



OHIO AUDITOR OF STATE
KEITH FABER



**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY**

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**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Miami Trace Local School District, Fayette County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Trace Local School District, Fayette County, Ohio, as of June 30, 2019, 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.

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*, 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 8, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber
Auditor of State

Columbus, Ohio

January 8, 2020

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**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(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, 2019. 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 2019 are as follows:

- Net position of governmental activities increased \$4,890,090 which represents a 14% increase from 2018.
- General revenues accounted for \$34,124,566 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,409,806 or 16% of total revenues of \$40,534,372.
- The District had \$35,644,282 in expenses related to governmental activities; \$6,409,806 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$34,124,566 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" 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, 2019
(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

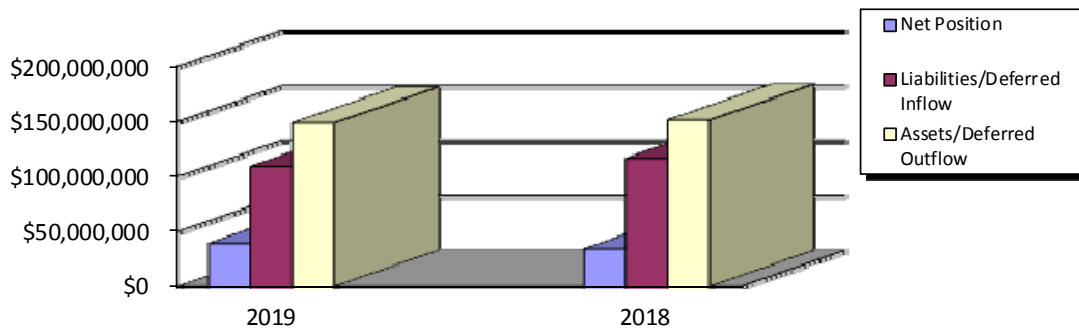
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2019 compared to fiscal year 2018:

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**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2019	2018
Assets:		
Current and Other Assets	\$55,769,469	\$65,763,979
Net OPEB Asset	1,618,793	0
Capital Assets	80,889,531	73,287,533
Total Assets	138,277,793	139,051,512
Deferred Outflows of Resources:		
Deferred Charge on Refunding	2,147,375	2,312,670
OPEB	473,745	385,634
Pension	7,799,587	9,375,584
Total Deferred Outflows of Resources	10,420,707	12,073,888
Liabilities:		
Other Liabilities	4,174,601	6,939,732
Long-Term Liabilities	89,349,383	96,116,133
Total Liabilities	93,523,984	103,055,865
Deferred Inflows of Resources:		
Property Taxes	10,617,601	11,206,995
Sponsorship	93,500	0
Revenue in Lieu of Taxes	539,877	518,262
OPEB	2,816,401	816,284
Pension	1,691,085	1,002,032
Total Deferred Inflows of Resources	15,758,464	13,543,573
Net Position:		
Net Investment in Capital Assets	28,486,806	29,732,413
Restricted	14,071,564	12,476,182
Unrestricted (Deficit)	(3,142,318)	(7,682,633)
Total Net Position	\$39,416,052	\$34,525,962



**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,416,052.

At year-end, capital assets represented 58% 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, 2019, were \$28,486,806. 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, \$14,071,564, 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 decreased mainly due to the decrease in cash and investments. Total assets for the District decreased mainly due to the decrease in cash and cash equivalents. Capital assets increased due to the continued improvements and additions being made to the high school project. Long-Term Liabilities decreased mainly due to the decrease in Net OPEB Liability.

Table 2 shows the changes in net position for fiscal years 2019 and 2018.

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**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Table 2
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues		
Charges for Services	\$3,612,517	\$4,270,954
Operating Grants and Contributions	2,797,289	3,166,798
General Revenues:		
Property Taxes	19,393,726	17,352,465
Grants and Entitlements	12,099,183	12,256,311
Other	2,631,657	1,451,384
Total Revenues	40,534,372	38,497,912
Program Expenses:		
Instruction	18,598,397	11,286,171
Support Services:		
Pupil and Instructional Staff	3,367,106	1,900,589
School Administrative, General Administration, Fiscal and Business	3,690,957	2,289,282
Operations and Maintenance	3,070,057	2,087,736
Pupil Transportation	2,656,241	2,138,856
Central	158,076	100,340
Operation of Non-Instructional Services	1,346,177	920,524
Extracurricular Activities	576,814	314,804
Interest and Fiscal Charges	2,180,457	2,188,628
Total Program Expenses	35,644,282	23,226,930
Change in Net Position	4,890,090	15,270,982
Net Position - Beginning of Year	34,525,962	19,254,980
Net Position - End of Year	\$39,416,052	\$34,525,962

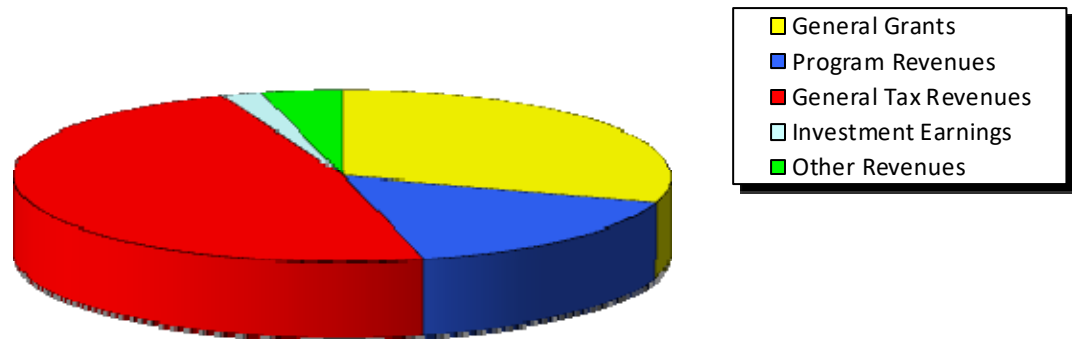
The District revenues are mainly from two sources. Property taxes levied for general, capital maintenance, debt service purposes, and capital projects purposes and grants and entitlements (not restricted) comprised 78% of the District's revenues for governmental activities.

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.

**Miami Trace Local School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

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 48% of revenue for governmental activities for the District in fiscal year 2019.

	<u>2019</u>	<u>Percentage</u>
General Grants	\$12,099,183	30%
Program Revenues	6,409,806	16%
General Tax Revenues	19,393,726	48%
Investment Earnings	796,234	2%
Other Revenues	1,835,423	4%
	<u>\$40,534,372</u>	<u>100%</u>



Instruction comprises 52% of governmental program expenses. Support services expenses were 36% of governmental program expenses. All other expenses including interest and fiscal charges were 12%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Overall revenues increased due to an increase in property tax revenues the District received in 2018 when compared to 2019. Overall, expenses increased \$12,417,352, which is primarily due to changes in assumptions and benefits by the Statewide pension systems which caused pension expense to be negative in fiscal year 2018 and positive in fiscal year 2019, causing the appearance of a large increase in overall expenses.

Governmental Activities

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

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**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$18,598,397	\$11,286,171	(\$14,278,247)	(\$6,090,848)
Support Services:				
Pupil and Instructional Staff	3,367,106	1,900,589	(3,175,364)	(1,595,634)
School Administrative, General				
Administration, Fiscal and Business	3,690,957	2,289,282	(3,520,967)	(2,095,176)
Operations and Maintenance	3,070,057	2,087,736	(2,984,875)	(2,012,792)
Pupil Transportation	2,656,241	2,138,856	(2,532,899)	(1,979,501)
Central	158,076	100,340	(152,676)	(94,940)
Operation of Non-Instructional Services	1,346,177	920,524	(147,091)	260,333
Extracurricular Activities	576,814	314,804	(261,900)	8,008
Interest and Fiscal Charges	2,180,457	2,188,628	(2,180,457)	(2,188,628)
Total Expenses	<u>\$35,644,282</u>	<u>\$23,226,930</u>	<u>(\$29,234,476)</u>	<u>(\$15,789,178)</u>

The District's Funds

The District has three major governmental funds: the General Fund, Debt Service Fund, and the Classroom Facilities Fund. Assets of the major funds comprised \$46,999,851 (84%) of the total \$55,872,295 governmental fund assets.

General Fund: Fund balance at June 30, 2019 was \$24,926,451, an increase in fund balance of \$2,511,765 from 2018. The fund balance increased during the fiscal year due to an increase in property tax revenue received.

Debt Service Fund: Fund balance at June 30, 2019 was \$5,366,986, an increase in fund balance of \$187,964 from 2018. The fund balance increased slightly due to an increase in other revenues in 2019 compared to 2018.

Classroom Facilities Fund: Fund balance at June 30, 2019 was \$2,289,844, a decrease in fund balance of \$7,044,620 from 2018. The fund balance decreased during the fiscal year due to a decrease in grant monies received.

General Fund Budgeting Highlights

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

During the course of fiscal year 2019, the District amended its General Fund budget when needed. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with changes in revenues and expenditures.

**Miami Trace Local School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

For the General Fund, final budgeted revenue was \$31,151,352, compared to original budgeted estimates of \$30,375,497. Of the \$775,855 difference, most was changes to circumstances for tax, tuition and fees, and intergovernmental revenue. Actual budget basis revenue was \$30,993,550, compared to final budgeted revenue was \$31,151,352. Of the \$157,802 difference, most was due to changes in circumstances for taxes and intergovernmental revenue.

Actual budget basis expenditures were \$29,689,785, compared to final budgeted expenditures of \$30,882,618. Of the \$1,192,833 difference, most was due to changes in circumstances in instruction expenditures. Final budgeted expenditures were \$30,882,618, compared to original budgeted expenditures of \$29,658,473. Of the \$1,224,145 difference, most was due to changes in circumstances in instruction expenditures.

The General Fund’s ending unobligated cash balance was \$14,740,933.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$80,889,531 invested in land, construction in progress, land improvements, buildings and improvements and equipment. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018:

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

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land	\$1,527,254	\$1,527,254
Construction in Progress	54,631	32,609,060
Land Improvements	1,457,061	611,006
Buildings and Improvements	75,288,669	36,198,215
Equipment	<u>2,561,916</u>	<u>2,341,998</u>
Total Net Capital Assets	<u>\$80,889,531</u>	<u>\$73,287,533</u>

The increase in capital assets from the prior year is due to the continuation of construction projects. The additions increased due to the new high school project additions.

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

Debt

At June 30, 2019, the District had \$55,125,501 in bonds payable, \$1,068,543 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, 2019
(Unaudited)

Table 5
Outstanding Debt, at Year End

	<u>2019</u>	<u>2018</u>
Governmental Activities:		
General Obligation Bonds Payable:		
2008 School Improvement Bonds:		
Capital Appreciation	\$0	\$20,627
Capital Appreciation Accreted Interest	0	115,850
2009 School Improvements Bonds:		
Capital Appreciation	0	15,697
Capital Appreciation Accreted Interest	0	130,087
2013 School Improvement Bonds:		
Current Interest - 1.00-4.00%	9,165,000	9,165,000
Capital Appreciation	5,011	10,191
Capital Appreciation Accreted Interest	87,766	105,335
Premium	489,516	522,151
2014 School Improvement Bonds:		
Current Interest - 1.00-3.00%	3,420,000	4,045,000
Premium	295,565	344,825
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	6,040,000	6,040,000
Capital Appreciation	28,805	36,254
Capital Appreciation Accreted Interest	391,337	250,437
Premium	802,709	847,304
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	1,260,000	1,260,000
Capital Appreciation	1,921	4,753
Capital Appreciation Accreted Interest	15,452	21,512
Premium	311,659	333,920
2015 Refunding Bonds:		
Current Interest - 1.00-4.00%	2,185,000	2,185,000
Capital Appreciation	10,067	15,732
Capital Appreciation Accreted Interest	80,846	71,150
Premium	302,608	325,885
2016 School Improvement Bonds		
Premium	28,375,000	28,755,000
	1,857,239	1,911,864
	<u>\$55,125,501</u>	<u>\$56,533,574</u>

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

**Miami Trace Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

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.

Contacting the District's Financial Management

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

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Miami Trace Local School District
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$29,197,700
Restricted Cash and Investments	2,635,716
Equity in Pooled Cash and Investments with Fiscal Agent	4,454,514
Receivables (Net):	
Taxes	18,511,688
Accounts	85,088
Intergovernmental	822,968
Prepays	49,034
Inventory	12,761
Net OPEB Asset	1,618,793
Nondepreciable Capital Assets	1,581,885
Depreciable Capital Assets, Net	<u>79,307,646</u>
Total Assets	<u>138,277,793</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	2,147,375
Pension	7,799,587
OPEB	<u>473,745</u>
Total Deferred Outflows of Resources	<u>10,420,707</u>
Liabilities:	
Accounts Payable	196,370
Accrued Wages and Benefits	2,519,373
Contracts Payable	24,909
Retainage Payable	614,317
Accrued Interest Payable	156,632
Claims Payable	663,000
Long-Term Liabilities:	
Due Within One Year	1,518,157
Due In More Than One Year	
Net Pension Liability	29,486,045
Net OPEB Liability	3,628,276
Other Amounts	<u>54,716,905</u>
Total Liabilities	<u>93,523,984</u>
Deferred Inflows of Resources:	
Property Taxes	10,617,601
Sponsorship	93,500
Revenue in Lieu of Taxes	539,877
Pension	1,691,085
OPEB	<u>2,816,401</u>
Total Deferred Inflows of Resources	<u>15,758,464</u>
Net Position:	
Net Investment in Capital Assets	28,486,806
Restricted for:	
Debt Service	5,260,192
Capital Projects	3,401,464
Classroom Facilities Maintenance	5,166,506
Student Activity	116,847
Food Service	67,750
Federal Grants	43,321
Other Purposes	15,484
Unrestricted (Deficit)	<u>(3,142,318)</u>
Total Net Position	<u>\$39,416,052</u>

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	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	\$12,917,171	\$2,380,614	\$529,079	(\$10,007,478)
Special	3,264,401	322,303	897,906	(2,044,192)
Vocational	143,794	0	11,131	(132,663)
Other	2,273,031	0	179,117	(2,093,914)
Support Services:				
Pupil	1,956,922	0	141,545	(1,815,377)
Instructional Staff	1,410,184	0	50,197	(1,359,987)
General Administration	22,408	0	0	(22,408)
School Administration	2,727,537	234	161,334	(2,565,969)
Fiscal	803,959	0	8,422	(795,537)
Business	137,053	0	0	(137,053)
Operations and Maintenance	3,070,057	5,486	79,696	(2,984,875)
Pupil Transportation	2,656,241	46,917	76,425	(2,532,899)
Central	158,076	0	5,400	(152,676)
Operation of Non-Instructional Services	1,346,177	550,098	648,988	(147,091)
Extracurricular Activities	576,814	306,865	8,049	(261,900)
Interest and Fiscal Charges	2,180,457	0	0	(2,180,457)
Totals	\$35,644,282	\$3,612,517	\$2,797,289	(29,234,476)

General Revenues:

Property Taxes Levied for:	
General Purposes	14,936,298
Capital Maintenance Purposes	719,760
Debt Service Purposes	3,136,543
Capital Projects Purposes	601,125
Grants and Entitlements, Not Restricted	12,099,183
Revenue in Lieu of Taxes	543,509
Unrestricted Contributions	207,185
Investment Earnings	796,234
Other Revenues	1,084,729
Total General Revenues	34,124,566
Change in Net Position	4,890,090
Net Position - Beginning of Year	34,525,962
Net Position - End of Year	\$39,416,052

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Balance Sheet
Governmental Funds
June 30, 2019

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$15,501,186	\$4,145,940	\$2,298,209	\$7,252,365	\$29,197,700
Restricted Cash and Investments	2,021,399	0	499,628	114,689	2,635,716
Equity in Pooled Cash and Investments with Fiscal Agent Receivables (Net):	4,454,514	0	0	0	4,454,514
Taxes	13,894,291	3,388,833	0	1,228,564	18,511,688
Accounts	75,249	0	0	9,839	85,088
Intergovernmental	455,887	112,456	4,469	250,156	822,968
Interfund	102,826	0	0	0	102,826
Prepays	44,964	0	0	4,070	49,034
Inventory	0	0	0	12,761	12,761
Total Assets	36,550,316	7,647,229	2,802,306	8,872,444	55,872,295
Liabilities:					
Accounts Payable	151,368	0	0	45,002	196,370
Accrued Wages and Benefits	2,290,092	0	0	229,281	2,519,373
Compensated Absences	64,319	0	0	14,752	79,071
Contracts Payable	0	0	12,834	12,075	24,909
Retainage Payable	0	0	499,628	114,689	614,317
Interfund Payable	0	0	0	102,826	102,826
Claims Payable	663,000	0	0	0	663,000
Total Liabilities	3,168,779	0	512,462	518,625	4,199,866
Deferred Inflows of Resources:					
Property Taxes	8,045,995	2,167,787	0	713,391	10,927,173
Sponsorship	0	0	0	93,500	93,500
Grants	0	0	0	20,463	20,463
Revenue in Lieu of Taxes	409,091	112,456	0	18,330	539,877
Total Deferred Inflows of Resources	8,455,086	2,280,243	0	845,684	11,581,013
Fund Balances:					
Nonspendable	44,964	0	0	4,070	49,034
Restricted	0	5,366,986	2,289,844	6,496,324	14,153,154
Committed	2,021,399	0	0	1,007,741	3,029,140
Assigned	573,050	0	0	0	573,050
Unassigned	22,287,038	0	0	0	22,287,038
Total Fund Balances	24,926,451	5,366,986	2,289,844	7,508,135	40,091,416
Total Liabilities, Deferred Inflows and Fund Balances	\$36,550,316	\$7,647,229	\$2,802,306	\$8,872,444	\$55,872,295

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, 2019

Total Governmental Fund Balance \$40,091,416

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 80,889,531

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	309,572	
Intergovernmental	20,463	
		330,035

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.

(156,632)

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 (1,030,490)

Deferred charge on refunding associated with long-term liabilities
 that are not reported in the funds.

2,147,375

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	7,799,587	
Deferred inflows of resources related to pensions	(1,691,085)	
Deferred outflows of resources related to OPEB	473,745	
Deferred inflows of resources related to OPEB	(2,816,401)	
		3,765,846

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	1,618,793	
Net Pension Liability	(29,486,045)	
Net OPEB Liability	(3,628,276)	
Other Amounts	(55,125,501)	
		(86,621,029)

Net Position of Governmental Activities \$39,416,052

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, 2019

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$14,919,549	\$3,139,992	\$0	\$1,318,396	\$19,377,937
Tuition and Fees	2,628,372	0	0	0	2,628,372
Investment Earnings	400,670	100,290	141,589	154,997	797,546
Intergovernmental	13,052,735	182,944	479,662	2,146,397	15,861,738
Extracurricular Activities	188,199	0	0	241,402	429,601
Charges for Services	1,605	0	0	552,940	554,545
Revenue in Lieu of Taxes	413,535	129,974	0	0	543,509
Other Revenues	772,816	135,179	0	194,432	1,102,427
Total Revenues	32,377,481	3,688,379	621,251	4,608,564	41,295,675
Expenditures:					
Current:					
Instruction:					
Regular	12,013,590	0	0	419,780	12,433,370
Special	3,088,513	0	0	213,406	3,301,919
Vocational	12,048	0	0	0	12,048
Other	2,059,464	0	0	257,339	2,316,803
Support Services:					
Pupil	1,757,235	0	0	236,016	1,993,251
Instructional Staff	1,089,714	0	0	318,482	1,408,196
General Administration	25,659	0	0	0	25,659
School Administration	2,492,669	75,449	0	183,245	2,751,363
Fiscal	818,102	0	0	29,268	847,370
Business	149,938	0	0	0	149,938
Operations and Maintenance	2,840,660	0	0	128,300	2,968,960
Pupil Transportation	2,239,619	0	0	325,249	2,564,868
Central	152,723	0	0	5,353	158,076
Operation of Non-Instructional Services	137,298	0	0	1,311,038	1,448,336
Extracurricular Activities	345,665	0	0	295,641	641,306
Capital Outlay	3,151	0	7,665,871	3,315,068	10,984,090
Debt Service:					
Principal Retirement	0	1,062,450	0	0	1,062,450
Interest and Fiscal Charges	0	2,362,516	0	0	2,362,516
Total Expenditures	29,226,048	3,500,415	7,665,871	7,038,185	47,430,519
Excess of Revenues Over (Under) Expenditures	3,151,433	187,964	(7,044,620)	(2,429,621)	(6,134,844)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	88,332	0	0	18,240	106,572
Transfers In	0	0	0	728,000	728,000
Transfers (Out)	(728,000)	0	0	0	(728,000)
Total Other Financing Sources (Uses)	(639,668)	0	0	746,240	106,572
Net Change in Fund Balance	2,511,765	187,964	(7,044,620)	(1,683,381)	(6,028,272)
Fund Balance - Beginning of Year	22,414,686	5,179,022	9,334,464	9,191,516	46,119,688
Fund Balance - End of Year	\$24,926,451	\$5,366,986	\$2,289,844	\$7,508,135	\$40,091,416

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, 2019

Net Change in Fund Balance - Total Governmental Funds (\$6,028,272)

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	12,622,770	
Depreciation Expense	<u>(2,899,638)</u>	
		9,723,132

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss.

(2,121,134)

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	2,331,754	
Pension Expense	(2,944,172)	
District pension contributions for OPEB	97,685	
OPEB Expense	<u>3,329,526</u>	
		2,814,793

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

Delinquent Property Taxes	15,789	
Interest	(1,312)	
Intergovernmental	<u>(775,780)</u>	
		(761,303)

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.

1,535,000

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

1,731

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	18,365	
Amortization of Bond Premium	226,653	
Amortization of Deferred Charge on Refunding	(165,295)	
Bond Accretion	<u>(353,580)</u>	
		<u>(273,857)</u>

Change in Net Position of Governmental Activities

\$4,890,090

See accompanying notes to the basic financial statements.

Miami Trace Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$544,958	\$186,274
Receivables (Net):		
Accounts	2,000	480
Total Assets	<u>546,958</u>	<u>186,754</u>
Liabilities:		
Accounts Payable	0	4,543
Other Liabilities	0	182,211
Total Liabilities	<u>0</u>	<u>\$186,754</u>
Net Position:		
Held in Trust	<u>546,958</u>	
Total Net Position	<u>\$546,958</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, 2019

	Private Purpose Trust
Additions:	
Donations	\$136,035
Investment Earnings	<u>10,422</u>
Total Additions	<u>146,457</u>
Deductions:	
Scholarships	<u>54,676</u>
Total Deductions	<u>54,676</u>
Change in Net Position	91,781
Net Position - Beginning of Year	<u>455,177</u>
Net Position - End of Year	<u>\$546,958</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, 2019

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, 2019

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.

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.

Classroom Facilities Fund – A fund provided to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission for the building and equipment of classroom facilities.

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, 2019

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, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance year 2020 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 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, 2019

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, 2019 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 2019 amounted to \$400,670 for the General Fund, \$100,290 for the Debt Service Fund, \$141,589 for the Classroom Facilities Fund, and \$154,997 for Other Governmental Funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. 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, 2019**

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	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, 2019**

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 \$14,071,564 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, 2019

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 \$1,359,388 and 001 – SCC 9108 with a year-end balance of \$158,043. 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 2019 is \$503,968.

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, 2019

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, 2019

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, 2019, \$10,114,182 of the District's bank balance of \$11,933,689 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, 2019, the District had the following investments:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

	<u>Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Star Ohio	<u>\$20,235,100</u>	N/A	0.12
	<u>\$20,235,100</u>		
Portfolio Weighted Average Maturity			0.12

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, 2019. 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, 2019, are available to finance fiscal year 2020 operations. The amount available for advance can vary based on the date the tax bills are sent.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2019. 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, 2019, was \$5,848,296 in the General Fund, \$280,030 in Classroom Facilities, \$1,221,046 in Debt Service Fund, and \$235,143 in Other Governmental Funds.

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

	<u>2019 Amount</u>
Agricultural/Residential and Other Real Estate	\$473,048,150
Public Utility Personal	<u>179,212,670</u>
Total	<u><u>\$652,260,820</u></u>

Note 5 – Receivables

Receivables at June 30, 2019, 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.

Note 6 – Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,527,254	\$0	\$0	\$1,527,254
Construction in Progress	32,609,060	10,858,054	43,412,483	54,631
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,459,680	1,053,760	0	2,513,440
Buildings and Improvements	55,768,684	43,412,483	6,190,397	92,990,770
Equipment	5,958,145	710,956	985,797	5,683,304
Totals at Historical Cost	<u>97,322,823</u>	<u>56,035,253</u>	<u>50,588,677</u>	<u>102,769,399</u>
Less Accumulated Depreciation:				
Land Improvements	848,674	207,705	0	1,056,379
Buildings and Improvements	19,570,469	2,293,744	4,162,112	17,702,101
Equipment	3,616,147	398,189	892,948	3,121,388
Total Accumulated Depreciation	<u>24,035,290</u>	<u>2,899,638</u>	<u>5,055,060</u>	<u>21,879,868</u>
Governmental Activities Capital Assets, Net	<u><u>\$73,287,533</u></u>	<u><u>\$53,135,615</u></u>	<u><u>\$45,533,617</u></u>	<u><u>\$80,889,531</u></u>

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,422,670
Special	248,304
Vocational	131,746
Support Services:	
Pupil	165,489
Instructional Staff	90,691
School Administration	288,104
Fiscal	11,581
Business	2,894
Operations and Maintenance	238,808
Pupil Transportation	285,154
Operation of Non-Instructional Services	12,282
Extracurricular Activities	1,915
Total Depreciation Expense	<u>\$2,899,638</u>

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Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 7 - Long-Term Liabilities

	Maturity Dates	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds Payable:						
2008 School Improvement Bonds:						
Capital Appreciation		\$20,627	\$0	\$20,627	\$0	\$0
Capital Appreciation Accreted Interest		115,850	13,523	129,373	0	0
2009 School Improvements Bonds:						
Capital Appreciation		15,697	0	15,697	0	0
Capital Appreciation Accreted Interest		130,087	19,216	149,303	0	0
2013 School Improvement Bonds:						
Current Interest - 1.00-4.00%	12/01/2033	9,165,000	0	0	9,165,000	0
Capital Appreciation		10,191	0	5,180	5,011	3,173
Capital Appreciation Accreted Interest		105,335	52,251	69,820	87,766	0
Premium		522,151	0	32,635	489,516	0
2014 School Improvement Bonds:						
Current Interest - 1.00-3.00%	12/01/2024	4,045,000	0	625,000	3,420,000	635,000
Premium		344,825	0	49,260	295,565	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2036	6,040,000	0	0	6,040,000	0
Capital Appreciation		36,254	0	7,449	28,805	18,678
Capital Appreciation Accreted Interest		250,437	213,451	72,551	391,337	0
Premium		847,304	0	44,595	802,709	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2032	1,260,000	0	0	1,260,000	0
Capital Appreciation		4,753	0	2,832	1,921	1,732
Capital Appreciation Accreted Interest		21,512	11,108	17,168	15,452	0
Premium		333,920	0	22,261	311,659	0
2015 Refunding Bonds:						
Current Interest - 1.00-4.00%	12/01/2031	2,185,000	0	0	2,185,000	0
Capital Appreciation		15,732	0	5,665	10,067	9,960
Capital Appreciation Accreted Interest		71,150	44,031	34,335	80,846	0
Premium		325,885	0	23,277	302,608	0
2016 School Improvement Bonds:						
Current Interest - 2.00-5.00%	12/01/2052	28,755,000	0	380,000	28,375,000	400,000
Premium		1,911,864	0	54,625	1,857,239	0
Subtotal Bonds		56,533,574	353,580	1,761,653	55,125,501	1,068,543
Compensated Absences		1,095,182	375,809	361,430	1,109,561	449,614
Subtotal Bonds and Other Amounts		57,628,756	729,389	2,123,083	56,235,062	1,518,157
Net Pension Liability:						
STRS		23,523,259	0	1,372,736	22,150,523	0
SERS		7,615,418	0	279,896	7,335,522	0
Total Net Pension Liability		31,138,677	0	1,652,632	29,486,045	0
Net OPEB Liability:						
STRS		3,863,534	0	3,863,534	0 (a)	0
SERS		3,485,166	143,110	0	3,628,276	0
Total OPEB Liability		7,348,700	143,110	3,863,534	3,628,276	0
Total Long-Term Obligations		\$96,116,133	\$872,499	\$7,639,249	\$89,349,383	\$1,518,157

(a) OPEB for STRS has a Net OPEB asset in the amount of \$1,618,793 as of June 30, 2019.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

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.

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
2020	\$1,035,000	\$1,598,520	\$2,633,520	\$33,543	\$546,456	\$579,999
2021	1,260,000	1,573,114	2,833,114	10,129	359,873	370,002
2022	1,685,000	1,537,251	3,222,251	0	0	0
2023	1,740,000	1,490,863	3,230,863	0	0	0
2024	1,790,000	1,442,113	3,232,113	0	0	0
2025-2029	9,740,000	6,530,297	16,270,297	1,838	503,162	505,000
2030-2034	10,900,000	5,399,081	16,299,081	294	774,707	775,001
2035-2039	5,630,000	4,146,075	9,776,075	0	0	0
2040-2044	4,880,000	3,062,144	7,942,144	0	0	0
2045-2049	5,970,000	1,906,500	7,876,500	0	0	0
2050-2053	5,815,000	476,500	6,291,500	0	0	0
Total	<u>\$50,445,000</u>	<u>\$29,162,458</u>	<u>\$79,607,458</u>	<u>\$45,804</u>	<u>\$2,184,198</u>	<u>\$2,230,002</u>

Note 8 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension 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 and OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the District's proportionate share of each pension and OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions and OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

pension and OPEB.

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description

District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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:

	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

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

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 District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$628,690 for fiscal year 2019. Of this amount \$20,247 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$1,703,064 for fiscal year 2019. Of this amount \$291,624 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Miami Trace Local School District
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,335,522	\$22,150,523	\$29,486,045
Proportion of the Net Pension Liability:			
Current Measurement Date	0.12808250%	0.10074027%	
Prior Measurement Date	<u>0.12745940%</u>	<u>0.09902356%</u>	
Change in Proportionate Share	<u>0.00062310%</u>	<u>0.00171671%</u>	
Pension Expense	\$777,596	\$2,166,576	\$2,944,172

At June 30, 2019, 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	\$402,307	\$511,302	\$913,609
Changes of assumptions	165,652	3,925,490	4,091,142
Changes in employer proportionate share of net pension liability	139,309	323,773	463,082
Contributions subsequent to the measurement date	<u>628,690</u>	<u>1,703,064</u>	<u>2,331,754</u>
Total Deferred Outflows of Resources	<u>\$1,335,958</u>	<u>\$6,463,629</u>	<u>\$7,799,587</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$144,657	\$144,657
Net difference between projected and actual earnings on pension plan investments	<u>203,245</u>	<u>1,343,183</u>	<u>1,546,428</u>
Total Deferred Inflows of Resources	<u>\$203,245</u>	<u>\$1,487,840</u>	<u>\$1,691,085</u>

\$2,331,754 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	\$644,007	\$1,962,602	\$2,606,609
2021	163,081	1,329,374	1,492,455
2022	(240,732)	204,189	(36,543)
2023	<u>(62,333)</u>	<u>(223,440)</u>	<u>(285,773)</u>
Total	<u>\$504,023</u>	<u>\$3,272,725</u>	<u>\$3,776,748</u>

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Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30 2018, are presented below:

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

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

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

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

Discount Rate

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

Sensitivity of the 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	\$10,332,636	\$7,335,522	\$4,822,643

Assumption and Benefit Changes Since the Prior Measurement Date

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.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1 2018, actuarial valuation, are presented below:

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

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

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability

**Miami Trace Local School District
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as of June 30, 2018.

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

The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what 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 discount rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$32,347,924	\$22,150,523	\$13,519,808

Assumption and Benefit Changes since the Prior Measurement Date

There were no changes in assumptions or benefit terms since the prior measurement date.

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

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

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Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District's surcharge obligation was \$74,400.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$97,685 for fiscal year 2019. Of this amount \$74,400 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, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities (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, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$3,628,726	\$0	\$3,628,726
Proportionate Share of the Net OPEB (Asset)	0	(1,618,793)	(1,618,793)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.13078310%	0.10074027%	
Prior Measurement Date	<u>0.12986240%</u>	<u>0.09902356%</u>	
Change in Proportionate Share	<u>0.00092070%</u>	<u>0.00171671%</u>	
OPEB Expense	\$170,154	(\$3,499,680)	(\$3,329,526)

At June 30, 2019, reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$59,226	\$189,078	\$248,304
Changes in employer proportionate share of net OPEB liability	60,356	67,400	127,756
Contributions subsequent to the measurement date	<u>97,685</u>	<u>0</u>	<u>97,685</u>
Total Deferred Outflows of Resources	<u>\$217,267</u>	<u>\$256,478</u>	<u>\$473,745</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$94,316	\$94,316
Changes of assumptions	325,973	2,205,735	2,531,708
Net difference between projected and actual earnings on OPEB plan investments	<u>5,444</u>	<u>184,933</u>	<u>190,377</u>
Total Deferred Inflows of Resources	<u>\$331,417</u>	<u>\$2,484,984</u>	<u>\$2,816,401</u>

\$97,685 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	(\$107,145)	(\$399,614)	(\$506,759)
2021	(83,292)	(399,614)	(482,906)
2022	(7,757)	(399,613)	(407,370)
2023	(5,439)	(357,614)	(363,053)
2024	(5,817)	(342,880)	(348,697)
Thereafter	<u>(2,385)</u>	<u>(329,171)</u>	<u>(331,556)</u>
Total	<u>(\$211,835)</u>	<u>(\$2,228,506)</u>	<u>(\$2,440,341)</u>

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Notes to the Basic Financial Statements
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Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what SERS' net OPEB liability would

Miami Trace Local School District
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be based on health care cost trend rates that are 1 percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Proportionate share of the net OPEB liability	\$4,402,628	\$3,628,276	\$3,015,135

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$2,927,354	\$3,628,276	\$4,556,424

Assumption and Benefit Changes since the Prior Measurement Date

The following changes in key methods and assumptions as presented below:

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

Actuarial Assumptions - STRS

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

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%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical:	
Pre-Medicare	6% initial, 4% ultimate
Medicare	5% initial, 4% ultimate
Prescription Drug:	
Pre-Medicare	8% initial, 4% ultimate
Medicare	(5.23%) initial, 4% ultimate

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

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*10 year annualized geometric nominal returns, which includes the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual 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, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

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

The following table represents the net OPEB (asset) as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one

**Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019**

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)	(\$1,387,457)	(\$1,618,793)	\$1,813,220
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,802,244)	(\$1,618,793)	(\$1,432,484)

Assumption and Benefit Changes since the Prior Measurement Date

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

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

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 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 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, 2019, if applicable, cannot be determined at this time.

**Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019**

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 \$118,514 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.

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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 12 - 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 \$88,101,885. However, effective fiscal year 2020, the amount is \$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 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 Jefferson Health Plan (OME-RESA) which covered individual claims in excess of \$75,000 up to \$500,000 per employee per year for medical claims.

The claims liability of \$663,000 reported in the general fund at June 30, 2019 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amounts of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year		End of Year Balance
		Claims and Changes in Estimates	Claims Payments	
2018	\$615,800	\$3,382,609	(\$4,551,309)	(\$552,900)
2019	552,900	3,148,637	(4,364,537)	(663,000)

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.

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 13 - 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, 2019, the reserve activity (cash-basis) was as follows:

	Capital Maintenance Reserve
	<u> </u>
Balance as of June 30, 2018	\$0
Required Set-Aside	466,708
Qualifying Expenditures	(261,072)
Current Year Offsets	<u>(2,354,141)</u>
Balance as of June 30, 2019	<u><u>(\$2,148,505)</u></u>

Expenditures for capital activity during the year totaled \$261,072, which did not 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 14 - Interfund Transactions

Interfund transactions at June 30, 2019, consisted of the following interfund receivables and interfund payables and transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$102,826	\$0	\$0	\$728,000
Other Governmental Funds	<u>0</u>	<u>102,826</u>	<u>728,000</u>	<u>0</u>
Total All Funds	<u><u>\$102,826</u></u>	<u><u>\$102,826</u></u>	<u><u>\$728,000</u></u>	<u><u>\$728,000</u></u>

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

Note 15 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Fund Balances	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$44,964	\$0	\$0	\$4,070	\$49,034
Total Nonspendable	44,964	0	0	4,070	49,034
Restricted for:					
Local Grants	0	0	0	7,609	7,609
Classroom Facilities Maintenance	0	0	0	5,155,076	5,155,076
Student Activity	0	0	0	116,847	116,847
Data Communication	0	0	0	47	47
Miscellaneous State Grants	0	0	0	3,448	3,448
Special Education	0	0	0	19,651	19,651
Title I	0	0	0	10,993	10,993
IDEA Preschool Grant	0	0	0	272	272
Improving Teacher Quality	0	0	0	761	761
Miscellaneous Federal Grants	0	0	0	1,200	1,200
Food Service	0	0	0	68,800	68,800
Debt Service Payments	0	5,366,986	0	0	5,366,986
Permanent Improvements	0	0	0	1,111,620	1,111,620
Classroom Facilities	0	0	2,289,844	0	2,289,844
Total Restricted	0	5,366,986	2,289,844	6,496,324	14,153,154
Committed to:					
Capital Projects High School	0	0	0	767,969	767,969
Health Insurance Budget Stabilization	158,043	0	0	0	158,043
Maintain Minimum Carryover	1,359,388	0	0	0	1,359,388
Termination and Retirement Benefits	503,968	0	0	0	503,968
Permanent Improvements	0	0	0	239,772	239,772
Total Committed	2,021,399	0	0	1,007,741	3,029,140
Assigned to:					
Encumbrances	504,338	0	0	0	504,338
Public School	68,712	0	0	0	68,712
Total Assigned	573,050	0	0	0	573,050
Unassigned	22,287,038	0	0	0	22,287,038
Total Fund Balance	<u>\$24,926,451</u>	<u>\$5,366,986</u>	<u>\$2,289,844</u>	<u>\$7,508,135</u>	<u>\$40,091,416</u>

Note 16 – Construction and Other Commitments

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

<u>Description</u>	<u>Remaining Commitment</u>
General	\$655,706
Classroom Facilities	1,726,267
Other Governmental	1,185,200

Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 17 – 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:

Sponsorships	Total Sponsorship Agreement	Deferred Inflow Sponsorship
Quali-Tee Design	\$120,000	\$10,000
Fayette County Memorial Hospital	44,000	8,000
Valero Renewable Fuels Company	22,000	8,000
Baxla Tractor	44,000	8,000
M&M Fasteners	11,000	4,000
TW Fabrication	150,000	12,500
Marine Motors	11,000	2,000
WCR	11,000	1,000
First State Bank	44,000	8,000
Parrett Insurance	22,000	6,000
Vermeer	22,000	4,000
Pettit's Enterprises	44,000	4,000
Hartley Oil	11,000	0
Bagshaw	22,000	0
Herron	11,000	2,000
Southern State Community College	5,000	2,000
Fayette Veterinarty Hospital	22,000	8,000
Kirk's Furniture	22,000	4,000
Southern Ohio ESC	2,000	2,000
Total	\$640,000	\$93,500

Note 18 – 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 \$35,198. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

Note 19 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2019, the following have been implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

**Miami Trace Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2019**

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

Note 20 – 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. Per the Fayette County Auditor, this refund will be deducted from the first half settlement payments in 2020.

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 Six 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
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
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%
2010	457,332	(457,332)	0	3,377,637	13.54%

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 Six 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
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
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%
2010	1,484,316	(1,484,316)	0	11,417,815	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 Three 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
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 Four 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
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 Three 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
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 Four Fiscal 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
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, 2019

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$13,557,500	\$13,903,788	\$13,833,356	(\$70,432)
Tuition and Fees	2,582,569	2,648,534	2,635,117	(13,417)
Investment Earnings	345,553	354,379	352,584	(1,795)
Intergovernmental	12,750,740	13,076,421	13,010,180	(66,241)
Extracurricular Activities	5,674	5,818	5,789	(29)
Charges for Services and Sales	1,573	1,613	1,605	(8)
Other Revenues	1,131,888	1,160,799	1,154,919	(5,880)
Total Revenues	30,375,497	31,151,352	30,993,550	(157,802)
Expenditures:				
Current:				
Instruction:				
Regular	12,209,811	12,713,768	12,222,702	491,066
Special	3,070,178	3,196,898	3,073,419	123,479
Vocational	12,131	12,632	12,144	488
Other	2,060,399	2,145,441	2,062,574	82,867
Support Services:				
Pupil	1,711,615	1,782,261	1,713,422	68,839
Instructional Staff	1,067,392	1,111,448	1,068,519	42,929
General Administration	25,632	26,690	25,659	1,031
School Administration	2,607,940	2,715,582	2,610,693	104,889
Fiscal	852,329	887,509	853,229	34,280
Business	154,426	160,800	154,589	6,211
Operations and Maintenance	3,052,618	3,178,614	3,055,841	122,773
Pupil Transportation	2,298,694	2,393,572	2,301,121	92,451
Central	151,064	157,299	151,223	6,076
Extracurricular Activities	345,359	359,614	345,724	13,890
Capital Outlay	38,885	40,490	38,926	1,564
Total Expenditures	29,658,473	30,882,618	29,689,785	1,192,833
Excess of Revenues Over Expenditures	717,024	268,734	1,303,765	1,035,031
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	86,571	88,782	88,332	(450)
Advances In	101,430	104,021	103,494	(527)
Transfers (Out)	(814,140)	(847,744)	(815,000)	32,744
Total Other Financing Sources (Uses)	(626,139)	(654,941)	(623,174)	31,767
Net Change in Fund Balance	90,885	(386,207)	680,591	1,066,798
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	14,060,342	14,060,342	14,060,342	0
Fund Balance - End of Year	\$14,151,227	\$13,674,135	\$14,740,933	\$1,066,798

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, 2019

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 2019.

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

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$2,511,765
Revenue Accruals	(1,383,931)
Expenditure Accruals	190,666
Transfers (Out)	(87,000)
Advances In	103,494
Encumbrances	<u>(654,403)</u>
Budget Basis	<u><u>\$680,591</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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 change in the Consumer Price 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:

2018-2019: 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%.

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

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

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019: There were no changes in benefit terms from the amounts reported for this fiscal year.

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

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:

2017-2019: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019: 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	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

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

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:

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:

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.

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

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

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

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**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$69,360
Cash Assistance:			
School Breakfast Program	10.553	3L70	124,719
National School Lunch Program	10.555	3L60	436,530
Total Child Nutrition Cluster			<u>630,609</u>
Total U.S. Department of Agriculture			<u>630,609</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	563,475
Special Education-Preschool Grants	84.173	3C50	10,192
Total Special Education Cluster			<u>573,667</u>
Title I Grants to Local Educational Agencies	84.010	3M00	547,448
Supporting Effective Instruction State Grants	84.367	3Y60	102,864
Rural Education	84.358	3Y80	81,101
Student Support and Academic Enrichment Program	84.424	3H10	7,500
Total U.S. Department of Education			<u>1,312,580</u>
Total Federal Assistance			<u><u>\$1,943,189</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, 2019**

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, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the 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.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
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(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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 Miami Trace Local School District, Fayette County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Keith Faber
Auditor of State

Columbus, Ohio

January 8, 2020



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

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 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 District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, 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, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State

Columbus, Ohio

January 8, 2020

**MIAMI TRACE LOCAL SCHOOL DISTRICT
FAYETTE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



MIAMI TRACE LOCAL SCHOOL DISTRICT

FAYETTE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 23, 2020**