

**LOCKPORT TOWNSHIP
HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

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LOCKPORT, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lockport Township High School District 205
Lockport, 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 Lockport Township High School District 205 (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 relevant to the entity'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 the entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Management Discussion and Analysis, Other Information, Other Supplementary Information and Other Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Management Discussion and Analysis and Other Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

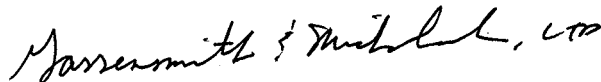
The Other Information and Other Supplemental Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2016, which are not presented with the accompanying basic financial statements. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The combining and individual non-major fund financial statements, related to the 2016 financial statements, for the year ended June 30, 2016, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting and compliance. The report is an internal part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



Gassensmith & Michalesko, Ltd.
Certified Public Accountants

Joliet, Illinois
October 13, 2017

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

As management of Lockport Township High School District 205, we offer the readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

The assets of Lockport Township High School District 205 exceeded its liabilities at the close of the fiscal year by \$66,120,311 (net position).

The District's total net position increased by approximately \$4.4 million for fiscal year 2017 as reported in the statement of activities.

As of the close of fiscal year 2017, the District's governmental funds reported combined ending fund balances of \$52,035,836, an increase of over \$9 million in comparison to the prior year.

At the end of fiscal year 2017, the unassigned fund balance was \$28,419,553 which is 44% of the total governmental fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lockport Township High School District 205's basic financial statements. Those statements are comprised of the following components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other information as well as combining and individual fund financial statements.

District-wide Financial Statements - These are designed to provide readers with a broad overview of the District's finances using the modified cash basis of accounting. This basis of accounting varies from accounting principles generally accepted in the United States of America. When using the modified cash basis of accounting, current assets and current liabilities arising from cash transactions are included on the statement of net position as well as year end balances of capital assets and long-term debt. The difference between the District's assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the District.

The statement of activities presents information that shows how the District's net position changed during the most recent fiscal year. The District recognizes revenues when received

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Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

rather than when earned, and expenditures are recognized when paid, rather than when the obligation is incurred. Also included is activity related to the acquisition and depreciation of capital assets, as well as changes in long-term debt.

Both of the district-wide financial statements highlight the functions of Lockport Township High School District 205 that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include the following functions: instruction, support services, community services, payments to other governments, on-behalf payments made by the State and interest on debt.

The district-wide financial statements can be found on pages 16 and 17 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. Governmental fund financial statements use the modified cash basis of accounting. The governmental fund accounting differs slightly from the district-wide accounting in that year-end asset and liability balances related to capital assets and long-term debt are not reported.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, differences in reporting exist. Both the governmental fund statement of assets, liabilities and fund balances and the governmental fund statement of revenues received, expenditures disbursed and changes in fund balances provide the readers of the financial statements with reconciliations to facilitate this comparison between governmental funds and governmental activities.

Lockport Township High School District 205 maintains five individual governmental funds. Information is presented separately in the governmental fund statement of assets, liabilities and fund balances and in the governmental statement of revenues received, expenditures disbursed, and changes in fund balances for the District's major funds. The District has two major funds, the General Fund, which is comprised of three accounts, the Educational Account, the Operations and Maintenance Account and the Working Cash Account, and the Debt Service Fund. All other non-major governmental funds are combined and presented in one column.

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Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 18 through 23 of this report.

Fiduciary Funds - The District also maintains fiduciary funds in the form of agency funds, which are used to account for resources - exclusively cash - held by the District for the benefit of student groups. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds also use the modified cash basis of accounting. The fiduciary fund financial statement can be found on page 24 of this report.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to Financial Statements can be found on pages 25-62 of this report.

Other Information is presented concerning the District's General Fund budgetary schedule, the IMRF (Illinois Municipal Retirement Fund) and TRS (Teachers Retirement System) pension schedules and the other postemployment benefits schedule of funding progress. The District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The pension schedules have been provided to present the District's progress in funding its obligation to provide pension benefits to District employees. The other postemployment benefits schedule has been provided to present the District's progress in funding its obligation to provide benefits to District retirees. Other information can be found on pages 63 through 69 of this report.

Combining and individual fund statements and schedules are presented immediately following the other information. Combining and individual fund statements and schedules can be found on pages 70 through 98 of this report.

District-Wide Financial Analysis

Statement of Net position - The following table reflects the condensed statement of net position. The District's combined net position is \$66.1 million. The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis
For the Year ended June 30, 2017
(unaudited)

Condensed Statement of Net Position as of June 30, 2017 and June 30, 2016

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Assets		
Current Assets	52,048,186	42,989,653
Capital Assets	<u>38,728,367</u>	<u>37,356,812</u>
Total Assets	<u>90,776,553</u>	<u>80,346,465</u>
Liabilities		
Current liabilities	12,350	16,707
Long-term liabilities	<u>24,643,892</u>	<u>18,562,926</u>
Total Liabilities	<u>24,656,242</u>	<u>18,579,633</u>
Net Position		
Net investment in capital asset	33,293,367	30,621,812
Restricted	14,475,702	14,821,135
Unrestricted	<u>18,351,242</u>	<u>16,323,885</u>
Total Net Position	<u>66,120,311</u>	<u>61,766,832</u>
Total Liabilities and Net Position	<u>90,776,553</u>	<u>80,346,465</u>

Current assets consist primarily of cash and investments. Capital assets include land, buildings and improvements and equipment.

Long-term liabilities consist of bonds payable, compensated absences and other postemployment benefits. Other liabilities include payroll deductions payable.

The Statement of Net Position can be found on page 16 of this report.

Statement of Activities - The following table reflects the condensed statement of activities.

Net position increased \$4.4 million over the previous year. Revenues decreased by approximately \$1.9 million during the current year, while expenses decreased by approximately \$6.1 million.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis
For the Year ended June 30, 2017
(unaudited)

Condensed Statement of Activities **For the Years ended June 30,**

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Receipts:		
Program Revenues		
Charges for services	2,183,789	2,085,641
Operating grants & contributions	13,976,294	16,750,871
Capital grants & contributions	228,833	209,444
General Revenues:		
Property taxes	45,702,221	45,479,241
Replacement taxes	967,011	870,527
General State aid & other unrestricted grants	1,907,682	1,777,979
Investment earnings	216,920	32,196
Other general revenues	<u>416,499</u>	<u>315,232</u>
Total Receipts	65,599,249	67,521,131
Expenditures		
Instruction	25,758,114	31,483,065
Supporting services	24,619,918	22,435,375
Community services	631,178	593,862
Payments to other governments	1,195,701	912,882
On behalf payments	9,029,912	11,578,092
Debt service	<u>10,947</u>	<u>390,733</u>
Total Expenditures	<u>61,245,770</u>	<u>67,394,009</u>
Increase in Net Position	4,353,479	127,122
Beginning Net Position	<u>61,766,832</u>	<u>61,639,710</u>
Ending Net Position	<u><u>66,120,311</u></u>	<u><u>61,766,832</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis
For the Year ended June 30, 2017
(unaudited)

Financial Analysis of the District's Funds

As noted earlier, Lockport Township High School District 205 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A financial analysis of the District's funds follows.

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

As of the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$52.0 million an increase of \$9.1 million in comparison with the previous fiscal year. All funds had positive fund balances as of June 30, 2017.

Approximately 28% of the District's fund balance is restricted for various purposes, including \$6,262,362 for operations & maintenance, \$814 thousand for future debt retirement, \$2 million for employee benefits, and \$197 thousand for future property acquisitions and capital projects.

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$36.2 million, which represents 65.5% of total General Fund expenditures. This means that without receiving any additional revenue, the District could fund slightly more than six months of operating expenditures with the unassigned fund balance in the General Fund. The policy of the Board of Education is to strive to maintain 150 days cash on hand as defined in the Financial Profile Summary of the Illinois State Board of Education Annual Financial Report.

The revenues and expenditures of the District's governmental funds are analyzed below.

Revenues

The most significant revenue source for all funds during fiscal year 2017 continues to be property taxes. Property taxes increased slightly from 2016 to 2017 because the District issued new General Obligation Limited Bonds in March 2017 to fund an addition and remodeling project at East Campus. The first two payments on these bonds will be paid with accrued interest received at closing and funds from the 2016 tax levy. Total revenue received from state sources decreased from 2016 to 2017, primarily due to the District receiving four quarterly payments in fiscal year 2016 for regular and special education transportation as well as special education facility tuition, funding for children requiring special education services, and special education

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Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

personnel reimbursement. In fiscal year 2017, the District only received three quarterly payments on each of these mandated categorical grants. Grant funding from federal sources decreased 1.1% from 2016 to 2017 due primarily to less the District having less students placed in special education residential programs, which resulted in less IDEA Room and Board reimbursement.

Replacement taxes or Corporate Personal Property Replacement Taxes (CPPRT) have increased approximately 11% from fiscal year 2016 to 2017. Earnings on investments have increased \$185 thousand due to rising interest rates. Other local revenue increased by approximately 12% due to the District receiving a \$70,000 grant from CITGO Petroleum Corporation that was used to create a zSpace STEM lab and a \$105,176 Public Sector Energy Rebate that was used to update lighting fixtures throughout the District.

General State Aid is distributed to school districts in Illinois based on a formula, which takes into account the District's weighted average daily attendance of students and the District's equalized assessed valuation for the previous year, among other things. Since fiscal year 2010, the State of Illinois has further reduced the computed General State Aid entitlements of school districts based on a proration percentage. The District's approximate 7.3% increase in General State Aid is primarily due to the state not prorating General State Aid at all in fiscal year 2017, while the proration percentage was 92.0% in 2016. Finally, on-behalf TRS and THIS payments represent the amount that the State of Illinois must pay to TRS on behalf of District 205, fluctuate as they are based actuarially computed by Teachers' Retirement System.

Below is an analysis of revenues for the past two years for the governmental funds of the District.

Comparative Summary of Revenues -Governmental Funds for the Years ending June 30,

	2017	2016	Increase (Decrease) 2016 to 2017	% Change
Property taxes	45,702,221	45,479,241	222,980	0.5%
Replacement taxes	967,011	870,527	96,484	11.1%
Earnings on investments	216,920	32,196	184,724	573.7%
Other local revenues	2,896,279	2,588,812	307,467	11.9%
General state aid	1,907,682	1,777,979	129,703	7.3%
Restricted state grants	3,232,280	3,529,569	(297,289)	-8.4%
Restricted federal grants	1,646,604	1,664,715	(18,111)	-1.1%
On-behalf payments	9,028,422	11,578,092	(2,549,670)	-22.0%
Total	<u>65,597,419</u>	<u>67,521,131</u>	<u>(1,923,712)</u>	-2.8%

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Expenditures

Salaries and benefits remain the largest expenditures of the District, representing 61.5% of the fiscal year 2017 total expenditures. The split between salaries and benefits is about 80/20, with benefits making up about 21% of the total combined expenditure. Benefit expenditures consist of pension, health insurance, dental insurance, life insurance, Medicare and FICA.

The District's salaries increased approximately 4.4% while employee benefit expenditures decreased approximately 0.5% from 2016 to 2017. The reason for the decrease in benefits expenditures is two-fold: in the current bargaining agreement, teachers agreed to increase their health insurance contributions in 2016, 2017 and 2018 in exchange for higher salary raises and more employees enrolled in the high deductible health insurance plan offered by the District resulting in a favorable renewal from Blue Cross Blue Shield of Illinois for 2017. Instructional expenditures increased 0.8% as a result of the increase in teacher salaries. The Support Services expenditure increase of 10.2% is primarily due to construction beginning on the East Campus addition and remodeling project in the spring of 2017. Payments to other governments increased due to a significant increase in the number of LTHS students attending career and technical education programs through WILCO Area Career Center. Debt service expenditures increased from 2016 to 2017 because the District made the first of two principal payments on the 2008 bonds in 2017. The repayment schedule for the 2008 bonds was structured so that the principal will be paid off in two large installments in the final two years of the schedule, 2017 and 2018.

Finally, as mentioned above, TRS and THIS On-Behalf payments increased by 22% due to annual adjustments.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

The following is an analysis of expenditures, by function, for the past two years for the governmental funds of the District.

Comparative Summary of Expenditures-Governmental Funds for the Years Ending June 30,

	2017	2016	Increase (Decrease) 2016 to 2017	% Change
Instructional	28,374,594	28,155,695	218,899	0.8%
Support services	23,974,210	21,746,996	2,227,214	10.2%
Community services	625,996	592,283	33,713	5.7%
Payments to other governments	1,195,701	912,882	282,819	31.0%
On-behalf payments	9,028,422	11,578,092	(2,549,670)	-22.0%
Debt service - interest and fees	505,300	361,668	143,632	39.7%
Debt service -principal	1,300,000	1,250,000	50,000	4.0%
Total	<u>65,004,223</u>	<u>64,597,616</u>	<u>406,607</u>	0.6%

General Fund Budgetary Highlights

The District's budget is prepared in accordance with Illinois law and is based on accounting for transactions on the modified cash basis of accounting. A budget to actual schedule is provided as other information for the General Fund. A budget column is provided for the budget adopted for fiscal year 2017.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

Significant actual differences (amounts greater than \$100,000) from the final budget are discussed below, excluding on-behalf payments which are unknown at the time the budget is adopted.

<u>Revenue</u>	<u>Budget</u>	<u>Actual</u>	<u>Reason for difference</u>
Local Sources	42,364,895	42,881,498	District received more interest, CPPRT, and school fee income than budgeted in 2017. The District received a Public Sector Energy Rebate that was not budgeted.
State Sources	3,700,599	3,846,147	District budgeted for special education categorical grants based on the previous year's receipts, while actual receipts were greater.
Federal Sources	1,540,606	1,561,340	District budgeted based on previous year amounts received, while final allotments were greater.
<u>Expenditures</u>			
Support Services	17,193,833	16,640,303	District budgeted more for professional services and repairs and maintenance and actual expenditures came in less than expected.
Payments to other Governments	1,022,000	1,150,408	District budgeted for special education tuition costs based on prior years, but actual costs were greater.

Capital Asset and Long-Term Debt Activity

Capital Assets - The capital assets of the District are those used in the performance of general governmental functions. They are recorded at original cost, which is considerably less than their present replacement value. Lockport Township High School District 205's capital assets for its governmental activities at year end totaled \$38,728,367 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction-in-progress, intangible assets, and equipment. Depreciation charges of \$2,266,016 were expensed on the total capital assets during fiscal year 2017.

Additional information on the District's capital assets can be found in Note 5 on page 37 of this report.

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Management's Discussion and Analysis For the Year ended June 30, 2017 (unaudited)

Debt Administration - Total District long-term debt at year end was \$24,643,892. Additions during the year amounted to \$8,609,281, and \$2,528,315 was retired. The additions for 2017 represent the issuance of \$7,975,000 of Series 2017 Bonds and increases to accrued compensated absences and other postemployment benefits.

The School Bonds Series 2010 were issued as "Build America Bonds" as authorized under the American Recovery and Reinvestment Act of 2009. The District is scheduled to receive a 35 percent Federal subsidy to be paid to the District in an amount equal to the total interest paid.

The year-end debt is comprised of the following: general obligation bonds payable, \$13,410,000; compensated absences, \$259,019; net pension liability IMRF \$5,107,011; net pension liability TRS \$3,308,290; and other postemployment benefits, \$2,559,572.

The District has three general obligation bond issues outstanding. Series 2008, Series 2010, and Series 2016 issues are limited tax school bonds. The entire amount of the general obligation issues are backed by the full faith and credit of the District through property taxes. Principal on the District's bonds is scheduled to be fully retired in fiscal year 2031.

The State statutes limit the amount of outstanding debt to 6.9% of assessed valuation. That would make the current debt limitation \$146,185,212, which is significantly higher than the District's general obligation debt.

Additional information on the District's long-term debt can be found in Note 6 on pages 38 through 40 of this report.

Conditions Expected to Have a Significant Effect on Financial Position

As of fiscal year 2018, Lockport Township High School District 205 is in good financial health. District Administration, at the direction of the Board of Education, will continue to budget and spend conservatively according to the goals of the District. These actions will preserve the District's resources in the event items outside of District control threaten those resources.

With the passage of The Evidence-Based Funding for Student Success Act in August 2017, the threat of potential legislative action causing the District to lose general state funding dollars is no longer a significant concern due to the Base Funding Minimum language in the law requiring that no district receive less general state funding than they received the previous year. However, other legislative action could still mean increased expenditures to school districts. For example, the state's pension obligation could ultimately get passed on to school districts, as has been discussed in legislative sessions for a few years now. A 1% shift in the Teachers' Retirement System pension cost from the State to school districts would cost District 205 approximately

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis
For the Year ended June 30, 2017
(unaudited)

\$250,000. In addition, while tax freeze language did not make it into the new funding formula law, it was a legislative topic of conversation right up until the new law's passage. Tax freeze legislation setting the CPI at zero costs LTHS approximately \$960,000 for a one-year freeze. A two-year freeze costs the District over \$2.5 million because of the compounding effect a zero CPI has on the property tax levy computations. Lockport Township High School District 205 is in the best position possible to respond to either of these items individually. However, if both of them occur at the same time, educational programs may be impacted.

The administration of Lockport Township High School District 205 continues to monitor these concerns. For more information on District 205 please feel free to visit the web page at www.lths.org or you may contact Stefanie Croix, Director of Business Services at scroix@lths.org.

Requests for Information

This financial report is designed to provide a general overview of Lockport Township High School District 205's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Stefanie Croix, Director of Business Services, Lockport Township High School District 205, 1323 E. Seventh Street, Lockport, IL 60441.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Government-wide Financial Statement - Statement of Net Position -

Modified Cash Basis

June 30, 2017

	Governmental Activities Primary Government
	2017
<u>Assets</u>	
Cash	14,894,583
Investments	37,153,603
Capital Assets not being depreciated	6,957,275
Capital Assets being depreciated, net of accumulated depreciation	31,771,092
Total Assets	90,776,553
<u>Liabilities</u>	
Current Liabilities	12,350
Due Within One Year	
General Obligation Bond Payable	1,200,000
Compensated Absences	259,019
Due in More Than One Year	
General Obligation Bond Payable	12,210,000
Net Pension Liability - IMRF	5,107,011
Net Pension Liability - TRS	3,308,290
Net Pension Liability - OPEB	2,559,572
Total Liabilities	24,656,242
<u>Net Position</u>	
Net investment in Capital Assets	33,293,367
Restricted for:	
Operations and Maintenance	6,262,362
Future Site Acquisitions and Capital Projects	197,157
Debt Service	813,750
Transportation of Students	5,144,629
Employee Benefits	2,057,804
Unrestricted	18,351,242
Total Net Position	66,120,311

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Government-wide Financial Statement-Statement of Activities -
Modified Cash Basis
For the Year Ended June 30, 2017

Statement 2

		Program Revenues			Net Revenues (Expenditures) and Changes in Net Position
	<u>Expenditures</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction	25,758,114	1,819,663	3,551,868	-	(20,386,583)
Support Services	24,614,753	364,126	1,394,514	228,833	(22,627,280)
Community Services	636,343	-	-	-	(636,343)
Payments to Other Governments	1,195,701	-	-	-	(1,195,701)
On Behalf Payments	9,029,912	-	9,029,912	-	-
Debt Service	10,947	-	-	-	(10,947)
Total Governmental Activities	<u>61,245,770</u>	<u>2,183,789</u>	<u>13,976,294</u>	<u>228,833</u>	<u>(44,856,854)</u>
General Revenues:					
					45,702,221
					967,011
					1,907,682
					216,920
					416,499
					<u>49,210,333</u>
					4,353,479
					61,766,832
					<u>66,120,311</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis Governmental Funds June 30, 2017

	Major Funds		
	General <u>Fund</u>	Trans- portation <u>Fund</u>	Debt Service <u>Fund</u>
<u>Assets</u>			
Cash	10,984,668	2,536,745	598,809
Investments	<u>31,462,753</u>	<u>2,647,750</u>	<u>1,543,100</u>
Total Assets	<u>42,447,421</u>	<u>5,184,495</u>	<u>2,141,909</u>
<u>Liabilities</u>			
Payroll Liabilities	<u>12,350</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>12,350</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>			
Restricted Fund Balance	6,262,362	5,144,629	813,750
Assigned Fund Balance	7,753,156	39,866	1,328,159
Unassigned Fund Balance	<u>28,419,553</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>42,435,071</u>	<u>5,184,495</u>	<u>2,141,909</u>
Total Liabilities and Fund Balances	<u>42,447,421</u>	<u>5,184,495</u>	<u>2,141,909</u>

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

Non-major Governmental Funds	Total Governmental Funds	
	<u>2017</u>	<u>2016</u>
774,361	14,894,583	18,203,713
<u>1,500,000</u>	<u>37,153,603</u>	<u>24,785,940</u>
<u>2,274,361</u>	<u>52,048,186</u>	<u>42,989,653</u>
<u>-</u>	<u>12,350</u>	<u>16,707</u>
<u>-</u>	<u>12,350</u>	<u>16,707</u>
2,254,961	14,475,702	14,821,135
19,400	9,140,581	1,405,408
<u>-</u>	<u>28,419,553</u>	<u>26,746,403</u>
<u>2,274,361</u>	<u>52,035,836</u>	<u>42,972,946</u>
<u>2,274,361</u>	<u>52,048,186</u>	<u>42,989,653</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Reconciliation of Governmental Funds Statement of Assets, Liabilities, and Fund Balances to Statement of Net Position (Modified Cash Basis)

Governmental Funds

June 30, 2017

Total Fund Balances - Governmental Funds	52,035,836
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the funds:

Capital assets	76,690,947	
Accumulated Depreciation	<u>(37,962,580)</u>	
Net Capital Assets		38,728,367

Some liabilities reported in the statement of net
position do not require the use of current financial
resources and therefore not reported as liabilities in
governmental funds, these liabilities consist of:

General Obligation Bonds Payable	(13,410,000)	
Compensated Absences	(259,019)	
Other Postemployment Benefits	(2,559,572)	
Net Pension Liability - IMRF	(5,107,011)	
Net Pension Liability - TRS	<u>(3,308,290)</u>	
		<u>(24,643,892)</u>
Net Position of Governmental Activities		<u><u>66,120,311</u></u>

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances - (Modified Cash Basis)
Governmental Funds

For the Year Ended June 30, 2017

	Major Funds		
	General <u>Fund</u>	Trans- portation <u>Fund</u>	Debt Service <u>Fund</u>
Revenues Received:			
Local Sources	42,881,498	3,163,972	1,554,227
State Sources	3,846,147	1,293,815	-
Federal Sources	1,561,340	-	85,264
On Behalf Payments	9,029,912	-	-
Total Revenues Received	<u>57,318,897</u>	<u>4,457,787</u>	<u>1,639,491</u>
Expenditures Disbursed:			
Current:			
Instructional	27,810,653	-	-
Support Services	16,640,303	3,950,391	-
Community Services	631,161	-	-
Payment to Other Schools	1,150,408	-	-
On Behalf Payments	9,029,912	-	-
Debt Service - Interest and Fees	-	-	505,300
Debt Service - Principal	-	-	1,300,000
Total Expenditures Disbursed	<u>55,262,437</u>	<u>3,950,391</u>	<u>1,805,300</u>
Excess Revenues Received over (under) Expenditures Disbursed	2,056,460	507,396	(165,809)
Other Financing Sources (uses):			
Bond Proceeds	7,756,279	-	218,721
Bond Premium	494,353	-	-
Transfers in	-	-	-
Transfers (out)	(1,341,443)	-	-
Total Other Financing Sources (uses):	<u>6,909,189</u>	<u>-</u>	<u>218,721</u>
Net Change in Fund Balance	8,965,649	507,396	52,912
Fund balance, beginning of year	<u>33,469,422</u>	<u>4,677,099</u>	<u>2,088,997</u>
Fund balance, end of year	<u>42,435,071</u>	<u>5,184,495</u>	<u>2,141,909</u>

Non-major Funds	Total Governmental Funds	
	2017	2016
2,183,074	49,782,771	48,974,126
-	5,139,962	5,304,198
-	1,646,604	1,664,715
-	9,029,912	11,578,092
<u>2,183,074</u>	<u>65,599,249</u>	<u>67,521,131</u>
563,940	28,374,593	28,155,695
3,378,351	23,969,045	21,746,996
-	631,161	592,283
45,293	1,195,701	912,882
-	9,029,912	11,578,092
-	505,300	361,668
-	1,300,000	1,250,000
<u>3,987,584</u>	<u>65,005,712</u>	<u>64,597,616</u>
(1,804,510)	593,537	2,923,515
-	7,975,000	-
-	494,353	-
1,341,443	1,341,443	136,243
-	(1,341,443)	(136,243)
<u>1,341,443</u>	<u>8,469,353</u>	<u>-</u>
(463,067)	9,062,890	2,923,515
<u>2,737,428</u>	<u>42,972,946</u>	<u>40,049,431</u>
<u>2,274,361</u>	<u>52,035,836</u>	<u>42,972,946</u>

(continued)

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Reconciliation of Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances of Governmental Funds to Statement of Activities (Modified Cash Basis)

For the Year Ended June 30, 2017

Net change in Fund Balances - Governmental Funds	9,062,890
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Amounts reported for government 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 those assets are depreciated over their estimated useful lives as depreciation expense. This is the amount of expenditures capitalized in the current period.	3,637,571
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This is the amount of depreciation recorded in the current period.	(2,266,016)
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The issue of long-term debt provides current financial resources to governmental funds.	(7,975,000)
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Repayment of debt principal, is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the statement of net position.	1,300,000
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Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported in the governmental funds.

Increase in long-term compensated absences	(6,055)
Increase in postemployment benefits	<u>600,089</u>

Change in Net Position of Governmental Activities	<u>4,353,479</u>
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LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Statement of Fiduciary Assets and Liabilities (modified cash basis)

Fiduciary Funds

June 30, 2017

	Student Activity Funds	
	June 30	
	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	<u>349,496</u>	<u>326,175</u>
<u>Liabilities</u>		
Due to Student Activity Organizations	<u>349,496</u>	<u>326,175</u>

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies

A. Reporting Entity

Lockport Township High School District 205 (District) is governed by the Board of Education and provides secondary education, transportation, cafeteria, building maintenance and general administrative services. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is a legally separate organization for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District also may be financially accountable if an organization is fiscally dependent on the District, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in the District's reporting entity. Also, the District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

B. Basis of Presentation

The District's basic financial statements consist of district-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the governmental financial activities of the District. The District's fiduciary fund is excluded.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

District-Wide Financial Statements (continued)

The statement of net assets presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with separate sets of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues received, expenditures disbursed and other financing sources and uses. The District maintains specific funds and fund types as required by the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. There are two categories of funds: governmental and fiduciary.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Governmental Funds

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

General Fund

The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is comprised of three accounts, the Educational Account, the Operations and Maintenance Account, and the Working Cash Account. The Educational Account records direct costs of instruction and related administration. The Operations and Maintenance Account reports all costs of maintaining, improving or repairing school buildings and property. The Working Cash Account accounts for financial resources held by the District to be used for temporary inter-fund loans to other funds/accounts.

Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Since there are no legal requirements or bond indentures, which mandate that a separate fund be established for each bond issue, the District maintains one fund for all debt issues.

Transportation Fund

The Transportation Fund, a special revenue fund, is used to account for the transportation of pupils. Revenue of this fund include property taxes, grants, user charges and investment earnings.

The other non-major governmental funds of the District account for property taxes and other resources, whose use is restricted to a particular purpose.

Special Revenue Funds

The Special Revenue Fund type is used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue Funds (continued)

It consists of the Municipal Retirement/Social Security Fund, which accounts for the District's share of social security and retirement benefit costs for employees.

Capital Projects Fund

The Capital Projects Fund type is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District's capital projects fund is named the Capital Projects Fund.

Fiduciary Fund

Fiduciary fund reporting focuses on assets and liabilities. The District's only fiduciary fund is an agency fund, the Student Activity Fund. This fund accounts for assets held by the District as an agent for the students and teachers. The fund is custodial in nature and does not involve the measurement of results of operations. The amounts due to the activity fund organizations are equal to the assets.

C. Basis of Accounting / Measurement Focus

Fund Financial Statements - All governmental funds are accounted for using a modified cash basis of accounting measurement focus, which varies from accounting principles generally accepted in the United States of America. With this measurement focus, only current assets and current liabilities arising from cash transactions are included on the balance sheet. Accordingly, revenues are recognized when received rather than when earned, and expenditures are recognized when paid, rather than when the obligation is incurred. Consequently, property taxes and other revenues due, as well as amounts owed to vendors and suppliers are not included in the financial statements. Only assets representing a right to receive cash from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. This basis of accounting is in compliance with the Illinois Program Accounting Manual for Local Education Agencies.

District-Wide Financial Statements - The district-wide financial statements are prepared using the modified cash basis of accounting measurement focus. Under the modified cash basis, the District reports activity related to the acquisition, deprecia-

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

C. Basis of Accounting / Measurement Focus (continued)

tion and year-end balances of capital assets, as well as year-end balances and related changes in long-term debt in its district-wide financial statements. Thus, the statement of net assets includes all current assets and current liabilities arising from cash transactions and all capital assets (net of accumulated depreciation) and long-term debt associated with the operation of the District.

Differences occur from the manner in which the governmental fund and the district-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

The District has reported three categories of program revenues in the statement of activities (1) charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the District's general revenues. For identifying the function to which program revenues pertain, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the District's policy to apply restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities and Equity:

Deposits and Investments

The Illinois statutes authorize the District to invest in U.S. Government, State of Illinois and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; the Illinois School District Liquid Asset Fund; mortgage notes, bonds or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; and certain short-term obligations of U.S. corporations.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity: (continued)

In the selection of the authorized investment vehicles, deposits in any one financial institution shall not exceed 75% of the capital surplus/net worth of the institution as required by Section 8-7 of Chapter 122 of the Illinois School Code.

Cash deposits and investments are reported at cost.

Capital Assets

Capital assets used by governmental fund types of the District are recorded in the statement of net assets at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	80 years
Site Improvements	20 years
Transportation Equipment	7-15 years
Intangible Assets	5 years
All Other Equipment	3-20 years

Long-Term Obligations

The District reports interest-bearing long-term debt of governmental funds at face value and non-interest bearing long-term debt at an accreted value in the statement of net assets. Certain other governmental fund obligations not expected to be financed

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity: (continued)

with current available financial resources are also reported in the statement of net assets. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Fund Balance

The District's fund balances are required to be reported using five separate classifications as listed below. The District may not necessarily utilize each classification in a given fiscal year. Note 10 provides details of fund balances.

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted fund balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the District's highest level of decision-making authority, the Board of Education.

Assigned fund balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board of Education, Superintendent, or another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, assigned fund balance is the residual fund balance classification for all governmental funds with positive balances. Interest earnings assigned to a specific fund does not preclude the Board of Education from subsequently transferring interest earnings as allowed by 105 ILCS 5/10-22.44.

Unassigned fund balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity: (continued)

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition/construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

E. Use of Resources Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, and unassigned amounts are considered to have been spent in that order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Expenditures incurred for a specifically identified purpose will reduce the specific identified classification of fund balance.

F. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

The budget is prepared on the modified cash basis of accounting for all governmental fund types, which is an acceptable method as prescribed by the Illinois Compiled Statutes and is the same basis that is used for financial reporting. This allows for comparability between budget and actual amounts. The budget appropriations lapse at the end of each fiscal year. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The administration 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. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments. Prior to September 30, the budget is legally adopted through passage of a resolution. Formal budgetary integration is employed as a management control device during the year.

The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

The Board of Education may amend the budget by the same procedures required of its original adoption. Budgeted amounts reflect the final budget approved by the Board.

NOTE 3 Deposits and Investments

Cash

The carrying amount of cash was \$2,593,047 at June 30, 2017, while the bank balances were \$3,412,878. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S. Government or with letters of credit issued by the Federal Home Loan Bank held in the District's name by financial institutions acting as the District's agent. The District also maintains cash on hand of \$3,800.

Certificates Of Deposit

Certificates of Deposit amounted to \$8,289,673 at June 30, 2017. In accordance with District policy, certificates of deposit were collateralized with securities of the U.S. Government. All investment collateral is held in safekeeping in the District's name by financial institutions acting as the District's agent. Collateral is priced to market semi-monthly and monitored regularly with additional collateral requested as necessary.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 Deposits and Investments (continued)

Investments

The investments which the District may purchase are limited by Illinois law to the following (1) securities which are fully guaranteed by the U.S. Government as to principal and interest; (2) certain U.S. Government Agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a Federal corporation; (4) short-term discount obligations of the Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds and (8) money market mutual funds and certain other instruments.

Shares in the Illinois School District Liquid Asset Fund (ISDLAF) and the Illinois Funds represent investments in external investment pools; the fair value of the position in the pools is the same as the value of the pool shares. The Illinois Funds is regulated by the State of Illinois. The District also invests in the ISDLAF's Term Series pools. Each Term Series pool is comprised of statute allowable investments including bank deposit products, government securities, and municipal securities each having a designated maturity between 30 and 365 days.

The following schedule reports the costs and maturities (using the segmented time distribution method) for the District's investments at June 30, 2017.

Investment Description	Carrying Value (cost) 6/30/2017	Investment Maturities Less Than One Year	% of Total Investment	Credit Rating*
Illinois Funds Money Market	1,701,407	1,701,407	4.1%	AAAm
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	10,895,959	10,895,959	26.2%	AAAm
Savings Deposit Account	11,805,896	11,805,896	28.4%	N/A
ISDLAF+ Term Series	17,107,900	17,107,900	41.2%	N/A
Total	<u>41,511,162</u>	<u>41,511,162</u>		

*Credit ratings for the District's investments in debt securities as described by Standard & Poor's

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 Deposits and Investments (continued)

Interest Rate Risk

The District has a formal investment policy; however, the policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The District's investment policy limits investments in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase; (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for District investment or any other high-quality, interest bearing security rated at least AA/ Aa by one or more standard rating service to include Standard & Poor's, Moody's, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The District is fully collateralized as of June 30, 2017.

The District places no limit on the amount the District may invest in any one issuer.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 Deposits and Investments (continued)

Concentration of Credit Risk

The reconciliation of the amounts in this note to amounts in the financial statements is as follows:

Carrying Amount of Cash Per Note Above	\$ 2,593,047
Cash on Hand Per Note Above	3,800
Certificates of Deposit Per Note Above	8,289,673
Investments Per Note Above	<u>41,511,162</u>
Total	<u>\$ 52,397,682</u>
Cash Per Statement of Net Position	\$ 14,894,583
Investments Per Statement of Net Position	37,153,603
Cash Per Statement of Fiduciary Assets and Liabilities	<u>349,496</u>
Total	<u>\$ 52,397,682</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2017:

ISDLAF+, ISDLAF+ Term Series, and Illinois Funds Money Market are all valued using quoted market prices (Level 1 inputs).

NOTE 4 Property Taxes

The District's property tax is levied each year, on all taxable real property located in the District, on or before the last day in December. The lien date for the levy is January 1. The Board of Education approved the 2016 tax levy on December 19, 2016. Property taxes are payable in two installments on June 1 and September 1 of the following year. The District receives significant distributions of tax receipts approximately one month after these due dates. The property tax revenue reflected in the financial statements represents the collections of the 2016 and prior property tax levies.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 Capital Assets

Activity related to capital assets for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated				
Land	5,066,897	-	-	5,066,897
Construction in progress	136,243	2,071,972	317,837	1,890,378
Total capital assets not being depreciated	5,203,140	2,071,972	317,837	6,957,275
Capital assets being depreciated				
Buildings	52,617,861	395,478	-	53,013,339
Improvements other than buildings	4,817,117	272,535	-	5,089,652
Food service equipment	285,933	1,217	-	287,150
Transportation equipment	4,133,052	581,000	395,105	4,318,947
Other equipment	6,438,285	633,206	46,907	7,024,584
Total capital assets being depreciated	68,292,248	1,883,436	442,012	69,733,672
Less accumulated depreciation for				
Buildings	26,256,132	1,212,544	-	27,468,676
Improvements other than buildings	2,370,156	237,252	-	2,607,408
Food service equipment	264,091	826	-	264,917
Transportation equipment	2,318,238	413,015	395,105	2,336,148
Other equipment	4,929,959	402,379	46,907	5,285,431
Total accumulated depreciation	36,138,576	2,266,016	442,012	37,962,580
Total capital assets being depreciated, net	32,153,672	(382,580)	-	31,771,092
Total capital assets, net of depreciation	37,356,812	1,689,392	317,837	38,728,367

Depreciation expense for the year was charged to instruction, support services, and community services in the amounts of \$1,615,126, 645,708 and \$5,182, respectively.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 Long-Term Debt

During the year ended June 30, 2017, the following changes occurred in long-term debt:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Current Portion</u>
GO Bonds Series 2008	2,500,000	-	1,300,000	1,200,000	1,200,000
GO Bonds Series 2010	4,235,000			4,235,000	
GO Bonds Series 2017	-	7,975,000	-	7,975,000	-
Total Bonded Debt	6,735,000	7,975,000	1,300,000	13,410,000	1,200,000
Compensated absences payable	252,964	259,019	252,964	259,019	259,019
Net pension liability IMRF	5,848,616	-	741,605	5,107,011	-
Net pension liability TRS	2,933,028	375,262	-	3,308,290	-
Other Post-employment benefits	2,793,318	-	233,746	2,559,572	-
Total Long-Term Debt	<u>18,562,926</u>	<u>8,609,281</u>	<u>2,528,315</u>	<u>24,643,892</u>	<u>1,459,019</u>

Debt outstanding at June 30, 2017 was as follows:

General Obligation Limited Tax School Bonds Series 2008

On October 9, 2008, the District issued \$2,500,000 in general obligation limited tax school bonds dated October 9, 2008, to provide funds for the purpose of purchasing 27.601 acres in Homer Township and for paying certain costs associated with the issuance of the bonds. The principal matures in two installments, \$1,300,000 payable on January 1, 2017 and \$1,200,000 payable on January 1, 2018. Interest is payable each January 1 and July 1 at a rate of 4.00%.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 Long-Term Debt (continued)

Taxable General Obligation Limited Tax School Bonds Series 2010

On December 9, 2010, the District issued \$4,235,000 in taxable general obligation limited tax school bonds (Build America Bonds – Direct Payment to Issuer) dated December 9, 2010, to increase the working cash account of the District and to construct and equip an addition to the Lockport East Campus High School and to pay certain costs associated with the issuance of the bonds. The Bonds were issued as authorized under the American Recovery and Reinvestment Act of 2009, which will provide for a Federal subsidy through a refundable tax credit to be paid to the District in an amount equal to 35 percent of the total interest payable to investors. The principal matures in varying amounts payable on January 1, 2019 through 2031. Interest is payable each January 1 and July 1 at rates that range from 4.75% to 6.875%.

General Obligation Limited Tax School Bonds Series 2017

On March 1, 2017 the District issued \$7,975,000 in general obligation limited tax school bonds dated March 1, 2017, to provide funds for construction projects. The principal matures in varying amounts payable on January 1, 2019 through 2027. Interest is payable each January 1 and July 1 at rates that range from 3.0% to 4.0%.

Annual debt service requirements to maturity for the General Obligation Limited Tax School Bonds, Series 2008 are as follows:

<u>Fiscal year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>1,200,000</u>	<u>48,000</u>	<u>1,248,000</u>
	<u>1,200,000</u>	<u>48,000</u>	<u>1,248,000</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 Long-Term Debt (continued)

Annual debt service requirements to maturity for the Taxable General Obligation Limited Tax School Bonds, Series 2010 are as follows:

Fiscal year ending			
June 30	Principal	Interest	Total
2018	-	261,668	261,668
2019	260,000	261,668	521,668
2020	270,000	249,318	519,318
2021	-	235,548	235,548
2022	560,000	220,148	780,148
2023-2027	1,260,000	833,402	2,093,402
2028-2031	1,885,000	269,182	2,154,182
	<u>4,235,000</u>	<u>2,330,934</u>	<u>6,565,934</u>

Annual debt service requirements to maturity for the Taxable General Obligation Limited Tax School Bonds, Series 2017 are as follows:

Fiscal year ending			
June 30	Principal	Interest	Total
2018	-	227,542	227,542
2019	865,000	273,050	1,138,050
2020	890,000	247,100	1,137,100
2021	920,000	220,400	1,140,400
2022	945,000	192,800	1,137,800
2023-2027	4,355,000	458,250	4,813,250
	<u>7,975,000</u>	<u>1,619,142</u>	<u>9,594,142</u>

At June 30, 2017, \$2,141,909 was available in the Debt Service Fund to service the above listed debt issues.

Compensated absences of \$259,019, represent amounts owed to employees for earned but unused vacation pay, which will be paid from the General and Transportation Funds.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 Long-Term Debt (continued)

Net Pension Liability represent actuarially determined pension benefits for District employees through the Illinois Municipal Retirement Fund (IMRF) and Teachers Retirement System (TRS) of Illinois (see Note 8). Other postemployment benefits (OPEB) payable represent the long-term portion of the actuarially determined net OPEB liability for healthcare insurance for eligible retirees and their dependents through the District's group health insurance plan (see Note 9.). The amounts will be paid from the General Fund.

NOTE 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and workers' compensation for which the District carries commercial insurance. The amount of coverage has not decreased and settled claims have not exceeded stop loss coverage in the current year or any of the past three fiscal years.

The District has established a self-insurance program for health insurance purposes. The health insurance program is administered by the Lockport Area Benefit Plan (see note 13). Stop loss coverage has been purchased through a commercial carrier at \$150,000 annually per individual covered.

NOTE 8 Employee Retirement Systems and Plans

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

General Information about the Pension Plan

Plan description

The school 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.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr.htm>; by writing to TRS at 2815 West Washington Street, P O Box 19253, Springfield, IL 62794 or by calling (888) 877-0890, option 2.

Benefits provided

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

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

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

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.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

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, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the district. For the year ended June 30, 2017, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$8,773,459 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017 were \$132,784, and are deferred because they were paid after the June 30, 2016 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the district, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from 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, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$133,026 were paid from federal and special trust funds that required employer contributions of \$51,268. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ending June 30, 2017, the district paid \$90,642 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer 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. 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, 2017, the district paid \$907 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	3,308,290
State's proportionate share of the net pension liability associated with the employer	<u>177,162,740</u>
Total	<u><u>180,471,030</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, the employer's proportion was .00419 percent, which was a decrease of .00028 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the employer recognized pension expense of \$8,773,459 and revenue of \$8,773,459 for support provided by the state. At June 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	24,462	2,244
Net difference between projected and actual earnings on pension plan investments	93,465	-
Changes of assumptions	284,133	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	138,562	247,440
Employer contributions subsequent to the measurement date	<u>184,052</u>	<u>-</u>
Total	<u><u>724,674</u></u>	<u><u>249,684</u></u>

\$184,052 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	52,491
2019	52,491
2020	120,026
2021	59,555
2022	6,376

Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	100%	

Discount rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. 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, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II 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. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

A. Teachers' Retirement System of the State of Illinois: (continued)

term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Decrease 5.83%	Current Discount Rate 6.83%	1% Increase 7.83%
Employer's proportionate share of the net pension liability	\$ 4,046,173	\$ 3,308,290	\$ 2,705,636

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

B. THIS Fund:

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Employee Retirement Systems and Plans (continued)

B. THIS Fund: (continued)

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 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.

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

On behalf contributions to the 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 the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$256,453, and the district recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund.

The district also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the district paid \$192,340 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund.

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund

IMRF Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

Employees Covered by Benefit Terms

At December 31, 2016, the following employees were covered by the benefit terms:

Number of	
Retirees and Beneficiaries	178
Inactive, Non-Retired Members	150
Active Members	208
Total	<u>536</u>
Covered Valuation Payroll	\$ 7,411,388

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 12.19%. For the fiscal year ended June 30, 2017, the District contributed \$915,928 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) 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-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions (continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.5% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Single Discount Rate (continued)

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at December 31, 2015	34,480,588	28,631,972	5,848,616
Changes for the year:			-
Service Cost	834,002	-	834,002
Interest on the Total Pension Liability	2,549,741	-	2,549,741
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(770,956)	-	(770,956)
Changes of Assumptions	(120,890)	-	(120,890)
Contributions - Employer	-	903,449	(903,449)
Contributions - Employees	-	347,492	(347,492)
Net Investment Income	-	1,984,184	(1,984,184)
Benefit Payments, including Refunds of Employee Contributions	(1,529,008)	(1,529,008)	-
Other (Net Transfer)	-	(1,623)	1,623
Net Changes	<u>962,889</u>	<u>1,704,494</u>	<u>(741,605)</u>
Balances at December 31, 2016	<u><u>35,443,477</u></u>	<u><u>30,336,466</u></u>	<u><u>5,107,011</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability/(Asset)	9,455,675	5,107,011	1,521,487

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

For the year ended June 30, 2017, the District recognized pension expense of \$1,683,615. At June 30, 2017, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	154,940	558,208
Changes of assumptions	228,226	87,530
Net difference between projected and actual earnings on pension plan investments	<u>1,478,654</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,861,820</u>	<u>645,738</u>
Pension contributions made subsequent to the measurement date	<u>430,944</u>	<u>-</u>
Total deferred amounts related to IMRF pension	<u><u>2,292,764</u></u>	<u><u>645,738</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended December 31:

2017	\$ 587,576
2018	320,763
2019	277,197
2020	30,546
2021	-

NOTE 9 Postemployment Benefits other than Pensions

The District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year.

Plan Description

The District administers a single-employer defined benefit healthcare plan, the "Retiree Healthcare Benefit Program" or "the Plan". The plan provides healthcare insurance for eligible retirees and their dependents through the District's group health insurance plan, which covers both active and retired members, or through the Teacher's Retirement Insurance Program (TRIP) which covers only retired members.

Benefit provisions are established through negotiations between the District and the unions representing District employees and are renegotiated each bargaining period. As of June 30, 2017, all retirees are eligible for benefits only until Medicare eligible. The Plan does not issue a stand-alone financial report.

Funding Policy

Plan Description

Contribution requirements are also negotiated between the District and union representatives. All plan funding is done on a pay-as-you-go basis. For the fiscal year ended June 30, 2017, the District contributed \$130,026 to the Plan.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 Postemployment Benefits other than Pensions (continued)

At June 30, 2017, the following employees were covered by the benefit terms:

Number of	
Retirees and Beneficiaries	43
Active Members	385
Total	428

The net other post-employment benefit liability (NOL) was measured on June 30, 2017.

Actuarial Assumptions

The following are the methods and assumptions used to determine total NOL as of June 30, 2017:

Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Salary Rate Increase	4.00%
Funded Ratio	0.00%
(Fiduciary Net Position as a percentage of Total OPEB Liability)	
Initial Health Care Cost Trend Rate	
-PPO Plan & PPO-HSA Plan	6.00%
-Dental Plan	2.00%
-TRIP Managed Care Plan	5.00%
Ultimate Health Care Cost Trend Rate	
-District Medical Plans	5.00%
-Dental Plan & TRIP Managed Care Plan	Not Applicable ⁽¹⁾
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2027

⁽¹⁾ Trend rates are constant for all years.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 Postemployment Benefits other than Pensions (continued)

Discount Rate

The discount rate under GASB 75 is required to be a blend of the long-term expected rate of return to the extent funded and the 20 year municipal bond rate. Specifically, an initial projection is made using the long-term ROR on irrevocable OPEB plan assets and, as long as the plan's net position and projected contributions associated with current participants are expected to fully cover projected benefit payments, this long-term rate may be used. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20 year municipal bond yield or index. A single discount rate is then determined as a blend of the two rates, which produces the same discounted present value of benefits as the dual rate calculation. Since the District does not pre-fund plan liabilities, the discount rate used is equal to the 20 year municipal bond rate. This rate was 3.63% as of June 30, 2017.

Reconciliation of Total OPEB Liability

The Total OPEB Liability ("TOL") is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The following represents a reconciliation of the TOL from the beginning of the Fiscal Year (July 1, 2016) to the end of the Fiscal Year (June 30, 2017). The TOL as of June 30, 2017 is \$2,559,572.

	<u>OPEB Liability</u>
Balances at June 30, 2016	3,478,097
Changes for the year:	
Service Cost	125,146
Interest	126,255
Changes of Benefit Terms	(1,439,849)
Differences Between Expected and Actual	
Experience	(123,115)
Changes of Assumptions	(12,423)
Contributions - Employer	-
Benefit payments	(212,619)
Other (Net Transfer)	<u>618,080</u>
Net Changes	<u>(918,525)</u>
Balances at June 30, 2017	<u><u>2,559,572</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 Postemployment Benefits other than Pensions (continued)

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

The following presents the Total OPEB Liability, calculated using a Single Discount Rate of 3.63.%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Net Pension Liability/(Asset)	2,429,678	2,559,572	2,696,326

Differences between expected and actual experience, assumption changes, and projected and actual earnings, are amortized over their respective periods as discussed in the prior section. The amounts left to be amortized in the future are reported as deferred inflows and outflows of resources.

The table below summarizes the current balances of collective deferred inflows and outflows of resources along with the net recognition through annual expense over future years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	1,386,905
Changes of assumptions	602,703	65,270
Net difference between projected and actual earnings on pension plan investments	-	-
Total	<u>602,703</u>	<u>1,452,175</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 Postemployment Benefits other than Pensions (continued)

Amounts reported as deferred inflows and outflows of resources will be recognized in the OPEB expense as follows:

Year ended December 31:

2018	\$ (107,835)
2019	(107,835)
2020	(107,835)
2021	(107,835)
2022	(107,835)
Thereafter	(310,300)

NOTE 10 Fund Balances

Details of the District's fund balances by individual major fund and nonmajor funds in the aggregate are as follows:

	Major Funds			Non-Major	
	General Fund	Transportation Fund	Debt Service Fund	Governmental Fund	Governmental Fund
Fund Balances:					
Restricted for:					
Operations & Maintenance	6,262,362	-	-	-	6,262,362
Debt Service	-	-	813,750	-	813,750
Transportation of students	-	5,144,629	-	-	5,144,629
Employee Benefits	-	-	-	2,057,804	2,057,804
Future site acquisitions and capital projects	-	-	-	197,157	197,157
Total restricted	6,262,362	5,144,629	813,750	2,254,961	14,475,702
Assigned to:					
Debt Service	-	-	1,328,159	-	1,328,159
Transportation of students	-	39,866	-	-	39,866
Capital projects	7,753,156	-	-	19,400	7,772,556
Total assigned	7,753,156	39,866	1,328,159	19,400	9,140,581
Unassigned	28,419,553	-	-	-	28,419,553
Total Fund Balances	42,435,071	5,184,495	2,141,909	2,274,361	52,035,836

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 Contingent Liabilities and Commitments

Litigation

The District is involved in litigation arising in the ordinary course of business. It is the opinion of management, based on consultation with counsel, that liabilities arising from these proceedings, if any, will not be material to the District's financial position.

Grant Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the Illinois State Board of Education. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Commitments

As of June 30, 2017, the District had entered into outstanding building commitments of \$9,077,000 for school renovation projects. The District has incurred \$942,253 of costs for these projects leaving a remaining year-end commitment of \$8,134,747. The remaining costs are expected to be paid from the Capital Projects Fund in fiscal year 2018.

NOTE 12 Operating Lease Agreements

The District leases equipment under operating lease agreements expiring through September 2023. Lease payments for the year ended June 30, 2017 totaled \$334,010. Future minimum lease payments are as follows:

Year Ending June 30	Total
2018	290,797
2019	239,922
2020	171,049
2021	46,238
2022	4,788
2023	2,394
	<u>755,188</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 Individual Fund Disclosures

Transfers

All transfers are made to move monies between funds to finance operations and various programs in accordance with budgetary authorizations approved by the Board of Education. The General Fund made a routine transfer of \$1,341,443 to the Capital Projects Fund to assist in funding capital asset projects.

An intrafund transfer was made between accounts of the General Fund. The Working Cash Account transferred \$518,107 to the Operations and Maintenance Account.

NOTE 14 Jointly Governed Organization

The District, in conjunction with two other area school districts, a fire district, and a park district have created the Lockport Area Benefit Plan (LABP). The LABP's board of directors is composed of one member from each of the five participating districts. The District's employees in the plan represent approximately 65% of the total plan participation. The LABP charges its members a portion of the monthly premiums from the health insurance provider. For the fiscal year ended June 30, 2017 the LABP paid \$10,363,027 in health insurance related expenditures. The District paid \$6,240,754 for its share of the health care premiums during the year ended June 30, 2017.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Budgetary Comparison Schedule Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual General Fund For the year ended June 30, 2017

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues Received			
Local Sources	42,364,895	42,881,498	516,603
State Sources	3,700,599	3,846,147	145,548
Federal Sources	1,540,606	1,561,340	20,734
On-Behalf Payments	11,350,500	9,029,912	(2,320,588)
Total Revenues Received	<u>58,956,600</u>	<u>57,318,897</u>	<u>(1,637,703)</u>
Expenditures Disbursed			
Current:			
Instruction	27,871,428	27,810,654	60,774
Support Services	17,188,668	16,640,303	548,365
Community Services	643,768	631,161	12,607
Payments to Other Governments	1,022,000	1,150,408	(128,408)
On-Behalf Payments	11,350,500	9,029,912	2,320,588
Contingency	300,000	-	300,000
Total Expenditures Disbursed	<u>58,376,364</u>	<u>55,262,438</u>	<u>3,113,926</u>
Excess of Revenues Received Over Expenditures Disbursed	<u>580,236</u>	<u>2,056,459</u>	<u>(4,751,629)</u>
Other Financing Sources (Uses)			
Bond Proceeds	7,600,000	7,756,279	(156,279)
Bond Premium	-	494,353	(494,353)
Transfers Out	(4,361,963)	(1,341,443)	3,020,520
Total Other Financing Sources (Uses)	<u>3,238,037</u>	<u>6,909,189</u>	<u>2,369,888</u>
Net Change in Fund Balance	<u>3,818,273</u>	<u>8,965,648</u>	<u>(2,381,741)</u>
Fund Balance, Beginning of Year		<u>33,469,422</u>	
Fund Balance, End of Year		<u>42,435,070</u>	

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Budgetary Comparison Schedule Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual Transportation Fund For the year ended June 30, 2017

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues Received			
Local Sources	3,145,848	3,163,972	18,124
State Sources	1,271,315	1,293,815	22,500
Federal Sources	-	-	-
Total Revenues Received	<u>4,417,163</u>	<u>4,457,787</u>	<u>40,624</u>
Expenditures Disbursed			
Current:			
Support Services	4,157,163	3,950,390	(206,773)
Contingency	-	-	-
Total Expenditures Disbursed	<u>4,157,163</u>	<u>3,950,390</u>	<u>(206,773)</u>
Net Change in Fund Balance	<u>260,000</u>	507,397	<u>247,397</u>
Fund Balance, Beginning of Year		<u>4,677,099</u>	
Fund Balance, End of Year		<u>5,184,496</u>	

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
(Dollar amounts in thousands)

	6/30/16*	6/30/15*	6/30/14*
Employer's proportion of the net pension liability	0.00419%	0.00448%	0.00412%
Employer's proportionate share of the net pension liability	\$ 3,308,290	\$ 2,933,028	\$ 2,502,658
State's proportionate share of the net pension liability associated with the employer	<u>177,162,740</u>	<u>138,423,670</u>	<u>131,091,593</u>
Total	<u>\$180,471,030</u>	<u>\$141,356,698</u>	<u>\$133,594,251</u>
Employer's covered-employee payroll	\$ 22,897,579	\$ 22,173,641	\$ 21,387,102
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.4%	13.2%	11.7%
Plan fiduciary net position as a percentage of the total pension	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
(Dollar amounts in thousands)

Statutorily-required contribution	184,094	131,913	155,270
Contributions in relation to the statutorily-required contribution	<u>(184,094)</u>	<u>(131,913)</u>	<u>(155,270)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	22,897,579	22,173,641	21,387,102
Contributions as a percentage of covered-employee payroll	0.80%	0.59%	0.73%

Notes to other Information

Changes of assumptions

For the 2016 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

SCHEDULES OF OTHER INFORMATION - IMRF
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Calendar year ending December 31,	Last 10 Calendar Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
(schedule to be built prospectively from 2014)										
Total Pension Liability										
Service Cost	834,002	785,637	817,814							
Interest on the Total Pension Liability	2,549,741	2,399,540	2,165,653							
Benefit Changes	-	-	-							
Difference between Expected and Actual Experience	(770,956)	279,617	208,195							
Assumption Changes	(120,890)	79,379	1,275,894							
Benefit Payments and Refunds	<u>(1,529,008)</u>	<u>(1,414,687)</u>	<u>(1,242,954)</u>							
Net Change in Total Pension Liability	962,889	2,129,486	3,224,602							
Total Pension Liability - Beginning	<u>34,480,588</u>	<u>32,351,102</u>	<u>29,126,500</u>							
Total Pension Liability - Ending (a)	<u>35,443,477</u>	<u>34,480,588</u>	<u>32,351,102</u>							
Plan Fiduciary Net Position										
Employer Contributions	903,449	902,755	832,825							
Employee Contributions	347,492	332,457	320,246							
Pension Plan Net Investment Income	1,984,184	142,949	1,625,790							
Benefit payments and Refunds	<u>(1,529,008)</u>	<u>(1,414,687)</u>	<u>(1,242,954)</u>							
Other	<u>(1,623)</u>	<u>(11,088)</u>	<u>446,447</u>							
Net Change in Plan Fiduciary Net Position	1,704,494	(47,614)	1,982,354							
Plan Fiduciary Net Position - Beginning	<u>28,631,972</u>	<u>28,679,586</u>	<u>26,697,232</u>							
Plan Fiduciary Net Position - Ending (b)	<u>30,336,466</u>	<u>28,631,972</u>	<u>28,679,586</u>							
Net Pension Liability (Asset) - Ending (a) - (b)	5,107,011	5,848,616	3,671,516							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.59%	83.04%	88.65%							
Current Valuation Payroll	7,411,388	7,388,335	6,881,126							
Net Pension Liability as a Percentage of Covered Valuation Payroll	68.91%	79.16%	53.36%							

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

SCHEDULE OF EMPLOYER CONTRIBUTIONS - IMRF

MOST RECENT CALENDAR YEAR
(schedule to be built prospectively from 2014)

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	818,854	832,825	(13,971)	6,881,126	12.10%
2015	896,205	902,755	6,550	7,388,335	12.22%
2016	903,448	903,449	(1)	7,411,388	12.19%

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 CONTRIBUTION RATE*

Valuation Date

Notes

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method

Aggregate Entry Age = Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

Non-Taxing bodies: 10-year rolling period.
Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period).
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).

Asset Valuation Method

5-Year smoothed market; 20% corridor

Wage growth

3.50%

Price Inflation

2.75% - approximate; No explicit price inflation assumption is used in this valuation.

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. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes

There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
WILL COUNTY, ILLINOIS
SCHEDULES OF OTHER SUPPLEMENTARY INFORMATION - OPEB
MULTIYEAR SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	(schedule to be built prospectively from 2017)									
Fiscal year ending June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability										
Service Cost	125,146									
Interest on the Total Pension Liability	126,255									
Benefit Changes	(1,439,849)									
Difference between Expected and Actual Experience	(123,115)									
Assumption Changes	(12,423)									
Benefit Payments	(212,619)									
Other changes	618,080									
Net Change in Total Pension Liability	(918,525)									
Total Pension Liability - Beginning	3,478,097									
Total Pension Liability - Ending (a)	2,559,572									
Plan Fiduciary Net Position										
Employer Contributions	-									
Net Investment Income	-									
Benefit payments	-									
Other	-									
Net Change in Plan Fiduciary Net Position	-									
Plan Fiduciary Net Position - Beginning	-									
Plan Fiduciary Net Position - Ending (b)	-									
Net OPEB Liability (Asset) - Ending (a) - (b)	2,559,572									
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%									
Current Valuation Payroll	23,983,333									
Net Pension Liability as a Percentage of Covered Valuation Payroll	10.67%									

MAJOR GOVERNMENTAL FUNDS

General Fund

To account for resources traditionally associated with government operations that are not accounted for in another fund, the District maintains the General Fund. The General Fund consists of the following accounts.

Educational Account - To account for most of the instructional and administrative aspects of the District's operations.

Operation and Maintenance Account - To account for operations, repairs and maintenance of District property.

Working Cash Account - To account for financial resources held by the District that may be temporarily loaned to other funds.

Transportation Fund

Transportation Fund - To account for activity relating to student transportation to and from school.

Debt Service Fund

Debt Service Fund - To account for the receipt of property taxes and other monies in order to pay principal and interest on bonded indebtedness.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND

Schedule of Assets, Liabilities and Fund Balances by Account

June 30, 2017

(With comparative totals as of June 30, 2016)

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	Totals	
				2017	2016
<u>Assets</u>					
Cash	6,834,631	2,060,263	2,089,774	10,984,668	15,288,989
Investments	20,003,200	4,704,970	6,754,583	31,462,753	18,197,140
Total Assets	<u>26,837,831</u>	<u>6,765,233</u>	<u>8,844,357</u>	<u>42,447,421</u>	<u>33,486,129</u>
<u>Liabilities</u>					
Payroll liabilities	12,266	84	-	12,350	16,707
Total liabilities	<u>12,266</u>	<u>84</u>	<u>-</u>	<u>12,350</u>	<u>16,707</u>
<u>Fund Balance</u>					
Restricted	-	6,262,362	-	6,262,362	6,723,019
Assigned	-	-	7,753,156	7,753,156	-
Unassigned	26,825,565	502,787	1,091,201	28,419,553	26,746,403
Total Fund balance	<u>26,825,565</u>	<u>6,765,149</u>	<u>8,844,357</u>	<u>42,435,071</u>	<u>33,469,422</u>
Total Liabilities and Fund Balance	<u>26,837,831</u>	<u>6,765,233</u>	<u>8,844,357</u>	<u>42,447,421</u>	<u>33,486,129</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance by Account For the Fiscal Year Ended June 30, 2017

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund
Revenues Received:			
Local Revenues	36,690,736	6,184,038	6,724
State Revenues	3,740,971	105,176	-
Federal Revenues	1,561,340	-	-
On Behalf Payments	8,927,446	102,466	-
Total Revenues Received	50,920,493	6,391,680	6,724
Expenditures Disbursed:			
Current:			
Instruction	27,810,653	-	-
Support Services	10,746,713	5,893,590	-
Community Services	631,161	-	-
Payments to Other Schools	1,150,408	-	-
On Behalf Payments	8,927,446	102,466	-
Total Expenditures Disbursed	49,266,381	5,996,056	-
Excess Revenues Received over (under)			
Expenditures Disbursed	1,654,112	395,624	6,724
Other Financing Sources (Uses)			
Bond Proceeds	-	-	7,756,279
Bond Premium	-	-	494,353
Transfers in	-	518,107	-
Transfers (out)	-	(1,341,443)	(518,107)
Net Change in Fund Balances	1,654,112	(427,712)	7,739,249
Fund Balance, Beginning of Year	25,171,453	7,192,861	1,105,108
Fund Balance, End of Year	26,825,565	6,765,149	8,844,357

<u>Intrafund Eliminations</u>	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
-	42,881,498	42,040,400
-	3,846,147	3,988,790
-	1,561,340	1,579,359
-	9,029,912	11,578,092
-	<u>57,318,897</u>	<u>59,186,641</u>
-	27,810,653	27,595,657
-	16,640,303	16,043,599
-	631,161	592,283
-	1,150,408	868,135
-	9,029,912	11,578,092
-	<u>55,262,437</u>	<u>56,677,766</u>
-	<u>2,056,460</u>	<u>2,508,875</u>
-	7,756,279	-
-	494,353	-
(518,107)	-	-
<u>518,107</u>	<u>(1,341,443)</u>	<u>(136,243)</u>
-	<u>8,965,649</u>	<u>2,372,632</u>
-	<u>33,469,422</u>	<u>31,096,790</u>
-	<u>42,435,071</u>	<u>33,469,422</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Schedule of Assets, Liabilities and Fund Balance

June 30, 2017

(With comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	6,834,631	12,539,149
Investments	<u>20,003,200</u>	<u>12,648,210</u>
Total Assets	<u><u>26,837,831</u></u>	<u><u>25,187,359</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Payroll Deductions payable	<u>12,266</u>	<u>15,906</u>
Total Liabilities	<u><u>12,266</u></u>	<u><u>15,906</u></u>
Fund Balance		
Unassigned	<u>26,825,565</u>	<u>25,171,453</u>
Total Fund Balances	<u><u>26,825,565</u></u>	<u><u>25,171,453</u></u>
Total Liabilities and Fund Balance	<u><u>26,837,831</u></u>	<u><u>25,187,359</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance

Budget and Actual (Modified Cash Basis)

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	Original & Final Budget	2017	Variance With Budget	2016
Revenues Received:				
Local Sources:				
Property Taxes	33,392,982	33,351,134	(41,848)	32,869,849
CPP Replacement Taxes	752,055	941,066	189,011	850,487
Other Payments in Lieu of Taxes	-	1,042	1,042	1,097
Earnings on Investments	27,400	135,988	108,588	20,201
Food Services	247,000	211,896	(35,104)	216,990
Tuition	90,000	113,575	23,575	113,751
Textbook Rentals/Resale	1,000	163	(837)	1,043
Pupil Activities	1,240,900	1,334,963	94,063	1,254,184
Other Local Revenues	430,150	600,909	170,759	456,389
Total Local Sources	36,181,487	36,690,736	509,249	35,783,991
State Programs:				
General State Aid	1,896,820	1,907,682	10,862	1,777,979
Special Education - Private Facility Tuition	679,389	674,635	(4,754)	830,731
Special Education - Funding for Children	351,447	352,539	1,092	462,014
Special Education - Personnel	420,924	449,159	28,235	556,803
Special Education - Orphanage - Individual	171,156	217,645	46,489	186,884
Special Education - Orphanage - Summer Individual	7,000	-	(7,000)	7,186
Special Education - Summer School	7,000	-	(7,000)	7,161
CTE - Secondary Program Improvement (CTEI)	75,398	66,098	(9,300)	72,200
CTE - Agriculture Education	-	-	-	793
Bilingual Ed - Downstate - TPI and TBE	14,265	4,088	(10,177)	9,739
State Free Lunch & Breakfast	1,000	407	(593)	667
Drivers Educations	74,000	68,718	(5,282)	74,440
Other Restricted State Sources	2,200	-	(2,200)	2,193
Total State Programs	3,700,599	3,740,971	40,372	3,988,790
Federal Programs:				
Title I - Low Income	289,613	329,024	39,411	358,679
Title II - Teacher Quality	43,731	33,515	(10,216)	55,444
Special Education IDEA Room and Board	194,056	126,313	(67,743)	207,430
Special Education - IDEA Flow Through	592,677	594,159	1,482	522,781
CTE - Other	81,529	91,463	9,934	62,721
Medicaid Matching Funds - Administrative Outreach	92,000	62,146	(29,854)	92,104
Medicaid Matching Funds - Fee-for-Service Program	79,000	106,126	27,126	79,534
Other Restricted Revenue from Federal Sources	168,000	218,594	50,594	200,666
Total Federal Programs	1,540,606	1,561,340	20,734	1,579,359
On Behalf Payments	11,220,000	8,927,446	(2,292,554)	11,520,871
Total Revenues Received	52,642,692	50,920,493	(1,722,199)	52,873,011

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Expenditures Disbursed:				
Instruction				
Regular Programs:				
Salaries	12,554,973	12,534,265	20,708	12,290,024
Employee Benefits	2,334,715	2,526,468	(191,753)	2,723,977
Purchased Services	638,750	580,388	58,362	475,257
Supplies	676,993	612,009	64,984	781,736
Capital Outlay	143,094	101,374	41,720	89,117
Other Objects	12,000	8,192	3,808	11,161
Termination Benefits	-	2,934	(2,934)	4,400
Total Regular Programs	<u>16,360,525</u>	<u>16,365,630</u>	<u>(5,105)</u>	<u>16,375,672</u>
Special Education Programs:				
Salaries	4,213,969	4,242,835	(28,866)	4,067,773
Employee Benefits	816,231	817,234	(1,003)	807,244
Purchased Services	45,500	79,111	(33,611)	66,691
Capital Outlay	74,302	89,465	(15,163)	11,054
Supplies	38,715	44,284	(5,569)	27,508
Termination Benefits	-	-	-	-
Total Special Education Programs	<u>5,188,717</u>	<u>5,272,929</u>	<u>(84,212)</u>	<u>4,980,270</u>
Remedial Programs:				
Salaries	154,712	131,583	23,129	118,242
Employee Benefits	7,375	4,469	2,906	3,112
Purchased Services	19,505	16,505	3,000	21,372
Supplies	750	1,199	(449)	992
Total Remedial	<u>182,342</u>	<u>153,756</u>	<u>28,586</u>	<u>143,718</u>
CTE Programs:				
Salaries	1,431,196	1,452,040	(20,844)	1,391,385
Benefits	253,654	282,138	(28,484)	312,567
Purchased Services	26,213	28,000	(1,787)	18,469
Supplies	118,264	79,508	38,756	90,626
Capital Outlay	72,500	82,567	(10,067)	71,512
Other Objects	10,000	8,055	1,945	14,348
Termination Benefits	-	-	-	-
Total CTE Programs	<u>1,911,827</u>	<u>1,932,308</u>	<u>(20,481)</u>	<u>1,898,907</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Interscholastic Programs:				
Salaries	1,500,931	1,500,679	252	1,419,414
Benefits	48,712	40,451	8,261	39,371
Purchased Services	243,050	192,661	50,389	191,971
Supplies	155,000	177,157	(22,157)	147,394
Capital Outlay	20,500	12,909	7,591	19,264
Other Objects	87,400	88,087	(687)	83,163
Termination Benefits	-	-	-	9,388
Total Interscholastic	<u>2,055,593</u>	<u>2,011,944</u>	<u>43,649</u>	<u>1,909,965</u>
Summer School Programs:				
Salaries	130,068	201,424	(71,356)	138,671
Benefits	13,365	36,565	(23,200)	21,036
Purchased Services	500	-	500	-
Supplies	6,000	5,125	875	4,770
Total Summer School Programs	<u>149,933</u>	<u>243,114</u>	<u>(93,181)</u>	<u>164,477</u>
Gifted Programs				
Salaries	4,496	12,166	(7,670)	20,715
Benefits	64	75	(11)	142
Purchased Services	94,000	114,168	(20,168)	91,452
Supplies	5,000	3,488	1,512	3,987
Total Gifted Programs	<u>103,560</u>	<u>129,897</u>	<u>(26,337)</u>	<u>116,296</u>
Driver's Education Programs			-	
Salaries	78,000	101,136	(23,136)	73,600
Benefits	4,431	1,302	3,129	681
Purchased Services	1,000	1,136	(136)	100
Other Objects	-	-	-	-
Total Driver's Education Programs	<u>83,431</u>	<u>103,574</u>	<u>(20,143)</u>	<u>74,381</u>
Regular K-12 Programs - Private Tuition	21,000	23,036	(2,036)	25,257
Special Education Programs K-12	1,800,000	1,561,171	238,829	1,897,852
CTE Programs - Private Tuition	14,500	13,294	1,206	8,862
Total Instructional	<u>27,871,428</u>	<u>27,810,653</u>	<u>60,775</u>	<u>27,595,657</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Support Services				
Support Services - Pupils				
Attendance & Social Work Services				
Salaries	598,780	615,136	(16,356)	563,615
Employee Benefits	100,783	106,344	(5,561)	126,296
Termination Benefits	-	-	-	-
Total Attendance & Social Work Services	<u>699,563</u>	<u>721,480</u>	<u>(21,917)</u>	<u>689,911</u>
Guidance Services				
Salaries	1,315,074	1,321,522	(6,448)	1,233,422
Employee Benefits	226,736	235,542	(8,806)	239,985
Purchased Services	8,850	1,711	7,139	12,749
Supplies	14,000	8,822	5,178	9,972
Capital Outlay	2,000	-	2,000	5,366
Other Objects	750	707	43	586
Termination Benefits	-	-	-	3,102
Total Guidance Services	<u>1,567,410</u>	<u>1,568,304</u>	<u>(894)</u>	<u>1,505,182</u>
Health Service:				
Salaries	130,628	127,603	3,025	105,576
Employee Benefits	12,915	12,875	40	12,434
Purchased Services	-	110	(110)	30
Supplies	1,000	525	475	-
Capital Outlay	2,200	2,181	19	2,138
Termination Benefits	-	-	-	198
Total Health Service	<u>146,743</u>	<u>143,294</u>	<u>3,449</u>	<u>120,376</u>
Psychological Services				
Salaries	227,614	227,884	(270)	220,734
Employee Benefits	39,671	43,098	(3,427)	44,243
Purchased Services	3,000	-	3,000	583
Supplies	500	961	(461)	2,336
Other Objects	-	-	-	-
Total Psychological Services	<u>270,785</u>	<u>271,943</u>	<u>(1,158)</u>	<u>267,896</u>
Speech Pathology & Audiology Services				
Salaries	127,411	127,707	(296)	125,076
Employee Benefits	32,006	33,309	(1,303)	34,788
Total Speech Pathology & Audiology Services	<u>159,417</u>	<u>161,016</u>	<u>(1,599)</u>	<u>159,864</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	Final Budget	2017	Variance With Budget	2016
Other Support Service - Pupils				
Purchased Services	12,000	22,152	(10,152)	11,580
Supplies	12,000	19,807	(7,807)	8,581
Total Other Support Service - Pupils	24,000	41,959	(17,959)	20,161
Instruction Improvement:				
Salaries	317,111	306,042	11,069	279,968
Employee Benefits	62,457	61,229	1,228	58,380
Purchased Services	145,521	127,964	17,557	147,418
Supplies	7,695	8,135	(440)	5,207
Other Objects	4,400	4,772	(372)	3,899
Total Instruction Improvement	537,184	508,142	29,042	494,872
Educational Media Services:				
Salaries	245,245	246,003	(758)	231,925
Employee Benefits	46,216	46,484	(268)	44,409
Purchased Services	20,299	18,573	1,726	18,217
Supplies	22,686	25,085	(2,399)	27,138
Capital Outlay	2,200	599	1,601	-
Other Objects	500	354	146	491
Total Educational Media Services	337,146	337,098	48	322,180
Assessment & Testing:				
Salaries	66,190	69,694	(3,504)	66,284
Employee Benefits	21,504	21,605	(101)	21,571
Purchased Services	90,375	27,783	62,592	73,973
Supplies	15,522	10,215	5,307	5,263
Total Assessment & Testing	193,591	129,297	64,294	167,091
Board of Education Services:				
Salaries	5,000	4,079	921	3,518
Purchased Services	626,567	532,547	94,020	607,833
Supplies	5,000	6,215	(1,215)	3,759
Other Objects	17,750	16,017	1,733	15,801
Total Board of Education Services	654,317	558,858	95,459	630,911
Executive Administration Services				
Salaries	319,509	315,770	3,739	298,300
Employee Benefits	81,103	81,065	38	81,295
Purchased Services	5,500	1,620	3,880	737
Supplies	4,000	4,522	(522)	4,978
Other Objects	7,500	5,248	2,252	5,226
Total Executive Administration Services	417,612	408,225	9,387	390,536

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	Final Budget	2017	Variance With Budget	2016
Special Area Administration Services				
Salaries	194,360	195,973	(1,613)	188,862
Employee Benefits	31,381	29,580	1,801	45,027
Purchased Services	49,246	42,909	6,337	41,713
Supplies	1,000	1,083	(83)	505
Other Objects	2,000	2,090	(90)	1,755
Total Executive Administration Services	277,987	271,635	6,352	277,862
Office of the Principal Services:				
Salaries	1,056,974	1,058,957	(1,983)	1,040,772
Employee Benefits	351,898	354,146	(2,248)	247,879
Purchased Services	14,070	6,213	7,857	4,474
Supplies	35,000	33,656	1,344	34,243
Capital Outlay	4,000	-	4,000	-
Other Objects	3,000	2,166	834	1,745
Termination Benefits	-	7,162	(7,162)	-
Total Office of the Principal Services:	1,464,942	1,462,300	2,642	1,329,113
Other Support Services				
Salaries	855,038	860,670	(5,632)	811,066
Employee Benefits	114,950	119,501	(4,551)	111,582
Purchased Services	1,950	380	1,570	250
Supplies	1,300	1,900	(600)	1,352
Termination Benefits	-	-	-	3,308
Total Other Support Services	973,238	982,451	(9,213)	927,558
Direction of Business Support Services				
Salaries	246,889	246,857	32	240,817
Employee Benefits	42,060	43,151	(1,091)	45,683
Purchased Services	9,250	30,679	(21,429)	9,052
Supplies	-	180	(180)	-
Other Objects	2,000	1,181	819	2,079
Total Direction of Business Support Services	300,199	322,048	(21,849)	297,631
Fiscal Services:				
Salaries	267,437	277,444	(10,007)	251,404
Employee Benefits	85,256	85,033	223	74,849
Purchased Services	130,500	89,366	41,134	114,798
Supplies	5,000	1,799	3,201	4,381
Capital Outlay	1,500	-	1,500	-
Other Objects	1,000	325	675	325
Termination Benefits	-	-	-	2,345
Total Fiscal Services	490,693	453,967	36,726	448,102

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Pupil Transportation Services				
Purchased Services	<u>9,600</u>	<u>11,891</u>	<u>(2,291)</u>	<u>15,624</u>
Total Pupil Transportation Services	<u>9,600</u>	<u>11,891</u>	<u>(2,291)</u>	<u>15,624</u>
Food Services:				
Purchased Services	11,000	11,363	(363)	25,481
Supplies	274,000	282,428	(8,428)	204,964
Capital Outlay	20,000	2,029	17,971	17,259
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Food Services	<u>305,000</u>	<u>295,820</u>	<u>9,180</u>	<u>247,704</u>
Internal Services:				
Salaries	3,000	4,628	(1,628)	3,000
Employee Benefits	<u>43</u>	<u>66</u>	<u>(23)</u>	<u>41</u>
Total Internal Services	<u>3,043</u>	<u>4,694</u>	<u>(1,651)</u>	<u>3,041</u>
Information Services:				
Salaries	129,978	130,697	(719)	125,503
Employee Benefits	29,673	30,423	(750)	30,616
Purchased Services	90,344	83,005	7,339	66,806
Supplies	5,000	9,678	(4,678)	4,268
Other Objects	<u>750</u>	<u>995</u>	<u>(245)</u>	<u>545</u>
Total Information Services	<u>255,745</u>	<u>254,798</u>	<u>947</u>	<u>227,738</u>
Staff Services:				
Salaries	266,267	267,137	(870)	257,160
Employee Benefits	54,643	64,381	(9,738)	54,553
Purchased Services	48,195	23,617	24,578	42,814
Supplies	13,000	9,923	3,077	10,895
Capital Outlay	1,000	-	1,000	-
Other Objects	<u>3,000</u>	<u>2,820</u>	<u>180</u>	<u>2,130</u>
Total Staff Services	<u>386,105</u>	<u>367,878</u>	<u>18,227</u>	<u>367,552</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	Final Budget	2017	Variance With Budget	2016
Data Processing Services				
Salaries	621,958	624,424	(2,466)	588,206
Employee Benefits	154,752	155,492	(740)	138,470
Purchased Services	463,300	492,793	(29,493)	408,785
Supplies	100,000	44,845	55,155	51,093
Capital Outlay	150,000	150,856	(856)	200,079
Other Objects	2,000	1,205	795	-
Termination Benefits	-	-	-	1,828
Total Data Processing Services	1,492,010	1,469,615	22,395	1,388,461
Other Support Services:	-	-	-	-
Total Support	10,966,330	10,746,713	219,617	10,299,366
Community Services				
Salaries	406,399	427,565	(21,166)	396,607
Employee Benefits	66,689	67,209	(520)	66,583
Purchased Services	50,790	41,946	8,844	34,238
Supplies	55,640	30,758	24,882	46,908
Capital Outlay	46,750	44,080	2,670	34,238
Other Objects	17,500	19,603	(2,103)	18,874
Total Community Services	643,768	631,161	12,607	597,448
Payments to Other Districts & Government Units				
Regular Programs	22,000	13,000	9,000	16,070
Special Education	700,000	822,534	(122,534)	750,625
CTE Programs	300,000	314,874	(14,874)	101,440
Total Payments to Other Schools	1,022,000	1,150,408	(128,408)	868,135
Provision for Contingencies	461,058	-	461,058	-
Total Direct Expenditures Disbursed	40,964,584	40,338,935	832,633	39,360,606
On Behalf Payments	11,220,000	8,927,446	2,292,554	11,520,871
Excess of Revenues Received over (under)				
Expenditures Disbursed	458,108	1,654,112	(1,196,004)	1,991,534
Other Financing Sources (Uses):				
Transfer from Other Funds	-	-	-	-
Fund Balance, Beginning of Year		25,171,453		23,179,919
Fund Balance, End of Year		26,825,565		25,171,453

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
GENERAL FUND - OPERATIONS AND MAINTENANCE ACCOUNT
Schedule of Assets, Liabilities and Fund Balance
June 30, 2017
(With comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	2,060,263	2,444,732
Investments	<u>4,704,970</u>	<u>4,748,930</u>
Total Assets	<u><u>6,765,233</u></u>	<u><u>7,193,662</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Payroll Deductions payable	<u>84</u>	<u>801</u>
Total Liabilities	<u><u>84</u></u>	<u><u>801</u></u>
Fund Balance		
Restricted	6,262,362	6,723,019
Unassigned	<u>502,787</u>	<u>469,842</u>
Total Fund Balances	<u><u>6,765,149</u></u>	<u><u>7,192,861</u></u>
Total Liabilities and Fund Balance	<u><u>6,765,233</u></u>	<u><u>7,193,662</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - OPERATIONS AND MAINTENANCE ACCOUNT
 Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual (Modified Cash Basis)
 For the Fiscal Year Ended June 30, 2017
 (With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Revenues Received:				
Local Sources:				
Property Taxes	5,825,201	5,789,328	(35,873)	5,957,923
Earnings on Investments	7,100	32,945	25,845	4,257
Other Local Revenue	349,107	361,765	12,658	292,212
Total Local Sources	<u>6,181,408</u>	<u>6,184,038</u>	<u>2,630</u>	<u>6,254,392</u>
State Sources:				
Other State Grants	-	105,176	105,176	-
Total State Sources	-	105,176	105,176	-
On-Behalf Payments from State	130,500	102,466	(28,034)	57,221
Total Revenues Received	<u>6,311,908</u>	<u>6,391,680</u>	<u>79,772</u>	<u>6,311,613</u>
Expenditures Disbursed:				
Operation/Maintenance of Plant:				
Support Services				
Salaries	2,706,885	2,703,692	3,193	2,555,093
Employee Benefits	751,701	721,464	30,237	731,678
Purchased Services	1,094,513	890,818	203,695	799,763
Supplies and Materials	1,109,149	1,017,097	92,052	1,086,434
Capital Outlay	549,040	560,184	(11,144)	559,662
Other Objects	1,050	335	715	797
Termination Benefits	10,000	-	10,000	5,641
Total Support Services	<u>6,222,338</u>	<u>5,893,590</u>	<u>328,748</u>	<u>5,739,068</u>
On-Behalf Payments	130,500	102,466	28,034	57,221
Total Expenditures Disbursed	<u>6,352,838</u>	<u>5,996,056</u>	<u>356,782</u>	<u>5,796,289</u>
Excess of Revenues Received over (under) Expenditures Disbursed	<u>(40,930)</u>	<u>395,624</u>	<u>(436,554)</u>	<u>515,324</u>
Other Financing Sources (Uses):				
Abatement of Working Cash Fund	4,361,963	518,107	3,843,856	15,081
Transfer of Other Revenues Pledged to Pay for Capital Projects	<u>(6,061,547)</u>	<u>(1,341,443)</u>	<u>(4,720,104)</u>	<u>(136,243)</u>
Total Other Financing Sources (Uses):	<u>(1,699,584)</u>	<u>(823,336)</u>	<u>(876,248)</u>	<u>(121,162)</u>
Net Change in Fund Balance	<u>(1,740,514)</u>	<u>(427,712)</u>	<u>(1,312,802)</u>	394,162
Fund Balance, Beginning of Year		<u>7,192,861</u>		<u>6,798,699</u>
Fund Balance, End of Year		<u>6,765,149</u>		<u>7,192,861</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - WORKING CASH ACCOUNT

Schedule of Assets and Fund Balance

June 30, 2017

(With comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	2,089,774	305,108
Investments	<u>6,754,583</u>	<u>800,000</u>
Total Assets	<u><u>8,844,357</u></u>	<u><u>1,105,108</u></u>
Fund Balance		
Assigned	7,753,156	-
Unassigned	<u>1,091,201</u>	<u>1,105,108</u>
Total Fund Balances	<u><u>8,844,357</u></u>	<u><u>1,105,108</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - WORKING CASH ACCOUNT

Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance
Budget and Actual (Modified Cash Basis)
For the Fiscal Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Final Budget	2017	Variance With Budget	2016
Revenues Received:				
Earnings on investments	2,000	6,724	4,724	2,017
Total Revenues Received	2,000	6,724	4,724	2,017
Expenditures Disbursed	-	-	-	-
Total Expenditures Disbursed	-	-	-	-
Excess of Revenues Received over (under) Expenditures Disbursed	2,000	6,724	-	2,017
Other Financing Sources (Uses):				
Bond Proceeds	7,420,013	7,756,279	336,266	-
Bond Premium	-	494,353	494,353	-
Abolishment or Abatement of the Working Cash Fund	(4,361,963)	(518,107)	3,843,856	(15,081)
Net Change in Fund Balance	3,062,050	7,739,249	4,679,199	(13,064)
Fund Balance, Beginning of Year		1,105,108		1,118,172
Fund Balance, End of Year		8,844,357		1,105,108

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

TRANSPORTATION FUND
Schedule of Assets and Fund Balance

June 30, 2017

(with comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	2,536,745	959,569
Investments	<u>2,647,750</u>	<u>3,717,530</u>
Total Assets	<u>5,184,495</u>	<u>4,677,099</u>
 FUND BALANCE		
Restricted	5,144,629	4,655,219
Assigned	<u>39,866</u>	<u>21,880</u>
Total Fund Balance	<u>5,184,495</u>	<u>4,677,099</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

TRANSPORTATION FUND
Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance
Budget and Actual (Modified Cash Basis)
For the Fiscal Year Ended June 30, 2017
(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Revenues Received				
Local Sources:				
Property Taxes	3,111,798	3,101,939	(9,859)	3,322,918
Transportation Fees	30,000	43,270	13,270	45,927
Earnings on Investments	4,050	17,986	13,936	2,431
Refund Prior Years' Expenditures	-	-	-	-
Payments of Surplus Moneys from TIF Districts	-	549	549	165
Other Local Revenue	-	228	228	1,856
Total Local Sources	<u>3,145,848</u>	<u>3,163,972</u>	<u>18,124</u>	<u>3,373,297</u>
State Sources:				
Regular Transportation Aid	372,695	411,224	38,529	408,521
Special Education Aid	898,620	882,591	(16,029)	906,887
Total State Sources	<u>1,271,315</u>	<u>1,293,815</u>	<u>22,500</u>	<u>1,315,408</u>
Federal Sources:				
Medicaid Fee-For-Service Program	-	-	-	-
Total Revenues Received	<u>4,417,163</u>	<u>4,457,787</u>	<u>40,624</u>	<u>4,688,705</u>
Expenditures Disbursed				
Transportation Salaries	1,306,950	1,385,673	(78,723)	1,264,919
Employee Benefits	437,513	426,771	10,742	457,004
Purchased Services	1,620,602	1,441,240	179,362	1,787,238
Supplies & Materials	349,500	264,996	84,504	265,752
Capital Outlay	435,098	419,810	15,288	543,331
Other Objects	7,500	11,901	(4,401)	6,972
Termination Benefits	-	-	-	11,443
Provision for contingencies	100,000	-	100,000	-
Total Expenditures Disbursed	<u>4,257,163</u>	<u>3,950,391</u>	<u>306,772</u>	<u>4,336,659</u>
Excess of Revenues Received over (under)				
Expenditures Disbursed	<u>160,000</u>	507,396	<u>347,396</u>	352,046
Fund Balance, Beginning of Year		<u>4,677,099</u>		<u>4,325,053</u>
Fund Balance, End of Year		<u>5,184,495</u>		<u>4,677,099</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Debt Service Fund

Schedule of Assets and Fund Balance

June 30, 2017

(With comparative totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	598,809	614,697
Investments	<u>1,543,100</u>	<u>1,474,300</u>
Total Assets	<u>2,141,909</u>	<u>2,088,997</u>
Fund Balance		
Restricted	813,750	724,204
Assigned	<u>1,328,159</u>	<u>1,364,793</u>
Total Fund Balances	<u>2,141,909</u>	<u>2,088,997</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

DEBT SERVICE FUND

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance

Budget and Actual (Modified Cash Basis)

For the Fiscal Year Ended June 30, 2017

(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance with Budget</u>	<u>2016</u>
Revenues Received				
Local Sources:				
Property Taxes	1,492,522	1,543,921	51,399	1,536,800
Payments of Surplus Moneys from TIF Districts	-	224	224	89
Earnings on Investments	<u>1,323</u>	<u>10,082</u>	<u>8,759</u>	<u>1,431</u>
Total Local Sources	1,493,845	1,554,227	60,382	1,538,320
Federal Sources:				
Build America Bond Interest Reimbursement	<u>84,898</u>	<u>85,264</u>	<u>366</u>	<u>85,356</u>
Total Revenues Received	<u>1,578,743</u>	<u>1,639,491</u>	<u>60,748</u>	<u>1,623,676</u>
Expenditures Disbursed				
Debt Services				
Interest on Long-Term Debt	361,668	361,668	-	361,668
Debt Service - Payments of Principal on Long-Term Debt	1,300,000	1,300,000	-	1,250,000
Debt Service Other	<u>179,987</u>	<u>143,632</u>	<u>36,355</u>	<u>-</u>
Total Expenditures Disbursed	<u>1,841,655</u>	<u>1,805,300</u>	<u>36,355</u>	<u>1,611,668</u>
Excess of Revenues Received over (under) Expenditures Disbursed	<u>(262,912)</u>	<u>(165,809)</u>	<u>(97,103)</u>	<u>12,008</u>
Other Financing Sources (Uses)				
Bond Proceeds	<u>-</u>	<u>218,721</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>218,721</u>	<u>(218,721)</u>	<u>-</u>
Net Change in Fund Balance	<u>(262,912)</u>	52,912	<u>(315,824)</u>	12,008
Fund Balance, Beginning of Year		<u>2,088,997</u>		<u>2,076,989</u>
Fund Balance, End of Year		<u>2,141,909</u>		<u>2,088,997</u>

NONMAJOR OVERNMENTAL FUNDS

Special Revenue Fund

To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects, the District maintains the following Special Revenue Fund:

Municipal Retirement/Social Security Fund - To account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund as well as Medicare for employees who are members of the Teachers' Retirement System and FICA and Medicare for all other employees.

Capital Projects Fund

To account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, the District maintains the following Capital Projects Fund:

Capital Projects Fund - To account for school construction projects financed through debt issues, government grants and developer contributions.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Nonmajor Governmental Funds
Combining Statement of Assets and Fund Balance

June 30, 2017

(With comparative totals as of June 30, 2016)

	Special Revenue Fund	Capital Projects Fund	Totals	
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	2017	2016
ASSETS				
Cash	557,804	216,557	774,361	1,340,458
Investments	1,500,000	-	1,500,000	1,396,970
Total Assets	2,057,804	216,557	2,274,361	2,737,428
Fund Balance				
Restricted	2,057,804	197,157	2,254,961	2,718,693
Assigned	-	19,400	19,400	18,735
Total Fund Balances	2,057,804	216,557	2,274,361	2,737,428

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues Received, Expenditures Disbursed,
and Changes in Fund Balance by Account
For the Fiscal Year Ended June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Totals	
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	2017	2016
Revenues Received:				
Local Revenues	1,953,576	229,498	2,183,074	2,022,109
State Revenues	-	-	-	-
Federal Revenues	-	-	-	-
Total Revenues Received	<u>1,953,576</u>	<u>229,498</u>	<u>2,183,074</u>	<u>2,022,109</u>
Expenditures Disbursed:				
Current:				
Instruction	563,940	-	563,940	560,038
Support Services	1,257,479	2,120,872	3,378,351	1,366,738
Community Services	<u>45,293</u>	<u>-</u>	<u>45,293</u>	<u>44,747</u>
Total Expenditures Disbursed	<u>1,866,712</u>	<u>2,120,872</u>	<u>3,987,584</u>	<u>1,971,523</u>
Excess Revenues Received over (under) Expenditures Disbursed	<u>86,864</u>	<u>(1,891,374)</u>	<u>(1,804,510)</u>	<u>50,586</u>
Other Financing Sources				
Transfers in (out)	<u>-</u>	<u>1,341,443</u>	<u>1,341,443</u>	<u>136,243</u>
Net Change in Fund Balances	86,864	(549,931)	(463,067)	186,829
Fund Balance, Beginning of Year	<u>1,970,940</u>	<u>766,488</u>	<u>2,737,428</u>	<u>2,550,599</u>
Fund Balance, End of Year	<u>2,057,804</u>	<u>216,557</u>	<u>2,274,361</u>	<u>2,737,428</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

Schedule of Assets and Fund Balance Arising
from Cash Transactions

June 30, 2017

(With comparative totals as of June 30, 2016)

	<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash		557,804	673,970
Investments		<u>1,500,000</u>	<u>1,296,970</u>
Total Assets		<u>2,057,804</u>	<u>1,970,940</u>
 <u>Fund Balance</u>			
Restricted Fund balance		<u>2,057,804</u>	<u>1,970,940</u>
Total Fund balance		<u>2,057,804</u>	<u>1,970,940</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual (Modified Cash Basis)
For the Fiscal Year Ended June 30, 2017
(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>2017</u>	<u>Variance With Budget</u>	<u>2016</u>
Revenues Received:				
Property Taxes	1,925,902	1,914,857	(11,045)	1,790,654
Corporate Personal Property Replacement Taxes	25,945	25,945	-	20,040
Earning on Investments	2,030	12,530	10,500	713
Payments of Surplus Moneys from TIF Districts	-	244	244	112
Total Revenue Received	<u>1,953,877</u>	<u>1,953,576</u>	<u>(301)</u>	<u>1,811,519</u>
Expenditures Disbursed:				
Instruction Employee Benefits				
Regular Programs	227,098	221,615	5,483	219,110
Special Education	245,324	235,974	9,350	234,599
Remedial and Supplemental Programs - K-12	2,657	11,369	(8,712)	10,815
CTE Programs	29,030	28,359	671	26,395
Interscholastic Programs	62,998	61,607	1,391	65,108
Summer School Programs	-	3,227	(3,227)	2,207
Gifted Programs	65	330	(265)	741
Driver's Education Programs	-	1,459	(1,459)	1,063
Total Instruction Employee Benefits	<u>567,172</u>	<u>563,940</u>	<u>3,232</u>	<u>560,038</u>
Supporting Services Employee Benefits				
Supporting Services Pupils				
Attendance & Social Work Services	44,425	43,026	1,399	39,409
Guidance Services	43,686	38,646	5,040	35,679
Health Services	15,850	16,236	(386)	20,048
Psychological Services	3,300	3,175	125	3,091
Speech Pathology & Audiology Services	1,847	1,735	112	1,785
Total Supporting Services Pupils	<u>109,108</u>	<u>102,818</u>	<u>6,290</u>	<u>100,012</u>
Supporting Services: Instructional Staff				
Improvement of Instruction Services	13,184	13,145	39	12,406
Educational Media Services	17,679	16,959	720	16,412
Assessment & Testing	11,545	11,826	(281)	11,623
Total Supporting Services: Instructional Staff	<u>42,408</u>	<u>41,930</u>	<u>478</u>	<u>40,441</u>
Supporting Services: General Administration				
Board of Education Services	-	793	(793)	694
Executive Administration Services	18,269	18,168	101	17,217
Service Area Administrative Services	10,869	10,830	39	9,968
Total Supporting Services: General Administration	<u>29,138</u>	<u>29,791</u>	<u>(653)</u>	<u>27,879</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual (Modified Cash Basis)
 For the Fiscal Year Ended June 30, 2017
 (With Comparative Figures for 2016)

	Final Budget	2017	Variance With Budget	2016
Supporting Services: School Administration				
Office of the Principal Services	73,188	72,866	322	69,459
Other Support Services - School Administration	71,242	60,129	11,113	57,667
Total Supporting Services: School Administration	144,430	132,995	11,435	127,126
Supporting Services: Business				
Direction of Business Support Services	3,513	3,296	217	3,184
Fiscal Services	53,060	49,800	3,260	47,156
Operation & Maintenance of Plant Services	467,322	472,360	(5,038)	455,031
Pupil Transportation Services	258,923	262,027	(3,104)	224,806
Internal Service	-	65	(65)	42
Total Supporting Services: Business	782,818	787,548	(4,730)	730,219
Supporting Services: Central				
Information Services	37,597	36,290	1,307	35,237
Staff Services	9,966	9,643	323	9,200
Data Processing Services	122,888	116,464	6,424	111,481
Total Supporting Services: Central	170,451	162,397	8,054	155,918
Total Support Services - Employee Benefits	1,278,353	1,257,479	20,874	1,181,595
Community Services - Employee Benefits	33,352	45,293	(11,941)	44,747
Total Expenditures Disbursed	1,878,877	1,866,712	12,165	1,786,380
Net change in fund balance	75,000	86,864	11,864	25,139
Fund Balance, Beginning of Year		1,970,940		1,945,801
Fund Balance, End of Year		2,057,804		1,970,940

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

CAPITAL PROJECTS FUND
Schedule of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2017
(With Comparative Figures for 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	216,557	666,488
Investments	<u>-</u>	<u>100,000</u>
Total Assets	<u>216,557</u>	<u>766,488</u>
FUND BALANCE		
Restricted	197,157	747,753
Assigned	<u>19,400</u>	<u>18,735</u>
Total Fund balance	<u>216,557</u>	<u>766,488</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

CAPITAL PROJECTS FUND
Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance
Budget and Actual (Modified Cash Basis)
For the Fiscal Year Ended June 30, 2017
(With Comparative Figures for 2016)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>	<u>2016</u>
Revenues Received:				
Local Sources				
Earnings on investments	-	665	665	1,146
Other revenue from local sources	<u>190,000</u>	<u>228,833</u>	<u>38,833</u>	<u>209,444</u>
Total Local Sources	<u>190,000</u>	<u>229,498</u>	<u>39,498</u>	<u>210,590</u>
State Sources				
School infrastructure - Maintenance Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue Received	<u>190,000</u>	<u>229,498</u>	<u>39,498</u>	<u>210,590</u>
Expenditures Disbursed				
Support Services:				
Facilities Acquisition and Construction Services				
Purchased Services	48,900	48,900	-	48,900
Capital Outlay	<u>6,586,546</u>	<u>2,071,972</u>	<u>4,514,574</u>	<u>136,243</u>
Total Expenditures Disbursed	<u>6,635,446</u>	<u>2,120,872</u>	<u>4,514,574</u>	<u>185,143</u>
Excess (Deficiency) of Revenues Received over (under) Expenditures Disbursed	(6,445,446)	(1,891,374)	4,554,072	25,447
Other Financing Source				
Transfers in (out)	<u>6,061,547</u>	<u>1,341,443</u>	<u>(4,720,104)</u>	<u>136,243</u>
Net change in Fund Balance	<u>(383,899)</u>	<u>(549,931)</u>	<u>(166,032)</u>	<u>161,690</u>
Fund Balance, Beginning of Year		<u>766,488</u>		<u>604,798</u>
Fund Balance, End of Year		<u>216,557</u>		<u>766,488</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

AGENCY FUND

Schedule of Cash Receipts, Cash Disbursements and Ending Balance
Agency Funds - Student Activity Funds
For the Fiscal Year Ended June 30, 2017

	<u>June 30, 2016</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2017</u>
ASSETS				
Cash	<u>326,175</u>	<u>611,611</u>	<u>588,290</u>	<u>349,496</u>
Total Assets	<u>326,175</u>	<u>611,611</u>	<u>588,290</u>	<u>349,496</u>
LIABILITIES				
Due to Activity Fund Organizations:				
District Office	6,705	154	582	6,277
Student Activity	241,098	400,981	379,312	262,767
Athletic Boosters	<u>78,372</u>	<u>210,476</u>	<u>208,396</u>	<u>80,452</u>
Total Liabilities	<u>326,175</u>	<u>611,611</u>	<u>588,290</u>	<u>349,496</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Legal Debt Margin
For the Fiscal Year Ended June 30, 2017

Assessed Valuation - 2016 Tax Year	<u>2,312,974,084</u>
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Statutory Debt Limitation (6.9% of Assessed Valuation)	159,595,212
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Less Applicable Debt:

Remaining Original Face Value of Bonds

2008 General Obligation Bonds	1,200,000
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2010 General Obligation Bonds	4,235,000
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2016 General Obligation Bonds	<u>7,975,000</u>
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	<u>13,410,000</u>
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Legal Debt Margin	<u>146,185,212</u>
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LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed Valuations	<u>2,312,974,084</u>	<u>2,212,775,634</u>	<u>2,166,171,700</u>	<u>2,209,833,942</u>
Tax Rates:				
Educational	1.4727	1.5297	1.4896	1.4751
Operations & Maintenance	0.2880	0.2313	0.3191	0.2829
Bond & Interest	0.0680	0.0710	0.0702	0.2985
Transportation	0.1068	0.1742	0.1297	0.1110
IMRF	0.0443	0.0370	0.0448	0.0369
Social Security	<u>0.0503</u>	<u>0.0402</u>	<u>0.0429</u>	<u>0.0393</u>
Totals	<u>2.0301</u>	<u>2.0834</u>	<u>2.0963</u>	<u>2.2437</u>
Tax Extensions:				
Educational	34,063,169	33,848,829	32,267,293	32,597,260
Operations & Maintenance	6,661,366	5,118,150	6,912,254	6,251,620
Bond & Interest	1,572,822	1,571,071	1,520,652	6,596,354
Transportation	2,470,256	3,854,655	2,809,525	2,452,916
IMRF	1,024,648	818,727	970,445	815,429
Social Security	<u>1,163,426</u>	<u>889,536</u>	<u>929,288</u>	<u>868,465</u>
Totals	<u>46,955,687</u>	<u>46,100,968</u>	<u>45,409,457</u>	<u>49,582,044</u>
Tax Collections as of June 30, 2016	<u>23,199,045</u>	<u>45,925,786</u>	<u>45,274,260</u>	<u>49,376,670</u>
Percentage collected	49.4%	99.6%	99.7%	99.6%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>2,317,621,777</u>	<u>2,476,919,522</u>	<u>2,616,236,540</u>	<u>2,541,675,505</u>	<u>2,528,687,386</u>	<u>2,393,182,844</u>
1.3067	1.2532	1.1591	1.1207	1.0671	1.1071
0.3028	0.1948	0.1918	0.1449	0.2576	0.1640
0.3042	0.2718	0.2458	0.2345	0.2236	0.2221
0.1208	0.1218	0.0996	0.0942	0.0663	0.0634
0.0433	0.0349	0.0313	0.0493	0.0191	0.0487
0.0401	0.0373	0.0330	0.0365	0.0266	0.0380
<u>2.1179</u>	<u>1.9138</u>	<u>1.7606</u>	<u>1.6801</u>	<u>1.6603</u>	<u>1.6433</u>
30,284,365	31,040,756	30,324,798	28,484,557	26,983,623	26,494,927
7,017,759	4,825,039	5,017,942	3,682,888	6,513,899	3,924,820
7,050,205	6,732,267	6,430,709	5,960,229	5,654,145	5,315,259
2,799,687	3,016,888	2,605,772	2,394,258	1,676,520	1,517,278
1,003,530	864,445	818,882	1,253,046	482,979	1,165,480
929,366	923,891	863,358	927,712	672,631	909,409
<u>49,084,912</u>	<u>47,403,286</u>	<u>46,061,461</u>	<u>42,702,690</u>	<u>41,983,797</u>	<u>39,327,173</u>
<u>48,494,438</u>	<u>47,256,570</u>	<u>45,895,404</u>	<u>42,551,500</u>	<u>41,871,879</u>	<u>39,215,949</u>
98.8%	99.7%	99.6%	99.6%	99.7%	99.7%

GASSENSMITH & MICHALESKO, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education
Lockport Township High School District 205
Lockport, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of Lockport Township High School District 205 (District) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 13, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and

To the Board of Education
Lockport Township High School District 205

corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

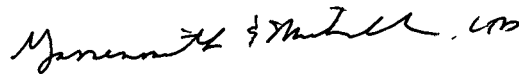
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

Purpose of this Report

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



Gassensmith & Michalesko, Ltd.
Certified Public Accountants

October 13, 2017

Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

To the Board of Education
Lockport Township High School District 205
Lockport, Illinois

Report on Compliance for Each Major Federal Program

We have audited Lockport Township High School District 205's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

To the Board of Education
Lockport Township High School District 205

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

To the Board of Education
Lockport Township High School District 205

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 30, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Gassensmith & Michalesko, Ltd.
Certified Public Accountants

Joliet, Illinois
October 13, 2017

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205
56-099-2050-17
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2017

Federal Grantor/Pass-Through Grantor Subrecipients* Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴				Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/15-6/30/16 (C)	Year 7/1/16-6/30/17 (D)	Year 7/1/15-6/30/16 (E)	Year 7/1/16-6/30/17 (F)	Year 7/1/16-6/30/17 Pass through to Subrecipients				
US DEPARTMENT OF EDUCATION:											
Flow-Through from the Illinois State Board of Education:											
	84.010A	17-4300-00	-	147,609	-	258,848	-	-	-	258,848	383,167
	84.010A	16-4300-00	177,106	181,415	249,170	109,351	-	-	-	358,521	401,849
Special Education Cluster:											
	84.027A	17-4620	-	485,046	-	570,759	-	-	-	570,759	592,488
	84.027A	16-4620	438,601	129,113	567,714	-	-	-	-	567,714	567,714
	84.027A	17-4625	-	126,313	-	126,313	-	-	-	126,313	n/a
	84.027A	16-4625	97,029	-	97,029	-	-	-	-	97,029	n/a
	84.367A	17-4932	-	26,164	-	43,961	-	-	-	43,961	47,361
	84.367A	16-4932	40,654	7,351	48,005	-	-	-	-	48,005	51,418
			753,390	1,083,011	961,918	1,109,232	-	-	-	2,071,150	n/a
Total Flow-through from the Illinois State Board of Education											
Flow-Through from the Illinois Department of Human Services:											
	84.126	546CDT00135	-	151,817	-	151,817	-	-	-	151,817	n/a
	84.126	546CDT00135	151,817	-	151,817	-	-	-	-	151,817	n/a
			151,817	151,817	151,817	151,817	-	-	-	303,634	n/a
Total Flow-Through from the Illinois Department of Human Services:											
Flow Through from Three Rivers Education for Employment System:											
	84.048A	17-4745	-	91,463	-	91,463	-	-	-	91,463	n/a
	84.048A	16-4745	62,721	-	62,721	-	-	-	-	62,721	n/a
			62,721	91,463	62,721	91,463	-	-	-	154,184	n/a
			967,928	1,326,291	1,176,456	1,352,512	-	-	-	2,528,968	n/a
TOTAL U.S. DEPARTMENT OF EDUCATION											
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
Flow-through from the Illinois Department of Healthcare & Family Services:											
	93.778	2017	-	62,146	-	62,146	-	-	-	62,146	n/a
	93.778	2016	92,104	-	92,104	-	-	-	-	92,104	n/a
			92,104	62,146	92,104	62,146	-	-	-	154,250	n/a
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
US. DEPARTMENT OF DEFENSE											
Flow-through from AFOATS/JRR:											
	12.000	17-4998	-	66,777	-	66,777	-	-	-	66,777	n/a
	12.000	16-4998	29,589	-	29,589	-	-	-	-	29,589	n/a
			29,589	66,777	29,589	66,777	-	-	-	96,366	n/a
			1,089,621	1,455,214	1,298,149	1,481,435	-	-	-	2,779,584	n/a
TOTAL FEDERAL AWARDS											

• (M) Program was audited as a major program as defined by §200.518.
The accompanying notes are an integral part of this schedule.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Notes to Schedule of Expenditures of Federal Awards June 30, 2017

Note 1 Accounting Basis

The schedule of expenditures of federal awards includes the federal grant activity of the Lockport Township High School District 205 (District), and is presented on the modified cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the uniform guidance.

Reconciliation Of Schedule of Expenditures Of Federal Awards To Basic Financial Statements

Revenues Per Schedule of Expenditures Of Federal Awards	\$1,455,214
Add-Medicaid Fees-For-Service Program	106,126
Add-Build America Bonds Interest	<u>85,264</u>
Total Federal Revenues Per Basic Financial Statements	<u><u>\$1,646,604</u></u>

Note 2 Subrecipients, Insurance, and Loans

Of the federal expenditures in the schedule, the District did not provide any federal awards to subrecipients. The District did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at the year end.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Summary of Findings and Questionable Costs June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the modified cash basis financial statements of the District for the year ended June 30, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

2. No material weaknesses were disclosed during the audit of the financial statements. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the combined financial statements of the District were disclosed during the audit.

INTERNAL CONTROL OVER MAJOR PROGRAMS

4. No material weaknesses were disclosed during the audit of compliance over major federal award programs. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of compliance over major federal award programs.
5. The Auditor's Report on Compliance for the major federal award programs for the District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for the District.

IDENTIFICATION OF MAJOR PROGRAMS

7. The program tested as major programs was IDEA Flowthrough (84.027A).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The District was not determined to be a low-risk auditee.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Summary of Findings and Questionable Costs
June 30, 2017

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no financial statement findings reported for the fiscal year ended June 30, 2017.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no federal award findings reported for the fiscal year ended June 30, 2017.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Summary Schedule of Prior Audit Findings
June 30, 2017

There are no prior audit findings that affected federally funded programs.