



OHIO AUDITOR OF STATE
KEITH FABER



**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities.....	22
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	25
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	28
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	29
Statement of Changes in Fiduciary Net Position Custodial Funds.....	30
Notes to the Basic Financial Statements	31
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability (School Employees Retirement System (SERS) of Ohio)	76
Schedule of the District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System (STRS) of Ohio)	78
Schedule of District Pension Contributions – School Employees Retirement System (SERS) of Ohio	80
Schedule of District Pension Contributions – State Teachers Retirement System (STRS) of Ohio	82

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2020**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System (SERS) of Ohio.....	84
Schedule of the District's Proportionate Share of the Net OPEB Liability/Asset – State Teachers Retirement System (STRS) of Ohio.....	85
Schedule of District OPEB Contributions – School Employees Retirement System (SERS) of Ohio.....	86
Schedule of District OPEB Contributions – State Teachers Retirement System (STRS) of Ohio.....	88
Notes to the Required Supplementary Information	90
Schedule of Expenditures of Federal Awards	93
Notes to the Schedule of Expenditures of Federal Awards.....	94
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	95
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	97
Schedule of Findings.....	99

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Indian Hill Exempted Village School District
Hamilton County
6855 Drake Road
Cincinnati, Ohio 45243

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Indian Hill Exempted Village School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2020, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
February 2, 2021

This page intentionally left blank.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The discussion and analysis of the Indian Hill Exempted Village School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position of governmental activities decreased \$9,650,932, which represents a 52.72% decrease from 2019's net position (as restated - see Note 3). This decrease is primarily attributed to a decrease of property tax revenue collected by June 30, 2020 and available for advance to the District. Property taxes collected and available to the District are reported as revenue. In response to the COVID-19 pandemic, Hamilton County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2019 real estate tax payments from June 22, 2020 until July 17, 2020. As a result of the extension, the amount of property taxes collected by Hamilton County and available as advance to the District at June 30, 2020 decreased. This is a timing issue as these taxes will be collected and reported as revenue in fiscal year 2021.
- General revenues accounted for \$29,615,995 in revenue or 85.62% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,973,986 or 14.38% of total revenues of \$34,589,981.
- The District had \$44,240,913 in expenses related to governmental activities; only \$4,973,986 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$29,615,995 were not adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$30,444,828 in revenues and other financing sources and \$41,565,395 in expenditures and other financing uses. During fiscal 2020, the general fund's fund balance decreased \$11,120,567 from a balance of \$24,727,052 to \$13,606,485.
- At June 30, 2020, the District has \$46,391,357 in capital assets, net. This amount is net of accumulated depreciation in the amount of \$43,688,675. Fiscal year 2020 depreciation expense was \$2,251,881. Total net investment in capital assets was \$32,899,554 at June 30, 2020. During fiscal year 2020, the District continued construction on the Home of the Braves sports complex and performed tennis court renovations.
- At June 30, 2020, the District has \$12,360,000 and \$190,412 in general obligation bonds and lease-purchase obligations, respectively, outstanding. Of this total, \$1,363,873 is due within one year and \$11,186,539 is due in greater than one year.

Using These Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

The statement of net position and the statement of activities, include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, food service operations and uniform school supplies activities.

The District's statement of net position and statement of activities can be found on pages 21-23 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 15. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund. All other governmental funds are considered non-major.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 25-29 of this report.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Reporting the District's Fiduciary Responsibilities

The District's fiduciary activities are reported in separate statement of changes in fiduciary net position on page 30. The District's fiduciary activities account for collections and disbursements for the Ohio High School Athletic Association. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-73 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 76-91 of this report.

- THIS SPACE INTENTIONALLY LEFT BLANK -

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019. Certain amounts for fiscal year 2019 have been restated to reflect the implementation of GASB 84 (see Note 3).

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 53,339,226	\$ 56,262,773
Capital assets, net	<u>46,391,357</u>	<u>44,086,445</u>
Total assets	<u>99,730,583</u>	<u>100,349,218</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	212,173	299,967
Pension	8,046,968	10,794,275
OPEB	<u>738,774</u>	<u>420,518</u>
Total deferred outflows of resources	<u>8,997,915</u>	<u>11,514,760</u>
<u>Liabilities</u>		
Current liabilities	4,149,969	4,300,468
Long-term liabilities:		
Due within one year	1,633,303	1,521,822
Due in more than one year:		
Net pension liability	40,121,234	38,465,364
Net OPEB liability	3,583,329	3,875,211
Other amounts	<u>14,035,921</u>	<u>15,454,812</u>
Total liabilities	<u>63,523,756</u>	<u>63,617,677</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	24,419,651	16,379,040
Payments in lieu of taxes for the next fiscal year	4,759,062	4,712,142
Pension	3,020,989	4,427,645
OPEB	<u>4,348,400</u>	<u>4,419,902</u>
Total deferred inflows of resources	<u>36,548,102</u>	<u>29,938,729</u>
<u>Net Position</u>		
Net Investment in capital assets	32,899,554	29,065,674
Restricted	3,162,349	3,315,577
Unrestricted (deficit)	<u>(27,405,263)</u>	<u>(14,073,679)</u>
Total net position	<u>\$ 8,656,640</u>	<u>\$ 18,307,572</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$8,656,640.

Current and other assets decreased as the District expended cash for the Home of the Braves sports complex and a tennis courts renovation project. Capital assets increased as the construction costs were capitalized as part of Construction in progress at fiscal year-end.

At fiscal year-end, capital assets represented 46.52% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets at June 30, 2020, was \$32,899,554. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Deferred outflows decreased primarily due to changes in assumptions and differences between expected and actual experience reported by the State Teachers Retirement System (STRS) related to the District's net pension liability.

Current liabilities decreased primarily due to reduced contracts payable as the District is nearing completion of the Home of the Braves sports complex. Long-term liabilities increased slightly due to an increase in the District's net pension liability offset by a decrease in the net OPEB liability and principal payments made on long-term debt. The District's net pension liability and net OPEB liability are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

Deferred inflows increased as the District recognized less tax revenue related to advances collected by Hamilton County and available for advance at June 30, 2020 (see page 5). As such, these collections as reflected as a deferred inflow of resources rather than revenue due to the timing of collections.

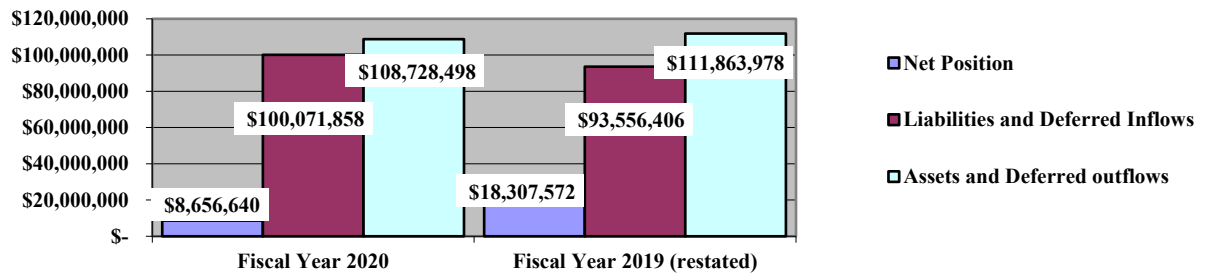
A portion of the District's net position, \$3,162,349 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$27,405,263.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The graph below presents the District's governmental activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020 and June 30, 2019. Certain amounts for fiscal year 2019 have been restated to reflect the implementation of GASB 84 (see Note 3).

Governmental Activities



The table below shows the change in net position for fiscal years 2020 and 2019. Certain amounts for fiscal year 2019 have been restated to reflect the implementation of GASB 84 (see Note 3).

Change in Net Position

	Governmental Activities 2020	Restated Governmental Activities 2019
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,373,045	\$ 1,692,786
Operating grants and contributions	1,775,268	1,676,923
Capital grants and contributions	1,825,673	-
General revenues:		
Property taxes	19,144,077	25,806,416
Payments in lieu of taxes	4,735,526	4,815,530
Grants and entitlements	4,605,203	4,906,078
Investment earnings	686,811	450,357
Increase in fair value of investments	249,915	398,257
Miscellaneous	194,463	175,891
Total revenues	34,589,981	39,922,238

- Continued

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Change in Net Position (Continued)	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	18,798,501	14,746,470
Special	4,440,516	3,714,949
Vocational	13,791	15,977
Other	577,588	570,095
Support services:		
Pupil	3,285,267	2,634,174
Instructional staff	2,481,435	1,828,703
Board of education	19,651	21,718
Administration	3,340,174	2,657,480
Fiscal	1,085,220	835,317
Business	33,284	77,977
Operations and maintenance	4,018,321	4,176,358
Pupil transportation	2,472,889	2,251,781
Central	156,304	173,077
Operation of non-instructional services:		
Food service operations	716,337	787,796
Other non-instructional services	845,892	970,480
Extracurricular activities	1,607,583	1,454,447
Interest and fiscal charges	<u>348,160</u>	<u>521,302</u>
Total expenses	<u>44,240,913</u>	<u>37,438,101</u>
Change in net position	(9,650,932)	2,484,137
Net position at beginning of year (restated)	<u>18,307,572</u>	<u>15,823,435</u>
Net position at end of year	<u>\$ 8,656,640</u>	<u>\$ 18,307,572</u>

Governmental Activities

Net position of the District's governmental activities decreased \$9,650,932. Total governmental expenses of \$44,240,913 were offset by program revenues of \$4,973,986 and general revenues of \$29,615,995. Program revenues supported 11.24% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, payments in lieu of taxes and grants and entitlements. These revenue sources represent 82.35% of total governmental revenue.

Charges for services program revenues decreased due to less services and activities due primarily to COVID-19. Operating grants and contributions increased primarily due to more state grant funding being received in fiscal year 2020. During fiscal year 2020, the District receive a student wellness and success grant from the State of Ohio. Capital grants and contributions represent contributions and donations for the construction of the Home of the Braves sports complex.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

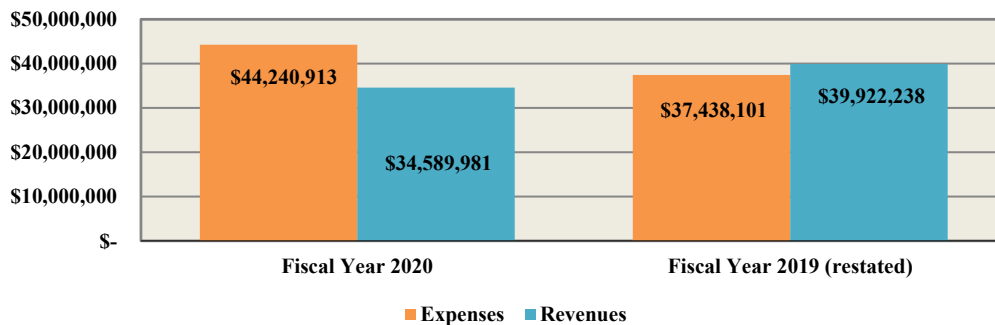
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The most significant decrease was in property tax revenue. This decrease is primarily attributed to a decrease of property tax revenues collected by June 30, 2020 and available for advance to the District. Property taxes collected and available to the District are reported as revenue. In response to the COVID-19 pandemic, Hamilton County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2019 real estate tax payments from June 22, 2020 until July 17, 2020. As a result of the extension, the amount of property taxes collected by Hamilton County and available as advance to the District at June 30, 2020 decreased. The amounts of taxes collected and available as advance were \$2,590,000 and \$10,450,000 at June 30, 2020, and 2019, respectively. These amounts are reported as tax revenue by the District. The decrease in these amounts of \$7,860,000 are directly related to and primarily responsible for the decrease in property tax revenue.

Payments in lieu of taxes (PILOT) revenue consists of Sycamore Township Tax Increment Financing (TIF) payments which decreased slightly from the prior year. Unrestricted grants and entitlements decreased as the District received less funding from the State of Ohio in the form of unrestricted Foundation payments in fiscal year 2020. Investment earnings increased due to improved interest rates on District investments. The increase in fair value of investments is due primarily to the District being required to report investments at fair value rather than cost. The fair value fluctuates throughout the year. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

Expenses of the governmental activities increased \$6,802,812 or 18.17%. On an accrual basis, the District reported \$6,164,945 and \$3,650,020 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported (\$741,990) and (\$4,794,639) in OPEB expense for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was \$6,567,574. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

The graph below presents the District’s governmental activities revenue and expenses for fiscal years 2020 and 2019. Amounts for fiscal year 2019 have been restated to reflect the implementation of GASB 84 (see Note 3).



**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Certain amounts for fiscal year 2019 have been restated to reflect the implementation of GASB 84 (see Note 3).

Governmental Activities

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Restated Total Cost of Services <u>2019</u>	Restated Net Cost of Services <u>2019</u>
Program expenses				
Instruction:				
Regular	18,798,501	18,431,828	14,746,470	14,298,238
Special	4,440,516	3,907,175	3,714,949	3,265,289
Vocational	13,791	13,723	15,977	15,915
Other	577,588	448,309	570,095	433,506
Support services:				
Pupil	3,285,267	3,169,069	2,634,174	2,563,026
Instructional staff	2,481,435	2,387,391	1,828,703	1,773,535
Board of education	19,651	19,651	21,718	21,718
Administration	3,340,174	3,340,174	2,657,480	2,657,480
Fiscal	1,085,220	1,085,220	835,317	835,317
Business	33,284	33,284	77,977	77,977
Operations and maintenance	4,018,321	3,996,521	4,176,358	4,152,988
Pupil transportation	2,472,889	2,454,608	2,251,781	2,251,781
Central	156,304	156,304	173,077	173,077
Operations of non-instructional services				
Food service operations	716,337	121,515	787,796	172,251
Other non-instructional services	845,892	53,148	970,480	190,478
Extracurricular activities	1,607,583	(699,153)	1,454,447	664,514
Interest and fiscal charges	348,160	348,160	521,302	521,302
Total expenses	<u>\$ 44,240,913</u>	<u>\$ 39,266,927</u>	<u>\$ 37,438,101</u>	<u>\$ 34,068,392</u>

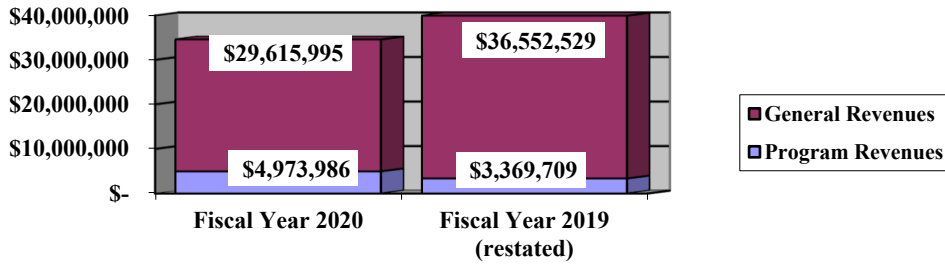
The dependence upon tax and other general revenues for governmental activities is apparent, 95.58% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.76%. The District's taxpayers, as a whole, are by far the primary support for District's students.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The graph below presents the District's governmental activities revenue for fiscal years 2020 and 2019. Certain amounts for fiscal year 2019 have been restated to reflect the implementation of GASB 84 (see Note 3).

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$16,689,799, which is less than last year's total of \$27,945,628 (as restated). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. Amounts for fiscal year 2019 have been restated as described in Note 3.

	Fund Balance <u>June 30, 2020</u>	Restated Fund Balance <u>June 30, 2019</u>	<u>Change</u>
General	\$ 13,606,485	\$ 24,727,052	\$ (11,120,567)
Other Governmental	3,083,314	3,218,576	(135,262)
Total	<u>\$ 16,689,799</u>	<u>\$ 27,945,628</u>	<u>\$ (11,255,829)</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund

The District's general fund balance decreased \$11,120,567 from June 30, 2019. The table that follows assists in illustrating the financial activities of the general fund.

	2020 <u>Amount</u>	2019 <u>Amount</u>	Increase (Decrease)	Percentage Change
Revenues				
Property taxes	\$ 17,826,875	\$ 24,729,088	\$ (6,902,213)	(27.91) %
Payments in lieu of taxes	4,735,526	4,815,530	(80,004)	(1.66) %
Earnings on investments	671,676	451,361	220,315	48.81 %
Increase (decrease) in fair value of investments	249,915	398,257	(148,342)	37.25 %
Intergovernmental	4,513,894	4,666,572	(152,678)	(3.27) %
Other revenues	2,430,942	672,492	1,758,450	261.48 %
Total	<u>\$ 30,428,828</u>	<u>\$ 35,733,300</u>	<u>\$ (5,304,472)</u>	(14.84) %
Expenditures				
Instruction	\$ 20,688,979	\$ 20,248,414	\$ 440,565	2.18 %
Support services	14,960,631	14,002,521	958,110	6.84 %
Operation of non-instructional services	43,012	63,872	(20,860)	(32.66) %
Extracurricular activities	846,141	821,398	24,743	3.01 %
Facilities acquisition and construction	4,787,333	1,598,341	3,188,992	199.52 %
Debt service	99,299	99,299	-	- %
Total	<u>\$ 41,425,395</u>	<u>\$ 36,833,845</u>	<u>\$ 4,591,550</u>	12.47 %

Overall general fund revenues decreased \$5,304,472 or 14.84%. The most significant decrease was in property taxes. This decrease is primarily attributed to a decrease of property tax revenues collected by June 30, 2020 and available for advance to the District. Property taxes collected and available to the District are reported as revenue. In response to the COVID-19 pandemic, Hamilton County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2019 real estate tax payments from June 22, 2020 until July 17, 2020. As a result of the extension, the amount of property taxes collected by Hamilton County and available as advance to the District at June 30, 2020 decreased. The amounts of taxes collected and available as advance for the general fund were \$2,440,000 and \$9,850,000 at June 30, 2020, and 2019, respectively. These amounts are reported as tax revenue by the District. The decrease in these amounts of \$7,410,000 are directly related to and primarily responsible for the decrease in property tax revenue of the general fund.

Other revenues increased as the District received approximately \$1.8 million in contributions and donations related to the Home of the Braves sports complex construction project.

Overall general fund expenditures increased \$4,591,550 or 12.47%. Instruction expenditures increased primarily due to normal and customary wage and benefit increases. Support services expenditures increased primarily in support services – instructional staff. Facilities and acquisition and construction increased \$3,188,992 as the District performed tennis court renovations in fiscal year 2020 and continued construction of the Home of the Braves sports complex.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, original and final budgeted revenues and other financing sources were \$36,237,408 and \$37,600,000, respectively. Of the \$1,362,592 increase between the original and final budgeted revenues, \$931,625 was in the area of property taxes. Actual revenues and other financing sources for fiscal 2020 were \$37,621,356, which was \$21,356 more than the final budget estimates.

General fund original appropriations (appropriated expenditures and other financing uses) were \$41,729,513 and final appropriations were \$41,979,514. The actual budget basis expenditures and other financing uses for fiscal 2020 totaled \$41,942,075, which was \$37,439 less than the final budgeted appropriations. The primary area of decrease from the final budget to actual expenses was in the area of instruction as the District conservatively budgeted in the original and final budgets.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2020, the District had \$46,391,357 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2020 balances compared to the fiscal 2019 balances:

**Capital Assets at June 30
(Net of Depreciation)**

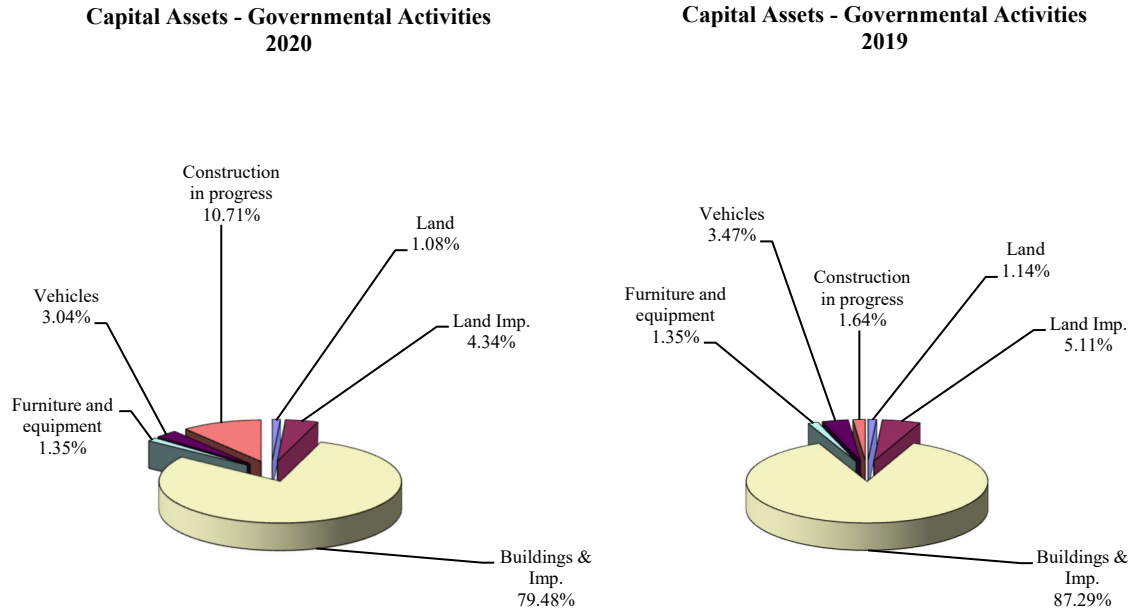
	Governmental Activities	
	2020	2019
Land	\$ 501,523	\$ 501,523
Construction in progress	4,966,834	722,323
Land improvements	2,013,447	2,253,370
Buildings and improvements	36,875,129	38,482,798
Furniture and equipment	624,239	596,810
Vehicles	1,410,185	1,529,621
Total	\$ 46,391,357	\$ 44,086,445

Total increase to capital assets for 2020 was \$2,304,912. This is due to the additions of \$4,556,793 being more than total depreciation expense of \$2,251,881.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The graphs below present the District's capital assets for fiscal 2020 and fiscal 2019.



See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

The District has \$12,360,000 and \$190,412 in general obligation bonds and lease-purchase obligations, respectively, outstanding at June 30, 2020. Of this total, \$1,363,873 is due within one year and \$11,186,539 is due in greater than one year. The following table summarizes the bonds and lease-purchase agreements outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2020	Governmental Activities 2019
General obligation bonds	\$ 12,360,000	\$ 13,580,000
Lease purchase agreement	190,412	281,684
Total	\$ 12,550,412	\$ 13,861,684

The District's debt activity is detailed in Note 11 to the basic financial statements.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Current Financial Related Activities

The District has carefully managed its general fund budget to optimize the dollars available for educating the students it serves and to minimize the levy millage amounts needed periodically from the community's citizens. However, in recent years, expenditures have exceeded revenues. Generally speaking, this happened because inflation of the District's expenses far exceeds inflation of the District's revenue. More specifically, the District has invested significant resources in maintaining the District's aging capital infrastructure, as well as devoting those same resources to retaining and attracting a highly qualified staff.

While the District strives to maintain its buildings and grounds, there are some very substantial projects that need to be completed in the next decade. The transportation department needs to add new buses to its fleet in order to achieve a reasonable cycle of replacement. Areas of the High School need to be air conditioned and linked to the central utility plant. The transportation building needs to be remodeled or replaced. The Primary School needs an update to the main entrance area that would include security enhancements and re-purposing of former gymnasium locker room space. The newest buildings in our District (High School and Elementary School) have reached the age where mechanical systems need to be replaced and upgraded. Meanwhile, the most significant facilities' issue in the District is the aging Middle School. This 175,000 square-foot single-story building has served the District well in its fifty-plus years of service. However, the roofs are becoming a constant drain on the District's finances as major repairs are made throughout the year and complete replacement of sections are completed every summer. Complicating roof replacements and another substantial cost in the future are the thirty-two mechanical units and the miles of piping that connect them. The building also has a wing that has been shuttered from students and used only as storage. The foundation under this wing is sinking causing walls and floors to crack.

The Board of Education has a collectively bargained agreement with the Indian Hill Educators Professional Organization which runs through June 30, 2021. This agreement covers teachers, counselors, psychologists, and media specialists. Our certified staff has an average annual salary of \$80,530. 165 certified staff members have a master's degree and three have doctorates. All certified staff, classified staff, and administrators are eligible for District medical, dental and life insurance benefits. The District currently pays 85% of all medical insurance premiums.

The Board of Education recognizes the need to balance the District budget and will be devoted to finding the best option(s) to meet this need. The District provides an extraordinary service to the community by providing a nationally recognized education to its students as well as fantastic facilities to support academics, arts, and athletics.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Michael W. Davis, Treasurer, Indian Hill Exempted Village School District, 6855 Drake Road, Cincinnati, Ohio 45243.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 18,273,973
Receivables:	
Property taxes	27,706,110
Payment in lieu of taxes	4,759,062
Accounts	1,556
Accrued interest	68,819
Intergovernmental	100,846
Prepayments	61,141
Net OPEB asset	2,367,719
Capital assets:	
Nondepreciable capital assets	5,468,357
Depreciable capital assets, net	40,923,000
Capital assets, net	<u>46,391,357</u>
Total assets	<u>99,730,583</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	212,173
Pension	8,046,968
OPEB	738,774
Total deferred outflows of resources	<u>8,997,915</u>
Liabilities:	
Accounts payable	163,061
Retainage payable	98,160
Accrued wages and benefits payable	3,198,805
Pension and postemployment benefits payable	495,926
Intergovernmental payable	126,408
Accrued interest payable	39,117
Matured bonds payable	28,492
Long-term liabilities:	
Due within one year	1,633,303
Due in more than one year:	
Net pension liability	40,121,234
Net OPEB liability	3,583,329
Other amounts due in more than one year	14,035,921
Total liabilities	<u>63,523,756</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	24,419,651
Payment in lieu of taxes levied for the next fiscal year	4,759,062
Pension	3,020,989
OPEB	4,348,400
Total deferred inflows of resources	<u>36,548,102</u>
Net position:	
Net investment in capital assets	32,899,554
Restricted for:	
Debt service	2,109,976
Federally funded programs	4,083
State funded programs	202,490
Student activities	585,274
Food service operations	260,526
Unrestricted (deficit)	(27,405,263)
Total net position	<u>\$ 8,656,640</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 18,798,501	\$ 364,406	\$ 2,267	\$ -
Special	4,440,516	41,870	491,471	-
Vocational	13,791	-	68	-
Other	577,588	-	129,279	-
Support services:				
Pupil.	3,285,267	-	116,198	-
Instructional staff	2,481,435	-	94,044	-
Board of education	19,651	-	-	-
Administration.	3,340,174	-	-	-
Fiscal.	1,085,220	-	-	-
Business.	33,284	-	-	-
Operations and maintenance	4,018,321	17,800	4,000	-
Pupil transportation.	2,472,889	-	18,281	-
Central	156,304	-	-	-
Operation of non-instructional services:				
Food service operations	716,337	470,970	123,852	-
Other non-instructional services	845,892	-	792,744	-
Extracurricular activities.	1,607,583	477,999	3,064	1,825,673
Interest and fiscal charges	348,160	-	-	-
Total governmental activities	\$ 44,240,913	\$ 1,373,045	\$ 1,775,268	\$ 1,825,673

General revenues:

Property taxes levied for:

 General purposes

 Debt service.

Payments in lieu of taxes.

Grants and entitlements not restricted
 to specific programs

Investment earnings

Increase in fair value of investments

Gain on disposal of capital assets

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense)
Revenue and
Changes in
Net Position**

**Governmental
Activities**

\$	(18,431,828)
	(3,907,175)
	(13,723)
	(448,309)
	(3,169,069)
	(2,387,391)
	(19,651)
	(3,340,174)
	(1,085,220)
	(33,284)
	(3,996,521)
	(2,454,608)
	(156,304)
	(121,515)
	(53,148)
	699,153
	(348,160)
	<u>(39,266,927)</u>

18,009,795
1,134,282
4,735,526

4,605,203
686,811
249,915
16,000
178,463

29,615,995

(9,650,932)

18,307,572

\$ 8,656,640

THIS PAGE IS INTENTIONALLY LEFT BLANK

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 15,242,984	\$ 3,030,989	\$ 18,273,973
Receivables:			
Property taxes	26,010,706	1,695,404	27,706,110
Payment in lieu of taxes	4,759,062	-	4,759,062
Accounts	1,556	-	1,556
Accrued interest	68,819	-	68,819
Interfund loans	19,549	-	19,549
Intergovernmental	693	100,153	100,846
Prepayments	61,141	-	61,141
Total assets	<u>\$ 46,164,510</u>	<u>\$ 4,826,546</u>	<u>\$ 50,991,056</u>
Liabilities:			
Accounts payable	\$ 143,248	\$ 19,813	\$ 163,061
Retainage payable	98,160	-	98,160
Accrued wages and benefits payable	3,146,907	51,898	3,198,805
Compensated absences payable	162,326	-	162,326
Pension and postemployment benefits payable	478,022	17,904	495,926
Intergovernmental payable	125,656	752	126,408
Interfund loans payable	-	19,549	19,549
Matured bonds payable	28,492	-	28,492
Total liabilities	<u>4,182,811</u>	<u>109,916</u>	<u>4,292,727</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	22,914,478	1,505,173	24,419,651
Payment in lieu of taxes levied for the next fiscal year	4,759,062	-	4,759,062
Delinquent property tax revenue not available	656,228	40,231	696,459
Interest revenue not available	45,446	-	45,446
Intergovernmental revenue not available	-	52,632	52,632
Miscellaneous revenue not available	-	35,280	35,280
Total deferred inflows of resources	<u>28,375,214</u>	<u>1,633,316</u>	<u>30,008,530</u>
Fund balances:			
Nonspendable:			
Prepays	61,141	-	61,141
Restricted:			
Debt service	-	2,104,340	2,104,340
Food service operations	-	159,487	159,487
Non-public schools	-	145,775	145,775
Targeted academic assistance	-	2,983	2,983
Extracurricular	-	651,033	651,033
Student wellness	-	56,715	56,715
Assigned:			
Student instruction	13,013	-	13,013
Student and staff support	242,712	-	242,712
Extracurricular activities	850	-	850
Facilities acquisition and construction	215,149	-	215,149
Subsequent year's appropriations	1,362,628	-	1,362,628
Other purposes	18,744	-	18,744
Unassigned (deficit)	11,692,248	(37,019)	11,655,229
Total fund balances	<u>13,606,485</u>	<u>3,083,314</u>	<u>16,689,799</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 46,164,510</u>	<u>\$ 4,826,546</u>	<u>\$ 50,991,056</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total governmental fund balances		\$	16,689,799
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			46,391,357
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	696,459	
Accrued interest receivable		45,446	
Accounts receivable		35,280	
Intergovernmental receivable		52,632	
Total		829,817	829,817
Unamortized premiums on bonds issued are not recognized in the funds.			(1,055,404)
Unamortized amounts on refundings are not recognized in the funds.			212,173
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(39,117)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - pension		8,046,968	
Deferred inflows of resources - pension		(3,020,989)	
Net pension liability		(40,121,234)	
Total		(35,095,255)	(35,095,255)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - OPEB		738,774	
Deferred inflows of resources - OPEB		(4,348,400)	
Net OPEB asset		2,367,719	
Net OPEB liability		(3,583,329)	
Total		(4,825,236)	(4,825,236)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(12,360,000)	
Lease-purchase agreements		(190,412)	
Compensated absences		(1,901,082)	
Total		(14,451,494)	(14,451,494)
Net position of governmental activities		\$	8,656,640

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 17,826,875	\$ 1,124,500	\$ 18,951,375
Payment in lieu of taxes	4,735,526	-	4,735,526
Tuition	125,140	-	125,140
Earnings on investments	671,676	11,253	682,929
Charges for services	-	470,970	470,970
Extracurricular	15,572	476,669	492,241
Classroom materials and fees	266,894	-	266,894
Rental income	17,800	-	17,800
Contributions and donations	1,827,073	-	1,827,073
Other local revenues	178,463	-	178,463
Intergovernmental - state	4,513,894	987,459	5,501,353
Intergovernmental - federal	-	897,856	897,856
Increase in fair value of investments	249,915	-	249,915
Total revenues	<u>30,428,828</u>	<u>3,968,707</u>	<u>34,397,535</u>
Expenditures:			
Current:			
Instruction:			
Regular	16,490,397	1,817	16,492,214
Special	3,762,344	402,109	4,164,453
Vocational	400	-	400
Other	435,838	111,173	547,011
Support services:			
Pupil	3,009,714	79,703	3,089,417
Instructional staff	2,348,487	68,780	2,417,267
Board of education	19,158	-	19,158
Administration	3,099,775	-	3,099,775
Fiscal	1,034,945	21,208	1,056,153
Business	33,284	-	33,284
Operations and maintenance	3,202,718	4,000	3,206,718
Pupil transportation	2,063,463	-	2,063,463
Central	149,087	-	149,087
Operation of non-instructional services:			
Food service operations	-	580,410	580,410
Other non-instructional services	43,012	774,458	817,470
Extracurricular activities	846,141	540,773	1,386,914
Facilities acquisition and construction	4,787,333	-	4,787,333
Debt service:			
Principal retirement	91,272	1,220,000	1,311,272
Interest and fiscal charges	8,027	439,538	447,565
Total expenditures	<u>41,425,395</u>	<u>4,243,969</u>	<u>45,669,364</u>
Expenditures over revenues	<u>(10,996,567)</u>	<u>(275,262)</u>	<u>(11,271,829)</u>
Other financing sources:			
Sale of capital assets	16,000	-	16,000
Transfers in	-	140,000	140,000
Transfers (out)	(140,000)	-	(140,000)
Total other financing sources	<u>(124,000)</u>	<u>140,000</u>	<u>16,000</u>
Net change in fund balances	(11,120,567)	(135,262)	(11,255,829)
Fund balances at			
beginning of year (restated)	<u>24,727,052</u>	<u>3,218,576</u>	<u>27,945,628</u>
Fund balances at end of year	<u>\$ 13,606,485</u>	<u>\$ 3,083,314</u>	<u>\$ 16,689,799</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ (11,255,829)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 4,556,793	
Current year depreciation	(2,251,881)	
Total	2,304,912	2,304,912

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	192,702	
Earnings on investments	15,135	
Other local revenues	35,280	
Intergovernmental	(66,671)	
Total	176,446	176,446

Repayment of bond and lease-purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	1,220,000	
Lease-purchase obligations	91,272	
Total	1,311,272	1,311,272

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due:

Decrease in accrued interest payable	44,897	
Amortization of bond premiums	142,302	
Amortization of deferred charges	(87,794)	
Total	99,405	99,405

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.

3,168,424

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(6,164,945)

Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.

74,683

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.

741,990

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(107,290)

Change in net position of governmental activities **\$ (9,650,932)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 24,776,082	\$ 25,707,707	\$ 25,236,875	\$ (470,832)
Payment in lieu of taxes.	4,564,137	4,735,757	4,735,526	(231)
Tuition.	117,738	122,165	125,140	2,975
Earnings on investments	622,517	645,925	695,963	50,038
Extracurricular.	1,349	1,400	1,330	(70)
Classroom materials and fees	246,241	255,500	266,894	11,394
Rental income	-	-	18,520	18,520
Contributions and donations	1,759,513	1,825,674	1,825,673	(1)
Other local revenues	-	-	23,266	23,266
Intergovernmental - state	4,057,792	4,210,372	4,596,588	386,216
Total revenues	<u>36,145,369</u>	<u>37,504,500</u>	<u>37,525,775</u>	<u>21,275</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,081,068	16,490,388	16,403,577	86,811
Special.	3,653,597	3,872,313	3,751,164	121,149
Vocational.	1,917	1,900	400	1,500
Other.	553,451	540,066	394,962	145,104
Support services:				
Pupil.	2,949,329	2,941,150	3,000,807	(59,657)
Instructional staff	2,304,130	2,460,530	2,526,318	(65,788)
Board of education	25,754	24,954	19,157	5,797
Administration.	3,208,083	3,119,878	3,097,146	22,732
Fiscal	806,777	777,311	831,089	(53,778)
Business	67,529	66,195	31,950	34,245
Operations and maintenance.	3,466,457	3,510,412	3,253,406	257,006
Pupil transportation	2,208,311	2,127,148	2,179,292	(52,144)
Central.	139,824	155,278	149,048	6,230
Operation of non-instructional services:				
Other non-instructional services	70,301	68,343	46,913	21,430
Extracurricular activities.	811,631	781,699	844,719	(63,020)
Facilities acquisition and construction	4,331,354	4,991,949	5,392,578	(400,629)
Total expenditures	<u>41,679,513</u>	<u>41,929,514</u>	<u>41,922,526</u>	<u>6,988</u>
(Deficiency) of revenues (under) expenditures.	<u>(5,534,144)</u>	<u>(4,425,014)</u>	<u>(4,396,751)</u>	<u>28,263</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	1,169	1,169
Advances in.	75,655	78,500	78,412	(88)
Advances (out)	(50,000)	(50,000)	(19,549)	30,451
Sale of capital assets	16,384	17,000	16,000	(1,000)
Total other financing sources (uses)	<u>42,039</u>	<u>45,500</u>	<u>76,032</u>	<u>30,532</u>
Net change in fund balance	(5,492,105)	(4,379,514)	(4,320,719)	58,795
Fund balance at beginning of year	14,342,228	14,342,228	14,342,228	-
Prior year encumbrances appropriated	4,229,513	4,229,513	4,229,513	-
Fund balance at end of year	<u>\$ 13,079,636</u>	<u>\$ 14,192,227</u>	<u>\$ 14,251,022</u>	<u>\$ 58,795</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular collections for the Ohio High School Athletic Association	\$ 4,226
Deductions:	
Distributions to the Ohio High School Athletic Association	4,226
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Indian Hill Exempted Village School District (the “District”) is located in Hamilton County, including all of the Village of Indian Hill, Ohio, and portions of surrounding townships. The District serves an area of approximately 23 square miles.

The District was established in 1936 through the consolidation of existing land areas and school districts. The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District was originally chartered by the Ohio State Legislature. In 1853, State laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.09 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board controls the District’s instructional and support facilities staffed by 198 certified teaching and administrative personnel and 92 classified personnel to provide services to 2,150 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

JOINTLY GOVERNED ORGANIZATION

Hamilton Clermont Cooperative

The District is a participant in the Hamilton Clermont Cooperative (HCC) which is a computer consortium. HCC is an association of 31 public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The Governing Board of HCC consists of the superintendents and/or treasurers of the participating districts. HCC is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial information can be obtained from the HCC Board of Education, Tom Collins, Director, at 1007 Cottonwood Drive, Loveland, Ohio 45140.

PUBLIC ENTITY RISK POOL

Southwest Ohio Organization of School Health

In prior fiscal years the District joined together with Lebanon City School District, Milford Exempted Village School District, Northwest Local School District, Southwest Local School District, Winton Woods City School District and the Forest Hills Local School District and West Clermont Local School District (collectively, the "Members") to establish a regional council of governments, organized under Chapter 167 of the Ohio Revised Code, known as the Southwest Ohio Organization of School Health (SWOOSH). The purpose of the SWOOSH is to maximize benefits and/or reduce costs of medical, prescription drugs, vision, dental, life and/or other group insurance coverage for the Members' employees and the eligible dependents and designated beneficiaries of such employees.

The SWOOSH is governed by a Board of Directors (Board). Each Member is represented on the Board by its superintendent or his/her designee. In addition, any Member that exceeds five hundred total employees enrolled in a policy shall appoint a second representative to the Board. No Member may have more than two voting representatives. The fiscal agent for SWOOSH is the Hamilton County Educational Service Center (HCESC). The Treasurer of the Forest Hills Local School District, Alana Cropper, serves as the Treasurer of SWOOSH. The Board approves all benefit programs to be offered by or through the SWOOSH and all policies and contracts to be accepted or entered into by the SWOOSH. The Board also sets or determines all premium and other amounts to be paid by Members. The Board also has the authority to waive premiums and other payments.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Members assume no liability beyond the payment of any dues, fees, or cooperative costs assessed by the SWOOSH and any contractual obligations for agreements entered into between the Member and the SWOOSH. Members do not assume liability for the debts of the SWOOSH and any Member withdrawing from the SWOOSH forfeits any claim to the cooperative's assets. No Member may withdraw during the first two years after joining the SWOOSH. After the first two years of membership, a Member may withdraw at the end of any fiscal year by providing written notice of its intent to withdraw to the Board by March 1 of such fiscal year. Upon withdrawal from the SWOOSH, a school district may not become a Member again for two years and until it has fully complied with the criteria and procedures for membership established by the Board. Financial information for the SWOOSH can be obtained from Alana Cropper, Treasurer of the Forest Hills Local School District at 7946 Beechmont Ave., Cincinnati, Ohio 45255.

In January 2017, SWOOSH offered health insurance through Anthem Blue Cross Blue Shield on a self-insured basis. Each SWOOSH member district retains its own plan, but the self-funding is an aggregate of the estimated claims and reserve build. All other insurance benefit offerings remain on a fully insured basis.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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 and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

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 balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed or assigned to expenditure for principal and interest, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for Ohio High School Athletic Association activity.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of changes in fund net position presents increases and decreases in total net position.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 13 and 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Note 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund's budgetary statement comparison at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Hamilton County Budget Commission for rate determination.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level for all funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2020, investments were limited to Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, negotiable certificates of deposit, U.S. Treasury notes, commercial paper, U.S. Government money market mutual funds, and investment in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value, which is based on quoted market prices.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$671,676, which includes \$73,993 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food. At June 30, 2020, the District had no material consumable inventory.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$2,500 for its general capital assets. 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>Governmental Activities Estimated Lives</u>
Land improvements	10 - 30 years
Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2020, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees over the age of fifty with at least ten years of service or any age with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds and lease-purchase agreements are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

L. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

P. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2020, the balance in the budget stabilization reserve was \$97,976. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds is eliminated in the statement of activities.

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Parochial Schools

Within the District boundaries, All Saints, St. Vincent Ferrer, Springs East Montessori, Cincinnati Country Day, and Yavneh Day schools operate as parochial schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the District, as directed by the school. The receipt and expenditure of these State monies by the District are reflected in a nonmajor governmental fund for financial reporting purposes because the District has administrative involvement in the disbursement of the monies.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

V. Fair Value Measurements

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	General	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 24,727,052	\$ 3,151,701	\$ 27,878,753
GASB Statement No. 84	-	66,875	66,875
Restated Fund Balance, at June 30, 2019	\$ 24,727,052	\$ 3,218,576	\$ 27,945,628

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	\$ 18,240,697
GASB Statement No. 84	66,875
Restated net position at June 30, 2019	\$ 18,307,572

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$66,901.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

Nonmajor funds	Deficit
IDEA Part B	\$ 32,886
Title I	4,133
Total	\$ 37,019

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$975,690. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2020, \$751,782 of the District’s bank balance of \$1,200,852 was collateralized by the OPCS while \$449,070 was covered by FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the District’s financial institutions were approved for a collateral rate of 102% percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2020, the District had the following investments and maturities:

Measurement/ <u>Investment type:</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
FHLB	\$ 2,701,930	\$ -	\$ -	\$ 1,147,408	\$ -	\$ 1,554,522
FNMA	3,776,301	402,152	402,940	304,494	-	2,666,715
FHLMC	1,054,368	-	-	404,256	199,962	450,150
FFCB	542,534	-	-	457,200	-	85,334
Negotiable CDs	4,695,552	-	505,783	-	1,540,719	2,649,050
U.S. Treasury Notes	3,042,509	-	-	973,280	824,516	1,244,713
Commercial paper	1,243,037	369,907	873,130	-	-	-
U.S. government money market mutual funds	82,745	82,745	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	159,307	159,307	-	-	-	-
Total	\$ 17,298,283	\$ 1,014,111	\$ 1,781,853	\$ 3,286,638	\$ 2,565,197	\$ 8,650,484

The weighted average maturity of investments is 1.92 years.

The District's investment in the U.S. Government money market mutual fund is valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FNMA, FHLMC, and FFCB), negotiable certificates of deposit, U.S. Treasury notes, and commercial paper are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment, and limiting investment portfolio maturities to five years or less.

Credit Risk: The federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper investments were rated A-1 and A-1+ by Standard & Poor's and P-1 by Moody's Investor Services. The U.S. Government money market mutual funds were not rated. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with credit risk.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 federal agency securities and the U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of fair value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer.

The following table includes the percentage of each investment type held at June 30, 2020:

<u>Measurement/ Investment type:</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLB	\$ 2,701,930	15.62
FNMA	3,776,301	21.83
FHLMC	1,054,368	6.09
FFCB	542,534	3.14
Negotiable CDs	4,695,552	27.14
U.S. Treasury Notes	3,042,509	17.59
Commerical paper	1,243,037	7.19
U.S. government money market mutual funds	82,745	0.48
<i>Amortized Cost:</i>		
STAR Ohio	<u>159,307</u>	<u>0.92</u>
Total	<u>\$ 17,298,283</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of June 30, 2020:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 975,690
Investments	<u>17,298,283</u>
Total	<u>\$ 18,273,973</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 18,273,973</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$2,440,000 in the general fund and \$150,000 in the bond retirement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$9,850,000 in the general fund and \$600,000 in the bond retirement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,241,426,980	98.97	\$ 1,248,278,170	98.81
Public utility personal	<u>12,874,240</u>	<u>1.03</u>	<u>15,049,600</u>	<u>1.19</u>
Total	<u>\$ 1,254,301,220</u>	<u>100.00</u>	<u>\$ 1,263,327,770</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations		\$ 42.92		\$ 42.92
Bond retirement		1.45		1.38

NOTE 6 - PAYMENT IN LIEU OF TAXES

In accordance with State law, Sycamore Township (the "Township") has entered into tax increment financing (TIF) agreements. Under these agreements, the Township redirects, but does not abate, payments in lieu of taxes (PILOT) received on the incremental increase in the value of the property to help finance infrastructure improvements. The property owners' contractual promise to make these PILOT payments generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make PILOT payments. The Township has agreed to compensate the District with a portion of the collected PILOT, which amounted to \$4,735,526 during fiscal year 2020.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020 consisted of taxes, payments in lieu of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 27,706,110
Payments in lieu of taxes	4,759,062
Accounts	1,556
Accrued interest	68,819
Intergovernmental	<u>100,846</u>
Total	<u>\$ 32,636,393</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds, excluding amounts already reported in payables, were as follows:

<u>Fund</u>	<u>Year-End</u>
General fund	\$ 446,258
Nonmajor governmental funds	<u>159,544</u>
Total	<u>\$ 605,802</u>

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
<u>Governmental activities:</u>	<u>06/30/19</u>	<u>06/30/19</u>	<u>06/30/20</u>	<u>06/30/20</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 501,523	\$ -	\$ -	\$ 501,523
Construction in progress	<u>722,323</u>	<u>4,244,511</u>	<u>-</u>	<u>4,966,834</u>
<i>Total capital assets, not being depreciated</i>	<u>1,223,846</u>	<u>4,244,511</u>	<u>-</u>	<u>5,468,357</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,153,788	-	-	5,153,788
Buildings and improvements	67,673,033	-	-	67,673,033
Equipment and furniture	8,476,384	214,455	(3,532)	8,687,307
Vehicles	<u>3,227,732</u>	<u>97,827</u>	<u>(228,012)</u>	<u>3,097,547</u>
<i>Total capital assets, being depreciated</i>	<u>84,530,937</u>	<u>312,282</u>	<u>(231,544)</u>	<u>84,611,675</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,900,418)	(239,923)	-	(3,140,341)
Buildings and improvements	(29,190,235)	(1,607,669)	-	(30,797,904)
Equipment and furniture	(7,879,574)	(187,026)	3,532	(8,063,068)
Vehicles	<u>(1,698,111)</u>	<u>(217,263)</u>	<u>228,012</u>	<u>(1,687,362)</u>
<i>Total accumulated depreciation</i>	<u>(41,668,338)</u>	<u>(2,251,881)</u>	<u>231,544</u>	<u>(43,688,675)</u>
Total capital assets, net	<u>\$ 44,086,445</u>	<u>\$ 2,304,912</u>	<u>\$ -</u>	<u>\$ 46,391,357</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 957,792
Special	67,255
Vocational	13,391
<u>Support services:</u>	
Pupil	34,573
Instructional staff	143,614
Administration	40,582
Fiscal	
Operations and maintenance	267,384
Pupil Transportation	406,348
<u>Operation of non-instructional services:</u>	
Food service operations	135,927
Other non-instructional services	25,541
Extracurricular activities	<u>159,474</u>
Total depreciation expense	<u>\$ 2,251,881</u>

NOTE 10 - LEASE-PURCHASE AGREEMENTS

During fiscal year 2018, the District entered into lease-purchase agreements with Santander Bank for \$468,590 to finance the acquisition of five school buses. The source of revenue to fund the principal and interest payments is derived from general operating revenues of the District.

Lease-purchase payments are reported as function expenditures on a budgetary basis. However, on a GAAP basis, these payments have been reclassified and are reported as debt service expenditures in the general fund. During fiscal year 2020, the District made principal and interest payments of \$91,272 and \$8,027, respectively, on the lease-purchase agreements.

A liability in the amount of the present value of minimum lease payments has been recorded on the statement of net position. Capital assets consisting of vehicles have been capitalized in the amount of \$468,590.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	
2021	\$ 99,299
2022	<u>99,299</u>
Total minimum lease payments	198,598
Less: amount representing interest	<u>(8,186)</u>
Present value of minimum lease payments	<u>\$ 190,412</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2020, the following activity occurred in the governmental activities long-term obligations.

<u>Governmental activities:</u>	Balance			Balance	Amount Due
	<u>06/30/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/20</u>	<u>Within</u> <u>One Year</u>
<u>General Obligation Bonds:</u>					
Series 2016 - refunding	\$ 13,580,000	\$ -	\$ (1,220,000)	\$ 12,360,000	\$ 1,270,000
Unamortized premium	<u>1,197,706</u>	<u>-</u>	<u>(142,302)</u>	<u>1,055,404</u>	<u>-</u>
Total general obligation bonds	<u>14,777,706</u>	<u>-</u>	<u>(1,362,302)</u>	<u>13,415,404</u>	<u>1,270,000</u>
<u>Other Long-Term Obligations:</u>					
Lease purchase agreement	281,684	-	(91,272)	190,412	93,873
Net pension liability	38,465,364	1,655,870	-	40,121,234	-
Net OPEB liability	3,875,211	-	(291,882)	3,583,329	-
Compensated absences	<u>1,917,244</u>	<u>358,683</u>	<u>(212,519)</u>	<u>2,063,408</u>	<u>269,430</u>
Total other long-term obligations	<u>44,539,503</u>	<u>2,014,553</u>	<u>(595,673)</u>	<u>45,958,383</u>	<u>363,303</u>
Total governmental activities	<u>\$ 59,317,209</u>	<u>\$ 2,014,553</u>	<u>\$ (1,957,975)</u>	<u>\$ 59,373,787</u>	<u>\$ 1,633,303</u>

General Obligation Bonds

All bonds are general obligations of the District, for which its full faith and credit is pledged for repayment.

Lease Purchase Agreement

The lease purchase agreement is being repaid from the general fund. See Note 10 for more detail on the District's lease-purchase agreement.

Net Pension Liability

More information on the District's net pension liability information can be found in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset

More information on the District's net OPEB liability information can be found in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences will be paid out of the fund from which the employee is paid, primarily the general fund.

Series 2016 General Obligation Refunding Bonds

On September 14, 2016, the District issued Series 2016 General Obligation Refunding Bonds (Series 2016 Refunding Bonds) to advance refund the callable portion of the Series 2006 Refunding Bonds (principal \$15,015,000; interest rate of 4.00% to 4.75%). Issuance proceeds of \$15,332,019 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds was \$11,385,000 at June 30, 2020.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The Series 2016 Refunding Bonds are comprised of current interest bonds, par value \$13,940,000. The interest rate on the current interest bonds range from 2.00% to 5.00%.

The reacquisition price exceeded the net carrying amount of the old debt (including unamortized deferred changes and unamortized premiums) by \$541,394. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Payments of principal and interest relating to the Series 2016 Refunding Bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2027.

Principal and interest requirements to retire the Series 2016 Refunding Bonds outstanding at June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Current Interest Bonds - Series 2016</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,270,000	\$ 389,738	\$ 1,659,738
2022	1,370,000	336,937	1,706,937
2023	1,430,000	298,814	1,728,814
2024	1,455,000	251,712	1,706,712
2025	1,595,000	175,463	1,770,463
2026 - 2028	5,240,000	211,843	5,451,843
Total	\$ 12,360,000	\$ 1,664,507	\$ 14,024,507

Legal Debt Margins

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$103,443,839 (including available funds of \$2,104,340) and an unvoted debt margin of \$1,263,328.

NOTE 12 - 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; injuries to employees and natural disasters. During the fiscal year, the District contracted with The Ohio School Plan for general liability insurance with a \$11,000,000 single occurrence and a \$13,000,000 aggregate. Property insurance carries a \$1,000 deductible.

The bus fleet and maintenance vehicles are insured by The Ohio School Plan with a \$1,000 deductible and \$11,000,000 limit per occurrence.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - RISK MANAGEMENT - (Continued)

Effective January 1, 2012, the District joined the Southwest Ohio Organization of School Health (SWOOSH), a public entity risk pool, to provide medical, prescription drugs, vision, dental, life and/or other group insurance (see Note 2.A for detail). Each member district retains its own plan, but the overall health insurance plan is self-funded. All other insurance benefit offerings remain on a fully insured basis.

Post-retirement health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$706,913 for fiscal year 2020. Of this amount, \$46,475 is reported as pension and postemployment benefits payable.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,461,511 for fiscal year 2020. Of this amount, \$366,988 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.13819580%	0.13894386%	
Proportion of the net pension liability current measurement date	<u>0.14218270%</u>	<u>0.14295751%</u>	
Change in proportionate share	<u>0.00398690%</u>	<u>0.00401365%</u>	
Proportionate share of the net pension liability	\$ 8,507,040	\$ 31,614,194	\$ 40,121,234
Pension expense	\$ 1,078,692	\$ 5,086,253	\$ 6,164,945

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 215,718	\$ 257,393	\$ 473,111
Changes of assumptions	-	3,713,697	3,713,697
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	131,960	559,776	691,736
Contributions subsequent to the measurement date	<u>706,913</u>	<u>2,461,511</u>	<u>3,168,424</u>
Total deferred outflows of resources	<u>\$ 1,054,591</u>	<u>\$ 6,992,377</u>	<u>\$ 8,046,968</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 136,851	\$ 136,851
Net difference between projected and actual earnings on pension plan investments	109,200	1,545,130	1,654,330
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>182,168</u>	<u>1,047,640</u>	<u>1,229,808</u>
Total deferred inflows of resources	<u>\$ 291,368</u>	<u>\$ 2,729,621</u>	<u>\$ 3,020,989</u>

\$3,168,424 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 146,658	\$ 1,505,628	\$ 1,652,286
2022	(145,005)	237,572	92,567
2023	(7,268)	(269,284)	(276,552)
2024	<u>61,925</u>	<u>327,329</u>	<u>389,254</u>
Total	<u>\$ 56,310</u>	<u>\$ 1,801,245</u>	<u>\$ 1,857,555</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 11,921,405	\$ 8,507,040	\$ 5,643,668

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 46,200,623	\$ 31,614,194	\$ 19,266,035

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded/funded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$74,683.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$74,683 for fiscal year 2020. Of this amount, \$74,683 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.13968400%	0.13894386%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.14249020%</u>	<u>0.14295751%</u>	
Change in proportionate share	<u>0.00280620%</u>	<u>0.00401365%</u>	
Proportionate share of the net OPEB liability	\$ 3,583,329	\$ -	\$ 3,583,329
Proportionate share of the net OPEB asset	\$ -	\$ 2,367,719	\$ 2,367,719
OPEB expense	\$ 24,590	\$ (766,580)	\$ (741,990)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 52,599	\$ 214,652	\$ 267,251
Net difference between projected and actual earnings on OPEB plan investments	8,602	-	8,602
Changes of assumptions	261,722	49,769	311,491
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	53,623	23,124	76,747
Contributions subsequent to the measurement date	<u>74,683</u>	<u>-</u>	<u>74,683</u>
Total deferred outflows of resources	<u>\$ 451,229</u>	<u>\$ 287,545</u>	<u>\$ 738,774</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 787,233	\$ 120,460	\$ 907,693
Net difference between projected and actual earnings on OPEB plan investments	-	148,707	148,707
Changes of assumptions	200,798	2,595,931	2,796,729
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>293,660</u>	<u>201,611</u>	<u>495,271</u>
Total deferred inflows of resources	<u>\$ 1,281,691</u>	<u>\$ 3,066,709</u>	<u>\$ 4,348,400</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$74,683 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$ (286,854)	\$ (606,872)	\$ (893,726)
2022	(155,536)	(606,871)	(762,407)
2023	(153,014)	(547,270)	(700,284)
2024	(153,426)	(526,363)	(679,789)
2025	(114,987)	(502,451)	(617,438)
Thereafter	(41,328)	10,663	(30,665)
Total	\$ (905,145)	\$ (2,779,164)	\$ (3,684,309)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,349,482	\$ 3,583,329	\$ 2,974,148
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,870,972	\$ 3,583,329	\$ 4,528,454

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 2,020,377	\$ 2,367,719

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 2,684,885	\$ 2,367,719

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (4,320,719)
Net adjustment for revenue accruals	(7,265,601)
Net adjustment for expenditure accruals	190,224
Net adjustment for other sources/uses	(200,032)
Funds budgeted elsewhere	(53,286)
Adjustment for encumbrances	528,847
GAAP basis	<u>\$ (11,120,567)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, the termination benefits fund, and the public school support fund.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to any claims or lawsuits that would, in the District’s opinion, have a material effect of the basic financial statements.

C. Foundation funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	370,129
Current year qualifying expenditures	<u>(5,853,114)</u>
Total	<u>\$ (5,482,985)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 18 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 140,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide statement of activities.

- B. Interfund balances at June 30, 2020 as reported on the fund financial statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 19,549</u>

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. Interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.14218270%	0.13819580%	0.14906850%	0.15464140%
District's proportionate share of the net pension liability	\$ 8,507,040	\$ 7,914,729	\$ 8,906,514	\$ 11,318,324
District's covered payroll	\$ 4,920,281	\$ 4,761,207	\$ 5,052,064	\$ 4,760,650
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.90%	166.23%	176.29%	237.75%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15787490%	0.15158800%	0.15158800%
\$ 9,008,495	\$ 7,671,782	\$ 9,014,452
\$ 4,682,458	\$ 4,449,336	\$ 3,818,064
192.39%	172.43%	236.10%
69.16%	71.70%	65.52%

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.14295751%	0.13894386%	0.14425203%	0.14569108%
District's proportionate share of the net pension liability	\$ 31,614,194	\$ 30,550,635	\$ 34,267,379	\$ 48,767,196
District's covered payroll	\$ 16,914,686	\$ 16,532,179	\$ 15,913,564	\$ 15,385,029
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.90%	184.79%	215.33%	316.98%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15100969%	0.13322101%	0.13322101%
\$ 41,734,661	\$ 32,403,960	\$ 38,599,385
\$ 16,072,357	\$ 14,658,546	\$ 14,443,892
259.67%	221.06%	267.24%
72.10%	74.70%	69.30%

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 706,913	\$ 664,238	\$ 642,763	\$ 707,289
Contributions in relation to the contractually required contribution	<u>(706,913)</u>	<u>(664,238)</u>	<u>(642,763)</u>	<u>(707,289)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,049,379	\$ 4,920,281	\$ 4,761,207	\$ 5,052,064
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 666,491	\$ 617,148	\$ 616,678	\$ 528,420	\$ 541,544	\$ 528,435
<u>(666,491)</u>	<u>(617,148)</u>	<u>(616,678)</u>	<u>(528,420)</u>	<u>(541,544)</u>	<u>(528,435)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,760,650	\$ 4,682,458	\$ 4,449,336	\$ 3,818,064	\$ 4,026,349	\$ 4,203,938
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,461,511	\$ 2,368,056	\$ 2,314,505	\$ 2,227,899
Contributions in relation to the contractually required contribution	<u>(2,461,511)</u>	<u>(2,368,056)</u>	<u>(2,314,505)</u>	<u>(2,227,899)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,582,221	\$ 16,914,686	\$ 16,532,179	\$ 15,913,564
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,153,904	\$ 2,250,130	\$ 1,905,611	\$ 1,877,706	\$ 1,956,088	\$ 1,980,167
<u>(2,153,904)</u>	<u>(2,250,130)</u>	<u>(1,905,611)</u>	<u>(1,877,706)</u>	<u>(1,956,088)</u>	<u>(1,980,167)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,385,029	\$ 16,072,357	\$ 14,658,546	\$ 14,443,892	\$ 15,046,831	\$ 15,232,054
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.14249020%	0.13968400%	0.15117360%	0.15604927%
District's proportionate share of the net OPEB liability	\$ 3,583,329	\$ 3,875,211	\$ 4,057,102	\$ 4,447,981
District's covered payroll	\$ 4,920,281	\$ 4,761,207	\$ 5,052,064	\$ 4,760,650
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	72.83%	81.39%	80.31%	93.43%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.14295751%	0.13894386%	0.14425203%	0.14569108%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,367,719)	\$ (2,232,686)	\$ 5,628,182	\$ 7,791,597
District's covered payroll	\$ 16,914,686	\$ 16,532,179	\$ 15,913,564	\$ 15,385,029
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.00%	13.51%	35.37%	50.64%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 74,683	\$ 96,479	\$ 96,979	\$ 81,947
Contributions in relation to the contractually required contribution	<u>(74,683)</u>	<u>(96,479)</u>	<u>(96,979)</u>	<u>(81,947)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,049,379	\$ 4,920,281	\$ 4,761,207	\$ 5,052,064
Contributions as a percentage of covered payroll	1.48%	1.96%	2.04%	1.62%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 76,118	\$ 90,374	\$ 66,517	\$ 70,416	\$ 93,727	\$ 134,501
<u>(76,118)</u>	<u>(90,374)</u>	<u>(66,517)</u>	<u>(70,416)</u>	<u>(93,727)</u>	<u>(134,501)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,760,650	\$ 4,682,458	\$ 4,449,336	\$ 3,818,064	\$ 4,026,349	\$ 4,203,938
1.60%	1.93%	1.49%	1.84%	2.33%	3.20%

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,582,221	\$ 16,914,686	\$ 16,532,179	\$ 15,913,564
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 139,230	\$ 144,439	\$ 150,468	\$ 152,321
-	-	(139,230)	(144,439)	(150,468)	(152,321)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,385,029	\$ 16,072,357	\$ 14,658,546	\$ 14,443,892	\$ 15,046,831	\$ 15,232,054
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
COVID - Breakfast	10.553	3L60	11,211
COVID - Lunch	10.555	3L60	22,987
National School Lunch Program	10.555	3L60	21,317
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	<u>21,390</u>
Total U.S. Department of Agriculture - Total Child Nutrition Cluster			<u>76,905</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I, Part A Cluster:			
Grants to Local Education Agencies (Title I)	84.010	3M00	<u>146,432</u>
Total Title I, Part A			<u>146,432</u>
Special Education Cluster:			
Special Education Grants to States (IDEA part B)	84.027	3M20	540,002
IDEA Preschool Grant	84.173	3C50	<u>4,576</u>
Total Special Education Cluster			<u>544,578</u>
Student Support & Academic Enrichment	84.424	3H10	9,642
Title III - Immigrant	84.365B	3Y70	3,579
Title II-A - Improving Teacher Quality	84.367	3Y60	49,319
Total U.S. Department of Education			<u>753,550</u>
Total Expenditures of Federal Awards			<u>\$830,455</u>

The accompanying notes are an integral part of this schedule.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Indian Hill Exempted Village School District (the District's) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

Indian Hill Exempted Village School District does not have subrecipients.

NOTE E - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE F – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Indian Hill Exempted Village School District
Hamilton County
6855 Drake Road
Cincinnati, Ohio 45243

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Indian Hill Exempted Village School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 2, 2021 wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
February 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Indian Hill Exempted Village School District
Hamilton County
6855 Drake Road
Cincinnati, Ohio 45243

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Indian Hill Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Indian Hill Exempted Village School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Indian Hill Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
February 2, 2021

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster; 84.027 and 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/16/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov