



**MIAMI TRACE LOCAL SCHOOL DISTRICT  
FAYETTE COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Miami Trace Local School District  
Fayette County  
1400 U.S. Route 22 NW  
Washington Court House, Ohio 43160

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Miami Trace Local School District, Fayette County, Ohio (the District) as of and for the fiscal year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Miami Trace Local School District, Fayette County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2000 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 grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular a-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

January 18, 2000



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Miami Trace Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 1999

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
<b>Assets and Other Debits:</b>					
Equity in Pooled Cash and Investments	\$702,028	\$305,613	\$435,723	\$138,019	\$120,374
Restricted Equity in Pooled Cash and Investments	157,265	0	0	0	0
<b>Receivables:</b>					
Taxes	6,541,008	0	409,792	0	0
Intergovernmental	19,666	0	0	0	0
Accounts	28,531	295	0	333	0
Accrued Interest	7,359	0	0	0	467
Interfund Receivable	60,000	0	0	0	0
Advances Receivable	205,000	0	0	0	0
Inventory	0	0	0	7,606	0
Fixed Assets ( Net, where applicable, of Accumulated Depreciation)	0	0	0	95,051	0
<b>Other Debits:</b>					
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<b>\$7,720,857</b>	<b>\$305,908</b>	<b>\$845,515</b>	<b>\$241,009</b>	<b>\$120,841</b>
<b>Liabilities, Fund Equity &amp; Other Credits:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$30,312	\$9,589	\$13,913	\$10,359	\$0
Accrued Wages & Benefits	1,545,130	107,883	0	70,589	0
Compensated Absences Payable	129,027	0	0	13,747	0
Interfund Payable	0	0	0	60,000	0
Judgements Payable	0	0	0	0	0
Claims Payable	0	0	0	0	181,228
Deferred Revenue	4,145,592	0	259,859	3,194	0
Due to Students	0	0	0	0	0
Advances Payable	0	0	0	205,000	0
<b>Total Liabilities</b>	<b>5,850,061</b>	<b>117,472</b>	<b>273,772</b>	<b>362,889</b>	<b>181,228</b>
<b>Fund Equity &amp; Other Credits:</b>					
Investment in General Fixed Assets	0	0	0	0	0
Contributed Capital	0	0	0	69,927	0
<b>Retained Earnings:</b>					
Unreserved	0	0	0	(191,807)	(60,387)
<b>Fund Balance:</b>					
Reserved for Encumbrances	219,659	34,928	179,887	0	0
Reserved for Property Tax Advances	2,391,913	0	149,993	0	0
Reserved for Endowments	0	0	0	0	0
Reserved for Advances Receivable	205,000	0	0	0	0
Reserved For Set-Asides	157,265	0	0	0	0
Unreserved & Undesignated	(1,103,041)	153,508	241,863	0	0
<b>Total Fund Equity (Deficit) &amp; Other Credits</b>	<b>1,870,796</b>	<b>188,436</b>	<b>571,743</b>	<b>(121,880)</b>	<b>(60,387)</b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b>\$7,720,857</b>	<b>\$305,908</b>	<b>\$845,515</b>	<b>\$241,009</b>	<b>\$120,841</b>

See accompanying notes.



Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$388,664	\$0	\$0	\$2,090,421
0	0	0	157,265
0	0	0	6,950,800
0	0	0	19,666
46	0	0	29,205
5,689	0	0	13,515
0	0	0	60,000
0	0	0	205,000
0	0	0	7,606
0	10,884,166	0	10,979,217
0	0	1,050,370	1,050,370
<u>\$394,399</u>	<u>\$10,884,166</u>	<u>\$1,050,370</u>	<u>\$21,563,065</u>
\$2,501	\$0	\$0	\$66,674
0	0	79,131	1,802,733
0	0	780,429	923,203
0	0	0	60,000
0	0	190,810	190,810
0	0	0	181,228
0	0	0	4,408,645
67,007	0	0	67,007
0	0	0	205,000
69,508	0	1,050,370	7,905,300
0	10,884,166	0	10,884,166
0	0	0	69,927
0	0	0	(252,194)
0	0	0	434,474
0	0	0	2,541,906
270,318	0	0	270,318
0	0	0	205,000
0	0	0	157,265
54,573	0	0	(653,097)
324,891	10,884,166	0	13,657,765
<u>\$394,399</u>	<u>\$10,884,166</u>	<u>\$1,050,370</u>	<u>\$21,563,065</u>

Miami Trace Local School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types  
 For the Year Ended June 30, 1999

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Taxes	\$6,642,325	\$0	\$938,140	\$7,580,465
Intergovernmental	7,453,520	969,436	351,745	8,774,701
Investment	136,196	7,449	19,359	163,004
Tuition & Fees	94,643	0	0	94,643
Extracurricular Activities	580	264,612	0	265,192
Miscellaneous	51,927	39,526	0	91,453
Total Revenues	<u>14,379,191</u>	<u>1,281,023</u>	<u>1,309,244</u>	<u>16,969,458</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,845,166	151,148	163,550	6,159,864
Special	872,216	534,461	0	1,406,677
Vocational	342,310	0	0	342,310
Other	182,475	29,031	0	211,506
Support Services:				
Pupils	576,890	187,066	0	763,956
Instructional Staff	317,504	143,365	274,822	735,691
Board of Education	71,798	0	0	71,798
Administration	1,832,570	61,742	0	1,894,312
Fiscal	374,554	2,680	22,142	399,376
Operation & Maintenance of Plant	1,181,827	0	43,250	1,225,077
Pupil Transportation	989,772	0	0	989,772
Central	66,558	4,833	0	71,391
Operation of Non-Instructional Services	0	33	9,985	10,018
Extracurricular Activities	209,042	198,437	0	407,479
Capital Outlay	215	0	22,230	22,445
Debt Service:				
Interest & Fiscal Charges	63,368	0	46,200	109,568
Total Expenditures	<u>12,926,265</u>	<u>1,312,796</u>	<u>582,179</u>	<u>14,821,240</u>
Excess of Revenues Over (Under) Expenditures	<u>1,452,926</u>	<u>(31,773)</u>	<u>727,065</u>	<u>2,148,218</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	22,458	0	0	22,458
Total Other Financing Sources (Uses)	<u>22,458</u>	<u>0</u>	<u>0</u>	<u>22,458</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	1,475,384	(31,773)	727,065	2,170,676
Fund Balance, Beginning of Year	<u>395,412</u>	<u>220,209</u>	<u>(155,322)</u>	<u>460,299</u>
Fund Balance, End of Year	<u>\$1,870,796</u>	<u>\$188,436</u>	<u>\$571,743</u>	<u>\$2,630,975</u>

See accompanying notes.

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Miami Trace Local School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$5,939,267	\$5,876,836	(\$62,431)	\$0	\$0	\$0
Intergovernmental	7,452,153	7,402,697	(49,456)	1,133,489	969,436	(164,053)
Investment	81,339	128,837	47,498	0	7,449	7,449
Tuition & Fees	79,156	74,894	(4,262)	0	0	0
Extracurricular Activities	500	580	80	280,253	265,062	(15,191)
Miscellaneous	80,400	27,505	(52,895)	37,463	55,758	18,295
<b>Total Revenues</b>	<b>13,632,815</b>	<b>13,511,349</b>	<b>(121,466)</b>	<b>1,451,205</b>	<b>1,297,705</b>	<b>(153,500)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	5,926,754	5,868,669	58,085	235,227	183,441	51,786
Special	882,321	873,857	8,464	645,076	525,384	119,692
Vocational	347,682	338,979	8,703	0	0	0
Other	197,425	190,700	6,725	42,866	29,039	13,827
<b>Support Services:</b>						
Pupils	598,962	566,789	32,173	250,724	195,201	55,523
Instructional Staff	391,768	327,180	64,588	185,226	144,611	40,615
Board of Education	83,220	71,798	11,422	0	0	0
Administration	1,899,613	1,829,871	69,742	75,037	60,991	14,046
Fiscal	396,977	373,243	23,734	5,361	2,680	2,681
Operation & Maintenance of Plant	1,245,288	1,221,247	24,041	11,000	0	11,000
Pupil Transportation	1,160,352	1,122,388	37,964	0	0	0
Central	75,715	73,192	2,523	14,134	7,137	6,997
Operation of Non-Instructional Services	0	0	0	1,043	63	980
Extracurricular Activities	223,645	209,042	14,603	264,042	229,037	35,005
Capital Outlay	29,700	215	29,485	4,808	0	4,808
<b>Debt Service:</b>						
Principal Retirement	1,569,000	1,569,000	0	0	0	0
Interest & Fiscal Charges	64,000	63,368	632	0	0	0
<b>Total Expenditures</b>	<b>15,092,422</b>	<b>14,699,538</b>	<b>392,884</b>	<b>1,734,544</b>	<b>1,377,584</b>	<b>356,960</b>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<b>(1,459,607)</b>	<b>(1,188,189)</b>	<b>271,418</b>	<b>(283,339)</b>	<b>(79,879)</b>	<b>203,460</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds of Notes	1,569,000	1,569,000	0	0	0	0
Proceeds from Sale of Fixed Assets	0	22,458	22,458	0	0	0
Refund of Prior Year Expenditures	7,420	20,164	12,744	0	74	74
Refund of Prior Year Receipts	0	0	0	(15,318)	(15,318)	0
Operating Transfers In	59,828	59,828	0	663	15,444	14,781
Operating Transfers Out	(59,828)	(59,828)	0	(15,444)	(15,444)	0
Advances Out	(60,000)	(50,000)	10,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,516,420</b>	<b>1,561,622</b>	<b>45,202</b>	<b>(30,099)</b>	<b>(15,244)</b>	<b>14,855</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>56,813</b>	<b>373,433</b>	<b>316,620</b>	<b>(313,438)</b>	<b>(95,123)</b>	<b>218,315</b>
<b>Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)</b>	<b>235,882</b>	<b>235,882</b>	<b>0</b>	<b>356,226</b>	<b>356,226</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$292,695</b>	<b>\$609,315</b>	<b>\$316,620</b>	<b>\$42,788</b>	<b>\$261,103</b>	<b>\$218,315</b>

See accompanying notes.

Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$778,435	\$788,207	\$9,772	\$6,717,702	\$6,665,043	(\$52,659)
348,557	386,800	38,243	8,934,199	8,758,933	(175,266)
20,000	26,966	6,966	101,339	163,252	61,913
0	0	0	79,156	74,894	(4,262)
0	0	0	280,753	265,642	(15,111)
0	0	0	117,863	83,263	(34,600)
<u>1,146,992</u>	<u>1,201,973</u>	<u>54,981</u>	<u>16,231,012</u>	<u>16,011,027</u>	<u>(219,985)</u>
275,104	163,642	111,462	6,437,085	6,215,752	221,333
0	0	0	1,527,397	1,399,241	128,156
0	0	0	347,682	338,979	8,703
0	0	0	240,291	219,739	20,552
0	0	0	849,686	761,990	87,696
300,710	274,801	25,909	877,704	746,592	131,112
0	0	0	83,220	71,798	11,422
0	0	0	1,974,650	1,890,862	83,788
23,700	22,142	1,558	426,038	398,065	27,973
124,775	86,060	38,715	1,381,063	1,307,307	73,756
143,146	136,401	6,745	1,303,498	1,258,789	44,709
0	0	0	89,849	80,329	9,520
18,475	18,475	0	19,518	18,538	980
0	0	0	487,687	438,079	49,608
24,700	24,700	0	59,208	24,915	34,293
0	0	0	2,469,000	2,469,000	0
0	0	0	110,200	109,568	632
<u>910,610</u>	<u>726,221</u>	<u>184,389</u>	<u>18,683,776</u>	<u>17,749,543</u>	<u>934,233</u>
236,382	475,752	239,370	(2,452,764)	(1,738,516)	714,248
0	0	0	1,569,000	1,569,000	0
0	0	0	0	22,458	22,458
0	0	0	7,420	20,238	12,818
0	0	0	(15,318)	(15,318)	0
0	0	0	1,006,691	1,021,472	14,781
(946,200)	(946,200)	0	(1,021,472)	(1,021,472)	0
0	0	0	(60,000)	(50,000)	10,000
<u>(946,200)</u>	<u>(946,200)</u>	<u>0</u>	<u>1,486,321</u>	<u>1,546,378</u>	<u>60,057</u>
(709,818)	(470,448)	239,370	(966,443)	(192,138)	774,305
712,372	712,372	0	1,304,480	1,304,480	0
<u>\$2,554</u>	<u>\$241,924</u>	<u>\$239,370</u>	<u>\$338,037</u>	<u>\$1,112,342</u>	<u>\$774,305</u>

Miami Trace Local School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings/Fund Balance  
 All Proprietary Fund Types and Nonexpendable Trust Funds  
 For the Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues:				
Investment Revenue	\$0	\$0	\$18,670	\$18,670
Charges for Services	580,052	0	0	580,052
Tuition & Fees	66,800	0	0	66,800
Extracurricular	99,236	0	558	99,794
Miscellaneous Revenue	0	0	26,248	26,248
Total Operating Revenues	<u>746,088</u>	<u>0</u>	<u>45,476</u>	<u>791,564</u>
Operating Expenses:				
Salaries	351,765	0	0	351,765
Fringe Benefits	158,409	60,137	0	218,546
Purchased Services	30,485	130	36,000	66,615
Materials & Supplies	456,265	35	0	456,300
Depreciation	19,834	0	0	19,834
Claims	0	77,984	0	77,984
Total Operating Expenses	<u>1,016,758</u>	<u>138,286</u>	<u>36,000</u>	<u>1,191,044</u>
Operating Income (Loss)	<u>(270,670)</u>	<u>(138,286)</u>	<u>9,476</u>	<u>(399,480)</u>
Non-Operating Revenues (Expenses):				
Investment Revenue	3,127	5,141	0	8,268
Miscellaneous Revenue	0	108,575	0	108,575
Donated Commodities	27,543	0	0	27,543
Operating Grants - State & Local	16,072	0	0	16,072
Operating Grants - Federal	197,883	0	0	197,883
Total Non-Operating Revenues	<u>244,625</u>	<u>113,716</u>	<u>0</u>	<u>358,341</u>
Net Income	(26,045)	(24,570)	9,476	(41,139)
Retained Earnings/Fund Balance, Beginning of Year	<u>(165,762)</u>	<u>(35,817)</u>	<u>315,415</u>	<u>113,836</u>
Retained Earnings/Fund Balance, End of Year	<u>(\$191,807)</u>	<u>(\$60,387)</u>	<u>\$324,891</u>	<u>\$72,697</u>

See accompanying notes.

Miami Trace Local School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types and Nonexpendable Trust Funds  
 For the Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Tuition & Fees	\$66,849	\$0	\$0	\$66,849
Cash Received from Charges for Services	580,398	0	0	580,398
Cash Received from Miscellaneous Sources	99,236	0	26,806	126,042
Cash Payments for Personal Services	(520,751)	(60,137)	0	(580,888)
Cash Payments for Contract Services	(30,485)	(130)	(36,000)	(66,615)
Cash Payments for Supplies & Materials	(418,931)	(35)	0	(418,966)
Net Cash Provided (Used) by Operating Activities	<u>(223,684)</u>	<u>(60,302)</u>	<u>(9,194)</u>	<u>(293,180)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash Received from Other Funds	50,000	0	0	50,000
Cash Received from Operating Grants	213,955	0	0	213,955
Cash Received from Investment Earnings	3,127	4,926	15,376	23,429
Other	0	108,575	0	108,575
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>267,082</u>	<u>113,501</u>	<u>15,376</u>	<u>395,959</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of Capital Assets	<u>(995)</u>	<u>0</u>	<u>0</u>	<u>(995)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(995)</u>	<u>0</u>	<u>0</u>	<u>(995)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	42,403	53,199	6,182	101,784
Cash and Cash Equivalents at Beginning of Year	<u>95,616</u>	<u>67,175</u>	<u>313,020</u>	<u>475,811</u>
Cash and Cash Equivalents at End of Year	<u><u>\$138,019</u></u>	<u><u>\$120,374</u></u>	<u><u>\$319,202</u></u>	<u><u>\$577,595</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	(\$270,670)	(\$138,286)	\$9,476	(\$399,480)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>				
Depreciation	19,834	0	0	19,834
Donated Commodities Used	27,543	0	0	27,543
Investment Earnings	0	0	(18,670)	(18,670)
<b>Changes in Assets and Liabilities:</b>				
(Increase) Decrease in Accounts Receivables	395	0	0	395
(Increase) Decrease in Materials & Supplies Inventory	372	0	0	372
Increase (Decrease) in Payables	9,548	77,984	0	87,532
Increase (Decrease) in Accrued Wages & Benefits	(6,023)	0	0	(6,023)
Increase (Decrease) in Compensated Absences	(4,554)	0	0	(4,554)
Increase (Decrease) in Deferred Revenue	(129)	0	0	(129)
Net Cash Provided (Used) by Operating Activities	<u><u>(\$223,684)</u></u>	<u><u>(\$60,302)</u></u>	<u><u>(\$9,194)</u></u>	<u><u>(\$293,180)</u></u>
<b>Reconciliation of Nonexpendable Trust Fund to balance sheet:</b>				
Cash and investments - All Fiduciary Funds			\$388,664	
Cash and investments - Expendable Trust and Agency Funds			<u>69,462</u>	
Cash and investments - Nonexpendable Trust Fund			<u><u>\$319,202</u></u>	

See accompanying notes.

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**NOTE 1 DESCRIPTION OF THE DISTRICT**

July 1, 1955, was a historical date in Fayette County. The Miami Trace School 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 the 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 406 square miles, much of which is reputed to be among the most productive farmland in the state, Miami Trace ranks as the second largest district in Ohio. At the present time, approximately 2955 students attend eight elementary schools, one junior high 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 125 non-certificated personnel and 204 certificated teaching and administrative personnel to provide services to students and other community members.

**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 district's significant account policies are described below.

**A. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Miami Trace Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The school district operates under a locally elected five-member board form of government and provides educational services as mandated by state and/or federal agencies. This board of education controls the school district's fourteen instructional/support facilities staffed by 125 noncertified and 204 certificated full-time teaching personnel who provide services to 2,955 students and other community members.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the school district. For Miami Trace, this includes general operations, food service, preschool and student related activities of the school district.

Component units are legally separate organizations for which the school district is financially accountable. The school district is financially accountable for an organization if the school district appoints a voting majority of the organization's governing board and (1) the school district is able to significantly influence the programs or services performed or provided by the organization; or (2) the school district is legally entitled to or can otherwise access the organization's resources; the school district is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the school district is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the school district in that the school district approves the budget, the issuance of debt or the levying of taxes for the organization. The school district has no component units.

The school district is associated with two jointly governed organizations. These organizations are discussed in Note 14 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

MVECA  
Hopewell

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**Governmental funds** are those through which most governmental functions of the district are financed. The acquisition, use and balances of the district's expendable financial resources and the related liabilities (except for those accounted for in proprietary and fiduciary fund types) are accounted for through governmental funds. The following are the district's governmental fund types:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

General fund is the general operating fund of the district and is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Ohio law.

Capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary funds** are used to account for the district's on going activities, which are similar to those most often found in the private sector. The following are the district's proprietary fund types:

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal service funds are used to account for goods and services provided by one department to other departments of the district on a cost-reimbursement basis.

**Fiduciary funds** are used to account for the assets held by the district in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include nonexpendable trust and agency funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account groups** are used to make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

General fixed assets account group is established to account for all fixed assets of the district, other than those accounted for in proprietary funds and trust funds.

General long-term obligations account group is established to account for all long-term obligations of the district, except those accounted for in proprietary funds and trust funds.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Measurement Focus** - Governmental fund types are accounted for on a spending, or “current financial resources,” measurements focus. Governmental fund types operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary fund types and nonexpendable trust funds are accounted for on a cost of services “economic resources,” measurements focus. Proprietary fund type income statements represent increases and decreases in net total assets.

**Basis of Accounting** - The modified accrual basis of accounting is followed for governmental and agency funds. Under this basis of accounting revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the district is 60 days after fiscal year end. Revenue considered susceptible to accrual includes but is not limited to interest, tuition, and state and federal grants and property taxes available for advance at June 30. Delinquent property taxes whose availability is indeterminable and property taxes which are intended to finance fiscal year 1999 operations, have been recorded as deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

**D. BUDGETARY DATA**

**Budgetary Basis of Accounting** - The district’s budgetary process accounts for certain transactions on a basis other than GAAP. The major difference between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. Expenditures are recorded when encumbered, or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the final appropriation, which includes amendments to the original appropriation, for each fund type by expenditure function and revenue by source are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (non-GAAP Budgetary Basis). The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons.

The district is required by state statute to adopt an annual appropriated budget for all governmental fund types. The specific timetable is as follows:

1. Prior to January 15 of the preceding fiscal year, the treasurer submits to the board of education proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Fayette County Budget Commission for tax rate determination.
3. Prior to April 1, the board of education accepts by formal resolution, the tax rates as determined by the Fayette County Budget Commission and receives the commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the district must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the district treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the district treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended certificate.
4. By July 1, the annual appropriation resolution is legally enacted by the board of education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the Fayette County Budget

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the board of education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the board of education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

**E. ENCUMBRANCES**

Encumbrance accounting is utilized by district funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP basis and for all funds as the equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**F. CASH AND INVESTMENTS**

Cash received by the district is deposited in various bank accounts with individual fund balance integrity maintained throughout. Monies for all funds are maintained in these accounts or are 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, and those funds individually authorized by board resolution.

Investments in nonparticipating investment contracts (repurchase agreements) are reported at cost. Investment contracts that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The district has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the state treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the board of education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$136,196.

For purposes of the Statement of Cash Flows (GASB 9 Implementation Guide #15), the combined statement of cash flows, the proprietary fund types' and nonexpendable trust fund's portion of pooled cash and investments is considered a cash equivalent because the district is able to withdraw resources from these funds without prior notice or penalty. Investments are stated at fair value as determined by quoted market prices.

**Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by state statute. A fund balance reserve has also been established.

**Estimates**

The preparation of the 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 could differ from those estimates.

**Fund Balance Reserves**

Include budget stabilization reserve for workers' compensation reserve and required budget reserve.

**G. INVENTORY**

Inventories of the enterprise funds are valued at lower of cost (first-in, first-out method) or market and are determined by physical count.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**H. FIXED ASSETS AND DEPRECIATION**

**General Fixed Assets Account Group** - General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the general fixed assets account group. The district does not possess any infrastructure.

**Proprietary Funds** - Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives: building improvements, 20-40 years and equipment, 3-5 years.

**I. INTERGOVERNMENTAL REVENUES**

In governmental funds, non-reimbursable grants are recorded as receivable and revenue when measurable and available. Reimbursement type grants are recorded as receivable and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

**J. COMPENSATED ABSENCES**

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<u>Vacation</u>	<u>Certificated</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	Not Eligible	40 days	40 days
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 days	205 days	205 days	205 days
Termination Entitlement	Per Contract	Per Contract	Per Contract

For governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective governmental fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the general long-term obligations account group. Compensated absences of proprietary funds are recorded as an expense and liability of the respective proprietary funds.

**K. INTERFUND TRANSACTIONS**

During the course of normal operations the district has numerous transactions between funds. The most significant include:

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

**L. LONG-TERM OBLIGATIONS**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

The district pays retirement through deductions from foundation payments, and at June 30 the district owed an obligation equal to six months deductions to the school employees retirement system. Two months is presented as a fund liability with the remainder presented in the general long-term account group.

**M. FUND EQUITY**

Contributed capital is recorded in proprietary funds that received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, and set-asides. The unreserved portions of fund equity reflected for the governmental funds are available for use within the special purpose of those funds. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under state statute.

**N. MEMORANDUM ONLY - TOTAL COLUMNS**

Total columns on the general-purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. PROPRIETARY FUND ACCOUNTING**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the district applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**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 that are 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, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**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 designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Interim Monies** - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

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, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

State legislation permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including but not limited, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuance's of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The state treasure's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. 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. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits**

At fiscal year end the carrying amount of the district's deposits and cash on hand was \$192,983. The bank balance of deposits was \$516,565 and of the bank balance \$284,379 was covered by federal depository insurance. The remaining bank balance was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

**Investments**

The district's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. CATEGORY 1 includes investments that are issued or registered or for which the securities are held by the district or its agent in the district's name. CATEGORY 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the district's name. CATEGORY 3 includes uninsured and unregistered investments for which the securities are held by the counterpart or by its department or agent, but not in the district's name.

Based on the above criteria, the district's investments at year-end are classified as follows:

<u>Investments</u>	<u>Risk Category</u>	<u>Carrying Value/ Fair Value</u>
Municipal Bonds	1	\$ 5,000
Repurchase Agreement	3	1,929,473
STAR Ohio		<u>120,230</u>
Total		<u>\$2,054,703</u>

The district's investment in STAR Ohio is not categorized by risk because it is not evidenced by securities that exist in physical or book-entry form.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 4 FUND BALANCE DEFICITS**

Fund balances/retained earnings at year-end included the following deficits that include accrual entries:

Enterprise	(\$191,807)
Internal Service	(\$ 60,387)

**NOTE 5 INTERFUND TRANSACTIONS**

Interfund balances at year-end consisted of the following individual fund receivable and payable:

	<u>Interfund Receivable</u>	<u>Advance Receivable</u>	<u>Interfund Payable</u>	<u>Advance Payable</u>
General Fund	\$60,000	\$205,000	\$ -0-	\$ -0-
Enterprise	<u>-0-</u>	<u>-0-</u>	<u>60,000</u>	<u>205,000</u>
Total	<u>\$60,000</u>	<u>\$205,000</u>	<u>\$60,000</u>	<u>\$205,000</u>

**NOTE 6 PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 1999 were based are as follows:

Tangible Personal	\$ 29,049,719
Public utility and real estate	<u>227,100,300</u>
Total assessed property value	<u>\$256,150,019</u>

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 (used in business) property located in the school district. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien dates. 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. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 6 PROPERTY TAXES** (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20. If paid semi-annually, the first payment (at least 1/2 of amount billed) was due January 20 with remainder due on July 20.

The Fayette County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October.

Accrued property taxes receivable represent real property, personal property, and public utility taxes that became measurable as of the current year-end. 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 year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

**NOTE 7 FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>Balance</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>End of Year</u>
Land	\$ 220,208	\$ -0-	\$ -0-	\$ 220,208
Bldg & Bldg. Improvements	4,869,992	-0-	-0-	4,869,992
Equipment	<u>5,545,322</u>	<u>255,294</u>	<u>6,650</u>	<u>5,793,966</u>
Total	<u>\$10,635,522</u>	<u>\$255,294</u>	<u>\$6,650</u>	<u>\$10,884,166</u>

A summary of the proprietary fund fixed assets at year-end follows:

Equipment	\$382,181
Less Accumulated Depreciation	<u>(287,130)</u>
Net Fixed Assets	<u>\$ 95,051</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 8 CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP**

During the fiscal year, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and accrued wages will be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>Beginning of Year</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>End of Year</u>
Accrued Wages & Benefits	\$ 85,696	\$ -0-	\$ 6,565	\$ 79,131
Compensated Absences	768,722	11,707	-0-	780,429
Judgment Payable	<u>218,068</u>	<u>-0-</u>	<u>27,258</u>	<u>190,810</u>
Total	<u>\$1,072,486</u>	<u>\$11,707</u>	<u>\$33,823</u>	<u>\$1,050,370</u>

The restatement of the general long-term obligation account group beginning balance resulted from judgment payable not recorded in the previous year.

**NOTE 9 NOTE DEBT**

During fiscal year 1999, the school district issued a one-year \$1,569,000 tax revenue anticipation note for the purpose of providing operating revenues. This note was repaid during fiscal year 1999.

The school district's note activity, including amounts outstanding and interest rates follow:

	<u>Balance</u> <u>7-1-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-99</u>
Tax Anticipation Note – 4.05%	\$ -0-	<u>\$1,569,000</u>	<u>\$1,569,000</u>	\$ -0-
TOTAL	<u>\$ -0-</u>	<u>\$1,569,000</u>	<u>\$1,569,000</u>	<u>\$ -0-</u>

**NOTE 10 SEGMENT INFORMATION**

**Enterprise Funds**

The district maintains three enterprise funds to account for the operations of food services, uniform school supply, and preschool and latchkey. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the district as of and for the current year-end.



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 10 SEGMENT INFORMATION** (Continued)

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Preschool And Latchkey</u>	<u>Total</u>
Operating Revenues	\$825,890	\$66,814	\$99,236	\$996,924
Operating expenses before depreciation	812,143	74,471	96,563	983,177
Depreciation	19,834	-0-	-0-	19,834
Operating Income (Loss)	(265,686)	(7,657)	2,673	(270,670)
Operating Grants	213,955	-0-	-0-	213,955
Other non-operating Revenues (expenses)	30,670	-0-	-0-	30,670
Operating Transfers In (Out)	-0-	-0-	-0-	-0-
Net Income (Loss)	(21,061)	(7,657)	2,673	(26,045)
Addition to Fixed Assets	995	-0-	-0-	995
Net Working Capital	(148,044)	17,355	(69,301)	(199,990)
Total Assets	191,825	28,453	20,731	241,009
Total Liabilities	261,759	11,098	90,032	362,889
Total Equity	(69,934)	17,355	(69,301)	(121,880)

Contributed capital was unchanged during the year.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 11 DEFINED BENEFIT PENSION PLANS**

**A. SCHOOL EMPLOYEES RETIREMENT SYSTEM**

The Miami Trace Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the Miami Trace Local School District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's retirement board within the rates allowed by state statute. The adequacy of the contribution rates is determined annually. The district's contribution to SERS for the years ending June 30, 1999, 1998, 1997 were \$300,282, \$303,988 and \$294,959, respectively, 52% has been contributed for fiscal year 1999 and 100% for the fiscal years 1998 and 1997. One hundred forty-four thousand sixty-six dollars (\$144,066) representing the unpaid contribution for fiscal year 1999, is recorded as a liability with the respective funds and the general long-term obligations account group.

**B. STATE TEACHERS RETIREMENT SYSTEM**

The Miami Trace Local School District contributes to the State Teacher Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 11 DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 9.3% of their annual covered salary and the Miami Trace Local School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The district's contributions to STRS for the years ending June 30, 1999, 1998, and 1997 were \$1,083,648, \$1,073,008, and \$1,009,450, respectively, 84% has been contributed for fiscal year 1999 and 100% for the fiscal years 1998 and 1997. One hundred seventy-three thousand one hundred eighty-four (\$173,184) represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**NOTE 12 POSTEMPLOYMENT BENEFITS**

The district provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the systems based on authority granted by state statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1997, the board allocated employer contributions equal to two percent of covered payroll to the health care reserve fund. Beginning July 1, 1997, this allocation was increased to 3.5 percent. For the year ended June 30, 1999, the allocation is 8% of covered payroll. For the district this amount equaled \$576,828 during 1999.

STRS pays health care benefits from the health care reserve fund. The balance in the fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 12 POSTEMPLOYMENT BENEFITS (Continued)**

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the district, the amount to fund health care benefits, including surcharge, equaled \$106,815 during the 1999 fiscal year.

**NOTE 13 BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance/retained earnings 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 and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

Reconciliation of Excess of Revenue and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
From GAAP Basis to Budgetary Basis

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	\$1,475,384	(\$31,773)	-0-	\$727,065
Net Adjustment for Revenue Accruals	781,150	32,200	946,200	(107,271)
Expenditure Accruals	(1,633,130)	(51,033)	(946,200)	(896,442)
Adjustment for Encumbrances	<u>(249,971)</u>	<u>(44,517)</u>	<u>-0-</u>	<u>(193,800)</u>
Budgetary Basis	<u>\$373,433</u>	<u>(\$95,123)</u>	<u>-0-</u>	<u>(\$470,448)</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 14 CONTINGENT LIABILITIES**

**Grants**

The district receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement 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 audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the district.

**NOTE 15 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 23 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. Complete financial statements can be obtained from MVECA located at 330 East Enon Road, Yellow Springs, Ohio 45387.

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school district to offer direct and related services to low incidence handicapped students of the region. Seventeen 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 Clinton County Board of Education acts as fiscal agent. Hopewell receives funding from contracts with each of the member school districts and federal and state grants.

**NOTE 16 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 from private carriers.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 16 RISK MANAGEMENT (Continued)**

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the general aggregate. Other liability insurance includes \$2,000,000 for fleet liability, and \$2,000,000 uninsured motorist coverage.

In addition, the District maintains replacement cost insurance on buildings and contents in the blanket amount of \$26,636,830.

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.

**NOTE 17 STATE AND FEDERAL GRANTS**

The state and federal financial assistance grants are audited by the auditor of state as part of their regular audit. Instances of noncompliance with state and/or federal grant requirements, if any, would be disclosed in a separate part of this presentation.

**NOTE 18 SCHOOL FUNDING DECISION/SUBSEQUENT EVENT**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school-funding plan unconstitutional. The court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the state's "school foundation program", which provides significant amounts of monetary support to this district. During the fiscal year ended June 30, 1999, the district received \$6,706,472 of school foundation support for its general fund, and \$6,741,409 in total (all funds) support.

Since the supreme court ruling, numerous pieces of legislation have been passed by the state legislature in an attempt to address the issues identified by the court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio constitution. The state has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the common pleas court declared unconstitutional.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 18 SCHOOL FUNDING DECISION/SUBSEQUENT EVENT (Continued)**

As of the date of these financial statements, the district is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under this program and on its financial operations.

**NOTE 19 SUBSEQUENT EVENTS**

On March 26, 1997, the Ohio Supreme Court rendered a decision involving the Texas Eastern Transmission Corporation, a natural gas pipeline transmission company that will have an impact on the Miami Trace Local School District. The decision stated that Texas Eastern overpaid personal tangible tax and is entitled to a refund of the overpayment. Miami Trace's share of this overpayment is \$388,863.66. Miami Trace paid \$170,795.68 in fiscal year 1998 and approximately \$54,517.00, thereafter, for four consecutive years until the overpaid taxes are refunded in full.

**NOTE 20 YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the district's operations.

The Miami Trace Local School District has organized a Y2K committee. This committee has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll, and employee benefits.

The district utilizes an external service organization for its accounting, financial reporting, payroll and employee benefits, and educational statistics reporting systems. The service organization uses the State of Ohio Uniform School Accounting System for its budgetary accounting system, the State of Ohio Uniform School Payroll System for its payroll and employee benefits, the School Asset Account System for its financial reporting system. These systems were developed and program change activities were performed by the State Software Development Team (SSDT) under agreement with the Ohio Department of Education. The state is responsible for remediating these systems.

The Miami Valley Educational Computer Association (MVECA) provides technological support of the state software programs. MVECA is responsible for the remediation of this support.

The State of Ohio distributes a substantial sum of money to the district in the form of "foundation" payments. Further, the state processes a significant amount of financial and non-financial information about the district through EMIS. The state is responsible for remediating these systems.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 20 YEAR 2000 ISSUE (Continued)**

The Miami Trace Local School District collects property tax revenue from the following six counties: Fayette, Pickaway, Highland, Clinton, Ross, and Madison. These counties are responsible for remediating their tax collection and disbursement systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the district is or will be Year 2000 ready, that the district's remediation efforts will be successful in whole or in part, or that parties with whom the district does business will be year 2000 ready.

**NOTE 21 STATUTORY RESERVES**

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, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Balance, Beginning of Year	-0-	-0-	\$59,829
Required Set-Aside	\$194,872	\$194,872	\$97,436
Offset Credits	(41,176)	(194,872)	-0-
Qualifying Expenditures	<u>(153,696)</u>	<u>-0-</u>	<u>-0-</u>
Balance, End of Year	-0-	-0-	\$157,265

Expenditures for textbook and instructional material activities during the year totaled \$153,693, and offset credits for textbook and instructional material activities totaled \$337,874, which exceeded the amount required for the set-aside by \$296,698. This amount may be used to reduce the set-aside requirement in succeeding fiscal years for textbook and instructional material activities.

Expenditures for capital activity during the year totaled \$267,507, and offsets totaled \$254,276, which exceeded the amount required for the set-aside. Although the school district may have 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.



**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 1999**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$27,415	\$0	\$27,543
Child Nutrition Cluster:						
National School Breakfast Program	05-PU-98	10.553	38,730	0	38,730	0
	05-PU-99					
National School Lunch Program	04-PU-99	10.555	159,153	0	159,153	0
	03-PU-99					
	04-PU-98					
	03-PU-98					
Total Child Nutrition Cluster			<u>197,883</u>	<u>0</u>	<u>197,883</u>	<u>0</u>
Total U.S. Department of Agriculture			197,883	27,415	197,883	27,543
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (Title VI B)	6B-SF-98					
	6B-SF-99	84.027	<u>125,506</u>	<u>0</u>	<u>131,048</u>	<u>0</u>
Total Special Education Cluster			125,506	0	131,048	0
Adult Education - State Grant Program	AB-S1-98	84.002	15,755	0	16,974	0
	AB-S1-99					
Family Support Act - JOBS	JB-S1-94	93.021	0	0	228	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-98	84.010	516,611	0	546,576	0
	C1-S1-99					
Innovative Educational Program Strategies	C2-S1-98	84.298	10,907	0	10,710	0
	C2-S1-99					
Eisenhower Prof Development State Grant	MS-S1-99	84.281	15,625	0	9,428	0
	MS-S1-97					
Education Systemic Improvement Grants	G2-S2-99	84.276	20,000	0	13,206	0
Drug-Free Schools Grant	DR-S1-99	84.186	<u>14,412</u>	<u>0</u>	<u>13,897</u>	<u>0</u>
Total Department of Education			718,816	0	742,067	0
<b>U.S. DEPARTMENT OF HEALTH</b>						
<i>Passed through Ohio Department of Education:</i>						
Individuals with Disabilities Education Act Early Intervention/Nutrition		84.181	<u>74,067</u>	<u>0</u>	<u>78,382</u>	<u>0</u>
Total Department of Health			<u>74,067</u>	<u>0</u>	<u>78,382</u>	<u>0</u>
<b>Totals</b>			<u><b>\$990,766</b></u>	<u><b>\$27,415</b></u>	<u><b>\$1,018,332</b></u>	<u><b>\$27,543</b></u>

The accompanying notes to this schedule are an integral part of this schedule.

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B- FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

**NOTE C – ABLE PROGRAM**

The District refunded \$14,505 in prior year receipts to the Ohio Department of Education. This amount deducted from expenditures, as this is not considered a federal program expenditure.

**NOTE D– EISENHOWER PROFESSIONAL DEVELOPMENT STATE GRANT PROGRAM**

The District refunded \$113 in prior year receipts to the Ohio Department of Education. This amount deducted from expenditures, as this is not considered a federal program expenditure.

**NOTE E– INNOVATIVE EDUCATIONAL PROGRAM STRATEGIES**

The District refunded \$7 in prior year receipts to the Ohio Department of Education. This amount deducted from expenditures, as this is not considered a federal program expenditure.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Miami Trace Local School District  
Fayette County  
1400 U.S. Route 22 NW  
Washington Court House, Ohio 43160

To the Board of Education:

We have audited the financial statements of Miami Trace Local School District, Fayette County, Ohio (the District), as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated January 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Miami Trace Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Miami Trace Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated January 18, 2000.

Miami Trace Local School District  
Fayette County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

January 18, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Miami Trace Local School District  
Fayette County  
1400 U.S. Route 22 NW  
Washington Court House, Ohio 43160

To the Board of Education:

**Compliance**

We have audited the compliance of Miami Trace Local School District, Fayette County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the fiscal year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 1999.

**Internal Control Over Compliance**

The management of Miami Trace Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Miami Trace Local School District  
Fayette County  
Report Of Independent Accountants on Compliance With Requirements  
Applicable to Each Major Federal Program and Internal Control Over  
Compliance In Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

January 18, 2000

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 1999**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	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







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**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  
FEBRUARY 8, 2000**