



OHIO AUDITOR OF STATE
KEITH FABER



**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position as of June 30, 2020	15
Statement of Activities – For the Fiscal Year Ended June 30, 2020	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds June 30, 2020.....	17
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities as of June 30, 2020	18
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds For the Fiscal Year Ended June 30, 2020	19
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, 2020.....	20
Statement of Fiduciary Net Position – Fiduciary Fund As of June 30, 2020.....	21
Statement of Changes in Fiduciary Net Position – Fiduciary Fund For the Fiscal Year Ended June 30, 2020	22
Notes to the Basic Financial Statements	23
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio – Last Seven Fiscal Years	60
Schedule of District's Contributions for Net Pension Liability School Employees Retirement System of Ohio – Last Ten Fiscal Years	61
Schedule of District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio – Last Seven Fiscal Years.....	62
Schedule of District's Contributions for Net Pension Liability State Teachers Retirement System of Ohio – Last Ten Fiscal Years.....	63
Schedule of the District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio – Last Four Fiscal Years	64

**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the District's Contributions for Net OPEB Liability School Employees Retirement System of Ohio – Last Five Fiscal Years.....	65
Schedule of the District's Proportionate Share of the Net OPEB (Asset/Liability) State Teachers Retirement System of Ohio – Last Four Fiscal Years	66
Schedule of District Contributions for Net OPEB (Asset)/Liability State Teachers Retirement System of Ohio – Last Five Fiscal Years	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) -General Fund As of June 30, 2020	68
Notes to the Required Supplementary Information.....	70
Schedule of Expenditures of Federal Awards.....	75
Notes to Schedule of Expenditures of Federal Awards	76
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	77
Independent Auditor's Report on Compliance with Requirements Applicable to The Major Federal Program and On Internal Control Over Compliance Required by the Uniform Guidance	79
Schedule of Findings.....	81
Prepared by Management:	
Corrective Action Plan	83

OHIO AUDITOR OF STATE KEITH FABER



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, 2020, 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, 2020, 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 Matter

As discussed in Note 21 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 this matter.

As discussed in Note 23 to the financial statements, the 2020 Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance have been restated due to the incorrect major fund being shown on the statements. This restatement does not affect our opinion.

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 January 20, 2021, except for the restatement described in the report and Finding Number 2020-001, which is as of June 6, 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

January 20, 2021, except for Note 23 which is as of June 6, 2022

This page intentionally left blank.

**Miami Trace Local School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

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, 2020. 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 2020 are as follows:

- Net position of governmental activities increased \$3,107,324 which represents an 8% increase from 2019.
- General revenues accounted for \$35,711,839 in revenue or 81% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,417,076 or 19% of total revenues of \$44,128,915.
- The District had \$41,021,591 in expenses related to governmental activities; \$8,417,076 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$35,711,839 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, Classroom Facilities Maintenance, and Debt Service 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 2020?” 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, 2020
(Unaudited)**

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

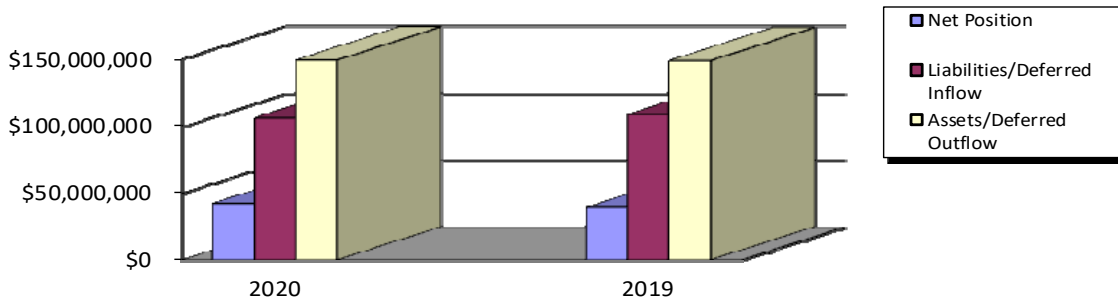
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2020 compared to fiscal year 2019:

This Space Intentionally Left Blank

**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2020	2019
Assets:		
Current and Other Assets	\$58,864,170	\$55,769,469
Net OPEB Asset	\$1,688,101	\$1,618,793
Capital Assets	80,115,416	80,889,531
Total Assets	140,667,687	138,277,793
Deferred Outflows of Resources:		
Deferred Charge on Refunding	1,481,609	2,147,375
OPEB	860,252	473,745
Pension	6,157,684	7,799,587
Total Deferred Outflows of Resources	8,499,545	10,420,707
Liabilities:		
Other Liabilities	4,282,169	4,174,601
Long-Term Liabilities	88,447,858	89,349,383
Total Liabilities	92,730,027	93,523,984
Deferred Inflows of Resources:		
Property Taxes	8,952,257	10,617,601
Scholarship	93,500	93,500
Revenue in Lieu of Taxes	562,477	539,877
OPEB	3,002,144	2,816,401
Pension	1,303,451	1,691,085
Total Deferred Inflows of Resources	13,913,829	15,758,464
Net Position:		
Net Investment in Capital Assets	28,718,475	28,486,806
Restricted	14,507,482	14,071,564
Unrestricted (Deficit)	(702,581)	(3,142,318)
Total Net Position	\$42,523,376	\$39,416,052



**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,523,376.

At year-end, capital assets represented 57% 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, 2020, were \$28,718,475. 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, \$14,507,482, 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 increased mainly due to the increase in cash and cash equivalents. Capital assets decreased slightly due to depreciation expense and disposals exceeding current year additions. Long-Term Liabilities decreased mainly due to the District continually making payments on their outstanding debt.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

This Space Intentionally Left Blank

**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

Table 2
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Charges for Services	\$3,791,799	\$3,612,517
Operating Grants and Contributions	4,625,277	2,797,289
General Revenues:		
Property Taxes	22,394,623	19,393,726
Grants and Entitlements	11,583,500	12,099,183
Other	1,733,716	2,631,657
Total Revenues	<u>44,128,915</u>	<u>40,534,372</u>
Program Expenses:		
Instruction	21,813,058	18,598,397
Support Services:		
Pupil and Instructional Staff	4,030,098	3,367,106
School Administrative, General		
Administration, Fiscal and Business	4,958,491	3,690,957
Operations and Maintenance	3,109,025	3,070,057
Pupil Transportation	2,708,024	2,656,241
Central	157,620	158,076
Operation of Non-Instructional Services	1,471,017	1,346,177
Extracurricular Activities	650,753	576,814
Interest and Fiscal Charges	2,123,505	2,180,457
Total Program Expenses	<u>41,021,591</u>	<u>35,644,282</u>
Change in Net Position	3,107,324	4,890,090
Net Position - Beginning of Year	<u>39,416,052</u>	<u>34,525,962</u>
Net Position - End of Year	<u><u>\$42,523,376</u></u>	<u><u>\$39,416,052</u></u>

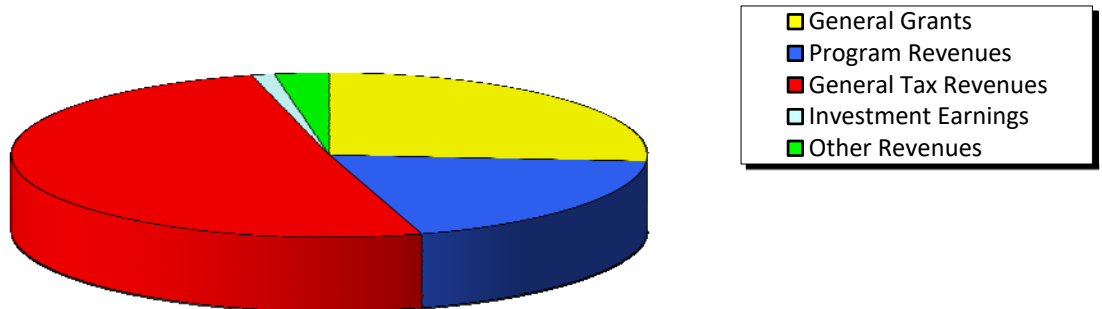
The District revenues are mainly from two sources. Property taxes levied for general, capital maintenance, debt service purposes, and capital projects purposes and grants and entitlements (not restricted) comprised 77% of the District's revenues for governmental activities.

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 51% of revenue for governmental activities for the District in fiscal year 2020.

**Miami Trace Local School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

	2020	Percentage
General Grants	\$11,583,500	26%
Program Revenues	8,417,076	19%
General Tax Revenues	22,394,623	51%
Investment Earnings	508,766	1%
Other Revenues	1,224,950	3%
	<u>\$44,128,915</u>	<u>100%</u>



Instruction comprises 53% of governmental program expenses. Support services expenses were 37% 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 increased due to an increase in property tax revenues and operating grants and contributions revenues the District received in 2019 when compared to 2020. Overall, expenses increased \$5,377,309, which is primarily 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.

This Space Intentionally Left Blank

**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$21,813,058	\$18,598,397	(\$16,593,135)	(\$14,278,247)
Support Services:				
Pupil and Instructional Staff	4,030,098	3,367,106	(2,548,880)	(3,175,364)
School Administrative, General Administration, Fiscal and Business	4,958,491	3,690,957	(4,767,716)	(3,520,967)
Operations and Maintenance	3,109,025	3,070,057	(3,021,748)	(2,984,875)
Pupil Transportation	2,708,024	2,656,241	(2,602,240)	(2,532,899)
Central	157,620	158,076	(152,220)	(152,676)
Operation of Non-Instructional Services	1,471,017	1,346,177	(399,232)	(147,091)
Extracurricular Activities	650,753	576,814	(395,839)	(261,900)
Interest and Fiscal Charges	2,123,505	2,180,457	(2,123,505)	(2,180,457)
Total Expenses	<u>\$41,021,591</u>	<u>\$35,644,282</u>	<u>(\$32,604,515)</u>	<u>(\$29,234,476)</u>

The District's Funds

The District has three major governmental funds: the General Fund, Classroom Facilities Maintenance Fund, and the Debt Service Fund. Assets of the major funds comprised \$53,886,297 (91%) of the total \$59,170,546 governmental fund assets.

General Fund: Fund balance at June 30, 2020 was \$29,024,746, an increase in fund balance of \$4,098,295 from 2019. The fund balance increased during the fiscal year due to an increase in property tax revenue received.

Classroom Facilities Maintenance Fund: Fund balance at June 30, 2020 was \$6,029,908, an increase in fund balance of \$874,832 from 2019. The fund balance increased during the fiscal year due to total revenues exceeding expenditures during 2020.

Debt Service Fund: Fund balance at June 30, 2020 was \$5,842,148, an increase in fund balance of \$475,162 from 2019. The fund balance increased slightly due to an increase in property tax revenues in 2020 compared to 2019.

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 2020, 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.

For the General Fund, final budgeted revenue was \$31,401,896, compared to original budgeted estimates of \$31,001,728. Of the \$400,168 difference, most was changes to circumstances for tax,

**Miami Trace Local School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

tuition and fees, and intergovernmental revenue. Actual budget basis revenue was \$31,309,116, compared to final budgeted revenue was \$31,401,896. Of the \$92,780 difference, most was due to changes in circumstances for taxes and intergovernmental revenue.

Actual budget basis expenditures were \$30,008,937, compared to final budgeted expenditures of \$31,307,578. Of the \$1,298,641 difference, most was due to changes in circumstances in instruction expenditures. Final budgeted expenditures were \$31,307,578, compared to original budgeted expenditures of \$30,186,561. Of the \$1,121,017 difference, most was due to changes in circumstances in instruction expenditures.

The General Fund’s ending unobligated cash balance was \$16,402,828.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$80,115,416 invested in land, construction in progress, land improvements, buildings and improvements and equipment. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

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

	Governmental Activities	
	2020	2019
Land	\$1,527,254	\$1,527,254
Construction in Progress	73,450	54,631
Land Improvements	2,490,348	1,457,061
Buildings and Improvements	73,793,911	75,288,669
Equipment	2,230,453	2,561,916
Total Net Capital Assets	<u>\$80,115,416</u>	<u>\$80,889,531</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, 2020, the District had \$53,198,798 in bonds payable, \$1,345,127 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, 2020
(Unaudited)**

Table 5
Outstanding Debt, at Year End

	2020	2019
Governmental Activities:		
General Obligation Bonds Payable:		
2020 Refunding Bonds	\$10,060,000	\$0
Premium	1,336,832	0
2013 School Improvement Bonds:		
Current Interest - 1.00-4.00%	230,000	9,165,000
Capital Appreciation	1,838	5,011
Capital Appreciation Accreted Interest	53,797	87,766
Premium	0	489,516
2014 School Improvement Bonds:		
Current Interest - 1.00-3.00%	650,000	3,420,000
Premium	0	295,565
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	6,040,000	6,040,000
Capital Appreciation	10,127	28,805
Capital Appreciation Accreted Interest	262,310	391,337
Premium	758,114	802,709
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	1,260,000	1,260,000
Capital Appreciation	189	1,921
Capital Appreciation Accreted Interest	2,645	15,452
Premium	289,398	311,659
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	2,185,000	2,185,000
Capital Appreciation	107	10,067
Capital Appreciation Accreted Interest	1,496	80,846
Premium	279,331	302,608
2016 School Improvement Bonds	27,975,000	28,375,000
Premium	1,802,614	1,857,239
	<u>\$53,198,798</u>	<u>\$55,125,501</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, 2020
(Unaudited)**

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.

This Space Intentionally Left Blank

Miami Trace Local School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$30,092,063
Restricted Cash and Investments	2,340,306
Equity in Pooled Cash and Investments with Fiscal Agent	3,931,900
Receivables (Net):	
Taxes	19,840,851
Accounts	721,792
Intergovernmental	1,878,631
Prepays	42,382
Inventory	16,245
Net OPEB Asset	1,688,101
Nondepreciable Capital Assets	1,600,704
Depreciable Capital Assets, Net	78,514,712
Total Assets	<u>140,667,687</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	1,481,609
Pension	6,157,684
OPEB	860,252
Total Deferred Outflows of Resources	<u>8,499,545</u>
Liabilities:	
Accounts Payable	281,933
Accrued Wages and Benefits	2,946,171
Contracts Payable	73,450
Retainage Payable	300,000
Accrued Interest Payable	166,615
Claims Payable	514,000
Long-Term Liabilities:	
Due Within One Year	1,714,252
Due In More Than One Year	
Net Pension Liability	30,661,924
Net OPEB Liability	3,479,594
Other Amounts	52,592,088
Total Liabilities	<u>92,730,027</u>
Deferred Inflows of Resources:	
Property Taxes	8,952,257
Sponsorship	93,500
Revenue in Lieu of Taxes	562,477
Pension	1,303,451
OPEB	3,002,144
Total Deferred Inflows of Resources	<u>13,913,829</u>
Net Position:	
Net Investment in Capital Assets	28,718,475
Restricted for:	
Debt Service	5,744,490
Capital Projects	1,186,263
Classroom Facilities Maintenance	6,045,855
Student Activity	185,124
Food Service	12,003
Federal Grants	683,444
State Grants	623,436
Other Purposes	26,867
Unrestricted (Deficit)	(702,581)
Total Net Position	<u>\$42,523,376</u>

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$15,138,662	\$2,623,975	\$957,065	(\$11,557,622)
Special	4,009,844	391,578	927,645	(2,690,621)
Vocational	186,824	0	11,131	(175,693)
Other	2,477,728	0	308,529	(2,169,199)
Support Services:				
Pupil	2,525,684	0	910,829	(1,614,855)
Instructional Staff	1,504,414	0	570,389	(934,025)
General Administration	27,097	0	0	(27,097)
School Administration	3,748,689	178	179,973	(3,568,538)
Fiscal	999,416	0	10,624	(988,792)
Business	183,289	0	0	(183,289)
Operations and Maintenance	3,109,025	7,530	79,747	(3,021,748)
Pupil Transportation	2,708,024	37,979	67,805	(2,602,240)
Central	157,620	0	5,400	(152,220)
Operation of Non-Instructional Services	1,471,017	476,049	595,736	(399,232)
Extracurricular Activities	650,753	254,510	404	(395,839)
Interest and Fiscal Charges	2,123,505	0	0	(2,123,505)
Totals	\$41,021,591	\$3,791,799	\$4,625,277	(32,604,515)

General Revenues:

Property Taxes Levied for:	
General Purposes	17,240,765
Capital Maintenance Purposes	844,341
Debt Service Purposes	3,615,873
Capital Projects Purposes	693,644
Grants and Entitlements, Not Restricted	11,583,500
Revenue in Lieu of Taxes	465,627
Unrestricted Contributions	10,508
Investment Earnings	508,766
Other Revenues	748,815
Total General Revenues	35,711,839
Change in Net Position	3,107,324
Net Position - Beginning of Year	39,416,052
Net Position - End of Year	\$42,523,376

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Classroom Facilities Maintenance	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$17,491,361	\$5,643,383	\$4,152,686	\$2,804,633	\$30,092,063
Restricted Cash and Investments	2,040,306	0	0	300,000	2,340,306
Equity in Pooled Cash and Investments with Fiscal Agent	3,931,900	0	0	0	3,931,900
Receivables (Net):					
Taxes	15,284,196	745,103	3,197,295	614,257	19,840,851
Accounts	476,983	0	0	244,809	721,792
Intergovernmental	452,900	17,488	107,386	1,300,857	1,878,631
Interfund	306,376	0	0	0	306,376
Prepays	38,934	0	0	3,448	42,382
Inventory	0	0	0	16,245	16,245
Total Assets	40,022,956	6,405,974	7,457,367	5,284,249	59,170,546
Liabilities:					
Accounts Payable	113,604	4,173	0	164,156	281,933
Accrued Wages and Benefits	2,686,295	0	0	259,876	2,946,171
Compensated Absences	19,815	0	0	0	19,815
Contracts Payable	0	0	0	73,450	73,450
Retainage Payable	0	0	0	300,000	300,000
Interfund Payable	0	0	0	306,376	306,376
Claims Payable	514,000	0	0	0	514,000
Total Liabilities	3,333,714	4,173	0	1,103,858	4,441,745
Deferred Inflows of Resources:					
Property Taxes	7,226,893	354,405	1,507,833	290,129	9,379,260
Sponsorship	0	0	0	93,500	93,500
Grants	0	0	0	687,424	687,424
Revenue in Lieu of Taxes	437,603	17,488	107,386	0	562,477
Accounts Receivable	0	0	0	4,721	4,721
Total Deferred Inflows of Resources	7,664,496	371,893	1,615,219	1,075,774	10,727,382
Fund Balances:					
Nonspendable	38,934	0	0	3,448	42,382
Restricted	0	6,029,908	5,842,148	2,042,299	13,914,355
Committed	2,040,306	0	0	1,071,076	3,111,382
Assigned	2,026,448	0	0	0	2,026,448
Unassigned	24,919,058	0	0	(12,206)	24,906,852
Total Fund Balances	29,024,746	6,029,908	5,842,148	3,104,617	44,001,419
Total Liabilities, Deferred Inflows and Fund Balances	\$40,022,956	\$6,405,974	\$7,457,367	\$5,284,249	\$59,170,546

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, 2020

Total Governmental Fund Balance		\$44,001,419
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		80,115,416
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	427,003	
Intergovernmental	687,424	
Other Receivables	4,721	
		<u>1,119,148</u>
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.		
		(166,615)
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.		
Compensated Absences		(1,087,727)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
		1,481,609
Deferred outflows and inflows of resources related to pensions and OPEBs are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	6,157,684	
Deferred inflows of resources related to pensions	(1,303,451)	
Deferred outflows of resources related to OPEB	860,252	
Deferred inflows of resources related to OPEB	(3,002,144)	
		<u>2,712,341</u>
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.		
Net OPEB Asset	1,688,101	
Net Pension Liability	(30,661,924)	
Net OPEB Liability	(3,479,594)	
Other Amounts	(53,198,798)	
		<u>(85,652,215)</u>
Net Position of Governmental Activities		<u>\$42,523,376</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, 2020

	General	Classroom Facilities Maintenance	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$17,150,602	\$839,824	\$3,596,754	\$690,012	\$22,277,192
Tuition and Fees	2,947,241	0	0	0	2,947,241
Investment Earnings	316,148	60,768	77,051	54,799	508,766
Intergovernmental	12,371,293	68,870	165,648	2,949,737	15,555,548
Extracurricular Activities	147,195	0	0	218,033	365,228
Charges for Services	2,310	0	0	472,299	474,609
Revenue in Lieu of Taxes	384,046	0	81,581	0	465,627
Other Revenues	379,332	13,293	0	350,421	743,046
Total Revenues	33,698,167	982,755	3,921,034	4,735,301	43,337,257
Expenditures:					
Current:					
Instruction:					
Regular	11,511,543	0	0	807,542	12,319,085
Special	3,218,184	0	0	200,212	3,418,396
Vocational	9,157	0	0	0	9,157
Other	2,249,455	0	0	204,638	2,454,093
Support Services:					
Pupil	1,899,914	0	0	264,206	2,164,120
Instructional Staff	1,242,341	0	0	65,504	1,307,845
General Administration	24,683	0	0	0	24,683
School Administration	2,854,305	0	71,413	162,851	3,088,569
Fiscal	929,976	16,524	0	13,717	960,217
Business	166,699	0	0	0	166,699
Operations and Maintenance	2,467,781	91,399	0	46,942	2,606,122
Pupil Transportation	2,157,753	0	0	71,264	2,229,017
Central	152,267	0	0	5,353	157,620
Operation of Non-Instructional Services	163,830	0	0	1,217,701	1,381,531
Extracurricular Activities	368,009	0	0	223,478	591,487
Capital Outlay	20,020	0	0	3,156,679	3,176,699
Debt Service:					
Principal Retirement	0	0	1,068,543	0	1,068,543
Interest and Fiscal Charges	0	0	2,310,589	0	2,310,589
Bond Issuance Cost	0	0	184,095	0	184,095
Total Expenditures	29,435,917	107,923	3,634,640	6,440,087	39,618,567
Excess of Revenues Over (Under) Expenditures	4,262,250	874,832	286,394	(1,704,786)	3,718,690
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	2,545	0	0	0	2,545
Issuance of Refunded Bonds	0	0	10,060,000	0	10,060,000
Payments to Bond Escrow Account	0	0	(11,208,064)	0	(11,208,064)
Premium on Bonds And Notes Issued	0	0	1,336,832	0	1,336,832
Transfers In	0	0	0	166,500	166,500
Transfers (Out)	(166,500)	0	0	0	(166,500)
Total Other Financing Sources (Uses)	(163,955)	0	188,768	166,500	191,313
Net Change in Fund Balance	4,098,295	874,832	475,162	(1,538,286)	3,910,003
Fund Balance - Beginning of Year	24,926,451	5,155,076	5,366,986	4,642,903	40,091,416
Fund Balance - End of Year	\$29,024,746	\$6,029,908	\$5,842,148	\$3,104,617	\$44,001,419

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, 2020

Net Change in Fund Balance - Total Governmental Funds \$3,910,003

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

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.

Capital assets used in governmental activities	3,035,055	
Depreciation Expense	<u>(3,809,170)</u>	(774,115)

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.

District pension contributions for pension	2,431,621	
Pension Expense	(4,861,769)	
District pension contributions for OPEB	69,309	
OPEB Expense	<u>349,445</u>	(2,011,394)

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds.

Delinquent Property Taxes	117,431	
Intergovernmental	666,961	
Other Receivable	<u>4,721</u>	789,113

In the statement of activities, certain costs and proceeds associated with
 long-term debt obligations issued during the year are accrued and
 amortized over the life of the debt obligation. In governmental funds
 these costs and proceeds are recognized as other financing sources and uses.

Premium on Bonds Issued	(\$1,336,832)	
Deferred Amount on Refunding	457,170	
Refunding Bonds	(10,060,000)	
Bonds Refunded	<u>10,815,545</u>	
Premium on Bonds Issued		(124,117)

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. 1,615,000

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. (9,983)

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.

Compensated Absences	(57,237)	
Amortization of Bond Premium	226,653	
Amortization of Deferred Charge on Refunding	(165,295)	
Bond Accretion	<u>(291,304)</u>	
		<u>(287,183)</u>

Change in Net Position of Governmental Activities \$3,107,324

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$523,896	\$204,313
Total Assets	<u>523,896</u>	<u>204,313</u>
Liabilities:		
Accounts Payable	0	8,358
Other Liabilities	0	195,955
Total Liabilities	<u>0</u>	<u>\$204,313</u>
Net Position:		
Held in Trust	<u>523,896</u>	
Total Net Position	<u>\$523,896</u>	

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust
Additions:	
Donations	\$54,380
Investment Earnings	8,388
Total Additions	<u>62,768</u>
Deductions:	
Scholarships	85,830
Total Deductions	<u>85,830</u>
Change in Net Position	(23,062)
Net Position - Beginning of Year	<u>546,958</u>
Net Position - End of Year	<u>\$523,896</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, 2020

Note 1 - Description of the District

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

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, 2020

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 agency 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. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has a private purpose trust fund which accounts for scholarship programs for students. The District also has a Student Activity Agency fund, which accounts for assets and liabilities generated by student managed activities and an OHSAA events agency fund to account for assets and liabilities of OHSAA athletic events of the District. The student activities agency fund consist of a student body, student president, student treasurer and a faculty advisor.

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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 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, 2020, but which were levied to finance year 2021 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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 2020 is presented as "Equity in Pooled Cash and Investments with Fiscal Agent" on the balance sheet.

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 2020 amounted to \$316,148 for the General Fund, \$77,051 for the Debt Service Fund, \$28,914 for the Classroom Facilities Fund, and \$86,653 for Other Governmental Funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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:

<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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Vested	Not Eligible	Not Applicable	Not Applicable
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
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 \$14,507,482 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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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:

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 \$1,361,840 and 001 – SCC 9108 with a year-end balance of \$158,374. 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 2020 is \$520,093.

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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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

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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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).
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, 2020, \$8,107,899 of the District's bank balance of \$8,357,899 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, 2020, the District had the following investments:

	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Star Ohio	\$24,551,620	N/A	0.12
	\$24,551,620		
Portfolio Weighted Average Maturity			0.12

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 2020. STAR Ohio is reported at its share price (Net Asset value per share).

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

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, 2020, are available to finance fiscal year 2021 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, 2020. 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, 2020, was \$8,057,303 in the General Fund, \$390,698 in Classroom Facilities, \$1,689,462 in Debt Service Fund, and \$324,128 in Other Governmental Funds.

**Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020**

The assessed values upon which the fiscal year 2020 taxes were collected are:

	<u>2020 Amount</u>
Agricultural/Residential and Other Real Estate	\$476,108,950
Public Utility Personal	<u>175,477,390</u>
Total	<u><u>\$651,586,340</u></u>

Note 5 – Receivables

Receivables at June 30, 2020, 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.

This Space Intentionally Left Blank

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,527,254	\$0	\$0	\$1,527,254
Construction in Progress	54,631	1,265,454	1,246,635	73,450
<i>Capital Assets, being depreciated:</i>				
Land Improvements	2,513,440	1,275,472	0	3,788,912
Buildings and Improvements	92,990,770	1,636,414	24,995	94,602,189
Equipment	5,683,304	104,350	6,899	5,780,755
Totals at Historical Cost	<u>102,769,399</u>	<u>4,281,690</u>	<u>1,278,529</u>	<u>105,772,560</u>
Less Accumulated Depreciation:				
Land Improvements	1,056,379	242,185	0	1,298,564
Buildings and Improvements	17,702,101	3,131,172	24,995	20,808,278
Equipment	3,121,388	435,813	6,899	3,550,302
Total Accumulated Depreciation	<u>21,879,868</u>	<u>3,809,170</u>	<u>31,894</u>	<u>25,657,144</u>
Governmental Activities Capital Assets, Net	<u>\$80,889,531</u>	<u>\$472,520</u>	<u>\$1,246,635</u>	<u>\$80,115,416</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,942,356
Special	334,853
Vocational	177,667
Support Services:	
Pupil	223,064
Instructional Staff	122,302
School Administration	385,936
Fiscal	14,943
Business	3,903
Operations and Maintenance	297,035
Pupil Transportation	292,914
Operation of Non-Instructional Services	12,282
Extracurricular Activities	1,915
Total Depreciation Expense	<u>\$3,809,170</u>

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 7 - Long-Term Liabilities

	Maturity Dates	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds Payable:						
2013 School Improvement Bonds:						
Current Interest - 1.00-4.00%	12/01/2033	9,165,000	0	8,935,000	230,000	75,000
Capital Appreciation		5,011	0	3,173	1,838	0
Capital Appreciation Accreted Interest		87,766	37,858	71,827	53,797	0
Premium		489,516	0	489,516	0	0
2014 School Improvement Bonds:						
Current Interest - 1.00-3.00%	12/01/2024	3,420,000	0	2,770,000	650,000	650,000
Premium		295,565	0	295,565	0	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2036	6,040,000	0	0	6,040,000	0
Capital Appreciation		28,805	0	18,678	10,127	10,127
Capital Appreciation Accreted Interest		391,337	222,295	351,322	262,310	0
Premium		802,709	0	44,595	758,114	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2032	1,260,000	0	0	1,260,000	20,000
Capital Appreciation		1,921	0	1,732	189	0
Capital Appreciation Accreted Interest		15,452	5,461	18,268	2,645	0
Premium		311,659	0	22,261	289,398	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2031	2,185,000	0	0	2,185,000	115,000
Capital Appreciation		10,067	0	9,960	107	0
Capital Appreciation Accreted Interest		80,846	25,690	105,040	1,496	0
Premium		302,608	0	23,277	279,331	0
2016 School Improvement Bonds:						
Current Interest - 2.00-5.00%	12/01/2052	28,375,000	0	400,000	27,975,000	400,000
Premium		1,857,239	0	54,625	1,802,614	0
2020 Refunding Bonds:						
Principal - 3.00-4.00%		0	10,060,000	0	10,060,000	75,000
Premium		0	1,336,832	0	1,336,832	0
Subtotal Bonds		55,125,501	11,688,136	13,614,839	53,198,798	1,345,127
Compensated Absences		1,109,561	447,595	449,614	1,107,542	369,125
Subtotal Bonds and Other Amounts		56,235,062	12,135,731	14,064,453	54,306,340	1,714,252
Net Pension Liability:						
STRS		22,150,523	389,289	0	22,539,812	0
SERS		7,335,522	786,590	0	8,122,112	0
Total Net Pension Liability		29,486,045	1,175,879	0	30,661,924	0
Net OPEB Liability:						
STRS		0	0	0	0 (a)	0
SERS		3,628,276	0	148,682	3,479,594	0
Total OPEB Liability		3,628,276	0	148,682	3,479,594	0
Total Long-Term Obligations		\$89,349,383	\$13,311,610	\$14,213,135	\$88,447,858	\$1,714,252

(a) OPEB for STRS has a Net OPEB asset in the amount of \$1,688,101 as of June 30, 2020.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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.

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.

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
2021	\$1,335,000	\$1,919,364	\$3,254,364	\$10,127	\$359,873	\$370,000
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
2026-2030	10,170,000	7,208,549	17,378,549	0	0	0
2031-2035	9,490,000	5,406,344	14,896,344	296	774,707	775,003
2036-2040	5,260,000	3,897,853	9,157,853	0	0	0
2041-2045	5,085,000	2,852,016	7,937,016	0	0	0
2046-2050	6,240,000	1,629,225	7,869,225	0	0	0
2051-2053	4,445,000	271,300	4,716,300	0	0	0
Total	\$48,400,000	\$30,123,303	\$78,523,303	\$12,261	\$1,637,742	\$1,650,003

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 employer'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 employer's obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the employer 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

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

Age and service requirements for retirement are as follows:

**Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020**

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the employer 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$683,101 for fiscal year 2020. Of this amount \$1,789 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$1,748,520 for fiscal year 2020. Of this amount \$291,216 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer'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	\$8,122,112	\$22,539,812	\$30,661,924
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13574920%	0.10192369%	
Prior Measurement Date	<u>0.12808250%</u>	<u>0.10074027%</u>	
Change in Proportionate Share	0.00766670%	0.00118342%	
Pension Expense	\$1,534,410	\$3,327,359	\$4,861,769

At June 30 2020, 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	\$205,958	\$183,512	\$389,470
Changes of assumptions	0	2,647,736	2,647,736
Changes in employer proportionate share of net pension liability	283,192	405,665	688,857
Contributions subsequent to the measurement date	<u>683,101</u>	<u>1,748,520</u>	<u>2,431,621</u>
Total Deferred Outflows of Resources	<u>\$1,172,251</u>	<u>\$4,985,433</u>	<u>\$6,157,684</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$97,570	\$97,570
Net difference between projected and actual earnings on pension plan investments	<u>104,257</u>	<u>1,101,624</u>	<u>1,205,881</u>
Total Deferred Inflows of Resources	<u>\$104,257</u>	<u>\$1,199,194</u>	<u>\$1,303,451</u>

\$2,431,621 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$430,472	\$1,522,672	\$1,953,144
2022	(97,767)	384,437	286,670
2023	(6,938)	(48,103)	(55,041)
2024	59,126	178,713	237,839
Total	<u>\$384,893</u>	<u>\$2,037,719</u>	<u>\$2,422,612</u>

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, 2019, 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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

Discount Rate

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

Sensitivity of the 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	\$11,381,984	\$8,122,112	\$5,388,303

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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%

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, 2019, 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>100.00%</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. 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, 2019.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the 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	\$32,939,423	\$22,539,812	\$13,736,007

Note 9 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, 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 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the employer’s surcharge obligation was \$69,309.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$69,309 for fiscal year 2020. Of this amount \$1,789 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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 fiscal year ended June 30, 2020, 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, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability (asset) was based on the employer’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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$3,479,594	\$0	\$3,479,594
Proportionate Share of the Net OPEB (Asset)	0	(1,688,101)	(1,688,101)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.13836520%	0.10192369%	
Prior Measurement Date	<u>0.13078310%</u>	<u>0.10074027%</u>	
Change in Proportionate Share	0.00758210%	0.00118342%	
OPEB Expense	\$156,954	(\$506,399)	(\$349,445)

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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$51,078	\$153,039	\$204,117
Changes of assumptions	254,144	35,484	289,628
Net difference between projected and actual earnings on OPEB plan investments	8,352	0	8,352
Changes in employer proportionate share of net OPEB liability	226,069	62,777	288,846
Contributions subsequent to the measurement date	69,309	0	69,309
Total Deferred Outflows of Resources	\$608,952	\$251,300	\$860,252
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$764,443	\$85,884	\$850,327
Changes of assumptions	194,986	1,850,807	2,045,793
Net difference between projected and actual earnings on OPEB plan investments	0	106,024	106,024
Total Deferred Inflows of Resources	\$959,429	\$2,042,715	\$3,002,144

\$69,309 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, 2021. 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
2021	(\$144,514)	(\$392,532)	(\$537,046)
2022	(63,661)	(392,532)	(456,193)
2023	(61,209)	(350,039)	(411,248)
2024	(61,608)	(335,132)	(396,740)
2025	(60,847)	(327,169)	(388,016)
Thereafter	(27,947)	5,989	(21,958)
Total	(\$419,786)	(\$1,791,415)	(\$2,211,201)

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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 2019, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13%
Prior Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.22%
Prior Measurement Date	3.70%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$4,223,567	\$3,479,594	\$2,888,048
	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	\$2,787,859	\$3,479,594	\$4,397,358

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Assumption and Benefit Changes since the Prior Measurement Date

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

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, 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	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% 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, 2019, 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:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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%	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed 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, 2019. 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, 2019 and June 30, 2018.

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, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$1,440,458)	(\$1,688,101)	(\$1,896,311)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,914,229)	(\$1,688,101)	(\$1,411,149)

Assumption and Benefit Changes since the Prior Measurement Date

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 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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

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

Note 10 - Contingent Liabilities

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 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 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, 2020, 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

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 \$127,218 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 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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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 retardation and 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

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.

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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

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

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 \$101,816,763.

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.

The claims liability of \$514,000 reported in the general fund at June 30, 2020 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:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Fiscal Year	Beginning of Year Liability	Current Year	Claims Payments	End of Year Balance
		Claims and Changes in Estimates		
2019	\$552,900	\$3,148,637	(\$4,364,537)	(\$663,000)
2020	663,000	3,655,167	(4,832,167)	(514,000)

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

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, 2020, the reserve activity (cash-basis) was as follows:

	Capital Maintenance Reserve
Balance as of June 30, 2019	\$0
Required Set-Aside	467,897
Qualifying Expenditures	(512,326)
Current Year Offsets	(1,732,420)
Balance as of June 30, 2020	<u>(\$1,776,849)</u>

Expenditures for capital activity during the year totaled \$512,326, 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

Interfund transactions at June 30, 2020, consisted of the following interfund receivables and interfund payables and transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$306,376	\$0	\$0	\$166,500
Other Governmental Funds	0	306,376	166,500	0
Total All Funds	<u>\$306,376</u>	<u>\$306,376</u>	<u>\$166,500</u>	<u>\$166,500</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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 16 – Fund Balances

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:

Fund Balances	General	Classroom Facilities Maintenance	Debt Service	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$38,934	\$0	\$0	\$3,448	\$42,382
Total Nonspendable	38,934	0	0	3,448	42,382
Restricted for:					
Local Grants	0	0	0	8,102	8,102
Classroom Facilities Maintenance	0	6,029,908	0	0	6,029,908
Student Activity	0	0	0	185,124	185,124
Data Communication	0	0	0	94	94
Miscellaneous State Grants	0	0	0	18,671	18,671
Improving Teacher Quality	0	0	0	125	125
Student Wellness and Success	0	0	0	623,436	623,436
Debt Service Payments	0	0	5,842,148	0	5,842,148
Building	0	0	0	242,799	242,799
Special Education	0	0	0	9,310	9,310
IDEA Preschool Grant	0	0	0	138	138
Food Service	0	0	0	11,036	11,036
Classroom Facilities	0	0	0	943,464	943,464
Total Restricted	0	6,029,908	5,842,148	2,042,299	13,914,355
Committed to:					
Capital Projects High School	0	0	0	72,123	72,123
Health Insurance Budget Stabilization	158,373	0	0	0	158,373
Maintain Minimum Carryover	1,361,840	0	0	0	1,361,840
Termination and Retirement Benefits	520,093	0	0	0	520,093
Permanent Improvements	0	0	0	998,953	998,953
Total Committed	2,040,306	0	0	1,071,076	3,111,382
Assigned to:					
Budgetary	825,589	0	0	0	825,589
Encumbrances	1,126,757	0	0	0	1,126,757
Public School	74,102	0	0	0	74,102
Total Assigned	2,026,448	0	0	0	2,026,448
Unassigned	24,919,058	0	0	(12,206)	24,906,852
Total Fund Balance	<u>\$29,024,746</u>	<u>\$6,029,908</u>	<u>\$5,842,148</u>	<u>\$3,104,617</u>	<u>\$44,001,419</u>

Note 17 – 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:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

<u>Description</u>	<u>Remaining Commitment</u>
General	\$1,239,256
Classroom Facilities Maintenance	40,423
Other Governmental	692,794

Note 18 – Sponsorships

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:

<u>Sponsorships</u>	<u>Total Sponsorship Agreement</u>	<u>Deferred Inflow Sponsorship</u>
Quali-Tee Design	\$120,000	\$10,000
Fayette County Memorial Hospital	44,000	8,000
alero Renewable Fuels Company	22,000	4,000
Baxla Tractor	44,000	8,000
M&M Fasteners	11,000	2,000
TW Fabrication	150,000	12,500
Marine Motors	11,000	2,000
WCR	11,000	3,000
First State Bank	44,000	8,000
Parrett Insurance	22,000	4,000
Vermeer	22,000	4,000
Pettit's Enterprises	44,000	8,000
Hartley Oil	11,000	4,000
Bagshaw	22,000	4,000
Herron	11,000	2,000
Southern State Community College	5,000	2,000
Fayette Veterinary Hospital	22,000	4,000
Kirk's Furniture	22,000	4,000
Southern Ohio ESC	2,000	0
Total	<u>\$640,000</u>	<u>\$93,500</u>

Note 19 – Tax Abatements Entered Into By Other Governments

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 \$35,222. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 20 – Implementation of New Accounting Principles

For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

Note 21 – COVID-19

On March 10, 2020, the World Health Organization recognized the outbreak of COVID-19 disease as a pandemic. Governments worldwide continue to take actions to prevent the spread of the outbreak, including event cancellations and quarantines that have created widespread adverse impacts to the global economy as well as business interruptions. The full impact of COVID-19 and the scope of any continued impact on finances and operations cannot be fully determined at this time. Adverse consequences of the COVID-19 pandemic may include but are not limited to decline in enrollment; additional decreases in financial support from the State; and reduction in funding support from donors or other external sources.

Note 22 – Subsequent Event

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 TY2018 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.

The board of education employed Kim Pittser as the new superintendent effective August 1, 2020. Mrs. Pittser has been with the district since 2000 and has served as teacher, curriculum director and assistant superintendent.

Note 23 - Restatement of Previously Issued Financial Statements

The fiscal year 2020 Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance have been restated due to the incorrect major fund being shown on the statements. The Classroom Facilities Maintenance Fund should have been the major fund instead of the Classroom Facilities Fund.

REQUIRED SUPPLEMENTARY INFORMATION



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 Seven 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 Percentage as a of the Total Pension Liability
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 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
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%
2011	484,992	(484,992)	0	3,858,329	12.57%

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 Seven 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 Percentage as a of the Total Pension Liability
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 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
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%
2011	1,404,228	(1,404,228)	0	10,801,754	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 Four 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 Percentage as a of the Total OPEB Liability
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 District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five 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
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 Four 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 Percentage as a of the Total OPEB (Asset)/Liability
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 District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five 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
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, 2020

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$14,794,901	\$14,985,872	\$14,941,595	(\$44,277)
Tuition and Fees	2,918,530	2,956,202	2,947,468	(8,734)
Investment Earnings	277,726	281,311	280,480	(831)
Intergovernmental	12,281,024	12,439,546	12,402,792	(36,754)
Extracurricular Activities	14,979	15,173	15,128	(45)
Charges for Services and Sales	2,287	2,317	2,310	(7)
Other Revenues	712,281	721,475	719,343	(2,132)
Total Revenues	31,001,728	31,401,896	31,309,116	(92,780)
Expenditures:				
Current:				
Instruction:				
Regular	11,741,229	12,177,255	11,672,141	505,114
Special	3,373,998	3,499,296	3,354,145	145,151
Vocational	9,211	9,553	9,157	396
Other	2,231,610	2,314,484	2,218,479	96,005
Support Services:				
Pupil	1,997,700	2,071,887	1,985,945	85,942
Instructional Staff	1,245,300	1,291,545	1,237,972	53,573
General Administration	24,829	25,751	24,683	1,068
School Administration	2,846,391	2,952,095	2,829,642	122,453
Fiscal	929,651	964,175	924,181	39,994
Business	167,023	173,225	166,040	7,185
Operations and Maintenance	2,874,205	2,980,943	2,857,293	123,650
Pupil Transportation	2,186,184	2,267,371	2,173,320	94,051
Central	152,896	158,574	151,996	6,578
Extracurricular Activities	370,347	384,101	368,168	15,933
Capital Outlay	35,987	37,323	35,775	1,548
Total Expenditures	30,186,561	31,307,578	30,008,937	1,298,641
Excess of Revenues Over Expenditures	815,167	94,318	1,300,179	1,205,861
Other Financing Sources (Uses):				
Proceeds of Capital Leases	0	0	0	0
Proceeds from Sale of Capital Assets	243	246	245	(1)
Proceeds of Long-Term Capital-Related Debt	0	0	0	0
Proceeds of Short-Term Notes	0	0	0	0
Advances In	99,805	101,094	100,795	(299)
Advances (Out)	(4,424)	(4,588)	(4,398)	190
O2	0	0	0	0
Insurance Recoveries	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(391,655)	(406,199)	(389,350)	16,849
Total Other Financing Sources (Uses)	(296,031)	(309,447)	(292,708)	16,739
Net Change in Fund Balance	519,136	(215,129)	1,007,471	1,222,600
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	15,395,357	15,395,357	15,395,357	0
Fund Balance - End of Year	\$15,914,493	\$15,180,228	\$16,402,828	\$1,222,600

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, 2020

	Classroom Facilities Maintenance Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$709,929	\$759,238	\$729,156	(\$30,082)
Investment Earnings	59,166	63,275	60,768	(2,507)
Intergovernmental	67,054	71,711	68,870	(2,841)
Other Revenues	12,942	13,841	13,293	(548)
Total Revenues	<u>849,091</u>	<u>908,065</u>	<u>872,087</u>	<u>(35,978)</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	18,068	21,642	16,524	5,118
Operations and Maintenance	143,255	171,595	131,013	40,582
Total Expenditures	<u>161,323</u>	<u>193,237</u>	<u>147,537</u>	<u>45,700</u>
Excess of Revenues Over Expenditures	<u>687,768</u>	<u>714,828</u>	<u>724,550</u>	<u>9,722</u>
Other Financing Sources (Uses):				
Transfers In	194,726	208,251	200,000	(8,251)
Transfers (Out)	(218,689)	(261,951)	(200,000)	61,951
Total Other Financing Sources (Uses)	<u>(23,963)</u>	<u>(53,700)</u>	<u>0</u>	<u>53,700</u>
Net Change in Fund Balance	663,805	661,128	724,550	63,422
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>4,878,410</u>	<u>4,878,410</u>	<u>4,878,410</u>	<u>0</u>
Fund Balance - End of Year	<u>\$5,542,215</u>	<u>\$5,539,538</u>	<u>\$5,602,960</u>	<u>\$63,422</u>

See accompanying notes to the Required Supplementary Information.

Miami Trace Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Note 1 – Budgetary Process

All funds, except agency 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 2020.

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 and classroom facilities maintenance fund.

Miami Trace Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balance	Classroom Facilities	
	General	Maintenance
GAAP Basis	\$4,098,295	\$874,832
Revenue Accruals	(7,299,250)	(110,668)
Expenditure Accruals	5,498,403	809
Proceeds of Capital Assets	(2,300)	0
Transfers In	0	200,000
Transfers (Out)	(222,850)	(200,000)
Advances In	100,795	0
Advances (Out)	(4,398)	0
Encumbrances	(1,239,256)	(40,423)
Funds Budgeted Elsewhere	78,032	0
Budget Basis	<u>\$1,007,471</u>	<u>\$724,550</u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020: 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:

2018-2020: 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 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%.

Miami Trace Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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:

2019-2020: 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:

2019-2020: 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

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2020: 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	3.70%
Measurement Date	3.22%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

Miami Trace Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

2019: 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	3.63%
Measurement Date	3.70%

(5) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

(6) 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%,
- (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:

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.

Miami Trace Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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:

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.

**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$62,808
Cash Assistance:			
COVID - 19 School Breakfast Program	10.553	3L70	29,966
School Breakfast Program	10.553	3L70	92,837
Total - School Breakfast Program			<u>122,803</u>
COVID - 19 National School Lunch Program	10.555	3L60	68,845
National School Lunch Program	10.555	3L60	318,582
Total - National School Lunch Program			<u>387,427</u>
Total Child Nutrition Cluster			<u>510,230</u>
Total U.S. Department of Agriculture			<u>573,038</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	542,715
Special Education-Preschool Grants	84.173	3C50	11,238
Total Special Education Cluster			<u>553,953</u>
Title I Grants to Local Educational Agencies	84.010	3M00	662,844
Supporting Effective Instruction State Grants	84.367	3Y60	51,301
Student Support and Academic Enrichment Program	84.424	3H10	28,029
Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	228,373
Total U.S. Department of Education			<u>1,524,500</u>
Total Federal Assistance			<u><u>\$2,097,538</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, 2020**

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, 2020. 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. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - 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 D – 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2021, except for the restatement described in Note 23, which is as of June 6, 2022, wherein we noted the 2020 Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance have been restated due to the incorrect major fund being shown on the statements. 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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*.

District's Response to Finding

The District's response to the Finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 20, 2021, except for the restatement described above and Finding Number 2020-001, which is as of June 6, 2022



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

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 the 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 program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the 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 program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
January 20, 2021

**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2020-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING NUMBER 2020-001
(Continued)**

Due to errors in the compilation process the financial statements for the Classroom Facilities Fund (010) was 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 incorrectly reported as a non-major fund within Other Governmental Funds on the financial statements. The funds were correctly recorded in the District's accounting system and Trial Balance. The above presentation error was corrected on the District Financial Statements.

The District should review the financial statements, to assure that all major funds are correctly presented on the financial statements filed on the Hinkle System. Failure to accurately record the major funds could result in material errors in the District's financial statements.

Officials' Response:

Treasurer/CFO will continue to review the financial statements prepared by the accounting firm utilized for the preparation of the GAAP statements to ensure similar errors do not occur again.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

Kim Pittser, Superintendent
Debbie L. Black, Treasurer/CFO

www.miamitrace.k12.oh.us



**Miami Trace
Local School District**
3818 State Route 41 NW
Washington C.H., OH 43160
P: 740.335.3010
Fax: 740.333.2479

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2020

Finding Number:	2020-001
Planned Corrective Action:	Treasurer/CFO will continue to review the financial statements prepared by the accounting firm utilized for the preparation of the GAAP statements to ensure similar errors do not occur again.
Anticipated Completion Date:	Annual
Responsible Contact Person:	Treasurer/CFO

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 6/30/2022

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