

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

BASIC FINANCIAL STATEMENTS

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2019*

MICHAEL W. DAVIS, TREASURER

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

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

Table of Contents.....	1
Accountant’s Compilation Report	2
Management’s Discussion and Analysis	3 - 16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	23
Statement of Assets and Liabilities - Fiduciary Fund.....	24
Notes to the Basic Financial Statements.....	25 - 68
Required Supplementary Information:	
Schedule of the District’s Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio	70 - 71
State Teachers Retirement System (STRS) of Ohio	72 - 73
Schedule of School District Pension Contributions:	
School Employees Retirement System (SERS) of Ohio	74 - 75
State Teachers Retirement System (STRS) of Ohio	76 - 77
Schedule of the District’s Proportionate Share of the Net OPEB Liability/Asset:	
School Employees Retirement System (SERS) of Ohio	78
State Teachers Retirement System (STRS) of Ohio	79
Schedule of School District OPEB Contributions:	
School Employees Retirement System (SERS) of Ohio	80 - 81
State Teachers Retirement System (STRS) of Ohio	82 - 83
Notes to Required Supplementary Information	84 - 85



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Accountant's Compilation Report

To the Indian Hill Exempted Village School District Board of Education
Cincinnati, Ohio

Management is responsible for the accompanying basic financial statements of the Indian Hill Exempted Village School District, which comprise the statements listed in the table of contents as of June 30, 2019 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 16 and the required supplementary information on pages 70 through 85 be presented to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential to placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
November 22, 2019

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019. 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 2019 are as follows:

- In total, net position of governmental activities increased \$2,473,502, which represents a 15.69% increase from 2018's net position.
- General revenues accounted for \$36,552,529 in revenue or 91.98% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,187,294 or 8.02% of total revenues of \$39,739,823.
- The District had \$37,266,321 in expenses related to governmental activities; only \$3,187,294 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 \$36,552,529 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$35,733,300 in revenues and \$36,833,845 in expenditures. During fiscal 2019, the general fund's fund balance decreased \$1,100,545 from a balance of \$25,827,597 to \$24,727,052.
- The District has \$44,086,445 in capital assets at June 30, 2019. This amount is net of accumulated depreciation in the amount of \$41,668,338. Fiscal year 2019 depreciation expense was \$2,317,230. Total net investment in capital assets was \$29,065,674 at June 30, 2019.
- The District has \$13,580,000 and \$281,684 in general obligation bonds and lease-purchase obligations, respectively, outstanding at June 30, 2019. Of this total, \$1,311,272 is due within one year and \$12,550,412 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.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 2019?" 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 17-18 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 13. 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 that 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 19-23 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for students. These activities are reported in an agency fund. At June 30, 2019, the balances in the agency fund are reported in a separate statement of fiduciary net position on page 24. 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 25-67 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 70-85 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019 and June 30, 2018.

	Net Position	
	Governmental Activities 2019	Governmental Activities 2018
<u>Assets</u>		
Current and other assets	\$ 56,195,872	\$ 55,812,341
Capital assets, net	<u>44,086,445</u>	<u>45,445,234</u>
Total assets	<u>100,282,317</u>	<u>101,257,575</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	299,967	425,718
Pension	10,794,275	14,745,716
OPEB	<u>420,518</u>	<u>421,872</u>
Total deferred outflows of resources	<u>11,514,760</u>	<u>15,593,306</u>
<u>Liabilities</u>		
Current liabilities	4,300,442	3,751,626
Long-term liabilities:		
Due within one year	1,521,822	3,459,143
Due in more than one year:		
Net pension liability	38,465,364	43,173,893
Net OPEB liability	3,875,211	9,685,284
Other amounts	<u>15,454,812</u>	<u>16,743,776</u>
Total liabilities	<u>63,617,651</u>	<u>76,813,722</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	16,379,040	14,936,586
Payments in lieu of taxes for the next fiscal year	4,712,142	5,010,932
Pension	4,427,645	3,052,831
OPEB	<u>4,419,902</u>	<u>1,269,615</u>
Total deferred inflows of resources	<u>29,938,729</u>	<u>24,269,964</u>
<u>Net Position</u>		
Net Investment in capital assets	29,065,674	27,322,426
Restricted	3,248,702	5,186,161
Unrestricted (deficit)	<u>(14,073,679)</u>	<u>(16,741,392)</u>
Total net position	<u>\$ 18,240,697</u>	<u>\$ 15,767,195</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$18,240,697.

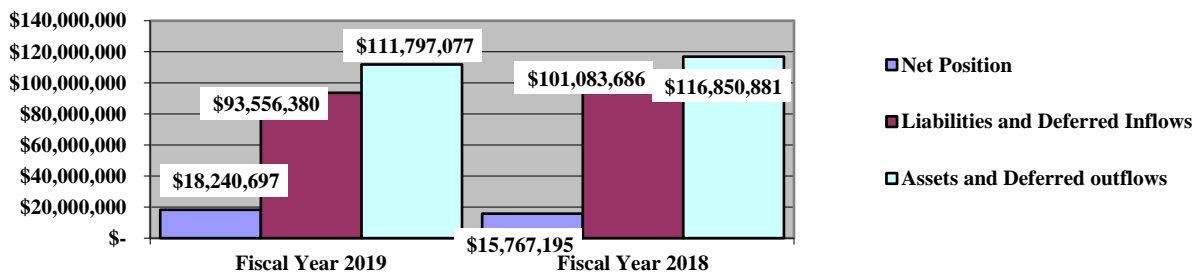
Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. This factor is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to District employees, not the District.

At fiscal year-end, capital assets represented 43.96% 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, 2019, was \$29,065,674. 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.

A portion of the District's net assets, \$3,248,702 represents resources that are subject to external restriction on how they may be used. Of this total, \$2,421,832 is restricted for debt service.

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, 2019 and June 30, 2018.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

The table below shows the change in net position for fiscal years 2019 and 2018.

	Change in Net Position	
	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,510,371	\$ 1,377,343
Operating grants and contributions	1,676,923	1,650,962
General revenues:		
Property taxes	25,806,416	29,240,084
Payments in lieu of taxes	4,815,530	4,715,154
Grants and entitlements	4,906,078	5,039,931
Investment earnings	450,357	141,301
Increase (decrease) in fair value of investments	398,257	(95,296)
Miscellaneous	<u>175,891</u>	<u>319,683</u>
Total revenues	<u>39,739,823</u>	<u>42,389,162</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	14,746,470	6,529,600
Special	3,714,949	2,003,230
Vocational	15,977	10,971
Other	570,095	294,495
Support services:		
Pupil	2,634,174	1,514,711
Instructional staff	1,828,703	1,429,607
Board of education	21,718	15,084
Administration	2,657,480	1,537,873
Fiscal	835,317	831,535
Business	77,977	17,880
Operations and maintenance	4,176,358	2,629,527
Pupil transportation	2,251,781	1,144,763
Central	173,077	34,980
Operation of non-instructional services:		
Food service operations	787,796	812,937
Other non-instructional services	970,480	760,293
Extracurricular activities	1,282,667	865,152
Interest and fiscal charges	<u>521,302</u>	<u>618,554</u>
Total expenses	<u>37,266,321</u>	<u>21,051,192</u>
Change in net position	2,473,502	21,337,970
Net position (deficit) at beginning of year	<u>15,767,195</u>	<u>(5,570,775)</u>
Net position at end of year	<u>\$ 18,240,697</u>	<u>\$ 15,767,195</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Governmental Activities

Net position of the District's governmental activities increased \$2,473,502. Total governmental expenses of \$37,266,321 were offset by program revenues of \$3,187,294 and general revenues of \$36,552,529. Program revenues supported 8.55% 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 89.40% of total governmental revenue. The most significant increase was in the area of property taxes. Property taxes decreased \$3,613,668 primarily due to the timing of calendar year 2019 property tax payments. Certain District taxpayers paid their entire 2019 calendar year taxes in 2019 resulting in a decrease to property tax revenue in fiscal year 2019. The increase in fair value of investments is due primarily to the District being required reporting of 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 \$37,266,321 or 77.02%. This increase is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017.

On an accrual basis, the District reported \$3,650,020 and (\$13,002,134) in pension expense for fiscal year 2019 and 2018, respectively. In addition, the District reported (\$4,794,639) and (\$1,527,625) in OPEB expense for fiscal year 2019 and 2018, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2018 to fiscal year 2019 was \$13,385,140. 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 District's total expenses for fiscal year 2019 are comparable to total fiscal year 2017 expenses.

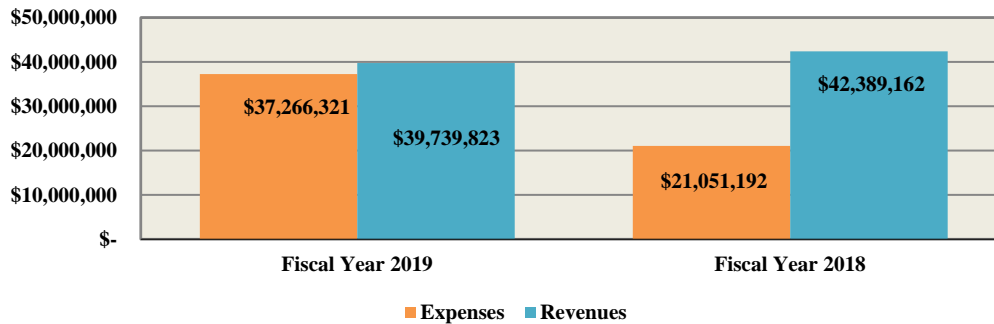
**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Pension expense, by function, for 2019 and 2018 follows:

Program expenses:	2019 Pension Expense	2018 Pension Expense	Increase
Instruction:			
Regular	\$ 1,968,763	\$ (6,932,146)	\$ 8,900,909
Special	379,639	(1,357,872)	1,737,511
Other	67,140	(241,333)	308,473
Support services:			
Pupil	269,041	(1,029,119)	1,298,160
Instructional staff	148,680	(563,404)	712,084
Board of education	1,697	(4,382)	6,079
Administration	273,451	(959,578)	1,233,029
Fiscal	36,544	(133,410)	169,954
Operations and maintenance	194,110	(656,166)	850,276
Pupil transportation	193,525	(699,177)	892,702
Central	13,132	(40,594)	53,726
Operation of non-instructional services:			
Other non-instructional services	5,341	(17,190)	22,531
Extracurricular activities	98,957	(367,763)	466,720
Total	<u>\$ 3,650,020</u>	<u>\$ (13,002,134)</u>	<u>\$ 16,652,154</u>

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2019 and 2018.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Governmental Activities				
Program expenses				
Instruction:				
Regular	14,746,470	14,298,238	6,529,600	6,355,835
Special	3,714,949	3,265,289	2,003,230	1,476,644
Vocational	15,977	15,915	10,971	10,955
Other	570,095	433,506	294,495	151,136
Support services:				
Pupil	2,634,174	2,563,026	1,514,711	1,437,415
Instructional staff	1,828,703	1,773,535	1,429,607	1,374,986
Board of education	21,718	21,718	15,084	15,084
Administration	2,657,480	2,657,480	1,537,873	1,537,873
Fiscal	835,317	835,317	831,535	831,535
Business	77,977	77,977	17,880	17,880
Operations and maintenance	4,176,358	4,152,988	2,629,527	2,613,287
Pupil transportation	2,251,781	2,251,781	1,144,763	1,144,763
Central	173,077	173,077	34,980	34,980
Operations of non-instructional services				
Food service operations	787,796	172,251	812,937	115,910
Other non-instructional services	970,480	190,478	760,293	(55,167)
Extracurricular activities	1,282,667	675,149	865,152	341,217
Interest and fiscal charges	<u>521,302</u>	<u>521,302</u>	<u>618,554</u>	<u>618,554</u>
Total expenses	<u>\$ 37,266,321</u>	<u>\$ 34,079,027</u>	<u>\$ 21,051,192</u>	<u>\$ 18,022,887</u>

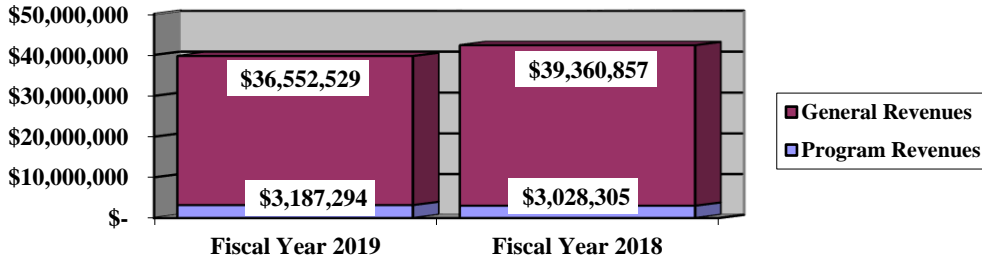
The dependence upon tax and other general revenues for governmental activities is apparent, 94.57% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 91.45%. The District's taxpayers, as a whole, are by far the 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

The graph below presents the District's governmental activities revenue for fiscal years 2019 and 2018.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$27,878,753, which is less than last year's total of \$30,845,523. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	Fund Balance <u>June 30, 2019</u>	Fund Balance <u>June 30, 2018</u>	<u>Change</u>
General	\$ 24,727,052	\$ 25,827,597	\$ (1,100,545)
Other Governmental	3,151,701	5,017,926	(1,866,225)
Total	<u>\$ 27,878,753</u>	<u>\$ 30,845,523</u>	<u>\$ (2,966,770)</u>

General Fund

The District's general fund balance decreased \$1,100,545 from June 30, 2018. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 24,729,088	\$ 25,454,624	\$ (725,536)	(2.85) %
Payments in lieu of taxes	4,815,530	4,715,154	100,376	2.13 %
Earnings on investments	451,361	137,463	313,898	228.35 %
Increase (decrease) in fair value of investments	398,257	(95,296)	493,553	517.92 %
Intergovernmental	4,666,572	4,692,705	(26,133)	(0.56) %
Other revenues	672,492	552,906	119,586	21.63 %
Total	<u>\$ 35,733,300</u>	<u>\$ 35,457,556</u>	<u>\$ 275,744</u>	0.78 %
<u>Expenditures</u>				
Instruction	\$ 20,248,414	\$ 18,888,230	\$ 1,360,184	7.20 %
Support services	14,002,521	13,808,916	193,605	1.40 %
Operation of non-instructional services	63,872	43,732	20,140	46.05 %
Extracurricular activities	821,398	794,444	26,954	3.39 %
Facilities acquisition and construction	1,598,341	2,045,603	(447,262)	(21.86) %
Capital outlay	-	468,590	(468,590)	(100.00) %
Debt service	99,299	99,299	-	- %
Total	<u>\$ 36,833,845</u>	<u>\$ 36,148,814</u>	<u>\$ 685,031</u>	1.90 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Overall general fund revenues increased \$275,744 or 0.78%. Property taxes decreased due to the timing of calendar year 2019 property tax payments. Certain District taxpayers paid their entire 2019 calendar year taxes in 2019 resulting in a decrease to property tax revenue in fiscal year 2019. Payments in lieu of taxes increased due to an increase in Sycamore Township TIF Settlement amounts. Earnings on investments and the increase in fair value of investments increased due to the District earning greater interest rates in fiscal year 2019 when compared to fiscal year 2018. All other revenues remained comparable to the prior year.

Overall general fund expenditures increased \$685,031 or 1.90%. Facilities and acquisition and construction decreased \$447,262 or 21.86% due to the District spending less monies out of the general fund for capital related projects in fiscal year 2019. The District finished the construction on the air handling units and track resurfacing project during the current fiscal year. Instructional expenditures increased \$1,360,184 or 7.20% during fiscal year 2019 primarily due to increased handicapped special learning experiences expenditures for Grades 7 through 12. Capital outlay expenditures decreased \$468,590 or 100.00% due to the District not entering into any new lease agreements in fiscal year 2019. All other expenditures remained comparable to the prior year.

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 \$31,146,668 and \$33,000,000, respectively. Of the \$1,853,332 increase between the original and final budgeted revenues, \$800,360 was in the area of property taxes. Actual revenues and other financing sources for fiscal 2019 were \$32,975,315, which was \$24,685 less than the final budget estimates.

General fund original appropriations (appropriated expenditures) were \$35,590,369 and final appropriations were \$40,590,369. The actual budget basis expenditures and other financing uses for fiscal 2019 totaled \$40,503,541, which was \$86,828 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 2019, the District had \$44,086,445 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 2019 balances compared to the fiscal 2018 balances:

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

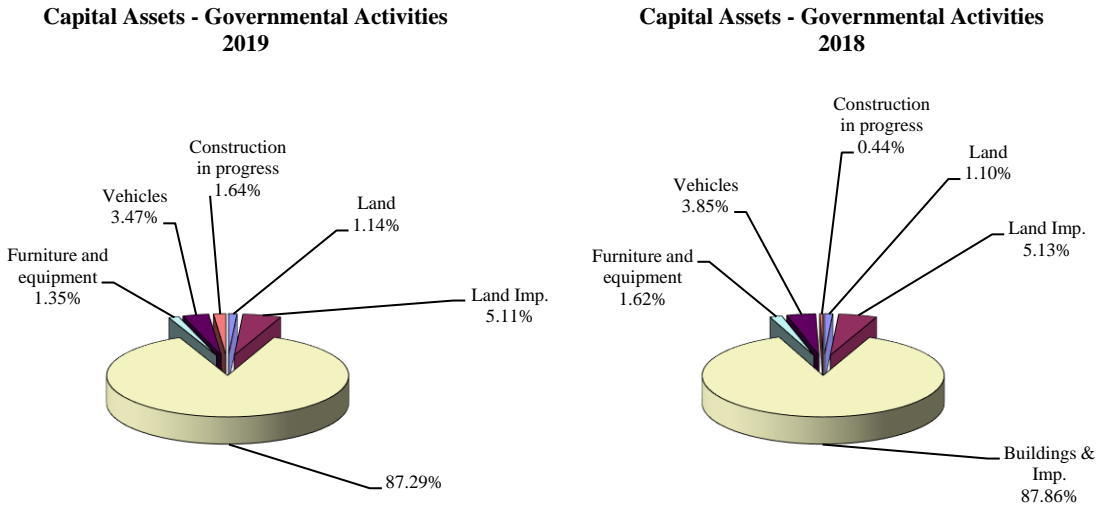
	Governmental Activities	
	2019	2018
Land	\$ 501,523	\$ 501,523
Construction in progress	722,323	200,500
Land improvements	2,253,370	2,331,758
Buildings and improvements	38,482,798	39,922,360
Furniture and equipment	596,810	737,865
Vehicles	1,529,621	1,751,228
Total	\$ 44,086,445	\$ 45,445,234

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total decrease to capital assets for 2019 was \$1,358,789. This is due to the additions of \$958,441 exceeding total depreciation expense of \$2,317,230 and disposals (net accumulated depreciation).

The graphs below present the District's capital assets for fiscal 2019 and fiscal 2018.



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

Debt Administration

The District has \$13,580,000 and \$281,684 in general obligation bonds and lease-purchase obligations, respectively, outstanding at June 30, 2019. Of this total, \$1,311,272 is due within one year and \$12,550,412 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 <u>2019</u>	Governmental Activities <u>2018</u>
General obligation bonds	\$ 13,580,000	\$ 16,735,000
Lease purchase agreement	<u>281,684</u>	<u>370,426</u>
Total	<u>\$ 13,861,684</u>	<u>\$ 17,105,426</u>

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Current Financial Related Activities

The District has carefully managed its general fund budget in order 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 \$84,408. 160 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.

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

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 21,609,529
Receivables:	
Property taxes	27,332,797
Payment in lieu of taxes.	4,712,142
Accounts.	29,071
Accrued interest	77,971
Intergovernmental	122,448
Prepayments	79,228
Net OPEB asset	2,232,686
Capital assets:	
Nondepreciable capital assets	1,223,846
Depreciable capital assets, net	42,862,599
Capital assets, net	44,086,445
Total assets.	100,282,317
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding.	299,967
Pension	10,794,275
OPEB	420,518
Total deferred outflows of resources	11,514,760
Liabilities:	
Accounts payable.	257,188
Contracts payable.	261,348
Accrued wages and benefits payable	3,136,211
Pension and postemployment benefits payable	479,419
Intergovernmental payable	53,770
Accrued interest payable	84,014
Matured bonds payable	28,492
Long-term liabilities:	
Due within one year.	1,521,822
Due in more than one year:	
Net pension liability	38,465,364
Net OPEB liability	3,875,211
Other amounts due in more than one year	15,454,812
Total liabilities	63,617,651
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	16,379,040
Payment in lieu of taxes levied for the next fiscal year.	4,712,142
Pension	4,427,645
OPEB	4,419,902
Total deferred inflows of resources	29,938,729
Net position:	
Net investment in capital assets	29,065,674
Restricted for:	
Debt service.	2,421,832
Federally funded programs	11,564
State funded programs.	129,753
Student activities	505,198
Food service operations.	180,355
Unrestricted (deficit)	(14,073,679)
Total net position.	\$ 18,240,697

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 14,746,470	\$ 438,932	\$ 9,300	\$ (14,298,238)
Special	3,714,949	26,882	422,778	(3,265,289)
Vocational	15,977	-	62	(15,915)
Other	570,095	-	136,589	(433,506)
Support services:				
Pupil.	2,634,174	-	71,148	(2,563,026)
Instructional staff	1,828,703	-	55,168	(1,773,535)
Board of education	21,718	-	-	(21,718)
Administration.	2,657,480	-	-	(2,657,480)
Fiscal.	835,317	-	-	(835,317)
Business.	77,977	-	-	(77,977)
Operations and maintenance	4,176,358	12,200	11,170	(4,152,988)
Pupil transportation.	2,251,781	-	-	(2,251,781)
Central	173,077	-	-	(173,077)
Operation of non-instructional services:				
Food service operations	787,796	568,195	47,350	(172,251)
Other non-instructional services	970,480	-	780,002	(190,478)
Extracurricular activities.	1,282,667	464,162	143,356	(675,149)
Interest and fiscal charges	521,302	-	-	(521,302)
Total governmental activities	\$ 37,266,321	\$ 1,510,371	\$ 1,676,923	(34,079,027)
General revenues:				
Property taxes levied for:				
General purposes				24,237,651
Debt service.				1,568,765
Payments in lieu of taxes.				4,815,530
Grants and entitlements not restricted to specific programs				4,906,078
Investment earnings				450,357
Increase in fair value of investments				398,257
Miscellaneous				175,891
Total general revenues				36,552,529
Change in net position				2,473,502
Net position at beginning of year				15,767,195
Net position at end of year.				\$ 18,240,697

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 18,798,853	\$ 2,810,676	\$ 21,609,529
Receivables:			
Property taxes.	25,578,379	1,754,418	27,332,797
Payment in lieu of taxes	4,712,142	-	4,712,142
Accounts	1,260	27,811	29,071
Accrued interest	77,971	-	77,971
Interfund loans	78,412	-	78,412
Intergovernmental.	3,145	119,303	122,448
Prepayments.	79,228	-	79,228
Total assets	<u>\$ 49,329,390</u>	<u>\$ 4,712,208</u>	<u>\$ 54,041,598</u>
Liabilities:			
Accounts payable	\$ 129,180	\$ 128,008	\$ 257,188
Contracts payable.	261,348	-	261,348
Accrued wages and benefits payable	3,076,188	60,023	3,136,211
Compensated absences payable	123,452	-	123,452
Pension and postemployment benefits payable	462,352	17,067	479,419
Intergovernmental payable	50,494	3,276	53,770
Interfund loans payable.	-	78,412	78,412
Matured bonds payable	28,492	-	28,492
Total liabilities.	<u>4,131,506</u>	<u>286,786</u>	<u>4,418,292</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	15,255,071	1,123,969	16,379,040
Payment in lieu of taxes levied for the next fiscal year.	4,712,142	-	4,712,142
Delinquent property tax revenue not available.	473,308	30,449	503,757
Interest revenue not available.	30,311	-	30,311
Intergovernmental revenue not available	-	119,303	119,303
Total deferred inflows of resources	<u>20,470,832</u>	<u>1,273,721</u>	<u>21,744,553</u>
Fund balances:			
Nonspendable:			
Prepays.	79,228	-	79,228
Restricted:			
Debt service	-	2,468,708	2,468,708
Food service operations	-	175,265	175,265
Non-public schools	-	129,753	129,753
Extracurricular.	-	505,198	505,198
Assigned:			
Student instruction	9,204	-	9,204
Student and staff support.	193,556	-	193,556
Facilities acquisition and construction	3,668,425	-	3,668,425
Subsequent year's appropriations	1,262,591	-	1,262,591
Other purposes.	18,744	-	18,744
Unassigned (deficit).	19,495,304	(127,223)	19,368,081
Total fund balances	<u>24,727,052</u>	<u>3,151,701</u>	<u>27,878,753</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 49,329,390</u>	<u>\$ 4,712,208</u>	<u>\$ 54,041,598</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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		\$ 27,878,753
<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.		44,086,445
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 503,757	
Accrued interest receivable	30,311	
Intergovernmental receivable	119,303	
Total	653,371	653,371
Unamortized premiums on bonds issued are not recognized in the funds.		(1,197,706)
Unamortized amounts on refundings are not recognized in the funds.		299,967
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(84,014)
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	10,794,275	
Deferred inflows of resources - pension	(4,427,645)	
Net pension liability	(38,465,364)	
Total	(32,098,734)	(32,098,734)
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	420,518	
Deferred inflows of resources - OPEB	(4,419,902)	
Net OPEB asset	2,232,686	
Net OPEB liability	(3,875,211)	
Total	(5,641,909)	(5,641,909)
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	(13,580,000)	
Lease-purchase agreements	(281,684)	
Compensated absences	(1,793,792)	
Total	(15,655,476)	(15,655,476)
Net position of governmental activities		\$ 18,240,697

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 24,729,088	\$ 1,658,294	\$ 26,387,382
Payment in lieu of taxes	4,815,530	-	4,815,530
Tuition.	185,503	-	185,503
Earnings on investments	451,361	20,613	471,974
Charges for services	-	568,195	568,195
Extracurricular.	18,437	445,725	464,162
Classroom materials and fees	280,311	-	280,311
Rental income	12,200	-	12,200
Contributions and donations	150	1,285	1,435
Other local revenues	175,891	140,000	315,891
Intergovernmental - state	4,666,572	1,012,442	5,679,014
Intergovernmental - federal	-	701,902	701,902
Increase in fair value of investments	398,257	-	398,257
Total revenues	<u>35,733,300</u>	<u>4,548,456</u>	<u>40,281,756</u>
Expenditures:			
Current:			
Instruction:			
Regular.	15,991,961	7,798	15,999,759
Special	3,732,916	366,283	4,099,199
Vocational	5,009	-	5,009
Other	518,528	130,174	648,702
Support services:			
Pupil	2,873,847	76,913	2,950,760
Instructional staff	1,810,376	51,897	1,862,273
Board of education	23,705	-	23,705
Administration	2,940,828	-	2,940,828
Fiscal	852,979	26,175	879,154
Business.	77,977	-	77,977
Operations and maintenance	3,110,945	11,170	3,122,115
Pupil transportation	2,124,452	-	2,124,452
Central	187,412	-	187,412
Operation of non-instructional services:			
Food service operations.	-	686,694	686,694
Other non-instructional services	63,872	937,680	1,001,552
Extracurricular activities	821,398	424,559	1,245,957
Facilities acquisition and construction.	1,598,341	-	1,598,341
Debt service:			
Principal retirement.	88,742	3,155,000	3,243,742
Interest and fiscal charges	10,557	540,338	550,895
Total expenditures	<u>36,833,845</u>	<u>6,414,681</u>	<u>43,248,526</u>
Net change in fund balances	(1,100,545)	(1,866,225)	(2,966,770)
Fund balances at beginning of year.	<u>25,827,597</u>	<u>5,017,926</u>	<u>30,845,523</u>
Fund balances at end of year.	<u>\$ 24,727,052</u>	<u>\$ 3,151,701</u>	<u>\$ 27,878,753</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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds	\$	(2,966,770)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 958,441	
Current year depreciation	(2,317,230)	
Total		(1,358,789)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes	(580,966)	
Earnings on investments	(1,004)	
Intergovernmental	40,037	
Total		(541,933)
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	3,155,000	
Lease-purchase obligations	88,742	
Total		3,243,742
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	(30,050)	
Amortization of bond premiums	185,394	
Amortization of deferred charges	(125,751)	
Total		29,593
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		3,032,294
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,650,020)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		96,479
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.		
		4,794,639
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.		
		(205,733)
Change in net position of governmental activities	\$	2,473,502

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 21,448,860	\$ 22,249,220	\$ 22,249,088	\$ (132)
Payment in lieu of taxes.	4,667,941	4,815,531	4,815,531	-
Tuition.	196,278	210,682	185,503	(25,179)
Earnings on investments	160,963	415,000	435,905	20,905
Extracurricular.	-	-	3,885	3,885
Classroom materials and fees	-	279,921	280,311	390
Rental income	14,633	15,000	14,120	(880)
Other local revenues	19,511	27,885	24,361	(3,524)
Intergovernmental - state	4,610,482	4,653,012	4,647,626	(5,386)
Total revenues	<u>31,118,668</u>	<u>32,666,251</u>	<u>32,656,330</u>	<u>(9,921)</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,102,038	16,188,054	15,737,616	450,438
Special.	3,671,722	3,804,248	3,700,136	104,112
Vocational.	-	-	5,009	(5,009)
Other.	514,345	491,555	526,300	(34,745)
Support services:				
Pupil.	3,045,156	3,113,928	2,913,584	200,344
Instructional staff	2,332,502	2,183,659	1,808,680	374,979
Board of education	9,931	22,523	24,834	(2,311)
Administration.	2,795,399	2,855,019	3,008,790	(153,771)
Fiscal	331,504	632,650	733,444	(100,794)
Business	-	105,596	77,977	27,619
Operations and maintenance.	1,670,793	2,726,333	3,200,745	(474,412)
Pupil transportation	2,130,057	2,201,237	2,204,943	(3,706)
Central.	116,219	140,734	192,769	(52,035)
Operation of non-instructional services:				
Other non-instructional services	68,947	62,752	62,156	596
Extracurricular activities.	858,535	781,401	824,078	(42,677)
Facilities acquisition and construction	943,220	5,280,681	5,400,071	(119,390)
Total expenditures	<u>35,590,368</u>	<u>40,590,370</u>	<u>40,421,132</u>	<u>169,238</u>
(Deficiency) of revenues (under) expenditures.	<u>(4,471,700)</u>	<u>(7,924,119)</u>	<u>(7,764,802)</u>	<u>159,317</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	286,485	286,485	-
Refund of prior year's receipts.	-	-	(3,997)	(3,997)
Advances in.	10,000	32,500	32,500	-
Advances (out)	-	-	(78,412)	(78,412)
Sale of capital assets	18,000	14,764	-	(14,764)
Total other financing sources (uses)	<u>28,000</u>	<u>333,749</u>	<u>236,576</u>	<u>(97,173)</u>
Net change in fund balance	(4,443,700)	(7,590,370)	(7,528,226)	62,144
Fund balance at beginning of year	20,780,085	20,780,085	20,780,085	-
Prior year encumbrances appropriated	1,090,369	1,090,369	1,090,369	-
Fund balance at end of year	<u>\$ 17,426,754</u>	<u>\$ 14,280,084</u>	<u>\$ 14,342,228</u>	<u>\$ 62,144</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments	\$ 66,901
Liabilities:	
Accounts payable	\$ 26
Due to students.	66,875
Total liabilities	\$ 66,901

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 196 certified teaching and administrative personnel and 101 classified personnel to provide services to 2,041 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 Association

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium. HCCA 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 HCCA consists of the superintendents and/or treasurers of the participating districts. HCCA 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 HCCA Board of Education, Tom Collins, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

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 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). Beginning July 1, 2016, the Treasurer of the Milford Exempted Village School District 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 Debbie Caudle, Treasurer of the Milford Exempted Village School District at 777 Garfield Avenue, Milford, Ohio 45150.

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

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.

Agency funds do not report a measurement focus as they do not report operations.

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. Agency funds also use the accrual basis of accounting.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 to be 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, represents 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.

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, 2019, but which were levied to finance fiscal year 2020 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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. Unused donated commodities are 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 agency 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 2019, 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

For fiscal year 2019, 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 2019 amounted to \$451,361, which includes \$40,662 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 to be 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, 2019, 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT’S COMPILATION REPORT)

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

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

Description	Governmental Activities Estimated Lives
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, 2019, 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, 2019, 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019, 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. During fiscal year 2019, the District had no transfers.

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 2019.

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 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 60,092
Title III	3,299
Title I	52,204
IDEA Preschool Grant for the Handicapped	1,590
Improving Teacher Quality	7,449
Miscellaneous Federal Grants	2,589

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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, Government National Mortgage Association, and Student Loan Marketing 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 fair 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;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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. 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, 2019, the carrying amount of all District deposits was \$2,409,017. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2019, \$755,198 of the District's bank balance of \$2,599,096 was exposed to custodial risk as discussed below, while \$1,843,898 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 2019, the District's financial institutions were approved for a reduced collateral rate of 50 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2019, the District had the following investments and maturities:

Measurement/ Investment type:	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FHLB	\$ 197,508	\$ -	\$ -	\$ -	\$ -	\$ 197,508
FNMA	598,785	299,562	299,223	-	-	-
FHLMC	1,045,610	299,748	-	-	-	745,862
FFCB	446,184	-	-	-	-	446,184
Negotiable CDs	3,501,191	-	-	-	497,791	3,003,400
U.S. Treasury Notes	9,104,115	747,978	1,158,039	748,433	494,735	5,954,930
Commerical paper	3,207,306	2,737,531	469,775	-	-	-
U.S. government money market mutual funds	416,611	416,611	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	750,105	750,105	-	-	-	-
Total	<u>\$ 19,267,415</u>	<u>\$ 5,251,535</u>	<u>\$ 1,927,037</u>	<u>\$ 748,433</u>	<u>\$ 992,526</u>	<u>\$ 10,347,884</u>

The weighted average maturity of investments is 2.03 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2019:

Measurement/ <u>Investment type:</u>	Measurement	
	<u>Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLB	\$ 197,508	1.03
FNMA	598,785	3.11
FHLMC	1,045,610	5.43
FFCB	446,184	2.32
Negotiable CDs	3,501,191	18.17
U.S. Treasury Notes	9,104,115	47.25
Commerical paper	3,207,306	16.65
U.S. government money market mutual funds	416,611	2.16
<i>Amortized Cost:</i>		
STAR Ohio	<u>750,105</u>	<u>3.89</u>
Total	<u>\$ 19,267,415</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, 2019:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 2,409,017
Investments	<u>19,267,415</u>
Total	<u>\$ 21,676,432</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 21,609,531
Agency fund	<u>66,901</u>
Total	<u>\$ 21,676,432</u>

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 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, 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 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, 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, 2019, are available to finance fiscal year 2019 operations. The amount available as an 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). This amount is recorded as revenue. The amount available for advance at June 30, 2018 was \$7,370,000 in the general fund and \$1,080,000 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, 2019 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,232,795,130	99.03	\$ 1,241,426,980	98.97
Public utility personal	<u>12,079,330</u>	<u>0.97</u>	<u>12,874,240</u>	<u>1.03</u>
Total	<u>\$ 1,244,874,460</u>	<u>100.00</u>	<u>\$ 1,254,301,220</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$42.92		\$42.92	
Bond retirement	3.24		1.45	

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 \$4,815,530 during fiscal year 2019.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2019 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	\$ 27,332,797
Payments in lieu of taxes	4,712,142
Accounts	29,071
Accrued interest	77,971
Intergovernmental	<u>122,448</u>
Total	<u>\$ 32,274,429</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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 were as follows:

<u>Fund</u>	<u>Year-End</u>
General fund	\$ 3,843,965
Nonmajor governmental funds	<u>176,763</u>
Total	<u>\$ 4,020,728</u>

NOTE 9 - CAPITAL ASSETS

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

<u>Governmental activities:</u>	<u>Balance</u> <u>06/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/19</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 501,523	\$ -	\$ -	\$ 501,523
Construction in progress	<u>200,500</u>	<u>824,307</u>	<u>(302,484)</u>	<u>722,323</u>
<i>Total capital assets, not being depreciated</i>	<u>702,023</u>	<u>824,307</u>	<u>(302,484)</u>	<u>1,223,846</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,993,627	160,161	-	5,153,788
Buildings and improvements	67,507,138	165,895	-	67,673,033
Equipment and furniture	8,509,994	102,646	(136,256)	8,476,384
Vehicles	<u>3,219,816</u>	<u>7,916</u>	<u>-</u>	<u>3,227,732</u>
<i>Total capital assets, being depreciated</i>	<u>84,230,575</u>	<u>436,618</u>	<u>(136,256)</u>	<u>84,530,937</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,661,869)	(238,549)	-	(2,900,418)
Buildings and improvements	(27,584,778)	(1,605,457)	-	(29,190,235)
Equipment and furniture	(7,772,129)	(243,701)	136,256	(7,879,574)
Vehicles	<u>(1,468,588)</u>	<u>(229,523)</u>	<u>-</u>	<u>(1,698,111)</u>
<i>Total accumulated depreciation</i>	<u>(39,487,364)</u>	<u>(2,317,230)</u>	<u>136,256</u>	<u>(41,668,338)</u>
Total capital assets, net	<u>\$ 45,445,234</u>	<u>\$ (1,056,305)</u>	<u>\$ (302,484)</u>	<u>\$ 44,086,445</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 824,805
Special	55,218
Vocational	10,968
<u>Support services:</u>	
Pupil	28,747
Instructional staff	125,352
Administration	38,553
Fiscal	229
Operations and maintenance	544,600
Pupil transportation	376,286
Operation of non-instructional services	24,122
Extracurricular activities	152,567
Food service operations	<u>135,783</u>
Total depreciation expense	<u>\$ 2,317,230</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 2019, the District made principal and interest payments of \$88,742 and \$10,557, 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, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 99,299
2021	99,299
2022	<u>99,299</u>
Total minimum lease payments	297,897
Less: amount representing interest	<u>(16,213)</u>
Total	<u>\$ 281,684</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 11 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2019, the following activity occurred in the governmental activities long-term obligations.

	Balance			Balance	Amount Due
<u>Governmental activities:</u>	<u>06/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/19</u>	<u>Within</u>
					<u>One Year</u>
<u>General Obligation Bonds:</u>					
Series 2005 - refunding	\$ 2,990,000	\$ -	\$ (2,990,000)	\$ -	\$ -
Series 2016 - refunding	<u>13,745,000</u>	<u>-</u>	<u>(165,000)</u>	<u>13,580,000</u>	<u>1,220,000</u>
Total general obligation bonds	<u>16,735,000</u>	<u>-</u>	<u>(3,155,000)</u>	<u>13,580,000</u>	<u>1,220,000</u>
<u>Other Long-Term Obligations:</u>					
Lease purchase agreement	370,426	-	(88,742)	281,684	91,272
Net pension liability	43,173,893	-	(4,708,529)	38,465,364	-
Net OPEB liability	9,685,284	-	(5,810,073)	3,875,211	-
Compensated absences	<u>1,714,393</u>	<u>418,252</u>	<u>(215,401)</u>	<u>1,917,244</u>	<u>210,550</u>
Total other long-term obligations	<u>54,943,996</u>	<u>418,252</u>	<u>(10,822,745)</u>	<u>44,539,503</u>	<u>301,822</u>
Total governmental activities	<u>\$ 71,678,996</u>	<u>\$ 418,252</u>	<u>\$ (13,977,745)</u>	58,119,503	<u>\$ 1,521,822</u>
Add: unamortized premium on bonds				<u>1,197,706</u>	
Total on statement of net position				<u>\$ 59,317,209</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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Series 2005 General Obligation Refunding Bonds

On July 19, 2005, the District issued Series 2005 General Obligation Refunding Bonds (Series 2005 Refunding Bonds) in order to advance refund a callable portion of the Series 2001 General Obligation school facilities improvement bonds. Payments of principal and interest relating to these bonds are recorded as expenditures of the bond retirement fund.

The Series 2001 bonds which have been advance refunded were originally scheduled to mature on and from December 1, 2014 through and including December 1, 2018. Proceeds of the Series 2005 Refunding Bonds 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. At June 30, 2019, the balance of the refunded bonds was \$16,670,000.

The refunding issue is comprised of both current interest bonds, par value \$12,020,000, and capital appreciation bonds, par value \$1,200,000. The interest rates on the current interest bonds range from 3.00% to 5.00%. The capital appreciation bonds matured on December 1, 2015 (effective interest rate of 7.5219%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date.

The current interest bonds are not subject to early redemption.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 1, 2018.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,222,050. 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.

C. Series 2006 General Obligation Refunding Bonds

On December 13, 2006, the District issued Series 2006 General Obligation Refunding Bonds (Series 2006 Refunding Bonds) in order to advance refund the remaining callable portion of the Series 2001 General Obligation school facilities improvement bonds. Payments of principal and interest relating to these bonds are recorded as expenditures of the bond retirement fund. During fiscal year 2017, the Series 2006 Refunding Bonds were advance refunded through the issuance of the Series 2016 Refunding Bonds.

The Series 2006 Refunding Bonds that were advance refunded in fiscal year 2017 were originally scheduled to mature on December 1, 2019 through December 1, 2023. Proceeds of the Series 2006 Refunding Bonds 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. At June 30, 2019, the balance of the refunded bonds was \$18,530,000. Interest payments on Series 2006 Refunding Bonds were due on June 1 and December 1 of each year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

D. 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 \$14,760,000 at June 30, 2019.

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. The refunding was undertaken to reduce future debt service payments by \$330,887.

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, 2019 are as follows:

<u>Fiscal Year</u>	<u>Current Interest Bonds - Series 2016</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,220,000	\$ 439,537	\$ 1,659,537
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 - 2028	<u>6,835,000</u>	<u>387,306</u>	<u>7,222,306</u>
Total	<u>\$ 13,580,000</u>	<u>\$ 2,104,044</u>	<u>\$ 15,684,044</u>

E. 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, 2019, are a voted debt margin of \$101,775,818 (including available funds of \$2,468,708) and an unvoted debt margin of \$1,254,301.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 Ohio Casualty Insurance Company for general liability insurance with a \$1,000,000 single occurrence and a \$2,000,000 aggregate. Property insurance carries a \$2,500 deductible.

The bus fleet and maintenance vehicles are insured by Ohio Casualty Insurance Company with a \$2,500 deductible and \$1,000,000 limit per occurrence.

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, 2019
(SEE ACCOUNTANT’S COMPILATION REPORT)

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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$646,424 for fiscal year 2019. Of this amount, \$43,385 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 26 years of service, or 31 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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 2019, 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 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,368,056 for fiscal year 2019. Of this amount, \$259,235 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, 2018, 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	0.14906850%	0.14425203%	
Proportion of the net pension liability current measurement date	<u>0.13819580%</u>	<u>0.13894386%</u>	
Change in proportionate share	<u>-0.01087270%</u>	<u>-0.00530817%</u>	
Proportionate share of the net pension liability	\$ 7,914,729	\$ 30,550,635	\$ 38,465,364
Pension expense	\$ 328,313	\$ 3,321,707	\$ 3,650,020

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2019, 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	\$ 434,070	\$ 705,203	\$ 1,139,273
Changes of assumptions	178,730	5,414,149	5,592,879
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	10,015	1,019,814	1,029,829
Contributions subsequent to the measurement date	<u>664,238</u>	<u>2,368,056</u>	<u>3,032,294</u>
Total deferred outflows of resources	<u>\$ 1,287,053</u>	<u>\$ 9,507,222</u>	<u>\$ 10,794,275</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 199,513	\$ 199,513
Net difference between projected and actual earnings on pension plan investments	219,291	1,852,555	2,071,846
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>525,071</u>	<u>1,631,215</u>	<u>2,156,286</u>
Total deferred inflows of resources	<u>\$ 744,362</u>	<u>\$ 3,683,283</u>	<u>\$ 4,427,645</u>

\$2,923,791 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, 2020.

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:			
2020	\$ 247,812	\$ 3,007,178	\$ 3,254,990
2021	(42,365)	1,128,833	1,086,468
2022	(259,738)	(94,966)	(354,704)
2023	<u>(67,256)</u>	<u>(585,162)</u>	<u>(652,418)</u>
Total	<u>\$ (121,547)</u>	<u>\$ 3,455,883</u>	<u>\$ 3,334,336</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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 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.

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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 11,148,493	\$ 7,914,729	\$ 5,203,435

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	July 1, 2018
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)	0.0%, effective July 1, 2017

For the July 1, 2018, 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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

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	100.00 %	

*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.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. 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, 2018. 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, 2018.

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:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 44,615,181	\$ 30,550,635	\$ 18,646,905

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 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.

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 fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. 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 2019, the District's surcharge obligation was \$71,885.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 \$96,479 for fiscal year 2019. Of this amount, \$73,485 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, 2020. 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, 2019, 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, 2018, 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. 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 prior measurement date	0.15117360%	0.14425203%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.13968400%</u>	<u>0.13894386%</u>	
Change in proportionate share	<u>-0.01148960%</u>	<u>-0.00530817%</u>	
Proportionate share of the net OPEB liability	\$ 3,875,211	\$ -	\$ 3,875,211
Proportionate share of the net OPEB asset	\$ -	\$ (2,232,686)	\$ (2,232,686)
OPEB expense	\$ 90,523	\$ (4,885,162)	\$ (4,794,639)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2019, 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	\$ 63,257	\$ 260,782	\$ 324,039
Contributions subsequent to the measurement date	<u>96,479</u>	<u>-</u>	<u>96,479</u>
Total deferred outflows of resources	<u>\$ 159,736</u>	<u>\$ 260,782</u>	<u>\$ 420,518</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 130,083	\$ 130,083
Net difference between projected and actual earnings on pension plan investments	5,814	255,066	260,880
Changes of assumptions	348,158	3,042,212	3,390,370
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>394,437</u>	<u>244,132</u>	<u>638,569</u>
Total deferred inflows of resources	<u>\$ 748,409</u>	<u>\$ 3,671,493</u>	<u>\$ 4,419,902</u>

\$95,820 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (242,470)	\$ (609,460)	\$ (851,930)
2021	(201,624)	(609,460)	(811,084)
2022	(72,273)	(609,460)	(681,733)
2023	(69,801)	(551,534)	(621,335)
2024	(70,202)	(531,210)	(601,412)
Thereafter	<u>(28,782)</u>	<u>(499,587)</u>	<u>(528,369)</u>
Total	<u>\$ (685,152)</u>	<u>\$ (3,410,711)</u>	<u>\$ (4,095,863)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, 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	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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:

<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 discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. 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, 2026. 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, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (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 3.56% was used as of June 30, 2017. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$ 4,702,264	\$ 3,875,211	\$ 3,220,340

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	\$ 3,126,585	\$ 3,875,211	\$ 4,866,528

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018	July 1, 2017
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%, effective July 1, 2017
Discounted rate of return	7.45%	N/A
Blended discount rate of return	N/A	4.13%
Health care cost trends		6 to 11% initial, 4.50% ultimate
	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2018, 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 - 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). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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:

<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>	

*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.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. 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, 2018.

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, 2018, 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	\$ 1,913,621	\$ 2,232,686	\$ 2,500,845
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,485,707	\$ 2,232,686	\$ 1,975,723

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,

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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	\$ (7,528,226)
Net adjustment for revenue accruals	2,910,738
Net adjustment for expenditure accruals	(386,131)
Net adjustment for other sources/uses	(236,576)
Funds budgeted elsewhere	(89,863)
Adjustment for encumbrances	4,229,513
GAAP basis	<u>\$ (1,100,545)</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 and the public school support fund.

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 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2018	\$ -
Current year set-aside requirement	365,666
Current year qualifying expenditures	<u>(1,823,926)</u>
Total	<u>\$ (1,458,260)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2019	<u>\$ -</u>

NOTE 18 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2019, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 78,412</u>

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

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 SIX FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.13819580%	0.14906850%	0.15464140%	0.15787490%
District's proportionate share of the net pension liability	\$ 7,914,729	\$ 8,906,514	\$ 11,318,324	\$ 9,008,495
District's covered payroll	\$ 4,761,207	\$ 5,052,064	\$ 4,760,650	\$ 4,682,458
District's proportionate share of the net pension liability as a percentage of its covered payroll	166.23%	176.29%	237.75%	192.39%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

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>2015</u>	<u>2014</u>
0.15158800%	0.15158800%
\$ 7,671,782	\$ 9,014,452
\$ 4,449,336	\$ 3,818,064
172.43%	236.10%
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 SIX FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.13894386%	0.14425203%	0.14569108%	0.15100969%
District's proportionate share of the net pension liability	\$ 30,550,635	\$ 34,267,379	\$ 48,767,196	\$ 41,734,661
District's covered payroll	\$ 16,532,179	\$ 15,913,564	\$ 15,385,029	\$ 16,072,357
District's proportionate share of the net pension liability as a percentage of its covered payroll	184.79%	215.33%	316.98%	259.67%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

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>2015</u>	<u>2014</u>
0.13322101%	0.13322101%
\$ 32,403,960	\$ 38,599,385
\$ 14,658,546	\$ 14,443,892
221.06%	267.24%
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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 664,238	\$ 642,763	\$ 707,289	\$ 666,491
Contributions in relation to the contractually required contribution	<u>(664,238)</u>	<u>(642,763)</u>	<u>(707,289)</u>	<u>(666,491)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,920,281	\$ 4,761,207	\$ 5,052,064	\$ 4,760,650
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 617,148	\$ 616,678	\$ 528,420	\$ 541,544	\$ 528,435	\$ 556,439
<u>(617,148)</u>	<u>(616,678)</u>	<u>(528,420)</u>	<u>(541,544)</u>	<u>(528,435)</u>	<u>(556,439)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,682,458	\$ 4,449,336	\$ 3,818,064	\$ 4,026,349	\$ 4,203,938	\$ 4,109,594
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

**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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,368,056	\$ 2,314,505	\$ 2,227,899	\$ 2,153,904
Contributions in relation to the contractually required contribution	<u>(2,368,056)</u>	<u>(2,314,505)</u>	<u>(2,227,899)</u>	<u>(2,153,904)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,914,686	\$ 16,532,179	\$ 15,913,564	\$ 15,385,029
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,250,130	\$ 1,905,611	\$ 1,877,706	\$ 1,956,088	\$ 1,980,167	\$ 1,946,419
<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>(1,946,419)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,072,357	\$ 14,658,546	\$ 14,443,892	\$ 15,046,831	\$ 15,232,054	\$ 14,972,454
14.00%	13.00%	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 THREE FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.13968400%	0.15117360%	0.15604927%
District's proportionate share of the net OPEB liability	\$ 3,875,211	\$ 4,057,102	\$ 4,447,981
District's covered payroll	\$ 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	81.39%	80.31%	93.43%
Plan fiduciary net position as a percentage of the total OPEB liability	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 THREE FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.13894386%	0.14425203%	0.14569108%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,232,686)	\$ 5,628,182	\$ 7,791,597
District's covered payroll	\$ 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	13.51%	35.37%	50.64%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 96,479	\$ 96,979	\$ 81,947	\$ 76,118
Contributions in relation to the contractually required contribution	<u>(96,479)</u>	<u>(96,979)</u>	<u>(81,947)</u>	<u>(76,118)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,920,281	\$ 4,761,207	\$ 5,052,064	\$ 4,760,650
Contributions as a percentage of covered payroll	1.96%	2.04%	1.62%	1.60%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 90,374	\$ 66,517	\$ 70,416	\$ 93,727	\$ 134,501	\$ 91,756
<u>(90,374)</u>	<u>(66,517)</u>	<u>(70,416)</u>	<u>(93,727)</u>	<u>(134,501)</u>	<u>(91,756)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,682,458	\$ 4,449,336	\$ 3,818,064	\$ 4,026,349	\$ 4,203,938	\$ 4,109,594
1.93%	1.49%	1.84%	2.33%	3.20%	2.23%

**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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</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	\$ 16,914,686	\$ 16,532,179	\$ 15,913,564	\$ 15,385,029
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 139,230	\$ 144,439	\$ 150,468	\$ 152,321	\$ 149,725
-	(139,230)	(144,439)	(150,468)	(152,321)	(149,725)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,072,357	\$ 14,658,546	\$ 14,443,892	\$ 15,046,831	\$ 15,232,054	\$ 14,972,454
0.00%	1.00%	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, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 year 2019.

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 2018-2019.

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 year 2019.

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 2019.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 2017-2019.

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 rate 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 (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

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.

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 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 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.