

SOUTH BEND COMMUNITY SCHOOL CORPORATION
South Bend, Indiana

FINANCIAL STATEMENTS

July 1, 2019 to June 30, 2020

FILED
12/31/2021

SOUTH BEND COMMUNITY SCHOOL CORPORATION

FINANCIAL STATEMENTS
June 30, 2020

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SOUTH BEND COMMUNITY SCHOOL CORPORATION

Schedule of Officials

June 30, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jenise Palmer Kareemah Fowler	07-01-19 to 08-31-19 09-01-19 to 06-30-22
Superintendent of Schools	Dr. C Todd Cummings	07-01-19 to 06-30-22
President of the Board	John Anella	01-01-19 to 12-31-21



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL CORPORATION, ST. JOSEPH COUNTY, INDIANA

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities and have audited the financial statements of each major fund and the aggregate remaining fund information of the South Bend Community School Corporation (School Corporation), as of and for the year ended June 30, 2020, and the related notes to the financial statements. These financial statements 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. Except as discussed in the *Basis for Disclaimer of Opinion on Governmental Activities* paragraph, 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. Because of the matter described in the *Basis for Disclaimer of Opinion on Governmental Activities* paragraph; however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the governmental activities.

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Except for the matter described in the *Basis for Disclaimer of Opinion on Governmental Activities* paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on Governmental Activities

The School Corporation reported \$137,809,572 for capital assets net of accumulated depreciation for land and other capital assets of the School Corporation but did not provide supporting documentation for these amounts. The capital assets net of accumulated depreciation reported represent 52 percent of the total assets of the School Corporation. It is not practicable to determine the effect this lack of supporting documentation could have on reported capital assets, accumulated depreciation, net position, and expense.

Disclaimer of Opinion on Governmental Activities

Because of the significance of the matter discussed in the *Basis for Disclaimer Opinion on Governmental Activities* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the School Corporation as of June 30, 2020.

Unmodified Opinions

In our opinion, 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 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, Schedule of Employer's Share of Nonemployer Contributing Entity Contributions – Pre-96 Teachers Retirement Fund, Schedule of Changes in Total Other Postemployment Benefits Liability, and Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget to 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 and the Budget to GAAP Reconciliation of Major Special Revenue Funds that accounting principles general 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)

Statutory Audit Responsibility

Due to our statutory audit responsibility for the School Corporation, we were unable to withdraw from the engagement, even though an inability to obtain sufficient appropriate audit evidence exists that necessitated the issuance of a disclaimer of opinion on the financial statements of the governmental activities.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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

December 16, 2021

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Statement of Net Position
June 30, 2020

	<u>Primary Government Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 47,494,993
Cash and cash equivalents - restricted	47,016,628
Receivables, net	
Interest receivable	58,854
Taxes receivable	21,910,772
Intergovernmental receivable	5,176,245
Other receivables	1,063,100
Inventories	352,874
Prepaid items	660,023
Nondepreciable capital assets	3,303,627
Other capital assets, net of depreciation	134,505,945
Net pension asset - TRF	2,104,621
Total assets	<u>263,647,682</u>
Deferred Outflows of Resources	
Pensions	11,714,681
OPEB	1,216,199
Debt refundings	1,616,220
Total deferred outflows of resources	<u>14,547,100</u>
Total assets and deferred outflows of resources	<u>\$ 278,194,782</u>
Liabilities	
Accounts payable	\$ 5,473,633
Accrued payroll and related benefits	7,538,670
Interest payable on bonds and leases	1,513,187
Unearned revenue	77,354
Other liabilities	3,243,722
Long-term obligations, due within one year:	
Bonds payable	11,615,000
Leases payable	1,032,971
Common school fund loans	404,504
Pension obligation bonds	2,135,273
Long-term obligations, due in more than one year:	
Bonds payable	65,574,540
Leases payable	522,104
Common school fund loans	1,184,256
Net pension liability - PERF	19,969,856
Total other post-employment benefits liability	19,916,435
Total liabilities	<u>140,201,505</u>
Deferred Inflows of Resources	
Pensions	14,862,535
Total liabilities and deferred inflows of resources	<u>155,064,040</u>
Net Position	
Net investment in capital assets	72,223,048
Restricted for:	
Instruction	7,435,811
Debt service	15,937,646
Grants and donations	879,890
Severance obligations	10,011,144
Unrestricted	16,643,203
Total net position	<u>123,130,742</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 278,194,782</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Statement of Activities

June 30, 2020

Functions / Programs:	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for	Operating Grants	Changes in Net Position
				Services
				Governmental
				Activities
Primary Government:				
Governmental activities:				
Instruction	\$ 120,610,837	\$ 48,315	\$ 38,510,647	\$ (82,051,875)
Support services	85,429,178	345,006	4,050,818	(81,033,354)
Operation of noninstructional services	17,526,320	52,953	8,502,351	(8,971,016)
Interest on debt	2,284,724	-	-	(2,284,724)
Nonprogrammed charges	571,741	-	-	(571,741)
Total governmental activities	<u>\$ 226,422,800</u>	<u>\$ 446,274</u>	<u>\$ 51,063,816</u>	<u>(174,912,710)</u>

General Revenues:

Taxes:

Local Property Taxes	42,246,073
License Excise Tax	3,547,362
Commercial Vehicle Excise Tax	602,499
Financial Institution Tax	195,839
State basic aid	123,333,133
Gain (loss) on sale of capital assets	262,305
Investment earnings	1,871,793
Other general revenues	4,581,473
Total general revenues	<u>176,640,477</u>

Change in net position	1,727,767
Net position, beginning of year	<u>121,402,975</u>
Net position, end of the year	<u>\$ 123,130,742</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Governmental Funds – Balance Sheet
June 30, 2020

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	Operations Fund	Education Fund	Debt Service Fund	Construction Fund		
Assets						
Cash and investments	\$ 20,844,584	\$ -	\$ -	\$ -	\$ 5,203,420	\$ 26,048,004
Cash and investments - restricted	-	13,802,325	7,109,100	11,492,317	19,776,240	52,179,982
Receivables, net						
Interest receivable	-	-	-	7,050	13,095	20,145
Taxes receivable	16,357,222	-	4,962,898	-	590,652	21,910,772
Intergovernmental receivable	-	2,081	-	-	5,174,164	5,176,245
Other receivables	11,511	-	-	-	889,707	901,218
Inventories	-	-	-	-	352,874	352,874
Prepaid items	250,547	40,057	369,419	-	-	660,023
Total assets	<u>\$ 37,463,864</u>	<u>\$ 13,844,463</u>	<u>\$ 12,441,417</u>	<u>\$ 11,499,367</u>	<u>\$ 32,000,152</u>	<u>\$ 107,249,263</u>
Liabilities and Deferred Inflows of Resources						
Liabilities:						
Accounts payable	\$ 1,840,981	\$ 600,148	\$ -	\$ 788,145	\$ 1,757,394	\$ 4,986,668
Salaries and payroll deductions payable	632,560	5,200,780	-	-	1,705,330	7,538,670
Intergovernmental payable	809,927	567,667	-	-	171,673	1,549,267
Unearned revenue	-	-	-	-	77,354	77,354
Total liabilities	<u>3,283,468</u>	<u>6,368,595</u>	<u>-</u>	<u>788,145</u>	<u>3,711,751</u>	<u>14,151,959</u>
Deferred Inflows of Resources:						
Unavailable revenues	<u>15,526,857</u>	<u>-</u>	<u>4,500,467</u>	<u>-</u>	<u>1,892,870</u>	<u>21,920,194</u>
Fund Balances						
Nonspendable	250,547	40,057	-	-	-	290,604
Restricted - Facility maintenance and capital needs	-	-	-	10,711,222	-	10,711,222
Restricted - Instruction	-	7,435,811	-	-	-	7,435,811
Restricted - Debt service	-	-	7,940,950	-	7,996,696	15,937,646
Restricted - Grants and donations	-	-	-	-	879,890	879,890
Restricted - Severance obligations	-	-	-	-	10,011,144	10,011,144
Assigned - Food services	-	-	-	-	3,102,603	3,102,603
Assigned - Textbook program	-	-	-	-	2,538,906	2,538,906
Assigned - Instruction	-	-	-	-	637,731	637,731
Assigned - Other	-	-	-	-	1,228,561	1,228,561
Unassigned	18,402,992	-	-	-	-	18,402,992
Total fund balances	<u>18,653,539</u>	<u>7,475,868</u>	<u>7,940,950</u>	<u>10,711,222</u>	<u>26,395,531</u>	<u>71,177,110</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 37,463,864</u>	<u>\$ 13,844,463</u>	<u>\$ 12,441,417</u>	<u>\$ 11,499,367</u>	<u>\$ 32,000,152</u>	<u>\$ 107,249,263</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 Reconciliation of the Governmental Funds
 Balance Sheet to Statement of Net Position
 June 30, 2020

Total fund balances - governmental funds		\$ 71,177,110
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		137,809,572
Certain items related to net losses and gains on refundings of debt are deferred and recognized in future periods.		
Deferred outflows of resources	\$ 1,616,220	
Deferred inflows of resources	<u>-</u>	1,616,220
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	(80,913,573)	
Leases payable	(1,555,075)	
Net pension liability	(19,969,856)	
Net pension asset	2,104,621	
Other post-employment obligations	<u>(19,916,435)</u>	(120,250,318)
Total long-term liabilities		
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized when due.		(1,513,187)
Certain taxes receivable items are not available to pay for current period expenditures and therefore are unavailable in the governmental funds.		
Taxes	20,562,741	
Grants receivable	<u>1,357,453</u>	21,920,194
Certain items related to pension and other post-employment benefit liabilities measurements are deferred and recognized in future periods.		
Deferred outflows of resources	12,930,880	
Deferred inflows of resources	<u>(14,862,535)</u>	(1,931,655)
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.		
		<u>14,302,806</u>
Total net position- governmental activities		<u>\$ 123,130,742</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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	Debt Service Fund	Construction Fund		
Revenues						
Property taxes	\$ 25,184,439	\$ -	\$ 8,233,523	\$ -	\$ 9,048,830	\$ 42,466,792
Other taxes	2,834,954	-	687,653	-	823,094	4,345,701
State basic aid	3,694	123,582,555	-	-	2,892,888	126,479,137
Investment income	483,357	-	-	183,819	256,099	923,275
Federal sources	-	74,142	-	-	30,452,009	30,526,151
Other revenues	74,758	79,786	-	368,786	3,634,659	4,157,989
Total revenues	<u>28,581,202</u>	<u>123,736,483</u>	<u>8,921,176</u>	<u>552,605</u>	<u>47,107,579</u>	<u>208,899,045</u>
Expenditures						
Instruction	-	71,453,969	-	-	26,039,831	97,493,800
Support services	43,515,105	21,410,150	-	-	12,813,227	77,738,482
Operation of noninstructional services	683,666	1,068,198	-	-	13,832,461	15,584,325
Nonprogrammed charges	420,879	463,050	-	-	94,868	978,797
Capital outlays	5,491,592	-	-	4,773,189	12,693	10,277,474
Principal payments on debt	-	353,377	1,120,837	-	14,375,000	15,849,214
Capital lease payments	640,924	-	-	-	-	640,924
Interest on debt	47,080	47,004	115,627	-	3,621,941	3,831,652
Total expenditures	<u>50,799,246</u>	<u>94,795,748</u>	<u>1,236,464</u>	<u>4,773,189</u>	<u>70,790,021</u>	<u>222,394,668</u>
Excess of revenues over expenditures	<u>(22,218,044)</u>	<u>28,940,735</u>	<u>7,684,712</u>	<u>(4,220,584)</u>	<u>(23,682,442)</u>	<u>(13,495,623)</u>
Other financing sources (uses)						
Proceeds from sales of assets	262,305	-	-	-	-	262,305
Issuance of bonds, par	-	-	-	5,000,000	1,636,670	6,636,670
Issuance of bonds, premium	-	-	-	102,004	-	102,004
Transfers in	19,915,222	17,932	7,522,150	-	29,961,614	57,416,918
Transfers out	-	(32,449,078)	(8,043,225)	-	(16,924,615)	(57,416,918)
Total other financing sources (uses)	<u>20,177,527</u>	<u>(32,431,146)</u>	<u>(521,075)</u>	<u>5,102,004</u>	<u>14,673,669</u>	<u>7,000,979</u>
Net change in fund balances	<u>(2,040,517)</u>	<u>(3,490,411)</u>	<u>7,163,637</u>	<u>881,420</u>	<u>(9,008,773)</u>	<u>(6,494,644)</u>
Fund balances at beginning of year	<u>20,694,056</u>	<u>10,966,279</u>	<u>777,313</u>	<u>9,829,802</u>	<u>35,404,304</u>	<u>77,671,754</u>
Fund balances at end of year	<u>\$ 18,653,539</u>	<u>\$ 7,475,868</u>	<u>\$ 7,940,950</u>	<u>\$ 10,711,222</u>	<u>\$ 26,395,531</u>	<u>\$ 71,177,110</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 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 \$ (6,494,644)

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 capitalization of assets	4,243,755	
Depreciation expense	<u>(8,648,290)</u>	
Depreciation expense in excess of capital outlays		(4,404,535)

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.

Debt principal repayment	16,490,138	
Debt issuance	<u>(6,636,670)</u>	
Change in interest payable	326,242	10,179,710

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 (interest expense)		1,688,075
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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 2019 and 2020 consists of:

Taxes		(219,317)
Grant revenue		1,357,453

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 of resources surrounding debt refundings	(570,784)	
Change in OPEB liabilities and deferred outflows of resources	<u>(1,933,133)</u>	
Change in pension asset, liability, and deferred inflows and outflows of resources	1,557,269	
Total		(946,648)

Gross revenues and disbursements of the internal service fund were eliminated in order to avoid duplication of these amounts in the government wide financial statements. This resulted in an eliminating entry of \$29,545,769, which had no net effect on the government wide statement of activities

-

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.

<u>567,673</u>

Change in net position of governmental activities \$ 1,727,767

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Statement of Fund Net Position – Proprietary Fund
June 30, 2020

	Internal Service Fund <u>Self-Insurance Fund</u>
Current assets	
Cash and cash equivalents - unrestricted	\$ 16,283,635
Interest receivable	38,709
Other receivables	<u>161,882</u>
Total assets	<u>\$ 16,484,226</u>
Current liabilities	
Accounts payable	\$ 486,965
Intergovernmental payable	13,429
Claims payable	<u>1,681,026</u>
Total liabilities	<u>2,181,420</u>
Net Position	
Unrestricted	<u>14,302,806</u>
Total net position	<u>14,302,806</u>
Total liabilities and net position	<u>\$ 16,484,226</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year ended June 30, 2020

	Internal Service Fund <u>Self-Insurance Fund</u>
Operating revenue	
Insurance premiums paid by employer and employees	\$ 29,545,769
Total operating revenue	<u>29,545,769</u>
Operating expenses	
Instruction	556,785
Support services	225,882
Operation of noninstructional services	4,053
Capital outlays	1,181
Insurance claims	29,138,713
Total operating expenses	<u>29,926,614</u>
Operating income (loss)	(380,845)
Nonoperating revenue and expenses	
Investment income	948,518
Total nonoperating revenue (expenses)	<u>948,518</u>
Change in net position	567,673
Total net position, beginning of year	13,735,133
Total net position, end of year	<u><u>\$ 14,302,806</u></u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Statement of Cash Flows – Proprietary Fund
Year ended June 30, 2020

	Internal Service Fund Self-Insurance Fund
Cash flows from operating activities	
Collections for payment of claims	\$ 29,431,117
Insurance claims paid	(29,802,704)
Net cash used by operating activities	(371,587)
Cash flows from investing activities	
Interest and dividends	1,019,283
Net cash provided by investing activities	1,019,283
Net increase in cash and cash equivalents	647,696
Cash and cash equivalents, beginning of year	15,635,939
Cash and cash equivalents, end of year	\$ 16,283,635
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating loss	\$ (380,845)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Increase (decrease) in:	
Accounts receivable	(114,652)
Accounts payable	(2,250)
Intergovernmental payable	4,849
Claims payable	121,311
Net cash provided (used) by operating activities	\$ (371,587)

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Statement of Fiduciary Net Position
June 30, 2020

	Agency Funds
Assets	
Cash and investments	\$ 2,117,328
Total assets	<u>\$ 2,117,328</u>
Liabilities	
Cash held on behalf of students	\$ 982,151
Cash held on behalf of employees for payroll liabilities	1,135,177
Total liabilities	<u>\$ 2,117,328</u>

See accompanying notes to financial statements

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: South Bend Community School Corporation (the "School Corporation") was established under the laws of the State of Indiana. The School is an independent entity governed by an elected Board of School Trustees consisting of seven members. The Board is responsible for, and controls all activities related to public school education within the School's district. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. The School Corporation is located in north-central Indiana. The School Corporation is St. Joseph County's oldest and largest school corporation, and the fourth largest school corporation in Indiana. The School Corporation serves traditional K-12 students, special needs students from preschool through age 22, and a large number of adult students.

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

Blended Component Unit: The following component units (collectively the "Building Corporation") have been presented as blended component units. The Board of the component units are made up of three retired School Corporation employees. 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:

- South Bend Community School Corporation 2000 School Building Corporation (Building Corporation). The component unit is presented as a portion of debt service and construction funds (capital projects).
- South Bend Community School Corporation 2002 School Building Corporation (Building Corporation). The component unit is presented as a portion of debt service and construction funds (capital projects).

The component units detailed above hold bonds currently outstanding in the amount of \$22,565,000 and \$36,855,000 and related capital assets. The School Corporation has entered into lease revenue arrangements with the Building Corporation to pay off the entirety of this debt as scheduled. The lease transactions have been eliminated for the reporting entity presentation of financial statements.

Related Parties: The School Corporation is supported by several parent teacher organizations and booster groups as well as the South Bend Education Foundation. Each of these organizations are separate legal entities and have their own governing boards. The School Corporation does not control these groups but, does work closely with them to identify areas where they can support educational programs within the schools.

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 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 as general revenues.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of resources, deferred outflows of resources, fund balance, revenues, and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements. Fiduciary funds are excluded from the government-wide financial statements.

Measurement Focus and Basis of Accounting: The government-wide financial statements, the internal service fund 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.

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 fiscal 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:

The School Corporation reports the following major governmental funds:

- *Operations Fund* – the Operations Fund is required by Indiana Code (IC) 20-40-18. It is used to account for receipt of the operation property tax levy and other excise and local income taxes. It is also used to pay expenses allocated to overhead and operational activities.
- *Education Fund* – the Education Fund is required by Indiana (IC) 20-40-2. It is used to account for all tuition receipts and disbursements related to student instruction and learning.
- *Debt Service Fund* - accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.
- *Construction Funds* – Various capital project type funds that account for construction projects and renovations financed through various bond issuances. These funds have been aggregated for financial statement presentation and no property tax rates are associated with the funds.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Fund Types:

Additionally, the School Corporation reports the following fund types:

- *Nonmajor Debt Service Funds* – Certain debt service type funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs but have not met thresholds for reporting as major funds. These funds include debt service funds reporting pension obligation bonds and debt held by the Building Corporations.
- *Nonmajor Special Revenue Funds* – Various funds 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, Construction Funds, or Fiduciary Funds. Key funds include:
 - *School Lunch* – A special revenue fund that accounts for the various grants, receipts and related costs for the school lunch program.
 - *Textbook Rental* – A special revenue fund that accounts for the receipts and disbursements related to rental of textbooks and other curricular materials and supplies.
 - *Rainy Day* – the Rainy-Day Fund is primarily used to provide temporary interfund loans during the year for cash flow purposes. Temporary loans are made in January and typically repaid by December 31st of the same year.
- *Internal Service Funds* – The self-insurance funds are proprietary funds and account for the cost of purchased insurance, the operation and administration of the School Corporation's self-insurance programs, and the cost of administering and collecting the School Corporation's occupational premiums.
- *Fiduciary Funds* – Certain extra-curricular funds, the prepaid lunch fund and payroll withholding funds account for assets held by the School Corporation in a trustee capacity.

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.

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 requirements, capital requirements, or grantor intent and funds required to be spent on nonpublic school needs by the State.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

Interfund Transactions and Balances: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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 future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods. 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, recognition of changes in its other post-employment benefit plans that will be amortized in future periods and deferred amounts on debt refunding which will be recognized as interest expense, or revenue, over the life of the debt.

Inventories and Prepaid Items: All material inventories are recorded at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased. 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.

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 January 15. These rates were based upon the preceding year's lien date 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.

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 \$5,000 or more and an estimated useful life of 5 years or more or improvements or renovations that extend the useful life of an asset more than 2 years. Such assets are recorded at cost or historical cost at the date of acquisition if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements Other Than Buildings	10 - 30
Buses	12
Machinery and Equipment	5 - 35

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position* - All other net position 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 policy to use restricted resources first, and then unrestricted resources as they are needed.

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 value of the District's share of pension expense.

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits: For purposes of measuring the School Corporation's Post-Employment Benefits Other than Pensions ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Property Tax Abatements: St. Joseph County provides property tax abatements in accordance with Indiana Code (IC) 6-1.1-12.1. The fiscal body of the County (County Council) has the authority to approve these property tax abatements for both Real and Personal property. In order for property to be eligible for tax abatement, it must be located in an area designated by the fiscal body as an Economic Revitalization Area; for which the County designated all unincorporated real estate as an Economic Revitalization Area in 2004 except for certain areas zoned such as residential or agricultural. For the fiscal year ended December 31, 2019, the County abated property taxes totaling \$5,116,847. The City of South Bend abated property taxes of \$1,766,580 during 2019. These abatements have a lesser impact on the School Corporation's collection of property taxes due to the allocation to many underlying tax units.

St. Joseph County - Real Property	\$5,116,947
City of South Bend - Real Property	<u>1,766,580</u>
	<u><u>\$6,883,527</u></u>

Commitments and Contingencies: In the ordinary course of business, several 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 on litigation cases 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.

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.

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.

Subsequent Events: In November 2020, the School Corporation sold \$4.69 million in general obligation bonds. The bonds will be used for various renovations and technology equipment. Semiannual principal and interest payments begin June 2021 and will be made until the bonds mature in December 2026.

In December 2020, the School Corporation sold \$9 million in general obligation bonds. The bonds will be used to pay a portion of the costs of renovation, restoration, upgrade, improvement and equipping projects at several schools. Semiannual principal and interest payments begin June 2021 and will be made until the bonds mature in December 2024.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On July 26, 2021 the School Board authorized the issuance of the 2021A General Obligation Bonds not to exceed \$5,575,000 for the purpose of providing funds to be applied to pay for any or all or a portion of the costs of certain improvements and technology upgrades and costs associated therewith and on account of the issuance of bonds.

On July 26, 2021 the School Board authorized the issuance of the 2021B Ad Valorem Property Tax General Obligation Bonds not to exceed \$6,000,000 for the purpose of providing funds to be applied to pay for a portion of the costs of the 2020 SBCSC School Building Basic Renewal/Restoration and Safety Project and costs associated therewith and on account of the issuance of bonds.

The following Federal Programs Grants were awarded to the SBCSC subsequent to June 30, 2020:

- ESSER II \$26,420,196 for a period of three years.
- ESSER III \$50,336,007 for a period of three years.
- LEAP Grant \$15,290,173 for a period of three years.
- Teacher Partnership Grant \$5,521,703 for a period of five years.

NOTE 2 - FUND BALANCES

The components of fund balance include the following line items:

	Operations Fund	Education Fund	Debt Service Fund	Construction Fund	Nonmajor Governmental Funds	Total
Nonspendable	\$ 250,547	\$ 40,057	\$ -	\$ -	\$ -	\$ 290,604
Restricted						
Facility maintenance and capital needs	-	-	-	10,711,222	-	10,711,222
Instruction	-	7,435,811	-	-	-	7,435,811
Debt service	-	-	7,940,950	-	7,996,696	15,937,646
Grants and donations	-	-	-	-	879,890	879,890
Severance obligations	-	-	-	-	10,011,144	10,011,144
	-	7,435,811	7,940,950	10,711,222	18,887,730	44,975,713
Committed	-	-	-	-	-	-
Assigned						
Food services	-	-	-	-	3,102,603	3,102,603
Textbook program	-	-	-	-	2,538,906	2,538,906
Instruction	-	-	-	-	637,731	637,731
Other	-	-	-	-	1,228,561	1,228,561
	-	-	-	-	7,507,801	7,507,801
Unassigned	18,402,992	-	-	-	-	18,402,992
Total	<u>\$ 18,653,539</u>	<u>\$ 7,475,868</u>	<u>\$ 7,940,950</u>	<u>\$ 10,711,222</u>	<u>\$ 26,395,531</u>	<u>\$ 71,177,110</u>

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 2 - FUND BALANCES (Continued)

- 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.
- 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.

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. 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.

Certain Nonmajor special revenue type funds had deficit fund balances at June 30, 2020:

- Various nonmajor special revenue funds related to reimbursable grants had deficit fund balances due to timing differences between certain expenses and their related revenues.
- Expenses exceeding revenues during the year.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash: The carrying amount of cash was \$81,190,265 at June 30, 2020, while the bank balances were \$79,374,512. Of the total carrying value of cash, \$79,072,937 was related to governmental activities and \$2,117,328 was related to fiduciary activities. 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.

Money Market Accounts: As of June 30, 2020, the School Corporation holds \$15,438,684 in money market accounts which are reflected as cash equivalents. These have been reported under amortized cost.

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 4 – RESTRICTED ASSETS

The School Corporation and the Building Corporation have cash and investments that are externally restricted for their use by either a tax levy, capital referendum, bond issuance related funds (debt service or construction proceeds), state statute or grantors held by the School Corporation or held in trust for the Building Corporation as follows as of June 30, 2020:

	<u>Bond Funds</u> <u>(Proceeds)</u>	<u>Bond funds</u> <u>(Debt Service)</u>	<u>State</u> <u>Statute</u>	<u>Grants &</u> <u>Other</u>	<u>Severance</u> <u>Obligations</u>	<u>Building</u> <u>Corporation - Trust</u> <u>(Construction)</u>	<u>Building</u> <u>Corporation - Trust</u> <u>(Debt Service)</u>	<u>Total</u>
Governmental Activities:								
Major Funds:								
Education	\$ -	\$ -	\$ 13,802,325	\$ -	\$ -	\$ -	\$ -	\$ 13,802,325
Debt Service	-	7,109,100	-	-	-	-	-	7,109,100
Capital Projects	3,016,363	-	-	-	-	8,475,954	-	11,492,317
	<u>3,016,363</u>	<u>7,109,100</u>	<u>13,802,325</u>	<u>-</u>	<u>-</u>	<u>8,475,954</u>	<u>-</u>	<u>32,403,742</u>
Non-Major Funds:								
Debt Service	-	978,734	-	-	-	-	6,962,727	7,941,461
Grants	-	-	-	1,830,212	-	-	-	1,830,212
Other	-	-	-	-	10,004,567	-	-	10,004,567
	<u>-</u>	<u>978,734</u>	<u>-</u>	<u>1,830,212</u>	<u>10,004,567</u>	<u>-</u>	<u>6,962,727</u>	<u>19,776,240</u>
Totals	<u>\$ 3,016,363</u>	<u>\$ 8,087,834</u>	<u>\$ 13,802,325</u>	<u>\$ 1,830,212</u>	<u>\$ 10,004,567</u>	<u>\$ 8,475,954</u>	<u>\$ 6,962,727</u>	<u>\$ 52,179,982</u>

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 Category</u>	<u>June 30, 2020</u> <u>Balance</u>			
	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u> <u>Receivables</u>
Other Receivables:				
Student receivables	\$ 539,480	\$ -	\$ -	\$ 539,480
Less allowance for uncollectible accounts	(242,959)	-	-	(242,959)
	<u>296,521</u>	<u>-</u>	<u>-</u>	<u>296,521</u>
Refunds and rebated receivables	604,697	161,882	-	766,579
Total other receivables	<u>901,218</u>	<u>161,882</u>	<u>-</u>	<u>1,063,100</u>
Taxes receivables	21,910,772	-	-	21,910,772
Interest receivable	20,145	38,709	-	58,854
Intergovernmental receivables	5,176,245	-	-	5,176,245
Total Receivables	<u>\$ 28,008,380</u>	<u>\$ 200,591</u>	<u>\$ -</u>	<u>\$ 28,208,971</u>

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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	\$ 1,924,680	\$ -	\$ -	\$ 1,924,680
Construction in Progress	702,012	3,849,269	3,172,334	1,378,947
Total nondepreciable capital assets	<u>2,626,692</u>	<u>3,849,269</u>	<u>3,172,334</u>	<u>3,303,627</u>
Other capital assets				
Buildings	629,676,686	1,264,247	-	630,940,933
Improvements Other Than Buildings	5,262,059	1,769,785	-	7,031,844
Machinery and Equipment	85,791,368	532,788	89,907	86,234,249
Total other capital assets	<u>720,730,113</u>	<u>3,566,820</u>	<u>89,907</u>	<u>724,207,026</u>
Less: Accumulated depreciation				
Buildings	508,005,415	5,469,101	-	513,474,516
Improvements Other Than Buildings	4,849,843	48,630	-	4,898,473
Machinery and equipment	68,287,440	3,130,559	89,907	71,328,092
Total accumulated depreciation	<u>581,142,698</u>	<u>8,648,290</u>	<u>89,907</u>	<u>589,701,081</u>
Total other capital assets, net	<u>139,587,415</u>	<u>(5,081,470)</u>	<u>-</u>	<u>134,505,945</u>
Total governmental activity capital assets, net	<u>\$ 142,214,107</u>	<u>\$ (1,232,201)</u>	<u>\$ 3,172,334</u>	<u>\$ 137,809,572</u>

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

<u>Governmental Activities</u>	<u>Depreciation</u>
Instruction	\$ 5,361,584
Support services	1,354,043
Operation of noninstructional services	<u>1,932,663</u>
Total depreciation expense - governmental activities	<u>\$ 8,648,290</u>

As of June 30, 2020, the School Corporation has \$3,645,485 of construction commitments related to building renovations outstanding.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES

Changes in General Long-Term Liabilities: The following is a summary of 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	\$ 9,840,000	\$ 5,000,000	\$ 2,130,000	\$ 12,710,000	\$ 840,000
Bond premiums	154,733	102,004	47,913	208,824	-
Pension obligation bonds payable	4,975,273	-	2,840,000	2,135,273	2,135,273
Common School Fund loans	192,927	1,636,670	240,837	1,588,760	404,504
Capital leases payable	2,549,376	-	994,301	1,555,075	1,032,971
Net pension liability - PERF	20,426,433	4,589,372	5,045,949	19,969,856	-
Net pension liability (asset) - TRF 1996	1,951,042	3,886,952	7,942,615	(2,104,621)	-
Other post-employment benefits	18,157,245	2,792,915	1,033,725	19,916,435	-
	<u>58,247,029</u>	<u>18,007,913</u>	<u>20,275,340</u>	<u>55,979,602</u>	<u>4,412,748</u>
Building Corporation:					
Revenue bonds payable	69,705,000	-	10,285,000	59,420,000	10,775,000
Bond premiums	6,594,273	-	1,743,557	4,850,716	-
	<u>76,299,273</u>	<u>-</u>	<u>12,028,557</u>	<u>64,270,716</u>	<u>10,775,000</u>
Total long-term liabilities - governmental activities	<u>\$ 134,546,302</u>	<u>\$ 18,007,913</u>	<u>\$ 32,303,897</u>	<u>\$ 120,250,318</u>	<u>\$ 15,187,748</u>

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

Bonds payable: The School Corporation's 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	Face Amount	Carrying Amount
SBCSC Amended Taxable General Obligation Pension Bonds, Series 2006	1/5/2021	5.74 - 6.01	9,925,273	\$ 2,135,273
General Obligation Refunding Bonds, Series 2013	1/1/2026	2.00 - 3.00	9,640,000	4,085,000
General Obligation Bonds, Series 2018	1/15/2025	3.00	4,875,000	3,625,000
General Obligation Bonds, Series 2019	1/15/2026	2.00	5,000,000	5,000,000
Total				<u>\$ 14,845,273</u>

The Building Corporation revenue bonds are currently outstanding are as follows:

Purpose	Maturity Date	Interest Rate	Face Amount	Carrying Amount
2000 School Building Corporation First Mortgage Refunding Bonds, Series 2017	7/15/2024	4.00	32,590,000	\$ 22,565,000
2002 Building Corporation First Mortgage Refunding Bonds, Series 2017	1/15/2029	5.00	49,655,000	36,855,000
Total				<u>\$ 59,420,000</u>

Annual debt service requirements to maturity for all bonds are as follows for governmental activities:

Fiscal Year	Principal	Interest	Total
2021	13,750,273	3,032,789	16,783,062
2022	12,050,000	2,412,463	14,462,463
2023	12,515,000	1,874,307	14,389,307
2024	12,660,000	1,296,019	13,956,019
2025	9,295,000	825,381	10,120,381
Thereafter	13,995,000	1,275,150	15,270,150
Total	<u>74,265,273</u>	<u>10,716,109</u>	<u>84,981,382</u>

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Capital leases: The School Corporation has entered into various lease agreements as lessee for copiers and computers. Interest rates on capital leases range from 2.45% to 6.14%. These assets have an acquisition cost of \$4,834,828, accumulated depreciation of \$3,227,025 and a net book value of \$1,607,803. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Fiscal Year				
Ending		Principal	Interest	Total
June 30				
2020		\$ 1,032,971	\$ 55,414	\$ 1,088,385
2021		522,104	19,280	541,384
Total		\$ 1,555,075	\$ 74,694	\$ 1,629,769

NOTE 8 – INTERFUNDS AND TRANSFERS

Individual interfund transfer activity for the year ended June 30, 2020 was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	Nonmajor Fund	\$ 7,522,150	Close out nonmajor debt service fund
Education Fund	Nonmajor Fund	17,932	Close out nonmajor special revenue fund
Operations Fund	Education Fund	19,881,459	Transfer to support Operations Fund
Operations Fund	Nonmajor Funds	1,093	Close out nonmajor special revenue funds
Operations Fund	Nonmajor Fund	5,197	Transfer of administrative costs
Operations Fund	Nonmajor Fund	27,460	Transfer of indirect costs
Operations Fund	Nonmajor Fund	11	Transfer of shipping cost
Nonmajor Fund	Debt Service Fund	400,000	Textbook rental transfer
Nonmajor Fund	Debt Service Fund	7,643,225	Transfer to Building Corporation for debt service payments
Nonmajor Fund	Education Fund	12,551,682	Support for Empowerment Zone schools
Nonmajor Fund	Education Fund	15,937	Transfer to eliminate negative balance within a special revenue fund
Nonmajor Funds	Nonmajor Funds	16,590	Close out various special revenue funds related to grants
Nonmajor Funds	Nonmajor Funds	2,162,782	Close out various special revenue funds
Nonmajor Funds	Nonmajor Funds	54,932	Eliminate negative balances amongst various special revenue funds
Nonmajor Fund	Nonmajor Fund	22,680	Transfer between Building Corporation accounts
Nonmajor Fund	Nonmajor Fund	396,288	Transfer grant balance of a special revenue fund
Nonmajor Fund	Nonmajor Fund	6,697,500	Transfer to Building Corporation for debt service payments
Total		\$ 57,416,918	

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 9 - RISK MANAGEMENT (Continued)

Self-insurance plan: The School Corporation has adopted a plan of self-insuring employee group medical, dental, and vision insurance. Expenses are recorded as incurred. Insurance policies limit the School Corporation's annual liability to \$250,000 per individual and the annual aggregate limit is based on 100% of the first Monthly Aggregate Attachment Point (the amount of covered expenses for which the Policyholder is responsible to pay) times 12. The accrual represents the School Corporation's estimate of claims and fees that were incurred but unpaid as of the end of the year, which are recorded in the internal service fund and within other liabilities on the statement of net position. At June 30, 2020, the School Corporation estimates this liability to be as follows:

	June 30, 2020
	Balance
Liability, beginning of year	\$ 1,559,716
Add: Current year claims incurred	29,924,014
Less: Payment of current year claims	(29,802,704)
Liability, end of year	\$ 1,681,026

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 report 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) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice Retirement Savings Plan for Public Employees (My Choice). The School Corporation does not participate in the My Choice plan. Details of the PERF Hybrid Plan are described below.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

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 \$3,883,905 for the fiscal year ended June 30, 2020.

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

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.

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: 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

Plan Description: The Teachers' Retirement Fund (TRF) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. 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.

For employees entering into TRF-covered employment after July 1, 2019, there are two choices of retirement plans: the TRF Hybrid Plan (Hybrid) and the TRF My Choice Retirement Savings Plan (My Choice). If employees do not make a choice, they will default to the Hybrid plan. Their choice, or default is irrevocable.

Contributions: Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 5.5 percent of covered payroll. No member contributions are required. For the fiscal year ended June 30, 2020, there were 1,292 School Corporation employees participating in TRF with annual pay equal to \$53,292,441.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Both the Hybrid and My Choice plans account consists of members' contributions, set by state statute at 3.0 percent of compensation, plus the interest credited to the member's account. The employer must pay the 3.0 percent contribution for those members enrolled in the My Choice Plan. However, the employer can choose to pay the 3.0 percent contribution for those members enrolled in the Hybrid Plan.

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 \$3,347,496.

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.

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

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 \$230,103,768 and \$16,903,768 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 approximately \$16,903,768 for the year ended June 30, 2020. Revenues and expenses are reported within operating grants and contributions and instruction, respectively, on the statement of activities.

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 School Corporation has elected to make three percent contributions on behalf of their participating employees. For the fiscal year ended June 30, 2020, the School Corporation showed 225 employees participating in the Teachers' Retirement Fund Pre-1996 Account with annual payroll equal to \$11,979,856.

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

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 net pension liability of \$20 million for PERF and a net pension asset of \$2.1 million for TRF, for their proportionate share of the multiple employer cost-sharing defined benefit plans. 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.

	<u>PERF</u>	<u>TRF-1996</u>	<u>Aggregate</u>
Measurement Date	June 30, 2019	June 30, 2019	
Proportionate Share	0.0060422	0.0146501	
Net Pension Liability/(Asset)	\$ 19,969,856	\$ (2,104,621)	\$ 17,865,235
Deferred Outflow of Resources	\$ 4,607,074	\$ 7,107,607	\$ 11,714,681
Deferred Inflow of Resources	\$ 3,183,951	\$ 11,678,584	\$ 14,862,535
Pension Expense	\$ 2,637,840	\$ 3,037,862	\$ 5,675,702

The PERF proportionate share in the previous year was 0.0060130 and TRF-1996 was .0175909.

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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 528,795	\$ -	\$ 851,400	\$ 2,393,384
Net Difference Between Projected and Actual Investments Earnings on Pension Plan Investments	-	943,925	-	1,151,990
Change of Assumptions	4,446	2,170,871	2,486,247	4,782,158
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	189,928	69,155	422,464	3,351,052
	723,169	3,183,951	3,760,111	11,678,584
Contributions Subsequent to the Measurement Date	3,883,905	-	3,347,496	-
Total	\$ 4,607,074	\$ 3,183,951	\$ 7,107,607	\$ 11,678,584

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

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>Fiscal Year</u>	<u>PERF</u>	<u>TRF 1996</u>
2020	\$ (746,141)	\$ (620,425)
2021	(1,363,269)	(1,283,981)
2022	(278,082)	(1,125,130)
2023	(73,290)	(759,920)
2024	-	(659,366)
Thereafter	-	(3,469,651)
	<u>\$ (2,460,782)</u>	<u>\$ (7,918,473)</u>

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.

<u>Geometric Basis at June 30, 2020</u>		
	<u>Long Term Expected Rate of Return</u>	<u>Target Asset Allocation</u>
Public Markets	4.9%	22.0%
Private Markets	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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Description	PERF	TRF 1996 and TRF Pre-1996
Valuation Date:	June 30, 2018	
Assets	June 30, 2018	
Liabilities	June 30, 2018	
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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 10 - PENSION PLANS (Continued)

Sensitivity: The following presents the School Corporation's share of the total 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:

Pre-Funded Defined Benefit

PERF			TRF 1996		
1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
\$ 32,071,852	\$ 19,969,856	\$ 9,875,865	\$ 12,884,559	\$ (2,104,621)	\$ (14,245,598)

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.
- 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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 11 - DEFINED CONTRIBUTION PLANS

The School Corporation provides a 403(b)-retirement plan for all employees. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation who has the authority under which benefits, and contribution requirements are established or can be amended. The School Corporation did not make contributions to the plan during the year under audit.

The School Corporation has provided a 401(a) plan and a VEBA (voluntary employees' beneficiary association) trust account for any administrator retiring or severing employment after June 2006. Those accounts vest if the administrator has at least 15 years of service and is at least aged 55. No contribution is made for administrators hired on or after July 1, 1998. For administrators hired after July 1, 1998, 60% of each administrator's buy-out contribution is contributed to his or her VEBA and 40% is contributed to his or her 401(a) plan. During the year under audit, the School Corporation made contributions of \$867,583 to the plan.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

South Bend Community School Corporation Retiree Health Insurance Benefits

Plan Description: The Plan allows for all employees meeting eligibility requirements to be eligible for retiree health benefits until they are eligible for Medicare and life insurance benefits for lifetime. During the fiscal year ended June 30, 2020, the Plan contained 2,439 active employees and 513 retirees.

The Plan is considered a single-employer defined benefit plan and there are no assets accumulated in a trust to fund the plan. The School Corporation is the entity that is responsible for administering the Plan, making decisions on the type and amount of benefits provided, paying OPEB benefits as they become due, and determining employer and employee contribution amounts. As applicable, collective bargaining agreements with employees may contain specific commitments related to benefits and contributions for the term of the agreement.

Benefits Provided: Retirees can continue coverage under the same health plans as active employees. The Buy Up plan is closed to new members and is only available to those currently enrolled. The School Corporation's health plans are self-insured. Annual premium rates effective January 1, 2020 are as shown below.

<u>Plan</u>	<u>Employee</u>	<u>Employee and Spouse</u>
Buy Up	\$ 904.05	\$ 1,823.24
Core	\$ 826.51	\$ 1,660.40
Essential HSA	\$ 578.29	N/A

Surviving spouses of retirees may remain on the health plan at his or her own expense until eligible for Medicare. Surviving spouses of active employees may remain on the health plan at his or her own expense until COBRA eligibility ends.

Contributions: Retirees are required to pay the full cost of coverage.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The OPEB liability measured at June 30, 2020 (measurement date) is as follows:

	Total OPEB Liability
Balance at July 1, 2019	\$ 18,157,245
Service cost	757,066
Interest	645,907
Changes in assumptions	1,389,942
Benefit payments	(1,033,725)
Net change in total OPEB liability	1,759,190
 Balance at June 30, 2020	 \$ 19,916,435

Activity during the year included the following:

	Plan Fiduciary Net Position
Balance at July 1, 2019	\$ -
Employer contributions	1,033,725
Benefit payments	(1,033,725)
Net change in fiduciary net position	-
 Balance at June 30, 2020	 \$ -

OPEB expense for the year ended June 30, 2020 is as follows:

Expense Category:	Amount
Service cost	\$ 757,066
Interest	645,907
Current period recognition of deferred outflows/(inflows) of resources:	
Changes in assumptions	173,743
 Total OPEB Expense	 \$ 1,576,716

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Deferred outflows and inflows of resources for the year ended June 30, 2020 is as follows:

<u>As of fiscal year ended June 30, 2020</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,216,199	\$ -
Total	<u>\$ 1,216,199</u>	<u>\$ -</u>

Amortization of deferred outflows/(inflows) of resources are as follows:

<u>Fiscal Year</u>	<u>Amortization of Deferred Outflows/(Inflows)</u>
2021	\$ 173,743
2022	173,743
2023	173,743
2024	173,743
2025	173,743
Thereafter	<u>347,484</u>
	<u>\$ 1,216,199</u>

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions:

Description	OPEB Plan
Measurement Date	June 30, 2020
Actuarial Valuation Date	June 30, 2020 with no adjustments to get to the June 30, 2020 measurement date. Liabilities as of July 1, 2019 are based on an actuarial valuation date of June 30, 2020 actuarially rolled back to July 1, 2019 on a "no loss / no gain" basis.
Discount Rate	2.66% as of June 30, 2020 and 3.51% as of July 1, 2019 for accounting disclosure purposes.
Payroll Growth	Payroll growth rates for general and teacher employees include a general wage inflation of 2.25%. Merit increases shown below (excluding wage inflation) for general employees are based on the most recent Indiana Public Retirement System Public Employees' Retirement Fund actuarial valuation as of June 30, 2019. Merit increases for Teacher and Administrator employees are based on the most recent Indiana Public Retirement System Teachers' Retirement Fund 1996 actuarial valuation as of June 30, 2019
Inflation Rate	2.75% per year
Employer Funding Policy	Pay-as-you-go cash basis
Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: - Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and - Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Health Care Coverage Election Rate	Active Certified/Admin employees with current coverage: 100% until VEBA/sick leave account is depleted, 35% thereafter. Active Non-Certified employees with current coverage: 35% Active employees with no coverage: 0%
Spousal Coverage	Actual spousal coverage is used for current and future retirees. Husbands are assumed to be three years older than wives for male employees and two years older than wives for female employees.
Mortality	Teachers: SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP- 2019 Administrators: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019
Disability	None
Turnover Rate	Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. Annual withdrawal rates for general employees follow the Public Employees Retirement Fund (PERF) as of June 30, 2019 (for employees with earnings of at least \$20,000). Teacher withdrawal rates are based on the Teachers' Retirement Fund 1996 actuarial valuation as of June 30, 2019.
Retirement Rate	General employee retirement rates are based on those used in the Public Employees Retirement Fund (PERF) actuarial valuation as of June 30, 2019. Teacher and Administrator retirement rates are based on the Teachers' Retirement Fund 1996 actuarial valuation as of June 30, 2019.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to the Financial Statements
June 30, 2020

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity: The following presents the Total OPEB liability as of June 30, 2020, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

**Discount Rate Sensitivity -
Liability at June 30, 2020**

OPEB Liability		
1% Decrease (1.66)%	Current Discount Rate (2.66)%	1% Increase (3.66)%
\$ 21,749,379	\$ 19,916,435	\$ 18,295,270

The following presents the Total OPEB liability as of June 30, 2020, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

**Health Care Trend Rate Sensitivity -
Liability at June 30, 2020**

OPEB Liability		
1% Decrease (3.50)%	Current Rate (4.50)%	1% Increase (5.50)%
\$ 18,306,789	\$ 19,916,435	\$ 21,778,395

NOTE 13 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, the School Corporation moved instruction to online instruction in the spring of 2020. The School Corporation began the 2020/2021 school year with classes with eight weeks of 100% virtually eLearning and has gradually brought students back into school buildings for in-person instruction in stages based on guidance from local and state health officials but, anticipates the possibility of moving back to virtual only instruction for short periods of time even into the spring semester.

The operations and business results of the School Corporation could be materially adversely affected in the future. In addition, significant estimates as disclosed in Note 1 may be materially adversely impacted by national, state and local events designed to contain the coronavirus.

SOUTH BEND COMMUNITY SCHOOL CORPORATION

Notes to the Financial Statements

June 30, 2020

NOTE 14 – JOINT VENTURE

The Elkhart and St. Joseph Counties Head Start Consortium (Head Start) is a separate organization governed by a Joint Board of Directors of the Head Start Consortium. The Joint Board of Directors consists of one member from each of the participating schools. Head Start is made up of eleven school corporations in Elkhart and St. Joseph Counties. The Head Start Program is a federally funded school readiness program that offers cognitive, social, and emotional development skills to children up to five years old. Head Start provides services to low-income families located in Elkhart and St. Joseph County Schools. Commitments to Head Start are for in-kind services in the form of building space and contractual agreements for other services.

For the fiscal year ending June 30, 2020, the School Corporation paid \$741,154 for Pre-School services provided for Title I. Financial statements for Head Start are not available.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 Required Supplementary Information
 Schedule of Proportionate Share of the
 Net Pension Liability
 June 30, 2020

	PERF					
	2020	2019	2018	2017	2016	2015
School Corporation's proportion of the net pension liability	\$ 19,969,856	\$ 20,426,433	\$ 26,584,999	\$ 29,535,743	\$ 25,765,178	\$ 15,936,061
School Corporation's proportionate share of the net pension liability	0.0060422	0.0060130	0.0059587	0.0065079	0.0063260	0.0060641
School Corporation's covered payroll	\$ 31,480,207	\$ 30,681,908	\$ 29,562,142	\$ 31,189,820	\$ 30,300,165	\$ 29,606,776
School Corporation's proportionate share of the net pension liability as a percentage of its covered payroll	63%	67%	90%	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 Corporation's proportion of the net pension liability (asset)	\$ (2,104,621)	\$ 1,951,042	\$ 11,305,155	\$ 14,059,982	\$ 9,670,868	\$ 896,043
School Corporation's proportionate share of the net pension liability	0.0146501	0.0175909	0.0170722	0.0180136	0.0183655	0.0188439
School Corporation's covered payroll	\$ 47,761,443	\$ 55,279,480	\$ 51,548,359	\$ 51,885,751	\$ 50,336,298	\$ 48,766,608
School Corporation'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 Salary increases for PERF ranging from 2.5% to 4.25% and for TRF ranging from 2.5% to 12.5%
- 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 Annuity 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: Due to the timing of the availability of actuary reports, each fiscal year's net pension liability is reported with a measurement date from the prior plan fiscal year. For example, the net pension liability reported as of June 30, 2020 is measured at June 30, 2019.

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

Cost of Living (COLA) or "Ad Hoc" COLA: 2020-2021 - 13th check, 2022 - 0.4%, 2034 - 0.5%, and 2039 0.6%

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 Required Supplementary Information
 Schedule of Contributions - Pension
 June 30, 2020

	PERF					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,883,905	\$ 3,497,073	\$ 3,434,308	\$ 3,365,541	\$ 3,412,260	\$ 3,382,511
Contributions in relation to the statutorily required contribution	3,883,905	3,497,073	3,434,308	3,365,541	3,412,260	3,382,511
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Corporation's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%
School Corporation's covered payroll	\$34,919,275	\$ 31,480,207	\$ 30,681,908	\$ 29,562,142	\$ 31,189,820	\$ 30,300,165
Contributions as a percentage of covered payroll	11%	11%	11%	11%	11%	11%
	TRF					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,347,496	\$ 3,590,921	\$ 4,123,162	\$ 3,877,622	\$ 3,868,438	\$ 3,768,852
Contributions in relation to the statutorily required contribution	3,347,496	3,590,921	4,123,162	3,877,622	3,868,438	3,768,852
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Corporation's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%
School Corporation's covered payroll	\$53,292,441	\$ 47,761,443	\$ 55,279,480	\$ 51,548,359	\$ 51,885,751	\$ 50,336,298
Contributions as a percentage of covered payroll	6%	8%	7%	8%	7%	7%

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 \$20,432,226 and \$20,553,984, respectively.

Note: These schedules are 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. The data provided in the schedule is based as of the measurement date of INPRS net pension liability which is a 1 year lag.

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: Salary increases for PERF ranging from 2.5% to 4.25% and for TRF ranging from 2.5% to 12.5%

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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Required Supplementary Information
Schedule of Employer's Share of Nonemployer Contributing Entity Contributions*
Pre-96 Teachers Retirement Fund
June 30, 2020

<u>Year Ended **</u>	<u>Employer Share of Nonemployer Contributing Entity Contributions</u>
June 30, 2019	\$ 20,432,226
June 30, 2018	20,553,984

*Notes: * 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. ** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability*

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 Required Supplementary Information
 Schedule of Changes in Total Other Postemployment Benefits Liability
 June 30, 2020

Fiscal year ending June 30,	2020
Total OPEB liability;	
Service cost	\$ 757,066
Interest on the total OPEB liability	645,907
Changes of assumptions	1,389,942
Benefit payments, including refunds of employee contributions	<u>(1,033,725)</u>
Net change in total OPEB liability	1,759,190
	Total OPEB liability - beginning
	18,157,143
	<u>\$ 19,916,333</u>
Plan fiduciary net position;	
Employer contributions	\$ 1,033,725
Benefit payments, including refunds of employee contributions	<u>(1,033,725)</u>
Net change in plan fiduciary net position	-
	Plan fiduciary net position - beginning
	-
	<u>\$ -</u>
	Total OPEB liability - ending
	<u>\$ 19,916,333</u>
Plan fiduciary net position as a percentage of total OPEB liability	0%
Covered payroll	\$ 96,981,679
Total OPEB liability as a percentage of covered payroll	21%

Valuation date: June 30, 2020

Actuarial cost method: Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and

- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

Inflation: 2.75% per year

Salary increases: Payroll growth assumption is based on the INPRS PERF and TRF 2020 experience study.

Mortality:

Non-Certified employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020

Certified and Admin employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

**** 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.**

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 Required Supplementary Information
 Major Special Revenue Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
 For the Year ended June 30, 2020

	Operations Fund			Variance from final budget over (under)
	Original Budget	Final Budget	Actual	
Revenues				
Local sources	\$ 37,814,585	\$ 37,814,585	\$ 30,645,112	\$ (7,169,473)
State sources	-	-	3,715	3,715
Total revenues	<u>37,814,585</u>	<u>37,814,585</u>	<u>30,648,827</u>	<u>(7,165,758)</u>
Expenditures				
Instruction/Regular Programs	7,252	3,000	3,000	-
Instruction/Special Programs	1,580,186	1,842,953	1,842,953	-
Instruction/Adult/Continuing Education	5,159,866	4,668,369	4,668,369	-
Instruction/Summer School	22,691,073	25,417,026	25,417,026	-
Enrichment Programs	16,137,649	16,810,546	16,728,522	(82,024)
Operation of Noninstructional services	371,505	625,297	625,297	-
Capital outlays	7,460,124	9,598,056	9,598,056	-
Total expenditures	<u>53,407,655</u>	<u>58,965,247</u>	<u>58,883,223</u>	<u>(82,024)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,593,070)</u>	<u>(21,150,662)</u>	<u>(28,234,396)</u>	<u>(7,083,734)</u>
Other financing sources (uses)				
Transfers in	21,421,186	21,421,186	41,355,541	19,934,355
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>21,421,186</u>	<u>21,421,186</u>	<u>41,355,541</u>	<u>19,934,355</u>
Net change in fund balances	<u>\$ 5,828,116</u>	<u>\$ 270,524</u>	13,121,145	<u>\$ 12,850,621</u>
Fund balances at beginning of year			-	
Fund balances at end of year			<u>\$ 13,121,145</u>	

The above schedule is prepared on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law. See accompanying note to the required supplementary information.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Required Supplementary Information
Major Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
For the Year ended June 30, 2020

	Education Fund			Variance from final budget over (under)
	Original Budget	Final Budget	Actual	
Revenues				
Local sources	\$ 102,100	\$ 102,100	\$ 171,606	\$ 69,506
Intermediate sources	-	-	150	150
State sources	124,916,594	124,916,594	124,598,230	(318,364)
Federal sources	200,000	200,000	120,158	(79,842)
Other items	-	-	8,499	8,499
Total revenues	<u>125,218,694</u>	<u>125,218,694</u>	<u>124,898,643</u>	<u>(320,051)</u>
Expenditures				
Instruction/Regular Programs	59,292,744	58,055,969	57,016,059	(1,039,910)
Instruction/Special Programs	18,353,618	18,433,086	17,122,863	(1,310,223)
Instruction/Adult/Continuing Education	499,396	499,396	462,593	(36,803)
Instruction/Summer School	1,054,125	1,054,125	608,837	(445,288)
Enrichment Programs	617,521	617,521	617,521	-
Remediation Programs	77,513	86,778	86,778	-
Payments to Governmental Units in State	250,000	250,000	108,694	(141,306)
Support Service/Pupils	7,377,787	8,093,589	8,093,589	-
Support Service/Instruction	7,224,833	9,264,039	8,998,763	(265,276)
Support Service/Sch. Admin	8,152,415	8,153,498	7,924,951	(228,547)
Central Services	25,000	25,160	25,160	-
Operation of noninstructional services	1,502,037	1,502,037	1,192,289	(309,748)
Nonprogrammed charges	-	463,050	27,796,549	27,333,499
Total expenditures	<u>104,426,989</u>	<u>106,498,248</u>	<u>130,054,646</u>	<u>23,556,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,791,705</u>	<u>18,720,446</u>	<u>(5,156,003)</u>	<u>(23,876,449)</u>
Other financing sources (uses)				
Transfers in	-	-	23,640,337	23,640,337
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,640,337</u>	<u>23,640,337</u>
Net change in fund balances	<u>\$ 20,791,705</u>	<u>\$ 18,720,446</u>	18,484,334	<u>\$ (236,112)</u>
Fund balances at beginning of year			-	
Fund balances at end of year			<u>\$ 18,484,334</u>	

The above schedule is prepared on a budgetary cash basis for the most recent calendar year end (2019) based on State of Indiana law. See accompanying note to the required supplementary information.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
Notes to Required Supplementary Information
For the Year ended June 30, 2020

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.