



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY**

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**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY**

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88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Miami Trace Local School District  
Fayette County  
3818 State Route 41 NW  
Washington Courthouse, Ohio 43160

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Trace Local School District, Fayette County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As discussed in Note 21 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
July 13, 2022

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**Miami Trace Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

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The discussion and analysis of Miami Trace Local School District’s financial performance provides an overall review of the District’s financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should also review notes to the basic financial statements and the basic financial statements to enhance their understanding of the District’s performance.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- Net position of governmental activities decreased \$1,977,908 which represents a 5% decrease from 2020.
- General revenues accounted for \$32,918,625 in revenue or 79% of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$8,609,753 or 21% of total revenues of \$41,528,378.
- The District had \$43,506,286 in expenses related to governmental activities; \$8,609,753 of these expenses were offset by program specific charges for services and sales, and operating grants and contributions. General revenues of \$32,918,625 were also used to provide for these programs.

**Overview of the Financial Statements**

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide a more detailed look at financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District’s most significant funds with all other nonmajor funds presented in total in one column. The General, Debt Service, and Classroom Facilities Funds are the major funds of the District.

**Government-wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2021?” The Government-wide Financial Statements answers this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

**Miami Trace Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

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These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the District consists of one activity:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

### **Fund Financial Statements**

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

### **The District as a Whole**

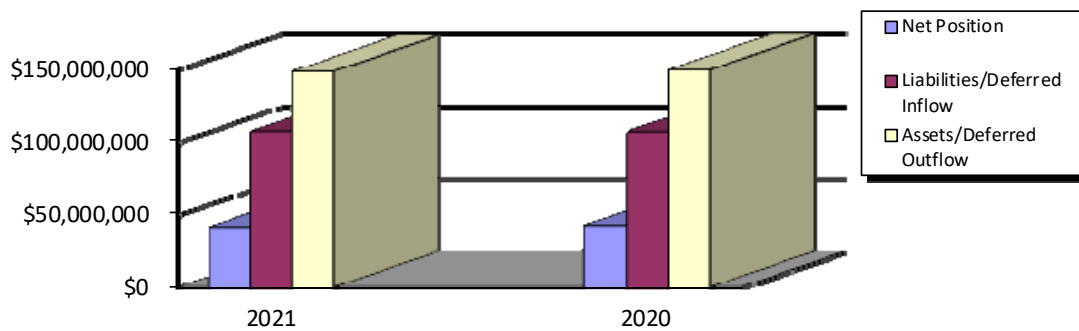
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2021 compared to fiscal year 2020:

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**Miami Trace Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

**Table 1  
Net Position**

	Governmental Activities	
	2021	2020-Restated
<b>Assets:</b>		
Current and Other Assets	\$60,631,165	\$59,592,379
Net OPEB Asset	\$1,774,681	\$1,688,101
Capital Assets	76,805,492	80,115,416
<b>Total Assets</b>	<b>139,211,338</b>	<b>141,395,896</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Charge on Refunding	1,378,168	1,481,609
OPEB	1,291,056	860,252
Pension	6,295,244	6,157,684
<b>Total Deferred Outflows of Resources</b>	<b>8,964,468</b>	<b>8,499,545</b>
<b>Liabilities:</b>		
Other Liabilities	3,805,343	4,290,527
Long-Term Liabilities	89,852,153	88,447,858
<b>Total Liabilities</b>	<b>93,657,496</b>	<b>92,738,385</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	8,609,154	8,952,257
Scholarship	78,000	93,500
Revenue in Lieu of Taxes	529,727	562,477
OPEB	3,724,621	3,002,144
Pension	311,489	1,303,451
<b>Total Deferred Inflows of Resources</b>	<b>13,252,991</b>	<b>13,913,829</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	26,890,483	28,718,475
Restricted	15,871,066	15,227,333
Unrestricted (Deficit)	(1,496,230)	(702,581)
<b>Total Net Position</b>	<b>\$41,265,319</b>	<b>\$43,243,227</b>



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2021, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,265,319.

**Miami Trace Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

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At year-end, capital assets represented 55% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2021, were \$26,890,483. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$15,871,066, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and Other Assets increased mainly due an increase in cash and investments. Total assets for the District decreased mainly due to the decrease in net depreciable capital assets. Capital assets decreased slightly due to depreciation expense and disposals exceeding current year additions. Long-Term Liabilities increased mainly due to the increase in Net Pension Liability.

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

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**Miami Trace Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

Table 2  
Changes in Net Position

	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues		
Charges for Services	\$3,738,180	\$3,791,799
Operating Grants and Contributions	4,871,573	4,625,277
General Revenues:		
Property Taxes	19,556,014	22,394,623
Grants and Entitlements	11,860,660	11,583,500
Other	1,501,951	1,733,716
Total Revenues	<u>41,528,378</u>	<u>44,128,915</u>
Program Expenses:		
Instruction	23,883,232	21,807,555
Support Services:		
Pupil and Instructional Staff	4,270,627	4,030,098
School Administrative, General Administration, Fiscal and Business	4,891,954	4,958,491
Operations and Maintenance	3,287,504	3,109,025
Pupil Transportation	2,846,110	2,708,024
Central	160,103	157,620
Operation of Non-Instructional Services	1,558,119	1,471,017
Extracurricular Activities	741,363	650,753
Interest and Fiscal Charges	1,867,274	2,123,505
Total Program Expenses	<u>43,506,286</u>	<u>41,016,088</u>
Change in Net Position	(1,977,908)	3,112,827
Net Position - Beginning of Year, Restated	<u>43,243,227</u>	<u>40,130,450</u>
Net Position - End of Year	<u>\$41,265,319</u>	<u>\$43,243,277</u>

The District revenues are mainly from two sources. Property taxes levied for general, capital maintenance, debt service purposes, and capital projects purposes and grants and entitlements (not restricted) comprised 76% of the District's revenues for governmental activities.

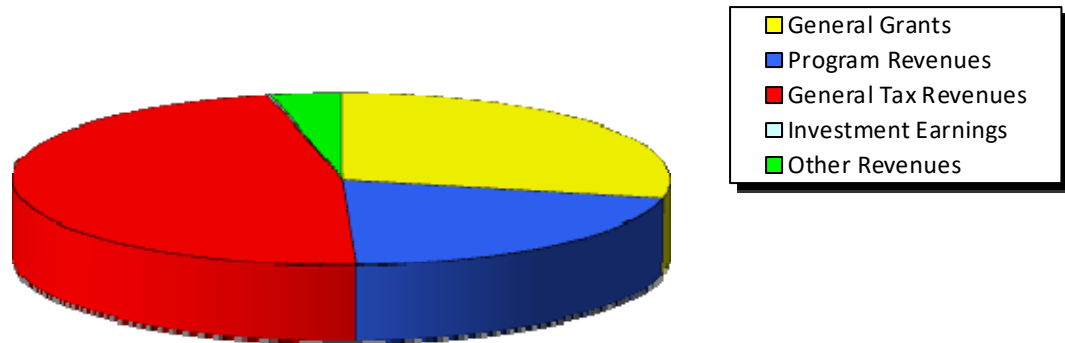
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 47% of revenue for governmental activities for the District in fiscal year 2021.

**Miami Trace Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

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	2021	Percentage
General Grants	\$11,860,660	29%
Program Revenues	8,609,753	21%
General Tax Revenues	19,556,014	47%
Investment Earnings	67,987	0%
Other Revenues	1,433,964	3%
	<u>\$41,528,378</u>	<u>100%</u>



Instruction comprises 55% of governmental program expenses. Support services expenses were 36% of governmental program expenses. All other expenses including interest and fiscal charges were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Overall revenues decreased due to a decrease in property tax revenues the District received in 2020 when compared to 2021. Overall, expenses increased due to changes in assumptions and benefits by the Statewide pension systems.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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**Miami Trace Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$23,883,232	\$21,807,555	(\$18,559,160)	(\$16,628,253)
Support Services:				
Pupil and Instructional Staff	4,270,627	4,030,098	(3,050,573)	(2,548,880)
School Administrative, General				
Administration, Fiscal and Business	4,891,954	4,958,491	(4,673,816)	(4,767,716)
Operations and Maintenance	3,287,504	3,109,025	(3,053,350)	(3,021,748)
Pupil Transportation	2,846,110	2,708,024	(2,700,117)	(2,602,240)
Central	160,103	157,620	(154,703)	(152,220)
Operation of Non-Instructional Services	1,558,119	1,471,017	(366,289)	(399,232)
Extracurricular Activities	741,363	650,753	(471,251)	(395,839)
Interest and Fiscal Charges	1,867,274	2,123,505	(1,867,274)	(2,123,505)
Total Expenses	<u>\$43,506,286</u>	<u>\$41,016,088</u>	<u>(\$34,896,533)</u>	<u>(\$32,639,633)</u>

**The District’s Funds**

The District has three major governmental funds: the General Fund, Debt Service Fund, and the Classroom Facilities Maintenance Fund. Assets of the major funds comprised \$54,805,845 (90%) of the total \$60,760,962 governmental fund assets.

**General Fund:** Fund balance at June 30, 2021 was \$29,903,720, an increase in fund balance of \$878,974 from 2020. The fund balance increased during the fiscal year due to an increase in property tax revenue received.

**Debt Service Fund:** Fund balance at June 30, 2021 was \$5,659,284, a decrease in fund balance of \$182,864 from 2020. The fund balance decreased slightly due to a decrease in property tax revenues in 2021 compared to 2020.

**Classroom Facilities Maintenance Fund:** Fund balance at June 30, 2021 was \$6,663,046, an increase in fund balance of \$633,138 from 2020. The fund balance increased during the fiscal year due to an increase in property tax revenue received.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2021, the District amended its General Fund budget when needed. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with changes in revenues and expenditures.

**Miami Trace Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

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For the General Fund, final budgeted revenue was \$31,742,881, compared to original budgeted estimates of \$31,325,984. Of the \$416,897 difference, most was changes to circumstances for tax, tuition and fees, and intergovernmental revenue. Actual budget basis revenue was \$31,654,421, compared to final budgeted revenue was \$31,742,881. Of the \$88,461 difference, most was due to changes in circumstances for taxes and intergovernmental revenue.

Actual budget basis expenditures were \$31,415,893, compared to final budgeted expenditures of \$33,392,037. Of the \$1,976,144 difference, most was due to changes in circumstances in instruction expenditures. Final budgeted expenditures were \$33,392,037, compared to original budgeted expenditures of \$33,427,963. Of the \$35,926 difference, most was due to changes in circumstances in instruction expenditures.

The General Fund’s ending unobligated cash balance was \$17,919,415.

**Capital Assets and Debt Administration**

**Capital Assets**

At fiscal year end, the District had \$76,805,492 invested in land, construction in progress, land improvements, buildings and improvements and equipment. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Table 4  
Capital Assets at June 30  
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$1,527,254	\$1,527,254
Construction in Progress	0	73,450
Land Improvements	2,255,419	2,490,348
Buildings and Improvements	70,799,967	73,793,911
Equipment	<u>2,222,852</u>	<u>2,230,453</u>
Total Net Capital Assets	<u>\$76,805,492</u>	<u>\$80,115,416</u>

The slight decrease in capital assets from the prior year is due depreciation expense and disposals exceeding current year additions.

See Note 6 to the basic financial statements for further details on the District’s capital assets.

**Debt**

At June 30, 2021, the District had \$51,389,125 in bonds payable, \$1,645,000 due within one year. Table 5 summarizes bonds outstanding at year end.



**Miami Trace Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
(Unaudited)

Table 5  
Outstanding Debt, at Year End

	2021	2020
<b>Governmental Activities:</b>		
General Obligation Bonds Payable:		
2020 Refunding Bonds	\$9,985,000	\$10,060,000
Premium	1,241,344	1,336,832
2013 School Improvement Bonds:		
Current Interest - 1.00-4.00%	155,000	230,000
Capital Appreciation	1,838	1,838
Capital Appreciation Accreted Interest	88,990	53,797
Premium	0	0
2014 School Improvement Bonds:		
Current Interest - 1.00-3.00%	0	650,000
Premium	0	0
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	6,040,000	6,040,000
Capital Appreciation	0	10,127
Capital Appreciation Accreted Interest	0	262,310
Premium	713,519	758,114
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	1,240,000	1,260,000
Capital Appreciation	189	189
Capital Appreciation Accreted Interest	4,444	2,645
Premium	267,137	289,398
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	2,070,000	2,185,000
Capital Appreciation	107	107
Capital Appreciation Accreted Interest	2,514	1,496
Premium	256,054	279,331
2016 School Improvement Bonds	27,575,000	27,975,000
Premium	1,747,989	1,802,614
	<u>\$51,389,125</u>	<u>\$53,198,798</u>

See Note 7 in the notes to the basic financial statements for further details on the District's outstanding debt.

**For the Future**

The District has committed itself to financial excellence. With careful planning and monitoring of the District's finances and state and local financial support, management is confident that the District can continue to provide a quality education for its students and provide a secure financial future.

**Miami Trace Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer/CFO at Miami Trace Local School District, 3818 SR 41 NW, Washington C. H., Ohio 43160.

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Miami Trace Local School District  
Statement of Net Position  
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$34,110,814
Restricted Cash and Investments	2,053,980
Equity in Pooled Cash and Investments with Fiscal Agent Receivables (Net):	3,659,881
Taxes	19,745,948
Accounts	18,421
Intergovernmental	1,001,892
Prepays	34,070
Inventory	6,159
Net OPEB Asset	1,774,681
Nondepreciable Capital Assets	1,527,254
Depreciable Capital Assets, Net	75,278,238
Total Assets	<u>139,211,338</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	1,378,168
Pension	6,295,244
OPEB	1,291,056
Total Deferred Outflows of Resources	<u>8,964,468</u>
Liabilities:	
Accounts Payable	214,730
Accrued Wages and Benefits	3,038,847
Contracts Payable	61,533
Accrued Interest Payable	172,633
Claims Payable	317,600
Long-Term Liabilities:	
Due Within One Year	2,002,176
Due In More Than One Year	
Net Pension Liability	34,009,684
Net OPEB Liability	3,155,287
Other Amounts	50,685,006
Total Liabilities	<u>93,657,496</u>
Deferred Inflows of Resources:	
Property Taxes	8,609,154
Sponsorship	78,000
Revenue in Lieu of Taxes	529,727
Pension	311,489
OPEB	3,724,621
Total Deferred Inflows of Resources	<u>13,252,991</u>
Net Position:	
Net Investment in Capital Assets	26,890,483
Restricted for:	
Debt Service	5,557,367
Capital Projects	1,114,825
Locally Funded Programs	5,368
Classroom Facilities Maintenance	6,679,308
Student Activities	349,327
State Funded Programs	1,565,158
Federally Funded Programs	88,056
Other Purposes	511,657
Unrestricted (Deficit)	<u>(1,496,230)</u>
Total Net Position	<u>\$41,265,319</u>

See accompanying notes to the basic financial statements.

Miami Trace Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$16,543,217	\$2,660,746	\$1,001,143	(\$12,881,328)
Special	4,615,563	506,044	986,529	(3,122,990)
Vocational	186,430	0	11,131	(175,299)
Other	2,538,022	0	158,479	(2,379,543)
Support Services:				
Pupil	2,688,294	0	1,126,801	(1,561,493)
Instructional Staff	1,582,333	0	93,253	(1,489,080)
General Administration	27,093	0	0	(27,093)
School Administration	3,737,106	29	203,793	(3,533,284)
Fiscal	963,048	0	12,493	(950,555)
Business	164,707	0	1,823	(162,884)
Operations and Maintenance	3,287,504	5,884	228,270	(3,053,350)
Pupil Transportation	2,846,110	19,416	126,577	(2,700,117)
Central	160,103	0	5,400	(154,703)
Operation of Non-Instructional Services	1,558,119	276,949	914,881	(366,289)
Extracurricular Activities	741,363	269,112	1,000	(471,251)
Interest and Fiscal Charges	1,867,274	0	0	(1,867,274)
<b>Totals</b>	<b>\$43,506,286</b>	<b>\$3,738,180</b>	<b>\$4,871,573</b>	<b>(34,896,533)</b>

General Revenues:

Property Taxes Levied for:	
General Purposes	15,055,780
Capital Maintenance Purposes	732,776
Debt Service Purposes	3,160,702
Capital Projects Purposes	606,756
Grants and Entitlements, Not Restricted	11,860,660
Revenue in Lieu of Taxes	628,016
Unrestricted Contributions	12,213
Investment Earnings	67,987
Other Revenues	793,735
<b>Total General Revenues</b>	<b>32,918,625</b>
<b>Change in Net Position</b>	<b>(1,977,908)</b>
<b>Net Position - Beginning of Year, Restated</b>	<b>43,243,227</b>
<b>Net Position - End of Year</b>	<b>\$41,265,319</b>

See accompanying notes to the basic financial statements.

Miami Trace Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Classroom Facilities Maintenance	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$19,029,895	\$6,264,638	\$3,926,757	\$4,889,524	\$34,110,814
Restricted Cash and Investments	2,053,980	0	0	0	2,053,980
Equity in Pooled Cash and Investments with Fiscal Agent	3,659,881	0	0	0	3,659,881
<b>Receivables (Net):</b>					
Taxes	15,206,349	741,012	3,186,595	611,992	19,745,948
Accounts	7,549	0	0	10,872	18,421
Intergovernmental	454,033	15,980	98,124	433,755	1,001,892
Interfund	129,797	0	0	0	129,797
Prepays	31,255	0	0	2,815	34,070
Inventory	0	0	0	6,159	6,159
<b>Total Assets</b>	<b>40,572,739</b>	<b>7,021,630</b>	<b>7,211,476</b>	<b>5,955,117</b>	<b>60,760,962</b>
<b>Liabilities:</b>					
Accounts Payable	132,239	0	0	82,491	214,730
Accrued Wages and Benefits	2,766,846	0	0	272,001	3,038,847
Compensated Absences	67,361	0	0	0	67,361
Contracts Payable	0	0	0	61,533	61,533
Interfund Payable	0	0	0	129,797	129,797
Claims Payable	317,600	0	0	0	317,600
<b>Total Liabilities</b>	<b>3,284,046</b>	<b>0</b>	<b>0</b>	<b>545,822</b>	<b>3,829,868</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	6,969,350	342,604	1,454,068	279,870	9,045,892
Sponsorship	0	0	0	78,000	78,000
Grants	0	0	0	72,643	72,643
Revenue in Lieu of Taxes	415,623	15,980	98,124	0	529,727
<b>Total Deferred Inflows of Resources</b>	<b>7,384,973</b>	<b>358,584</b>	<b>1,552,192</b>	<b>430,513</b>	<b>9,726,262</b>
<b>Fund Balances:</b>					
Nonspendable	31,255	0	0	2,815	34,070
Restricted	0	6,663,046	5,659,284	3,595,630	15,917,960
Committed	2,053,980	0	0	1,438,137	3,492,117
Assigned	1,038,603	0	0	0	1,038,603
Unassigned	26,779,882	0	0	(57,800)	26,722,082
<b>Total Fund Balances</b>	<b>29,903,720</b>	<b>6,663,046</b>	<b>5,659,284</b>	<b>4,978,782</b>	<b>47,204,832</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$40,572,739</b>	<b>\$7,021,630</b>	<b>\$7,211,476</b>	<b>\$5,955,117</b>	<b>\$60,760,962</b>

See accompanying notes to the basic financial statements.

Miami Trace Local School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2021

Total Governmental Fund Balance		\$47,204,832
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital assets used in the operation of Governmental Funds		76,805,492
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
Delinquent Property Taxes	436,738	
Intergovernmental	<u>72,643</u>	
		509,381
<p>In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.</p>		
		(172,633)
<p>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.</p>		
Compensated Absences		(1,230,696)
<p>Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.</p>		
		1,378,168
<p>Deferred outflows and inflows of resources related to pensions and OPEBs are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	6,295,244	
Deferred inflows of resources related to pensions	(311,489)	
Deferred outflows of resources related to OPEB	1,291,056	
Deferred inflows of resources related to OPEB	<u>(3,724,621)</u>	
		3,550,190
<p>Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Net OPEB Asset	1,774,681	
Net Pension Liability	(34,009,684)	
Net OPEB Liability	(3,155,287)	
Other Amounts	<u>(51,389,125)</u>	
		<u>(86,779,415)</u>
Net Position of Governmental Activities		<u>\$41,265,319</u>

See accompanying notes to the basic financial statements.

Miami Trace Local School District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	General	Classroom Facilities Maintenance	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$15,048,445	\$732,461	\$3,158,943	\$606,430	\$19,546,279
Tuition and Fees	3,118,815	0	0	0	3,118,815
Investment Earnings	38,274	16,532	6,975	6,206	67,987
Intergovernmental	12,632,276	69,527	162,889	4,483,719	17,348,411
Extracurricular Activities	89,229	0	0	248,812	338,041
Charges for Services	1,615	0	0	284,430	286,045
Revenue in Lieu of Taxes	484,458	20,105	123,453	0	628,016
Other Revenues	549,390	0	0	250,056	799,446
<b>Total Revenues</b>	<b>31,962,502</b>	<b>838,625</b>	<b>3,452,260</b>	<b>5,879,653</b>	<b>42,133,040</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	12,434,759	0	0	1,122,869	13,557,628
Special	3,620,061	0	0	322,560	3,942,621
Vocational	8,904	0	0	0	8,904
Other	2,318,428	0	0	201,996	2,520,424
<b>Support Services:</b>					
Pupil	2,013,361	0	0	406,915	2,420,276
Instructional Staff	1,319,671	0	0	105,027	1,424,698
General Administration	25,046	0	0	0	25,046
School Administration	2,794,390	0	67,636	224,820	3,086,846
Fiscal	859,075	15,686	0	21,103	895,864
Business	156,130	0	0	2,029	158,159
Operations and Maintenance	2,513,064	189,801	0	179,648	2,882,513
Pupil Transportation	2,227,323	0	0	412,740	2,640,063
Central	157,111	0	0	2,992	160,103
Operation of Non-Instructional Services	135,935	0	0	1,332,512	1,468,447
Extracurricular Activities	357,349	0	0	346,024	703,373
Capital Outlay	0	0	0	192,130	192,130
<b>Debt Service:</b>					
Principal Retirement	0	0	1,345,127	0	1,345,127
Interest and Fiscal Charges	0	0	2,222,361	0	2,222,361
<b>Total Expenditures</b>	<b>30,940,607</b>	<b>205,487</b>	<b>3,635,124</b>	<b>4,873,365</b>	<b>39,654,583</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,021,895</b>	<b>633,138</b>	<b>(182,864)</b>	<b>1,006,288</b>	<b>2,478,457</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	5,105	0	0	0	5,105
Transfers In	0	0	0	148,026	148,026
Transfers (Out)	(148,026)	0	0	0	(148,026)
<b>Total Other Financing Sources (Uses)</b>	<b>(142,921)</b>	<b>0</b>	<b>0</b>	<b>148,026</b>	<b>5,105</b>
<b>Net Change in Fund Balance</b>	<b>878,974</b>	<b>633,138</b>	<b>(182,864)</b>	<b>1,154,314</b>	<b>2,483,562</b>
<b>Fund Balance - Beginning of Year, Restated</b>	<b>29,024,746</b>	<b>6,029,908</b>	<b>5,842,148</b>	<b>3,824,468</b>	<b>44,721,270</b>
<b>Fund Balance - End of Year</b>	<b>\$29,903,720</b>	<b>\$6,663,046</b>	<b>\$5,659,284</b>	<b>\$4,978,782</b>	<b>\$47,204,832</b>

See accompanying notes to the basic financial statements.

Miami Trace Local School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds		\$2,483,562
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.</p>		
Capital assets used in governmental activities	499,192	
Depreciation Expense	<u>(3,809,116)</u>	(3,309,924)
<p>Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension and OPEB expense.</p>		
District pension contributions for pension	2,431,373	
Pension Expense	(4,649,611)	
District pension contributions for OPEB	78,041	
OPEB Expense	<u>41,173</u>	(2,099,024)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Delinquent Property Taxes	9,735	
Intergovernmental	(614,781)	
Other Receivable	<u>(4,721)</u>	(609,767)
<p>Repayment of bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,705,000
<p>In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.</p>		
		(6,018)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences	(142,969)	
Amortization of Bond Premium	240,246	
Amortization of Deferred Charge on Refunding	(103,441)	
Bond Accretion	<u>(135,573)</u>	(141,737)
Change in Net Position of Governmental Activities		<u><u>(\$1,977,908)</u></u>

See accompanying notes to the basic financial statements.



**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 1 - Description of the District**

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July 1, 1955 was a historical date in Fayette County. The Miami Trace School District (the "District") was officially formed when the eight school districts of Concord, Green, Jasper, Madison, Marion, Perry, Union and Wayne merged. On January 1, 1956, with the addition of the districts of Bloomingburg, Jefferson and Paint, Miami Trace Local and Fayette County School Districts became one district encompassing almost all of Fayette County exclusive of the Washington Court House City School District. On February 10, 1958, after receiving a petition signed by almost 95% of the voters of the New Holland School District, the State Board of Education transferred the New Holland District into Miami Trace completing the consolidation of the twelve local districts that now make up Miami Trace.

Miami Trace covers 401 square miles, much of which is reputed to be among the most productive farmland in the state. The District's geographical size ranks among the top five in Ohio. At the present time, approximately 2,585 students attend one elementary school, one middle school and one comprehensive high school.

The District operates under a locally elected five-member board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This board controls the District's instructional and support facilities staffed by 141 non-certificated personnel and 185 certificated teaching and administrative personnel to provide services to students and other community members.

**Reporting Entity**

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with four jointly governed organizations. These organizations are discussed in Note 11 to the basic financial statements. These organizations are:

MVECA  
South Central Ohio Insurance Consortium  
Region 14-Hopewell Center  
Great Oaks Career Campuses

**Note 2 - Summary of Significant Accounting Policies**

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

## **Measurement Focus**

### **Government-wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in government-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

### **Fund Financial Statements**

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

The private purpose trust fund is reported using the economic resources measurement focus.

## **Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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

Classroom Facilities Maintenance Fund –A fund used to account for the proceeds of a levy for the maintenance of facilities.

Debt Service Fund – A fund provided for the retirement of serial bonds and short term notes and loans. All revenue derived from general or special levies, either within or exceeding the 10 mill limitation, which is levied for debt charges on bonds, notes or loans shall be paid in the future.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District’s own programs. Custodial funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District doesn’t have any Fiduciary Funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

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

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants, and other taxes.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources includes pension, other post employment benefits, and deferred charge on refunding. These amounts are reported on the government-wide statement of net position. For more pension related information and OPEB, see Notes 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the District, deferred inflows of resources include property taxes, sponsorship, grants, revenue in lieu of taxes, accounts receivable, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. Property taxes, sponsorship, and revenue in lieu of taxes have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and accounts receivable are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Deferred inflows related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

**Equity In Pooled Cash Investments**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

The District participates in a self funded health insurance program that pays employees health insurance claims on the District’s behalf. The balance of the District’s funds held by the claims administrator and the fiscal agent at June 30, 2021 is presented as “Equity in Pooled Cash and Investments with Fiscal Agent” on the balance sheet.

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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Monies for all funds were maintained in various bank accounts or were temporarily used to purchase short-term cash equivalent investments. Under existing Ohio statutes, earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, food service and those funds individually authorized by board resolution.

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2021 amounted to \$38,274 for the General Fund, \$6,975 for the Debt Service Fund, \$16,532 for the Classroom Facilities Maintenance Fund, and \$6,206 for Other Governmental Funds.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditures/expense is reported in the year in which services are consumed.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

**Capital Assets**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
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<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-25 years
Buildings and Improvements	20-40 years
Equipment	3-15 years

**Pensions/Other Postemployment Benefits (OPEB)**

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

**Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	10-20 days for each service year depending on length of service; superintendents and treasurer per contract	10-20 days for each service year depending on length of service
Maximum Accumulation for Retirement Payout	Not Eligible	3 years accrual	40 days
Vested	Not Eligible	Not Applicable	Not Applicable
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
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Sick Leave

How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	229 days	Per Contract Days	229 days
Termination Entitlement	Per Contract	Per Contract	Per Contract

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$15,871,066 in restricted net position, none was restricted by enabling legislation.

**Interfund Activity**

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

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

As a general rule the effect of interfund (internal) activities has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
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Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Formal action by the Board of Education is needed to commit or rescind resources.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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

During fiscal year 2014 and 2017 the Board of Education passed fiscal policies that state:

- Reservation of Fund Balance for Fiscal Stabilization at fiscal year-end pursuant to O.R.C. Section 5705.13 equal to 5% of prior fiscal year general fund revenues (excluding other financing sources). This reservation includes two reserves 001–SCC 9991 with a year- end balance of \$1,395,403 and 001–SCC 9108 with a year-end balance of \$158,541. Fund 001–SCC 9991 is for fiscal stabilization, while 001–SCC 9108 is specifically for health insurance.
- Fiscal policy to maintain a minimum carryover balance for the succeeding fiscal year an unencumbered and unassigned general fund balance equal to two months of prior fiscal year average monthly general fund expenditures (excluding other financing uses).
- The District also passed a motion that stated it will maintain a minimum balance of \$500,000 at fiscal year end in Fund 035 for termination and retirement benefits. The balance at fiscal year 2021 is \$520,036.

**Restricted Assets**

Restricted assets in the General Fund represent equity in pooled cash and investments set aside to establish a health insurance budget stabilization for health and prescription drug benefits for the District. Restricted assets in the other funds are for retainage on construction projects.

**Estimates**

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



**Note 3 – Equity in Pooled Cash and Investments**

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The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies – Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

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

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

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
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8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$14,759,164 of the District's bank balance of \$15,009,164 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Merchants National Bank does not participate in OPCS, but has issued a letter of credit to the District for \$10,000,000 which is irrevocable and unconditional. The letter of credit is transferrable subject to prior approval.

**Investments**

As of June 30, 2021, the District had the following investments:

	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Star Ohio	\$21,240,563	N/A	0.15
	\$21,240,563		
Portfolio Weighted Average Maturity			0.15

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources, as provided by the investment managers. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share).

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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Interest Rate Risk – In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. Investments in STAR Ohio were rated AAAm by Standard & Poor’s.

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 100% in STAR Ohio.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

**Note 4 – Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (certain) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Fayette County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The amount available as an advance at June 30, 2021, was \$8,236,999 in the General Fund, \$398,408 in Classroom Facilities Maintenance, \$1,732,527 in Debt Service Fund, and \$332,122 in Other Governmental Funds.

The assessed values upon which the fiscal year 2021 taxes were collected are:

**Miami Trace Local School District  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2021**

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	<u>2021 Amount</u>
Agricultural/Residential and Other Real Estate	\$478,870,600
Public Utility Personal	<u>171,234,730</u>
Total	<u><u>\$650,105,330</u></u>

**Note 5 – Receivables**

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Receivables at June 30, 2021, consisted of taxes, accounts, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 6 – Capital Assets**

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Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,527,254	\$0	\$0	\$1,527,254
Construction in Progress	73,450	0	73,450	0
<i>Capital Assets, being depreciated:</i>				
Land Improvements	3,788,912	0	0	3,788,912
Buildings and Improvements	94,602,189	141,812	0	94,744,001
Equipment	5,780,755	430,830	248,561	5,963,024
Totals at Historical Cost	<u>105,772,560</u>	<u>572,642</u>	<u>322,011</u>	<u>106,023,191</u>
Less Accumulated Depreciation:				
Land Improvements	1,298,564	234,929	0	1,533,493
Buildings and Improvements	20,808,278	3,135,756	0	23,944,034
Equipment	3,550,302	438,431	248,561	3,740,172
Total Accumulated Depreciation	<u>25,657,144</u>	<u>3,809,116</u>	<u>248,561</u>	<u>29,217,699</u>
Governmental Activities Capital Assets, Net	<u>\$80,115,416</u>	<u>(\$3,236,474)</u>	<u>\$73,450</u>	<u>\$76,805,492</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,905,802
Special	334,588
Vocational	177,526
Support Services:	
Pupil	222,577
Instructional Staff	122,206
School Administration	386,383
Fiscal	13,805
Business	3,900
Operations and Maintenance	316,137
Pupil Transportation	310,787
Operation of Non-Instructional Services	13,490
Extracurricular Activities	1,915
Total Depreciation Expense	<u>\$3,809,116</u>

**Note 7 - Long-Term Liabilities**

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**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

	Maturity Dates	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>Governmental Activities:</b>						
General Obligation Bonds Payable:						
2013 School Improvement Bonds:						
Current Interest - 1.00-4.00%	12/01/2033	\$230,000	\$0	\$75,000	\$155,000	\$75,000
Capital Appreciation		1,838	0	0	1,838	0
Capital Appreciation Accreted Interest		53,797	35,193	0	88,990	0
2014 School Improvement Bonds:						
Current Interest - 1.00-3.00%	12/01/2024	650,000	0	650,000	0	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2036	6,040,000	0	0	6,040,000	375,000
Capital Appreciation		10,127	0	10,127	0	0
Capital Appreciation Accreted Interest		262,310	97,563	359,873	0	0
Premium		758,114	0	44,595	713,519	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2032	1,260,000	0	20,000	1,240,000	25,000
Capital Appreciation		189	0	0	189	0
Capital Appreciation Accreted Interest		2,645	1,799	0	4,444	0
Premium		289,398	0	22,261	267,137	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2031	2,185,000	0	115,000	2,070,000	120,000
Capital Appreciation		107	0	0	107	0
Capital Appreciation Accreted Interest		1,496	1,018	0	2,514	0
Premium		279,331	0	23,277	256,054	0
2016 School Improvement Bonds:						
Current Interest - 2.00-5.00%	12/01/2052	27,975,000	0	400,000	27,575,000	425,000
Premium		1,802,614	0	54,625	1,747,989	0
2020 Refunding Bonds:						
Principal - 3.00-4.00%		10,060,000	0	75,000	9,985,000	625,000
Premium		1,336,832	0	95,488	1,241,344	0
Subtotal Bonds		53,198,798	135,573	1,945,246	51,389,125	1,645,000
Compensated Absences		1,107,542	559,640	369,125	1,298,057	357,176
Subtotal Bonds and Other Amounts		54,306,340	695,213	2,314,371	52,687,182	2,002,176
Net Pension Liability:						
STRS		22,539,812	1,893,176	0	24,432,988	0
SERS		8,122,112	1,454,584	0	9,576,696	0
Total Net Pension Liability		30,661,924	3,347,760	0	34,009,684	0
Net OPEB Liability:						
STRS		0	0	0	0	0
SERS		3,479,594	0	324,307	3,155,287	0
Total OPEB Liability		3,479,594	0	324,307	3,155,287	0
Total Long-Term Obligations		\$88,447,858	\$4,042,973	\$2,638,678	\$89,852,153	\$2,002,176

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. Bonds were issued for the purpose of paying the District's local share of the building construction and improvements under the State of Ohio Classroom Facilities Assistance Program. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

**Miami Trace Local School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Refunding**

On March 3, 2020 the District issued \$10,060,000 in Serial Bonds with an interest rate between 3.00% and 4.00%, which was used to partially refund \$11,070,000 of the outstanding 2013 and 2014 School Improvements Bonds with an interest rate between 1.00% and 4.00%. The net proceeds of \$11,396,832 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, \$11,070,000 of the 2013 and 2014 School Improvements Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position. The 2013 and 2014 School Improvements Bonds were defeased by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 1, 2020, the total amount of the bonds escrow amount was paid.

The District refunded 2013 and 2014 School Improvements Bonds to reduce its total debt service payments by \$1,236,158 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,102,730.

On November 3, 2014 the District issued \$1,305,000 in Current Interest Bonds with an interest rate between 1.00% and 4.00% and \$10,542 in Capital Appreciation Bonds all of which was used to partially advance refund \$1,315,542 of the outstanding 2008 General Obligation Bonds with an interest rate between 4.00% and 5.25%. The net proceeds of \$1,716,245 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, \$1,315,542 of the 2008 General Obligation Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The District advance refunded 2008 General Obligation Bonds to reduce its total debt service payments by \$61,026 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$47,164.

On December 4, 2014 the District issued \$6,225,000 in Current Interest Bonds with an interest rate between 1.00% and 4.00% and \$49,994 in Capital Appreciation Bonds all of which was used to partially advance refund \$6,274,994 of the outstanding 2008 General Obligation Bonds with an interest rate between 4.00% and 5.25%. The net proceeds of \$7,256,084 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, \$6,274,994 of the 2008 General Obligation Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The District advance refunded 2008 General Obligation Bonds to reduce its total debt service payments by \$407,949 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$288,579.

On December 4, 2014 the District issued \$2,260,000 in Current Interest Bonds with an interest rate between 1.00% and 4.00% and \$24,994 in Capital Appreciation Bonds all of which was used to partially advance refund \$2,285,000 of the outstanding 2009 General Obligation Bonds with an interest rate between 4.00% and 5.25%. The net proceeds of \$2,680,710 (after payment of underwriting fees,

**Miami Trace Local School District**  
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insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, \$2,285,000 of the 2009 General Obligation Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The District advance refunded 2009 General Obligation Bonds to reduce its total debt service payments by \$126,737 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$99,371.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$1,645,000	\$1,817,088	\$3,462,088	\$0	\$0	\$0
2023	1,710,000	1,763,688	3,473,688	0	0	0
2024	1,650,000	1,706,238	3,356,238	0	0	0
2025	1,370,000	1,651,638	3,021,638	1,838	503,162	505,000
2026	1,865,000	1,593,188	3,458,188	0	0	0
2027-2031	9,830,000	6,840,374	16,670,374	296	774,707	775,003
2032-2036	9,290,000	5,063,181	14,353,181	0	0	0
2037-2041	4,860,000	3,675,619	8,535,619	0	0	0
2042-2046	5,300,000	2,632,875	7,932,875	0	0	0
2047-2051	6,525,000	1,338,050	7,863,050	0	0	0
2052-2053	3,020,000	122,000	3,142,000	0	0	0
<b>Total</b>	<b>\$47,065,000</b>	<b>\$28,203,939</b>	<b>\$75,268,939</b>	<b>\$2,134</b>	<b>\$1,277,869</b>	<b>\$1,280,003</b>

**Note 8 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed;



**Miami Trace Local School District  
Notes to the Basic Financial Statements  
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however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**Plan Description - School Employees Retirement System (SERS)**

**Plan Description**

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years

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of service credit over 30. Final average salary is the average of the highest three years of salary.

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

**Changes in Benefits between Measurement Date and the Fiscal Year End**

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$715,397 for fiscal year 2021. Of this amount none was reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,715,976 for fiscal year 2021. Of this amount \$285,996 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to

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calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$9,576,696	\$24,432,988	\$34,009,684
Proportion of the Net Pension Liability:			
Current Measurement Date	0.14478970%	0.10097761%	
Prior Measurement Date	<u>0.13574920%</u>	<u>0.10192369%</u>	
Change in Proportionate Share	0.00904050%	-0.00094608%	
Pension Expense	\$1,486,033	\$3,163,578	\$4,649,611

At June 30 2021, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$18,602	\$54,822	\$73,424
Changes of assumptions	0	1,311,580	1,311,580
Net difference between projected and actual earnings on pension plan investments	607,926	1,188,179	1,796,105
Changes in employer proportionate share of net pension liability	410,016	272,746	682,762
Contributions subsequent to the measurement date	<u>715,397</u>	<u>1,715,976</u>	<u>2,431,373</u>
Total Deferred Outflows of Resources	<u>\$1,751,941</u>	<u>\$4,543,303</u>	<u>\$6,295,244</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$156,232	\$156,232
Changes in employer proportionate share of net pension liability	<u>0</u>	<u>155,257</u>	<u>155,257</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$311,489</u>	<u>\$311,489</u>

\$2,431,373 reported as deferred outflows of resources related to pension 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$287,690	\$882,729	\$1,170,419
2023	305,124	454,116	759,240
2024	253,397	678,233	931,630
2025	190,333	500,760	691,093
<b>Total</b>	<b>\$1,036,544</b>	<b>\$2,515,838</b>	<b>\$3,552,382</b>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US Stocks	22.50%	5.75%
Non-US Stocks	22.50%	6.50%
Fixed Income	19.00%	2.85%
Private Equity	12.00%	7.60%
Real Assets	17.00%	6.60%
Multi-Asset Strategies	5.00%	6.65%
Total	100.00%	

**Discount Rate**

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

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$13,118,904	\$9,576,696	\$6,604,716

**Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End**

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The

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effects of these changes are unknown.

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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

Actuarial assumptions used in the July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of

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current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$34,788,322	\$24,432,988	\$15,657,706

**Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End**

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

**Note 9 - Defined Benefit OPEB Plans**

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See Note 8 for a description of the net OPEB liability (asset).

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description**

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health



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care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$78,041.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$78,041 for fiscal year 2021.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

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

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$3,155,287	\$0	\$3,155,287
Proportionate Share of the Net OPEB (Asset)	0	(1,774,681)	(1,774,681)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.14518230%	0.10097761%	
Prior Measurement Date	0.13836520%	0.10192369%	
Change in Proportionate Share	0.00681710%	-0.00094608%	
OPEB Expense	\$51,765	(\$92,938)	(\$41,173)

At June 30 2021, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$41,441	\$113,714	\$155,155
Changes of assumptions	537,867	29,295	567,162
Net difference between projected and actual earnings on OPEB plan investments	35,553	62,197	97,750
Changes in employer proportionate share of net OPEB liability	342,748	50,200	392,948
Contributions subsequent to the measurement date	78,041	0	78,041
Total Deferred Outflows of Resources	<u>\$1,035,650</u>	<u>\$255,406</u>	<u>\$1,291,056</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$1,604,684	\$353,492	\$1,958,176
Changes of assumptions	79,474	1,685,650	1,765,124
Changes in employer proportionate share of net OPEB liability	0	1,321	1,321
Total Deferred Inflows of Resources	<u>\$1,684,158</u>	<u>\$2,040,463</u>	<u>\$3,724,621</u>

\$78,041 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2022	(\$144,884)	(\$445,690)	(\$590,574)
2023	(142,312)	(403,591)	(545,903)
2024	(142,730)	(388,823)	(531,553)
2025	(141,810)	(380,944)	(522,754)
2026	(113,259)	(80,032)	(193,291)
Thereafter	(41,554)	(85,977)	(127,531)
Total	<u>(\$726,549)</u>	<u>(\$1,785,057)</u>	<u>(\$2,511,606)</u>

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**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were

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developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US Stocks	22.50%	5.75%
Non-US Stocks	22.50%	6.50%
Fixed Income	19.00%	2.85%
Private Equity	12.00%	7.60%
Real Assets	17.00%	6.60%
Multi-Asset Strategies	5.00%	6.65%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

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	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$3,861,992	\$3,155,287	\$2,593,457
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$2,484,548	\$3,155,287	\$4,052,235

**Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End**

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base

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premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$1,544,087)	(\$1,774,681)	(\$1,970,330)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,958,185)	(\$1,774,681)	(\$1,551,143)

**Note 10 - Contingent Liabilities**

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**School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.

**Litigation**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all litigation would not materially affect the financial statements of the District.

**Note 11 - Jointly Governed Organizations**

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The District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium A-site used by the District. MVECA is an association of 31 public school districts in a geographic area determined by the Ohio Department of Education. MVECA was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. MVECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District paid \$173,169 to MVECA during the fiscal year. Complete financial statements can be obtained from MVECA located at 330 East Enon Road, Yellow Springs, Ohio 45387.

The South Central Ohio Insurance Consortium (SCOIC) is a Regional Council of Governments organized under the Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The

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District does not have an ongoing financial interest in or ongoing financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees. Financial information can be obtained from the offices of the Consortium's fiscal agent, Treasurer, Bloom-Carroll Local School District, 5240 Plum Road, Carroll, Ohio 43112.

The Hopewell Special Education Regional Resource Center (Hopewell-Region 14) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Eighteen local, city and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education and its own governing board. The governing board is made up of superintendents from seventeen school districts, plus County Board of Education, Board of Developmental Disabilities, and joint vocational school superintendents, as well as three parents of handicapped children in the region. The Southern Ohio Educational Service Center acts as fiscal agent. Hopewell receives funding from contracts with each of the member school districts and federal and state grants. To obtain financial information write to the Center's fiscal agent, Southern Ohio Educational Service Center, 3321 Airborne Rd., Wilmington, OH 45177.

Great Oaks Career Campuses (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board. Each district must appoint a representative to the Great Oaks board; the representative does not have to be a school board member, but must meet certain criteria per law. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the District. The District has neither ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

**Note 12 – Insurance Pool**

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The District participates in a group retrospective rating plan for workers' compensation, as established under Section 4123-17-73 of the Ohio Administrative Code. The Ohio SchoolComp Group Retrospective Rating Plan was established through the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). The Executive Directors of the OSBA and OASBO, or their designees, serve as coordinators of the group retrospective rating program. Each year, the participating school districts pay an enrollment fee to the program to cover the costs of the administering the program.

The District participated in the Ohio SchoolComp Worker's Compensation Group Retrospective Rating Plan, a voluntary performance-based incentive program offered jointly by OSBA and OASBO. The intent of the program is to reward participants that are able to keep their claims costs low. Districts continue to pay their individual premium directly to the Ohio BWC. Districts will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. The evaluation periods will 12/31/2019, 12/31/2020 and 12/31/2021. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the districts individual premium compared to the overall program premium. Participation in the Group Retrospective Rating Plan is limited to school districts that can meet the programs selection criteria. The firm of CompManagement, LLC. provides administrative, cost control and actuarial services to the program.



**Miami Trace Local School District**  
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The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The District enrolled in a Group Retrospective rating program offered by the Ohio Bureau of Worker's Compensation and is administered by CompManagement LLC.

The District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as Ohio SchoolComp. CompManagement, LLC. is the program's third party administrator. Ohio SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The District has chosen to participate in a group retrospective rating program. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

**Note 13 - Risk Management**

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The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses these risks by maintaining a comprehensive risk management program through the precast of various types of liability, inland marine, and property insurance as a member of a school district risk-sharing pool (SORSA).

General liability insurance is maintained in the amount of \$15,000,000 for each occurrence and \$17,000,000 in the general aggregate. Other liability insurance includes \$15,000,000 for fleet liability, and \$1,000,000 uninsured motorist coverage.

In addition, the District maintains replacement cost insurance on buildings and contents in the blanket amount of \$112,411,606.

The District pays all elected and appointed officials' bonds by statute.

As a benefit for employees of the Miami Trace Local School District, the District makes available health, dental, and term life insurance for all qualifying employees who desire coverage. The District pays for a portion of the health and dental insurances. The District pays 100% of the term life insurance. The District pays 100% of single dental. The employee is responsible for the difference between a single and family plan. The District pays 100% of both single and family hospitalization for employees hired before September 1992 and 85% for employees hired after September 1992. The balance remaining on all employees' benefits are deducted through payroll.

The District provides a limited medical, surgical, prescription drug, and life insurance program for its employees through a self insured program. Claims are paid by the District to the South Central Ohio Insurance Consortium (SCOIC). SCOIC contracts with Care Factor (formerly Employee Benefits Management Corporation (EBMC)) to service the claims up to \$500,000 per individual. The District has a stop loss coverage insurance policy through Jefferson Health Plan (OME-RESA) which covered individual claims in excess of \$500,000 per employee per year for medical claims. The District had shared risk pool coverage with the internal pool of the SCOIC which covered individual claims in excess of \$100,000 up to \$500,000 per employee per year for medical claims.

**Miami Trace Local School District**  
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The claims liability of \$317,600 reported in the general fund at June 30, 2021 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amounts of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Balance
2020	\$663,000	\$3,655,167	(\$4,832,167)	(\$514,000)
2021	514,000	4,421,133	(4,617,533)	317,600

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

**Note 14 - Set-Asides**

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The District is required by State law to set aside certain general fund revenue amounts, as defined into various reserves. During the fiscal year ended June 30, 2021, the reserve activity (cash-basis) was as follows:

	Capital Maintenance Reserve
Balance as of June 30, 2020	\$0
Required Set-Aside	472,780
Qualifying Expenditures	(84,952)
Current Year Offsets	<u>(1,484,432)</u>
Balance as of June 30, 2021	<u><u>(\$1,096,604)</u></u>

Expenditures for capital activity during the year totaled \$84,952, which did exceed the amount required for set-aside. The District had offsets and qualifying disbursements during the year that reduced the set-aside amount for capital acquisitions to below zero, these extra amounts are not to reduce the set-aside requirement for capital acquisitions in succeeding fiscal years.

**Note 15 - Interfund Transactions**

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Interfund transactions at June 30, 2021, consisted of the following interfund receivables and interfund payables and transfers in and transfers out:

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	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$129,797	\$0	\$0	\$148,026
Other Governmental Funds	0	129,797	148,026	0
Total All Funds	<u>\$129,797</u>	<u>\$129,797</u>	<u>\$148,026</u>	<u>\$148,026</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Note 16 – Accountability**

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The following individual fund had a deficit in fund balance at year end:

Fund	Amount
Other Governmental Funds:	
Title I	\$27,209
IDEA/Preschool	723
Improving Teacher Quality	600
Food Service	27,163

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in this fund and will provide transfers when cash is required not when accruals occur.

**Note 17 – Fund Balances**

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

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Fund Balances	General	Debt Service	Classroom Facilities Maintenance	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$31,255	\$0	\$0	\$2,815	\$34,070
Total Nonspendable	31,255	0	0	2,815	34,070
Restricted for:					
Local Grants	0	0	0	5,368	5,368
Classroom Facilities Maintenance	0	0	6,663,046	0	6,663,046
Student Activity	0	0	0	139,015	139,015
Data Communication	0	0	0	2,700	2,700
Miscellaneous State Grants	0	0	0	36,915	36,915
Special Trust	0	0	0	511,657	511,657
Student Wellness and Success	0	0	0	1,525,543	1,525,543
Debt Service Payments	0	5,659,284	0	0	5,659,284
Building	0	0	0	287,584	287,584
Special Education	0	0	0	1,412	1,412
ESSER	0	0	0	47,809	47,809
Student Activity	0	0	0	210,312	210,312
Corona Virus Relief	0	0	0	74	74
Classroom Facilities	0	0	0	827,241	827,241
Total Restricted	0	5,659,284	6,663,046	3,595,630	15,917,960
Committed to:					
Capital Projects High School	0	0	0	23,794	23,794
Health Insurance Budget Stabilization	158,541	0	0	0	158,541
Maintain Minimum Carryover	1,395,403	0	0	0	1,395,403
Termination and Retirement Benefits	500,036	0	0	0	500,036
Permanent Improvements	0	0	0	1,414,343	1,414,343
Total Committed	2,053,980	0	0	1,438,137	3,492,117
Assigned to:					
Encumbrances	962,466	0	0	0	962,466
Public School	76,137	0	0	0	76,137
Total Assigned	1,038,603	0	0	0	1,038,603
Unassigned	26,779,882	0	0	(57,800)	26,722,082
Total Fund Balance	\$29,903,720	\$5,659,284	\$6,663,046	\$4,978,782	\$47,204,832

**Note 18 – Construction and Other Commitments**

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

<u>Description</u>	<u>Remaining Commitment</u>
General	\$1,088,872
Classroom Facilities Maintenance	41,364
Other Governmental	853,677

**Miami Trace Local School District**  
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**Note 19 – Sponsorships**

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The District has entered in sponsorship agreements in which the District and entities enter into a purchased naming rights sponsorship package for the football stadium at Miami Trace High School. As of year end, the District has the following sponsorships as follows:

Sponsorships	Total Sponsorship Agreement	Deferred Inflow Sponsorship
Quali-Tee Design	\$120,000	\$10,000
Fayette County Memorial Hospital	44,000	4,000
Valero Renewable Fuels Company	22,000	4,000
Baxla Tractor	44,000	4,000
M&M Fasteners	11,000	2,000
TW Fabrication	150,000	10,000
Marine Motors	11,000	2,000
WCR	11,000	2,000
First State Bank	44,000	8,000
Parrett Insurance	22,000	4,000
Vermeer	22,000	4,000
Pettit's Enterprises	44,000	12,000
Hartley Oil	11,000	2,000
Bagshaw	22,000	4,000
Herron	11,000	2,000
Southern State Community College	5,000	0
Fayette Veterinary Hospital	22,000	0
Kirk's Furniture	22,000	4,000
Southern Ohio ESC	2,000	0
Total	\$640,000	\$78,000

**Note 20 – Tax Abatements Entered Into By Other Governments**

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Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, Fayette County has entered into such an agreement. Under this agreement the District's property taxes were reduced by approximately \$36,291. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

**Miami Trace Local School District**  
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**Note 21 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance**

**New Accounting Principles**

For fiscal year 2021, the School District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency and certain other funds, the agency and other funds have been reclassified as governmental funds. If applicable, fund reclassifications resulted in the restatement of the School District’s financial statements.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

**Restatement of Fund Balance/Net Position**

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

	General Fund	Other Governmental Funds	Fiduciary Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balance, June 30, 2020	\$29,024,746	\$8,191,061	\$719,851
Adjustments-Presentation Changes:			
GASB Statement No. 84	<u>0</u>	<u>719,851</u>	<u>(719,851)</u>
Restated Fund Balance, June 30, 2020	<u><u>\$29,024,746</u></u>	<u><u>\$8,910,912</u></u>	<u><u>\$0</u></u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
	<u>                    </u>
Net Position, June 30, 2020	\$42,523,376
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>719,851</u>
Restated Net Position, June 30, 2020	<u><u>\$43,243,227</u></u>

**Miami Trace Local School District**  
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**Note 22 – COVID-19**

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The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**Note 23 – Subsequent Events**

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For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school.

Tanger Outlet Mall filed a complaint with the Fayette County Board of Revisions requesting a reduction in its 2017 and 2018 property valuations. In October of 2018, the board of revision agreed to reduce the TY2017 market value from \$114,500,000 to \$92,650,000, and the TY 2018 value was set at \$92,650,000. Tanger filed an appeal with the Ohio Board of Tax Appeals, which delayed any refund of taxes paid on the original property valuation. In July, 2019, the appeal by Tanger of the 2017 value was dropped due to a settlement at a property value of \$90,975,000. The settlement included a withdrawal of Tanger's complaint on the 2018 value. The 2018 value remains at the \$92,650,000 set by the Fayette County Auditor. As a result of the settlement, a refund of \$267,097 is due Tanger.

Tanger Outlet Mall filed a complaint with the Fayette County Board of Revisions to reduce the 2019 property valuation of \$92,650,000 to \$57,400,000. A hearing was held on the change in value in July, 2020, and the Board of Revisions granted the reduced value in August, 2020. The District has employed the services of an appraiser to appraise the property, and the District's legal counsel is in the process of filing an appeal with the Ohio Board of Tax Appeals. During the appeal process, Tanger Outlet sold the property to Destination Outlets (January 2021), and in May of 2021 the District, county auditor and Tanger reached an agreement on the 2019 market value of \$60,000,000 and 2020 market value of \$20,000,000.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.14478970%	\$9,576,696	\$4,879,293	196.27%	68.55%
2020	0.13574920%	8,122,113	4,656,963	174.41%	70.85%
2019	0.12808250%	7,335,522	4,396,319	166.86%	71.36%
2018	0.12745940%	7,615,418	4,166,936	182.76%	69.50%
2017	0.12532710%	9,172,787	3,817,029	240.31%	62.98%
2016	0.12088550%	6,897,844	3,967,466	173.86%	69.16%
2015	0.11665900%	5,904,046	3,424,127	172.42%	71.70%
2014	0.11665900%	6,939,417	3,392,775	204.54%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$715,397	(\$715,397)	\$0	\$5,109,979	14.00%
2020	683,101	(683,101)	0	4,879,293	14.00%
2019	628,690	(628,690)	0	4,656,963	13.50%
2018	593,503	(593,503)	0	4,396,319	13.50%
2017	583,371	(583,371)	0	4,166,936	14.00%
2016	534,384	(534,384)	0	3,817,029	14.00%
2015	522,912	(522,912)	0	3,967,466	13.18%
2014	474,584	(474,584)	0	3,424,127	13.86%
2013	469,560	(469,560)	0	3,392,775	13.84%
2012	485,088	(485,088)	0	3,606,602	13.45%

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.10097761%	\$24,432,989	\$12,489,429	195.63%	75.48%
2020	0.10192369%	22,539,812	12,164,743	185.29%	77.40%
2019	0.10074027%	22,150,523	11,586,086	191.18%	77.30%
2018	0.09902356%	23,523,259	10,962,429	214.58%	75.30%
2017	0.09886061%	33,091,626	10,534,029	314.14%	66.80%
2016	0.09860816%	27,252,411	10,368,257	262.84%	72.10%
2015	0.09842014%	23,939,184	10,829,346	221.06%	74.70%
2014	0.09842014%	28,439,405	10,977,415	259.07%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$1,715,976	(\$1,715,976)	\$0	\$12,256,971	14.00%
2020	1,748,520	(1,748,520)	0	12,489,429	14.00%
2019	1,703,064	(1,703,064)	0	12,164,743	14.00%
2018	1,622,052	(1,622,052)	0	11,586,086	14.00%
2017	1,534,740	(1,534,740)	0	10,962,429	14.00%
2016	1,474,764	(1,474,764)	0	10,534,029	14.00%
2015	1,451,556	(1,451,556)	0	10,368,257	14.00%
2014	1,407,815	(1,407,815)	0	10,829,346	13.00%
2013	1,427,064	(1,427,064)	0	10,977,415	13.00%
2012	1,412,808	(1,412,808)	0	10,867,754	13.00%

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.14518230%	\$3,155,287	4,879,293	64.67%	18.17%
2020	0.13836520%	3,479,594	4,656,963	74.72%	15.57%
2019	0.13078310%	3,628,276	4,396,319	82.53%	13.57%
2018	0.12986240%	3,485,166	4,166,936	83.64%	12.46%
2017	0.12705419%	3,621,514	3,817,029	94.88%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$78,041	(78,041)	0	\$5,109,979	1.53%
2020	69,309	(69,309)	0	4,879,293	1.42%
2019	97,685	(97,685)	0	4,656,963	2.10%
2018	96,381	(96,381)	0	4,396,319	2.19%
2017	73,186	(73,186)	0	4,166,936	1.76%
2016	64,498	(64,498)	0	3,817,029	1.69%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.10097761%	(\$1,774,681)	\$12,489,429	(14.21%)	182.13%
2020	0.10192369%	(1,688,101)	12,164,743	(13.88%)	174.74%
2019	0.10074027%	(1,618,793)	11,586,086	(13.97%)	176.00%
2018	0.09902356%	3,863,534	10,962,429	35.24%	47.10%
2017	0.09886061%	5,287,091	10,534,029	50.19%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Miami Trace Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Six Fical Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$12,256,971	0.00%
2020	0	0	0	12,489,429	0.00%
2019	0	0	0	12,164,743	0.00%
2018	0	0	0	11,586,086	0.00%
2017	0	0	0	10,962,429	0.00%
2016	0	0	0	10,534,029	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.



Miami Trace Local School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2021

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$14,714,475	\$14,910,300	\$14,868,749	(\$41,551)
Revenue in lieu of taxes	479,431	485,812	484,458	(1,354)
Tuition and Fees	3,086,075	3,127,146	3,118,431	(8,715)
Investment Earnings	34,244	34,700	34,603	(97)
Intergovernmental	12,478,334	12,644,400	12,609,163	(35,237)
Extracurricular Activities	4,308	4,365	4,353	(12)
Charges for Services and Sales	1,598	1,620	1,615	(5)
Other Revenues	527,518	534,539	533,049	(1,490)
<b>Total Revenues</b>	<b>31,325,983</b>	<b>31,742,882</b>	<b>31,654,421</b>	<b>(88,461)</b>
Expenditures:				
Current:				
Instruction:				
Regular	13,180,261	13,166,096	12,386,925	779,171
Special	3,891,701	3,887,519	3,657,455	230,064
Vocational	9,474	9,464	8,904	560
Other	2,469,408	2,466,754	2,320,771	145,983
Support Services:				
Pupil	2,177,558	2,175,218	2,046,488	128,730
Instructional Staff	1,503,392	1,501,776	1,412,901	88,875
General Administration	26,650	26,621	25,046	1,575
School Administration	2,965,632	2,962,445	2,787,127	175,318
Fiscal	933,620	932,616	877,424	55,192
Business	165,441	165,263	155,483	9,780
Operations and Maintenance	2,995,004	2,991,785	2,814,731	177,054
Pupil Transportation	2,506,998	2,504,304	2,356,099	148,205
Central	202,638	202,420	190,441	11,979
Extracurricular Activities	383,422	383,010	360,343	22,667
Capital Outlay	16,764	16,746	15,755	991
<b>Total Expenditures</b>	<b>33,427,963</b>	<b>33,392,037</b>	<b>31,415,893</b>	<b>1,976,144</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(2,101,980)</b>	<b>(1,649,155)</b>	<b>238,528</b>	<b>1,887,683</b>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	3,766	3,816	3,805	(11)
Advances In	19,197	19,452	19,398	(54)
Advances (Out)	(17,791)	(17,772)	(16,720)	1,052
Transfers In	31,965	32,390	32,300	(90)
<b>Total Other Financing Sources (Uses)</b>	<b>37,137</b>	<b>37,886</b>	<b>38,783</b>	<b>897</b>
<b>Net Change in Fund Balance</b>	<b>(2,064,843)</b>	<b>(1,611,269)</b>	<b>277,311</b>	<b>1,888,580</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	17,642,104	17,642,104	17,642,104	0
<b>Fund Balance - End of Year</b>	<b>\$15,577,261</b>	<b>\$16,030,835</b>	<b>\$17,919,415</b>	<b>\$1,888,580</b>

See accompanying notes to the Required Supplementary Information.

Miami Trace Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2021

	Classroom Facilities Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$686,188	\$754,851	\$724,751	(\$30,100)
Investment Earnings	15,652	17,219	16,532	(687)
Intergovernmental	65,828	72,415	69,527	(2,888)
Other Revenues	19,035	20,940	20,105	(835)
<b>Total Revenues</b>	<b>786,703</b>	<b>865,425</b>	<b>830,915</b>	<b>(34,510)</b>
Expenditures:				
Current:				
Instruction:				
Support Services:				
Fiscal	13,012	17,140	15,686	1,454
Operations and Maintenance	195,223	257,152	235,337	21,815
<b>Total Expenditures</b>	<b>208,235</b>	<b>274,292</b>	<b>251,023</b>	<b>23,269</b>
<b>Excess of Revenues Over Expenditures</b>	<b>578,468</b>	<b>591,133</b>	<b>579,892</b>	<b>(11,241)</b>
Other Financing Sources (Uses):				
Transfers In	284,037	312,459	300,000	(12,459)
Transfers (Out)	(248,864)	(327,808)	(300,000)	27,808
<b>Total Other Financing Sources (Uses)</b>	<b>35,173</b>	<b>(15,349)</b>	<b>0</b>	<b>15,349</b>
<b>Net Change in Fund Balance</b>	<b>613,641</b>	<b>575,784</b>	<b>579,892</b>	<b>4,108</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	5,643,382	5,643,382	5,643,382	0
<b>Fund Balance - End of Year</b>	<b>\$6,257,023</b>	<b>\$6,219,166</b>	<b>\$6,223,274</b>	<b>\$4,108</b>

**Miami Trace Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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**Note 1 – Budgetary Process**

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All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2021.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

**Miami Trace Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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Net Change in Fund Balance

	General	Classroom Facilities Maintenance
	<u>                    </u>	<u>                    </u>
GAAP Basis	\$878,974	\$633,138
Revenue Accruals	(4,977,213)	(7,710)
Expenditure Accruals	5,229,909	(4,172)
Proceeds of Capital Assets	(1,300)	0
Transfers (In)	32,300	300,000
Transfers (Out)	148,026	(300,000)
Advances In	19,398	0
Advances (Out)	(16,720)	0
Encumbrances	(1,087,662)	(41,364)
Funds Budgeted Elsewhere	51,599	0
Budget Basis	<u><u>\$277,311</u></u>	<u><u>\$579,892</u></u>

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for

**Miami Trace Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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male rates and 100% for female rates, set back five years is used for the period after disability retirement, and

- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

**Miami Trace Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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Prior Measurement Date	3.13%
Measurement Date	2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(4) Discount Rate:	
Prior Measurement Date	3.70%
Measurement Date	3.22%
(5) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(7) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(8) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,

**Miami Trace Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**Changes in Assumptions:**

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

**Miami Trace Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$62,505
Cash Assistance:			
COVID - 19 School Breakfast Program	10.553	3L70	29,273
School Breakfast Program	10.553	3L70	192,964
Total - School Breakfast Program			<u>222,237</u>
COVID - 19 National School Lunch Program	10.555	3L60	68,848
National School Lunch Program	10.555	3L60	509,648
Total - National School Lunch Program			<u>578,496</u>
Total Child Nutrition Cluster			<u>863,238</u>
Total U.S. Department of Agriculture			<u>863,238</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	575,083
Special Education-Preschool Grants	84.173	3C50	9,880
Total Special Education Cluster			<u>584,963</u>
Title I Grants to Local Educational Agencies	84.010	3M00	650,801
Supporting Effective Instruction State Grants	84.367	3Y60	43,887
Student Support and Academic Enrichment Program	84.424	3H10	82,347
Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	1,048,095
Total U.S. Department of Education			<u>2,410,093</u>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Coronavirus Relief Fund	21.019	5CV1	200,997
Total U.S. Department of the Treasury			<u>200,997</u>
Total Expenditures of Federal Awards			<u><u>\$3,474,328</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Miami Trace Local School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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

Miami Trace Local School District  
Fayette County  
3818 State Route 41 NW  
Washington Courthouse, Ohio 43160

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Trace Local School District, Fayette County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 13, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the District.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
July 13, 2022

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Miami Trace Local School District  
Fayette County  
3818 State Route 41 NW  
Washington Courthouse, Ohio 43160

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Miami Trace Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Miami Trace Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Miami Trace Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
July 13, 2022

**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDING**  
**2 CFR 200.511(b)**  
**JUNE 30, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Errors in the compilation process resulted in the Classroom Facilities Fund (010) being incorrectly reported as a major fund and should have been reported as a non-major fund within Other Governmental Funds on the financial statements. The financial statements should have reported the Classroom Facilities Maintenance Fund (034) as a major fund, however, it was reported as a non-major fund within the Other Governmental Funds on the financial statements.	Corrective Action Taken and Finding is Fully Corrected	



# OHIO AUDITOR OF STATE KEITH FABER



**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/26/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)