

**PERRY TOWNSHIP SCHOOLS
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2020

FILED
04/21/2021

FINANCIAL STATEMENTS
June 30, 2020

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PERRY TOWNSHIP SCHOOLS
SCHEDULE OF OFFICIALS (Unaudited)
June 30, 2020

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|------------------|----------------------|
| Treasurer | Kent A. Hatcher | 02-12-19 to 06-30-22 |
| Superintendent of Schools | Patrick W. Mapes | 07-01-17 to 06-30-22 |
| President of the School Board | Emily Hartman | 01-01-19 to 12-31-19 |
| | Steve Johnson | 01-01-20 to 12-31-20 |
| | James Hernandez | 01-01-21 to 12-31-21 |



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PERRY TOWNSHIP SCHOOLS, MARION COUNTY, INDIANA

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 Perry Township Schools (School Corporation), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Qualified Opinion

The School Corporation provides other post employment benefits (OPEB) to its employees, retirees, and certain beneficiaries in accordance with plan provisions however management did not obtain an actuarial evaluation of its plan nor report any asset, deferred outflow of resources, liability, deferred inflow of resources, or expense for these benefits in its financial statements or make all necessary disclosures as required by accounting principles generally accepted in the United States of America. The amount(s) by which this departure would affect the assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, and expense of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, of the School Corporation, as of June 30, 2020, and the changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School Corporation, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with 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 that the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, and Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis; Schedule of Proportionate Share of Net Pension Liability for the Teachers' Retirement Fund Pre-1996; Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios; Schedule of Other Postemployment Benefits Contributions; and the Budget to GAAP Reconciliation of Major Special Revenue Funds that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2021, on our consideration of the School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's 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 School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 13, 2021

Perry Township Schools
Statement of Net Position
June 30, 2020

| | <u>Primary Government Governmental Activities</u> |
|--|---|
| Assets | |
| Cash and investments | \$ 89,138,683 |
| Receivables, net | |
| Interest receivable | 428,522 |
| Taxes receivable | 28,925,030 |
| Intergovernmental receivable | 3,027,552 |
| Other receivables | 2,276,593 |
| Prepaid items | 2,342,240 |
| Nondepreciable capital assets | 9,053,681 |
| Other capital assets, net of depreciation | 171,698,931 |
| Net pension asset | <u>2,552,723</u> |
| Total assets | <u>309,443,955</u> |
| Deferred Outflows of Resources | |
| Pensions | 15,042,773 |
| Debt refundings | <u>2,368</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 324,489,096</u></u> |
| Liabilities | |
| Accounts payable | \$ 4,928,962 |
| Accrued payroll and related benefits | 8,138,450 |
| Interest payable on bonds and leases | 2,294,023 |
| Unearned revenue | 1,206,155 |
| Claims payable | 42,796 |
| Compensated absences | 790,062 |
| Long-term obligations, due within one year: | |
| Bonds payable | 15,950,000 |
| Leases payable | 181,668 |
| Pension obligation bonds | 1,745,000 |
| Long-term obligations, due in more than one year: | |
| Bonds payable | 95,601,379 |
| Leases payable | 12,934 |
| Pension obligation bonds | 5,594,994 |
| Net pension liabilities | <u>17,706,879</u> |
| Total liabilities | <u>154,193,302</u> |
| Deferred Inflows of Resources | |
| Pension related deferred inflows | <u>15,467,796</u> |
| Total liabilities and deferred inflows of resources | <u>169,661,098</u> |
| Net Position | |
| Net investment in capital assets | 73,038,744 |
| Restricted for: | |
| Operating referendum | 4,450,583 |
| Debt service (Referendum and Debt Service Funds) | 19,075,501 |
| Donor intent | 583,838 |
| Grant expenses | 402,892 |
| General maintenance and facility operations | 14,075,180 |
| Instruction | 13,711,518 |
| Unrestricted | <u>29,489,742</u> |
| Total net position | <u>154,827,998</u> |
| Total liabilities, deferred inflows of resources, and net position | <u><u>\$ 324,489,096</u></u> |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
Statement of Activities
For the Year Ended June 30, 2020

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--|-----------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary Government Governmental Activities</u> |
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| Instruction | \$ 113,995,845 | \$ 2,886,766 | \$ 24,616,754 | \$ 120 | \$ (86,492,205) |
| Support services | 70,533,830 | 4,800 | 576,693 | 461,941 | (69,490,396) |
| Operation of noninstructional services | 11,168,790 | - | 7,949,797 | - | (3,218,993) |
| Interest on debt | 3,531,761 | - | - | - | (3,531,761) |
| Nonprogrammed charges | 1,524 | - | - | - | (1,524) |
| Total primary government | <u>\$ 199,231,750</u> | <u>\$ 2,891,566</u> | <u>\$ 33,143,244</u> | <u>\$ 462,061</u> | <u>\$ (162,734,879)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Local Property Taxes | | | | | 54,716,856 |
| License Excise Tax | | | | | 3,914,760 |
| Commercial Vehicle Excise Tax | | | | | 395,440 |
| Financial Institution Tax | | | | | 635,322 |
| Other Taxes | | | | | 125,267 |
| State basic aid | | | | | 120,494,077 |
| Gain (loss) on sale of capital assets | | | | | 2,275 |
| Investment earnings | | | | | 1,208,820 |
| Other general revenues | | | | | 3,020,274 |
| Total general revenues | | | | | <u>184,513,091</u> |
| Change in net position | | | | | 21,778,212 |
| Net position, beginning of year | | | | | <u>133,049,786</u> |
| Net position, end of the year | | | | | <u>\$ 154,827,998</u> |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
Governmental Funds – Balance Sheet
June 30, 2020

| | Major Funds | | | | | | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|----------------------|------------------------------|-------------------------|----------------------|--------------------------|-------------------------|-----------------------------------|--------------------------------|
| | Operations Fund | Education Fund | Rainy Day Fund | Operating Referendum Fund | Referendum Debt Fund | Debt Service Fund | Capital Projects Fund | Textbook Rental Fund | | |
| Assets | | | | | | | | | | |
| Cash and investments | \$ 14,735,248 | \$ 19,968,444 | \$ 20,818,687 | \$ - | \$ - | \$ - | \$ - | \$ 2,792,936 | \$ 3,245,383 | \$ 61,560,698 |
| Cash and investments - restricted | - | - | - | 4,898,476 | 6,866,647 | 8,886,328 | 2,000,865 | - | 2,957,565 | 25,609,881 |
| Receivables, net | | | | | | | | | | |
| Interest receivable | 214,261 | 214,261 | - | - | - | - | - | - | - | 428,522 |
| Taxes receivable | 9,294,775 | - | - | 8,347,024 | 4,075,845 | 6,200,497 | - | - | 1,006,889 | 28,925,030 |
| Intergovernmental receivable | - | - | - | - | - | - | - | - | 3,027,552 | 3,027,552 |
| Other receivables | - | 73,948 | 19,451 | - | - | - | - | 791,800 | 1,391,394 | 2,276,593 |
| Prepaid items | 1,004,667 | 18,035 | - | - | - | 107,430 | 72,000 | - | 1,140,108 | 2,342,240 |
| Total assets | <u>\$ 25,248,951</u> | <u>\$ 20,274,688</u> | <u>\$ 20,838,138</u> | <u>\$ 13,245,500</u> | <u>\$ 10,942,492</u> | <u>\$ 15,194,255</u> | <u>\$ 2,072,865</u> | <u>\$ 3,584,736</u> | <u>\$ 12,768,891</u> | <u>\$ 124,170,516</u> |
| Liabilities and Fund Balances | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ 837,975 | \$ 473,658 | \$ 8,714 | \$ - | \$ - | \$ - | \$ 57,040 | \$ 2,815,061 | \$ 736,514 | \$ 4,928,962 |
| Salaries and payroll deductions payable | 492,965 | 6,071,477 | - | 1,005,893 | - | - | - | 1,679 | 566,436 | 8,138,450 |
| Unearned revenue | - | - | - | - | - | - | - | - | 1,206,155 | 1,206,155 |
| Total liabilities | <u>1,330,940</u> | <u>6,545,135</u> | <u>8,714</u> | <u>1,005,893</u> | <u>-</u> | <u>-</u> | <u>57,040</u> | <u>2,816,740</u> | <u>2,509,105</u> | <u>\$ 14,273,567</u> |
| Deferred Inflows of Resources | | | | | | | | | | |
| Unavailable revenues | <u>8,838,164</u> | <u>194,227</u> | <u>-</u> | <u>7,789,024</u> | <u>3,838,845</u> | <u>5,752,497</u> | <u>-</u> | <u>-</u> | <u>939,889</u> | <u>27,352,646</u> |
| Fund balances | | | | | | | | | | |
| Nonspendable | 1,004,667 | 18,035 | - | - | - | 107,430 | 72,000 | - | 1,140,108 | 2,342,240 |
| Restricted - General maintenance and facility operations | 14,075,180 | - | - | - | - | - | - | - | - | 14,075,180 |
| Restricted - Instruction expenses | - | 13,711,518 | - | - | - | - | - | - | - | 13,711,518 |
| Restricted - Facilities maintenance and technologies | - | - | - | - | - | - | 1,943,825 | - | - | 1,943,825 |
| Restricted - Referendum | - | - | - | 4,450,583 | - | - | - | - | - | 4,450,583 |
| Restricted - Debt Service | - | - | - | - | 7,103,647 | 9,334,328 | - | - | 2,637,526 | 19,075,501 |
| Restricted - Donor intent | - | - | - | - | - | - | - | - | 583,838 | 583,838 |
| Restricted - State grant expenses | - | - | - | - | - | - | - | - | 100,998 | 100,998 |
| Restricted - Federal grant expenses | - | - | - | - | - | - | - | - | 301,894 | 301,894 |
| Committed (School Board) | - | - | 20,829,424 | - | - | - | - | - | - | 20,829,424 |
| Assigned - General maintenance and facility management | - | - | - | - | - | - | - | - | 207,308 | 207,308 |
| Assigned - Instruction expenses | - | - | - | - | - | - | - | - | 393,080 | 393,080 |
| Assigned - Other | - | - | - | - | - | - | - | 767,996 | 3,955,145 | 4,723,141 |
| Unassigned | - | (194,227) | - | - | - | - | - | - | - | (194,227) |
| Total fund balance | <u>15,079,847</u> | <u>13,535,326</u> | <u>20,829,424</u> | <u>4,450,583</u> | <u>7,103,647</u> | <u>9,441,758</u> | <u>2,015,825</u> | <u>767,996</u> | <u>9,319,897</u> | <u>82,544,303</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 25,248,951</u> | <u>\$ 20,274,688</u> | <u>\$ 20,838,138</u> | <u>\$ 13,245,500</u> | <u>\$ 10,942,492</u> | <u>\$ 15,194,255</u> | <u>\$ 2,072,865</u> | <u>\$ 3,584,736</u> | <u>\$ 12,768,891</u> | <u>\$ 124,170,516</u> |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
 Reconciliation of the Governmental Funds
 Balance Sheet to Statement of Net Position
 June 30, 2020

| | | |
|---|---------------|--------------------|
| Total fund balances - governmental funds | \$ | 82,544,303 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Capital assets, net of depreciation | | 180,752,612 |
| Certain items related to losses on refundings of debt are deferred and recognized in future periods. | | |
| | | 2,368 |
| Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of: | | |
| Long-term debt, net | 118,891,373 | |
| Leases payable | 194,602 | |
| Net pension liability | 15,154,156 | |
| Compensated absences | 790,062 | |
| Total long-term liabilities | (135,030,193) | |
| Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized when due. | | |
| | | (2,294,023) |
| Certain taxes receivable are not available to pay for current period expenditures and therefore are unavailable in the governmental funds. | | |
| | | 27,352,646 |
| Certain items related to pension measurements are deferred and recognized in future periods. | | |
| Deferred outflows of resources | 15,042,773 | |
| Deferred inflows of resources | 15,467,796 | (425,023) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | |
| | | 1,925,308 |
| Total net position- governmental activities | \$ | 154,827,998 |

Perry Township Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020

| | Major Funds | | | | | | | Nonmajor Governmental Funds | Total Governmental Funds | |
|--|----------------------|----------------------|----------------------|------------------------------|-------------------------|----------------------|--------------------------|-----------------------------------|--------------------------------|-------------------------|
| | Operations Fund | Education Fund | Rainy Day Fund | Operating Referendum Fund | Referendum Debt Fund | Debt Service Fund | Capital Projects Fund | | | Textbook Rental Fund |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 16,782,151 | \$ - | \$ - | \$ 14,921,374 | \$ 6,804,431 | \$ 11,526,056 | \$ - | \$ - | \$ 1,794,281 | \$ 51,828,293 |
| Other taxes | 1,841,580 | - | - | 1,374,823 | 626,145 | 1,062,930 | - | - | 165,314 | 5,070,792 |
| State basic aid | - | 119,470,762 | - | - | - | - | - | 960,045 | 3,376,622 | 123,807,429 |
| Investment income | 432,470 | 432,471 | 40,818 | - | 1,343 | 8,406 | 61,930 | - | 20,927 | 998,365 |
| Federal sources | - | - | - | - | - | - | - | - | 19,207,563 | 19,207,563 |
| Other revenues | 332,898 | 799,957 | 19,451 | - | - | - | 32,858 | 914,308 | 4,216,197 | 6,315,669 |
| Total revenues | <u>19,389,099</u> | <u>120,703,190</u> | <u>60,269</u> | <u>16,296,197</u> | <u>7,431,919</u> | <u>12,597,392</u> | <u>94,788</u> | <u>1,874,353</u> | <u>28,780,904</u> | <u>207,228,111</u> |
| Expenditures | | | | | | | | | | |
| Instruction | - | 73,632,816 | - | 11,207,583 | - | - | - | 175,109 | 11,966,684 | 96,982,192 |
| Support services | 28,774,357 | 23,776,367 | 1,069,594 | 3,293,260 | 3,000 | 4,000 | 373,453 | 3,587,069 | 3,947,422 | 64,828,522 |
| Operation of noninstructional services | 217,472 | 1,226,667 | 30,200 | - | - | - | 51,295 | - | 9,649,394 | 11,175,028 |
| Nonprogrammed charges | 1,524 | - | - | - | - | - | - | - | - | 1,524 |
| Capital outlays | 1,517,576 | - | 4,838,505 | 3,900 | - | - | 5,447,337 | - | - | 11,807,318 |
| Principal payments on debt | 126,861 | - | - | - | 2,290,000 | 11,359,546 | - | - | 1,644,999 | 15,421,406 |
| Interest on debt | - | - | - | - | 3,937,562 | 1,007,717 | - | - | 228,757 | 5,174,036 |
| Total expenditures | <u>30,637,790</u> | <u>98,635,850</u> | <u>5,938,299</u> | <u>14,504,743</u> | <u>6,230,562</u> | <u>12,371,263</u> | <u>5,872,085</u> | <u>3,762,178</u> | <u>27,437,256</u> | <u>205,390,026</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(11,248,691)</u> | <u>22,067,340</u> | <u>(5,878,030)</u> | <u>1,791,454</u> | <u>1,201,357</u> | <u>226,129</u> | <u>(5,777,297)</u> | <u>(1,887,825)</u> | <u>1,343,648</u> | <u>1,838,085</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from sales of assets | 17,657 | - | - | - | - | - | - | - | - | 17,657 |
| Transfers in | 13,714,683 | 118,516 | 6,237,500 | - | 7,322,963 | 12,148,592 | - | 745,666 | 172,111 | 40,460,031 |
| Transfers out | (350,000) | (13,825,423) | - | (6,000,000) | (7,323,442) | (12,593,779) | - | - | (1,029,292) | (41,121,936) |
| Other financing sources (uses) | 443,628 | 826 | - | - | - | - | - | - | - | 444,454 |
| Total other financing sources (uses) | <u>13,825,968</u> | <u>(13,706,081)</u> | <u>6,237,500</u> | <u>(6,000,000)</u> | <u>(479)</u> | <u>(445,187)</u> | <u>-</u> | <u>745,666</u> | <u>(857,181)</u> | <u>(199,794)</u> |
| Net change in fund balances | <u>2,577,277</u> | <u>8,361,259</u> | <u>359,470</u> | <u>(4,208,546)</u> | <u>1,200,878</u> | <u>(219,058)</u> | <u>(5,777,297)</u> | <u>(1,142,159)</u> | <u>486,467</u> | <u>1,638,291</u> |
| Fund balances at beginning of year | <u>12,502,570</u> | <u>5,174,067</u> | <u>20,469,954</u> | <u>8,659,129</u> | <u>5,902,769</u> | <u>9,660,816</u> | <u>7,793,122</u> | <u>1,910,155</u> | <u>8,833,430</u> | <u>80,906,012</u> |
| Fund balances at end of year | <u>\$ 15,079,847</u> | <u>\$ 13,535,326</u> | <u>\$ 20,829,424</u> | <u>\$ 4,450,583</u> | <u>\$ 7,103,647</u> | <u>\$ 9,441,758</u> | <u>\$ 2,015,825</u> | <u>\$ 767,996</u> | <u>\$ 9,319,897</u> | <u>\$ 82,544,303</u> |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities
Year ended June 30, 2020

Net change in total fund balances \$ 1,638,291

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

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

| | | |
|---|-------------------|-------------|
| Capital outlay resulting in assets | \$ 8,156,036 | |
| Depreciation expense | <u>10,112,546</u> | |
| Capital outlays in excess of Depreciation | | (1,956,510) |

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|-----------------------------------|----------------|------------|
| Bonds principal repayment | 15,090,000 | |
| Capital lease principal repayment | <u>331,409</u> | 15,421,409 |

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

| | | |
|--|--|-----------|
| Amortization of premiums and discounts | | 1,445,142 |
|--|--|-----------|

Governmental funds record the total amount of proceeds received in a sale of capital assets as revenue while governmental activities report only the gain or loss associated with the sale.

(95,118)

Some revenues were not collected as of the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds.

The change from fiscal year 2020 and 2019 consists of:

| | | |
|-------------------|----------------|-----------|
| Property taxes | 2,888,563 | |
| Investment income | <u>210,455</u> | 3,099,018 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.

| | | |
|---|----------------|-----------|
| Change in deferred outflows surrounding debt refundings | (17,605) | |
| Change in pension asset, liability, and deferred outflows and inflows | 1,900,018 | |
| Change in compensated absences | (267,223) | |
| Change in interest payable | <u>212,869</u> | |
| Total | | 1,828,059 |

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net position of the internal service funds is reported with governmental activities.

397,921

Change in net position of governmental activities \$ 21,778,212

Perry Township Schools
Statement of Net Position – Proprietary Fund
June 30, 2020

| | Internal Service Fund Self-Insurance Fund |
|--|--|
| Current assets | |
| Cash and cash equivalents - unrestricted | \$ 1,968,104 |
| Total assets | <u>\$ 1,968,104</u> |
| Current liabilities | |
| Claims payable | \$ 42,796 |
| Total liabilities | <u>42,796</u> |
| Net Position | |
| Unrestricted | <u>1,925,308</u> |
| Total net position | <u>1,925,308</u> |
| Total liabilities and net position | <u>\$ 1,968,104</u> |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
Statement of Revenue, Expenses, and Changes in Net Position – Proprietary Fund
Year ended June 30, 2020

| | Internal Service Fund <u>Self-Insurance Fund</u> |
|--|---|
| Operating revenue | |
| Other revenues | \$ - |
| Total operating revenue | - |
| Operating expenses | |
| Support services | 263,984 |
| Total operating expenses | 263,984 |
| Operating income | (263,984) |
| Transfers in | 661,905 |
| Transfers out | - |
| Change in net position | 397,921 |
| Net position, beginning of year | 1,527,387 |
| Net position, end of year | \$ 1,925,308 |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
Statement of Cash Flows – Proprietary Fund
Year ended June 30, 2020

| | Internal Service Fund <u>Self-Insurance Fund</u> |
|---|---|
| Cash flows from operating activities | |
| Claims paid | \$ (270,860) |
| Net cash provided (used) by operating activities | <u>(270,860)</u> |
| Cash flows from noncapital financing activities | |
| Transfers to other funds | - |
| Transfers from other funds | 661,905 |
| Net cash provided (used) by noncapital financing activities | <u>661,905</u> |
| Net cash increase (decrease) in cash and cash equivalents | 391,045 |
| Cash and cash equivalents-beginning | 1,577,058 |
| Cash and cash equivalents-ending | <u>\$ 1,968,104</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ (263,984) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Increase (decrease) in: | |
| Claims payable | (6,876) |
| Net cash provided (used) by operating activities | <u>\$ (270,860)</u> |

The accompanying notes are an integral part of the financial statements

Perry Township Schools
Statement of Fiduciary Net Position
June 30, 2020

| | Agency Funds |
|---|-------------------------|
| Assets | |
| Cash and investments | \$ 1,963,886 |
| Total assets | <u>\$ 1,963,886</u> |
| Liabilities | |
| Assets held for extra-curricular accounts | \$ 921,615 |
| Assets held for payroll liabilities | 852,540 |
| Assets held for students through prepaid textbook rental accounts | 7,640 |
| Assets held for students through prepaid lunch accounts | <u>182,091</u> |
| Total liabilities and net position | <u>\$ 1,963,886</u> |

The accompanying notes are an integral part of the financial statements

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Perry Township Schools (the "School Corporation") was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services. The School Corporation serves approximately 16,500 students, providing pre-K through high school Education.

The accompanying financial statements present the financial information for the School Corporation.

Blended Component Units: The following component units have been presented as blended component units. The component units have three member Boards that are separate from the School Corporation. There is either a financial benefit or burden relationship between the School Corporation and the component units or management of the primary government has operational responsibility for the component units or the component units provide services exclusively or almost exclusively to the primary government:

- Perry Township Multi-School Building Corporation of 1996. The component unit is presented as a portion of debt service and capital projects funds.
- Perry Township Multi-School Building Corporation of 2003. The component unit is presented as a portion of debt service and capital projects funds.

The component units detailed above hold bonds currently outstanding in the amount of \$95,105,000. The School Corporation has entered into lease arrangements with the component units to pay off the entirety of this debt. The component units' revenues and liabilities are included as part of the revenues and liabilities of the reporting entity under generally accepted accounting principles ("GAAP"). The School Corporation's annual reporting to the Indiana Department of Education through the Form 9 and its annual financial report submitted on the Indiana Gateway for Government Units only include the School Corporation activities and not the component units' activities.

Related Parties: Perry Township Education Foundation (PTEF) is a grant making organization that raises funds to support innovative and creative programs to enhance learning throughout the School Corporation. PTEF is a catalyst for schools to create excitement in order to improve education experiences and student achievement with the goal of developing contributing members of the community. PTEF focuses on achieving the following goals: 1) Enhance the quality of Perry Township education environment; 2) Recognize and award excellence in education; 3) Foster community support for public school education; and 4) Encourage innovation inside and outside of the classroom.

Most schools within the School Corporation also have parent led organizations including Parent Teacher Association (PTA), Parent Teacher Organization (PTO), Parent Teacher Student Association (PTSA) or Booster Clubs for various extra-curricular activities.

Joint Ventures: The School Corporation has entered into two joint ventures described below:

The School Corporation participates in the Hoosier School Benefit Trust (HSBT). HSBT was formed in 1992, under Indiana Code Section 5-10-8-5, to provide health coverage, and related administrative services for substantially all of the employees of the participating educational institutions (the "Employers"). The Trust is governed by a Board of Trustees which is comprised of trustees from each participating employer. The School Corporation made employer contributions of \$1,897,681 to the plan during the year under audit. The HSBT has separately audited financial statements reported on a calendar basis. Condensed financial information for the HSBT as of December 31, 2019 follows:

- Statement of Net Position: Assets of approximately \$19.8 million, Liabilities and Net Position of approximately \$4.7 million and \$15.1 million

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Revenues and Expenses of approximately \$39.6 million and \$43.1 million, resulting in a decrease in net position of \$3.5 million.

The School Corporation represents approximately 42% of the HSBT as of the December 31, 2019 reporting date for the entity.

- The School Corporation participates in the Central Nine Career Center School Building Corporation (Building Corporation). It was organized for the purpose of acquiring, constructing and leasing school building facilities (Central Nine Career Center). There are seven school corporations that participate in the joint venture. The Building Corporation does not report separate financial statements. The School Corporation has a note payable with a balance of \$104,810 at June 30, 2020, that matures in 2021.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School Corporation. The effect of interfund activity has been removed from these statements. The School Corporation's operating activities are all considered "governmental activities," that is, activities normally supported by taxes and intergovernmental revenues. The School Corporation has no operating activities that would be considered "business type activities."

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Funds Financial Statements: Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the School Corporation's general governmental activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, deferred inflows, deferred outflows, fund balance, revenues, and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements. Proprietary funds are considered governmental activities, while fiduciary funds are excluded from the government-wide financial statements.

Measurement Focus and Basis of Accounting: The government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both “measurable and available.” “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Corporation considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

A major fund is defined as a fund representing 10% or more of the governmental fund category and 5% or more of all funds combined. Fiduciary funds and internal service funds are not subject to major fund determination. If the School believes a fund or funds are particularly important to financial statement users, additional funds may be reported. The School Corporation reports the following major governmental funds and has identified the Capital Projects Fund, which did not meet the major fund criteria, as an important fund to users:

Operations Fund – Fund 0300, in the prescribed accounting system, is authorized by IC 20-40-18. The Operations Fund shall be used to record receipts of the operation property tax levy; may be used to record receipts of excise taxes and local income tax; and transfers from the Education fund or Operating Referendum Tax Levy Fund. The Operations fund may be used to carry out a capital projects plan; to pay transportation costs; to carry out a school bus replacement plan; or to pay expenses allocated to overhead and operational activities.

Education Fund – Designated Fund 0101 in the prescribed accounting system, is required by IC 20-40-2. The Education Fund is to be used to record all receipts of tuition support distributions and disbursements for expenses allocated to student instruction and learning.

Rainy Day Fund – Designated Fund 0610, is authorized by IC 36-1-8-5.1. This fund is directed by the School Board.

Operating Referendum Fund – Designated Fund 0160, is required for a successful operating referendum by IC 20-40-3.

Debt Service Fund – Designated Fund 0200 in the prescribed accounting system, is required by IC 20-40-9. The fund is to be used to record all receipts and disbursements for (1) all debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction; (2) a lease to provide capital construction; (3) interest on emergency and temporary loans; (4) all debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under IC 20-27-4-5, for that purpose; (5) all debt and other obligations arising out of funds borrowed to pay judgments against the school corporation; or (6) all debt and other obligations arising out of funds borrowed to purchase equipment. Included are payments of school bonds and coupons, lease-rental agreements, civil bond obligations assumed through reorganization, veterans' memorial fund repayments and common school fund repayments, but shall not include emergency and temporary loans obtained for the benefit of any other fund.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund – This fund is an aggregation of capital project type funds reported by the School Corporation. The fund accounts for construction projects and renovations financed through debt issuances. The Capital Projects fund is a major fund due to management judgement on the benefits to reporting to stakeholders. These funds include Fund 0740 and Fund 0742 related to 2018 and 2019 General Obligation bonds.

Referendum Debt Fund – Designated Fund 0292 accounts for receipt of capital referendum tax remittances.

Textbook Rental Fund – Designated Fund 0900 is used to record all receipts and expenses related to the textbook rental program.

Other Fund Types

Additionally, the School Corporation reports the following fund types:

Nonmajor Debt Service Funds - accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Nonmajor Special Revenue Funds – Various funds, including certain extra-curricular accounts, account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds, or Fiduciary Funds.

Internal Service Fund – The Self-Insurance Fund is a proprietary fund and account for the operation and administration of the School Corporation's self-insurance program.

Fiduciary Funds – Certain extra-curricular account funds, student textbook and lunch accounts and payroll clearing accounts, account for assets held by the School Corporation and controlled by the extra-curricular accounts, students and employees for use in various student and employee activities.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance:

Deposits and Investments: The School Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statute (IC 5-13-9) authorizes the School Corporation to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost. Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

Restricted Assets: All restricted assets, as presented in the accompanying financial statements, are restricted due to debt service, capital projects, pension obligations and grantor intent.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The School Corporation's activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods and deferred amounts on debt refunding which will be recognized as interest expense over the life of the debt.

Inventories: All material inventories would be recorded at cost using the first in/first out (FIFO) method. According to the GASB Codification, inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Additionally, debt payments made for amounts due in the month following the School Corporation's fiscal year end are considered prepaid in debt service funds.

Property Tax Revenues: Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the School Corporation is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the preceding year's lien date of January 1 and assessed valuations are adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively. Funds that receive property taxes include Fund 0160 – Operating Referendum, Fund 0200 – Debt Service, Fund 0250 – Pension Obligation Debt, Fund 0292 – Referendum Debt Fund, Fund 0300 – Operations Fund receive property taxes.

Capital Assets: Capital assets, which include land, land improvements, buildings, equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the School Corporation as assets with an initial individual cost of more than \$5,000 and an estimated useful life of 3 years or more. Such assets are recorded at cost at the date of acquisition if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| Kitchen equipment | 15 |
| Infrastructure | 15 |
| Bus | 12 |
| Building improvements | 10 |
| Vehicles | 6 |
| Classroom equipment | 5 |
| Computers | 5 |
| Office equipment | 5 |
| Other equipment | 5 |
| Software | 3 |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the applicable bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Classifications: Equity is classified as net position and displayed in three components:

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- *Restricted net position* - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net positions* - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the School Corporation's strategy to use restricted resources first, and then unrestricted resources as they are needed.

Eliminations and Reclassifications: In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and deferred outflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pensions: The School Corporation has recorded a net pension liability and asset reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) funds:

- Public Employee's Retirement Fund (PERF) Plan
- Teacher's Retirement Fund (TRF) Plan

Although the School Corporation participates in the TRF Pre-1996 Plan, this has not been included in the measurement of net pension liabilities and related deferred inflows and outflows of resources. The TRF Pre-1996 Plan is a liability of the State of Indiana, due to its status as a special funding situation. The School Corporation does not make contributions to the plan. The School Corporation records revenue and expense at the government wide level for the School's Corporations share of pension expense related to TRF Pre-1996 participants. For purposes of measuring the net pension liabilities, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS Plans and additions to/deductions from the INPRS Plans fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences: Vacation, sick, and personal leave time is granted to different employee groups depending on employment status, employment longevity and employed position. All leave is detailed in Perry Township Employee Handbooks or the Collective Bargaining Agreement for Teachers, which are publicly available on the School Corporation's website at <http://www.perryschools.org/>.

Property Tax Abatements: Under the state statute, IC 6-1.1-12.1, Marion County, and cities and towns within Marion County, provide tax abatements for rehabilitation or redevelopment of real property in economic revitalization areas. The tax abatements under this statute are for real property tax, personal property and vacant property tax. For Marion County's calendar year 2019, tax amounts of \$2,480,042 were abated which reduced County revenues. The City of Indianapolis reported \$4,502,000. These abatements have a lesser impact on the School Corporation's collection of property taxes due to allocation to many underlying tax units.

| | |
|--|--------------|
| Marion County - Real property | \$ 791,117 |
| Marion County - Personal property | \$ 1,688,598 |
| Marion County - Vacant property | \$ 327 |
| City of Indianapolis - Real property | \$ 1,436,000 |
| City of Indianapolis - Personal property | \$ 3,066,000 |

Commitments and Contingencies: In the ordinary course of business, a number of claims and lawsuits may arise from individuals seeking compensation for incidents occurring in the operation of the School Corporation. In addition, the School Corporation has been named as a defendant in litigation relating to personnel and contractual matters. Management does not believe that the outcome of these claims will have a material adverse effect on the School Corporation's financial position. However, in the event of an unfavorable outcome in one or more of these matters, the impact could be material to the School Corporation's financial position or results of operations.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - FUND BALANCES

Fund balances as of June 30, 2020 are composed of the following functions:

| | Operations Fund | Education Fund | Rainy Day Fund | Operating Referendum Fund | Capital Referendum Fund | Debt Service Fund | Capital Projects Fund | Textbook Rental Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|---------------------------|-------------------------|--------------------|-----------------------|----------------------|-----------------------------|--------------------------|
| Nonspendable fund balance: | \$ 1,004,667 | \$ 18,035 | \$ - | \$ - | \$ - | \$ 107,430 | \$ 72,000 | \$ - | \$ 1,140,108 | \$ 2,342,240 |
| Restricted fund balance: | | | | | | | | | | |
| General maintenance and facility operations | 14,075,180 | - | - | - | - | - | - | - | - | 14,075,180 |
| Instruction expenses | - | 13,711,518 | - | - | - | - | - | - | - | 13,711,518 |
| Facilities maintenance and technologies | - | - | - | - | - | - | 1,943,825 | - | - | 1,943,825 |
| Operating referendum | - | - | - | 4,450,583 | - | - | - | - | - | 4,450,583 |
| Debt service | - | - | - | - | 7,103,647 | 9,334,328 | - | - | 2,637,526 | 19,075,501 |
| Donor intent | - | - | - | - | - | - | - | - | 583,838 | 583,838 |
| State grant expenses | - | - | - | - | - | - | - | - | 100,998 | 100,998 |
| Federal grant expenses | - | - | - | - | - | - | - | - | 301,894 | 301,894 |
| Total | 14,075,180 | 13,711,518 | - | 4,450,583 | 7,103,647 | 9,334,328 | 1,943,825 | - | 3,624,256 | 54,243,337 |
| Committed fund balance: | - | - | 20,829,424 | - | - | - | - | - | - | 20,829,424 |
| Assigned fund balance: | | | | | | | | | | |
| General maintenance and facility management | - | - | - | - | - | - | - | - | 207,308 | 207,308 |
| Instruction expenses | - | - | - | - | - | - | - | - | 393,080 | 393,080 |
| Other | - | - | - | - | - | - | - | 767,996 | 3,955,145 | 4,723,141 |
| Total | - | - | - | - | - | - | - | 767,996 | 4,555,533 | 5,323,529 |
| Unassigned fund balance: | - | (194,227) | - | - | - | - | - | - | - | (194,227) |
| | <u>\$ 15,079,847</u> | <u>\$13,535,326</u> | <u>\$20,829,424</u> | <u>\$ 4,450,583</u> | <u>\$ 7,103,647</u> | <u>\$9,441,758</u> | <u>\$ 2,015,825</u> | <u>\$ 767,996</u> | <u>\$ 9,319,897</u> | <u>\$ 82,544,303</u> |

Fund Balance Classifications. Fund balances are divided into five classifications for the Governmental Fund financial statements based on GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as follows:

- **Nonspendable** fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must remain intact.
- **Restricted** fund balance has externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation.
- **Committed** fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the primary government, the School Corporation Board is the highest level of decision making. As of December 31, 2019, the Rainy Day was reported as committed and can only be spent for expenses approved through future Board action.
- **Assigned** fund balance represents amounts that are intended to be used by the primary government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- **Unassigned** fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. Any negative fund balance in other funds would also be classified into this category. The Education Fund report a deficit fund balance at June 30, 2020, due to timing of accruals.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the School Corporation will consider restricted fund balance to have been spent before unrestricted fund balance.

PERRY TOWNSHIP SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 – FUND BALANCES (Continued)

Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the School Corporation will consider committed fund balance to be spent before assigned fund balance and consider assigned fund balance to be spent before unassigned fund balance.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash: The carrying amount of cash was \$91,102,567 at June 30, 2020, while the bank balances were \$93,739,178. Differences represent reconciling and timing differences due to outstanding checks and deposits. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Certificates of Deposits: Non-negotiable certificates of deposits amounted to \$32,218,000 at June 30, 2020.

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk, as funds are only deposited into eligible state depositories.

Investments: State statute (IC 5-13-9) authorizes the School Corporation to invest in securities, including but not limited to, federal government securities, repurchase agreements and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local government units. The School Corporation held no investments at June 30, 2020 or during the year for these funds.

NOTE 4 – RESTRICTED ASSETS

The School Corporation has cash and investments that are externally restricted for their use by either a tax levy, operating or capital referendum, or bond issuance related funds (debt service or construction proceeds) as follows as of June 30, 2020:

| | Bond Funds (Proceeds) | Bond funds (Debt Service) | Tax Levy | Grants and Other | Total |
|---------------------------------|----------------------------------|--------------------------------------|---------------------|-----------------------------|----------------------|
| Governmental Activities: | | | | | |
| Major Funds: | | | | | |
| Operating Referendum | \$ - | \$ - | \$ 4,898,476 | \$ - | \$ 4,898,476 |
| Referendum Debt | - | - | 2,642,904 | - | 2,642,904 |
| Debt Service | - | 2,769,697 | - | - | 2,769,697 |
| Capital Projects | 2,000,865 | - | - | - | 2,000,865 |
| | | | | | - |
| Non-Major Funds: | | | | | |
| Debt Service | - | 2,570,527 | - | - | 2,570,527 |
| Grants | - | - | - | 387,038 | 387,038 |
| | - | - | - | - | - |
| Totals | <u>\$ 2,000,865</u> | <u>\$ 5,340,224</u> | <u>\$ 7,541,380</u> | <u>\$ 387,038</u> | <u>\$ 15,269,507</u> |

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - RECEIVABLES

The School Corporation reports receivables for property taxes receivable, interest on investments, intergovernmental receivables, and operating activities. Property taxes represent an estimate of anticipated second distribution for the January 1, 2020 tax levy that will be collected in November and December 2020. Intergovernmental receivables are primarily state funding or grants. Intergovernmental receivables are primarily grants distributed from the Indiana Department of Education. Operating accounts receivable at June 30, 2020 consist of student receivables, nutrition claims receivable, and other receivables. Management has determined certain accounts to not be fully collectible and has thus recorded an allowance for uncollectible accounts.

Receivables balances at June 30, 2020, include the following:

| <u>Receivables</u> | June 30, 2020 |
|---|--------------------------|
| Property taxes | \$ 28,925,030 |
| Interest on investments | 428,522 |
| Intergovernmental | 3,027,552 |
| Operating: | |
| Student receivables | 1,936,756 |
| Nutrition claims receivable | 570,567 |
| Other receivables | 93,399 |
| Total gross operating | <u>2,600,722</u> |
| Less allowance for uncollectible accounts | <u>(324,129)</u> |
| Net operating | <u>2,276,593</u> |
| | <u>\$ 34,657,697</u> |

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------|----------------------|---------------------------|
| Governmental activities: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | \$ 8,279,610 | \$ - | \$ - | \$ 8,279,610 |
| Construction in Progress | 17,225,772 | 7,540,961 | 23,992,662 | 774,071 |
| Total nondepreciable capital assets | <u>25,505,382</u> | <u>7,540,961</u> | <u>23,992,662</u> | <u>9,053,681</u> |
| Other capital assets: | | | | |
| Buildings | 327,147,803 | 15,962,129 | - | 343,109,932 |
| Infrastructure | 10,921,716 | 592,965 | - | 11,514,681 |
| Vehicles | 2,233,840 | 69,254 | 72,658 | 2,230,436 |
| Buses | 18,211,292 | - | - | 18,211,292 |
| Improvements other than buildings | 20,236,083 | 6,889,526 | 7,266,329 | 19,859,280 |
| Machinery and equipment | 27,968,893 | 1,093,857 | 1,031,801 | 28,030,949 |
| Other assets | 1,749,647 | - | - | 1,749,647 |
| Total other capital assets | <u>408,469,274</u> | <u>24,607,731</u> | <u>8,370,788</u> | <u>424,706,217</u> |
| Less: Accumulated depreciation on: | | | | |
| Buildings | 196,210,424 | 4,471,820 | - | 200,682,244 |
| Infrastructure | 6,315,588 | 358,491 | - | 6,674,079 |
| Vehicles | 1,604,353 | 185,941 | 72,658 | 1,717,636 |
| Buses | 6,774,233 | 1,511,237 | - | 8,285,470 |
| Improvements other than buildings | 15,358,844 | 1,048,005 | 7,261,521 | 9,145,328 |
| Machinery and equipment | 23,323,235 | 2,377,677 | 941,498 | 24,759,414 |
| Other assets | 1,583,739 | 159,376 | - | 1,743,115 |
| Total accumulated depreciation | <u>251,170,416</u> | <u>10,112,546</u> | <u>8,275,677</u> | <u>253,007,285</u> |
| Total other capital assets, net | <u>157,298,858</u> | <u>14,495,185</u> | <u>95,111</u> | <u>171,698,932</u> |
| Total governmental activity capital assets, net | <u>\$ 182,804,240</u> | <u>\$ 22,036,145</u> | <u>\$ 24,087,773</u> | <u>\$ 180,752,612</u> |

Depreciation expense was recognized in the operating activities of the School Corporation as follows:

| <u>Governmental Activities</u> | <u>Depreciation</u> |
|--|----------------------|
| Instruction | \$ 8,092,837 |
| Support services | 2,019,709 |
| Total depreciation expense - governmental activities | <u>\$ 10,112,546</u> |

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES

Changes in General Long-Term Liabilities: The following is the long-term liability activity for the School Corporation for the year ended June 30, 2020:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|-----------------------|-------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| School Corporation: | | | | | |
| General obligation bonds payable | \$ 11,790,000 | \$ - | \$ 3,010,000 | \$ 8,780,000 | \$ 5,825,000 |
| General obligation bonds - premiums | 157,338 | - | 75,343 | 81,995 | - |
| Pension obligation bonds payable | 8,984,994 | - | 1,645,000 | 7,339,994 | 1,745,000 |
| Other debt | 525,973 | - | 331,370 | 194,603 | 181,668 |
| Compensated absences | 522,840 | 837,451 | 570,229 | 790,062 | 400,695 |
| Net pension liability | 19,888,423 | 8,439,272 | 13,173,539 | 15,154,156 | - |
| | <u>21,458,305</u> | <u>-</u> | <u>5,061,713</u> | <u>16,396,592</u> | <u>7,751,668</u> |
| Building Corporations: | | | | | |
| Revenue bonds payable | 105,540,000 | - | 10,435,000 | 95,105,000 | 10,125,000 |
| Revenue bonds - premiums | 8,956,088 | - | 1,371,703 | 7,584,385 | - |
| | <u>114,496,088</u> | <u>-</u> | <u>11,806,703</u> | <u>102,689,385</u> | <u>10,125,000</u> |
| Total long-term liabilities - governmental activities | <u>\$ 135,954,393</u> | <u>\$ -</u> | <u>\$ 16,868,416</u> | <u>\$ 119,085,977</u> | <u>\$ 17,876,668</u> |

The debt service and pension obligation debt funds are typically used to liquidate the above liabilities.

Bonds payable: Revenue bonds are direct obligations and pledge the full faith and credit of the Perry Township Multi-School Building Corporation of 1996 and 2003. The School Building Corporations have entered into lease transactions with the School Corporation to pay the entirety of the outstanding balance. Bonds currently outstanding are as follows:

| Purpose | Maturity Date | Interest Rate | Original Face Amount | Balance at 30-Jun-20 |
|---|------------------|---------------|-------------------------|-------------------------|
| Unlimited Ad Valorem Property Tax First Mortgage Bonds, Series 2011 | 7/15/2031 | 4%-4.35% | \$ 27,535,000 | \$ 27,535,000 |
| Unlimited Ad Valorem Property Tax First Mortgage Bonds, Series 2012 | 1/15/2023 | 2%-5% | 22,435,000 | 7,565,000 |
| Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2012 | 1/10/2022 | 2%-5% | 33,845,000 | 8,680,000 |
| Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2015 | 12/31/2020 | 3%-5% | 21,955,000 | 1,325,000 |
| Unlimited Ad Valorem Property Tax First Mortgage Bonds, Series 2016 | 12/31/2035 | 4%-5% | 50,000,000 | 50,000,000 |
| Total | | | | <u>\$ 95,105,000</u> |

General obligation bonds and pension bonds are direct obligations and pledge the full faith and credit of the School Corporation. Bonds currently outstanding are as follows:

| Purpose | Maturity Date | Interest Rate | Original Face Amount | Balance at 30-Jun-20 |
|--|------------------|---------------|-------------------------|-------------------------|
| General Obligation Bonds, Series 2018 | 1/15/2021 | 3% | \$ 4,925,000 | \$ 1,915,000 |
| General Obligation Bonds, Series 2019A | 12/31/2022 | 2%-4% | 4,870,000 | 4,870,000 |
| General Obligation Bonds, Series 2019B | 12/31/2020 | 2%-4% | 1,995,000 | 1,995,000 |
| Total | | | 11,790,000 | 8,780,000 |
| Amended Taxable General Obligation Pension Bonds of 2003 | 1/5/2024 | 5.17%-6.03% | 17,144,995 | 7,339,994 |
| Total | | | <u>\$ 28,934,995</u> | <u>\$ 16,119,994</u> |

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Annual debt service requirements to maturity for general obligation, revenue bonds and pension obligation bonds are as follows for governmental activities:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|-----------------------|----------------------|-----------------------|
| 2021 | \$ 17,695,000 | \$ 3,540,316 | \$ 21,235,316 |
| 2022 | 12,522,369 | 2,747,481 | 15,269,850 |
| 2023 | 8,363,962 | 2,296,350 | 10,660,312 |
| 2024 | 7,088,663 | 3,156,562 | 10,245,225 |
| 2025 | 5,445,000 | 2,927,262 | 8,372,262 |
| 2026 - 2030 | 31,160,000 | 10,709,910 | 41,869,910 |
| 2031 - 2035 | 24,580,000 | 3,722,535 | 28,302,535 |
| 2036 | 4,370,000 | 131,500 | 4,501,500 |
| Total | <u>\$ 111,224,994</u> | <u>\$ 29,231,916</u> | <u>\$ 140,456,910</u> |

Other Debt:

Capital leases - The School Corporation has entered into various lease agreements as lessee for copiers, with interest rates ranging from 5.58% to 7.35% maturing in 2022 with a liability of \$89,793 at June 30, 2020. Related assets have an acquisition cost of \$333,599, accumulated depreciation of \$203,983 and a net book value of \$129,616.

The School Corporation has entered into a joint venture note payable agreement for the Central Nine Career Center Building, with interest rates ranging from 3.00% to 5.00% maturing in 2021 with a liability of \$104,810 at June 30, 2020.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

| <u>Fiscal Year</u> | Other Debt | | |
|--------------------|---|-----------------|-------------------|
| | with scheduled interest payments | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2021 | \$ 181,668 | \$ 7,076 | \$ 188,744 |
| 2022 | 12,935 | 938 | 13,873 |
| Total | <u>\$ 194,603</u> | <u>\$ 8,014</u> | <u>\$ 202,617</u> |

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – INTERFUNDS AND TRANSFERS

There were no individual fund interfund receivable and payable balances existing at June 30, 2020.

Transfers between funds for the fiscal year ending June 30, 2020 were as follows:

| Transfers for the fiscal year ending June 30, 2020 were as follows: | Amount |
|--|----------------------|
| Transfer from the Operations Fund to the Internal Service Fund to cover workmans compensation claims | \$ 350,000 |
| Transfer from the Education Fund to the Operations Fund per Resolution 18-109 | 13,209,126 |
| Transfer from the Education Fund to the Textbook Rental Fund to cover future textbook expenditures | 300,000 |
| Transfer from the Education Fund to the Internal Service Fund to cover workmans compensation claims | 300,000 |
| Transfer from the Operating Referendum Fund to the Rainy Day Fund per Resolution 19-024 | 6,000,000 |
| Transfer from the Debt Service Fund to the Textbook Rental Fund to cover unreimbursed textbook expenditures | 445,666 |
| Transfer from a Nonmajor Fund to the Education Fund to cover Medicaid receipts per IDOE Form 54 | 98,468 |
| Transfer from a Nonmajor Fund to the Operations Fund as a donation to the Stadium Turf Project | 190,000 |
| Transfer from a Nonmajor Fund to the Operations Fund as an excess levy for transportation expenditures | 315,557 |
| Transfer from a Nonmajor Fund to the Rainy Day Fund for as a donation for the Stadium Turf Project | 237,500 |
| Transfers between the Debt Service and Referendum Debt funds for debt service payments made through the Building Corporation | 19,471,555 |
| Transfers between the Education, Textbook Rental, and various Nonmajor and fiduciary funds for various operating needs | <u>204,064</u> |
| | <u>\$ 41,121,936</u> |

NOTE 9 - RISK MANAGEMENT

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Self-insurance plan: The School Corporation has adopted a plan of self-insuring employee group worker's compensation insurance. Expenses are recorded as incurred. Insurance policies limit the School Corporation's annual liability to \$1,000,000 per individual and the annual aggregate limit to \$2,000,000. The accrual represents the School Corporation's best estimate of claims and fees that were incurred but unpaid as of the end of the year. At June 30, 2020, the School Corporation estimates this liability to be as follows:

| <u>Workers' Compensation</u> | June 30, 2020 |
|--------------------------------------|--------------------------|
| Liability, beginning of fiscal year | \$ 49,672 |
| Add: Current year claims incurred | 138,128 |
| Less: Payment of current year claims | <u>(145,004)</u> |
| Liability, end of year | <u>\$ 42,796</u> |

Liabilities related to the self-insurance plan are reported in the proprietary fund and government wide financial statements.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS

The School Corporation participates in three pension plans, which are administered by the Indiana Public Employees' Retirement System (INPRS).

Pension Plan Fiduciary Net Position: Detailed information about the pension plans' fiduciary net position is available in a stand-alone financial reports of INPRS that includes financial statements and required supplementary information for the plans as a whole. These reports may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Public Employees' Retirement Fund

Plan Description: The School Corporation participates in the Public Employees' Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) components to the PERF Plan. The School Corporation participates in one of these two components, the Public Employees' Defined Benefit Plan (PERF Hybrid Plan).

PERF Hybrid Plan Description: The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Public Employees' Hybrid Members Defined Contribution Account (DC Account), formerly known as the Annuity Savings Account (ASA), which that supplements the defined benefit at retirement.

Contributions: Members are required to contribute 3% of their annual covered salary to their defined contribution account. The primary government is required to contribute at an actuarially determined rate; the current rate for fiscal year 2020 is 11.2% of annual covered payroll. The contribution requirements of plan members and the primary government are established and may be amended by the INPRS Board of Trustees. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the School Corporation were \$3,283,663 for the fiscal year ended June 30, 2020.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Retirement Benefits: The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's DC Account. Pension benefits vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their DC account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the DC Account. A non-vested member who terminates employment prior to retirement may withdraw his/her DC Account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

A member at age 70 with 20 years of creditable service and still active in the PRF-covered position is also entitled to a full retirement benefit.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Disability and Survivor Benefits: The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service

Financial Report: INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report is available online at <http://www.inprs.in.gov/>.

Teachers' Retirement Plan 1996 Account:

Hybrid Plan Description: The Teachers' Retirement Fund Hybrid Plan (TRF) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. There are two (2) aspects to the TRF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion is the defined contribution account (DC Account), a member funded account.

Membership in TRF is required for all legally qualified and regularly employed licensed teachers who serve in public schools of Indiana. State statute (IC 5-10.2) gives the School Corporation authority to contribute and governs most requirements of the system. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account.

Contributions: Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 5.5 percent of covered payroll. Employees contribute 3% of covered payroll. The School Corporation makes payments for both of these contributions. No member contributions are required. For the fiscal year ended June 30, 2020, there were 993 employees participating in TRF with annual pay equal to \$61,832,090.

The annuity savings account consists of the member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The School Corporation has elected to make the contributions on behalf of the member. The School Corporation's contributions to both Teachers' Retirement Plans combined, including those made to the annuities on behalf of the members, for the fiscal year ended June 30, 2020, was \$5,572,612.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Retirement Benefits: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service, 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the TRF-covered position. A member is entitled to an early retirement benefit at age 50 and minimum of 15 years of creditable service. The benefit is 44 percent at age 50, increasing five percent per year up to 89% at age 59.

The lifetime annual benefit equals the years of creditable service multiplied by the average highest five year annual salary multiplied by 1.1 percent (minimum of \$185 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Disability and Survivor Benefits: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$185 per month). Under certain conditions, active TRF members may qualify for a classroom disability benefit of at least \$125 per month. If death occurs while in active service, a spouse or dependent beneficiary of a member with a minimum of 15 years of creditable services receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If death occurs while receiving a benefit, a spouse or dependent receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Financial report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Teachers' Retirement Pre-1996 Account:

Plan Description: The Indiana State Teachers' Retirement Fund Pre-1996 Account (TRF Pre-1996) is a pay-as-you-go cost-sharing, multiple-employer defined benefit plan providing retirement, disability, and survivor benefits for teachers, administrators, and certain INPRS personnel hired before July 1, 1996. Membership in TRF Pre-1996 is closed to new entrants. TRF Pre-1996 is a component of the Teachers' Hybrid Plan. The Teachers' Hybrid Plan consists of two components: TRF Pre-1996, the monthly employer-funded defined benefit component, along with TRF DC, a member-funded account.

This Plan's pension liabilities are the responsibility of the State of Indiana, so no net pension liability is recorded for the School Corporation's reporting entity. The State of Indiana assumes 100% of the net pension liability for the plan. The net pension liability and pension expense associated with the School Corporation was \$139,467,974 and \$10,239,670 as of, and for the year ended June 30, 2019 valuation date. The School Corporation's share of nonemployer contributing entity contributions made by the State of Indiana was \$12,384,157 for the year ended June 30, 2020.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Retirement Benefits: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service, 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the TRF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the TRF-covered position. A member is entitled to an early retirement benefit at age 50 and minimum of 15 years of creditable service. The benefit is 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals the years of creditable service multiplied by the average highest five year annual salary multiplied by 1.1 percent (minimum of \$185 per month). The average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. For the year ended June 30, 2019, postretirement benefits of \$21.8 million were issued to members as a 13th check.

Disability and Survivor Benefits: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$185 per month). Under certain conditions, active TRF members may qualify for a classroom disability benefit of at least \$125 per month. If death occurs while in active service, a spouse or dependent beneficiary of a member with a minimum of 15 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If death occurs while receiving a benefit, a spouse or dependent receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contributions: According to statute, the TRF Pre-1996 fund is funded primarily by appropriations from the state general fund and lottery proceeds. No member or employer contributions are required.

TRF Pre-1996 Account members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to ten percent of their compensation into their annuity savings accounts. The State makes 5.5% contributions on behalf of participating employees. For the fiscal year ended June 30, 2020, the School Corporation showed 104 employees participating in the Teachers' Retirement Fund Pre-1996 Account with annual payroll equal to \$9,211,080.

Financial Report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2020, the School Corporation reported a liability of \$17,706,879 and an asset of \$2,552,723, for its proportionate share of the net pension liability and asset. The School Corporation's proportionate share of the net pension liability and asset was based on the School Corporation's wages as a proportion of total wages for the PERF Hybrid Plan. The prior year proportionate share was 0.0053575 and 0.0179673 for the PERF liability and TRF-1996 asset, respectively.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

| | <u>PERF</u> | <u>TRF-1996</u> | |
|-------------------------------|---------------|-----------------|------------------|
| | 6/30/2019 | 6/30/2019 | <u>Aggregate</u> |
| Measurement Date | | | |
| Proportionate Share | 0.0053575 | 0.0177693 | |
| Net Pension Liability/(Asset) | \$ 17,706,879 | \$ (2,552,723) | \$ 15,154,156 |
| Deferred Outflow of Resources | \$ 4,572,819 | \$ 10,469,954 | \$ 15,042,773 |
| Deferred Inflow of Resources | \$ 2,770,635 | \$ 12,697,161 | \$ 15,467,796 |
| Pension Expense/(Income) | \$ 3,102,464 | \$ 3,853,792 | \$ 6,956,256 |

As of the June 30, 2019 measurement date, pension expense related to the pre-1996 TRF pension plan was \$10,239,670.

Deferred inflows or outflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan.

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

| <u>Assumptions</u> | <u>PERF</u> | | <u>TRF 1996</u> | |
|--|--|---|--|---|
| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
| Differences Between Expected and | | | | |
| Actual Experience | \$ 468,872 | \$ - | \$ 1,032,674 | \$ 2,902,967 |
| Net Difference Between Projected and Actual Earnings | - | 836,959 | - | 1,397,264 |
| Change of Assumptions | 3,942 | 1,924,868 | 3,015,602 | 5,800,342 |
| Changes in Proportion and Differences | 816,342 | 8,808 | 849,067 | 2,596,588 |
| | <u>\$ 1,289,156</u> | <u>\$ 2,770,635</u> | <u>\$ 4,897,343</u> | <u>\$ 12,697,161</u> |
| Contributions Subsequent to the Measurement Date | 3,283,663 | - | 5,572,611 | - |
| Total | <u>\$ 4,572,819</u> | <u>\$ 2,770,635</u> | <u>\$ 10,469,954</u> | <u>\$ 12,697,161</u> |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Resources - Debt/(Credit)</u> | <u>PERF</u> | <u>TRF 1996</u> |
|----------------------------------|-----------------------|-----------------------|
| 2020 | \$ (309,460) | \$ (583,394) |
| 2021 | (918,377) | (1,388,230) |
| 2022 | (188,657) | (1,195,557) |
| 2023 | (64,985) | (752,589) |
| 2024 | - | (630,626) |
| Thereafter | - | (3,249,422) |
| Total | <u>\$ (1,481,479)</u> | <u>\$ (7,799,818)</u> |

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

The long-term return expectation for the defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class is summarized in the following table. The real rates of return are the same for all three pension plans.

Expected rate of return and target asset allocations for PERF and TRF 1996 follows:

| <u>Investment Type</u> | <u>Geometric Basis at June 30, 2020</u> | |
|------------------------------------|--|------------------------------------|
| | <u>Long Term Expected Rate of Return</u> | <u>Target Asset Allocation</u> |
| Public Equity | 4.9% | 22.0% |
| Private Equity | 7.0% | 14.0% |
| Fixed Income - Ex Inflation-Linked | 2.5% | 20.0% |
| Fixed Income - Inflation-Linked | 1.3% | 7.0% |
| Commodities | 2.0% | 8.0% |
| Real Estate | 6.7% | 7.0% |
| Absolute Return | 2.9% | 10.0% |
| Risk Parity | 5.3% | 12.0% |

Significant Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB 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 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. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

| Description | PERF | TRF 1996 Account | TRF Pre-1996 Account |
|--|--|------------------------------------|----------------------|
| Valuation Date: | June 30, 2019 | | |
| Assets | | | |
| Liabilities | June 30, 2018 - Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 to the June 30, 2019 measurement date. | | |
| Actuarial Cost Method (Accounting) | Entry Age Normal - Level Percent of Payroll | | |
| Actuarial Assumptions: | | | |
| Experience Study Date | Period of 4 years ended June 30, 2014 | Period of 3 years of June 30, 2014 | |
| Investment Rate of Return (Accounting) | 6.75% | | |
| Cost of Living Increases (COLA) or "Ad Hoc" COLA | 2020-2021 - 13th check 2022 - 0.4% 2034 - 0.5% 2039 0.6% | | |
| Future Salary Increases, including Inflation | 2.5%-4.25% | 2.5%-12.5% | |
| Inflation | 2.25% | | |
| Mortality-Healthy | RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006 | | |
| Mortality-Disabled | RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006 | | |

Discount Rate: Total pension liability for each defined benefit pension plan was calculated using the discount rates described in the sensitivity table below. The discount rate utilized in the TRF pre-1996 account was 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75% percent for 2020). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected 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 for each plan.

Sensitivity: The following schedule presents the School Corporation's share of the net pension liability (asset) calculated using the discount rate of 6.75% percent for 2020, as well as what the School Corporation's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Discount Rate Sensitivity - Liability / (Asset) at June 30, 2019
Pre-Funded Defined Benefit

| PERF | | | TRF 1996 | | |
|---------------|------------------|--------------|---------------|------------------|-----------------|
| 1% | Current Discount | 1% | 1% | Current Discount | 1% |
| Decrease | Rate | Increase | Decrease | Rate | Increase |
| 5.75% | 6.75% | 7.75% | 5.75% | 6.75% | 7.75% |
| \$ 28,437,481 | \$ 17,706,879 | \$ 8,756,735 | \$ 15,627,853 | \$ (2,552,723) | \$ (17,278,674) |

Investment Valuation and Benefit Payment Policies: The following information applies for the 2020 reporting year.

- The pooled and non-pooled investments are reported at fair value by INPRS. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.
- Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.
- Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business.
- Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.
- Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income..
- Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' ASAs. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

PERRY TOWNSHIP SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - BENEFITS FOR EMPLOYEES AND RETIREES

Defined Contribution Plans: Benefit programs include:

- The School Corporation provides to eligible employees and, upon retirement their qualified dependents, an employer-funded Health Reimbursement Arrangement (HRA) plan that is only available when an employee retires from the School Corporation. The plans are funded while employees are actively employed with the School Corporation. At retirement, the account is vested, and the funds are available to employees, and the contributions from the employer ceases. Information regarding the plan can be obtained by contacting the School Corporation with the authority under which contribution requirements are established or can be amended. The School Corporation made contributions of \$658,026 to the plan during the year under audit.
- The School Corporation provides all eligible employees a defined contribution retirement plan through an employer-sponsored 401(a) plan. The School Corporation contributes to the plan while employees are employed. When an employee leaves or retires from the School Corporation, contributions from the employer ceases. An employee is vested in the plan when meeting the plan requirements. The plan only allows contributions from the School Corporation. Employees cannot contribute to the plan. Information regarding the plan can be obtained by contacting the School Corporation with the authority under which contribution requirements are established or can be amended. The School Corporation made contributions of \$5,939,108 to the plan during the year under audit.
- The School Corporation provides all employees an opportunity to participate in a 403(b)-retirement plan where employees save for retirement by contributing to individual accounts. When an employee leaves or retires from the School Corporation, contributions from the employee ceases. Information regarding the plan and the available vendors can be obtained by contacting the School Corporation with the authority under which the plan can be amended. The School Corporation does not contribute to the 403(b) plans.
- The School Corporation provides all employees an opportunity to participate in a 457(b)-retirement plan to defer income taxation on retirement savings into future years. Contributions from the employees are funded while employees are employed with the School Corporation. When an employee leaves or retires from the School Corporation, contributions from the employee ceases. The School Corporation has one vendor for the 457(b) plan. Information regarding the plan can be obtained by contacting the School Corporation with the authority under which contribution requirements are established or can be amended. The School Corporation does not contribute to the 457(b) plan.

Other Post Employment Benefits: The School Corporation participates in the Hoosier School Benefit Trust (HSBT). HSBT was formed in 1992, under Indiana Code Section 5-10-8-5, to provide health coverage, and related administrative services for substantially all of the employees of the participating educational institutions (the "Employers"). The Trust had seven members at June 30, 2020. The Trust is governed by a Board of Trustees which is comprised of trustees from each participating employer. The trust provides to eligible employees, retirees and their spouses multi-employer medical, dental, vision, life, supplemental & dependent life and long-term disability.

NOTE 12 – SUBSEQUENT EVENTS

The School Corporation closed on two 2020 Series General Obligation Bonds:

- Series 2020A, in the amount of \$5,250,000, closed on August 12, 2020
- Series 2020B, in the amount of \$5,155,000, closed on October 8, 2020.

Perry Township Schools
Required Supplementary Information
Schedule of Proportionate Share of the
Net Pension Liability
Last 10 Fiscal Years*

| | PERF | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| School District's proportion of the net pension liability | 0.0053575 | 0.0052680 | 0.0049716 | 0.0050443 | 0.0048664 | 0.0044914 |
| School District's proportionate share of the net pension liability | \$ 17,706,879 | \$ 17,895,634 | \$ 22,181,010 | \$ 22,893,276 | \$ 19,820,371 | \$ 11,803,108 |
| School District's covered payroll | \$ 27,200,578 | \$ 26,151,383 | \$ 24,267,289 | \$ 24,159,592 | \$ 23,209,910 | \$ 21,928,428 |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 65% | 68% | 91% | 95% | 85% | 54% |
| Plan fiduciary net position as a percentage of the total pension liability | 80% | 79% | 77% | 75% | 77% | 84% |

| | TRF | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| School District's proportion of the net pension liability | 0.0177693 | 0.0179673 | 0.0165803 | 0.0160064 | 0.0166383 | 0.0152696 |
| School District's proportionate share of the net pension liability (asset) | \$ (2,552,723) | \$ 1,992,789 | \$ 10,979,420 | \$ 12,493,321 | \$ 8,761,363 | \$ 726,082 |
| School District's covered payroll | \$ 57,418,831 | \$ 55,797,990 | \$ 49,479,534 | \$ 45,610,375 | \$ 44,993,604 | \$ 39,516,545 |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | -4% | 4% | 22% | 27% | 19% | 2% |
| Plan fiduciary net position as a percentage of the total pension liability | 102% | 98% | 90% | 88% | 91% | 99% |

Changes of assumptions: An assumption study was performed in April of 2015 resulting in an update to the following assumptions:

- o Inflation decreased from 3.0% to 2.25%
- o The future salary increase rate decreased from a table ranging from 3.25% to 4.5% to a table ranging from 2.5% to 4.25%
- o Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- o Retirement, Termination and Disability rates were adjusted to reflect recent experience
- o The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Corporation is presenting information for those years for which information is available.

Measurement date: Actuarial valuation reports from the prior fiscal year.

Benefit changes: There were no changes to the plan that impacted pension benefits during the fiscal year.

Plan amendments: There were no changes to the plan that impacted pension benefits during the fiscal year.

Perry Township Schools
Required Supplementary Information
Schedule of Contributions - Pension
Last 10 Fiscal Years*

| | PERF | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | \$ 3,283,663 | \$ 3,146,320 | \$ 3,023,800 | \$ 2,769,363 | \$ 2,717,708 | \$ 2,604,778 |
| Contributions in relation to the statutorily required contribution | \$ 3,283,663 | \$ 3,146,320 | \$ 3,023,800 | \$ 2,769,363 | \$ 2,717,708 | \$ 2,604,778 |
| Annual contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| The School District's contributions as a percentage of statutorily required contribution for pension | 100% | 100% | 100% | 100% | 100% | 100% |
| School District's covered payroll | \$ 28,728,519 | \$ 27,200,578 | \$ 26,151,383 | \$ 24,267,289 | \$ 24,159,592 | \$ 23,209,910 |
| Contributions as a percentage of covered payroll | 11% | 12% | 12% | 11% | 11% | 11% |
| | TRF | | | | | |
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | \$ 5,572,612 | \$ 6,428,413 | \$ 6,251,142 | \$ 5,581,440 | \$ 5,186,374 | \$ 3,420,196 |
| Contributions in relation to the statutorily required contribution | \$ 5,572,612 | \$ 6,428,413 | \$ 6,251,142 | \$ 5,581,440 | \$ 5,186,374 | \$ 3,420,196 |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| The School District's contributions as a percentage of statutorily required contribution for pension | 100% | 100% | 100% | 100% | 100% | 100% |
| School District's covered payroll | \$ 61,813,243 | \$ 57,418,831 | \$ 55,797,990 | \$ 49,479,534 | \$ 45,610,375 | \$ 44,993,604 |
| Contributions as a percentage of covered payroll | 9% | 11% | 11% | 11% | 11% | 8% |

TRF Pre-1996 Contributions - Special Funding Situation:

Contributions made by the State of Indiana for actuarial years June 30, 2019 and June 30, 2018 is \$12,384,157 and \$11,963,633.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years for which information is available.

Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial cost method: Entry age normal (Level Percent of Payroll)

Amortization method: Level dollar

Remaining amortization period: 22.5 years, closed - PRF

Remaining amortization period: 30 years, closed - TRF

Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.

Inflation: 2.25%

Salary increases: .25% - 2%

Investment rate of return: 6.75%

Mortality: RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2014

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 8.51% and 4.44% for PRF and TRF, respectively. However, the INPRS Board approved a State employer contribution rate of 11.2% and 5.5% for PRF and TRF, respectively.. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2020.

Perry Township Schools
 Required Supplementary Information
 Major Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
 Budget Year Ended December 31, 2019

| | Operations Fund | | | Variance from final budget over (under) |
|--|--------------------|-------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Local sources | \$ 19,826,131 | \$ 19,826,131 | \$ 19,541,589 | \$ (284,542) |
| Other revenues | 66,750 | 66,750 | 130,345 | 63,595 |
| Total revenues | <u>19,892,881</u> | <u>19,892,881</u> | <u>19,671,934</u> | <u>(220,947)</u> |
| Expenditures | | | | |
| Capital Outlays | 1,680,997 | 1,680,997 | 1,557,726 | (123,271) |
| Support services | 33,776,870 | 33,776,870 | 30,428,587 | (3,348,283) |
| Operation of noninstructional services | 130,230 | 130,230 | 110,842 | (19,388) |
| Total expenditures | <u>35,588,097</u> | <u>35,588,097</u> | <u>32,097,155</u> | <u>(3,490,942)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (15,695,216) | (15,695,216) | (12,425,221) | 3,269,995 |
| Other financing sources (uses) | | | | |
| Transfers in to establish fund | - | - | 11,673,961 | 11,673,961 |
| Transfers in | 15,697,269 | 15,697,269 | 13,287,553 | (2,409,716) |
| Transfers out | - | - | (350,500) | (350,500) |
| Other financing sources (uses) | - | - | 15,062 | 15,062 |
| Total other financing sources (uses) | <u>15,697,269</u> | <u>15,697,269</u> | <u>24,626,076</u> | <u>8,928,807</u> |
| Net change in fund balances | <u>\$ 2,053</u> | <u>\$ 2,053</u> | 12,200,855 | <u>\$ 12,198,802</u> |
| Fund balances at beginning of year | | | <u>\$ -</u> | |
| Fund balances at end of year | | | <u>\$ 12,200,855</u> | |

The above schedule is presented on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law.

See accompanying notes to the required supplementary information

Perry Township Schools
 Required Supplementary Information
 Major Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
 Budget Year Ended December 31, 2019

| | Education Fund | | | Variance from final budget over (under) |
|--|----------------------------|-------------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Local sources | \$ 492,500 | \$ 492,500 | \$ 1,519,473 | \$ 1,026,973 |
| State sources | 116,395,044 | 116,395,044 | 117,241,634 | 846,590 |
| Other revenues | - | - | 401 | 401 |
| Total revenues | <u>116,887,544</u> | <u>116,887,544</u> | <u>118,761,508</u> | <u>1,873,964</u> |
| Expenditures | | | | |
| Instruction | 79,911,826 | 79,911,826 | 76,783,613 | (3,128,213) |
| Support services | 22,576,347 | 22,576,347 | 23,256,710 | 680,363 |
| Operation of noninstructional services | 1,114,690 | 1,114,690 | 1,320,903 | 206,213 |
| Total expenditures | <u>103,602,863</u> | <u>103,602,863</u> | <u>101,361,226</u> | <u>(2,241,637)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 13,284,681 | 13,284,681 | 17,400,282 | 4,115,601 |
| Other financing sources (uses) | | | | |
| Transfers in to establish fund | - | - | 16,015,935 | 16,015,935 |
| Transfers in | - | - | 137,025 | 137,025 |
| Transfers out | (16,271,759) | (16,271,759) | (15,850,806) | 420,953 |
| Other financing sources (uses) | - | - | 1,148 | 1,148 |
| Total other financing sources (uses) | <u>(16,271,759)</u> | <u>(16,271,759)</u> | <u>303,302</u> | <u>16,575,061</u> |
| Net change in fund balances | <u>\$ (2,987,078)</u> | <u>\$ (2,987,078)</u> | 17,703,584 | <u>\$ 20,690,662</u> |
| Fund balances at beginning of year | | | - | |
| Fund balances at end of year | | | <u>\$ 17,703,584</u> | |

The above schedule is presented on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law.

See accompanying notes to the required supplementary information

Perry Township Schools
 Required Supplementary Information
 Major Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
 Budget Year Ended December 31, 2019

| | Rainy Day Fund | | | Variance from final budget over (under) |
|--|----------------------------|-------------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | |
| Capital Outlays | 10,671,959 | 10,671,959 | 9,954,397 | (717,562) |
| Support services | 198,041 | 198,041 | 387,092 | 189,051 |
| Operation of noninstructional services | 30,000 | 30,000 | 30,000 | - |
| Total expenditures | <u>10,900,000</u> | <u>10,900,000</u> | <u>10,371,489</u> | <u>(528,511)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (10,900,000) | (10,900,000) | (10,371,489) | 528,511 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 6,237,500 | 6,237,500 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>6,237,500</u> | <u>6,237,500</u> |
| Net change in fund balances | <u>\$ (10,900,000)</u> | <u>\$ (10,900,000)</u> | (4,133,989) | <u>\$ 6,766,011</u> |
| Fund balances at beginning of year | | | <u>26,848,098</u> | |
| Fund balances at end of year | | | <u>\$ 22,714,109</u> | |

The above schedule is presented on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law.

See accompanying notes to the required supplementary information

Perry Township Schools
 Required Supplementary Information
 Major Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
 Budget Year Ended December 31, 2019

| | Operating Referendum Fund | | | Variance from final budget over (under) |
|--|----------------------------------|-------------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Local sources | \$ 14,614,572 | \$ 14,614,572 | \$ 16,206,100 | \$ 1,591,528 |
| State sources | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>14,614,572</u> | <u>14,614,572</u> | <u>16,206,100</u> | <u>1,591,528</u> |
| Expenditures | | | | |
| Instruction | 9,153,564 | 9,153,564 | 8,905,937 | (247,627) |
| Support services | 2,395,932 | 2,395,932 | 2,595,059 | 199,127 |
| Capital Outlays | - | - | 386,941 | 386,941 |
| Total expenditures | <u>11,549,496</u> | <u>11,549,496</u> | <u>11,887,937</u> | <u>338,441</u> |
| Excess (deficiency) of revenues over (under) expenditures | 3,065,076 | 3,065,076 | 4,318,163 | 1,253,087 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>(3,065,076)</u> | <u>(3,065,076)</u> | <u>(6,000,000)</u> | <u>(2,934,924)</u> |
| Total other financing sources (uses) | <u>(3,065,076)</u> | <u>(3,065,076)</u> | <u>(6,000,000)</u> | <u>(2,934,924)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | (1,681,837) | <u>\$ (1,681,837)</u> |
| Fund balances at beginning of year | | | <u>5,626,289</u> | |
| Fund balances at end of year | | | <u>\$ 3,944,452</u> | |

The above schedule is presented on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law.

See accompanying notes to the required supplementary information

Perry Township Schools
 Required Supplementary Information
 Major Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
 Budget Year Ended December 31, 2019

| | Textbook Rental Fund | | | Variance from final budget over (under) |
|--|-----------------------------|-------------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| State sources | \$ 905,386 | \$ 905,386 | \$ 912,929 | \$ 7,543 |
| Other revenues | - | - | 647,114 | 647,114 |
| Total revenues | <u>905,386</u> | <u>905,386</u> | <u>1,560,043</u> | <u>654,657</u> |
| Expenditures | | | | |
| Instruction | 1,525,854 | 1,525,854 | 125,668 | (1,400,186) |
| Support services | - | - | 560,885 | 560,885 |
| Total expenditures | <u>1,525,854</u> | <u>1,525,854</u> | <u>686,553</u> | <u>(839,301)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (620,468) | (620,468) | 873,490 | 1,493,958 |
| Other financing sources (uses) | | | | |
| Transfers in | 711,622 | 711,622 | 711,622 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>711,622</u> | <u>711,622</u> | <u>711,622</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 91,154</u> | <u>\$ 91,154</u> | 1,585,112 | <u>\$ 1,493,958</u> |
| Fund balances at beginning of year | | | <u>379,287</u> | |
| Fund balances at end of year | | | <u>\$ 1,964,399</u> | |

The above schedule is presented on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law.

See accompanying notes to the required supplementary information

NOTE 1 – BUDGETS AND BUDGETARY BASIS OF ACCOUNTING

Budgets are initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

While the School Corporation reports on a June 30 year end under the economic resources measurement focus and the accrual basis of accounting, budgets are prepared on a cash basis for each calendar year end.

Budget to actual schedules of revenues, expenditures and changes in fund balances have been presented for each major special revenue fund.