



OHIO AUDITOR OF STATE
KEITH FABER



**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2019**

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JEFFERSON COUNTY
JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

Indian Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Creek Local School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Creek Local School District, Jefferson County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

January 31, 2020

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Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The management's discussion and analysis of Indian Creek Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School 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 School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2019 are as follows:

- Net position increased significantly in fiscal year 2019 primarily due to increases in cash and cash equivalents, intergovernmental receivable, property taxes receivable, net capital assets and changes in the net pension liability and net OPEB (asset) liability offset by increases in notes payable and long-term debt obligations.
- The School District is currently undertaking a capital project with the purpose of constructing, improving and renovating school facilities under the Exceptional Needs Program of the Ohio Facilities Construction Commission. The project will include the renovation of Hills Elementary, building a new elementary to replace Wintersville Elementary and building a new high school to replace the current Indian Creek High School and other site issues as the project determines.
- In fiscal year 2019 the School District issued general obligation bonds in the amount of \$45,700,000 for the purpose of constructing, improving and renovating school facilities in support of the ongoing Ohio Facilities Construction Commission project.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Indian Creek Local School District as a financial whole, or complete 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 School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Indian Creek Local School District, the general fund, the bond retirement debt service fund, the building capital projects fund and the classroom facilities capital projects fund are the more significant funds.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in this position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement debt service fund, the building capital projects fund and the classroom facilities capital projects fund.

Governmental Funds

Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are 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 statements provide a detailed short-term view of the School 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 financial statements.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The School District as a Whole

You may recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Position for fiscal year 2019 compared to fiscal year 2018:

(Table 1)
Net Position
Governmental Activities

	2019	2018	Change
Assets			
Current and Other Assets	\$86,912,162	\$16,439,417	\$70,472,745
Net OPEB Asset	1,005,766	0	1,005,766
Capital Assets, Net	19,976,849	18,722,110	1,254,739
<i>Total Assets</i>	<u>107,894,777</u>	<u>35,161,527</u>	<u>72,733,250</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,028,655	1,090,995	(62,340)
Pension	4,693,626	5,553,813	(860,187)
OPEB	270,559	190,899	79,660
<i>Total Deferred Outflows of Resources</i>	<u>5,992,840</u>	<u>6,835,707</u>	<u>(842,867)</u>
Liabilities			
Current Liabilities	4,474,941	2,187,180	(2,287,761)
Long-Term Liabilities			
Due Within One Year	1,942,830	430,174	(1,512,656)
Due In More Than One Year			
Net Pension Liability	17,805,704	18,822,302	1,016,598
Net OPEB Liability	2,002,206	4,367,786	2,365,580
Other Amounts	59,706,935	12,633,423	(47,073,512)
<i>Total Liabilities</i>	<u>85,932,616</u>	<u>38,440,865</u>	<u>(47,491,751)</u>
Deferred Inflows of Resources			
Property Taxes	10,302,872	9,726,999	(575,873)
Pension	1,428,672	1,108,811	(319,861)
OPEB	1,844,875	553,413	(1,291,462)
<i>Total Deferred Inflows of Resources</i>	<u>13,576,419</u>	<u>11,389,223</u>	<u>(2,187,196)</u>
Net Position			
Net Investment in Capital Assets	7,164,359	7,816,938	(652,579)
Restricted for:			
Capital Projects	21,263,654	1,606,910	19,656,744
Debt Service	558,049	494,525	63,524
Other Purposes	1,548,249	1,531,264	16,985
Unrestricted (Deficit)	<u>(16,155,729)</u>	<u>(19,282,491)</u>	<u>3,126,762</u>
<i>Total Net Position</i>	<u>\$14,378,582</u>	<u>(\$7,832,854)</u>	<u>\$22,211,436</u>

Indian Creek Local School District
Management's Discussion and Analysis
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The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2019. 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 School 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.

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.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to cash and cash equivalents, intergovernmental receivables, property tax receivable, capital assets, accrued interest payable, notes payable, other amounts in long-term liabilities and the changes from net pension/OPEB changes noted above. Cash and cash equivalents increased from fiscal year 2018 mainly due to the School District having unspent proceeds from the issuance of the school facilities construction bonds. In future years, as the construction projects progress, the corresponding cash and cash equivalents will reduce. The increase in intergovernmental receivables is due to grant proceeds to be received from the Ohio Facilities Construction Commission (OFCC) for the ongoing school facilities projects currently being undertaken by the School District. The increase in property tax receivable is due primarily to the School District being set to collect a full year of property tax revenues on the new bond levy. Capital assets increased due to current year additions exceeding depreciation for 2019. Accrued interest payable increased from the new debt obligations in 2019. Notes payable increased due to the School District issuing tax anticipation notes to fund improvements to the School District’s football stadium. Other amounts in long-term liabilities increased due to the issuance of new debt to fund the ongoing school facilities projects.

In order to further understand what makes up the changes in net position for the current year, the following table gives further details regarding the results of activities for fiscal years 2019 and 2018.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

(Table 2)
 Change in Net Position
 Governmental Activities

	2019	2018	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$2,642,393	\$2,569,221	\$73,172
Operating Grants, Interest and Contributions	3,429,370	3,511,088	(81,718)
Capital Grants and Interest	0	64,515	(64,515)
<i>Total Program Revenues</i>	6,071,763	6,144,824	(73,061)
<i>General Revenues</i>			
Property Taxes	11,835,393	7,947,242	3,888,151
Grants and Entitlements not Restricted	27,773,878	9,859,979	17,913,899
Investment Earnings	1,051,608	1,567	1,050,041
Unrestricted Contributions	14,471	39,109	(24,638)
Miscellaneous	1,659,463	112,362	1,547,101
<i>Total General Revenues</i>	42,334,813	17,960,259	24,374,554
<i>Total Revenues</i>	48,406,576	24,105,083	24,301,493
Program Expenses			
Current:			
Instruction	14,870,650	8,855,550	(6,015,100)
Support Services:			
Pupils	1,002,032	633,700	(368,332)
Instructional Staff	438,180	369,401	(68,779)
Board of Education	16,530	13,675	(2,855)
Administration	2,059,618	1,095,020	(964,598)
Fiscal	554,748	479,992	(74,756)
Business	27,561	27,496	(65)
Operation and Maintenance of Plant	2,095,129	1,832,699	(262,430)
Pupil Transportation	1,208,846	1,271,960	63,114
Central	286,095	287,855	1,760
Extracurricular Activities	458,244	510,879	52,635
Operation of Non-Instructional Services	184,946	162,667	(22,279)
Operation of Food Service	920,579	899,071	(21,508)
Interest and Fiscal Charges	2,071,982	458,364	(1,613,618)
<i>Total Program Expenses</i>	26,195,140	16,898,329	(9,296,811)
<i>Change in Net Position</i>	22,211,436	7,206,754	15,004,682
Net Position Beginning of Year	(7,832,854)	(15,039,608)	7,206,754
<i>Net Position End of Year</i>	\$14,378,582	(\$7,832,854)	\$22,211,436

Indian Creek Local School District
Management's Discussion and Analysis
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Unaudited

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues decreased for governmental activities in fiscal year 2019. Charges for services and sales increased due to an increase in tuition received through foundation adjustments. Operating grants, interest and contributions decreased due to reductions in current year restricted grants available from the Ohio Department of Education. General revenues increased in fiscal year 2019. Property taxes increased due to the timing of advance settlements as well as increased collections resulting from a new bond levy. Grants and entitlements not restricted increased due to grant monies to be received from the Ohio Facilities Construction Commission. Miscellaneous revenues increased due to a receipt of bonus consideration for the renewal of an oil and gas lease.

The largest component of the increase in program expenses results from changes in assumptions and benefit terms related to pensions in the prior year. For the prior year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). As a result of these changes, pension expense decreased from \$2,064,812 in fiscal year 2017 to a negative pension expense of \$5,865,670 for fiscal year 2018. For fiscal year 2019, pension expense increased to \$1,542,703 closer to the 2017 pension expense amount.

Program expenses excluding amounts related to the net pension and net OPEB liabilities increased due to additional interest and fiscal charges from the payment on new debt obligations as well as higher instructional costs resulting from wage increases for certified and classified employees and higher purchased services costs.

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The increase in grants and entitlements not restricted can be attributed to the School District actively seeking out additional sources of Federal and State funding to ensure the programs important to the community are maintained.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2019 compared to 2018.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

(Table 3)
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
	Instruction	\$14,870,650	\$10,446,727	\$8,855,550
Support Services:				
Pupils and Instructional Staff	1,440,212	1,245,698	1,003,101	788,701
Board of Education, Administration, Fiscal and Business	2,658,457	2,517,281	1,616,183	1,488,055
Operation and Maintenance of Plant	2,095,129	2,073,421	1,832,699	1,745,023
Pupil Transportation	1,208,846	1,208,846	1,271,960	1,271,960
Central	286,095	277,095	287,855	278,855
Extracurricular Activities	458,244	225,235	510,879	254,538
Operation of Non-Instructional Services	184,946	(9,395)	162,667	24,065
Operation of Food Service	920,579	66,487	899,071	23,694
Interest and Fiscal Charges	2,071,982	2,071,982	458,364	458,364
<i>Total Expenses</i>	<u>\$26,195,140</u>	<u>\$20,123,377</u>	<u>\$16,898,329</u>	<u>\$10,753,505</u>

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. For fiscal year 2019, the general fund had an increase in fund balance primarily resulting from additional property taxes revenue due to the new levy collection as well as the receipt of bonus consideration for the renewal of an oil and gas lease. The bond retirement fund had an increase in fund balance due to the premium portion of the bond issuance being receipted into the fund to provide cash for future payments as well as the yearly property tax revenue exceeding principal and interest payments made during the fiscal year. The building capital projects fund had an increase in fund balance due to the receipt of general obligation bond proceeds unspent as of fiscal year-end. The classroom facilities capital projects fund had an increase in fund balance due to a transfer from the building fund. The fund holds the majority of the general obligation bond proceeds for the construction of new facilities.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially, the budget is the School District's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. During the course of fiscal year 2019, the School District amended its general fund budget numerous times to allow for insignificant amendments. The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management.

Indian Creek Local School District
Management's Discussion and Analysis
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For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was mainly attributed to an increase in miscellaneous revenues as the School District received notification of the "Paid-Up" Oil and Gas lease bonus. The final budget appropriations were higher than the original budget appropriations of the general fund due mainly to an increase in regular instruction as the School District's current year requirements became more apparent.

Capital Assets and Long-term Liabilities

Capital Assets

During fiscal year 2019, the School District's capital asset additions included several construction in progress projects, improvements to buildings, various furniture and equipment and one bus while deletions included various furniture and equipment and two buses. The construction in progress included constructing, improving and renovating school facilities and upgrades to the School District's football stadium. Please refer to Note 10 within the Notes to the Basic Financial Statements for further information on capital assets.

Debt

On March 17, 2009, the School District issued school facilities construction bonds, which included serial, term and capital appreciation (deep discount) bonds. The bonds were issued at a premium. The school facilities construction bonds were issued for the purpose of building new schools within the Indian Creek Local School District. The bonds were originally issued for a twenty-eight year period with final maturity at December 1, 2036. During fiscal year 2016, a portion of these bonds were retired by the School District through an advance refunding. After the advance refunding, the original school facilities construction bonds have a final maturity of December 1, 2021. The serial and current issue term bonds remained outstanding at June 30, 2018. The term bonds maturing on December 1, 2021 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption.

On April 16, 2016, the School District issued school facilities construction bonds to refund a portion of the 2009 school facilities construction bonds. The school facilities construction bonds included serial and capital appreciation (deep discount) bonds. The bonds were issued for a twenty-one year period with a final maturity at December 1, 2036. The capital appreciation bonds were originally sold at a discount, which is being accreted annually until the point of maturity of the capital appreciation bonds. The refunding bonds were sold at a premium. Net proceeds of \$9,831,065 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$8,605,000 of these bonds is considered defeased and the liability of these bonds has been removed from the School District's financial statements.

On August 30, 2018, the School District issued \$45,700,000 in school facilities construction bonds, which included serial and term bonds in the amounts of \$7,785,000 and \$37,915,000, respectively. The bonds were issued at both a premium of \$3,263,137. The school facilities construction bonds were issued for the purpose of constructing, improving and renovating school facilities within the Indian Creek Local School District. The bonds were issued for a thirty-seven year period with final maturity at November 1, 2055. The bonds will be retired from the bond retirement debt service fund.

On June 1, 2015, the School District took out a lease purchase agreement for the purpose of paving projects, track repairs and a new high school roof. The lease purchase agreement was issued at a 3.5 percent interest rate for fifteen years. The lease purchase agreement will be retired from the permanent improvement capital project fund.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The School District's overall legal debt margin was \$0 with an unvoted debt margin of \$384,953 at June 30, 2019. The School District has been designated an "approved special needs School District" by the Ohio Superintendent of Public Instruction. As a result, any debt of the School District authorized by the School District's voters at the election held on May 8, 2019 in excess of the 9 percent limitation is exempted from that limitation pursuant to Ohio Revised Code Section 133.06(D)(2). Please refer to Note 14 within the Notes to the Basic Financial Statements for further information on debt.

Challenges and Opportunities

Indian Creek Local School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. The Board of Education and Administration closely monitor its revenues and expenditures in accordance with its financial forecast. Recent national events and their impact on the Indian Creek Local School District and the surrounding area are very much under review and analysis. Economic recession has had major impact on our industries. We have limited local industry, but we are a much diversified community with many residents working outside our School District in varying types of employment.

The School District is not without its share of challenges. The need for additional funds for operations is seen as the newest challenge for the School District the last couple fiscal years. Some of the challenges include the unpredictable future of State funding and the struggle to keep a competitive salary scale to retain quality personnel. Another example is seen in low interest rates being very good for issuing debt, but not attractive for maintaining investment revenues. And finally, actions of local and State governments continue to impact the School District. Like many school districts in the State of Ohio, the Indian Creek Local School District remains vigilant to financially meet the academic needs of all of the students as well as remain cost efficient in its operations.

As a result of the challenges mentioned, it is imperative the School District's management continue to carefully and prudently plan in order to meet the vision of the School District over the next several years. This vision is to provide all students with the opportunity to acquire the knowledge and skills to reach their potential within a secure and positive learning environment. In addition, the School District strives to assist students to become responsible citizens in an ever-changing society through effective programs and community involvement.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact, Denise Todoroff, Treasurer at Indian Creek Local School District, 587 Bantam Ridge Road, Wintersville, Ohio 43953.

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Indian Creek Local School District

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$56,683,688
Accrued Interest Receivable	109,534
Accounts Receivable	8,312
Intergovernmental Receivable	17,638,960
Inventory Held for Resale	9,404
Materials and Supplies Inventory	62,432
Prepaid Items	37,956
Property Taxes Receivable	12,361,876
Net OPEB Asset (See Note 18)	1,005,766
Nondepreciable Capital Assets	2,124,375
Depreciable Capital Assets, Net	17,852,474
<i>Total Assets</i>	<u>107,894,777</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	1,028,655
Pension	4,693,626
OPEB	270,559
<i>Total Deferred Outflows of Resources</i>	<u>5,992,840</u>
Liabilities	
Accounts Payable	54,234
Accrued Wages and Benefits	1,815,236
Contracts Payable	671,625
Retainage Payable	16,832
Intergovernmental Payable	293,611
Matured Compensated Absences Payable	44,722
Accrued Interest Payable	378,681
Notes Payable	1,200,000
Long-Term Liabilities:	
Due Within One Year	1,942,830
Due in More Than One Year	
Net Pension Liability (See Note 17)	17,805,704
Net OPEB Liability (See Note 18)	2,002,206
Other Amounts	59,706,935
<i>Total Liabilities</i>	<u>85,932,616</u>
Deferred Inflows of Resources	
Property Taxes	10,302,872
Pension	1,428,672
OPEB	1,844,875
<i>Total Deferred Inflows of Resources</i>	<u>13,576,419</u>
Net Position	
Net Investment in Capital Assets	7,164,359
Restricted for:	
Capital Projects	21,263,654
Debt Service	558,049
Other Purposes	1,548,249
Unrestricted (Deficit)	(16,155,729)
<i>Total Net Position</i>	<u>\$14,378,582</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues			Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$11,238,023	\$1,782,628	\$281,511	(\$9,173,884)
Special	3,349,413	452,420	1,738,378	(1,158,615)
Vocational	261,580	50,972	118,014	(92,594)
Student Intervention Services	21,634	0	0	(21,634)
Support Services:				
Pupils	1,002,032	0	28,613	(973,419)
Instructional Staff	438,180	0	165,901	(272,279)
Board of Education	16,530	0	0	(16,530)
Administration	2,059,618	10,796	130,380	(1,918,442)
Fiscal	554,748	0	0	(554,748)
Business	27,561	0	0	(27,561)
Operation and Maintenance of Plant	2,095,129	0	21,708	(2,073,421)
Pupil Transportation	1,208,846	0	0	(1,208,846)
Central	286,095	0	9,000	(277,095)
Extracurricular Activities	458,244	198,148	34,861	(225,235)
Operation of Non-Instructional Services	184,946	0	194,341	9,395
Operation of Food Service	920,579	147,429	706,663	(66,487)
Interest and Fiscal Charges	2,071,982	0	0	(2,071,982)
<i>Totals</i>	<u>\$26,195,140</u>	<u>\$2,642,393</u>	<u>\$3,429,370</u>	<u>(20,123,377)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				8,444,848
Debt Service				2,792,785
Capital Outlay				411,478
Classroom Facilities Maintenance				186,282
Grants and Entitlements not Restricted to Specific Programs				27,773,878
Investment Earnings				1,051,608
Unrestricted Contributions				14,471
Miscellaneous				1,659,463
<i>Total General Revenues</i>				<u>42,334,813</u>
Change in Net Position				22,211,436
<i>Net Position Beginning of Year</i>				<u>(7,832,854)</u>
<i>Net Position End of Year</i>				<u>\$14,378,582</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
Balance Sheet
Governmental Funds
June 30, 2019

	General	Bond Retirement	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,648,049	\$2,143,738	\$18,426,436	\$29,260,358	\$2,877,256	\$55,355,837
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	0	1,327,851	0	0	0	1,327,851
Accrued Interest Receivable	0	3,714	42,328	63,492	0	109,534
Accounts Receivable	7,988	0	0	0	324	8,312
Intergovernmental Receivable	75,205	0	0	17,282,499	281,256	17,638,960
Prepaid Items	36,984	0	0	0	972	37,956
Interfund Receivable	112,728	0	0	0	0	112,728
Inventory Held for Resale	0	0	0	0	9,404	9,404
Materials and Supplies Inventory	62,432	0	0	0	0	62,432
Property Taxes Receivable	8,617,137	3,223,999	0	0	520,740	12,361,876
<i>Total Assets</i>	<u>\$11,560,523</u>	<u>\$6,699,302</u>	<u>\$18,468,764</u>	<u>\$46,606,349</u>	<u>\$3,689,952</u>	<u>\$87,024,890</u>
Liabilities						
Accounts Payable	\$35,700	\$0	\$0	\$0	\$18,534	\$54,234
Accrued Wages and Benefits	1,609,722	0	0	0	205,514	1,815,236
Contracts Payable	28,448	0	35,667	417,342	190,168	671,625
Retainage Payable	0	0	0	16,832	0	16,832
Intergovernmental Payable	271,737	0	0	0	21,874	293,611
Interfund Payable	0	0	0	0	112,728	112,728
Accrued Interest Payable	0	0	0	0	3,240	3,240
Matured Compensated Absences Payable	44,722	0	0	0	0	44,722
Notes Payable	0	0	0	0	1,200,000	1,200,000
<i>Total Liabilities</i>	<u>1,990,329</u>	<u>0</u>	<u>35,667</u>	<u>434,174</u>	<u>1,752,058</u>	<u>4,212,228</u>
Deferred Inflows of Resources						
Property Taxes	7,374,436	2,542,677	0	0	385,759	10,302,872
Unavailable Revenue	425,004	82,337	0	17,282,499	286,908	18,076,748
<i>Total Deferred Inflows of Resources</i>	<u>7,799,440</u>	<u>2,625,014</u>	<u>0</u>	<u>17,282,499</u>	<u>672,667</u>	<u>28,379,620</u>
Fund Balances						
Nonspendable	99,416	0	0	0	972	100,388
Restricted	0	4,074,288	18,433,097	28,889,676	1,546,058	52,943,119
Committed	18,676	0	0	0	0	18,676
Assigned	1,325,058	0	0	0	0	1,325,058
Unassigned (Deficit)	327,604	0	0	0	(281,803)	45,801
<i>Total Fund Balances</i>	<u>1,770,754</u>	<u>4,074,288</u>	<u>18,433,097</u>	<u>28,889,676</u>	<u>1,265,227</u>	<u>54,433,042</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,560,523</u>	<u>\$6,699,302</u>	<u>\$18,468,764</u>	<u>\$46,606,349</u>	<u>\$3,689,952</u>	<u>\$87,024,890</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2019*

Total Governmental Funds Balances	\$54,433,042
 <i>Amounts reported for governmental activities in 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.	19,976,849
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:	
Delinquent Property Taxes	459,869
Grants	17,553,072
Tuition and Fees	5,250
Miscellaneous	<u>58,557</u>
Total	18,076,748
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(375,441)
The net pension liability and net OPEB (asset)liability are not due and payable in the current period; therefore, the (asset)liability and related deferred inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	1,005,766
Deferred Outflows - Pension	4,693,626
Deferred Outflows - OPEB	270,559
Net Pension Liability	(17,805,704)
Net OPEB Liability	(2,002,206)
Deferred Inflows - Pension	(1,428,672)
Deferred Inflows - OPEB	<u>(1,844,875)</u>
Total	(17,111,506)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(59,661,814)
Deferred Charge on Refunding	1,028,655
Lease Purchase Agreement	(770,000)
Compensated Absences	<u>(1,217,951)</u>
Total	<u>(60,621,110)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$14,378,582</u></u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Bond Retirement	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$8,498,848	\$2,735,173	\$0	\$0	\$599,971	\$11,833,992
Intergovernmental	10,598,051	157,583	0	844,052	2,187,993	13,787,679
Interest	5,561	44,144	393,848	594,098	14,024	1,051,675
Charges for Services	16,141	0	0	0	147,429	163,570
Tuition and Fees	2,269,701	0	0	0	0	2,269,701
Extracurricular Activities	39,025	0	0	0	142,982	182,007
Rentals	23,736	0	0	0	0	23,736
Contributions and Donations	14,471	0	0	0	40,799	55,270
Miscellaneous	1,555,328	0	0	0	45,578	1,600,906
Total Revenues	23,020,862	2,936,900	393,848	1,438,150	3,178,776	30,968,536
Expenditures						
Current:						
Instruction:						
Regular	10,993,707	0	0	0	291,579	11,285,286
Special	2,865,210	0	0	0	807,855	3,673,065
Vocational	313,901	0	0	0	0	313,901
Student Intervention Services	32,091	0	0	0	0	32,091
Support Services:						
Pupils	1,064,932	0	0	0	32,684	1,097,616
Instructional Staff	285,105	0	0	0	174,381	459,486
Board of Education	16,530	0	0	0	0	16,530
Administration	2,048,347	0	0	0	110,595	2,158,942
Fiscal	487,556	44,631	0	0	3,506	535,693
Business	27,561	0	0	0	0	27,561
Operation and Maintenance of Plant	1,892,651	0	0	0	143,386	2,036,037
Pupil Transportation	1,111,481	0	0	0	0	1,111,481
Central	273,656	0	0	0	9,000	282,656
Extracurricular Activities	279,817	0	0	0	166,890	446,707
Operation of Non-Instructional Services	1,323	0	0	0	183,213	184,536
Operation of Food Service	0	0	0	0	912,413	912,413
Capital Outlay	18,500	0	196,085	1,401,112	468,552	2,084,249
Debt Service:						
Principal Retirement	0	285,000	0	0	55,000	340,000
Interest and Fiscal Charges	0	1,760,660	0	0	49,368	1,810,028
Issuance Costs	0	585,751	0	0	25,800	611,551
Total Expenditures	21,712,368	2,676,042	196,085	1,401,112	3,434,222	29,419,829
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>1,308,494</i>	<i>260,858</i>	<i>197,763</i>	<i>37,038</i>	<i>(255,446)</i>	<i>1,548,707</i>
Other Financing Sources (Uses)						
General Obligation Bonds Issued	0	0	45,700,000	0	0	45,700,000
Premium on Bonds Issued	0	3,263,137	0	0	0	3,263,137
Transfers In	0	0	0	27,467,153	9,056	27,476,209
Transfers Out	(9,056)	0	(27,467,153)	0	0	(27,476,209)
Total Other Financing Sources (Uses)	(9,056)	3,263,137	18,232,847	27,467,153	9,056	48,963,137
Net Change in Fund Balances	1,299,438	3,523,995	18,430,610	27,504,191	(246,390)	50,511,844
Fund Balances Beginning of Year	471,316	550,293	2,487	1,385,485	1,511,617	3,921,198
Fund Balances End of Year	\$1,770,754	\$4,074,288	\$18,433,097	\$28,889,676	\$1,265,227	\$54,433,042

See accompanying notes to the basic financial statements

Indian Creek Local School District
*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*

Net Change in Fund Balances - Total Governmental Funds	\$50,511,844
<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. This is the amount by which capital outlay exceeded depreciation in the current period:	
Capital Asset Additions	2,134,316
Current Year Depreciation	<u>(877,340)</u>
Total	1,256,976
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(2,237)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property Taxes	1,401
Intergovernmental	17,374,703
Tuition and Fees	3,379
Miscellaneous	<u>58,557</u>
Total	17,438,040
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	340,000
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position:	
General Obligation Bonds Issued	(45,700,000)
Premium on Bonds Issued	<u>(3,263,137)</u>
Total	(48,963,137)
In the statement of activities, interest is accrued on outstanding obligations, and bond premium, bond discount, accretion and deferred accounting loss are amortized over the terms of the bonds whereas in governmental funds the expenditure is reported when bonds are issued:	
Accrued Interest	(340,773)
Amortization of Bond Premiums	158,473
Amortization of Bond Discount	(7,214)
Amortization of Deferred Charge on Refunding	(62,340)
Annual Accretion	<u>(10,100)</u>
Total	(261,954)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	1,379,253
OPEB	<u>59,593</u>
Total	1,438,846
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:	
Pension	(1,542,703)
OPEB	<u>2,099,951</u>
Total	557,248
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.	<u>(104,190)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$22,211,436</u></u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$7,879,408	\$8,025,916	\$8,025,916	\$0
Intergovernmental	10,441,149	10,639,313	10,639,313	0
Interest	1,224	5,561	5,561	0
Charges for Services	18,543	16,141	16,141	0
Tuition and Fees	2,210,382	2,250,779	2,250,779	0
Rentals	18,000	23,268	23,268	0
Contributions and Donations	2,100	450	450	0
Miscellaneous	66,851	1,587,671	1,588,160	489
<i>Total Revenues</i>	<u>20,637,657</u>	<u>22,549,099</u>	<u>22,549,588</u>	<u>489</u>
Expenditures				
Current:				
Instruction:				
Regular	10,416,530	10,823,834	10,823,365	469
Special	2,917,299	2,916,671	2,916,671	0
Vocational	367,779	317,038	317,038	0
Student Intervention Services	45,375	40,110	40,110	0
Support Services:				
Pupils	1,021,006	1,051,496	1,051,496	0
Instructional Staff	317,109	301,922	301,922	0
Board of Education	14,606	16,533	16,533	0
Administration	1,920,460	1,996,584	1,996,584	0
Fiscal	501,609	490,125	490,125	0
Business	27,561	27,561	27,561	0
Operation and Maintenance of Plant	1,995,818	1,914,813	1,914,813	0
Pupil Transportation	1,125,730	1,167,499	1,167,499	0
Central	281,953	289,162	289,162	0
Extracurricular Activities	299,294	258,026	258,026	0
Capital Outlay	0	18,500	18,500	0
<i>Total Expenditures</i>	<u>21,252,129</u>	<u>21,629,874</u>	<u>21,629,405</u>	<u>469</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(614,472)</u>	<u>919,225</u>	<u>920,183</u>	<u>958</u>
Other Financing Sources (Uses)				
Advances In	112,296	112,296	112,296	0
Advances Out	(115,000)	(112,728)	(112,728)	0
Transfers Out	(1,500)	(9,056)	(9,056)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,204)</u>	<u>(9,488)</u>	<u>(9,488)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(618,676)	909,737	910,695	958
<i>Fund Balance Beginning of Year</i>	1,335,767	1,335,767	1,335,767	0
Prior Year Encumbrances Appropriated	115,572	115,572	115,572	0
<i>Fund Balance End of Year</i>	<u>\$832,663</u>	<u>\$2,361,076</u>	<u>\$2,362,034</u>	<u>\$958</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$42,851</u>	<u>\$69,302</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$69,302</u>
Net Position		
Held in Trust for Scholarships	<u>\$42,851</u>	

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2019

	<u>Scholarship</u>
Additions	
Contributions and Donations	\$5,299
Deductions	
College Scholarships Awarded	<u>3,450</u>
<i>Change in Net Position</i>	1,849
<i>Net Position Beginning of Year</i>	<u>41,002</u>
<i>Net Position End of Year</i>	<u><u>\$42,851</u></u>

See accompanying notes to the basic financial statements

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Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1 – Description of the School District and Reporting Entity

Indian Creek Local School District (the School District) is organized under article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The School District was established in 1966 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 75 square miles. It is located in Jefferson County, and includes all of the Village of Wintersville, the Village of Mingo Junction, the Village of Bloomingdale, and Cross Creek Township and portions of the City of Steubenville, Island Creek, Salem, Wayne and Steubenville Townships. It is staffed by 98 non-certified personnel, 132 certified teaching personnel and 12 administrative employees to provide services to 2,147 students and other community members. The School District operates four instructional buildings, one administrative building and two bus garages.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, agencies and offices that are not legally separate from the School District. For the Indian Creek Local School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District is associated with two jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 19 and 20 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District however, has no business-type activities.

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

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

Fund Accounting

The School 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 two categories of funds: governmental 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 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 are the School District's major governmental funds:

General Fund The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Bond Retirement Fund To account for and report tax levies that are restricted for the repayment of general obligation bonds of the School District.

Building Fund To account for bond proceeds, grants and interest received and expended in connection with contracts entered into by the School District for the building and equipping of classroom facilities.

Classroom Facilities Fund To account for grants and interest received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities managed by the student body.

Measurement Focus

Government-wide Financial Statements 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 School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements 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 (e.g., revenues and other financing sources) and uses (e.g., 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 and the statements presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School 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 8). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 17 and 18.

In addition to liabilities, the statements of financial position 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 School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property 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 on both the government-wide statement of net position and 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 School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees and miscellaneous revenues. These

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 17 and 18)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to 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.

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original and final appropriations were passed by the Board of Education. Prior to year end, the School District requested and received an amended certificate of estimated resources that closely reflects actual revenue for the fiscal year.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to fiscal year-end, the School District passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances in the majority of categories.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2019, the School District invested in STAR Ohio, money market accounts, short duration bonds, commercial paper, federal home loan bank bonds, federal national mortgage association notes, federal home loan mortgage corporation notes and U.S. treasury notes. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of 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 School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the classroom facilities fund during fiscal year 2019 amounted to \$594,098, of which \$52,291 was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories consist of donated and purchased food held for resale, and materials and supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Capital Assets

The School District's only capital assets are general capital assets. These assets generally 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. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	5 to 20 years
Buildings and Improvements	20 to 50 years
Furniture and Equipment	5 to 20 years
Vehicles	6 to 10 years

Bond Premiums and Discounts

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are received in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the straight-line method and is presented as deferred outflows of resources on the statement of net position.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees with at least five years of service with the School District.

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

For governmental funds, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

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, and 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 fiscal year. Capital leases are recognized as a liability on the governmental 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for support services and school supplies and to cover a gap between revenues and appropriations in fiscal year 2020’s appropriated budget.

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 used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

Estimates

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 3 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Building	Classroom Facilities	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepays	\$36,984	\$0	\$0	\$0	\$972	37,956
Materials and Supplies Inventory	62,432	0	0	0	0	62,432
<i>Total Nonspendable</i>	99,416	0	0	0	972	100,388
<i>Restricted for</i>						
Food Service Operations	0	0	0	0	42,577	42,577
Athletics	0	0	0	0	198,236	198,236
Community Involvement	0	0	0	0	2,697	2,697
Classroom Facilities Maintenance	0	0	0	0	1,284,593	1,284,593
Auxiliary Services	0	0	0	0	16,098	16,098
Instructional Services	0	0	0	0	1,857	1,857
Debt Service Payments	0	4,074,288	0	0	0	4,074,288
Capital Improvements	0	0	18,433,097	28,889,676	0	47,322,773
<i>Total Restricted</i>	0	4,074,288	18,433,097	28,889,676	1,546,058	52,943,119
<i>Committed to</i>						
Educational Services	18,676	0	0	0	0	18,676
<i>Assigned to</i>						
Public School Support	60,167	0	0	0	0	60,167
Uniform School	47,475	0	0	0	0	47,475
Fiscal Year 2020 Operations	1,081,818	0	0	0	0	1,081,818
Purchases on Order:						
Instruction	9,884	0	0	0	0	9,884
Support Services	125,714	0	0	0	0	125,714
<i>Total Assigned</i>	1,325,058	0	0	0	0	1,325,058
<i>Unassigned (Deficit)</i>	327,604	0	0	0	(281,803)	45,801
<i>Total Fund Balances</i>	\$1,770,754	\$4,074,288	\$18,433,097	\$28,889,676	\$1,265,227	\$54,433,042

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 4 – Accountability

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

<i>Capital Projects Funds:</i>	
Permanent Improvement	\$24,361
<i>Special Revenue Funds:</i>	
Public School Preschool	67,163
Miscellaneous State Grants	2,900
Title VI-B	64,873
Title I	98,983
Reducing Class Size	21,005
Miscellaneous Federal Grants	2,518

The capital projects and special revenue funds have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 5 – Budgetary Basis of Accounting

While the School District is 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, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Budgetary revenues and expenditures of the uniform school supplies and the public school support funds are classified to the general fund for GAAP reporting purposes.
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Advances-In/Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

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For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balance	
GAAP Basis	\$1,299,438
Net Adjustment for Revenue Accruals	(384,985)
Advance In	112,296
Perspective Difference:	
Uniform School Supplies	(3,075)
Public School Support	2,549
Net Adjustment for Expenditure Accruals	175,186
Advances Out	(112,728)
Adjustment for Encumbrances	(177,986)
Budget Basis	\$910,695

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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 School 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.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per share:				
STAR Ohio	\$1,019,647	Average 53.3 Days	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Accounts	57,181	Less than one year	AAAm	0.12%
Fair Value - Level Two Inputs:				
Short Duration Bonds	34,434	Less than one year	N/A	0.07%
Commercial Paper	18,699,485	Less than one year	A-1/A-1+	38.57%
Federal Home Loan Bank Bonds	2,004,386	Less than one year	AA+	4.13%
Federal National Mortgage Association Notes	2,089,284	Less than one year	AA+	4.31%
Federal Home Loan Mortgage Corporation Notes	6,264,991	Less than one year	AA+	12.92%
US Treasury Notes	18,308,985	Less than one year	AA+	37.77%
Total	\$48,478,393			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2019. The treasury obligations money market is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs)

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk This type of risk is defined by the Governmental Accounting Standards Board as having investments of five percent or more in the securities of a single issuer. The School District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 7 – Receivables

Receivables at June 30, 2019, consisted of taxes, accounts, accrued interest and intergovernmental grants. 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 fiscal year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Ohio Facilities Construction Commission Receivable	\$17,282,499
Title I Grant	116,576
Title VI-B Grant	70,389
Bureau of Workers Compensation	58,557
Public School Preschool Grant	35,998
Reducing Class Size Grant	23,114
Miscellaneous Federal Grants	19,191
Federal Breakfast Reimbursement	9,198
Foundation Adjustment	6,343
Medicaid Reimbursement	6,040
Tuition	5,250
Miscellaneous State Grants	4,660
Vocational Education Grant	645
Other Reimbursements	500
Total	\$17,638,960

Note 8 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District’s fiscal year runs from July through June. First half tax collections are received by the School 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 located in the School District. Real property tax revenues received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 become a lien December 31, 2017, were levied after April 1, 2018, and are collected in calendar year 2019 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

The School District receives property taxes from Jefferson County. The County Auditor periodically advances to the School 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 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility 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 were levied to finance current fiscal year operations are 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 – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2019, was \$880,019 in the general fund, \$37,402 in the classroom facilities special revenue fund, \$598,985 in the bond retirement debt service fund and \$82,729 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2018, was \$407,087 in the general fund, \$9,375 in the classroom facilities special revenue fund, \$43,250 in the bond retirement debt service fund and \$20,240 in the permanent improvement capital projects fund.

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

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$335,895,490	90.68 %	\$345,006,480	89.62 %
Public Utility Personal	34,538,224	9.32	39,947,010	10.38
Total	<u>\$370,433,714</u>	<u>100.00 %</u>	<u>\$384,953,490</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$42.65		\$49.15	

On May 8, 2018, the residents of the School District approved a \$45,700,000 bond levy to finance the construction and improvement of school facilities. Tax revenue from this levy was received beginning January 1, 2019.

Note 9 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Qualifying classified employees and administrators earn ten to thirty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to qualifying classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Any employee receiving retirement severance pay is entitled to a dollar amount equivalent to thirty-five percent of all accumulated sick leave credited to that employee up to 45 days for teachers, 87.5 for administrators and 40 days for classified employees. Classified employees can receive payment for up to an additional 22 days for every day over an accumulated 200 days.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Insurance

The School District provides health insurance benefits with Aetna, dental insurance benefits with Delta Dental and vision insurance benefits with Superior Vision. Total monthly costs for family coverage is \$1,870.31, \$72.45 and \$12.88 for medical, dental and vision, respectively. Total costs monthly for single coverage is \$927.26, \$24.10 and \$5.10 for medical, dental and vision, respectively. The School District pays 100 percent of dental and vision coverage. Administrators and teachers pay 10 percent of the premium for both single and family medical coverage. Classified employees pay 7 percent of the premium for both single and family medical coverage.

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage for administrators is \$100,000, certified teachers is \$50,000 and classified employees \$25,000 to \$50,000 depending on hours contracted per week. Life insurance is covered through The Hartford Life Insurance Company.

Note 10 – Capital Assets

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

Governmental Activities	Balance 06/30/18	Additions	Deductions	Balance 06/30/19
<i>Capital Assets not being Depreciated:</i>				
Land	\$84,878	\$0	\$0	\$84,878
Construction in Progress	82,559	1,956,938	0	2,039,497
<i>Total Capital Assets not being Depreciated</i>	167,437	1,956,938	0	2,124,375
<i>Capital Assets being Depreciated:</i>				
Land Improvements	2,943,959	0	0	2,943,959
Buildings and Improvements	23,597,773	16,345	0	23,614,118
Furniture and Equipment	2,150,064	79,183	(14,864)	2,214,383
Vehicles	1,798,520	81,850	(121,613)	1,758,757
<i>Total Capital Assets being Depreciated</i>	30,490,316	177,378	(136,477)	30,531,217
Less Accumulated Depreciation:				
Land Improvements	(1,896,191)	(86,209)	0	(1,982,400)
Buildings and Improvements	(7,674,139)	(593,878)	0	(8,268,017)
Furniture and Equipment	(1,008,050)	(108,102)	12,627	(1,103,525)
Vehicles	(1,357,263)	(89,151)	121,613	(1,324,801)
<i>Total Accumulated Depreciation</i>	(11,935,643)	(877,340) *	134,240	(12,678,743)
<i>Total Assets being Depreciated, Net</i>	18,554,673	(699,962)	(2,237)	17,852,474
<i>Governmental Activities Capital Assets, Net</i>	\$18,722,110	\$1,256,976	(\$2,237)	\$19,976,849

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$647,756
Special	729
Vocational	1,638
Support Services:	
Pupils	685
Instructional Staff	4,856
Administration	34,409
Operation and Maintenance of Plant	55,748
Pupil Transportation	87,568
Central	3,439
Operation of Food Service	10,288
Extracurricular Activities	30,224
Total Depreciation Expense	\$877,340

Note 11 – Risk Management

Property and Liability

The School 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 fiscal year 2019, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Coverage	Amount
Property	\$63,616,144
Earth movement limit (\$50,000 Deductible)	2,000,000
Flood limit (\$50,000 Deductible)	2,000,000
Equipment Breakdown	300,000,000
Crime Coverage (\$0 Deductible)	1,000,000
General Liability	15,000,000
Employee benefits liability	15,000,000
Employee stop gap liability	15,000,000
General annual aggregate	17,000,000
Fire legal liability	500,000
Medical payments - occurrence	10,000
Aggregate limit	25,000
Educator's Legal Liability	15,000,000
Automobile Liability	
Bodily injury & property damage - per occurrence	15,000,000
Medical payments - occurrence	10,000
Aggregate limit	25,000
Uninsured/underinsured motorist - aggregate	1,000,000
Automobile physical damage (\$0 Deductible)	Actual Cash Value
Garage keepers physical damage (\$500,000 max)	Actual Cash Value

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Worker's Compensation

For fiscal year 2019, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

Note 12 – Interfund Balances and Transfers

Interfund Balances

Interfund Payable	Interfund Receivable
	General
<i>Other Governmental Funds:</i>	
Other Grants	\$2,991
Public School Preschool	19,883
Vocational Education Enhancement	704
Miscellaneous State Grants	2,900
Title VI-B	17,280
Title I	40,309
Reducing Class Size	7,869
Miscellaneous Federal Grants	20,792
Total	\$112,728

Interfund receivables and payables at June 30, 2019, are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.

Interfund Transfers

The general fund transferred \$9,056 to the food service special revenue fund to provide additional resources for current operations. The building capital projects fund transferred \$27,467,153 to the classroom facilities capital projects fund for the construction of the new school facilities.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 13 – Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvement
Set-aside Balance as of June 30, 2018	\$0
Current Year Set-aside Requirement	361,691
Offsets During the Fiscal Year:	
Permanent Improvement Levy Proceeds	(1,612,588)
Ohio School Facilities Commission principal and interest	(2,045,661)
Qualifying Disbursements	(299,829)
Totals	(\$3,596,387)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2019	\$0

Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 14 – Long-Term Obligations

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2009 School Facilities Construction Bonds:			
Serial Bonds	2.50% to 3.50%	\$2,285,000	2020
Term Bonds	4.37% to 5.12%	9,270,000	2022
2016 School Facilities Construction Refunding Bonds:			
Serial Bonds	2.00% to 4.00%	8,605,000	2037
Capital Appreciation Bonds	18.98%	35,000	2025
2018 School Facilities Construction Bonds:			
Serial Bonds	3.00% to 4.295%	7,785,000	2031
Term Bonds	3.625% to 5.00%	37,915,000	2055
2015 Lease Purchase Agreement	3.50%	935,000	2029

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/18	Additions	Deductions	Principal Outstanding 6/30/19	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
2009 School Facilities Bonds					
Serial Bonds	\$600,000	\$0	\$285,000	\$315,000	\$315,000
Term Bonds	665,000	0	0	665,000	0
Premium on Bonds	45,379	0	15,127	30,252	0
Discount on Bonds	(28,859)	0	(7,214)	(21,645)	0
<i>Total 2009 School Facilities Bonds</i>	<u>1,281,520</u>	<u>0</u>	<u>292,913</u>	<u>988,607</u>	<u>315,000</u>
2016 School Facilities Refunding Bonds					
Serial Bonds	8,570,000	0	0	8,570,000	0
Capital Appreciation Bonds	35,000	0	0	35,000	0
Accretion	15,816	10,100	0	25,916	0
Premium on Bonds	1,222,500	0	69,852	1,152,648	0
<i>Total 2016 School Refunding Bonds</i>	<u>9,843,316</u>	<u>10,100</u>	<u>69,852</u>	<u>9,783,564</u>	<u>0</u>
2018 School Facilities Bonds					
Serial Bonds	0	7,785,000	0	7,785,000	1,455,000
Term Bonds	0	37,915,000	0	37,915,000	0
Premium on Bonds	0	3,263,137	73,494	3,189,643	0
<i>Total 2018 School Refunding Bonds</i>	<u>0</u>	<u>48,963,137</u>	<u>73,494</u>	<u>48,889,643</u>	<u>1,455,000</u>
<i>Total General Obligation Bonds</i>	<u>11,124,836</u>	<u>48,973,237</u>	<u>436,259</u>	<u>59,661,814</u>	<u>1,770,000</u>
Lease Purchase Agreement	825,000	0	55,000	770,000	60,000
Other Long Term Obligations					
Net Pension Liability:					
SERS	4,359,133	0	315,694	4,043,439	0
STRS	14,463,169	0	700,904	13,762,265	0
<i>Total Net Pension Liability</i>	<u>18,822,302</u>	<u>0</u>	<u>1,016,598</u>	<u>17,805,704</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,992,310	9,896	0	2,002,206	0
STRS	2,375,476	0	2,375,476	0	0
<i>Total Net OPEB Liability</i>	<u>4,367,786</u>	<u>9,896</u>	<u>2,375,476</u>	<u>2,002,206</u>	<u>0</u>
Compensated Absences	1,113,761	194,364	90,174	1,217,951	112,830
<i>Total General Long-Term Obligations</i>	<u>\$36,253,685</u>	<u>\$49,177,497</u>	<u>\$3,973,507</u>	<u>\$81,457,675</u>	<u>\$1,942,830</u>

Compensated absences will be paid from the general fund and the food service, auxiliary services, public school preschool, title VI-B, title I, preschool and reducing class size special revenue funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, auxiliary services, public school preschool, title VI-B, title I, preschool and reducing class size special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 17 and 18.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

On March 17, 2009, the School District issued \$11,599,999 in school facilities construction bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$2,285,000, \$9,270,000 and \$44,999, respectively. The bonds were issued at both a premium of \$408,414 and a discount of \$194,800. The school facilities construction bonds were issued for the purpose of building new schools within the Indian Creek Local School District. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2036. The bonds will be retired from the bond retirement debt service fund. During fiscal year 2016, a portion of the bonds were retired by the School District through an advance refunding. After the advance refunding, the original school facilities construction bonds have a final maturity of December 1, 2021. The serial and current issue term bonds remained outstanding at June 30, 2019.

A portion of the term bonds were refunded during fiscal year 2016. The remaining term bonds maturing on December 1, 2021 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue
2020	\$665,000
Amount due at stated maturity	\$325,000
Total	340,000
Stated Maturity	\$665,000
	12/1/2021

On April 16, 2016, the School District issued \$8,605,000 in school facilities construction bonds to refund a portion of the 2009 school facilities construction bonds. The school facilities construction bonds included serial and capital appreciation (deep discount) bonds in the amounts of \$8,570,000 and \$35,000, respectively. The bonds were issued for a twenty-one year period with a final maturity at December 1, 2036.

The capital appreciation bonds were originally sold at a discount of \$130,000. The accretion recorded for fiscal year 2019 was \$10,100, for a total outstanding bond liability of \$60,916 at June 30, 2019.

The refunding bonds were sold at a premium of \$1,373,846. Net proceeds of \$9,831,065 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$8,605,000 of these bonds is considered defeased and the liability of these bonds has been removed from the School District's financial statements.

On August 30, 2018, the School District issued \$45,700,000 in school facilities construction bonds, which included serial and term bonds in the amounts of \$7,785,000 and \$37,915,000, respectively. The bonds were issued at a premium of \$3,263,137. The school facilities construction bonds were issued for the purpose of constructing, improving and renovating school facilities within the Indian Creek Local School District. The bonds were issued for a thirty-seven year period with final maturity at November 1, 2055. The bonds will be retired from the bond retirement debt service fund.

On June 1, 2015, the School District took out a lease purchase agreement in the amount of \$935,000 for the purpose of paving projects, track repairs and a new high school roof. The lease purchase agreement was issued at a 3.5 percent interest rate for fifteen years. The lease purchase agreement will be retired from the permanent improvement capital project fund.

Indian Creek Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

The School District's overall legal debt margin was \$0 with an unvoted debt margin of \$384,953 at June 30, 2019. The School District has been designated an “approved special needs School District” by the Ohio Superintendent of Public Instruction. As a result, any debt of the School District authorized by the School District’s voters at the election held on May 8, 2019 in excess of the 9 percent limitation is exempted from that limitation pursuant to Ohio Revised Code Section 133.06(D)(2). Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

Fiscal Year	General Obligation Bonds					
	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$1,770,000	\$630,887	\$0	\$0	\$0	\$1,769,706
2021	545,000	595,525	0	0	325,000	1,762,596
2022	335,000	581,150	0	0	340,000	1,748,050
2023	735,000	562,150	0	0	0	1,740,612
2024	770,000	534,101	0	0	0	1,740,612
2025-2029	4,900,000	2,128,250	35,000	130,000	0	8,703,060
2030-2034	5,330,000	918,400	0	0	1,785,000	8,632,560
2035-2039	2,285,000	139,300	0	0	5,310,000	7,838,538
2040-2044	0	0	0	0	6,730,000	6,557,070
2045-2049	0	0	0	0	8,515,000	4,759,502
2050-2054	0	0	0	0	10,570,000	2,624,250
2055-2056	0	0	0	0	5,005,000	253,375
Total	\$16,670,000	\$6,089,763	\$35,000	\$130,000	\$38,580,000	\$48,129,931

Fiscal Year	Lease Purchase Agreement	
	Principal	Interest
2020	\$60,000	\$25,900
2021	60,000	23,800
2022	65,000	21,613
2023	65,000	19,337
2024	65,000	17,063
2025-2029	370,000	48,125
2030	85,000	1,487
Total	\$770,000	\$157,325

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 15 – Notes Payable

The School District’s note activity, including amounts outstanding and interest rates is as follows:

	Principal Outstanding 6/30/2018	Additions	Deductions	Principal Outstanding 6/30/2019
Permanent Improvement Fund				
Tax Anticipation Notes 2009 4.98%	\$107,526	\$0	\$107,526	\$0
Tax Anticipation Notes 2019 3.24%	0	1,200,000	0	1,200,000
Total Notes	<u>\$0</u>	<u>\$1,200,000</u>	<u>\$0</u>	<u>\$1,200,000</u>

On March 20, 2009, the School District issued \$965,000 in permanent improvement levy tax anticipation notes for the purpose of building the Multi-Purpose Facility and for the Wintersville Elementary Masonry repair project. The notes were retired in full in fiscal year 2019.

On January 3, 2019, the School District issued \$1,200,000 in permanent improvement levy tax anticipation notes for various improvements to the School District’s football stadium. The coupon interest rate is 3.24 percent and the notes mature on December 1, 2028. The tax anticipation notes will be paid from the permanent improvement capital projects fund with property tax revenues. Principal and interest payments to retire the tax anticipation notes are \$1,200,000 and \$205,092, respectively for a total of \$1,405.092.

Note 16 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

School Foundation

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 have been finalized which did not result in an additional liability of the School District.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Litigation

At June 30, 2019, the School District had a lawsuit pending involving the faulty design, drainage and construction of a parking lot for the middle school. A settlement has been reached in 2020 in the Ohio Court of Claims in favor of the School District.

Lease

The Board of Education entered into a “Paid-Up” Oil and Gas lease effective May 3, 2017 and continuing through May 2, 2022 with Ascent Resources - Utica, LLC. In consideration of the execution of the lease, the School District received a bonus of \$1,539 on July 18, 2017. The School District has a total of .27 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 17 percent for oil or gas. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

The Board of Education entered into a “Paid-Up” Oil and Gas lease effective April 23, 2018 and continuing through April 23, 2023 with Ascent Resources - Utica, LLC. In consideration of the execution of the lease, the School District received a bonus of \$4,491 on August 15, 2018. The School District has a total of .998 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 18 percent for oil or gas. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

The Board of Education renewed a 2013 “Paid-Up” Oil and Gas lease extending the term through November 21, 2023 with Ascent Resources - Utica, LLC. In consideration of the execution of the lease, the School District received a bonus of \$1,466,987 on November 20, 2018. The School District has a total of 203.7482 acres subject to the lease provisions. As of this date, the value of any potential royalties cannot be determined and the School District has not received any financial compensation beyond the bonus.

Note 17 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 18 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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:

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	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	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 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 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent 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 percent for plan members and 14 percent 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 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$344,199 for fiscal year 2019. Of this amount \$45,485 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 Web site 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement

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Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent 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 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes 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.

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 the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,035,054 for fiscal year 2019. Of this amount \$194,990 is reported as an intergovernmental payable.

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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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the 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	0.07295890%	0.06088418%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.07060080%</u>	<u>0.06259059%</u>	
Change in Proportionate Share	<u>-0.00235810%</u>	<u>0.00170641%</u>	
Proportionate Share of the Net Pension Liability	\$4,043,439	\$13,762,265	\$17,805,704
Pension Expense	\$343,316	\$1,199,387	\$1,542,703

At June 30, 2019, the School 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	\$221,758	\$317,675	\$539,433
Changes of assumptions	91,309	2,438,933	2,530,242
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	10,006	234,692	244,698
School District contributions subsequent to the measurement date	<u>344,199</u>	<u>1,035,054</u>	<u>1,379,253</u>
Total Deferred Outflows of Resources	<u>\$667,272</u>	<u>\$4,026,354</u>	<u>\$4,693,626</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$89,876	\$89,876
Net difference between projected and actual earnings on pension plan investments	112,031	834,529	946,560
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>108,169</u>	<u>284,067</u>	<u>392,236</u>
Total Deferred Inflows of Resources	<u>\$220,200</u>	<u>\$1,208,472</u>	<u>\$1,428,672</u>

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\$1,379,253 reported as deferred outflows of resources related to pension resulting from School 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	\$238,058	\$1,057,700	\$1,295,758
2021	31,868	759,251	791,119
2022	(132,695)	85,744	(46,951)
2023	(34,358)	(119,867)	(154,225)
Total	\$102,873	\$1,782,828	\$1,885,701

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:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent 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 by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. 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 percent). 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 School 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 percent, 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 percent), or one percentage point higher (8.50 percent) than the current rate.

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$5,695,488	\$4,043,439	\$2,658,306

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:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 percent of rates for males and 100 percent 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' 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:

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Asset Class	Target Allocation	Long-Term Expected 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 annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that 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. 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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School 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 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$20,097,977	\$13,762,265	\$8,399,945

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Note 18 - Defined Benefit OPEB Plans

See Note 17 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$46,845.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$59,593 for fiscal year 2019. Of this amount \$48,530 is reported as an intergovernmental 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'

Indian Creek Local School District
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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 percent 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, 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 used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.07423640%	0.06088418%	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	0.07217050%	0.06259059%	
Change in Proportionate Share	-0.00206590%	0.00170641%	
Proportionate Share of the:			
Net OPEB Liability	\$2,002,206	\$0	\$2,002,206
Net OPEB (Asset)	\$0	(\$1,005,766)	(\$1,005,766)
OPEB Expense	\$78,340	(\$2,178,291)	(\$2,099,951)

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$32,683	\$117,475	\$150,158
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	60,808	60,808
School District contributions subsequent to the measurement date	<u>59,593</u>	<u>0</u>	<u>59,593</u>
Total Deferred Outflows of Resources	<u>\$92,276</u>	<u>\$178,283</u>	<u>\$270,559</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$58,599	\$58,599
Changes of assumptions	179,883	1,370,436	1,550,319
Net difference between projected and actual earnings on OPEB plan investments	3,004	114,900	117,904
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>83,346</u>	<u>34,707</u>	<u>118,053</u>
Total Deferred Inflows of Resources	<u>\$266,233</u>	<u>\$1,578,642</u>	<u>\$1,844,875</u>

\$59,593 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	(\$94,618)	(\$252,198)	(\$346,816)
2021	(76,499)	(252,198)	(328,697)
2022	(19,126)	(252,199)	(271,325)
2023	(17,848)	(226,104)	(243,952)
2024	(18,056)	(216,945)	(235,001)
Thereafter	<u>(7,403)</u>	<u>(200,715)</u>	<u>(208,118)</u>
Total	<u>(\$233,550)</u>	<u>(\$1,400,359)</u>	<u>(\$1,633,909)</u>

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.

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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:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

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

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

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. 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 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, 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. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School 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%)
School District's proportionate share of the net OPEB liability	\$2,429,518	\$2,002,206	\$1,663,853

	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%)
School District's proportionate share of the net OPEB liability	\$1,615,412	\$2,002,206	\$2,514,388

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

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 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 percent of rates for males and 100 percent 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.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent 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.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent 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 were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent 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 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the School 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 percent, 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 percent) or one percentage point higher (8.45 percent) 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%)
School District's proportionate share of the net OPEB asset	(\$862,036)	(\$1,005,766)	(\$1,126,566)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,119,746)	(\$1,005,766)	(\$890,012)

Note 19 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) The Ohio Mid-Eastern Regional Educational Service Agency was created as a regional council of governments pursuant to State Statutes. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district's elected boards, plus a joint vocational service representative, the fiscal agent superintendent and a treasurer, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. OME-RESA provides financial accounting services, educational management information, internet access and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. During fiscal year 2019, the School District no longer paid OME-RESA directly for the gas purchases, but instead paid the gas vendor. The School District paid OME-RESA \$81,326 for financial accounting services, educational management information, internet access, student services systems, and automated notification systems for fiscal year 2019. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Jefferson County Joint Vocational School The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2019, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Note 20 – Public Entity Pool

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program The School District participates in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Post President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Shared Risk Pool

Schools of Ohio Risk Sharing Authority The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 113 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors composed of representatives of school districts that participate in the program.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, underwriting, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain financial information write to the Schools of Ohio Risk Sharing Authority, Executive Director, at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

Note 21 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Indian Creek Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

General	\$177,986
Building Fund	964,130
Classroom Facilities	3,017,313
Other Governmental Funds	<u>970,709</u>
Total Governmental	<u><u>\$5,130,138</u></u>

Contractual Commitments

At June 30, 2019, the School District’s significant contractual commitments consisted of the following:

<u>Company</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Lesko Associates, Inc.	\$135,620	\$104,300	\$31,320
Jim Davis Enterprises, Inc.	604,516	357,769	246,747
Professional Service Industries	18,995	15,867	3,128
Sol Harris/Day Architecture, Inc.	4,307,050	693,476	3,613,574
Hammond Construction, Inc.	79,055	0	79,055
Four Seasons Environmental, Inc.	119,216	0	119,216
Project Management Consultants, LLC	5,250	0	5,250
J.T. Sauer & Associates, LLC	35,475	0	35,475
Field Turf USA	920,662	0	920,662
Total	<u><u>\$6,225,839</u></u>	<u><u>\$1,171,412</u></u>	<u><u>\$5,054,427</u></u>

Remaining commitment amounts were encumbered at year end.

Note 22 – Change in Accounting Principle

For fiscal year 2019, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB 88 improves the information that is disclosed in notes to government 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. These changes were incorporated in the School District’s 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the School District’s 2019 financial statements; however, there was no effect on beginning net position.

For fiscal year 2019, the School District also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the School District’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Required Supplementary Information

Indian Creek Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.07060080%	0.07295890%	0.07407150%
School District's Proportionate Share of the Net Pension Liability	\$4,043,439	\$4,359,133	\$5,421,351
School District's Covered Payroll	\$2,471,519	\$2,341,271	\$2,316,207
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	163.60%	186.19%	234.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.07421900%	0.06876400%	0.06876400%
\$4,235,007	\$3,480,106	\$4,089,174
\$2,234,379	\$1,921,672	\$2,104,878
189.54%	181.10%	194.27%
69.16%	71.70%	65.52%

Indian Creek Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.07217050%	0.07423640%	0.07516880%
School District's Proportionate Share of the Net OPEB Liability	\$2,002,206	\$1,992,310	\$2,142,589
School District's Covered Payroll	\$2,471,519	\$2,341,271	\$2,316,207
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	81.01%	85.10%	92.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

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Indian Creek Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.06259059%	0.06088418%	0.06179276%
School District's Proportionate Share of the Net Pension Liability	\$13,762,265	\$14,463,169	\$20,683,899
School District's Covered Payroll	\$7,131,543	\$6,717,050	\$6,573,421
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	192.98%	215.32%	314.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.062061111%	0.06356089%	0.06356089%
\$17,151,876	\$15,460,208	\$18,416,099
\$6,571,773	\$6,494,169	\$7,020,631
260.99%	238.06%	262.31%
72.10%	74.70%	69.30%

Indian Creek Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.06259059%	0.06088418%	0.06179276%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,005,766)	\$2,375,476	\$3,304,693
School District's Covered Payroll	\$7,131,543	\$6,717,050	\$6,573,421
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-14.10%	35.36%	50.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

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Indian Creek Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	\$344,199	\$333,655	\$327,778	\$324,269
Contributions in Relation to the Contractually Required Contribution	(344,199)	(333,655)	(327,778)	(324,269)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,549,622	\$2,471,519	\$2,341,271	\$2,316,207
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	59,593	53,772	41,386	38,488
Contributions in Relation to the Contractually Required Contribution	(59,593)	(53,772)	(41,386)	(38,488)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.34%</u>	<u>2.18%</u>	<u>1.77%</u>	<u>1.66%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.84%</u>	<u>15.68%</u>	<u>15.77%</u>	<u>15.66%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
\$294,491	\$266,344	\$291,315	\$302,312	\$281,409	\$313,438
(294,491)	(266,344)	(291,315)	(302,312)	(281,409)	(313,438)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,234,379	\$1,921,672	\$2,104,878	\$2,247,669	\$2,238,738	\$2,314,906
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
57,993	37,820	41,005	45,981	65,526	45,480
(57,993)	(37,820)	(41,005)	(45,981)	(65,526)	(45,480)
\$0	\$0	\$0	\$0	\$0	\$0
2.60%	1.97%	1.95%	2.05%	2.93%	1.96%
15.78%	15.83%	15.79%	15.50%	15.50%	15.50%

Indian Creek Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Pension Liability				
Contractually Required Contribution	\$1,035,054	\$998,416	\$940,387	\$920,279
Contributions in Relation to the Contractually Required Contribution	<u>(1,035,054)</u>	<u>(998,416)</u>	<u>(940,387)</u>	<u>(920,279)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$7,393,243	\$7,131,543	\$6,717,050	\$6,573,421
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

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>
\$920,048	\$844,242	\$912,682	\$962,132	\$994,607	\$1,011,797
<u>(920,048)</u>	<u>(844,242)</u>	<u>(912,682)</u>	<u>(962,132)</u>	<u>(994,607)</u>	<u>(1,011,797)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,571,773	\$6,494,169	\$7,020,631	\$7,401,015	\$7,650,823	\$7,783,054
<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$64,942	\$70,206	\$74,010	\$76,508	\$77,831
<u>0</u>	<u>(64,942)</u>	<u>(70,206)</u>	<u>(74,010)</u>	<u>(76,508)</u>	<u>(77,831)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Indian Creek Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuity Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 percent of rates for males and 100 percent 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.

Indian Creek Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. 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 discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent 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.

Indian Creek Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

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**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Food Distribution):</i>			
National School Lunch Program	10.555		\$47,163
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	\$227,133	
National School Lunch Program	10.555	<u>383,527</u>	
Nutrition Cluster Total (Cash and Non-Cash)		610,660	47,163
Child and Adult Care Food Program	10.558	46,154	
National School Lunch Program Equipment Assistance Grant	10.560	<u>19,168</u>	
Total U.S. Department of Agriculture		<u>675,982</u>	<u>47,163</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title 1 Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	<u>574,612</u>	
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	450,465	
Special Education Preschool Grants	84.173	<u>5,913</u>	
Special Education Cluster Total		456,378	
Supporting Effective Instruction State Grants (Title IIA)	84.367	68,331	
Comprehensive Literacy Development	84.371	9,938	
Student Support and Academic Enrichment Program	84.424	<u>4,860</u>	
Total U.S. Department of Education		<u>1,114,119</u>	
Totals		<u><u>\$1,790,101</u></u>	<u><u>\$47,163</u></u>

The accompanying notes are an integral part of this schedule.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Indian Creek Local School District (the District's) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Indian Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

January 31, 2020

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

Indian Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Indian Creek Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Indian Creek Local School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Indian Creek Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Keith Faber
Auditor of State

Columbus, Ohio

January 31, 2020

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 10.553 and 10.555 – Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



INDIAN CREEK LOCAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 25, 2020**