

**LOCKPORT TOWNSHIP  
HIGH SCHOOL DISTRICT 205**

**LOCKPORT, ILLINOIS**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2018**

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

TABLE OF CONTENTS  
JUNE 30, 2018

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-15
<u>Basic Financial Statements:</u>	
District-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis)	16
Statement of Activities (Modified Cash Basis)	17
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances (Modified Cash Basis) - Governmental Funds	18-19
Reconciliation of Governmental Funds Statement of Assets, Liabilities and Fund Balances to Statement of Net Position (Modified Cash Basis)	20
Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds	21-22
Reconciliation of Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances of Governmental Funds to Statement of Activities (Modified Cash Basis)	23
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds	24
Notes to Financial Statements	25-62
<u>Other Information:</u>	
Budgetary Comparison Schedule:	
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Budget and Actual (Modified Cash Basis)	
General Fund	63
Transportation Fund	64

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

TABLE OF CONTENTS  
JUNE 30, 2018

	Page
Schedule of the Employer's Proportionate Share of the Net Pension Liability - TRS	65
Schedule of Employers Contributions -TRR	65
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - IMRF	66
Schedule of Employer Contributions - IMRF	67
Notes to the Schedule of Contributions – IMRF	68
Multiyear Schedule of Changes in Net OPEB Liability and Related Ratios	69
 <u>Other Supplementary Information:</u>	
Combining and Individual Fund Financial Statements and Schedules	
<u>Major Governmental Funds</u>	70
General Fund:	
Schedule of Assets, Liabilities and Fund Balances by Account (Modified Cash Basis)	71
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances by Account (Modified Cash Basis)	72-73
<u>Educational Account:</u>	
Schedule of Assets, Liabilities and Fund Balance (Modified Cash Basis)	74
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	75-82
<u>Operations and Maintenance Account:</u>	
Schedule of Assets, Liabilities and Fund Balance (Modified Cash Basis)	83
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	84
<u>Working Cash Account:</u>	
Schedule of Assets and Fund Balance (Modified Cash Basis)	85
Schedule of Revenues Received and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	86

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

TABLE OF CONTENTS  
JUNE 30, 2018

	Page
Transportation Fund:	
Schedule of Assets and Fund Balance (Modified Cash Basis)	87
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	88
Capital Projects Fund:	
Schedule of Assets and Fund Balance (Modified Cash Basis)	89
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	90
<u>Nonmajor Governmental Funds</u>	91
Combining Statement of Assets and Fund Balances (Modified Cash Basis)	92
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances (Modified Cash Basis)	93
Special Revenue Funds:	
Municipal Retirement / Social Security Fund:	
Schedule of Assets and Fund Balance (Modified Cash Basis)	94
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	95-96
Debt Service Fund:	
Schedule of Assets and Fund Balance (Modified Cash Basis)	97
Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget and Actual (Modified Cash Basis)	98

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

TABLE OF CONTENTS  
JUNE 30, 2018

	Page
<u>Fiduciary Funds</u>	
Agency Funds:	
Student Activity Funds:	
Schedule of Cash Receipts, Cash Disbursements and Ending Balance	99
<u>Other Supplemental Schedules</u>	
Computation of Legal Debt Margin (Unaudited)	100
Schedule of Assessed Valuations, Tax Rates, Extensions and Collections - Last Ten Tax Levy Years (Unaudited)	101-102
<u>Federal Awards Section</u>	
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	103-104
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance Required by Uniform Guidance	105-107
Schedule of Expenditures of Federal Awards	108
Notes to the Schedule of Expenditures of Federal Awards	109
Summary of Findings and Questionable Costs	110-111
Summary Schedule of Prior Year Findings	112

# GASSENSMITH & MICHALESKO, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

323 SPRINGFIELD AVENUE JOLIET, ILLINOIS 60435

815-744-6200

FAX 815-744-3822

## 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, 2018, 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, 2018, 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.

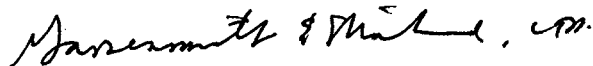
The Other Information and Other Supplemental Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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, 2017, 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 2017 financial statements, for the year ended June 30, 2017, 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 2017 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 2017 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 1, 2018, 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 1, 2018



## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

### **Management's Discussion and Analysis**

**For the Year ended June 30, 2018**

(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, 2018. 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 \$77.3 million (net position).

The District's total net position increased by approximately \$11.2 million for fiscal year 2018 as reported in the statement of activities.

As of the close of fiscal year 2018, the District's governmental funds reported combined ending fund balances of \$51,193,769, a decrease of over \$800 thousand in comparison to the prior year.

At the end of fiscal year 2018, the unassigned fund balance was \$33,241,580 which is 50.5% 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

## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

### **Management's Discussion and Analysis For the Year ended June 30, 2018 (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.

## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

### **Management's Discussion and Analysis**

**For the Year ended June 30, 2018**

(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, 2018  
(unaudited)

### Condensed Statement of Net Position as of June 30, 2018 and June 30, 2017

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Assets		
Current Assets	51,202,726	52,048,186
Capital Assets	<u>46,391,218</u>	<u>38,728,367</u>
Total Assets	<u>97,593,944</u>	<u>90,776,553</u>
Liabilities		
Current liabilities	8,957	12,350
Long-term liabilities	<u>20,213,338</u>	<u>24,643,892</u>
Total Liabilities	<u>20,222,295</u>	<u>24,656,242</u>
Net Position		
Invested in capital assets	34,181,218	32,293,367
Restricted	16,632,700	14,475,702
Unrestricted	<u>26,557,731</u>	<u>18,351,242</u>
Total Net Position	<u>77,371,649</u>	<u>65,120,311</u>
Total Liabilities and Net Position	<u>97,593,944</u>	<u>89,776,553</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 \$11.3 million over the previous year. Revenues decreased by approximately \$600 thousand during the current year, while expenses decreased by approximately \$7.6 million.

# LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Management's Discussion and Analysis  
For the Year ended June 30, 2018  
(unaudited)

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

	Governmental Activities	
	2018	2017
Receipts:		
Program Revenues		
Charges for services	2,208,356	2,183,789
Operating grants & contributions	8,743,141	13,976,294
Capital grants & contributions	171,790	228,833
General Revenues:		
Property taxes	49,038,390	45,702,221
Replacement taxes	809,147	967,011
General State aid & other unrestricted grants	3,147,468	1,907,682
Investment earnings	435,310	216,920
Other general revenues	388,711	416,499
Total Receipts	64,942,313	65,599,249
Expenditures		
Instruction	17,091,829	25,758,114
Supporting services	31,624,205	24,619,918
Community services	633,083	631,178
Payments to other governments	1,139,078	1,195,701
On behalf payments	2,665,571	9,029,912
Debt service	537,209	10,947
Total Expenditures	53,690,975	61,245,770
Increase in Net Position	11,251,338	4,353,479
Beginning Net Position	66,120,311	61,766,832
Ending Net Position	77,371,649	66,120,311

## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

Management's Discussion and Analysis  
For the Year ended June 30, 2018  
(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 \$51.2 million a decrease of \$800 thousand in comparison with the previous fiscal year. All funds had positive fund balances as of June 30, 2018.

Approximately 32% of the District's fund balance is restricted for various purposes, including \$7.1 million for operations & maintenance, \$844 thousand for future debt retirement, \$2.3 million for employee benefits, and \$494 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 \$33.2 million, which represents 68% of total General Fund expenditures. This means that without receiving any additional revenue, the District could fund 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 2018 continues to be property taxes. Property tax revenue increased from 2017 to 2018 because 50.4% of the 2016 levy and 51.8% of the 2017 levy was collected in fiscal year 2017-18. In addition, the 2017 equalized assessed valuation (EAV) included almost \$30 million more in new property than the 2016 EAV.

## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

### **Management's Discussion and Analysis For the Year ended June 30, 2018 (unaudited)**

Fiscal year 2018 was the first year that the District received funding from the new Evidence Based Funding (EBF) formula, which replaced the previous General State Aid formula. The Evidence Based Funding/General State Aid line in the summary that follows shows a significant increase because the new EBF formula includes the former Special Education Personnel Reimbursement, Special Education Funding for Children Requiring Special Education Services, Special Education Summer School, and Bilingual (English Learners) funding sources as well as General State Aid. The EBF formula includes a provision under which no school district will receive less funding than they did in the previous year and distributes additional funds using a tier system. District 205 received approximately \$123,000 additional funds through the EBF formula as a Tier 2 District in 2018. Total revenue received from state sources increased from 2017 to 2018, primarily due to the District receiving the final 2017 payments in fiscal year 2018 for the state funding sources listed above that were rolled into EBF.

Grant funding from federal sources decreased 10.3% from 2017 to 2018 due primarily to the District having no students placed in special education residential programs in 2018, which resulted in significantly less IDEA Room and Board reimbursement being received in fiscal year 2018.

Replacement taxes or Corporate Personal Property Replacement Taxes (CPPRT) have decreased approximately 16% from fiscal year 2017 to 2018. Earnings on investments have increased \$218 thousand due to rising interest rates. Other local revenue decreased by approximately 3.6% 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 in 2017. No similar grants were received in 2018.

Finally, on-behalf TRS and THIS payments represent the amount that the State of Illinois must pay to TRS on behalf of District 205 and fluctuate as they are based actuarially computed by Teachers' Retirement System.

## LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

### Management's Discussion and Analysis For the Year ended June 30, 2018 (unaudited)

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,

	2018	2017	Increase (Decrease) 2017 to 2018	% Change
Property taxes	49,038,390	45,702,221	3,336,169	7.3%
Replacement taxes	809,147	967,011	(157,864)	-16.3%
Earnings on investments	435,310	216,920	218,390	100.7%
Other local revenues	2,792,925	2,896,619	(103,694)	-3.6%
General state aid	3,147,468	1,907,682	1,239,786	65.0%
Restricted state grants	4,575,932	3,232,280	1,343,652	41.6%
Restricted federal grants	1,477,570	1,646,604	(169,034)	-10.3%
On-behalf payments	2,665,571	9,029,912	(6,364,341)	-70.5%
Total	<u>64,942,313</u>	<u>65,599,249</u>	<u>(656,936)</u>	-1.0%

#### *Expenditures*

Salaries and benefits remain the largest expenditures of the District, representing 61.6% of the fiscal year 2018 total expenditures. The split between salaries and benefits is about 80/20, with benefits making up about 20% 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 1.7% while employee benefit expenditures decreased approximately 0.5% from 2017 to 2018. The reason for the decrease in benefits expenditures is two-fold. First, in the current bargaining agreement, teachers agreed to increase their health insurance contributions in 2016, 2017 and 2018 in exchange for higher salary raises. In addition, 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 2018. Instructional expenditures increased 1.5% as a result of the increase in teacher salaries. The Support Services expenditure increase of 28.6% is primarily due to the bulk of the construction expenditures for the East Campus addition and remodeling project being paid in 2018. Community Service expenditures decreased 7.6% due to no equipment in the District's Community Wellness Center being replaced in 2018. Payments to other governments decreased due to a few less LTHS students attending career and technical education programs through WILCO Area Career Center than in 2017. Debt service expenditures decreased slightly overall from 2017 to 2018; the District made the second and final principal payment on the 2008 bonds in 2018. 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.



## LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

### Management's Discussion and Analysis For the Year ended June 30, 2018 (unaudited)

Finally, as mentioned above, TRS and THIS On-Behalf payments decreased by 71% due to annual adjustments.

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,

	2018	2017	Increase (Decrease) 2017 to 2018	% Change
Instructional	28,795,841	28,374,593	421,248	1.5%
Support services	30,821,582	23,969,047	6,852,535	28.6%
Community services	625,099	676,452	(51,353)	-7.6%
Payments to other governments	1,139,078	1,150,408	(11,330)	-1.0%
On-behalf payments	2,665,571	9,029,912	(6,364,341)	-70.5%
Debt service - interest and fees	537,209	505,300	31,909	6.3%
Debt service -principal	1,200,000	1,300,000	(100,000)	-7.7%
Total	<u>65,784,380</u>	<u>65,005,712</u>	<u>778,668</u>	1.2%

#### *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 2018.

## LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

### Management's Discussion and Analysis For the Year ended June 30, 2018 (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	44,433,421	45,910,837	District collected 50.4% of the 2016 levy and 51.8% of the 2017 levy in fiscal year 2018, but only budgeted collections of 50% for each levy.
State Sources	4,312,575	5,244,336	District received the final 2017 payments in fiscal year 2018 for the state funding sources that were rolled into the Evidence Based Funding formula, but did not budget for them.
<u>Expenditures</u>			
Instruction	29,397,402	28,226,064	District budgeted more for salaries and professional services and actual expenditures came in less than expected.
Support Services	17,749,438	16,519,732	District budgeted more for salaries, professional services and repairs and maintenance and actual expenditures came in less than expected.

### 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 \$46,391,218 (net of accumulated depreciation). Capital assets include land, buildings and improvements, construction-in-progress, intangible assets, and equipment. Depreciation charges of \$2,359,048 were expensed on the total capital assets during fiscal year 2018.

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

## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

### **Management's Discussion and Analysis For the Year ended June 30, 2018 (unaudited)**

Debt Administration - Total District long-term debt at year end was \$20,213,338. Additions during the year amounted to \$535,876, and \$4,966,430 was retired. The additions for 2018 represent 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, \$12,210,000; compensated absences, \$282,558; net pension liability IMRF \$1,599,600; net pension liability TRS \$3,413,931; and other postemployment benefits, \$2,707,249.

The District has two general obligation bond issues outstanding. Series 2010 and Series 2017 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 \$168,426,242, 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 last year, 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. However, other legislative action could still mean increased expenditures or lost revenue for school districts. For example, if the state's pension obligation gets 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 \$250,000. Tax freeze legislation is another example that would significantly affect LTHS finances. Setting the CPI at zero would cost LTHS approximately \$960,000 for a one-year freeze. A two-year

## **LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**

### **Management's Discussion and Analysis For the Year ended June 30, 2018 (unaudited)**

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. While these topics have not been the focus of recent bills proposed by legislators so far this year, history has shown that they will resurface in the future.

Lockport Township High School District 205 still operates the original Central Campus building, which is over 100 years old. While there are no imminent concerns with the condition of Central's facilities due to regularly performed maintenance, aging facilities are always a concern. Administration will continue to assess on an annual basis all of the District's facility needs, including those of Central Campus, and report them to the Board of Education in a Five Year Facility Needs Report.

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](http://www.lths.org) or you may contact Stefanie Croix, Director of Business Services at [scroix@lths.org](mailto: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, 2018

	Governmental Activities Primary Government
	2018
<u>Assets</u>	
Cash	12,083,046
Investments	39,119,680
Capital Assets not being depreciated	5,103,043
Capital Assets being depreciated, net of accumulated depreciation	41,288,175
Total Assets	97,593,944
<u>Liabilities</u>	
Current Liabilities	8,957
Due Within One Year	
General Obligation Bond Payable	1,125,000
Compensated Absences	282,558
Due in More Than One Year	
General Obligation Bond Payable	11,085,000
Net Pension Liability - IMRF	1,599,600
Net Pension Liability - TRS	3,413,931
Net OPEB Liability	2,707,249
Total Liabilities	20,222,295
<u>Net Position</u>	
Net investment in Capital Assets	34,181,218
Restricted for:	
Operations and Maintenance	6,530,408
Future Site Acquisitions and Capital Projects	844,161
Debt Service	483,932
Transportation of Students	6,469,820
Employee Benefits	2,271,436
Unrestricted	26,590,674
Total Net Position	77,371,649

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, 2018

		Program Revenues			Net Revenues (Expenditures) and Changes in Net Position
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	17,091,829	1,809,924	3,500,763	-	(11,781,142)
Support Services	31,624,205	398,432	2,576,807	171,790	(28,477,176)
Community Services	633,083	-	-	-	(633,083)
Payments to Other Governments	1,139,078	-	-	-	(1,139,078)
On Behalf Payments	2,665,571	-	2,665,571	-	-
Debt Service	537,209	-	-	-	(537,209)
Total Governmental Activities	<u>53,690,975</u>	<u>2,208,356</u>	<u>8,743,141</u>	<u>171,790</u>	<u>(42,567,688)</u>
General Revenues:					
Property Taxes					49,038,390
Replacement Taxes					809,147
Evidence Based Funding and other unrestricted grants					3,147,468
Investment Earnings					435,310
Other General Revenues					<u>388,711</u>
Total General Revenues					<u>53,819,026</u>
Change in Net Position					11,251,338
Net Position Beginning of Year					66,120,311
Net Position End of Year					<u>77,371,649</u>

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

# LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

## Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis Governmental Funds June 30, 2018

		Major Funds		
		General Fund	Trans- portation Fund	Capital Projects Fund
<u>Assets</u>				
Cash		8,222,555	2,144,528	503,332
Investments		<u>31,558,380</u>	<u>4,388,900</u>	<u>-</u>
Total Assets		<u>39,780,935</u>	<u>6,533,428</u>	<u>503,332</u>
<u>Liabilities</u>				
Payroll Liabilities		<u>8,947</u>	<u>10</u>	<u>-</u>
Total Liabilities		<u>8,947</u>	<u>10</u>	<u>-</u>
<u>Fund Balances</u>				
Restricted Fund Balance		6,530,408	6,469,820	483,932
Assigned Fund Balance		-	63,598	19,400
Unassigned Fund Balance		<u>33,241,580</u>	<u>-</u>	<u>-</u>
Total Fund Balances		<u>39,771,988</u>	<u>6,533,418</u>	<u>503,332</u>
Total Liabilities and Fund Balances		<u>39,780,935</u>	<u>6,533,428</u>	<u>503,332</u>

Non-major Governmental Funds	Total Governmental Funds	
	<u>2018</u>	<u>2017</u>
1,212,631	12,083,046	14,894,583
<u>3,172,400</u>	<u>39,119,680</u>	<u>37,153,603</u>
<u>4,385,031</u>	<u>51,202,726</u>	<u>52,048,186</u>
<u>-</u>	<u>8,957</u>	<u>12,350</u>
<u>-</u>	<u>8,957</u>	<u>12,350</u>
3,115,597	16,599,757	14,475,702
1,269,434	1,352,432	9,140,581
<u>-</u>	<u>33,241,580</u>	<u>28,419,553</u>
<u>4,385,031</u>	<u>51,193,769</u>	<u>52,035,836</u>
<u>4,385,031</u>	<u>51,202,726</u>	<u>52,048,186</u>

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



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, 2018

---

Total Fund Balances - Governmental Funds 51,193,769

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	86,350,312	
Accumulated Depreciation	<u>(39,959,094)</u>	
Net Capital Assets		46,391,218

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	(12,210,000)	
Compensated Absences	(282,558)	
Other Postemployment Benefits	(2,707,249)	
Net Pension Liability - IMRF	(1,599,600)	
Net Pension Liability - TRS	<u>(3,413,931)</u>	
		<u>(20,213,338)</u>
Net Position of Governmental Activities		<u><u>77,371,649</u></u>

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, 2018

	Major Funds		
	General Fund	Trans- portation Fund	Capital Projects Fund
Revenues Received:			
Local Sources	45,910,911	3,318,549	171,790
State Sources	5,244,336	2,479,064	-
Federal Sources	1,392,031	-	-
On Behalf Payments	2,665,571	-	-
Total Revenues Received	55,212,849	5,797,613	171,790
Expenditures Disbursed:			
Current:			
Instructional	28,226,138	-	-
Support Services	16,519,732	4,448,690	8,626,718
Community Services	583,710	-	-
Payment to Other Schools	1,139,078	-	-
On Behalf Payments	2,665,571	-	-
Debt Service - Interest and Fees	-	-	-
Debt Service - Principal	-	-	-
Total Expenditures Disbursed	49,134,229	4,448,690	8,626,718
Excess Revenues Received over (under)			
Expenditures Disbursed	6,078,620	1,348,923	(8,454,928)
Other Financing Sources (uses):			
Bond Proceeds	-	-	-
Bond Premium	-	-	-
Transfers in	-	-	8,741,703
Transfers (out)	(8,741,703)	-	-
Total Other Financing Sources (uses):	(8,741,703)	-	8,741,703
Net Change in Fund Balance	(2,663,083)	1,348,923	286,775
Fund balance, beginning of year	42,435,071	5,184,495	216,557
Fund balance, end of year	39,771,988	6,533,418	503,332

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

Non-major Funds	Total Governmental Funds	
	2018	2017
3,674,522	53,075,772	49,782,771
-	7,723,400	5,139,962
85,539	1,477,570	1,646,604
-	2,665,571	9,029,912
<u>3,760,061</u>	<u>64,942,313</u>	<u>65,599,249</u>
569,703	28,795,841	28,374,593
1,226,442	30,821,582	23,969,047
41,389	625,099	676,452
-	1,139,078	1,150,408
-	2,665,571	9,029,912
537,209	537,209	505,300
<u>1,200,000</u>	<u>1,200,000</u>	<u>1,300,000</u>
<u>3,574,743</u>	<u>65,784,380</u>	<u>65,005,712</u>
185,318	(842,067)	593,537
-	-	7,975,000
-	-	494,353
-	8,741,703	1,341,443
-	(8,741,703)	(1,341,443)
-	-	8,469,353
185,318	(842,067)	9,062,890
<u>4,199,713</u>	<u>52,035,836</u>	<u>42,972,946</u>
<u>4,385,031</u>	<u>51,193,769</u>	<u>52,035,836</u>

(continued)

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, 2018

Net change in Fund Balances - Governmental Funds	(842,067)
--	-----------

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.	10,062,180
--	------------

This is the amount of depreciation recorded in the current period.	(2,359,048)
--	-------------

This is the net book value of assets disposed	(40,280)
---	----------

Repayment of debt principal, is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the statement of net position.	1,200,000
--	-----------

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	(23,539)
--	----------

Increase in postemployment benefits	<u>3,254,093</u>
-------------------------------------	------------------

Change in Net Position of Governmental Activities	<u>11,251,339</u>
---	-------------------

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Statement of Fiduciary Assets and Liabilities (modified cash basis)

Fiduciary Funds

June 30, 2018

---

	Student Activity Funds	
	June 30	
	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	<u>346,515</u>	<u>349,496</u>
<u>Liabilities</u>		
Due to Student Activity Organizations	<u>346,515</u>	<u>349,496</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, 2018

---

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, 2018

---

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, 2018

---

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.

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.

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, 2018

---

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.

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..

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, 2018

---

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, 2018

---

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, 2018

---

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, 2018

---

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, 2018

---

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 \$2,285,757 at June 30, 2018, while the bank balances were \$2,599,545. 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 \$30,955,348 at June 30, 2018. 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, 2018

---

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, 2018.

Investment Description	Carrying Value (cost) 6/30/2018	Investment <u>Maturities</u> Less Than One Year	% of Total Investment	Credit Rating*
Illinois Funds Money Market	2,257,665	2,257,665	12.3%	AAAm
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	7,882,338	7,882,338	43.1%	AAAm
Savings Deposit Account	3,164,333	3,164,333	17.3%	N/A
ISDLAF+ Term Series	5,000,000	5,000,000	27.3%	N/A
Total	<u>18,304,336</u>	<u>18,304,336</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, 2018

---

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, 2018.

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, 2018

---

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	\$ 2,285,757
Cash on Hand Per Note Above	3,800
Certificates of Deposit Per Above	30,955,348
Investments Per Note Above	<u>18,304,336</u>
Total	<u>\$ 51,549,241</u>
Cash Per Statement of Net Position	\$ 12,083,046
Investments Per Statement of Net Position	39,119,680
Cash Per Statement of Fiduciary Assets and Liabilities	<u>346,515</u>
Total	<u>\$ 51,549,241</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, 2018:

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 2017 tax levy on December 18, 2017. 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 2017 and prior property tax levies.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

NOTE 5 Capital Assets

Activity related to capital assets for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Capital assets not being depreciated				
Land	5,066,897	-	-	5,066,897
Construction in progress	<u>1,890,379</u>	<u>36,146</u>	<u>1,890,379</u>	<u>36,146</u>
Total capital assets not being depreciated	<u>6,957,276</u>	<u>36,146</u>	<u>1,890,379</u>	<u>5,103,043</u>
Capital assets being depreciated				
Buildings	53,013,339	10,626,612	-	63,639,951
Improvements other than buildings	5,089,652	47,574	-	5,137,226
Food service equipment	287,150	5,442	-	292,592
Transportation equipment	4,318,947	566,755	402,816	4,482,886
Other equipment	<u>7,024,584</u>	<u>670,030</u>	<u>-</u>	<u>7,694,614</u>
Total capital assets being depreciated	<u>69,733,672</u>	<u>11,916,413</u>	<u>402,816</u>	<u>81,247,269</u>
Less accumulated depreciation for				
Buildings	27,468,676	1,349,962	-	28,818,638
Improvements other than buildings	2,607,408	237,032	-	2,844,440
Food service equipment	264,917	1,089	-	266,006
Transportation equipment	2,336,148	438,811	362,534	2,412,425
Other equipment	<u>5,285,431</u>	<u>332,154</u>	<u>-</u>	<u>5,617,585</u>
Total accumulated depreciation	<u>37,962,580</u>	<u>2,359,048</u>	<u>362,534</u>	<u>39,959,094</u>
Total capital assets being depreciated, net	<u>31,771,092</u>	<u>9,557,365</u>	<u>40,282</u>	<u>41,288,175</u>
Total capital assets, net of depreciation	<u>38,728,368</u>	<u>9,593,511</u>	<u>1,930,661</u>	<u>46,391,218</u>

Depreciation expense for the year was charged to instruction, support services, and community services in the amounts of \$1,548,441, 802,623 and \$7,984, respectively.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

NOTE 6 Long-Term Debt

During the year ended June 30, 2018, the following changes occurred in long-term debt:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
GO Bonds Series 2008	1,200,000	-	1,200,000	-	-
GO Bonds Series 2010	4,235,000	-	-	4,235,000	260,000
GO Bonds Series 2017	<u>7,975,000</u>	<u>-</u>	<u>-</u>	<u>7,975,000</u>	<u>865,000</u>
Total Bonded Debt	13,410,000	-	1,200,000	12,210,000	1,125,000
Compensated absences payable	259,019	282,558	259,019	282,558	282,558
Net pension liability IMRF	5,107,011	-	3,507,411	1,599,600	-
Net pension liability TRS	3,308,290	105,641	-	3,413,931	-
Other Post-employment benefits	<u>2,559,572</u>	<u>147,677</u>	<u>-</u>	<u>2,707,249</u>	<u>-</u>
Total Long-Term Debt	<u>24,643,892</u>	<u>535,876</u>	<u>4,966,430</u>	<u>20,213,338</u>	<u>1,407,558</u>

Debt outstanding at June 30, 2018 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%. The Bond was paid in full during 2018.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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%.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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
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>2,069,266</u>	<u>6,304,266</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
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>1,391,600</u>	<u>9,366,600</u>

At June 30, 2018, \$2,113,595 was available in the Debt Service Fund to service the above listed debt issues.

Compensated absences of \$282,558, 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, 2018

---

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 \$175,000 annually per individual covered.

NOTE 8 Retirement Fund Commitments

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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8    Retirement Fund Commitments: (continued)

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 West Washington Street, P O Box 19253, Springfield, IL 62794 or by calling (888) 678-3675, option 2.

**Benefits provided**

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

**Benefits provided (continued)**

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8    Retirement Fund Commitments: (continued)

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

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

**On behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the district. For the year ended June 30, 2018, 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 \$2,385,550 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, 2018 were \$19,281, and are deferred because they were paid after the June 30, 2017 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$111,284 were paid from federal and special trust funds that required employer contributions of \$11,240. These contributions are deferred because they were paid after the June 30, 2017 measurement date.



LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8 Retirement Fund Commitments: (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, 2018, the district paid \$0 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, 2018, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, 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 follows below:

Employer's proportionate share of the net pension liability	3,413,931
State's proportionate share of the net pension liability associated with the employer	<u>169,521,108</u>
<b>Total</b>	<u><u>172,935,039</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8 Retirement Fund Commitments: (continued)

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .00447 percent, which was an increase (decrease) of .0003 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$2,385,550 and revenue of \$2,385,550 for support provided by the state. At June 30, 2018, the employer reported deferred outflows of 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	37,079	1,576
Net difference between projected and actual earnings on pension plan investments	2,342	-
Changes of assumptions	227,855	98,101
Changes in proportion and differences between employer contributions and proportionate share of contributions	246,382	166,265
Employer contributions subsequent to the measurement date	<u>148,919</u>	<u>-</u>
Total	<u><u>662,577</u></u>	<u><u>265,942</u></u>

\$148,919 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

**Year ended June 30:**

2019	54,710
2020	124,307
2021	62,385
2022	3,799
2023	2,515

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8    Retirement Fund Commitments: (continued)

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

**Actuarial assumptions**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.50 percent
<b>Salary Increases</b>	varies by amount of service credit
<b>Investment rate of return</b>	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. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8 Retirement Fund Commitments: (continued)

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 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.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

Note #8 Retirement Fund Commitments: (continued)

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to 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. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	4,194,460	3,413,931	2,774,612

**TRS fiduciary net position**

Detailed information about the TRS's fiduciary net position as of June 30, 2017 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, 2018

---

NOTE 8 Retirement Fund Commitments (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 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$280,021, 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 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the district paid \$208,829 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, 2018

---

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](http://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, 2018

---

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, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	188
Inactive, Non-Retired Members	147
Active Members	208
Total	<u>543</u>
Covered Valuation Payroll	\$ 7,568,382

**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 2017 was 11.25%. For the fiscal year ended June 30, 2018, the District contributed \$879,731 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, 2018

---

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, 2017. 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, 2017:

- 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, 2018

---

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, 2018

---

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 3.31%, and the resulting single discount rate is 7.50%.

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2016</b>	35,443,477	30,336,466	5,107,011
<b>Changes for the year:</b>			-
Service Cost	809,379	-	809,379
Interest on the Total Pension Liability	2,628,638	-	2,628,638
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(7,794)	-	(7,794)
Changes of Assumptions	(1,103,838)	-	(1,103,838)
Contributions - Employer	-	876,419	(876,419)
Contributions - Employees	-	344,207	(344,207)
Net Investment Income	-	5,157,872	(5,157,872)
Benefit Payments, including Refunds of Employee Contributions	(1,599,311)	(1,599,311)	-
Other (Net Transfer)	-	(544,702)	544,702
<b>Net Changes</b>	<u>727,074</u>	<u>4,234,485</u>	<u>(3,507,411)</u>
<b>Balances at December 31, 2017</b>	<u>36,170,551</u>	<u>34,570,951</u>	<u>1,599,600</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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)	5,830,848	1,599,600	(1,894,668)

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

For the year ended June 30, 2018, the District recognized pension expense of \$1,085,447. At June 30, 2018, 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	45,314	351,034
Changes of assumptions	12,863	843,650
Net difference between projected and actual earnings on pension plan investments	<u>969,959</u>	<u>2,333,811</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,028,136</u>	<u>3,528,495</u>
Pension contributions made subsequent to the measurement date	<u>434,257</u>	<u>-</u>
Total deferred amounts related to IMRF pension	<u><u>1,462,393</u></u>	<u><u>3,528,495</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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:**

2018	\$ (579,268)
2019	(622,834)
2020	(714,805)
2021	(583,452)
2022	-

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, 2018, 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.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

NOTE 9 Postemployment Benefits other than Pensions (continued)

At June 30, 2018, the following employees were covered by the benefit terms:

Number of	
Retirees and Beneficiaries	43
Active Members	385
Total	<u>428</u>

The net other post-employment benefit liability (NOL) was measured on June 30, 2018.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total NOL as of June 30, 2018:

Measurement Date	June 30, 2018
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 <sup>(1)</sup>

Fiscal Year the Ultimate Rate is Reached      Fiscal Year 2027

<sup>(1)</sup> Trend rates are constant for all years.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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, 2018.

**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, 2017) to the end of the Fiscal Year (June 30, 2018). The TOL as of June 30, 2018 is \$2,707,249.

	<b>OPEB Liability</b>
<b>Balances at June 30, 2017</b>	2,559,572
<b>Changes for the year:</b>	
Service Cost	129,254
Interest	133,791
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(176,058)
Changes of Assumptions	60,690
Contributions - Employer	-
Benefit payments	-
Other (Net Transfer)	-
Net Changes	<u>147,677</u>
<b>Balances at June 30, 2018</b>	<u><u>2,707,249</u></u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

NOTE 9 Postemployment Benefits other than Pensions (continued)

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

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	-	1,210,847
Changes of assumptions	541,159	56,984
Net difference between projected and actual earnings on pension plan investments	-	-
Total	<u>541,159</u>	<u>1,267,831</u>

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

**Year ended December 31:**

2019	\$ (105,935)
2020	(105,935)
2021	(105,935)
2022	(105,935)
2023	(105,935)
Thereafter	(196,998)



LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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	7,084,777	-	-	-	7,084,777
Debt Service	-	-	844,161	-	844,161
Transportation of students	-	6,469,820	-	-	6,469,820
Employee Benefits	-	-	-	2,271,436	2,271,436
Future site acquisitions and capital projects	-	-	-	483,930	483,930
Total restricted	7,084,777	6,469,820	844,161	2,755,366	17,154,124
Assigned to:					
Debt Service	-	-	1,269,434	-	1,269,434
Transportation of students	-	63,598	-	-	63,598
Capital projects	-	-	-	19,402	19,402
Total assigned	-	63,598	1,269,434	19,402	1,352,434
Unassigned	32,687,211	-	-	-	32,687,211
Total Fund Balances	39,771,988	6,533,418	2,113,595	2,774,768	51,193,769

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.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

NOTE 11 Contingent Liabilities and Commitments (continued)

*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.

NOTE 12 Operating Lease Agreements

The District leases equipment under operating lease agreements expiring through December 2023. Lease payments for the year ended June 30, 2018 totaled \$290,797. Future minimum lease payments are as follows:

Year ending June 30:	
2019	\$ 263,232
2020	196,140
2021	53,870
2022	12,420
2023	10,026
2024	2,799

NOTE 13 Individual Fund Disclosures

As of June 30, 2018, individual fund expenditures exceeded appropriations by \$52,873 in the Transportation Fund.

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 \$8,741,703 to the Capital Projects Fund to assist in funding capital asset projects.

An intra-fund transfer was made between accounts of the General Fund. The Working Cash Account transferred \$7,766,717 to the Operations and Maintenance Account.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
LOCKPORT, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

---

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, 2018 the LABP paid \$10,171,686 in health insurance related expenditures. The District paid \$6,751,104 for its share of the health care premiums during the year ended June 30, 2018.

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, 2018

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues Received			
Local Sources	44,433,421	45,910,911	1,477,490
State Sources	4,312,575	5,244,336	931,761
Federal Sources	1,428,512	1,392,031	(36,481)
On-Behalf Payments	18,000,000	2,665,571	(15,334,429)
Total Revenues Received	68,174,508	55,212,849	(12,961,659)
Expenditures Disbursed			
Current:			
Instruction	29,397,402	28,226,138	1,171,264
Support Services	17,749,438	16,519,732	1,229,706
Community Services	596,337	583,710	12,627
Payments to Other Governments	1,187,000	1,139,078	47,922
On-Behalf Payments	18,000,000	2,665,571	15,334,429
Contingency	300,000	-	300,000
Total Expenditures Disbursed	67,230,177	49,134,229	18,095,948
Excess of Revenues Received Over Expenditures Disbursed	944,331	6,078,620	(31,057,607)
Other Financing Sources (Uses)			
Transfers In	7,768,740	-	7,768,740
Transfers Out	(16,554,653)	(8,741,703)	7,812,950
Total Other Financing Sources (Uses)	(8,785,913)	(8,741,703)	15,581,690
Net Change in Fund Balance	(7,841,582)	(2,663,083)	(15,475,917)
Fund Balance, Beginning of Year		42,435,071	
Fund Balance, End of Year		39,771,988	

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, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues Received			
Local Sources	3,229,259	3,318,549	89,290
State Sources	1,366,557	2,479,064	1,112,507
Federal Sources	-	-	-
Total Revenues Received	<u>4,595,816</u>	<u>5,797,613</u>	<u>1,201,797</u>
Expenditures Disbursed			
Current:			
Support Services	4,295,817	4,448,690	(152,873)
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Expenditures Disbursed	<u>4,395,817</u>	<u>4,448,690</u>	<u>(52,873)</u>
Net Change in Fund Balance	<u>199,999</u>	<u>1,348,923</u>	<u>1,254,670</u>
Fund Balance, Beginning of Year		<u>5,184,495</u>	
Fund Balance, End of Year		<u>6,533,418</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)

	6/30/17*	6/30/16*	6/30/15*	6/30/14*
Employer's proportion of the net pension liability	0.00447%	0.00419%	0.00448%	0.00412%
Employer's proportionate share of the net pension liability	\$ 3,413,931	\$ 3,308,290	\$ 2,933,028	\$ 2,502,658
State's proportionate share of the net pension liability associated with the employer	169,521,108	177,162,740	138,423,670	131,091,593
Total	<u>\$ 172,935,039</u>	<u>\$ 180,471,030</u>	<u>\$ 141,356,698</u>	<u>\$ 133,594,251</u>
Employer's covered-employee payroll	\$ 23,730,592	\$ 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%	14.4%	13.2%	11.7%
Plan fiduciary net position as a percentage of the total pension	39.3%	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	148,919	184,094	131,913	155,270
Contributions in relation to the statutorily-required contributions	(148,919)	(184,094)	(131,913)	(155,270)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	23,730,592	22,897,579	22,173,641	21,387,102
Contributions as a percentage of covered-employee payroll	0.63%	0.80%	0.59%	0.73%

**Notes to other Information**

**Changes of assumptions**

For the 2017 and 2016 measurement years, 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

Last 10 Calendar Years  
(schedule to be built prospectively from 2014)

Calendar year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Total Pension Liability</b>										
Service Cost	809,378	834,002	785,637	817,814						
Interest on the Total Pension Liability	2,628,638	2,549,741	2,399,540	2,165,653						
Benefit Changes	-	-	-	-						
Difference between Expected and Actual Experience	(7,794)	(770,956)	279,617	208,195						
Assumption Changes	(1,103,838)	(120,890)	79,379	1,275,894						
Benefit Payments and Refunds	<u>(1,599,311)</u>	<u>(1,529,008)</u>	<u>(1,414,687)</u>	<u>(1,242,954)</u>						
<b>Net Change in Total Pension Liability</b>	727,073	962,889	2,129,486	3,224,602						
<b>Total Pension Liability - Beginning</b>	<u>35,443,477</u>	<u>34,480,588</u>	<u>32,351,102</u>	<u>29,126,500</u>						
<b>Total Pension Liability - Ending (a)</b>	<u>36,170,550</u>	<u>35,443,477</u>	<u>34,480,588</u>	<u>32,351,102</u>						
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	876,419	903,449	902,755	832,825						
Employee Contributions	344,207	347,492	332,457	320,246						
Pension Plan Net Investment Income	5,157,872	1,984,184	142,949	1,625,790						
Benefit payments and Refunds	(1,599,311)	(1,529,008)	(1,414,687)	(1,242,954)						
Other	<u>(544,702)</u>	<u>(1,623)</u>	<u>(11,088)</u>	<u>446,447</u>						
<b>Net Change in Plan Fiduciary Net Position</b>	4,234,485	1,704,494	(47,614)	1,982,354						
<b>Plan Fiduciary Net Position - Beginning</b>	<u>30,336,466</u>	<u>28,631,972</u>	<u>28,679,586</u>	<u>26,697,232</u>						
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>34,570,951</u>	<u>30,336,466</u>	<u>28,631,972</u>	<u>28,679,586</u>						
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	1,599,599	5,107,011	5,848,616	3,671,516						
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	95.58%	85.59%	83.04%	88.65%						
<b>Current Valuation Payroll</b>	7,568,382	7,411,388	7,388,335	6,881,126						
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	21.14%	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%
2017	876,419	876,419	-	7,568,382	11.58%



# LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

## NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF

### SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2017 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 2017 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, 2016, 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,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Total OPEB Liability</b>										
Service Cost	129,254	125,146								
Interest on the Total Pension Liability	133,791	126,255								
Benefit Changes	-	(1,439,849)								
Difference between Expected and Actual Experience	(176,058)	(123,115)								
Assumption Changes	60,690	(12,423)								
Benefit Payments	-	(212,619)								
Other changes	-	618,080								
<b>Net Change in Total Pension Liability</b>	<b>147,677</b>	<b>(918,525)</b>								
<b>Total Pension Liability - Beginning</b>	<b><u>2,559,572</u></b>	<b><u>3,478,097</u></b>								
<b>Total Pension Liability - Ending (a)</b>	<b><u>2,707,249</u></b>	<b><u>2,559,572</u></b>								
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	-	-								
Net Investment Income	-	-								
Benefit payments	-	-								
Other	-	-								
<b>Net Change in Plan Fiduciary Net Position</b>	<b>-</b>	<b>-</b>								
<b>Plan Fiduciary Net Position - Beginning</b>	<b><u>-</u></b>	<b><u>-</u></b>								
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>-</u></b>	<b><u>-</u></b>								
<b>Net OPEB Liability (Asset) - Ending (a) - (b)</b>	<b>2,707,249</b>	<b>2,559,572</b>								
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>0.00%</b>	<b>0.00%</b>								
<b>Current Valuation Payroll</b>	<b>23,983,333</b>	<b>23,983,333</b>								
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>11.29%</b>	<b>10.67%</b>								

## **MAJOR GOVERNMENTAL FUNDS**

### **General Fund**

**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.

### **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

GENERAL FUND

Schedule of Assets, Liabilities and Fund Balances by Account

June 30, 2018

(With comparative totals as of June 30, 2017)

	Educational	Operations &	Working	Totals	
	Fund	Maintenance	Cash	2018	2017
	Fund	Fund	Fund		
<u>Assets</u>					
Cash	6,862,547	1,219,960	140,048	8,222,555	10,984,668
Investments	24,714,680	5,864,900	978,800	31,558,380	31,462,753
Total Assets	<u>31,577,227</u>	<u>7,084,860</u>	<u>1,118,848</u>	<u>39,780,935</u>	<u>42,447,421</u>
<u>Liabilities</u>					
Payroll liabilities	8,864	83	-	8,947	12,350
Total liabilities	<u>8,864</u>	<u>83</u>	<u>-</u>	<u>8,947</u>	<u>12,350</u>
<u>Fund Balance</u>					
Restricted	-	6,530,408	-	6,530,408	6,262,362
Assigned	-	-	-	-	7,753,156
Unassigned	31,568,363	554,369	1,118,848	33,241,580	28,419,553
Total Fund balance	<u>31,568,363</u>	<u>7,084,777</u>	<u>1,118,848</u>	<u>39,771,988</u>	<u>42,435,071</u>
Total Liabilities and Fund Balance	<u>31,577,227</u>	<u>7,084,860</u>	<u>1,118,848</u>	<u>39,780,935</u>	<u>42,447,421</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, 2018

	<u>Educational Fund</u>	<u>Operations &amp; Maintenance Fund</u>	<u>Working Cash Fund</u>
Revenues Received:			
Local Revenues	38,838,769	7,030,934	41,208
State Revenues	5,244,336	-	-
Federal Revenues	1,392,031	-	-
On Behalf Payments	<u>2,628,786</u>	<u>36,785</u>	<u>-</u>
Total Revenues Received	<u>48,103,922</u>	<u>7,067,719</u>	<u>41,208</u>
Expenditures Disbursed:			
Current:			
Instruction	28,226,138	-	-
Support Services	10,783,412	5,736,320	-
Community Services	583,710	-	-
Payments to Other Schools	1,139,078	-	-
On Behalf Payments	<u>2,628,786</u>	<u>36,785</u>	<u>-</u>
Total Expenditures Disbursed	<u>43,361,124</u>	<u>5,773,105</u>	<u>-</u>
Excess Revenues Received over (under)			
Expenditures Disbursed	<u>4,742,798</u>	<u>1,294,614</u>	<u>41,208</u>
Other Financing Sources (Uses)			
Bond Proceeds	-	-	-
Bond Premium	-	-	-
Transfers in	-	7,766,717	-
Transfers (out)	<u>-</u>	<u>(8,741,703)</u>	<u>(7,766,717)</u>
Net Change in Fund Balances	<u>4,742,798</u>	<u>319,628</u>	<u>(7,725,509)</u>
Fund Balance, Beginning of Year	<u>26,825,565</u>	<u>6,765,149</u>	<u>8,844,357</u>
Fund Balance, End of Year	<u>31,568,363</u>	<u>7,084,777</u>	<u>1,118,848</u>

<u>Intrafund Eliminations</u>	<u>Totals</u>	
	<u>2018</u>	<u>2017</u>
-	45,910,911	42,881,498
-	5,244,336	3,846,147
-	1,392,031	1,561,340
-	<u>2,665,571</u>	<u>9,029,912</u>
-	<u>55,212,849</u>	<u>57,318,897</u>
-	28,226,138	27,810,653
-	16,519,732	16,640,303
-	583,710	631,161
-	1,139,078	1,150,408
-	<u>2,665,571</u>	<u>9,029,912</u>
-	<u>49,134,229</u>	<u>55,262,437</u>
-	<u>6,078,620</u>	<u>2,056,460</u>
-	-	7,756,279
-	-	494,353
(7,766,717)	-	-
<u>7,766,717</u>	<u>(8,741,703)</u>	<u>(1,341,443)</u>
-	<u>(2,663,083)</u>	<u>8,965,649</u>
-	<u>42,435,071</u>	<u>33,469,422</u>
-	<u>39,771,988</u>	<u>42,435,071</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - EDUCATIONAL ACCOUNT

Schedule of Assets, Liabilities and Fund Balance

June 30, 2018

(With comparative totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	6,862,547	6,834,631
Investments	<u>24,714,680</u>	<u>20,003,200</u>
Total Assets	<u><u>31,577,227</u></u>	<u><u>26,837,831</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Payroll Deductions payable	<u>8,864</u>	<u>12,266</u>
Total Liabilities	<u><u>8,864</u></u>	<u><u>12,266</u></u>
Fund Balance		
Unassigned	<u>31,568,363</u>	<u>26,825,565</u>
Total Fund Balances	<u><u>31,568,363</u></u>	<u><u>26,825,565</u></u>
Total Liabilities and Fund Balance	<u><u>31,577,227</u></u>	<u><u>26,837,831</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, 2018

(With Comparative Figures for 2017)

	Final Budget	2018	Variance With Budget	2017
Revenues Received:				
Local Sources:				
Property Taxes	34,575,118	35,532,088	956,970	33,351,134
CPP Replacement Taxes	721,013	790,160	69,147	941,066
Other Payments in Lieu of Taxes	-	2,101	2,101	1,042
Earnings on Investments	99,976	278,887	178,911	135,988
Food Services	247,000	258,791	11,791	211,896
Tuition	112,000	119,517	7,517	113,575
Textbook Rentals/Resale	-	118	118	163
Pupil Activities	1,285,400	1,328,274	42,874	1,334,543
Other Local Revenues	468,300	528,833	60,533	600,909
Total Local Sources	37,508,807	38,838,769	1,329,962	36,690,316
State Programs:				
Evidence Based Funding	3,018,968	3,147,468	128,500	1,907,682
Special Education - Private Facility Tuition	647,635	1,025,092	377,457	674,635
Special Education - Funding for Children	117,695	235,390	117,695	352,539
Special Education - Personnel	155,247	310,495	155,248	449,159
Special Education - Orphanage - Individual	190,761	295,376	104,615	217,645
Special Education - Orphanage - Summer Individual	10,088	22,296	12,208	-
Special Education - Summer School	-	7,417	7,417	-
CTE - Secondary Program Improvement (CTEI)	79,071	88,371	9,300	66,098
CTE - Agriculture Education	-	622	622	-
Bilingual Ed - Downstate - TPI and TBE	-	27,837	27,837	4,088
State Free Lunch & Breakfast	810	1,738	928	407
Drivers Educations	90,000	79,864	(10,136)	68,718
Other Restricted State Sources	2,300	2,370	70	-
Total State Programs	4,312,575	5,244,336	931,761	3,740,971
Federal Programs:				
Title I - Low Income	290,143	341,989	51,846	329,024
Title II - Teacher Quality	83,700	26,970	(56,730)	33,515
Title IV - Safe & Drug Free Schools	10,000	10,000	-	-
Special Education IDEA Room and Board	-	4,232	4,232	126,313
Special Education - IDEA Flow Through	611,628	573,180	(38,448)	594,159
CTE - Other	77,224	64,612	(12,612)	91,463
Medicaid Matching Funds - Administrative Outreach	62,000	45,544	(16,456)	62,146
Medicaid Matching Funds - Fee-for-Service Program	76,000	104,652	28,652	106,126
Other Restricted Revenue from Federal Sources	217,817	220,852	3,035	218,594
Total Federal Programs	1,428,512	1,392,031	(36,481)	1,561,340
On Behalf Payments	17,910,000	2,628,786	(15,281,214)	8,927,446
Total Revenues Received	61,159,894	48,103,922	(13,055,972)	50,920,073



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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance With Budget</u>	<u>2017</u>
Expenditures Disbursed:				
Instruction				
Regular Programs:				
Salaries	13,211,659	12,814,498	397,161	12,534,265
Employee Benefits	2,465,051	2,490,345	(25,294)	2,526,468
Purchased Services	744,711	678,841	65,870	580,388
Supplies	637,287	587,420	49,867	612,009
Capital Outlay	202,889	196,516	6,373	101,374
Other Objects	11,334	15,063	(3,729)	7,772
Termination Benefits	-	-	-	2,934
Total Regular Programs	<u>17,272,931</u>	<u>16,782,683</u>	<u>490,248</u>	<u>16,365,210</u>
Special Education Programs:				
Salaries	4,516,914	4,412,285	104,629	4,242,835
Employee Benefits	846,335	816,377	29,958	817,234
Purchased Services	108,705	126,105	(17,400)	79,111
Capital Outlay	5,000	8,032	(3,032)	89,465
Supplies	41,107	34,726	6,381	44,284
Termination Benefits	-	-	-	-
Total Special Education Programs	<u>5,518,061</u>	<u>5,397,525</u>	<u>120,536</u>	<u>5,272,929</u>
Remedial Programs:				
Salaries	151,792	140,171	11,621	131,583
Employee Benefits	1,312	1,992	(680)	4,469
Purchased Services	16,505	16,505	-	16,505
Supplies	1,500	2,024	(524)	1,199
Total Remedial	<u>171,109</u>	<u>160,692</u>	<u>10,417</u>	<u>153,756</u>
CTE Programs:				
Salaries	1,521,365	1,535,627	(14,262)	1,452,040
Benefits	315,518	304,573	10,945	282,138
Purchased Services	27,600	23,811	3,789	28,000
Supplies	124,245	122,454	1,791	79,508
Capital Outlay	71,500	92,047	(20,547)	82,567
Other Objects	10,000	6,836	3,164	8,055
Termination Benefits	-	-	-	-
Total CTE Programs	<u>2,070,228</u>	<u>2,085,348</u>	<u>(15,120)</u>	<u>1,932,308</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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance With Budget</u>	<u>2017</u>
Interscholastic Programs:				
Salaries	1,544,667	1,556,453	(11,786)	1,500,679
Benefits	43,118	41,489	1,629	40,451
Purchased Services	243,050	180,349	62,701	192,661
Supplies	225,600	205,490	20,110	177,157
Capital Outlay	15,500	15,578	(78)	12,909
Other Objects	89,400	68,876	20,524	88,087
Termination Benefits	-	-	-	-
Total Interscholastic	<u>2,161,335</u>	<u>2,068,235</u>	<u>93,100</u>	<u>2,011,944</u>
Summer School Programs:				
Salaries	168,012	132,572	35,440	201,424
Benefits	6,183	11,157	(4,974)	36,565
Purchased Services	500	-	500	-
Supplies	6,000	5,899	101	5,125
Total Summer School Programs	<u>180,695</u>	<u>149,628</u>	<u>31,067</u>	<u>243,114</u>
Gifted Programs				
Salaries	11,784	14,310	(2,526)	12,166
Benefits	70	85	(15)	75
Purchased Services	116,000	95,044	20,956	114,168
Supplies	5,000	2,825	2,175	3,488
Total Gifted Programs	<u>132,854</u>	<u>112,264</u>	<u>20,590</u>	<u>129,897</u>
Driver's Education Programs			-	
Salaries	102,000	77,816	24,184	101,136
Benefits	1,489	928	561	1,302
Purchased Services	1,200	2,452	(1,252)	1,136
Other Objects	-	-	-	-
Total Driver's Education Programs	<u>104,689</u>	<u>81,196</u>	<u>23,493</u>	<u>103,574</u>
Regular K-12 Programs - Private Tuition	21,000	32,654	(11,654)	23,036
Special Education Programs K-12	1,750,000	1,343,505	406,495	1,561,171
CTE Programs - Private Tuition	14,500	12,408	2,092	13,294
Total Instructional	<u>29,397,402</u>	<u>28,226,138</u>	<u>1,171,264</u>	<u>27,810,233</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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance With Budget</u>	<u>2017</u>
Support Services				
Support Services - Pupils				
Attendance & Social Work Services				
Salaries	635,434	614,024	21,410	615,136
Employee Benefits	109,614	115,024	(5,410)	106,344
Termination Benefits	-	1,598	(1,598)	-
Total Attendance & Social Work Services	<u>745,048</u>	<u>730,646</u>	<u>14,402</u>	<u>721,480</u>
Guidance Services				
Salaries	1,326,791	1,338,810	(12,019)	1,321,522
Employee Benefits	248,415	252,115	(3,700)	235,542
Purchased Services	8,850	1,000	7,850	1,711
Supplies	14,000	12,835	1,165	8,822
Capital Outlay	2,000	-	2,000	-
Other Objects	750	60	690	707
Termination Benefits	-	-	-	-
Total Guidance Services	<u>1,600,806</u>	<u>1,604,820</u>	<u>(4,014)</u>	<u>1,568,304</u>
Health Service:				
Salaries	129,251	130,265	(1,014)	127,603
Employee Benefits	18,059	18,234	(175)	12,875
Purchased Services	-	79	(79)	110
Supplies	-	-	-	525
Capital Outlay	200	-	200	2,181
Termination Benefits	-	-	-	-
Total Health Service	<u>147,510</u>	<u>148,578</u>	<u>(1,068)</u>	<u>143,294</u>
Psychological Services				
Salaries	177,171	182,019	(4,848)	227,884
Employee Benefits	39,800	42,181	(2,381)	43,098
Purchased Services	3,000	-	3,000	-
Supplies	500	328	172	961
Other Objects	-	-	-	-
Total Psychological Services	<u>220,471</u>	<u>224,528</u>	<u>(4,057)</u>	<u>271,943</u>
Speech Pathology & Audiology Services				
Salaries	130,790	129,856	934	127,707
Employee Benefits	31,700	34,501	(2,801)	33,309
Total Speech Pathology & Audiology Services	<u>162,490</u>	<u>164,357</u>	<u>(1,867)</u>	<u>161,016</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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance With Budget</u>	<u>2017</u>
Other Support Service - Pupils				
Purchased Services	12,000	3,512	8,488	22,152
Supplies	12,000	15,284	(3,284)	19,807
Total Other Support Service - Pupils	24,000	18,796	5,204	41,959
Instruction Improvement:				
Salaries	335,005	300,841	34,164	306,042
Employee Benefits	64,737	56,334	8,403	61,229
Purchased Services	163,192	93,709	69,483	127,964
Supplies	17,227	7,403	9,824	8,135
Capital Outlay	-	7,248	(7,248)	-
Other Objects	9,350	5,326	4,024	4,772
Total Instruction Improvement	589,511	470,861	118,650	508,142
Educational Media Services:				
Salaries	260,049	256,837	3,212	246,003
Employee Benefits	47,953	47,019	934	46,484
Purchased Services	20,600	19,765	835	18,573
Supplies	23,270	30,015	(6,745)	25,085
Capital Outlay	4,000	3,401	599	599
Other Objects	500	377	123	354
Total Educational Media Services	356,372	357,414	(1,042)	337,098
Assessment & Testing:				
Salaries	68,936	72,690	(3,754)	69,694
Employee Benefits	22,624	22,631	(7)	21,605
Purchased Services	92,702	40,261	52,441	27,783
Supplies	7,500	3,723	3,777	10,215
Total Assessment & Testing	191,762	139,305	52,457	129,297
Board of Education Services:				
Salaries	5,000	4,312	688	4,079
Purchased Services	687,543	539,852	147,691	532,547
Supplies	8,000	3,131	4,869	6,215
Other Objects	17,750	20,632	(2,882)	16,017
Total Board of Education Services	718,293	567,927	150,366	558,858
Executive Administration Services				
Salaries	333,601	351,630	(18,029)	315,770
Employee Benefits	38,334	40,790	(2,456)	81,065
Purchased Services	4,500	1,056	3,444	1,620
Supplies	5,000	6,493	(1,493)	4,522
Other Objects	7,500	4,794	2,706	5,248
Total Executive Administration Services	388,935	404,763	(15,828)	408,225

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, 2018

(With Comparative Figures for 2017)

	Final Budget	2018	Variance With Budget	2017
Special Area Administration Services				
Salaries	198,509	198,095	414	195,973
Employee Benefits	30,040	28,811	1,229	29,580
Purchased Services	35,464	31,527	3,937	42,909
Supplies	1,000	784	216	1,083
Other Objects	2,000	1,339	661	2,090
Total Executive Administration Services	267,013	260,556	6,457	271,635
Office of the Principal Services:				
Salaries	1,103,593	1,057,314	46,279	1,058,957
Employee Benefits	293,484	272,523	20,961	354,146
Purchased Services	14,070	6,053	8,017	6,213
Supplies	35,500	37,469	(1,969)	33,656
Capital Outlay	4,000	1,749	2,251	-
Other Objects	3,000	806	2,194	2,166
Termination Benefits	-	-	-	7,162
Total Office of the Principal Services:	1,453,647	1,375,914	77,733	1,462,300
Other Support Services				
Salaries	954,790	891,517	63,273	860,670
Employee Benefits	151,795	157,193	(5,398)	119,501
Purchased Services	1,950	1,526	424	380
Supplies	4,000	5,223	(1,223)	1,900
Total Other Support Services	1,112,535	1,055,459	57,076	982,451
Direction of Business Support Services				
Salaries	254,192	254,191	1	246,857
Employee Benefits	42,294	42,412	(118)	43,151
Purchased Services	10,000	5,919	4,081	30,679
Supplies	-	2	(2)	180
Other Objects	2,000	1,060	940	1,181
Termination Benefits	-	3,314	(3,314)	-
Total Direction of Business Support Services	308,486	306,898	1,588	322,048
Fiscal Services:				
Salaries	253,497	254,190	(693)	277,444
Employee Benefits	67,557	67,557	-	85,033
Purchased Services	128,500	107,200	21,300	89,366
Supplies	5,000	3,118	1,882	1,799
Capital Outlay	3,000	4,090	(1,090)	-
Other Objects	39,050	325	38,725	325
Termination Benefits	610	604	6	-
Total Fiscal Services	497,214	437,084	60,130	453,967

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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance With Budget</u>	<u>2017</u>
Pupil Transportation Services				
Purchased Services	<u>9,050</u>	<u>20,957</u>	<u>(11,907)</u>	<u>11,891</u>
Total Pupil Transportation Services	<u>9,050</u>	<u>20,957</u>	<u>(11,907)</u>	<u>11,891</u>
Food Services:				
Purchased Services	11,500	7,418	4,082	11,363
Supplies	294,000	282,563	11,437	282,428
Capital Outlay	35,000	-	35,000	2,029
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Food Services	<u>340,500</u>	<u>289,981</u>	<u>50,519</u>	<u>295,820</u>
Internal Services:				
Salaries	5,000	1,995	3,005	4,628
Employee Benefits	<u>73</u>	<u>29</u>	<u>44</u>	<u>66</u>
Total Internal Services	<u>5,073</u>	<u>2,024</u>	<u>3,049</u>	<u>4,694</u>
Information Services:				
Salaries	131,101	131,756	(655)	130,697
Employee Benefits	31,016	31,016	-	30,423
Purchased Services	96,594	66,145	30,449	83,005
Supplies	5,000	3,979	1,021	9,678
Other Objects	<u>1,000</u>	<u>779</u>	<u>221</u>	<u>995</u>
Total Information Services	<u>264,711</u>	<u>233,675</u>	<u>31,036</u>	<u>254,798</u>
Staff Services:				
Salaries	269,738	271,868	(2,130)	267,137
Employee Benefits	72,409	72,472	(63)	64,381
Purchased Services	52,987	44,027	8,960	23,617
Supplies	12,000	11,971	29	9,923
Capital Outlay	1,000	3,796	(2,796)	-
Other Objects	<u>3,000</u>	<u>2,406</u>	<u>594</u>	<u>2,820</u>
Total Staff Services	<u>411,134</u>	<u>406,540</u>	<u>4,594</u>	<u>367,878</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, 2018

(With Comparative Figures for 2017)

	Final Budget	2018	Variance With Budget	2017
Data Processing Services				
Salaries	630,283	633,958	(3,675)	624,424
Employee Benefits	183,691	183,691	-	155,492
Purchased Services	498,500	471,469	27,031	492,793
Supplies	86,000	128,526	(42,526)	44,845
Capital Outlay	156,000	143,470	12,530	150,856
Other Objects	2,000	1,215	785	1,205
Termination Benefits	-	-	-	-
Total Data Processing Services	1,556,474	1,562,329	(5,855)	1,469,615
Other Support Services:	-	-	-	-
Total Support	11,371,035	10,783,412	587,623	10,746,713
Community Services				
Salaries	433,638	422,777	10,861	427,565
Employee Benefits	69,984	70,022	(38)	67,209
Purchased Services	34,165	36,764	(2,599)	41,946
Supplies	29,300	37,170	(7,870)	30,758
Capital Outlay	12,750	-	12,750	44,080
Other Objects	16,500	16,977	(477)	19,603
Total Community Services	596,337	583,710	12,627	631,161
Payments to Other Districts & Government Units				
Regular Programs	22,000	5,904	16,096	13,000
Special Education	850,000	821,746	28,254	822,534
CTE Programs	315,000	311,428	3,572	314,874
Total Payments to Other Schools	1,187,000	1,139,078	47,922	1,150,408
Provision for Contingencies	500,000	-	500,000	-
Total Direct Expenditures Disbursed	43,051,774	40,732,338	5,500,826	40,338,515
On Behalf Payments	17,910,000	2,628,786	15,281,214	8,927,446
Excess of Revenues Received over (under)				
Expenditures Disbursed	198,120	4,742,798	(4,544,678)	1,654,112
Fund Balance, Beginning of Year		26,825,565		25,171,453
Fund Balance, End of Year		31,568,363		26,825,565

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205  
GENERAL FUND - OPERATIONS AND MAINTENANCE ACCOUNT  
Schedule of Assets, Liabilities and Fund Balance  
June 30, 2018  
(With comparative totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	1,219,960	2,060,263
Investments	<u>5,864,900</u>	<u>4,704,970</u>
Total Assets	<u><u>7,084,860</u></u>	<u><u>6,765,233</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Payroll Deductions payable	<u>83</u>	<u>84</u>
Total Liabilities	<u><u>83</u></u>	<u><u>84</u></u>
Fund Balance		
Restricted	6,530,408	6,262,362
Unassigned	<u>554,369</u>	<u>502,787</u>
Total Fund Balances	<u><u>7,084,777</u></u>	<u><u>6,765,149</u></u>
Total Liabilities and Fund Balance	<u><u>7,084,860</u></u>	<u><u>6,765,233</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, 2018  
 (With Comparative Figures for 2017)

	Final Budget	2018	Variance With Budget	2017
Revenues Received:				
Local Sources:				
Property Taxes	6,521,995	6,636,794	114,799	5,789,328
Earnings on Investments	23,875	51,582	27,707	32,945
Other Local Revenue	330,200	342,558	12,358	361,765
Total Local Sources	6,876,070	7,030,934	154,864	6,184,038
State Sources:				
Other State Grants	-	-	-	105,176
Total State Sources	-	-	-	105,176
On-Behalf Payments from State	90,000	36,785	(53,215)	102,466
Total Revenues Received	6,966,070	7,067,719	101,649	6,391,680
Expenditures Disbursed:				
Operation/Maintenance of Plant:				
Support Services				
Salaries	2,834,432	2,665,774	168,658	2,703,692
Employee Benefits	745,600	734,002	11,598	721,464
Purchased Services	1,137,370	860,321	277,049	890,818
Supplies and Materials	1,109,151	1,059,358	49,793	1,017,097
Capital Outlay	545,800	402,918	142,882	560,184
Other Objects	1,050	786	264	335
Termination Benefits	5,000	13,161	(8,161)	-
Total Support Services	6,378,403	5,736,320	642,083	5,893,590
On-Behalf Payments	90,000	36,785	53,215	102,466
Provision for Contingencies	497,667	-	497,667	0
Total Expenditures Disbursed	6,966,070	5,773,105	1,192,965	5,996,056
Excess of Revenues Received over (under) Expenditures Disbursed	-	1,294,614	(1,294,614)	395,624
Other Financing Sources (Uses):				
Abatement of Working Cash Fund	7,768,740	7,766,717	2,023	518,107
Transfer of Other Revenues Pledged to Pay for Capital Projects	(8,785,913)	(8,741,703)	(44,210)	(1,341,443)
Total Other Financing Sources (Uses):	(1,017,173)	(974,986)	(42,187)	(823,336)
Net Change in Fund Balance	(1,017,173)	319,628	(1,336,801)	(427,712)
Fund Balance, Beginning of Year		6,765,149		7,192,861
Fund Balance, End of Year		7,084,777		6,765,149

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

GENERAL FUND - WORKING CASH ACCOUNT

Schedule of Assets and Fund Balance

June 30, 2018

(With comparative totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	140,048	2,089,774
Investments	<u>978,800</u>	<u>6,754,583</u>
Total Assets	<u>1,118,848</u>	<u>8,844,357</u>
Fund Balance		
Assigned	-	7,753,156
Unassigned	<u>1,118,848</u>	<u>1,091,201</u>
Total Fund Balances	<u>1,118,848</u>	<u>8,844,357</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, 2018

(With Comparative Figures for 2017)

	Final Budget	2018	Variance With Budget	2017
Revenues Received:				
Earnings on investments	48,544	41,208	(7,336)	6,724
Total Revenues Received	48,544	41,208	(7,336)	6,724
Expenditures Disbursed	-	-	-	-
Total Expenditures Disbursed	-	-	-	-
Excess of Revenues Received over (under) Expenditures Disbursed	48,544	41,208	-	6,724
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	7,756,279
Bond Premium	-	-	-	494,353
Abolishment or Abatement of the Working Cash Fund	(7,768,740)	(7,766,717)	2,023	(518,107)
Net Change in Fund Balance	(7,671,652)	(7,725,509)	(5,313)	7,739,249
Fund Balance, Beginning of Year		8,844,357		1,105,108
Fund Balance, End of Year		1,118,848		8,844,357

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

TRANSPORTATION FUND  
Schedule of Assets and Fund Balance

June 30, 2018

(with comparative totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	2,144,528	2,536,745
Investments	<u>4,388,900</u>	<u>2,647,750</u>
Total Assets	<u>6,533,428</u>	<u>5,184,495</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Payroll Deductions payable	<u>10</u>	<u>-</u>
Total Liabilities	<u>10</u>	<u>-</u>
 <b>Fund Balance</b>		
Restricted	6,469,820	5,144,629
Assigned	<u>63,598</u>	<u>39,866</u>
Total Fund Balance	<u>6,533,418</u>	<u>5,184,495</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, 2018

(With Comparative Figures for 2017)

	Final <u>Budget</u>	<u>2018</u>	Vaiance With <u>Budget</u>	<u>2017</u>
Revenues Received				
Local Sources:				
Property Taxes	3,184,388	3,252,514	68,126	3,101,939
Transportation Fees	31,000	38,496	7,496	43,270
Earnings on Investments	13,871	23,732	9,861	17,986
Refund Prior Years' Expenditures	-	2,368	2,368	-
Payments of Surplus Moneys from TIF Districts	-	486	486	549
Other Local Revenue	-	953	953	228
Total Local Sources	<u>3,229,259</u>	<u>3,318,549</u>	<u>89,290</u>	<u>3,163,972</u>
State Sources:				
Special Education - Orphanage	-	60,226	60,226	-
Regular Transportation Aid	420,961	889,527	468,566	411,224
Special Education Aid	<u>945,596</u>	<u>1,529,311</u>	<u>583,715</u>	<u>882,591</u>
Total State Sources	<u>1,399,711</u>	<u>2,479,064</u>	<u>1,112,507</u>	<u>1,293,815</u>
Federal Sources:				
Flow-Through from Federal Sources	-	-	-	-
Total Revenues Received	<u>4,595,816</u>	<u>5,797,613</u>	<u>1,201,797</u>	<u>4,457,787</u>
Expenditures Disbursed				
Transportation Salaries	1,420,362	1,414,094	6,268	1,385,673
Employee Benefits	447,010	473,461	(26,451)	426,771
Purchased Services	1,528,090	1,704,969	(176,879)	1,441,240
Supplies & Materials	351,000	310,447	40,553	264,996
Capital Outlay	537,355	533,532	3,823	419,810
Other Objects	12,000	12,187	(187)	11,901
Termination Benefits	-	-	-	-
Provision for contingencies	<u>100,000</u>	-	<u>100,000</u>	-
Total Expenditures Disbursed	<u>4,395,817</u>	<u>4,448,690</u>	<u>(52,873)</u>	<u>3,950,391</u>
Excess of Revenues Received over (under)				
Expenditures Disbursed	<u>199,999</u>	1,348,923	<u>1,148,924</u>	507,396
Other Financing Sources (Uses)				
Transfer among funds				
Fund Balance, Beginning of Year		<u>5,184,495</u>		<u>4,677,099</u>
Fund Balance, End of Year		<u>6,533,418</u>		<u>5,184,495</u>

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

CAPITAL PROJECTS FUND  
Schedule of Assets, Liabilities and Fund Balance  
Arising from Cash Transactions  
June 30, 2018  
(With Comparative Figures for 2017)

---

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	503,332	666,488
Investments	<u>-</u>	<u>100,000</u>
Total Assets	<u>503,332</u>	<u>766,488</u>
FUND BALANCE		
Restricted	483,932	747,753
Assigned	<u>19,400</u>	<u>18,735</u>
Total Fund balance	<u>503,332</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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance With Budget</u>	<u>2017</u>
Revenues Received:				
Local Sources				
Earnings on investments	-	-	-	665
Other revenue from local sources	<u>170,000</u>	<u>171,790</u>	<u>1,790</u>	<u>228,833</u>
Total Local Sources	<u>170,000</u>	<u>171,790</u>	<u>1,790</u>	<u>229,498</u>
State Sources				
School infrastructure - Maintenance Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue Received	<u>170,000</u>	<u>171,790</u>	<u>1,790</u>	<u>229,498</u>
Expenditures Disbursed				
Support Services:				
Facilities Acquisition and Construction Services				
Purchased Services	20,375	16,300	4,075	48,900
Capital Outlay	<u>8,655,384</u>	<u>8,610,418</u>	<u>44,966</u>	<u>2,071,972</u>
Total Expenditures Disbursed	<u>8,675,759</u>	<u>8,626,718</u>	<u>49,041</u>	<u>2,120,872</u>
Excess (Deficiency) of Revenues Received over (under) Expenditures Disbursed	<u>(8,505,759)</u>	<u>(8,454,928)</u>	<u>50,831</u>	<u>(1,891,374)</u>
Other Financing Source				
Transfers in (out)	<u>8,785,913</u>	<u>8,741,703</u>	<u>(44,210)</u>	<u>1,341,443</u>
Net change in Fund Balance	<u>280,154</u>	<u>286,775</u>	<u>6,621</u>	<u>(549,931)</u>
Fund Balance, Beginning of Year		<u>216,557</u>		<u>766,488</u>
Fund Balance, End of Year		<u>503,332</u>		<u>216,557</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.

### **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

Nonmajor Governmental Funds  
Combining Statement of Assets and Fund Balance

June 30, 2018

(With comparative totals as of June 30, 2017)

	Special Revenue Fund		Totals	
	Municipal Retirement/ Social Security Fund	Debt Service Fund	2018	2017
ASSETS				
Cash	543,436	669,195	1,212,631	774,361
Investments	1,728,000	1,444,400	3,172,400	1,500,000
Total Assets	2,271,436	2,113,595	4,385,031	2,274,361
Fund Balance				
Restricted	2,271,436	844,161	3,115,597	2,254,961
Assigned	-	1,269,434	1,269,434	19,400
Total Fund Balances	2,271,436	2,113,595	4,385,031	2,274,361

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, 2018

	Special Revenue Fund	Capital Projects Fund	
	Municipal Retirement/ Social Security Fund	Debt Services Fund	Totals 2018
Revenues Received:			
Local Revenues	2,051,166	1,623,356	3,674,522
State Revenues	-	-	-
Federal Revenues	-	85,539	85,539
Total Revenues Received	2,051,166	1,708,895	3,760,061
Expenditures Disbursed:			
Current:			
Instruction	569,703	-	569,703
Support Services	1,226,442	-	1,226,442
Debt Service - Interest and Fees	-	537,209	537,209
Debt Service - Principal	-	1,200,000	1,200,000
Community Services	41,389	-	41,389
Total Expenditures Disbursed	1,837,534	1,737,209	3,574,743
Excess Revenues Received over (under) Expenditures Disbursed	213,632	(28,314)	185,318
Other Financing Sources			
Transfers in (out)	-	-	-
Net Change in Fund Balances	213,632	(28,314)	185,318
Fund Balance, Beginning of Year	2,057,804	2,141,909	4,199,713
Fund Balance, End of Year	2,271,436	2,113,595	4,385,031

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

Schedule of Assets and Fund Balance Arising  
from Cash Transactions

June 30, 2018

(With comparative totals as of June 30, 2017)

---

	<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash		543,436	557,804
Investments		<u>1,728,000</u>	<u>1,500,000</u>
Total Assets		<u>2,271,436</u>	<u>2,057,804</u>
 <u>Fund Balance</u>			
Restricted Fund balance		<u>2,271,436</u>	<u>2,057,804</u>
Total Fund balance		<u>2,271,436</u>	<u>2,057,804</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, 2018

(With Comparative Figures for 2017)

	<u>Final</u>		<u>Variance</u>	
	<u>Budget</u>	<u>2018</u>	<u>With</u>	<u>2017</u>
			<u>Budget</u>	
Revenues Received:				
Property Taxes	1,954,616	2,009,284	54,668	1,914,857
Corporate Personal Property Replacement Taxes	18,987	18,987	-	25,945
Earning on Investments	7,652	22,464	14,812	12,530
Payments of Surplus Moneys from TIF Districts	-	431	431	244
Total Revenue Received	<u>1,981,255</u>	<u>2,051,166</u>	<u>69,911</u>	<u>1,953,576</u>
Expenditures Disbursed:				
Instruction Employee Benefits				
Regular Programs	232,359	221,275	11,084	221,615
Special Education	260,251	238,097	22,154	235,974
Remedial and Supplemental Programs - K-12	2,568	11,910	(9,342)	11,369
CTE Programs	31,339	29,580	1,759	28,359
Interscholastic Programs	45,135	65,059	(19,924)	61,607
Summer School Programs	2,825	2,178	647	3,227
Gifted Programs	314	485	(171)	330
Driver's Education Programs	1,479	1,119	360	1,459
Total Instruction Employee Benefits	<u>576,270</u>	<u>569,703</u>	<u>6,567</u>	<u>563,940</u>
Supporting Services Employee Benefits				
Supporting Services Pupils				
Attendance & Social Work Services	44,009	41,043	2,966	43,026
Guidance Services	38,617	39,272	(655)	38,646
Health Services	15,906	15,554	352	16,236
Psychological Services	2,569	2,517	52	3,175
Speech Pathology & Audiology Services	1,896	1,754	142	1,735
Total Supporting Services Pupils	<u>102,997</u>	<u>100,140</u>	<u>2,857</u>	<u>102,818</u>
Supporting Services: Instructional Staff				
Improvement of Instruction Services	13,546	13,164	382	13,145
Educational Media Services	17,932	16,863	1,069	16,959
Assessment & Testing	11,656	11,667	(11)	11,826
Total Supporting Services: Instructional Staff	<u>43,134</u>	<u>41,694</u>	<u>1,440</u>	<u>41,930</u>
Supporting Services: General Administration				
Board of Education Services	1,482	815	667	793
Executive Administration Services	17,907	18,979	(1,072)	18,168
Service Area Administrative Services	10,596	10,126	470	10,830
Total Supporting Services: General Administration	<u>29,985</u>	<u>29,920</u>	<u>65</u>	<u>29,791</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, 2018  
 (With Comparative Figures for 2017)

	Final Budget	2018	Variance With Budget	2017
Supporting Services: School Administration				
Office of the Principal Services	78,012	70,055	7,957	72,866
Other Support Services - School Administration	71,703	60,228	11,475	60,129
Total Supporting Services: School Administration	149,715	130,283	19,432	132,995
Supporting Services: Business				
Direction of Business Support Services	3,617	3,500	117	3,296
Fiscal Services	48,625	44,778	3,847	49,800
Operation & Maintenance of Plant Services	502,168	457,323	44,845	472,360
Pupil Transportation Services	272,288	259,227	13,061	262,027
Internal Service	73	29	44	65
Total Supporting Services: Business	826,771	764,857	61,914	787,548
Supporting Services: Central				
Information Services	25,097	35,260	(10,163)	36,290
Staff Services	21,229	9,640	11,589	9,643
Data Processing Services	121,001	114,648	6,353	116,464
Total Supporting Services: Central	167,327	159,548	7,779	162,397
Total Support Services - Employee Benefits	1,319,929	1,226,442	93,487	1,257,479
Community Services - Employee Benefits	45,061	41,389	3,672	45,293
Total Expenditures Disbursed	1,941,260	1,837,534	103,726	1,866,712
Net change in fund balance	39,995	213,632	173,637	86,864
Fund Balance, Beginning of Year		2,057,804		1,970,940
Fund Balance, End of Year		2,271,436		2,057,804

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Debt Service Fund

Schedule of Assets and Fund Balance

June 30, 2018

(With comparative totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	669,195	598,809
Investments	<u>1,444,400</u>	<u>1,543,100</u>
Total Assets	<u>2,113,595</u>	<u>2,141,909</u>
Fund Balance		
Restricted	844,161	813,750
Assigned	<u>1,269,434</u>	<u>1,328,159</u>
Total Fund Balances	<u>2,113,595</u>	<u>2,141,909</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, 2018

(With Comparative Figures for 2017)

	<u>Final Budget</u>	<u>2018</u>	<u>Variance with Budget</u>	<u>2017</u>
Revenues Received				
Local Sources:				
Property Taxes	1,566,905	1,605,609	38,704	1,543,921
Payments of Surplus Moneys from TIF Districts	-	309	309	224
Earnings on Investments	8,692	17,438	8,746	10,082
Total Local Sources	1,575,597	1,623,356	47,759	1,554,227
Federal Sources:				
Build America Bond Interest Reimbursement	85,173	85,539	366	85,264
Total Revenues Received	1,660,770	1,708,895	48,125	1,639,491
Expenditures Disbursed				
Debt Services				
Interest on Long-Term Debt	537,209	537,209	-	361,668
Debt Service - Payments of Principal on Long-Term Debt	1,200,000	1,200,000	-	1,300,000
Debt Service Other	-	-	-	143,632
Total Expenditures Disbursed	1,737,209	1,737,209	-	1,805,300
Excess of Revenues Received over (under) Expenditures Disbursed	(76,439)	(28,314)	(48,125)	(165,809)
Other Financing Sources (Uses)				
Bond Proceeds	-	-	-	218,721
Total Other Financing Sources	-	-	-	218,721
Net Change in Fund Balance	(76,439)	(28,314)	(48,125)	52,912
Fund Balance, Beginning of Year		2,141,909		2,088,997
Fund Balance, End of Year		2,113,595		2,141,909

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, 2018

	<u>June 30, 2017</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2018</u>
ASSETS				
Cash	<u>349,496</u>	<u>535,711</u>	<u>538,692</u>	<u>346,515</u>
Total Assets	<u>349,496</u>	<u>535,711</u>	<u>538,692</u>	<u>346,515</u>
LIABILITIES				
Due to Activity Fund Organizations:				
District Office	6,277	199	550	5,926
Student Activity	262,767	352,264	346,072	268,959
Athletic Boosters	<u>80,452</u>	<u>183,248</u>	<u>192,070</u>	<u>71,630</u>
Total Liabilities	<u>349,496</u>	<u>535,711</u>	<u>538,692</u>	<u>346,515</u>



LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Legal Debt Margin  
For the Fiscal Year Ended June 30, 2018

---

Assessed Valuation - 2017 Tax Year	<u>2,440,960,022</u>
------------------------------------	----------------------

Statutory Debt Limitation (6.9% of Assessed Valuation)	168,426,242
--	-------------

Less Applicable Debt:

Remaining Original Face Value of Bonds

2010 General Obligation Bonds	4,235,000
-------------------------------	-----------

2016 General Obligation Bonds	<u>7,975,000</u>
-------------------------------	------------------

	<u>12,210,000</u>
--	-------------------

Legal Debt Margin	<u>156,216,242</u>
-------------------	--------------------

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assessed Valuations	<u>2,440,960,022</u>	<u>2,312,974,084</u>	<u>2,212,775,634</u>	<u>2,166,171,700</u>
Tax Rates:				
Educational	1.4526	1.4727	1.5297	1.4896
Operations & Maintenance	0.2594	0.2880	0.2313	0.3191
Bond & Interest	0.0643	0.0680	0.0710	0.0702
Transportation	0.1588	0.1068	0.1742	0.1297
IMRF	0.0347	0.0443	0.0370	0.0448
Social Security	<u>0.0370</u>	<u>0.0503</u>	<u>0.0402</u>	<u>0.0429</u>
Totals	<u>2.0068</u>	<u>2.0301</u>	<u>2.0834</u>	<u>2.0963</u>
Tax Extensions:				
Educational	35,457,386	34,063,169	33,848,829	32,267,293
Operations & Maintenance	6,331,850	6,661,366	5,118,150	6,912,254
Bond & Interest	1,569,537	1,572,822	1,571,071	1,520,652
Transportation	3,876,245	2,470,256	3,854,655	2,809,525
IMRF	847,013	1,024,648	818,727	970,445
Social Security	<u>903,155</u>	<u>1,163,426</u>	<u>889,536</u>	<u>929,288</u>
Totals	<u>48,985,186</u>	<u>46,955,687</u>	<u>46,100,968</u>	<u>45,409,457</u>
Tax Collections as of June 30, 2018	<u>25,366,993</u>	<u>46,868,342</u>	<u>45,925,786</u>	<u>45,274,260</u>
Percentage collected	51.8%	99.8%	99.6%	99.7%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>2,209,833,942</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>
1.4751	1.3067	1.2532	1.1591	1.1207	1.0671
0.2829	0.3028	0.1948	0.1918	0.1449	0.2576
0.2985	0.3042	0.2718	0.2458	0.2345	0.2236
0.1110	0.1208	0.1218	0.0996	0.0942	0.0663
0.0369	0.0433	0.0349	0.0313	0.0493	0.0191
0.0393	0.0401	0.0373	0.0330	0.0365	0.0266
<u>2.2437</u>	<u>2.1179</u>	<u>1.9138</u>	<u>1.7606</u>	<u>1.6801</u>	<u>1.6603</u>
32,597,260	30,284,365	31,040,756	30,324,798	28,484,557	26,983,623
6,251,620	7,017,759	4,825,039	5,017,942	3,682,888	6,513,899
6,596,354	7,050,205	6,732,267	6,430,709	5,960,229	5,654,145
2,452,916	2,799,687	3,016,888	2,605,772	2,394,258	1,676,520
815,429	1,003,530	864,445	818,882	1,253,046	482,979
868,465	929,366	923,891	863,358	927,712	672,631
<u>49,582,044</u>	<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>49,376,670</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>
99.6%	98.8%	99.7%	99.6%	99.6%	99.7%

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, 2018, and have issued our report thereon dated October 1, 2018.

**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.

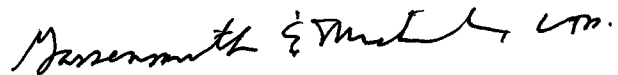
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did 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 1, 2018

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, 2018. 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, 2018.

### ***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.

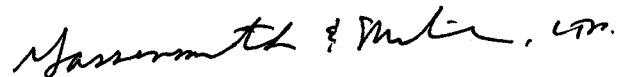
To the Board of Education  
Lockport Township High School District 205

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 1, 2018, 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 1, 2018



**LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205**  
**56-099-2050-17**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2018**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project # (1st 8 digits) or Contract # (B)	Receipts/Revenues		Expenditure/Disbursements <sup>2</sup>				Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 Pass through to Subrecipients	Year 7/1/17-6/30/18 Pass through to Subrecipients	Year 7/1/17-6/30/18 Pass through to Subrecipients			
<b>US DEPARTMENT OF EDUCATION:</b>											
<i>Flow-Through from the Illinois State Board of Education:</i>											
Title I - Low Income	84.010A	18-4300-00	-	157,203	-	-	251,604	-	-	251,604	366,127
Title I - Low Income	84.010A	17-4300-00	147,609	184,786	258,848	-	73,547	-	-	332,395	383,167
<i>Special Education Cluster:</i>											
IDEA Flow-through (M)	84.027A	18-4620	-	467,468	-	-	633,914	-	-	633,914	633,914
IDEA Flow-through	84.027A	17-4620	465,046	105,712	570,758	-		-	-	570,758	592,488
IDEA Room & Board	84.027A	17-4625	38,091	4,232	38,091	-	4,232	-	-	42,323	n/a
<i>Special Education Cluster:</i>			503,137	577,412	608,849	-	638,146	-	-	1,246,995	n/a
Title II - Teachers Quality	84.367A	18-4932	-	9,173	-	-	46,213	-	-	46,213	87,391
Title II - Teachers Quality	84.367A	17-4932	26,164	17,797	43,961	-	33,382	-	-	77,343	47,361
Title IVA Student Support & Academic Enrich	84.424A	18-4400		10,000		-	10,000	-	-	10,000	10,000
<b>Total Flow-through from the Illinois State Board of Education</b>			676,910	956,371	911,658	-	1,052,892	-	-	1,964,550	n/a
<b>Flow-Through from the Illinois Department of Human Services:</b>											
Office of Rehabilitation Services Secondary Transmission Experience Program Third Party Base Plus	84.126	546CDT00135	-	151,817	-	-	151,817	-	-	151,817	n/a
Office of Rehabilitation Services Secondary Transmission Experience Program Third Party Base Plus	84.126	546CDT00135	151,817	-	151,817	-		-	-	151,817	n/a
<b>Total Flow-Through from the Illinois Department of Human Services:</b>			151,817	151,817	151,817	-	151,817	-	-	303,634	n/a
<b>Flow Through from Three Rivers Education for Employment System:</b>											
Perkins Title LLC	84.048A	18-4745	-	64,612	-	-	64,612	-	-	64,612	n/a
Perkins Title LLC	84.048A	17-4745	91,463	-	91,463	-		-	-	91,463	n/a
<b>Total Flow-through from Three Rivers Education for Employment System</b>			91,463	64,612	91,463	-	64,612	-	-	156,075	n/a
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>											
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>											
<i>Flow-through from the Illinois Department of Healthcare &amp; Family Services:</i>											
Medicaid Administrative Outreach	93.778	2018	-	45,544	-	-	45,544	-	-	45,544	n/a
Medicaid Administrative Outreach	93.778	2017	62,146	-	62,146	-		-	-	62,146	n/a
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			62,146	45,544	62,146	-	45,544	-	-	107,690	n/a
<b>US. DEPARTMENT OF DEFENSE</b>											
<i>Flow-through from AFOATS/JRR:</i>											
A.F.R.O.T.C.	12.000	18-4998	-	69,035	-	-	69,035	-	-	69,035	n/a
A.F.R.O.T.C.	12.000	17-4998	66,777	-	66,777	-		-	-	66,777	n/a
<b>TOTAL US. DEPARTMENT OF DEFENSE</b>			66,777	69,035	66,777	-	69,035	-	-	135,812	n/a
<b>TOTAL FEDERAL AWARDS</b>			1,049,113	1,287,379	1,283,861	-	1,383,900	-	-	5,199,710	n/a

• (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, 2018

### 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	\$1,287,379
Add-Medicaid Fees-For-Service Program	104,652
Add-Build America Bonds Interest	<u>85,539</u>
Total Federal Revenues Per Basic Financial Statements	<u><u>\$1,477,570</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, 2018

#### 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, 2018.

#### 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, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no financial statement findings reported for the fiscal year ended June 30, 2018.

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

There were no federal award findings reported for the fiscal year ended June 30, 2018.

LOCKPORT TOWNSHIP HIGH SCHOOL DISTRICT 205

Summary Schedule of Prior Audit Findings

June 30, 2018

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