150	5,203	14,947	12,857
Other objects	1,500	1,982	(482)	1,245
Non-capitalized equipment	<u>1,500</u>	<u>2,612</u>	<u>(1,112)</u>	<u>-</u>
Total	<u>676,527</u>	<u>632,467</u>	<u>44,060</u>	<u>633,995</u>
Planning, research, development and evaluation services				
Salaries	658,930	665,785	(6,855)	635,389
Employee benefits	161,195	165,578	(4,383)	163,191
Purchased services	<u>7,100</u>	<u>6,109</u>	<u>991</u>	<u>10,301</u>
Total	<u>827,225</u>	<u>837,472</u>	<u>(10,247)</u>	<u>808,881</u>
Information services				
Salaries	-	235	(235)	260
Employee benefits	-	28	(28)	32
Purchased services	3,600	3,021	579	2,205
Supplies and materials	<u>6,400</u>	<u>4,237</u>	<u>2,163</u>	<u>3,727</u>
Total	<u>10,000</u>	<u>7,521</u>	<u>2,479</u>	<u>6,224</u>
Staff services				
Salaries	-	1,125	(1,125)	-
Purchased services	-	21,109	(21,109)	-
Supplies and materials	<u>-</u>	<u>6,132</u>	<u>(6,132)</u>	<u>-</u>
Total	<u>-</u>	<u>28,366</u>	<u>(28,366)</u>	<u>-</u>
Data processing services				
Salaries	22,735	22,209	526	22,758
Employee benefits	7,187	6,986	201	7,392
Purchased services	<u>13,500</u>	<u>14,050</u>	<u>(550)</u>	<u>13,500</u>
Total	<u>43,422</u>	<u>43,245</u>	<u>177</u>	<u>43,650</u>
Total central	<u>1,557,174</u>	<u>1,549,071</u>	<u>8,103</u>	<u>1,492,750</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Other supporting services				
Salaries	\$ 152,650	\$ 2,520	\$ 150,130	\$ 4,515
Employee benefits	73,679	-	73,679	-
Purchased services	2,038	511	1,527	727
Supplies and materials	3,109	4,708	(1,599)	3,346
Other objects	<u>36,500</u>	<u>34,535</u>	<u>1,965</u>	<u>34,643</u>
Total	<u>267,976</u>	<u>42,274</u>	<u>225,702</u>	<u>43,231</u>
Total support services	<u>20,745,288</u>	<u>21,230,840</u>	<u>(485,552)</u>	<u>20,668,562</u>
Community services				
Salaries	324,390	406,745	(82,355)	231,649
Employee benefits	41,668	70,265	(28,597)	36,359
Purchased services	96,534	80,641	15,893	77,242
Supplies and materials	<u>64,112</u>	<u>57,389</u>	<u>6,723</u>	<u>26,535</u>
Total community services	<u>526,704</u>	<u>615,040</u>	<u>(88,336)</u>	<u>371,785</u>
Payments to other districts and governmental units				
Payments for special education programs				
Purchased services	<u>480,038</u>	<u>490,895</u>	<u>(10,857)</u>	<u>487,595</u>
Total	<u>480,038</u>	<u>490,895</u>	<u>(10,857)</u>	<u>487,595</u>
Payments for CTE programs				
Other objects	<u>40,000</u>	<u>11,892</u>	<u>28,108</u>	<u>35,467</u>
Total	<u>40,000</u>	<u>11,892</u>	<u>28,108</u>	<u>35,467</u>
Payments for special education programs - tuition				
Other objects	<u>1,290,000</u>	<u>1,725,317</u>	<u>(435,317)</u>	<u>1,229,739</u>
Total	<u>1,290,000</u>	<u>1,725,317</u>	<u>(435,317)</u>	<u>1,229,739</u>
Total payments to other districts and governmental units	<u>1,810,038</u>	<u>2,228,104</u>	<u>(418,066)</u>	<u>1,752,801</u>
Total expenditures	<u>104,188,855</u>	<u>89,192,597</u>	<u>14,996,258</u>	<u>96,862,202</u>
Excess (deficiency) of revenues over expenditures	<u>2,513,183</u>	<u>1,960,153</u>	<u>(553,030)</u>	<u>(294,871)</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019		VARIANCE WITH FINAL BUDGET	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Other financing sources (uses)				
Transfer among funds	\$ -	\$ -	\$ -	\$ 2,200,000
Transfer among funds	(350,000)	(350,000)	-	-
Transfer for principal on capital leases	-	(56,704)	(56,704)	(54,004)
Transfer for interest on capital leases	-	(5,204)	(5,204)	(9,185)
Total other financing sources (uses)	(350,000)	(411,908)	(61,908)	2,136,811
Net change in fund balance	<u>\$ 2,163,183</u>	1,548,245	<u>\$ (614,938)</u>	1,841,940
Fund balance, beginning of year		<u>2,433,559</u>		<u>591,619</u>
Fund balance, end of year		<u>\$ 3,981,804</u>		<u>\$ 2,433,559</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**TORT IMMUNITY AND JUDGMENT FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	ORIGINAL AND FINAL BUDGET	2019 ACTUAL	VARIANCE WITH FINAL BUDGET	2018 ACTUAL
Revenues				
Local sources				
Tort immunity levy	\$ 1,792,999	\$ 1,788,878	\$ (4,121)	\$ 1,729,382
Mobile home privilege tax	2,500	-	(2,500)	2,542
Investment income	10,000	25,138	15,138	15,679
Other	10,000	6,389	(3,611)	14,785
Total local sources	1,815,499	1,820,405	4,906	1,762,388
Total revenues	1,815,499	1,820,405	4,906	1,762,388
Expenditures				
Support Services				
General administration				
Workers' compensation or workers' occupational disease act payments				
Purchased services	602,224	630,620	(28,396)	722,550
Total	602,224	630,620	(28,396)	722,550
Insurance payments (regular or self-insurance)				
Purchased services	291,756	302,886	(11,130)	266,870
Total	291,756	302,886	(11,130)	266,870
Educational, inspectional, supervisory services related to loss prevention or reduction				
Salaries	615,000	590,316	24,684	546,903
Employee benefits	191,332	198,864	(7,532)	189,873
Purchased services	19,500	29,403	(9,903)	21,434
Other objects	5,000	-	5,000	-
Non-capitalized equipment	2,500	-	2,500	-
Total	833,332	818,583	14,749	758,210

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**TORT IMMUNITY AND JUDGMENT FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		VARIANCE WITH FINAL BUDGET	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Property insurance (buildings and grounds)				
Purchased services	\$ 57,875	\$ 69,875	\$ (12,000)	\$ 66,084
Total	57,875	69,875	(12,000)	66,084
Total general administration	1,785,187	1,821,964	(36,777)	1,813,714
Total support services	1,785,187	1,821,964	(36,777)	1,813,714
Total expenditures	1,785,187	1,821,964	(36,777)	1,813,714
Net change in fund balance	<u>\$ 30,312</u>	(1,559)	<u>\$ (31,871)</u>	(51,326)
Fund balance, beginning of year		695,377		746,703
Fund balance, end of year		<u>\$ 693,818</u>		<u>\$ 695,377</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 4,417,115	\$ 4,406,975	\$ (10,140)	\$ 4,288,549
Mobile home privilege tax	6,000	-	(6,000)	6,304
Investment income	50,000	102,453	52,453	67,443
Rentals	60,000	87,469	27,469	30,530
Contributions and donations from private sources	20,000	20,000	-	20,000
Other	12,000	14,996	2,996	11,642
Total local sources	<u>4,565,115</u>	<u>4,631,893</u>	<u>66,778</u>	<u>4,424,468</u>
Total revenues	<u>4,565,115</u>	<u>4,631,893</u>	<u>66,778</u>	<u>4,424,468</u>
Expenditures				
Support services				
Pupils				
Other support services - pupils				
Salaries	5,927	5,927	-	5,813
Employee benefits	1,281	1,120	161	1,101
Purchased services	3,150	3,912	(762)	3,315
Total	<u>10,358</u>	<u>10,959</u>	<u>(601)</u>	<u>10,229</u>
Total pupils	<u>10,358</u>	<u>10,959</u>	<u>(601)</u>	<u>10,229</u>
Business				
Direction of business support services				
Salaries	5,988	5,984	4	5,753
Employee benefits	1,289	1,083	206	1,052
Total	<u>7,277</u>	<u>7,067</u>	<u>210</u>	<u>6,805</u>
Operation and maintenance of plant services				
Salaries	1,777,978	1,812,262	(34,284)	1,779,492
Employee benefits	539,758	500,958	38,800	567,077
Purchased services	522,925	644,131	(121,206)	683,033
Supplies and materials	1,468,650	1,482,161	(13,511)	1,462,745
Capital outlay	42,500	47,563	(5,063)	54,192
Other objects	12,500	846	11,654	2,232
Non-capitalized equipment	52,750	43,999	8,751	80,902
Total	<u>4,417,061</u>	<u>4,531,920</u>	<u>(114,859)</u>	<u>4,629,673</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Pupil transportation services				
Salaries	\$ 59,867	\$ -	\$ 59,867	\$ -
Employee benefits	26,328	-	26,328	-
Purchased services	72,500	-	72,500	-
Supplies and materials	1,500	-	1,500	-
Capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total	<u>180,195</u>	<u>-</u>	<u>180,195</u>	<u>-</u>
Total business	<u>4,604,533</u>	<u>4,538,987</u>	<u>65,546</u>	<u>4,636,478</u>
Total support services	<u>4,614,891</u>	<u>4,549,946</u>	<u>64,945</u>	<u>4,646,707</u>
Total expenditures	<u>4,614,891</u>	<u>4,549,946</u>	<u>64,945</u>	<u>4,646,707</u>
Excess (deficiency) of revenues over expenditures	<u>(49,776)</u>	<u>81,947</u>	<u>131,723</u>	<u>(222,239)</u>
Other financing sources (uses)				
Transfer among funds	700,000	700,000	-	475,000
Transfer to capital projects fund	<u>(600,000)</u>	<u>(660,447)</u>	<u>(60,447)</u>	<u>(482,898)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>39,553</u>	<u>(60,447)</u>	<u>(7,898)</u>
Net change in fund balance	<u>\$ 50,224</u>	121,500	<u>\$ 71,276</u>	(230,137)
Fund balance, beginning of year		<u>2,375,934</u>		<u>2,606,071</u>
Fund balance, end of year		<u>\$ 2,497,434</u>		<u>\$ 2,375,934</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		VARIANCE WITH	2018
	ACTUAL	FINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 2,051,582	\$ 2,046,868	\$ (4,714)	\$ 4,409,784
Mobile home privilege tax	6,000	-	(6,000)	6,482
Regular transportation fees from pupils or parents (in state)	500	-	(500)	-
Regular transportation fees from co-curricular activities (in state)	-	7,159	7,159	16,961
Investment income	50,000	60,013	10,013	63,227
Other	500	313	(187)	1,333
Total local sources	<u>2,108,582</u>	<u>2,114,353</u>	<u>5,771</u>	<u>4,497,787</u>
State sources				
Transportation - regular/vocational	2,550,781	3,288,341	737,560	2,412,345
Transportation - special education	644,921	800,215	155,294	628,759
Total state sources	<u>3,195,702</u>	<u>4,088,556</u>	<u>892,854</u>	<u>3,041,104</u>
Total revenues	<u>5,304,284</u>	<u>6,202,909</u>	<u>898,625</u>	<u>7,538,891</u>
Expenditures				
Support Services				
Pupils				
Other support services - pupils				
Salaries	6,000	5,927	73	5,813
Employee benefits	1,114	1,120	(6)	1,101
Total	<u>7,114</u>	<u>7,047</u>	<u>67</u>	<u>6,914</u>
Total pupils	<u>7,114</u>	<u>7,047</u>	<u>67</u>	<u>6,914</u>
Business				
Pupil transportation services				
Salaries	2,282,950	2,286,473	(3,523)	2,228,871
Employee benefits	1,220,150	1,167,586	52,564	1,221,730
Purchased services	186,065	219,114	(33,049)	212,067
Supplies and materials	431,250	495,583	(64,333)	463,905
Capital outlay	709,987	710,770	(783)	373,517
Other objects	650	882	(232)	2,305
Non-capitalized equipment	3,500	2,115	1,385	2,926
Total	<u>4,834,552</u>	<u>4,882,523</u>	<u>(47,971)</u>	<u>4,505,321</u>
Total business	<u>4,834,552</u>	<u>4,882,523</u>	<u>(47,971)</u>	<u>4,505,321</u>
Total support services	<u>4,841,666</u>	<u>4,889,570</u>	<u>(47,904)</u>	<u>4,512,235</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**TRANSPORTATION FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Debt services				
Payments on long term debt				
Interest on long term debt	\$ -	\$ 173	\$ (173)	\$ 4,346
Principal payments on long term debt	-	797	(797)	204,609
Total	-	970	(970)	208,955
Total debt services	-	970	(970)	208,955
Total expenditures	4,841,666	4,890,540	(48,874)	4,721,190
Excess (deficiency) of revenues over expenditures	462,618	1,312,369	849,751	2,817,701
Other financing sources (uses)				
Proceeds from sale of capital assets	58,000	58,000	-	-
Transfer among funds	(350,000)	(350,000)	-	(2,675,000)
Total other financing sources (uses)	(292,000)	(292,000)	-	(2,675,000)
Net change in fund balance	\$ 170,618	1,020,369	\$ 849,751	142,701
Fund balance, beginning of year		1,638,489		1,495,788
Fund balance, end of year		\$ 2,658,858		\$ 1,638,489

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 2,141,703	\$ 1,068,375	\$ (1,073,328)	\$ 1,087,144
Social security/Medicare only levy	-	1,068,375	1,068,375	1,087,144
Mobile home privilege tax	3,500	-	(3,500)	3,196
Corporate personal property replacement taxes	290,000	290,000	-	278,244
Investment income	30,000	57,002	27,002	38,601
Total local sources	2,465,203	2,483,752	18,549	2,494,329
State sources				
Early childhood - block grant	95,421	88,339	(7,082)	-
Total state sources	95,421	88,339	(7,082)	-
Federal sources				
Title I - Low income	14,758	14,516	(242)	104,476
Federal - special education - IDEA - flow-through/low incident	27,123	22,090	(5,033)	28,711
Total federal sources	41,881	36,606	(5,275)	133,187
Total revenues	2,602,505	2,608,697	6,192	2,627,516
Expenditures				
Instruction				
Regular programs	317,981	315,751	2,230	304,756
Special education programs	620,119	559,027	61,092	463,050
Remedial and supplemental programs K - 12	10,252	8,425	1,827	101,525
CTE programs	18,897	17,255	1,642	17,579
Interscholastic programs	8,300	35,391	(27,091)	33,322
Summer school programs	5,073	5,113	(40)	7,485
Gifted programs	2,400	1,163	1,237	926
Driver's education programs	1,500	1,187	313	1,149
Bilingual programs	16,711	18,256	(1,545)	16,126
Total instruction	1,001,233	961,568	39,665	945,918
Support services				
Pupils				
Attendance and social work services	39,170	41,757	(2,587)	35,954
Guidance services	44,014	41,751	2,263	41,615
Health services	60,250	47,450	12,800	46,307
Psychological services	6,690	6,081	609	4,077
Speech pathology and audiology services	17,558	15,915	1,643	15,784
Other support services - pupils	262,895	217,685	45,210	212,156
Total pupils	430,577	370,639	59,938	355,893

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Instructional staff				
Improvement of instructional staff	\$ 22,550	\$ 22,309	\$ 241	\$ 23,706
Educational media services	16,250	12,956	3,294	12,613
Assessment and testing	<u>2,212</u>	<u>5,378</u>	<u>(3,166)</u>	<u>34</u>
Total instructional staff	<u>41,012</u>	<u>40,643</u>	<u>369</u>	<u>36,353</u>
General administration				
Board of education services	7,279	7,338	(59)	1,318
Executive administration services	14,900	14,752	148	15,022
Special area administration services	16,476	4,316	12,160	3,813
Educational, inspectional, supervisory services related to loss prevention or reduction	<u>72,065</u>	<u>56,335</u>	<u>15,730</u>	<u>53,805</u>
Total general administration	<u>110,720</u>	<u>82,741</u>	<u>27,979</u>	<u>73,958</u>
School administration				
Office of the principal services	<u>190,249</u>	<u>173,901</u>	<u>16,348</u>	<u>193,133</u>
Total school administration	<u>190,249</u>	<u>173,901</u>	<u>16,348</u>	<u>193,133</u>
Business				
Direction of business support services	21,100	19,885	1,215	22,427
Fiscal services	16,700	14,162	2,538	14,571
Operations and maintenance of plant services	333,254	315,187	18,067	363,137
Pupil transportation services	318,229	399,120	(80,891)	414,110
Food services	211,801	173,337	38,464	196,161
Internal services	<u>11,800</u>	<u>9,603</u>	<u>2,197</u>	<u>10,286</u>
Total business	<u>912,884</u>	<u>931,294</u>	<u>(18,410)</u>	<u>1,020,692</u>
Central				
Direction of central support services	59,845	54,203	5,642	56,482
Planning, research, development and evaluation services	101,811	93,629	8,182	94,401
Information services	-	4	(4)	4
Staff services	-	73	(73)	-
Data processing services	<u>4,350</u>	<u>4,021</u>	<u>329</u>	<u>4,338</u>
Total central	<u>166,006</u>	<u>151,930</u>	<u>14,076</u>	<u>155,225</u>
Other supporting services	<u>2,872</u>	<u>193</u>	<u>2,679</u>	<u>345</u>
Total support services	<u>1,854,320</u>	<u>1,751,341</u>	<u>102,979</u>	<u>1,835,599</u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		VARIANCE WITH FINAL BUDGET	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Community services	<u>\$ 60,401</u>	<u>\$ 71,598</u>	<u>\$ (11,197)</u>	<u>\$ 43,204</u>
Total expenditures	<u>2,915,954</u>	<u>2,784,507</u>	<u>131,447</u>	<u>2,824,721</u>
Net change in fund balance	<u><u>\$ (313,449)</u></u>	<u>(175,810)</u>	<u><u>\$ 137,639</u></u>	<u>(197,205)</u>
Fund balance, beginning of year		<u>1,780,360</u>		<u>1,977,565</u>
Fund balance, end of year		<u><u>\$ 1,604,550</u></u>		<u><u>\$ 1,780,360</u></u>

See Auditors' Report and Notes to Required Supplementary Information

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

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

1. Prior to September 1, Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of resolution.
4. The Board of Education authorizes the Superintendent or their designee to make transfers within any fund. Furthermore, the Board of Education may amend the budget in other ways by the same procedures required of its original adoption. There were no budget amendments for the fiscal year ended June 30, 2019.

Formal budgetary integration is at a fund level and is employed as a management control device during the year for the General, Special Revenue, Debt Service, and Capital Project Funds.

Excess of Expenditures over Budget

For the year ended June 30, 2019, expenditures exceeded budget in the Tort Immunity and Judgment Fund and Transportation Fund, by \$36,777 and \$48,874, respectively, and were funded by available financial resources. In addition, after excluding on-behalf payments, expenditures exceeded budget in the General Fund by \$1,481,233.

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 6,051,666	\$ 6,037,764	\$ (13,902)	\$ 6,398,226
Mobile home privilege tax	9,500	-	(9,500)	9,405
Investment income	35,000	51,257	16,257	36,363
Other	-	-	-	450
Total local sources	<u>6,096,166</u>	<u>6,089,021</u>	<u>(7,145)</u>	<u>6,444,444</u>
Total revenues	<u>6,096,166</u>	<u>6,089,021</u>	<u>(7,145)</u>	<u>6,444,444</u>
Expenditures				
Debt services				
Payments on long term debt				
Interest on long term debt	6,074,842	740,046	5,334,796	667,540
Principal payments on long term debt	-	5,396,704	(5,396,704)	5,869,004
Total	<u>6,074,842</u>	<u>6,136,750</u>	<u>(61,908)</u>	<u>6,536,544</u>
Other debt service				
Purchased services	<u>2,500</u>	<u>4,221</u>	<u>(1,721)</u>	<u>65,488</u>
Total	<u>2,500</u>	<u>4,221</u>	<u>(1,721)</u>	<u>65,488</u>
Total debt services	<u>6,077,342</u>	<u>6,140,971</u>	<u>(63,629)</u>	<u>6,602,032</u>
Total expenditures	<u>6,077,342</u>	<u>6,140,971</u>	<u>(63,629)</u>	<u>6,602,032</u>
Excess (deficiency) of revenues over expenditures	<u>18,824</u>	<u>(51,950)</u>	<u>(70,774)</u>	<u>(157,588)</u>
Other financing sources (uses)				
Premium on bonds sold	-	-	-	61,585
Transfer for principal on capital leases	-	56,704	56,704	54,004
Transfer for interest on capital leases	-	5,204	5,204	9,185
Total other financing sources (uses)	<u>-</u>	<u>61,908</u>	<u>61,908</u>	<u>124,774</u>
Net change in fund balance	<u>\$ 18,824</u>	<u>9,958</u>	<u>\$ (8,866)</u>	<u>(32,814)</u>
Fund balance, beginning of year		<u>388,121</u>		<u>420,935</u>
Fund balance, end of year		<u>\$ 398,079</u>		<u>\$ 388,121</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**CAPITAL PROJECTS FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		VARIANCE WITH FINAL BUDGET	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Other	\$ -	\$ 42,500	\$ 42,500	\$ -
Total local sources	-	42,500	42,500	-
Total revenues	-	42,500	42,500	-
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Capital outlay	600,000	702,947	(102,947)	482,898
Total	600,000	702,947	(102,947)	482,898
Total business	600,000	702,947	(102,947)	482,898
Total support services	600,000	702,947	(102,947)	482,898
Total expenditures	600,000	702,947	(102,947)	482,898
Excess (deficiency) of revenues over expenditures	(600,000)	(660,447)	(60,447)	(482,898)
Other financing sources (uses)				
Transfer to capital projects fund	600,000	660,447	60,447	482,898
Total other financing sources (uses)	600,000	660,447	60,447	482,898
Net change in fund balance	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**FIRE PREVENTION AND LIFE SAFETY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 24,714	\$ 24,662	\$ (52)	\$ 98,926
Mobile home privilege tax	150	-	(150)	145
Investment income	<u>20,000</u>	<u>30,912</u>	<u>10,912</u>	<u>29,691</u>
Total local sources	<u>44,864</u>	<u>55,574</u>	<u>10,710</u>	<u>128,762</u>
Total revenues	<u>44,864</u>	<u>55,574</u>	<u>10,710</u>	<u>128,762</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Capital outlay	<u>1,200,000</u>	<u>1,267,960</u>	<u>(67,960)</u>	<u>2,236,819</u>
Total	<u>1,200,000</u>	<u>1,267,960</u>	<u>(67,960)</u>	<u>2,236,819</u>
Total business	<u>1,200,000</u>	<u>1,267,960</u>	<u>(67,960)</u>	<u>2,236,819</u>
Total support services	<u>1,200,000</u>	<u>1,267,960</u>	<u>(67,960)</u>	<u>2,236,819</u>
Total expenditures	<u>1,200,000</u>	<u>1,267,960</u>	<u>(67,960)</u>	<u>2,236,819</u>
Excess (deficiency) of revenues over expenditures	<u>(1,155,136)</u>	<u>(1,212,386)</u>	<u>(57,250)</u>	<u>(2,108,057)</u>
Other financing sources (uses)				
Principal on bonds sold	-	-	-	2,055,000
Premium on bonds sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,054</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100,054</u>
Net change in fund balance	<u>\$ (1,155,136)</u>	<u>(1,212,386)</u>	<u>\$ (57,250)</u>	<u>(8,003)</u>
Fund balance, beginning of year		<u>2,262,435</u>		<u>2,270,438</u>
Fund balance, end of year		<u>\$ 1,050,049</u>		<u>\$ 2,262,435</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**GENERAL FUND****COMBINING BALANCE SHEET****AS OF JUNE 30, 2019**

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets			
Cash	\$ 12,636,634	\$ 636,507	\$ 13,273,141
Receivables (net allowance for uncollectibles):			
Property taxes	27,397,848	4,115	27,401,963
Replacement taxes	466,757	-	466,757
Intergovernmental	1,906,490	-	1,906,490
Other	160,539	-	160,539
Inventory	167,267	-	167,267
Prepaid items	<u>269,634</u>	<u>-</u>	<u>269,634</u>
Total assets	<u>\$ 43,005,169</u>	<u>\$ 640,622</u>	<u>\$ 43,645,791</u>
Liabilities, deferred inflows of resources, and fund balance			
Liabilities			
Accounts payable	\$ 223,168	\$ -	\$ 223,168
Salaries and wages payable	1,014,514	-	1,014,514
Contracts payable	4,245,417	-	4,245,417
Unearned other	20,807	-	20,807
Health claims payable	<u>1,362,503</u>	<u>-</u>	<u>1,362,503</u>
Total liabilities	<u>6,866,409</u>	<u>-</u>	<u>6,866,409</u>
Deferred inflows of resources			
Property taxes levied for a future period	32,563,426	4,894	32,568,320
Unavailable state and federal aid receivable	<u>229,258</u>	<u>-</u>	<u>229,258</u>
Total deferred inflows of resources	<u>32,792,684</u>	<u>4,894</u>	<u>32,797,578</u>
Fund balance			
Nonspendable	436,901	-	436,901
Unassigned	<u>2,909,175</u>	<u>635,728</u>	<u>3,544,903</u>
Total fund balance	<u>3,346,076</u>	<u>635,728</u>	<u>3,981,804</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 43,005,169</u>	<u>\$ 640,622</u>	<u>\$ 43,645,791</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Revenues			
Property taxes	\$ 31,721,783	\$ 4,721	\$ 31,726,504
Corporate personal property replacement taxes	2,627,336	-	2,627,336
State aid	47,004,099	-	47,004,099
Federal aid	6,920,952	-	6,920,952
Investment income	423,463	15,045	438,508
Other	<u>2,435,351</u>	<u>-</u>	<u>2,435,351</u>
Total revenues	<u>91,132,984</u>	<u>19,766</u>	<u>91,152,750</u>
Expenditures			
Current:			
Instruction:			
Regular programs	28,297,287	-	28,297,287
Special programs	14,169,061	-	14,169,061
Other instructional programs	4,080,219	-	4,080,219
State retirement contributions	18,522,509	-	18,522,509
Support Services:			
Pupils	8,619,074	-	8,619,074
Instructional staff	2,940,542	-	2,940,542
General administration	1,027,925	-	1,027,925
School administration	3,923,434	-	3,923,434
Business	3,023,521	-	3,023,521
Operations and maintenance	73,573	-	73,573
Central	1,549,071	-	1,549,071
Other supporting services	42,274	-	42,274
Community services	615,040	-	615,040
Payments to other districts and gov't units	2,228,104	-	2,228,104
Capital outlay	<u>80,963</u>	<u>-</u>	<u>80,963</u>
Total expenditures	<u>89,192,597</u>	<u>-</u>	<u>89,192,597</u>
Excess (deficiency) of revenues over expenditures	<u>1,940,387</u>	<u>19,766</u>	<u>1,960,153</u>
Other financing sources (uses)			
Transfers (out)	<u>(411,908)</u>	<u>-</u>	<u>(411,908)</u>
Total other financing sources (uses)	<u>(411,908)</u>	<u>-</u>	<u>(411,908)</u>
Net change in fund balance	1,528,479	19,766	1,548,245
Fund balance, beginning of year	<u>1,817,597</u>	<u>615,962</u>	<u>2,433,559</u>
Fund balance, end of year	<u><u>\$ 3,346,076</u></u>	<u><u>\$ 635,728</u></u>	<u><u>\$ 3,981,804</u></u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2018 ACTUAL
Revenues				
Local sources				
General levy	\$ 29,797,711	\$ 29,729,537	\$ (68,174)	\$ 22,741,590
Leasing levy	4,712	4,721	9	567,890
Special education levy	1,992,090	1,987,525	(4,565)	4,575,070
Other tax levies	531,664	-	(531,664)	-
Mobile home privilege tax	41,000	-	(41,000)	40,990
Corporate personal property replacement taxes	2,200,000	2,627,336	427,336	2,343,377
Regular tuition from pupils or parents (in state)	1,000	1,500	500	529
Summer school tuition from pupils or parents (in state)	20,000	23,090	3,090	19,460
Special education tuition from other LEA's (in state)	96,094	35,792	(60,302)	79,483
Investment income	225,000	423,463	198,463	223,566
Sales to pupils - lunch	450,000	440,347	(9,653)	429,081
Sales to pupils - breakfast	25,000	28,083	3,083	25,128
Sales to pupils - a la carte	575,000	566,793	(8,207)	579,827
Sales to pupils - other	-	8,727	8,727	10,013
Other food service	30,000	30,148	148	17,386
Admissions - athletic	60,000	66,653	6,653	47,351
Admissions - other	17,500	11,221	(6,279)	11,402
Fees	112,000	111,451	(549)	111,782
Rentals	81,406	81,406	-	79,035
Contributions and donations from private sources	-	6,239	6,239	790
Payments of surplus monies from TIF districts	-	557,878	557,878	526,400
Driver's education fees	-	8	8	-
Other local fees	-	412,837	412,837	484,045
Other	550,000	53,178	(496,822)	77,218
Total local sources	36,810,177	37,207,933	397,756	32,991,413
State sources				
Evidence based funding	26,000,000	26,111,020	111,020	25,311,459
Special education - private facility tuition	350,000	508,792	158,792	344,115
Special education - extraordinary	-	-	-	229,671
Special education - personnel	-	-	-	322,723
Special education - orphanage - individual	335,000	173,502	(161,498)	329,957
Special education - orphanage - summer	50,000	26,245	(23,755)	76,023
Special education - summer school	14,000	-	(14,000)	14,419
CTE - Technical education - tech prep	17,250	43,570	26,320	17,147
Bilingual education - downstate - TPI	65,000	-	(65,000)	76,438
State free lunch & breakfast	20,000	24,860	4,860	23,626
Driver education	52,000	50,492	(1,508)	67,363
Early childhood - block grant	1,479,579	1,529,152	49,573	329,906
State charter schools	5,097	-	(5,097)	-
Other restricted revenue from state sources	-	13,957	13,957	8,995
On behalf payment to TRS from the state	35,000,000	18,522,509	(16,477,491)	30,011,705
Total state sources	63,387,926	47,004,099	(16,383,827)	57,163,547

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal sources				
National school lunch program	\$ 1,650,000	\$ 1,298,525	\$ (351,475)	\$ 1,443,386
Special milk program	225,000	-	(225,000)	-
School breakfast program	-	222,212	222,212	232,031
Child care commodity/SFS 13-adult day care	-	5,536	5,536	15,620
Fresh fruits & vegetables	-	107,711	107,711	106,975
Food service - other	-	87,385	87,385	96,077
Title I - Low income	1,330,390	1,691,058	360,668	1,193,895
Title I - Other	-	66,782	66,782	-
Title IV - Safe & drug free schools - formula	79,269	45,006	(34,263)	13,702
Federal - special education - preschool flow- throu	38,793	23,219	(15,574)	50,194
Federal - special education - IDEA - flow- through/low incident	1,557,147	1,570,299	13,152	1,326,651
Federal - special education - IDEA - room & board	-	-	-	1,270
Emergency immigrant assistance	-	3,190	3,190	1,678
Title III - English language acquisition	29,700	30,721	1,021	42,504
McKinney education for homeless children	10,350	11,273	923	10,372
Title II - Eisenhower professional development formula	214,674	-	(214,674)	-
Title II - Teacher quality	-	159,124	159,124	156,714
Medicaid matching funds - administrative outreach	215,000	223,226	8,226	177,687
Medicaid matching funds - fee-for-service program	1,110,000	1,346,469	236,469	1,224,477
Other restricted revenue from federal sources	27,500	29,216	1,716	24,256
Total federal sources	6,487,823	6,920,952	433,129	6,117,489
Total revenues	106,685,926	91,132,984	(15,552,942)	96,272,449

Expenditures

Instruction

Regular programs

Salaries	19,445,422	19,551,004	(105,582)	19,315,363
Employee benefits	5,917,338	6,387,691	(470,353)	5,262,546
On-behalf payments to TRS from the state	35,000,000	18,522,509	16,477,491	30,011,705
Purchased services	563,883	836,865	(272,982)	854,183
Supplies and materials	1,252,238	1,312,357	(60,119)	1,003,020
Capital outlay	55,000	49,537	5,463	7,814
Other objects	3,850	31,488	(27,638)	41,078
Non-capitalized equipment	181,500	177,882	3,618	344,076
Total	<u>62,419,231</u>	<u>46,869,333</u>	<u>15,549,898</u>	<u>56,839,785</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Special education programs				
Salaries	\$ 9,812,726	\$ 9,594,861	\$ 217,865	\$ 8,939,124
Employee benefits	3,576,698	3,254,918	321,780	3,116,197
Purchased services	139,200	159,480	(20,280)	191,375
Supplies and materials	126,915	151,588	(24,673)	58,292
Non-capitalized equipment	<u>25,674</u>	<u>59,783</u>	<u>(34,109)</u>	<u>2,080</u>
Total	<u>13,681,213</u>	<u>13,220,630</u>	<u>460,583</u>	<u>12,307,068</u>
Remedial and supplemental programs K - 12				
Salaries	702,775	599,739	103,036	571,589
Employee benefits	293,319	149,165	144,154	214,513
Purchased services	17,981	32,184	(14,203)	15,455
Supplies and materials	<u>50,346</u>	<u>167,343</u>	<u>(116,997)</u>	<u>152,109</u>
Total	<u>1,064,421</u>	<u>948,431</u>	<u>115,990</u>	<u>953,666</u>
CTE programs				
Salaries	1,143,698	1,126,126	17,572	1,151,395
Employee benefits	360,392	365,292	(4,900)	379,351
Purchased services	1,500	684	816	1,573
Supplies and materials	<u>400</u>	<u>-</u>	<u>400</u>	<u>1,115</u>
Total	<u>1,505,990</u>	<u>1,492,102</u>	<u>13,888</u>	<u>1,533,434</u>
Interscholastic programs				
Salaries	585,989	677,199	(91,210)	592,617
Employee benefits	32,715	76,387	(43,672)	53,221
Purchased services	77,000	80,853	(3,853)	71,054
Supplies and materials	25,319	35,870	(10,551)	33,639
Capital outlay	9,875	-	9,875	-
Other objects	35,000	35,657	(657)	32,615
Non-capitalized equipment	<u>9,800</u>	<u>13,146</u>	<u>(3,346)</u>	<u>5,635</u>
Total	<u>775,698</u>	<u>919,112</u>	<u>(143,414)</u>	<u>788,781</u>
Summer school programs				
Salaries	45,000	118,463	(73,463)	121,782
Employee benefits	448	9,933	(9,485)	13,536
Purchased services	-	90	(90)	90
Supplies and materials	<u>-</u>	<u>4,517</u>	<u>(4,517)</u>	<u>2,487</u>
Total	<u>45,448</u>	<u>133,003</u>	<u>(87,555)</u>	<u>137,895</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Gifted programs				
Salaries	\$ 140,729	\$ 76,267	\$ 64,462	\$ 59,826
Employee benefits	31,788	27,799	3,989	20,031
Purchased services	-	-	-	17,000
Total	<u>172,517</u>	<u>104,066</u>	<u>68,451</u>	<u>96,857</u>
Driver's education programs				
Salaries	76,259	76,261	(2)	73,846
Employee benefits	22,324	22,141	183	21,764
Purchased services	<u>97,500</u>	<u>96,320</u>	<u>1,180</u>	<u>95,170</u>
Total	<u>196,083</u>	<u>194,722</u>	<u>1,361</u>	<u>190,780</u>
Bilingual programs				
Salaries	874,408	882,735	(8,327)	872,235
Employee benefits	325,033	319,267	5,766	308,001
Purchased services	12,750	12,091	659	1,255
Supplies and materials	<u>4,033</u>	<u>4,333</u>	<u>(300)</u>	<u>14,678</u>
Total	<u>1,216,224</u>	<u>1,218,426</u>	<u>(2,202)</u>	<u>1,196,169</u>
Truant's alternative and optional programs				
Purchased services	<u>30,000</u>	<u>18,788</u>	<u>11,212</u>	<u>24,619</u>
Total	<u>30,000</u>	<u>18,788</u>	<u>11,212</u>	<u>24,619</u>
Total instruction	<u>81,106,825</u>	<u>65,118,613</u>	<u>15,988,212</u>	<u>74,069,054</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	1,393,266	1,572,579	(179,313)	1,431,229
Employee benefits	399,374	489,333	(89,959)	411,022
Purchased services	100	56	44	122
Supplies and materials	<u>11,900</u>	<u>6,996</u>	<u>4,904</u>	<u>11,756</u>
Total	<u>1,804,640</u>	<u>2,068,964</u>	<u>(264,324)</u>	<u>1,854,129</u>
Guidance services				
Salaries	959,475	1,048,497	(89,022)	1,086,614
Employee benefits	302,602	325,576	(22,974)	347,916
Purchased services	200	-	200	10
Supplies and materials	<u>2,000</u>	<u>1,937</u>	<u>63</u>	<u>1,799</u>
Total	<u>1,264,277</u>	<u>1,376,010</u>	<u>(111,733)</u>	<u>1,436,339</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Health services				
Salaries	\$ 346,212	\$ 306,314	\$ 39,898	\$ 349,628
Employee benefits	101,105	93,642	7,463	102,339
Purchased services	50	12,501	(12,451)	54,820
Supplies and materials	7,300	9,187	(1,887)	14,848
Non-capitalized equipment	-	-	-	1,535
Total	<u>454,667</u>	<u>421,644</u>	<u>33,023</u>	<u>523,170</u>
Psychological services				
Salaries	407,101	398,798	8,303	349,771
Employee benefits	117,347	116,951	396	92,414
Purchased services	120,000	119,098	902	125,709
Supplies and materials	<u>8,000</u>	<u>8,396</u>	<u>(396)</u>	<u>6,132</u>
Total	<u>652,448</u>	<u>643,243</u>	<u>9,205</u>	<u>574,026</u>
Speech pathology and audiology services				
Salaries	1,003,296	1,039,168	(35,872)	1,027,964
Employee benefits	293,313	320,103	(26,790)	303,931
Supplies and materials	10,000	7,053	2,947	14,805
Capital outlay	-	-	-	3,833
Other objects	<u>3,600</u>	<u>3,161</u>	<u>439</u>	<u>-</u>
Total	<u>1,310,209</u>	<u>1,369,485</u>	<u>(59,276)</u>	<u>1,350,533</u>
Other support services - pupils				
Salaries	2,090,531	2,105,447	(14,916)	2,307,246
Employee benefits	580,316	609,780	(29,464)	716,927
Supplies and materials	<u>11,500</u>	<u>24,501</u>	<u>(13,001)</u>	<u>14,972</u>
Total	<u>2,682,347</u>	<u>2,739,728</u>	<u>(57,381)</u>	<u>3,039,145</u>
Total pupils	<u>8,168,588</u>	<u>8,619,074</u>	<u>(450,486)</u>	<u>8,777,342</u>
Instructional staff				
Improvement of instructional services				
Salaries	630,006	497,344	132,662	573,406
Employee benefits	115,602	105,931	9,671	129,231
Purchased services	212,016	229,661	(17,645)	134,962
Supplies and materials	19,787	32,668	(12,881)	23,188
Other objects	300	1,579	(1,279)	300
Non-capitalized equipment	<u>-</u>	<u>2,353</u>	<u>(2,353)</u>	<u>895</u>
Total	<u>977,711</u>	<u>869,536</u>	<u>108,175</u>	<u>861,982</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Educational media services				
Salaries	\$ 859,250	\$ 841,758	\$ 17,492	\$ 831,886
Employee benefits	248,410	264,551	(16,141)	278,823
Purchased services	15,740	25,751	(10,011)	9,626
Supplies and materials	50,071	271,152	(221,081)	166,038
Non-capitalized equipment	-	184,779	(184,779)	-
Total	<u>1,173,471</u>	<u>1,587,991</u>	<u>(414,520)</u>	<u>1,286,373</u>
Assessment and testing				
Salaries	152,500	323,698	(171,198)	2,290
Employee benefits	18,439	81,467	(63,028)	166
Purchased services	46,824	73,266	(26,442)	53,741
Supplies and materials	<u>5,700</u>	<u>4,584</u>	<u>1,116</u>	<u>3,225</u>
Total	<u>223,463</u>	<u>483,015</u>	<u>(259,552)</u>	<u>59,422</u>
Total instructional staff	<u>2,374,645</u>	<u>2,940,542</u>	<u>(565,897)</u>	<u>2,207,777</u>
General administration				
Board of education services				
Salaries	64,544	85,887	(21,343)	27,772
Employee benefits	39,232	3,371	35,861	22,225
Purchased services	273,395	261,144	12,251	224,091
Supplies and materials	80,285	19,103	61,182	13,210
Other objects	22,500	13,803	8,697	22,519
Non-capitalized equipment	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>484,956</u>	<u>383,308</u>	<u>101,648</u>	<u>309,817</u>
Executive administration services				
Salaries	237,698	245,128	(7,430)	234,056
Employee benefits	53,040	59,899	(6,859)	55,307
Purchased services	25,950	32,199	(6,249)	20,995
Supplies and materials	6,800	4,369	2,431	4,441
Other objects	7,950	2,095	5,855	1,898
Non-capitalized equipment	<u>1,000</u>	<u>1,533</u>	<u>(533)</u>	<u>-</u>
Total	<u>332,438</u>	<u>345,223</u>	<u>(12,785)</u>	<u>316,697</u>
Special area administration services				
Salaries	62,201	212,096	(149,895)	123,358
Employee benefits	44,154	60,877	(16,723)	35,152
Purchased services	3,127	464	2,663	676
Supplies and materials	1,375	14,402	(13,027)	5,008
Other objects	<u>-</u>	<u>115</u>	<u>(115)</u>	<u>-</u>
Total	<u>110,857</u>	<u>287,954</u>	<u>(177,097)</u>	<u>164,194</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Tort immunity services				
Purchased services	\$ 8,500	\$ 11,440	\$ (2,940)	\$ 12,326
Total	8,500	11,440	(2,940)	12,326
Total general administration	936,751	1,027,925	(91,174)	803,034
School administration				
Office of the principal services				
Salaries	3,022,927	2,883,670	139,257	2,951,394
Employee benefits	909,320	922,608	(13,288)	1,015,411
Purchased services	177,392	108,966	68,426	136,020
Supplies and materials	15,356	6,840	8,516	10,843
Other objects	2,950	1,350	1,600	2,467
Non-capitalized equipment	500	-	500	-
Total	4,128,445	3,923,434	205,011	4,116,135
Total school administration	4,128,445	3,923,434	205,011	4,116,135
Business				
Direction of business support services				
Salaries	196,152	189,157	6,995	188,897
Employee benefits	30,860	43,854	(12,994)	22,936
Purchased services	82,588	85,947	(3,359)	83,962
Supplies and materials	3,990	4,405	(415)	2,605
Other objects	1,800	2,390	(590)	750
Non-capitalized equipment	750	2,724	(1,974)	-
Total	316,140	328,477	(12,337)	299,150
Fiscal services				
Salaries	77,824	78,224	(400)	76,698
Employee benefits	10,282	14,758	(4,476)	14,958
Total	88,106	92,982	(4,876)	91,656
Operation and maintenance of plant services				
Salaries	49,072	47,714	1,358	45,005
Employee benefits	-	-	-	1
Purchased services	9,031	-	9,031	-
Supplies and materials	20,885	9,659	11,226	-
Capital outlay	16,200	7,010	9,190	-
Non-capitalized equipment	-	16,200	(16,200)	-
Total	95,188	80,583	14,605	45,006

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Food services				
Salaries	\$ 1,074,867	\$ 989,335	\$ 85,532	\$ 1,046,047
Employee benefits	184,458	198,063	(13,605)	219,526
Purchased services	31,350	23,696	7,654	39,492
Supplies and materials	1,423,115	1,314,384	108,731	1,407,687
Capital outlay	25,000	24,416	584	12,677
Other objects	48,750	61,204	(12,454)	55,724
Non-capitalized equipment	<u>20,000</u>	<u>9,872</u>	<u>10,128</u>	<u>7,168</u>
Total	<u>2,807,540</u>	<u>2,620,970</u>	<u>186,570</u>	<u>2,788,321</u>
Internal services				
Purchased services	4,500	5,508	(1,008)	3,925
Supplies and materials	<u>235</u>	<u>-</u>	<u>235</u>	<u>235</u>
Total	<u>4,735</u>	<u>5,508</u>	<u>(773)</u>	<u>4,160</u>
Total business	<u>3,311,709</u>	<u>3,128,520</u>	<u>183,189</u>	<u>3,228,293</u>
Central				
Direction of central support services				
Salaries	410,287	416,317	(6,030)	405,443
Employee benefits	147,490	145,851	1,639	145,441
Purchased services	95,600	60,502	35,098	69,009
Supplies and materials	20,150	5,203	14,947	12,857
Other objects	1,500	1,982	(482)	1,245
Non-capitalized equipment	<u>1,500</u>	<u>2,612</u>	<u>(1,112)</u>	<u>-</u>
Total	<u>676,527</u>	<u>632,467</u>	<u>44,060</u>	<u>633,995</u>
Planning, research, development and evaluation services				
Salaries	658,930	665,785	(6,855)	635,389
Employee benefits	161,195	165,578	(4,383)	163,191
Purchased services	<u>7,100</u>	<u>6,109</u>	<u>991</u>	<u>10,301</u>
Total	<u>827,225</u>	<u>837,472</u>	<u>(10,247)</u>	<u>808,881</u>
Information services				
Salaries	-	235	(235)	260
Employee benefits	-	28	(28)	32
Purchased services	3,600	3,021	579	2,205
Supplies and materials	<u>6,400</u>	<u>4,237</u>	<u>2,163</u>	<u>3,727</u>
Total	<u>10,000</u>	<u>7,521</u>	<u>2,479</u>	<u>6,224</u>
Staff services				
Salaries	-	1,125	(1,125)	-
Purchased services	-	21,109	(21,109)	-
Supplies and materials	<u>-</u>	<u>6,132</u>	<u>(6,132)</u>	<u>-</u>
Total	<u>-</u>	<u>28,366</u>	<u>(28,366)</u>	<u>-</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Data processing services				
Salaries	\$ 22,735	\$ 22,209	\$ 526	\$ 22,758
Employee benefits	7,187	6,986	201	7,392
Purchased services	<u>13,500</u>	<u>14,050</u>	<u>(550)</u>	<u>13,500</u>
Total	<u>43,422</u>	<u>43,245</u>	<u>177</u>	<u>43,650</u>
Total central	<u>1,557,174</u>	<u>1,549,071</u>	<u>8,103</u>	<u>1,492,750</u>
Other supporting services				
Salaries	152,650	2,520	150,130	4,515
Employee benefits	73,679	-	73,679	-
Purchased services	2,038	511	1,527	727
Supplies and materials	3,109	4,708	(1,599)	3,346
Other objects	<u>36,500</u>	<u>34,535</u>	<u>1,965</u>	<u>34,643</u>
Total	<u>267,976</u>	<u>42,274</u>	<u>225,702</u>	<u>43,231</u>
Total support services	<u>20,745,288</u>	<u>21,230,840</u>	<u>(485,552)</u>	<u>20,668,562</u>
Community services				
Salaries	324,390	406,745	(82,355)	231,649
Employee benefits	41,668	70,265	(28,597)	36,359
Purchased services	96,534	80,641	15,893	77,242
Supplies and materials	<u>64,112</u>	<u>57,389</u>	<u>6,723</u>	<u>26,535</u>
Total community services	<u>526,704</u>	<u>615,040</u>	<u>(88,336)</u>	<u>371,785</u>
Payments to other districts and governmental units				
Payments for special education programs				
Purchased services	<u>480,038</u>	<u>490,895</u>	<u>(10,857)</u>	<u>487,595</u>
Total	<u>480,038</u>	<u>490,895</u>	<u>(10,857)</u>	<u>487,595</u>
Payments for CTE programs				
Other objects	<u>40,000</u>	<u>11,892</u>	<u>28,108</u>	<u>35,467</u>
Total	<u>40,000</u>	<u>11,892</u>	<u>28,108</u>	<u>35,467</u>
Payments for special education programs - tuition				
Other objects	<u>1,290,000</u>	<u>1,725,317</u>	<u>(435,317)</u>	<u>1,229,739</u>
Total	<u>1,290,000</u>	<u>1,725,317</u>	<u>(435,317)</u>	<u>1,229,739</u>
Total payments to other districts and governmental units	<u>1,810,038</u>	<u>2,228,104</u>	<u>(418,066)</u>	<u>1,752,801</u>
Total expenditures	<u>104,188,855</u>	<u>89,192,597</u>	<u>14,996,258</u>	<u>96,862,202</u>
Excess (deficiency) of revenues over expenditures	<u>2,497,071</u>	<u>1,940,387</u>	<u>(556,684)</u>	<u>(589,753)</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Other financing sources (uses)				
Permanent transfer from working cash fund - abatement	\$ -	\$ -	\$ -	\$ 300,000
Transfer among funds	-	-	-	2,200,000
Transfer among funds	(350,000)	(350,000)	-	-
Transfer for principal on capital leases	-	(56,704)	(56,704)	(54,004)
Transfer for interest on capital leases	-	(5,204)	(5,204)	(9,185)
Total other financing sources (uses)	<u>(350,000)</u>	<u>(411,908)</u>	<u>(61,908)</u>	<u>2,436,811</u>
Net change in fund balance	<u>\$ 2,147,071</u>	1,528,479	<u>\$ (618,592)</u>	1,847,058
Fund balance (deficit), beginning of year		<u>1,817,597</u>		<u>(29,461)</u>
Fund balance, end of year		<u>\$ 3,346,076</u>		<u>\$ 1,817,597</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122**WORKING CASH ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 3,712	\$ 4,721	\$ 1,009	\$ 281,369
Mobile home privilege tax	400	-	(400)	414
Investment income	<u>12,000</u>	<u>15,045</u>	<u>3,045</u>	<u>13,099</u>
Total local sources	<u>16,112</u>	<u>19,766</u>	<u>3,654</u>	<u>294,882</u>
Total revenues	<u>16,112</u>	<u>19,766</u>	<u>3,654</u>	<u>294,882</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>16,112</u>	<u>19,766</u>	<u>3,654</u>	<u>294,882</u>
Other financing sources (uses)				
Transfer among funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Net change in fund balance	<u>\$ 16,112</u>	<u>19,766</u>	<u>\$ 3,654</u>	<u>(5,118)</u>
Fund balance, beginning of year		<u>615,962</u>		<u>621,080</u>
Fund balance, end of year		<u>\$ 635,728</u>		<u>\$ 615,962</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

AGENCY FUND - STUDENT ACTIVITY ACCOUNTS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2019

	BALANCE JULY 1, 2018	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2019
Assets				
Cash and Investments	<u>\$ 474,821</u>	<u>\$ 1,103,936</u>	<u>\$ 1,157,039</u>	<u>\$ 421,718</u>
Liabilities				
Due to student groups	<u>\$ 474,821</u>	<u>\$ 1,103,936</u>	<u>\$ 1,157,039</u>	<u>\$ 421,718</u>

HARLEM CONSOLIDATED SCHOOL DISTRICT 122

FIVE YEAR SUMMARY OF ASSESSED VALUATIONS,
TAX RATES, EXTENSIONS AND COLLECTIONS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

	2018	2017	2016	2015	2014
Assessed valuation	<u>\$ 611,703,544</u>	<u>\$ 591,392,828</u>	<u>\$ 578,761,284</u>	<u>\$ 568,946,056</u>	<u>\$ 567,031,565</u>
Tax rates					
Educational	4.9956	5.0588	3.9766	4.0000	3.9857
Tort immunity	0.2967	0.3044	0.3024	0.3032	0.2998
Special education	0.3270	0.3382	0.8000	0.8000	0.7936
Operations and maintenance	0.7500	0.7499	0.7499	0.7500	0.7407
Leasing	0.0008	0.0008	0.0993	0.1000	0.0996
Bond and interest	0.9940	1.0274	1.1188	1.1866	1.2051
Transportation	0.3392	0.3483	0.7711	0.7466	0.7112
Municipal Retirement	0.1921	0.1818	0.1901	0.2127	0.1893
Social Security	0.1921	0.1818	0.1901	0.2197	0.2453
Working Cash	0.0008	0.0008	0.0492	0.0500	0.0485
Fire prevention and life safety	<u>0.0204</u>	<u>0.0042</u>	<u>0.0173</u>	<u>0.0176</u>	<u>0.0009</u>
Total	<u>8.1087</u>	<u>8.1964</u>	<u>8.2648</u>	<u>8.3864</u>	<u>8.3197</u>
Tax extensions					
Educational	\$ 30,558,262	\$ 29,917,380	\$ 23,015,021	\$ 22,757,842	\$ 22,600,177
Tort immunity	1,814,924	1,800,200	1,750,174	1,725,044	1,699,961
Special education	2,000,271	2,000,091	4,630,090	4,551,568	4,499,963
Operations and maintenance	4,587,777	4,434,855	4,340,131	4,267,095	4,200,003
Leasing	4,894	4,731	574,710	568,946	564,763
Bond and interest	6,080,333	6,075,971	6,475,181	6,751,114	6,833,297
Transportation	2,074,898	2,059,821	4,462,828	4,247,751	4,032,728
Municipal Retirement	1,175,083	1,075,152	1,100,225	1,210,148	1,073,391
Social Security	1,175,083	1,075,152	1,100,225	1,249,974	1,390,928
Working Cash	4,894	4,731	284,751	284,473	275,010
Fire prevention and life safety	<u>124,788</u>	<u>24,839</u>	<u>100,126</u>	<u>100,135</u>	<u>5,103</u>
Total	<u>\$ 49,601,207</u>	<u>\$ 48,472,923</u>	<u>\$ 47,833,462</u>	<u>\$ 47,714,090</u>	<u>\$ 47,175,324</u>
Total Collections	<u>\$ 7,868,324</u>	<u>\$ 48,168,401</u>	<u>\$ 47,265,071</u>	<u>\$ 47,483,403</u>	<u>\$ 46,721,539</u>
Percentage collected	15.86 %	99.37 %	98.81 %	99.52 %	99.04 %

Statistical Section

The part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the

<u>Contents</u>	<u>Page</u>
Financial Trends	91 - 101
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	102 - 108
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	109 - 114
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	115 - 117
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
Operating Information	118 - 119
These schedules contain information about the District's service and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

SCHEDULE OF NET POSITION BY COMPONENT
Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Invested in Capital assets, net of related debt</i>	<i>Restricted</i>	<i>Unrestricted</i>	<i>Total Net Position</i>
2019	\$41,133,026	\$6,506,311	\$ (60,716,981)	\$ (13,077,644)
2018	35,474,021	7,349,488	(60,961,955) **	(18,138,446)
2017	30,883,344	7,879,856	(11,499,868) **	27,263,332
2016	39,414,149	10,803,802	(25,719,457)	24,498,494
2015	37,183,854	10,457,179	(24,489,506) *	23,151,527
2014	34,383,989	8,839,666	(11,173,506)	32,050,149
2013	25,868,647	8,854,106	(11,240,416)	23,482,337
2012	26,777,991	3,105,556	(7,337,628)	22,545,919
2011	21,150,189	4,559,407	(1,534,511)	24,175,085
2010	11,620,308	2,799,112	14,480,603	28,900,023

Source: District's Government-Wide Financial Statements.

*The increase in the unrestricted deficit in 2015 is from implementing GASB S-68 and recording net pension liabilities.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

SCHEDULE OF CHANGES IN NET POSITION

Last Ten Fiscal Years

(Year Ended June 30)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Instruction:										
Regular programs	\$29,232,798	\$26,424,523	\$28,972,795	\$52,158,955	\$48,293,657	\$40,998,350	\$41,741,961	\$41,638,438	\$38,857,095	\$39,907,566
Special education programs	17,229,335	15,360,370	15,617,599	13,800,891	13,526,785	12,616,213	12,589,425	13,085,233	14,775,303	12,686,892
Other instructional programs	4,246,476	4,476,112	3,748,531	4,262,331	4,862,790	4,764,416	4,272,719	4,063,407	4,346,532	3,883,242
State Retirement contributions	32,131,224	30,011,705	31,991,336	-	-	-	-	-	-	-
Support services:										
Pupils	8,506,235	11,274,894	8,695,247	7,742,249	6,832,446	6,436,074	5,824,629	6,249,785	6,218,264	5,981,415
Instructional staff	3,054,541	2,450,912	2,357,278	2,100,688	2,153,712	1,768,966	1,960,521	2,205,485	2,203,948	2,339,412
General administration	2,992,609	2,743,484	2,930,317	2,219,109	2,421,855	2,320,906	2,387,922	2,471,167	3,004,643	2,538,861
School administration	4,145,176	4,596,418	4,274,689	4,112,935	3,849,915	3,769,683	3,628,329	3,568,477	3,551,128	3,282,385
Business	3,254,734	3,515,756	3,533,937	11,482,057	11,088,074	10,623,979	10,520,458	10,631,694	9,547,015	11,259,433
Transportation	5,294,893	5,438,088	5,185,740	4,240,254	4,242,090	4,222,898	4,406,483	4,610,177	4,523,715	4,490,830
Operations and maintenance	6,792,933	6,987,756	6,761,529	-	-	-	-	-	-	-
Central	1,732,355	1,794,329	1,654,580	1,694,207	1,456,720	1,393,453	1,421,844	1,552,875	1,687,263	1,511,218
Other	42,467	43,576	64,078	50,520	46,945	145,955	80,811	63,611	58,993	34,605
Community services	661,705	399,272	392,740	740,074	798,461	325,323	370,142	293,003	379,727	374,356
Payments to other governments	11,892	35,467	36,165	1,402,611	695,354	931,624	950,828	735,336	1,113,340	1,379,190
Interest on debt	900,667	1,150,090	1,374,121	1,447,474	1,642,706	1,861,631	2,058,681	2,298,816	1,971,896	1,580,411
Total expenses	120,230,040	116,702,752	117,590,682	107,454,355	101,911,510	92,179,471	92,214,753	93,467,504	92,238,862	91,249,816
Program revenues:										
Charges for services:										
Instruction	2,080,886	2,084,193	3,562,428	3,751,207	1,509,267	1,716,380	1,634,564	1,754,854	1,874,091	1,712,634
Operating grants and contributions	44,683,799	40,522,111	42,183,871	33,466,390	33,090,086	26,625,520	25,664,207	23,893,112	26,042,081	28,330,094
Capital grants and contributions	-	-	-	15,350	46,151	663,809	62,391	134,482	-	-
Total program revenues	46,764,685	42,606,304	45,746,299	37,232,947	34,645,504	29,005,709	27,361,162	25,782,448	27,916,172	30,042,728
Net expense before general revenues	(73,465,355)	(74,096,448)	(71,844,383)	(70,221,408)	(67,266,006)	(63,173,762)	(64,853,591)	(67,685,056)	(64,322,690)	(61,207,088)
General revenues:										
Taxes:										
Property taxes levied for general purposes	31,717,062	27,386,138	27,244,719	39,953,972	39,600,586	39,164,851	37,779,740	37,132,103	36,110,623	35,676,818
Real estate taxes, levied for specific purposes	10,413,575	13,550,188	13,587,566							
Property taxes levied for debt service	6,037,764	6,398,226	6,718,474	6,767,568	6,827,589	6,633,850	6,301,913	6,189,285	5,836,562	5,503,140
Replacement taxes	2,917,336	2,621,621	3,551,477	2,516,681	3,149,626	2,928,627	2,894,986	2,833,378	3,079,997	2,375,041
State aid-formula grants and grants and contributions not restricted to specific programs	26,111,020	25,311,459	22,272,549	21,262,254	19,417,527	19,123,325	18,066,761	18,575,653	19,844,958	16,626,209
Investment earnings	765,283	487,669	301,573	128,183	78,758	138,746	144,753	192,023	264,044	265,002
Other general revenues	564,117	527,190	932,863	939,717	2,591,943	673,211	950,738	792,319	721,899	1,141,604
Total general revenues	78,526,157	76,282,491	74,609,221	71,568,375	71,666,029	68,662,610	66,138,891	65,714,761	65,858,083	61,587,814
Change in net position	\$5,060,802	\$2,186,043	\$2,764,838	\$1,346,967	\$4,400,023	\$5,488,848	\$1,285,300	(\$1,970,295)	\$1,535,393	\$380,726

SOURCE: District's Government-Wide Financial Statements.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

SCHEDULE OF FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Year Ended June 30)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Nonspendable	\$ 436,901	\$ 388,828	\$ 594,682	\$ 430,581	\$ 413,379	\$ 315,979	\$ 383,190	\$ 581,270	\$ 587,473	\$ -
Restricted										
Operations and Maintenance	-	-	-	3,035,667	2,746,146	3,619,524	3,891,786	3,458,162	3,547,766	-
Tort immunity	-	-	-	-	-	-	-	-	1,098,186	-
Reserved	-	-	-	-	-	-	-	-	-	736,788
Assigned - working cash	635,728	615,962	621,080	680,441	679,041	599,805	-	-	-	-
Unassigned	2,909,175	1,428,769	(624,143)	-	-	99,306	(25,990)	2,946,119	7,418,167	-
Unreserved	-	-	-	(1,892,959)	34,659	-	-	-	-	11,566,120
Total General Fund	3,981,804	2,433,559	591,619	2,253,730	3,873,225	4,634,614	4,248,986	6,985,551	12,651,592	12,302,908
All Other Governmental Funds:										
Nonspendable -										
Prepaid items	-	-	-	229,853	437,837	-	219,540	-	-	-
Operations and Maintenance	2,601	8,350	300	-	-	-	-	-	-	-
Transportation	2,601	10,281	207,984	-	-	-	-	-	-	-
Tort	7,836	-	7,013	-	-	-	-	-	-	-
Debt Service	294,150	361,167	315,502	-	-	-	-	-	-	-
Working cash	-	-	-	-	-	-	717,014	986,958	1,866,365	-
Restricted:										
Retirement	1,604,550	1,780,360	1,977,565	1,814,716	1,765,801	1,405,648	1,183,850	1,355,978	1,663,843	-
Tort immunity	685,982	695,377	739,690	684,681	799,327	1,002,298	1,034,694	1,035,488	-	-
Transportation	2,656,257	1,628,208	1,287,804	1,075,012	1,354,215	1,761,460	1,126,017	-	-	-
Debt Service	103,929	26,954	105,433	428,359	530,143	560,655	551,844	559,519	667,917	-
Operations and Maintenance	2,494,833	2,367,584	2,605,771	-	-	-	-	-	-	-
Capital Projects	1,050,049	2,262,435	2,270,438	2,925,503	2,078,507	490,081	348,901	154,571	1,129,461	-
Permanent Fund	-	-	-	-	-	-	6,344	-	-	-
Assigned -										
Debt Service Fund	-	-	-	-	-	-	-	-	28,099	-
Unassigned	-	-	-	-	-	-	-	161,007	(244,284)	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 8,902,788	\$ 9,140,716	\$ 9,517,500	\$ 7,158,124	\$ 6,965,830	\$ 5,220,142	\$ 5,188,204	\$ 4,253,521	\$ 5,111,401	\$ -

Source: District's fund financial statements.

Note: GASB Statement No. 54 was implemented in 2011.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

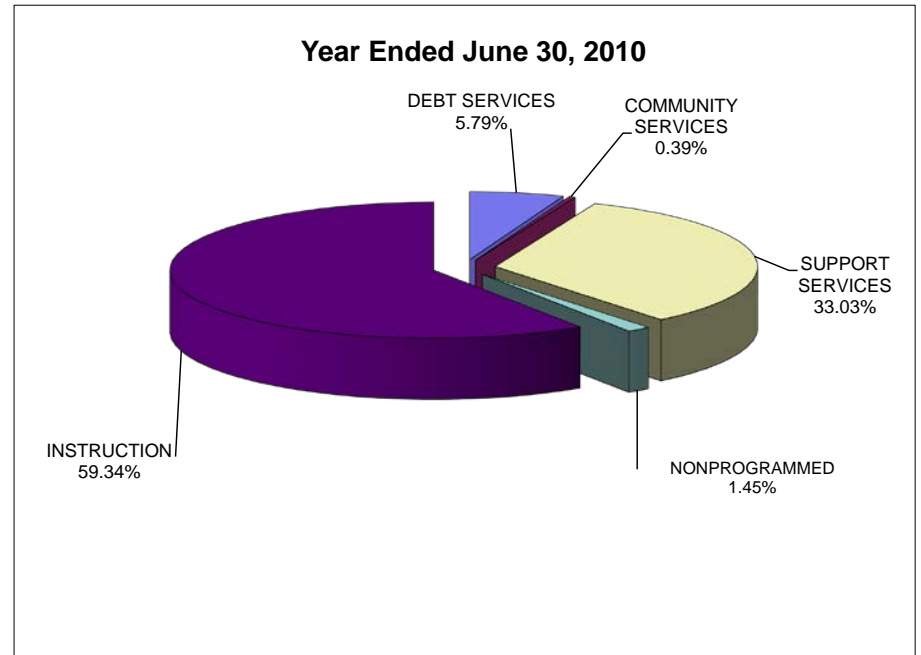
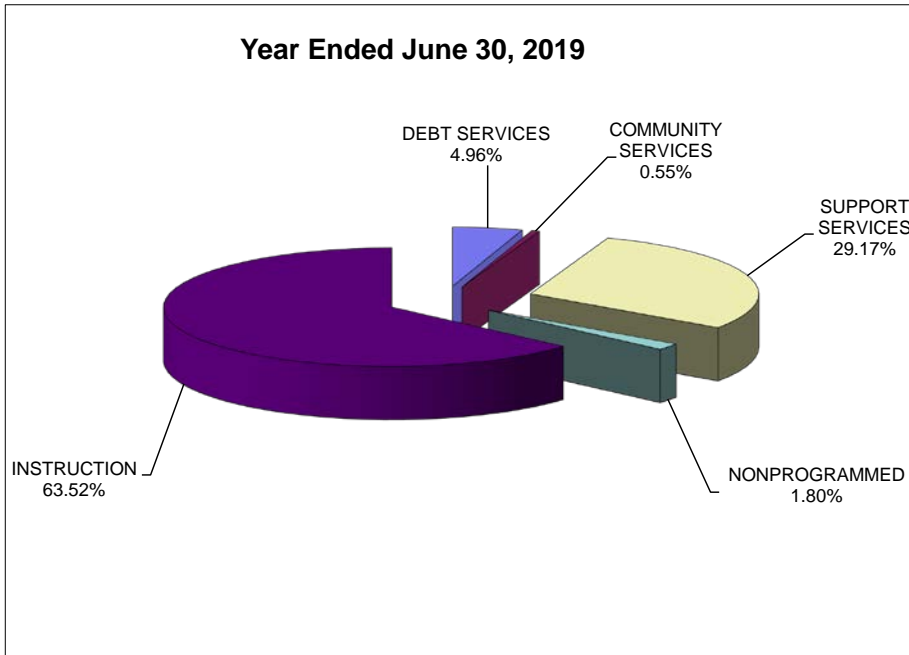
SCHEDULE OF CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Year Ended June 30)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Real estate and replacement taxes	\$51,085,737	\$49,886,695	\$51,034,880	\$49,238,221	\$49,577,801	\$48,727,328	\$46,976,639	\$46,154,766	\$45,027,182	\$43,554,999
State aid	51,180,994	60,204,651	60,296,256	23,193,501	22,039,808	21,986,292	21,687,637	21,701,282	22,609,807	19,721,566
Other state revenue	-	-	-	23,924,807	23,456,864	17,415,712	15,975,544	14,517,398	14,436,494	14,375,103
Federal aid	6,957,558	6,250,676	6,413,092	6,279,880	7,378,184	6,516,602	6,130,178	6,384,567	8,840,738	10,859,634
Interest	765,283	487,669	214,379	128,183	78,758	138,746	144,753	192,023	264,044	265,002
Tuition	-	-	-	666,871	281,284	271,057	168,267	252,171	299,550	91,996
Student and community services	-	-	-	1,312,850	1,227,983	1,445,324	1,466,297	1,502,683	1,574,541	1,620,638
Other	2,614,177	2,664,109	4,550,233	2,794,120	2,763,207	938,812	950,738	792,319	721,899	1,141,604
Total revenues	112,603,749	119,493,800	122,508,840	107,538,433	106,803,889	97,439,873	93,500,053	91,497,209	93,774,255	91,630,542
Expenditures:										
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$48,266,296	\$48,391,092	\$46,971,957
Employee benefits	-	-	-	-	-	-	-	29,384,165	26,583,361	24,874,704
Purchased services	-	-	-	-	-	-	-	4,699,146	6,320,849	5,227,542
Supplies and materials	-	-	-	-	-	-	-	4,817,797	4,642,716	5,499,706
Tuition	-	-	-	-	-	-	-	801,544	988,150	1,443,202
Other	-	-	-	-	-	-	-	620,010	684,364	768,981
Non-capitalized equipment	-	-	-	-	-	-	-	422,524	708,229	-
Instruction										
Regular programs	28,613,038	27,125,022	29,484,370	51,777,722	48,234,748	40,779,113	41,539,975	-	-	-
Special Education programs	14,736,513	13,825,309	13,948,981	13,703,685	13,561,025	12,616,213	12,589,425	-	-	-
Other instructional programs	4,158,584	4,045,122	3,750,257	4,227,822	4,872,094	4,761,650	4,266,489	-	-	-
State retirements contributions	18,522,509	30,011,705	31,991,336	-	-	-	-	-	-	-
Support Services										
Pupils	9,007,719	9,146,545	8,544,032	7,372,047	6,802,658	6,439,246	5,817,589	-	-	-
Instructional Staff	2,981,185	2,244,130	2,359,126	2,006,702	2,144,975	1,769,742	1,958,266	-	-	-
General Administration	2,932,630	2,690,706	2,899,429	2,153,834	2,415,779	2,321,555	2,386,526	-	-	-
School Administration	4,097,335	4,309,268	4,143,310	3,928,361	3,834,270	3,771,449	3,624,276	-	-	-
Business	3,247,575	3,420,860	3,444,874	8,966,162	9,393,608	9,060,239	8,996,129	-	-	-
Transportation	4,570,873	4,545,914	4,156,275	3,546,286	3,608,787	3,623,334	3,873,425	-	-	-
Operations and maintenance	4,873,117	4,983,624	4,794,324	-	-	-	-	-	-	-
Central	1,701,001	1,647,975	1,551,451	1,623,307	1,454,027	1,394,066	1,420,343	-	-	-
Other	42,467	43,576	41,973	33,385	31,242	133,640	68,842	-	-	-
Community Services	686,638	414,989	352,710	729,760	797,828	325,472	369,770	-	-	-
Payments to other governments	2,228,104	1,752,801	1,725,423	1,402,611	695,354	931,624	950,828	-	-	-
Capital Outlay	2,810,203	3,171,750	4,141,128	3,886,868	3,006,825	2,431,750	1,798,499	3,466,730	5,541,282	4,712,085
Debt service:										
Principal	5,397,501	6,073,613	6,671,751	7,076,887	7,085,367	6,979,428	6,412,889	5,789,262	5,666,073	3,717,531
Interest and other charges	744,440	737,374	706,420	581,195	629,273	682,811	729,966	1,016,747	368,768	1,780,576
Bond Issuance cost	-	-	-	-	-	-	-	-	412,487	-
Total expenditures	111,351,432	120,190,283	124,707,170	113,016,634	108,567,860	98,021,332	96,803,237	99,284,221	100,307,371	94,996,284
Excess (deficiency) of revenues over (under) expenditures	1,252,317	(696,483)	(2,198,330)	(5,478,201)	(1,763,971)	(581,459)	(3,303,184)	(7,787,012)	(6,533,116)	(3,365,742)
Other financing sources (uses):										
Issuance of bonds	\$ -	\$ 2,055,000	\$ 2,635,000	\$ 4,000,000	\$ 2,500,000	\$ -	\$ -	\$ -	\$5,890,000	\$ -
Refunding bond proceeds	-	-	-	-	-	-	-	-	14,235,000	-
Bond premium	-	106,639	207,595	-	-	-	-	-	402,725	-
Payment to refunding bond agent	-	-	-	-	-	-	-	-	(14,267,334)	-
Capital lease proceeds	-	-	-	-	-	999,025	1,501,302	1,263,091	75,798	-
Proceeds from capital lease obligation	-	-	-	-	207,070	-	-	-	-	-
Proceeds from sale of asset	58,000	-	53,000	51,000	41,200	-	-	-	-	-
Transfer in	1,422,355	3,221,087	2,903,907	2,007,482	1,913,499	1,731,031	1,217,890	2,021,607	10,230,625	1,739,023
Transfer out	(1,422,355)	(3,221,087)	(2,903,907)	(2,007,482)	(1,913,499)	(1,731,031)	(1,217,890)	(2,021,607)	(10,230,625)	(1,739,023)
Total other financing sources (uses)	58,000	2,161,639	2,895,595	4,051,000	2,748,270	999,025	1,501,302	1,263,091	6,336,189	-
Change in fund balance	\$1,310,317	\$1,465,156	\$697,265	(\$1,427,201)	\$984,299	\$417,566	(\$1,801,882)	(\$6,523,921)	(\$196,927)	(\$3,365,742)
Debt service as a percentage of noncapital expenditures	5.66%	5.82%	6.12%	7.02%	7.31%	8.02%	7.52%	7.10%	6.37%	6.09%

Source: District's fund financial statements.

Beginning in 2013, expenditures were reported by function. In prior years, expenditures were reported by object.

GENERAL DISTRICT EXPENDITURES BY FUNCTION
Graphic Presentation



HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

GENERAL DISTRICT EXPENDITURES BY FUNCTION
Last Ten Fiscal Years*
(Year Ended June 30)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
INSTRUCTION:										
Regular Programs	\$48,636,463	\$58,573,384	\$62,725,150	\$53,133,758	\$49,603,415	\$41,781,293	\$42,245,937	\$42,272,565	\$39,770,196	\$40,171,419
Special Programs	14,736,513	13,825,309	13,948,981	14,309,107	15,044,527	14,021,295	13,854,731	14,220,957	14,424,668	13,404,058
Vocational Programs	1,509,357	1,551,013	1,445,914	1,334,020	1,322,112	1,489,261	1,478,439	1,617,558	1,922,290	1,989,736
Interscholastic Programs	954,503	822,103	826,081	770,304	766,121	761,776	741,689	708,816	688,898	678,289
Summer Programs	243,345	243,163	236,631	185,996	158,051	100,115	88,622	90,361	167,907	127,041
TOTAL INSTRUCTION	\$66,080,181	\$75,014,972	\$79,182,757	\$69,733,185	\$66,894,226	\$58,153,740	\$58,409,418	\$58,910,257	\$56,973,959	\$56,370,543
SUPPORT SERVICES:										
Pupils	\$9,007,719	\$9,150,378	\$8,544,032	\$7,372,048	\$6,802,657	\$6,439,244	\$5,817,586	\$6,209,913	\$5,974,817	\$5,890,162
Instructional Staff	2,981,185	2,244,130	2,359,126	1,963,912	2,100,132	1,729,542	1,916,432	2,049,198	2,133,406	2,339,834
General Administration	2,932,630	2,690,706	2,899,429	2,955,714	3,118,678	2,989,948	3,041,455	3,129,064	3,566,459	3,074,611
School Administration	4,097,335	4,309,268	4,143,310	3,667,308	3,569,530	3,521,629	3,336,261	3,311,705	3,209,955	3,118,095
Business Services**	15,452,231	16,110,501	16,528,788	15,870,759	15,336,756	14,704,205	14,301,434	16,196,517	18,805,816	15,373,806
Central Support Services	1,701,001	1,647,975	1,551,451	1,541,069	1,406,338	1,352,580	1,348,595	1,323,368	1,508,338	1,349,685
Other	42,467	43,576	41,973	77,715	97,142	206,266	163,897	280,495	185,516	228,458
TOTAL SUPPORT SERVICES	\$36,214,568	\$36,196,534	\$36,068,109	\$33,448,525	\$32,431,233	\$30,943,414	\$29,925,660	\$32,500,260	\$35,384,307	\$31,374,651
COMMUNITY SERVICES	\$686,638	\$414,989	\$352,710	\$241,982	\$328,698	\$327,459	\$371,621	\$332,359	\$388,437	\$373,793
NONPROGRAMMED	\$2,228,104	\$1,752,801	\$1,725,423	\$1,890,390	\$1,166,683	\$931,624	\$950,827	\$735,336	\$1,113,340	\$1,379,190
DEBT SERVICES***	\$6,141,941	\$6,810,987	\$7,378,171	\$7,702,552	\$7,747,020	\$7,665,095	\$7,145,711	\$6,806,009	\$6,447,328	\$5,498,107
TOTAL	\$111,351,432	\$120,190,283	\$124,707,170	\$113,016,634	\$108,567,860	\$98,021,332	\$96,803,237	\$99,284,221	\$100,307,371	\$94,996,284

* Includes expenditures of all governmental fund type funds.

** Includes operation and maintenance of plant, pupil transportation, food service, TRS pension expense/on behalf due to GASB 68 payments (2001-2005) and general business services.

*** Includes expenditures incurred with calling and refunding bonds.

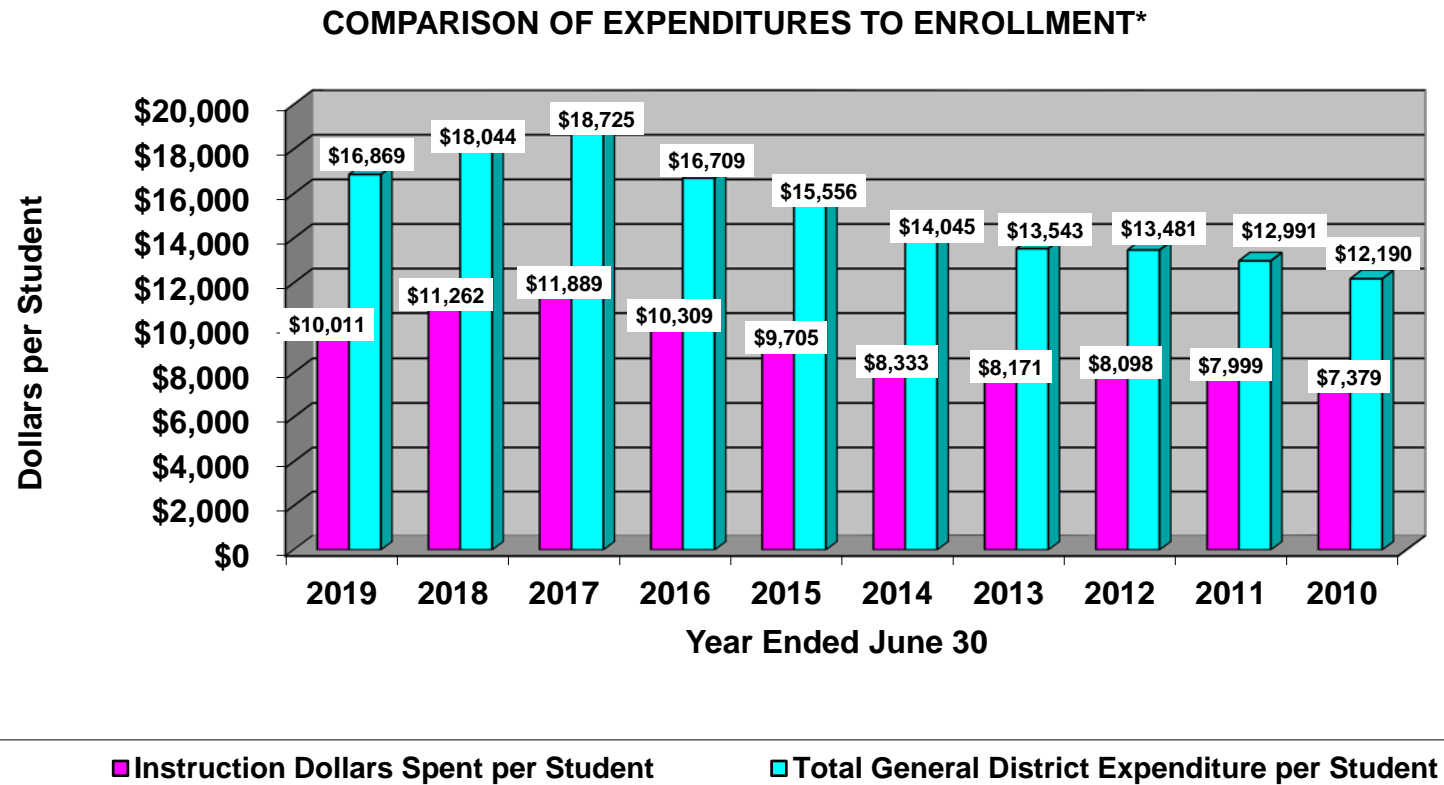
NOTE: Capital outlay is reflected within the functional areas.

SOURCE: Annual Financial Report to State Board of Education.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

GENERAL DISTRICT EXPENDITURES COMPARED TO ENROLLMENT

Graphic Presentation
(Last Ten Fiscal Years)



*Students enrolled is based on the Fall Housing Report .

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

GENERAL DISTRICT REVENUES BY SOURCE

Last Ten Fiscal Years*

(Year Ended June 30)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
LOCAL SOURCES:										
Property Tax	\$ 48,168,401	\$ 47,265,074	\$ 47,416,047	\$ 46,657,356	\$ 46,366,971	\$ 45,674,197	\$ 44,081,653	\$ 43,259,165	\$ 41,877,760	\$ 41,116,755
C.P.P.R. Tax	2,917,336	2,621,621	3,551,477	2,516,681	3,149,626	2,928,627	2,894,986	2,833,378	3,079,996	2,375,041
Earnings/Investment	765,283	487,669	214,379	128,183	78,758	138,746	144,753	192,023	264,044	265,002
Mobile Home Tax	-	69,478	67,356	64,184	61,204	124,504	-	62,223	69,426	63,203
Other Local Revenue	2,614,177	2,594,631	4,550,233	4,773,841	4,272,474	2,655,193	2,585,302	2,547,173	2,595,990	2,681,278
TOTAL LOCAL SOURCES	\$ 54,465,197	\$ 53,038,473	\$ 55,799,492	\$ 54,140,245	\$ 53,929,033	\$ 51,521,267	\$ 49,706,694	\$ 48,893,962	\$ 47,887,216	\$ 46,501,279
FLOW THRU SOURCES:										
State Sources	-	-	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-	-	-
TOTAL FLOW THRU:	-	-	-	-	-	-	-	-	-	-
STATE SOURCES:										
Unrestricted	\$26,111,020	\$25,311,459	\$ 22,272,549	\$ 21,262,254	\$ 19,417,527	\$ 19,123,325	\$ 18,066,761	\$ 18,638,135	\$ 19,844,958	\$ 16,626,209
Restricted	6,547,465	4,881,487	2,618,447	1,931,247	2,622,281	2,862,967	3,620,876	3,063,147	2,764,849	3,095,357
Other**	18,522,509	30,011,705	35,405,260	23,924,807	23,456,864	17,415,712	15,975,544	14,517,398	14,436,494	14,541,185
TOTAL STATE SOURCES:	\$51,180,994	\$60,204,651	\$ 60,296,256	\$ 47,118,308	\$ 45,496,672	\$ 39,402,004	\$ 37,663,181	\$ 36,218,680	\$ 37,046,301	\$ 34,262,751
FEDERAL SOURCES:										
Restricted	\$6,957,558	\$6,250,676	\$ 6,413,092	\$ 6,279,880	\$ 7,378,184	\$ 6,516,602	\$ 6,130,178	\$ 6,384,567	\$ 8,840,738	\$ 10,866,512
TOTAL	\$ 112,603,749	\$ 119,493,800	\$ 122,508,840	\$ 107,538,433	\$ 106,803,889	\$ 97,439,873	\$ 93,500,053	\$ 91,497,209	\$ 93,774,255	\$ 91,630,542
PERCENTAGES:										
Local Sources	48.37%	44.39%	45.55%	50.35%	50.49%	52.87%	53.16%	53.44%	51.07%	50.75%
Flow Thru Sources	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State Sources	45.45%	50.38%	49.22%	43.82%	42.60%	40.44%	40.28%	39.58%	39.51%	37.39%
Federal Sources	6.18%	5.23%	5.23%	5.84%	6.91%	6.69%	6.56%	6.98%	9.43%	11.86%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* Includes revenues from all governmental fund types.

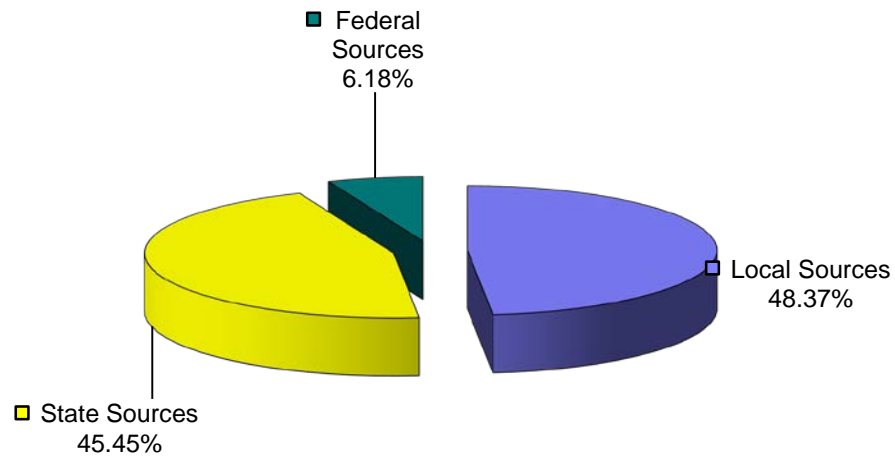
** Intergovernmental transfers/TRS pension expense/on behalf due to the implementation of GASB 68

SOURCE: Annual Financial Report to State Board of Education.

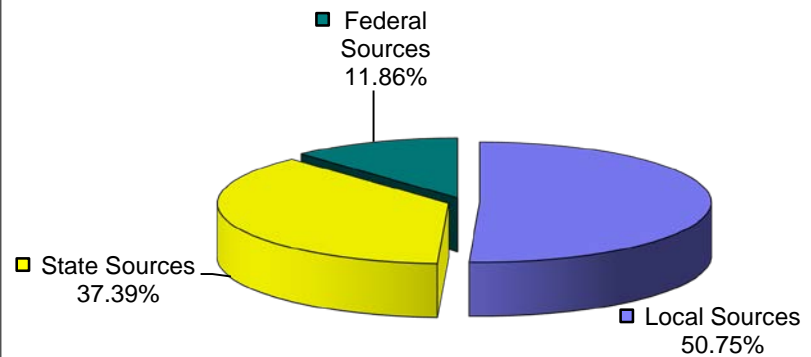
HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

GENERAL DISTRICT REVENUES BY SOURCE
Graphic Presentation

Year Ended June 30, 2019



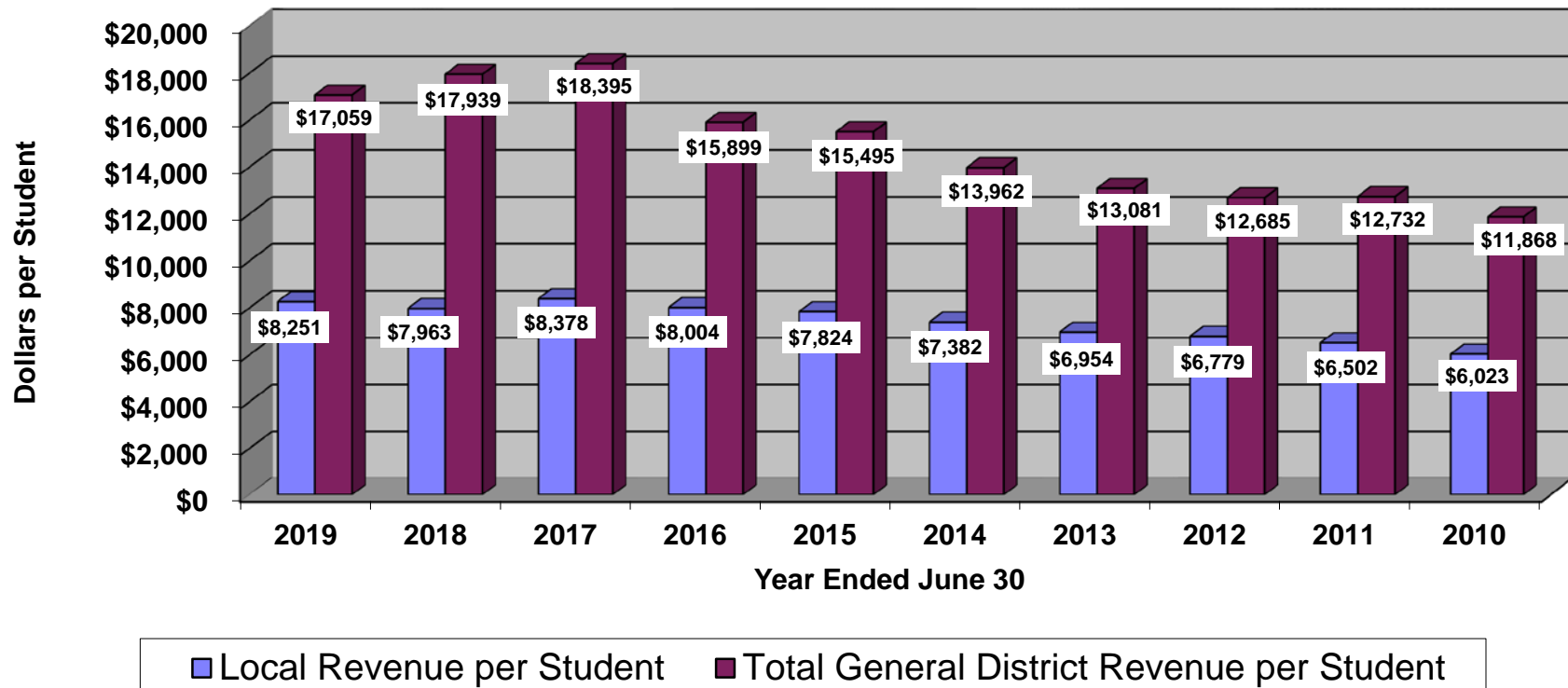
Year Ended June 30, 2010



GENERAL DISTRICT REVENUES COMPARED TO ENROLLMENT

Graphic Presentation
(Last Ten Fiscal Years)

COMPARISON OF REVENUE COMPARED TO ENROLLMENT*

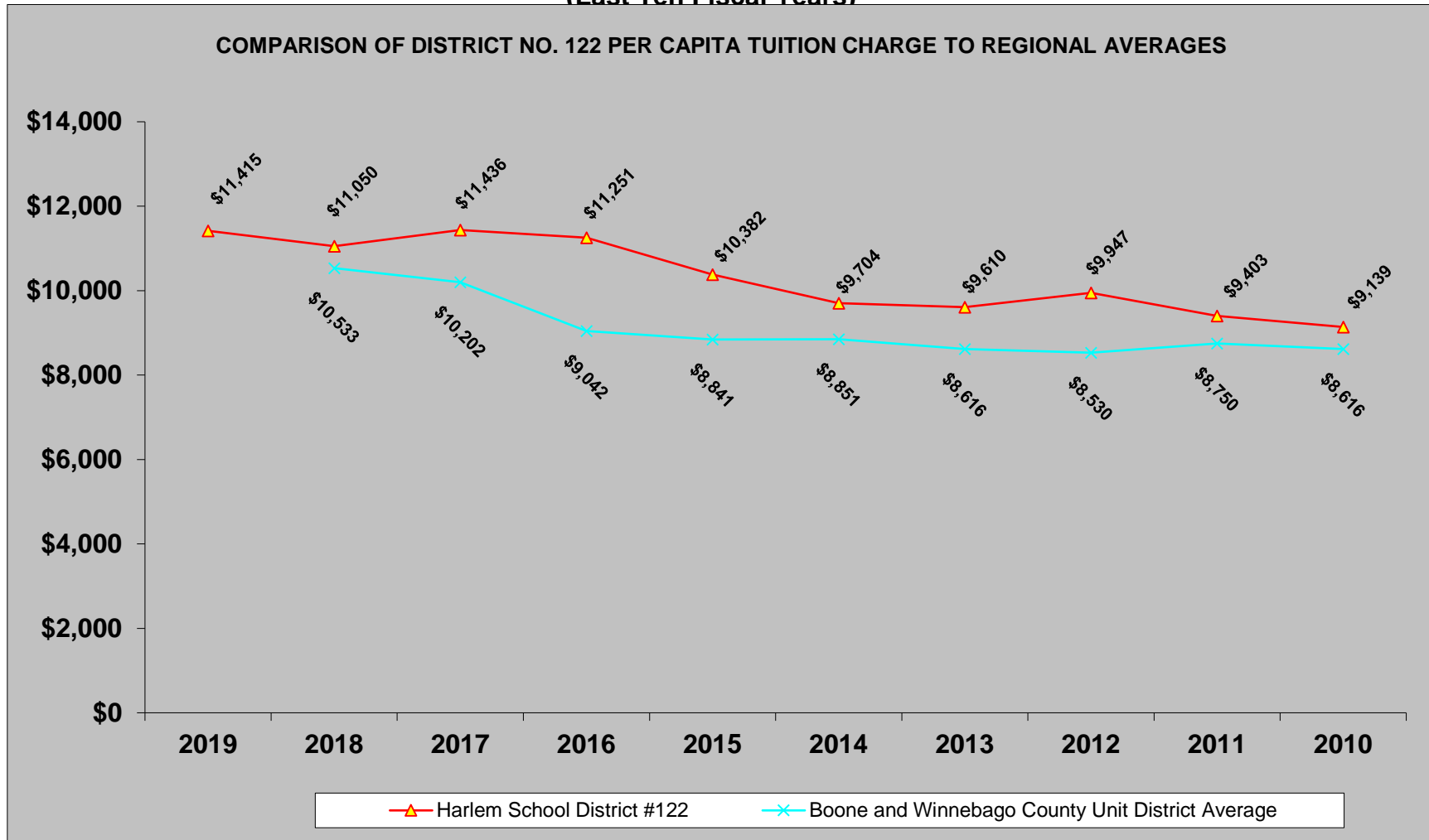


*Students enrolled is based on the Fall Housing Report .

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

PER CAPITA TUITION CHARGE COMPARED TO REGIONAL AVERAGES

Graphic Presentation
(Last Ten Fiscal Years)



SOURCE: Regional Office of Education

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

**SCHEDULE OF EQUALIZED ASSESSED VALUATION AND
ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Years

Tax Levy Year	Residential	Farm	Commercial	Industrial	Railroad	Total Equalized Assessed Valuation	Estimated Actual Taxable Value	Total Direct Rate
2018	\$ 441,834,361	\$ 532,502	\$ 109,407,789	\$ 59,375,375	\$ 553,517	\$ 611,703,544	\$ 1,835,110,632	8.1087
2017	427,695,484	507,513	105,588,340	57,086,398	515,093	591,392,828	1,774,178,484	8.1964
2016	417,708,549	489,241	103,047,975	57,010,660	504,859	578,761,284	1,736,283,852	8.2648
2015	410,461,562	400,090	102,993,446	54,594,788	496,170	568,946,056	1,706,838,168	8.3864
2014	414,895,252	392,591	98,008,589	53,321,994	413,139	567,031,565	1,701,094,695	8.3197
2013	438,163,097	415,602	101,112,629	54,675,968	396,184	594,763,480	1,784,290,440	7.8140
2012	473,280,412	408,937	106,545,293	59,166,048	320,601	639,721,291	1,919,163,873	7.1627
2011	507,816,477	496,649	114,776,308	61,293,222	284,412	684,667,068	2,054,001,204	6.4578
2010	527,510,392	481,179	117,233,763	61,784,696	267,724	707,277,754	2,121,833,262	6.1315
2009	545,382,509	489,386	121,860,878	66,976,451	214,258	734,923,482	2,204,770,446	5.7137

SOURCE: Winnebago County Clerk's Office

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

SCHEDULE OF PROPERTY TAX RATES
(Direct and Overlapping Governments)*
Last Ten Years

TAX LEVY YEAR	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Harlem Consolidated School District No. 122	\$ 8.1087	\$ 8.1964	\$ 8.2648	\$ 8.3864	\$ 8.3197	\$ 7.8140	\$ 7.1627	\$ 6.4578	\$ 6.1315	\$ 5.7137
Winnebago County	1.0173	1.0587	1.0826	1.0984	1.0845	1.0329	0.9423	0.8676	0.8299	0.7934
Winnebago Country Forest Preserve District	0.1147	0.1182	0.1207	0.1203	0.1199	0.1165	0.1072	0.0956	0.0898	0.0859
Rockford Township	0.1385	0.1446	0.1455	0.1452	0.1394	0.1288	0.1200	0.1119	0.1088	0.1070
North Suburban Library District	0.2996	0.3023	0.3002	0.3032	0.3027	0.2906	0.2682	0.2426	0.2317	0.2166
Greater Rockford Airport Authority	0.1073	0.1102	0.1103	0.1073	0.1063	0.1043	0.1024	0.0937	0.0954	0.0901
Community College 511	0.4987	0.5053	0.4927	0.4893	0.4823	0.4630	0.4477	0.4541	0.4503	0.4583
Rockford Park District	1.0963	1.1371	1.1544	1.1629	1.1286	1.0577	0.9522	0.8432	0.7869	0.7455
Rockford TWSP Road	0.1416	0.1478	0.1487	0.1484	0.1419	0.1299	0.1149	0.1049	0.0955	0.0939
Rock River Reclamation District	0.1964	0.204	0.2082	0.2075	0.2008	0.1856	0.1665	0.1469	0.1362	0.1268
TOTAL RATE	\$ 11.7191	\$ 11.9246	\$ 12.0281	\$ 12.1689	\$ 12.0261	\$ 11.3233	\$ 10.3841	\$ 9.4183	\$ 8.9560	\$ 8.4312

* Tax rates are expressed in dollars per \$100 of equalized assessed valuation.

Note: the City of Loves Park and Village of Machesney Park do not assess a property tax.

SOURCE: Winnebago County Clerk's Office

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

TEN PRINCIPAL TAXPAYERS IN THE DISTRICT
Current Year and Nine Years Prior

TAXPAYER	TYPE OF BUSINESS	2018 Equalized Assessed Valuation	Percentage of Total District Equalized Assessed Valuation	2009 Equalized Assessed Valuation	Percentage of Total District Equalized Assessed Valuation
Woodward Inc and Woodward Governor Co	Industrial land, vacant and improved and commercial business improved property	\$11,505,512	1.88%		
Meijer Stores Limited Partnership	Commercial business with vacant commercial land	5,043,353	0.82%		
Forest Hills Village LLC	Apartment buildings and vacant properties			4,302,254	0.59%
Rubloff C & G, LLC & Rubloff CB Machesney LLC	Shopping Center & commercial business, office and vacant land			4,212,825	0.57%
US Bank Trustee	Commercial business	3,430,052	0.56%		
Target Corp.	Discount Department store			3,338,168	0.45%
OSF Saint Francis Inc.	Aero-medical life-line ambulance services Commercial office and vacant commercial land	3,263,792	0.53%		
Machesney Crossings Inc.	Commercial business with vacant commercial land	3,197,512	0.52%	3,448,217	0.47%
Menard Inc.	Home Center - lumber, hardware and garden supplies	3,016,802	0.49%	6,978,173	0.95%
Walmart Real Estate Business Trust	Discount department store	2,956,459	0.48%	3,210,080	0.44%
Ballard Properties Group LLC	Industrial land, vacant and improved	2,933,041	0.48%		
Schnuck Markets Inc.	Supermarket	2,619,742	0.43%	3,534,341	0.48%
Curtis Metal Finishing Co.	Industrial land, vacant and improved	2,304,117	0.38%		
HD Development of Maryland Inc.- Home Depot	Home center - lumber, hardware, and garden supplies			2,709,583	0.37%
Lowes Home Center	Home Improvement Retail Store			2,490,846	0.34%
Cadbury Adams USA LLC	Gum, mints, candies, hardware, and garden supplies			2,486,520	0.34%
Total		\$40,270,382	6.58%	\$36,711,007	5.00%

SOURCE: Winnebago County Clerk's and Assessor's Offices and the Harlem Township Assessor's Office

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

**AVERAGE DAILY ATTENDANCE, OPERATING EXPENDITURE
PER PUPIL ENROLLMENT
Last Ten Fiscal Years**

Year Ended June 30	Expenditures	Less Non Operating Expenditures	*Operating Expenditures	Average Daily Attendance	Operating Expenditures Per Pupil	**Per Capita Tuition Charge
2019	\$ 111,351,432	\$ 28,370,325	\$ 82,981,107	5,971	13,899	11,416
2018	120,190,283	40,486,807	79,703,476	6,118	13,027	11,050
2017	124,707,170	44,082,416	80,624,754	6,061	13,301	11,436
2016	113,016,634	33,861,068	79,155,566	6,140	12,892	11,252
2015	108,567,860	30,738,387	77,829,473	6,212	12,530	10,382
2014	98,021,332	24,184,033	73,837,299	6,314	11,694	9,704
2013	96,803,237	20,467,444	76,335,793	6,475	11,789	9,610
2012	99,284,221	20,550,290	78,733,931	6,577	11,971	9,947
2011	100,307,371	22,392,012	77,915,359	6,534	11,925	9,403
2010	94,996,284	19,052,867	75,943,417	6,726	11,291	9,139

* Operating expenditures include all governmental fund type expenditures, other than capital outlay, tuition payments, principal payments and TRS pension expense/on behalf due to the implementation of GASB 68

** Per Capita Tuition Charge represents expenditures from local taxes and common school fund moneys and is generated per fund financial statements by deducting revenues for various state categorical programs, local user fees, and federal receipts from operating expenses and dividing by average daily attendance.

SOURCE: Annual Financial Reports to State Board of Education

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

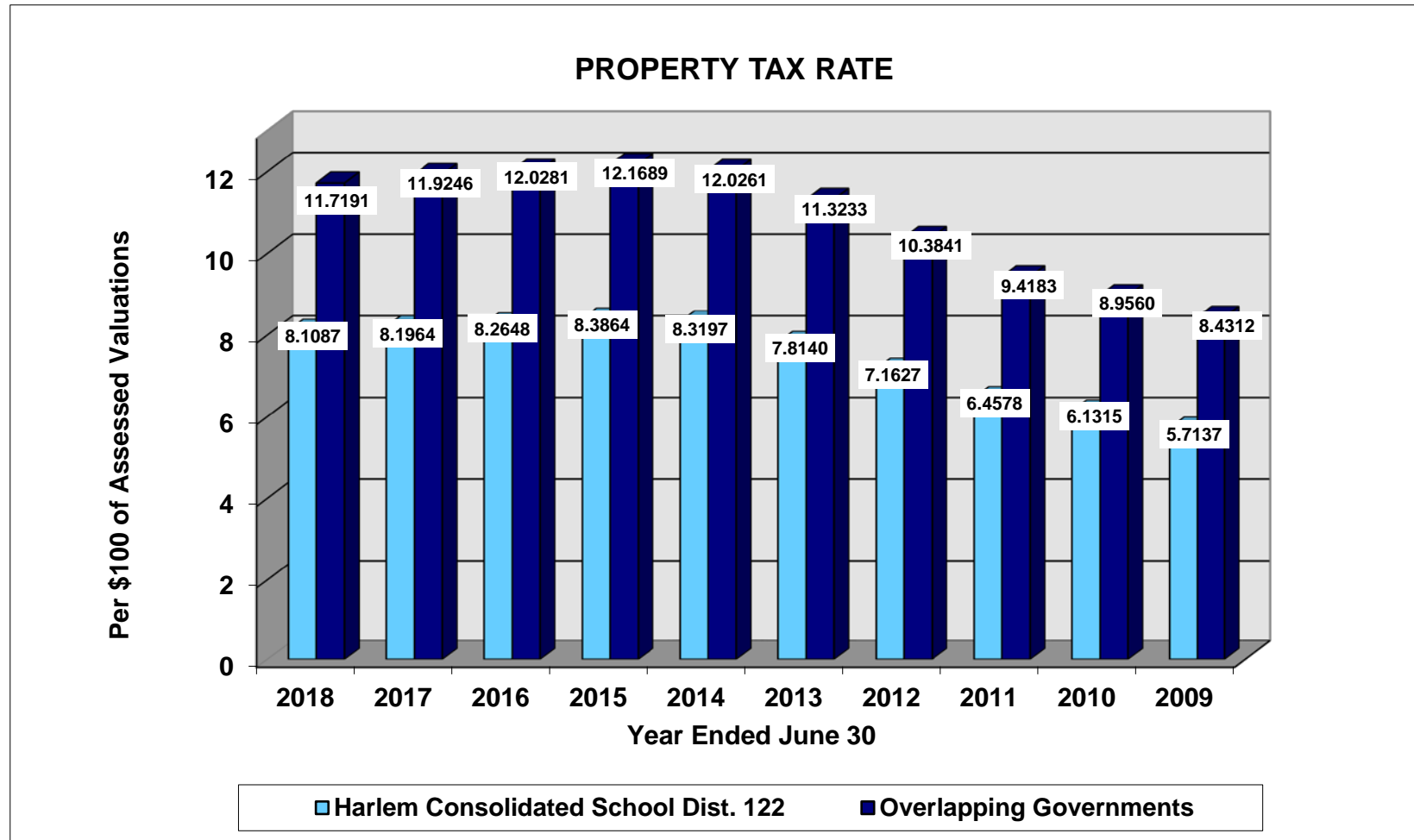
TAX LEVIES AND COLLECTIONS -- LAST TEN YEARS

Tax Levy Year	Taxes Levied for the Fiscal Year		Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	Total Percentage of Levy
			Amount	Percentage of Levy			
2018	\$	49,601,205	\$ 7,868,324	15.86%	\$ -	\$ 7,868,324	15.86%
2017		48,472,922	25,741,320	53.10%	22,427,081	48,168,401	99.37%
2016		47,833,462	25,329,710	52.95%	21,935,361	47,265,071	98.81%
2015		47,714,090	25,355,649	53.14%	22,127,754	47,483,403	99.52%
2014		47,175,324	24,822,273	52.62%	21,899,266	46,721,539	99.04%
2013		46,474,818	24,213,710	52.10%	22,214,465	46,428,175	99.90%
2012		45,821,317	23,918,453	52.20%	21,880,248	45,798,701	99.95%
2011		44,214,429	22,977,015	51.97%	21,118,094	44,095,109	99.73%
2010		43,366,736	19,030,795	43.88%	24,296,588	43,327,383	99.91%
2009		41,991,323	21,042,589	50.11%	20,910,486	41,953,075	99.91%

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

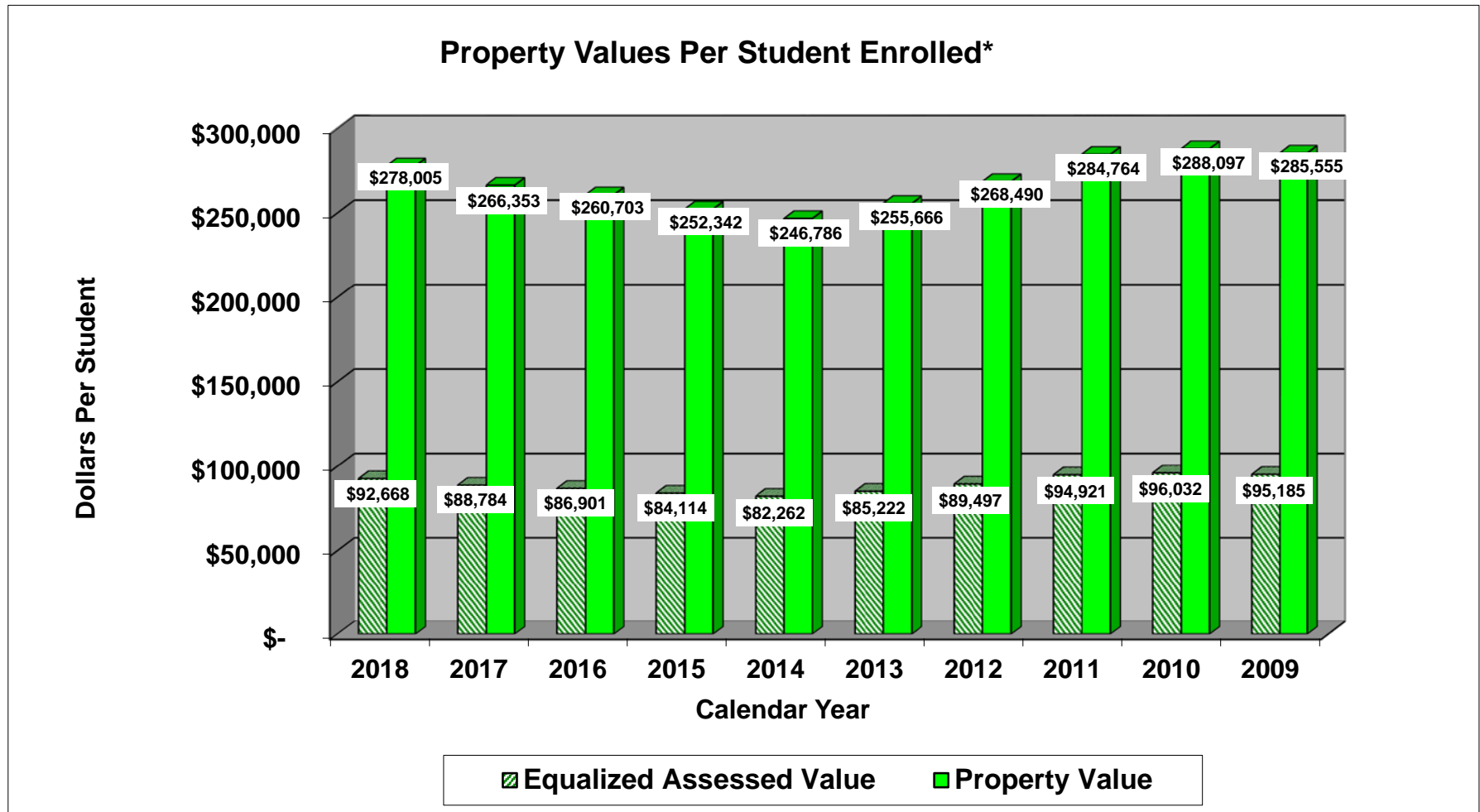
PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS

Graphic Presentation
(Last Ten Years)



LOCAL PROPERTY VALUES PER STUDENT ENROLLED

Graphic Presentation
(Last Ten Years)



*Students enrolled is based on the Fall Housing Report.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

Ratios of Outstanding Debt Last Ten Years

Fiscal Year Ended June 30	Outstanding General Obligation/ Capital Appreciation Bonds	Amount in Debt Service Fund	Net General Bonded Debt As Percentage Of Equalized Assesd Valuation	Net Bonded Debt Per Capita	Net Bonded Debt Per Student	Capital Leases	Net Total Debt*	Debt As Percentage of Taxable Value
2019	\$17,485,000	\$398,079	2.86%	\$409	\$2,649	\$43,501	\$17,130,422	2.80%
2018	22,825,000	388,121	3.86%	530	3,427	305,611	22,742,490	3.85%
2017	23,639,216	420,935	4.08%	546	3,549	359,615	23,577,896	4.07%
2016	24,011,443	428,359	4.22%	542	3,550	802,454	24,385,538	4.29%
2015	23,593,748	530,143	4.16%	524	3,423	1,582,749	24,646,354	4.35%
2014	24,867,066	560,655	4.18%	569	3,563	2,206,582	26,512,993	4.46%
2013	28,596,704	551,844	4.47%	651	4,001	2,166,985	30,211,845	4.72%
2012	32,231,450	559,519	4.71%	731	4,469	1,423,572	33,095,503	4.83%
2011	36,233,879	696,016	5.12%	818	4,920	600,017	36,137,880	5.11%
2010	26,348,365	470,616	3.59%	542	3,413	735,292	26,613,041	3.62%

*Net total debt is calculated by adding outstanding bonds, less amount in debt service, plus capital leases, compensated absences, arbitrage rebate, and early retirement benefits.

Note: Personal income information is only available from census data which is currently out dated.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

**RATIOS OF GENERAL BONDED DEBT
TO EQUALIZED ASSESSED VALUATION (EAV) AND
GENERAL BONDED DEBT PER CAPITA
Last Ten Years**

Fiscal Year Ended June 30	Tax Levy Year	General Bonded Debt	Equalized Assessed Valuation	Percentage of General Bonded Debt To EAV	Estimated* Population	General Bonded Debt Per Capita	General Bonded Debt Per Capita To Personal Income
2019	2018	\$ 17,485,000	\$ 611,703,544	2.86%	42,768 (5d)	\$ 409	\$ 0.02
2018	2017	22,825,000	591,392,828	3.86%	43,030 (5c)	530	0.02
2017	2016	23,239,216	578,761,284	4.02%	43,262 (5b)	537	0.02
2016	2015	24,011,443	568,946,056	4.22%	44,262 (5a)	542	0.02
2015	2014	23,593,746	567,031,565	4.16%	44,998 (5)	524	0.02
2014	2013	24,867,066	594,763,480	4.18%	43,721 (4)	569	0.02
2013	2012	28,596,704	639,721,291	4.47%	43,897 (3)	651	0.03
2012	2011	32,231,450	684,667,068	4.71%	44,095 (2)	731	0.03
2011	2010	36,233,879	707,277,754	5.12%	44,272 (1)	818	0.03
2010	2009	** 26,348,365	734,923,482	3.95%	48,611 *	542	0.03

(1) 2010 US Census Bureau

(2) US Census Bureau estimated the 2011 population at a 0.4% decrease for the communities in which the District is located.

(3) US Census Bureau has estimated the 2012 population at approximately 0.85% decrease since the 2010 Census for the communities in which the District is located.

(4) US Census Bureau has estimated the 2013 population at approximately 0.4% decrease of their 2012 estimate for the communities in which the District is located.

(5) US Census Bureau's American Community Survey 2009-2013 5 year average estimate of the District's population is 44,998.

(5a) US Census Bureau's American Community Survey 2010-2014 5 year average estimate of the District's population is 44,262.

(5b) US Census Bureau's American Community Survey 2011-2015 5 year average estimate of the District's population is 43,262.

(5c) US Census Bureau's American Community Survey 2012-2016 5 year average estimate of the District's population is 43,030.

(5d) US Census Bureau's American Community Survey 2013-2017 5 year average estimate of the District's population is 42,768.

* Estimated population made by District Administrators based on census data.

** As re-stated

SOURCES: Winnebago County Clerk's Office, U.S. Census Bureau

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

SCHEDULE OF DIRECT AND OVERLAPPING DEBT
(As of June 30, 2019)

OVERLAPPING AGENCIES	2018 EQUALIZED ASSESSED VALUATION	OUTSTANDING DEBT *	APPLICABLE TO DISTRICT	
			PERCENT	AMOUNT
Winnebago County	\$3,837,456,782	\$ - (1)(2)	15.93%	\$ -
Winnebago County Forest Preserve District	3,837,456,782	2,219,090 (3)	15.93%	353,412
City of Rockford	1,509,649,934	- (1)(2)	1.04%	-
City of Loves Park	331,444,338	- (1)	66.27%	-
Rockford Park District	2,166,362,182	11,155,000 (1)(2)	12.46%	1,390,136
Greater Rockford Airport Authority	2,788,003,966	- (1)	21.92%	-
Rock River Water Reclamation	2,604,253,042	- (1)	19.87%	-
Village of Machesney Park	326,534,799	- (2)	88.82%	-
Community College District # 511	3,836,834,434	83,290,000 (2)	10.56%	8,797,090
Village of Roscoe	212,885,013	- (1)	24.02%	-
TOTAL OVERLAPPING AGENCIES				\$10,540,638
<u>DIRECT DEBT</u>				
Harlem Consolidated School District No. 122	611,703,544	17,485,000	100.00%	17,485,000
TOTAL OVERLAPPING AND DIRECT DEBT				\$28,025,638

- (1) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.
- (2) Excludes principal amounts of outstanding self-supporting bonds which are payable from non-property tax sources. Also excludes outstanding Debt Certificates.
- (3) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

Source: Winnebago County Clerk's Office

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

SCHEDULE OF LEGAL BONDED DEBT MARGIN
(As of June 30, 2019)

Year Ended June 30	Equalized Assessed Valuation	Statutory Debt Limit 13.8%	General Bonded Debt	Legal Debt Margin	Percentage of Debt to Debt Limit
2019	\$ 611,703,544	\$ 84,415,089	\$ 17,485,000	\$ 66,930,089	20.7%
2018	591,392,828	81,612,210	22,825,000	58,787,210	28.0%
2017	578,761,284	79,869,057	23,639,216	56,229,841	29.6%
2016	568,946,056	78,514,556	24,011,443	54,503,113	30.6%
2015	567,031,565	78,250,356	23,593,748	54,656,608	30.2%
2014	594,763,480	82,077,360	24,867,066	57,210,294	30.3%
2013	639,721,291	88,281,538	28,596,704	59,684,834	32.4%
2012	684,667,068	94,484,055	32,231,450	62,252,605	34.1%
2011	707,277,754	97,604,330	36,233,879	61,370,451	37.1%
2010	734,923,482	101,419,441	26,348,365	75,071,076	26.0%

SOURCE: Equalized Assessed Valuation of taxable property from Winnebago County Clerk's Office.

SOURCE: Debt limitation is established by the Illinois General Assembly and promulgated by the Illinois Revised Statutes.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

**PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Years**

YEAR ENDED JUNE 30	PRINCIPAL	INTEREST & OTHER CHARGES	* TOTAL DEBT SERVICE EXPENDITURES	** TOTAL GENERAL EXPENDITURES	PERCENTAGE OF ANNUAL DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
2019	\$ 5,396,704	\$ 744,267	\$ 6,140,971	\$ 111,351,432	5.51%
2018	5,869,004	733,028	6,602,032	120,190,283	5.49%
2017	6,256,346	600,829	6,857,175	124,707,170	5.50%
2016	6,295,000	537,277	6,832,277	113,016,634	6.05%
2015	6,270,000	563,550	6,833,550	108,567,860	6.29%
2014	6,020,000	615,350	6,635,350	98,021,332	6.77%
2013	5,655,000	664,950	6,319,950	96,803,237	6.53%
2012	5,360,000	982,544	6,342,544	99,284,221	6.39%
2011	5,516,938	368,768	5,885,706	100,307,371	5.87%
2010	3,717,531	1,780,576	5,498,107	94,996,284	5.79%

* Debt service expenditures represent payment of principal and interest on general obligation/ capital appreciation bonds, excluding other financing uses.

** Includes expenditures of all governmental funds

SOURCE: Per Fund Statements

PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior

<i>Employer</i>	2019		2010	
	Approximate # of Employees	Percent of Total Employed**	Approximate # of Employees	Percent of Total Employed
Woodward Govenor Co.	1,200	6.05%	1200	5.95%
Harlem Consolidated School District #122	1,237	6.24%	1,165	5.77%
Mondelez Int'l Kraft Foods (Cadbury Adams)	650	3.28%	900	4.46%
Danfoss Inc. also called Electronic Drives Div.	350	1.77%	225	1.12%
Ecolab, Inc	350	1.77%		
Gleason Cutting Tools Corp.	335	1.69%	250	1.24%
JC Milling Co., Inc.	332	1.67%		
TH Foods, Inc.	325	1.64%		
Hennig, Inc.	266	1.34%		
Bridgeway	250	1.26%		
GE Aviation Systems, LLC	250	1.26%		
American Aluminum Extrusion Co., Inc.	200	1.01%		
GKN Rockford	200	1.01%	200-210	1.04%
Walmart Supercenter	134	0.69%		
Lifetouch Services, Inc.	200	1.01%		
PBC Linear	200	1.01%		
Total	6,479	32.69%	3,740	19.58%

This list may include full and part-time and/or seasonal employees unless noted otherwise

*Includes companies and institutions located in the communities in which the district is located
but not necessarily within the boundaries of the District

**Calculating applicable percentages to the Illinois Department of Employment Security Reports the estimated number of
persons employed in the District in 2018 is 19,829.

Data Sources: 2019 Illinois Manufacturers' Directory

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

MISCELLANEOUS DEMOGRAPHIC STATISTICS

	2010		2000	
	LOVES PARK	MACHESNEY PARK	LOVES PARK	MACHESNEY PARK
Median Family Income	\$49,503	\$52,346	\$52,061	\$53,788
Per Capita Income	23,945	24,541	20,781	19,685
Total Households	9,902	8,893	8,144	7,728
Population	23,996	23,499	20,044	20,759
Unemployment Rate	12.90%		3.40%	

SOURCE: Latest data from U.S. Bureau of the Census in 2010 and 2000.

MISCELLANEOUS STUDENT/TEACHER/ADMINISTRATOR STATISTICS

2018-2019 School Year

School District No. 122 Characteristics:

- Average Teaching Experience	13.7%
- Bachelor's Degree	35.7%
- Master's Degree	63.9%
- Pupil/Teacher Ratio (Elementary)	18.8:1
- Pupil/Teacher Ratio (Secondary)	19.4:1
- Pupil/Administrator Ratio	189.6:1
- Average Teacher Salary	\$66,655
- Average Administrator Salary	\$111,313

- Racial/Ethnic Background	<u>Students</u>	<u>Teachers</u>
White	71.90%	96.80%
African American	5.10%	0.50%
Hispanic	13.60%	0.90%
Other	9.40%	1.60%

- Student Attendance Rate 92.80%

- Low Income Students 56.30%

NOTE: Low Income students are pupils receiving public aid or are eligible for free or reduced price lunches.

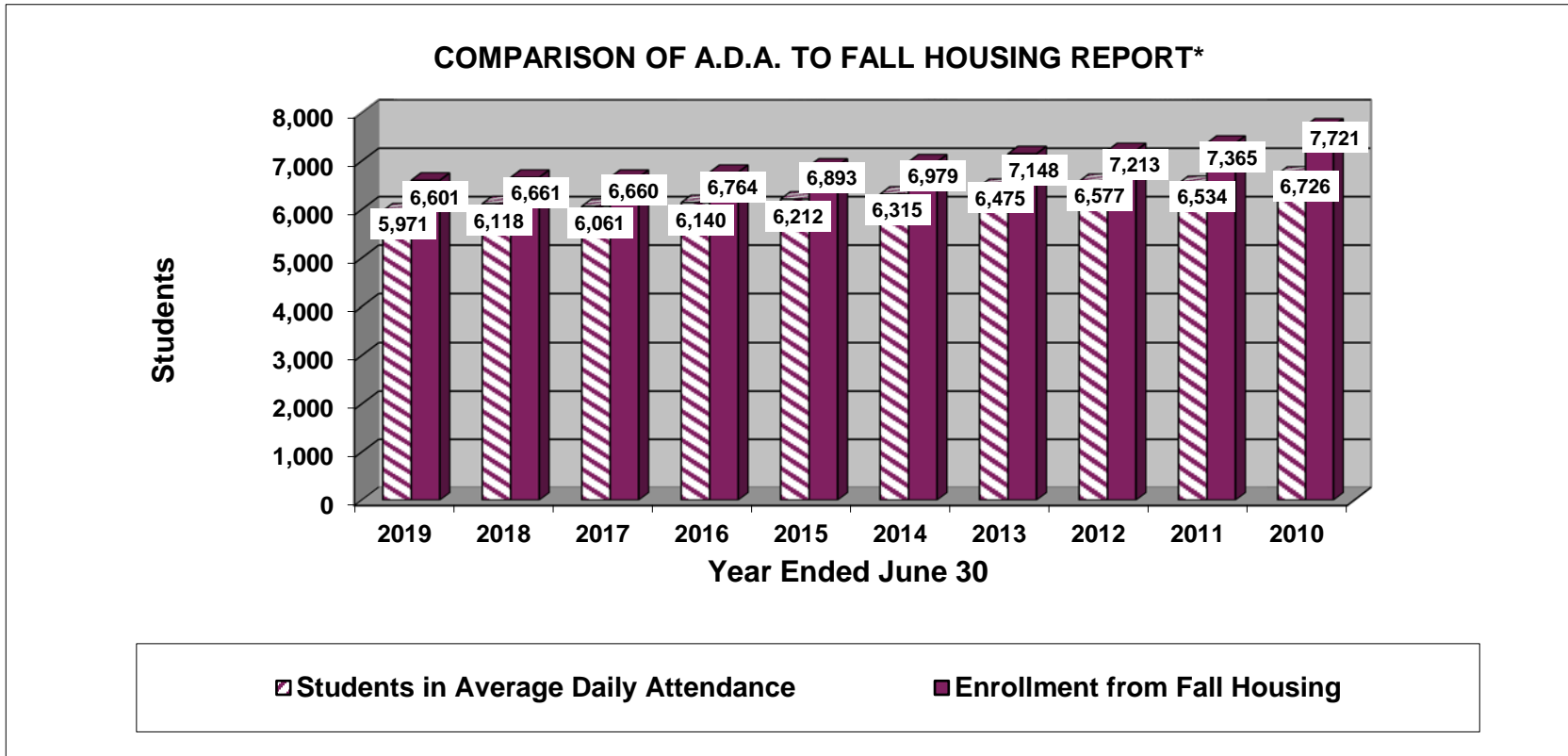
SOURCE: 2019 School District Report Card

N/A - Due to change in the School District Report Card not all data was available for this year.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

AVERAGE DAILY ATTENDANCE COMPARED TO FALL HOUSING

Graphic Presentation
(Last Ten Fiscal Years)



*Students enrolled is based on the Fall Housing Report.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

DISTRICT EMPLOYMENT STATISTICS
Last Ten Fiscal Years Ending June 30

Employee Type	Status	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Central Office Adm.	Full-Time	4	4	4	7	7	7	7	7	8	8
Building Principals	Full-Time	13	12	12	12	12	12	12	12	12	12
Asst. Principals	Full-Time	13	13	13	11	11	9	9	9	9	8
Other Administrators*	Full-Time	13	12	12	8	8	10	12	12	11	12
Teachers	Full-Time	563	549	549	552	548	527	542	572	573	576
Teachers	Part-Time	8	7	7	9	11	15	16	18	20	18
Instructional Aides	Full-Time	158	138	132	130	130	111	106	110	106	166
Instructional Aides	Part-Time	0	0	0	0	0	0	0	0	0	0
Secretarial/Clerical	Full-Time	55	55	55	56	59	57	55	55	55	55
Secretarial/Clerical	Part-Time	1	1	1	2	3	2	2	2	2	2
Bookkeeper	Full-Time	1	1	1	1	1	1	1	1	1	1
Custodial	Full-Time	44	45	45	45	44	44	43	48	48	48
Custodial	Part-Time	1	1	2	1	0	0	0	0	1	2
Food Service Director	Full-Time	1	1	1	1	1	1	1	1	1	1
Food Service Workers	Full-Time	12	12	11	12	12	12	11	12	11	12
Food Service Workers	Part-Time	57	61	60	65	67	66	65	66	63	59
Maintenance	Full-Time	5	5	4	4	5	5	5	5	5	5
Bus Drivers	Full-Time	93	92	85	79	84	85	85	85	78	72
Bus Drivers	Part-Time	0	0	0	0	0	0	0	0	0	0
Security	Full-Time	2	2	2	2	2	2	2	2	2	2
Others**	Full-Time	68	70	70	76	54	66	47	49	60	59
Others**	Part-Time	125	129	128	111	117	102	112	116	110	97
TOTAL		1,237	1,210	1,194	1,184	1,176	1,134	1,133	1,182	1,176	1,215

* Includes Program Directors, Athletic Director, Special Education Director and those not included in any of the above categories.

** Includes crossing guards, supervisory aides, and those not included in any of the above categories.

SOURCE: Fall Housing Reports, Teacher Service Record Reports, Annual Publication Reports, District Directories

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

School Building Information (Year Ended June 30)

	Total Square Feet	2018-2019 Enrollment	Student Capacity
<u>ELEMENTARY SCHOOLS</u>			
Loves Park Elementary	51,949	344	620
Machesney Elementary	55,689	379	620
Maple Elementary	35,031	283	550
Marquette Elementary	33,374	298	540
Olson Park Elementary	39,895	294	640
Parker Early Ed. Center	43,315	703	591
Rock Cut Elementary	32,798	438	550
Ralston Elementary	34,246	338	570
Windsor Elementary	33,321	420	580
<u>MIDDLE SCHOOLS</u>			
Harlem Middle School	141,290	990	1,350
<u>HIGH SCHOOL</u>			
Harlem High School	380,000	1,607	2,600
Hoffman Center	63,683	507	650
<u>SUPPORT FACILITIES</u>			
Administration Center	12,000	N/A	N/A
Operations Building	17,500	N/A	N/A
Bus Garage	21,120	N/A	N/A
Auto Shop	9,000	N/A	N/A
Totals	1,004,211	6,601	9,861

Note: Building data not derived from District Financial Statements.

HARLEM CONSOLIDATED SCHOOL DISTRICT NO. 122

DISTRICT ENROLLMENTS*
Last Ten Years

GRADE	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Pre-K/Kdg.	703	625	605	600	624	601	607	601	538	864
1st	445	443	442	474	474	509	534	491	527	494
2nd	451	454	476	472	502	535	469	530	487	530
3rd	434	479	473	485	528	452	535	469	528	524
4th	476	475	494	515	457	532	469	525	535	554
5th	482	503	509	468	546	463	534	532	570	538
6th	506	503	476	543	497	530	548	578	550	574
7th	508	486	512	482	525	556	579	545	582	567
8th	482	528	500	530	567	581	537	580	568	617
9th	579	571	580	636	658	628	659	645	710	748
10th	532	559	620	610	569	591	603	635	654	632
11th	502	560	516	488	478	513	573	566	584	590
12th	501	475	457	461	468	488	501	516	532	489
TOTAL	6,601	6,661	6,660	6,764	6,893	6,979	7,148	7,213	7,365	7,721

*Students enrolled is based on the Fall Housing Report 2010 - 2019.

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 122, Winnebago County, Illinois (the “*District*”), in connection with the issuance of \$2,115,000 General Obligation Limited School Bonds, Series 2020 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 27th day of January, 2020, as supplemented by a notification of sale (together, the “*Resolution*”).

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

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

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

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

THE BONDS – Limited Bonds (base calculation and chart only)

FINANCIAL INFORMATION

Trend of EAV

Tax Rates

Tax Extensions and Collections

Summary of Outstanding Bonded Debt

Debt Repayment Schedule

Debt Statement (with respect to the District’s debt only)

Debt Ratios (with respect to the District’s debt only)

SUMMARY OF OPERATING RESULTS

Combined Educational Fund and Operations and Maintenance Fund Revenue Sources

Summary of Operating Funds and Debt Service Fund

On-Behalf Payments Summary (table only)

Budget Summary

SCHOOL DISTRICT FINANCIAL PROFILE (LAST PARAGRAPH ONLY)

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

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

Commission means the Securities and Exchange Commission.

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

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

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

Financial Obligation of the District means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii), *provided* that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated February 4, 2020, 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. The District will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

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

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

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to "material" in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement

any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

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

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

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

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

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

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

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

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

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other

regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

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

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

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

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

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

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

SCHOOL DISTRICT NUMBER 122,
WINNEBAGO COUNTY, ILLINOIS

By _____
President, Board of Education

Date: March 3, 2020

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the District's fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2020. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

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

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

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

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

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

EXHIBIT III
CUSIP NUMBERS

YEAR OF MATURITY	CUSIP NUMBER (974518)
2021	GV8
2022	GW6
2023	GX4
2024	GY2
2025	GZ9