Perry & Associates

Certified Public Accountants, A.C.

GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY
Single Audit
For the Fiscal Year Ended June 30, 2018

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

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OHIO AUDITOR OF STATE
KEITH FABER

Board of Education
Goshen Local School District
6694 Goshen Road
Goshen, Ohio 45122

We have reviewed the *Independent Auditor's Report* of the Goshen Local School District, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Goshen Local School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 27, 2019

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GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

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CLERMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

December 28, 2018

Goshen Local School District
Clermont County
6694 Goshen Road
Goshen, Ohio 45122

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 **Goshen Local School District,** Clermont County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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 School 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 School District's internal control. Accordingly, we express no 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 Goshen Local School District, Clermont County, Ohio, as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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* and schedules of net pension and OPEB liabilities and pension and OPEB 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 School District's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule 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 the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 December 28, 2018, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

As management of the Goshen Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the governmental financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

Financial Highlights

The School District's net position increased $12,967,776 during this fiscal year's operations. The decrease in net pension liability is the largest reason for the net position increase.

The School District had an increase in enrollment during the fiscal year, which caused an increased tuition and fees.

Using the Basic Financial Statements

This report consists of a series of financial statements and the notes to the financial statements. These statements are organized so the reader can understand Goshen Local School District as a whole, an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the School District as a whole, and present 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 School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Goshen Local School District are the General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page seven. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

Governmental Funds - Most of the School 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 fiscal 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 School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Fiduciary Funds - The School District's fiduciary funds consist of an agency fund and a private purpose trust fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2018 and 2017:

(Table 1)
Net Position

	Governmental Activities		
	2018	Restated 2017	Change
Assets:			
Current and Other Assets	$23,981,118	$18,558,203	$5,422,915
Capital Assets, Net	25,589,390	27,392,433	(1,803,043)
Total Assets	49,570,508	45,950,636	3,619,872
Deferred Outflows of Resources:			
Deferred Charge on Refunding	171,431	133,423	38,008
Pension	10,641,867	9,420,301	1,221,566
OPEB	325,509	62,670	262,839
Total Deferred Outflows of Resources	11,138,807	9,616,394	1,522,413
Liabilities:			
Other Liabilities	4,421,953	2,821,321	1,600,632
Long-Term Liabilities:			
Due Within One Year	1,085,068	902,548	182,520
Due In More Than One Year			
Net Pension Liability	32,842,453	45,086,679	(12,244,226)
Net OPEB Liability	7,488,397	9,295,226	(1,806,829)
Other Amounts	12,768,643	11,309,447	1,459,196
Total Liabilities	58,606,514	69,415,221	(10,808,707)
Deferred Inflows of Resources:			
Deferred Charge on Refunding	73,511	89,550	(16,039)
Property Taxes	5,510,210	4,680,365	829,845
Revenue in Lieu of Taxes	98,693	95,790	2,903
Pension	1,281,313	2,294,112	(1,012,799)
OPEB	885,191	0	885,191
Total Deferred Inflows of Resources	7,848,918	7,159,817	1,701,900
Net Position:			
Net Investment in Capital Assets	15,783,809	19,350,085	(3,566,276)
Restricted	4,909,073	3,249,574	1,659,499
Unrestricted (Deficit)	(26,439,002)	(41,313,555)	14,874,553
Total Net Position (Deficit)	($5,746,120)	($18,713,896)	$12,967,776

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($9,481,340) to ($18,713,896).

Current and other assets increased by $5,422,915 mainly due to the increase in student enrollment as well as an increase in property taxes as a result of an increase in assessed values from property tax revaluation.

Total liabilities decreased $10,808,707. This was due to the decrease in net pension liability.

There was a decrease of $1,803,043 in Net Investment in Capital Assets that was due to current year depreciation being greater than current year additions.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2018 and 2017. These two main components are subtracted to yield the change in net position. This table uses the full accrual basis of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales and operating grants and contributions. General Revenues include property and income taxes, unrestricted grants, such as State foundation support, unrestricted interest, and revenue in lieu of taxes.

(Table 2)
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$4,146,118	$3,073,543	$1,072,575
Operating Grants and Contributions	4,839,945	4,596,544	243,401
Total Program Revenues	8,986,063	7,670,087	1,315,976
General Revenues:			
Property Taxes	6,644,122	6,572,987	71,135
Income Tax	3,724,582	3,485,761	238,821
Grants and Entitlements not			
Restricted to Specific Programs	15,835,176	15,929,329	(94,153)
Interest	155,590	23,107	132,483
Revenue in Lieu of Taxes	107,749	90,332	17,417
Miscellaneous	304,682	191,653	113,029
Total General Revenues	26,771,901	26,293,169	478,732
Total Revenues	$35,757,964	$33,963,256	$1,794,708

(continued)

(Table 2)
Change in Net Position
(continued)

	Governmental Activities 2018	Governmental Activities 2017	Change
Program Expenses:			
Instruction:			
Regular	$1,805,517	$12,749,659	($10,944,142)
Special	6,222,784	6,530,862	(308,078)
Vocational	399,593	392,523	7,070
Student Intervention Services	239	0	(239)
Support Services:			
Pupils	2,775,384	3,713,647	(938,263)
Instructional Staff	721,893	1,061,379	(339,486)
Board of Education	22,260	20,589	1,671
Administration	1,242,892	2,693,641	(1,450,749)
Fiscal	631,041	627,338	3,703
Business	69,887	106,321	(36,434)
Operation and Maintenance of Plant	3,586,708	2,686,621	900,087
Pupil Transportation	2,795,168	2,741,662	53,506
Operation of Non-Instructional Services:			
Food Service Operations	226,117	1,159,316	(933,199)
Other	1,123,647	180,317	943,330
Extracurricular Activities	618,817	740,059	(121,242)
Interest and Fiscal Charges	548,241	348,528	199,713
Total Expenses	22,790,188	35,752,462	(12,962,274)
Change in Net Position	12,967,776	(1,789,206)	14,756,982
Net Position (Deficit) at Beginning of Year - Restated	(18,713,896)	N/A	
Net Position (Deficit) at End of Year	($5,746,120)	($18,713,896)	

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $62,670 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $1,101,480. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$22,790,188
Negative OPEB expense under GASB 75	(1,101,480)
2018 contractually required contribution	82,997
Adjusted 2018 program expenses	21,771,705
Total 2017 program expenses under GASB 45	35,752,462
Decrease in program expenses not related to OPEB	($13,980,757)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 12) As a result of these changes, pension expense decreased from $4,005,517 in fiscal year 2017 to a negative pension expense of $9,819,846 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

	2018 Program Expense Related to Negative Pension Expense
Program Expenses:	
Instruction:	
Regular	($8,636,633)
Support Services:	
Pupils	(256,084)
Instructional Staff	(51,006)
Administration	(859,625)
Fiscal	(7,053)
Operation and Maintenance of Plant	(3,311)
Operation of Non-Instructional Services	(6,134)
Total Expenses	($9,819,846)

Expenses decreased $12,962,274 during the fiscal year, mainly from the decrease in net pension expense.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $35,559,463 and expenditures of $35,572,895. The net change in fund balance for the fiscal year in the General Fund was an increase of $1,299,073. This was mainly from an increase in intergovernmental revenues and tuition and fees caused by increased student enrollment.

The Bond Retirement Fund saw a decrease of $243,911. This is the result of the School District's payment to refunded bond escrow agent.

The Permanent Improvement Fund increased $1,756,152, which is mainly due to the School District issuing bonds during the fiscal year.

General Fund - Budget Highlights

The School 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. During the course of fiscal year 2018, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was $189,811 above the final budgeted amount in the General Fund.

For the General Fund, original budget basis revenues were $29,808,146 with final budget estimates of $30,788,729. The difference was due mainly to increases in intergovernmental revenue and tuition and fees and extracurricular activities which resulted from an increase in student population. Actual budget basis revenue was $22,404 more than final budget estimates.

Original budget basis expenditures were $29,601,596, while final budgeted expenditures were $30,172,678, which is a variance of $571,082. The variance was mainly due to the School District adding additional employees.

Capital Assets and Debt Administration

Capital Assets

The Goshen Local School District's investment in capital assets as of June 30, 2018 was $25,589,387. This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles, and books and educational media. Net capital assets decreased $1,803,046 from the prior fiscal year. This is due to depreciation expense exceeding current year additions.

For more information on capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2018, the School District had $11,331,672 in bonds and certificates of participation outstanding with $950,000 due within one year. Due to the School District refunding debt and the growth of the community, the debt in the Bond Retirement Fund will be paid off three years early. The School District's long-term obligations also include compensated absences, pension, OPEB plans, and capital leases.

The School District's overall legal debt margin was $17,364,858, with an unvoted debt margin of $288,716 at June 30, 2018.

For more information on debt, refer to Note 15 to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Todd Shinkle, Treasurer, at Goshen Local School District, 6694 Goshen Road, Goshen, Ohio 45122.

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$14,192,389
Cash and Cash Equivalents with Fiscal Agent	138,238
Inventory Held for Resale	17,096
Materials and Supplies Inventory	4,747
Accounts Receivable	22,309
Intergovernmental Receivable	528,841
Prepaid Items	37,043
Property Taxes Receivable	7,350,337
Income Tax Receivable	1,591,425
Revenue in Lieu of Taxes Receivable	98,693
Capital Assets:	
Land	855,205
Depreciable Capital Assets, Net	24,734,182
Total Assets	49,570,505
Deferred Outflows of Resources:	
Deferred Charge on Refunding	171,431
Pension	10,641,867
OPEB	325,509
Total Deferred Outflows of Resources	11,138,807
Liabilities:	
Accounts Payable	539,655
Accrued Wages and Benefits Payable	2,305,504
Intergovernmental Payable	844,396
Accrued Interest Payable	17,247
Termination Benefits Payable	10,205
Contracts Payable	669,699
Retainage Payable	35,247
Long-Term Liabilities:	
Due Within One Year	1,085,068
Due in More Than One Year	
Net Pension Liability (See Note 11)	32,842,453
Net OPEB Liability (See Note 12)	7,488,397
Other Amounts Due in More Than One Year	12,768,643
Total Liabilities	58,606,514
Deferred Inflows of Resources:	
Deferred Charge on Refunding	73,511
Property Taxes	5,510,210
Revenue in Lieu of Taxes	98,693
Pension	1,281,313
OPEB	885,191
Total Deferred Inflows of Resources	7,848,918
Net Position:	
Net Investment in Capital Assets	15,783,809
Restricted for Debt Service	1,903,701
Restricted for Capital Outlay	2,561,613
Restricted for Other Purposes:	
Food Service Operations	130,713
State and Fedral Grants	146,202
District Managed Activity	43,375
Capital Improvements	121,337
Budget Stabilization	2,132
Unrestricted (Deficit)	(26,439,002)
Total Net Position (Deficit)	($5,746,120)

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$1,805,517	$1,332,434	$18,749	($454,334)
Special	6,222,784	535,198	3,075,551	(2,612,035)
Vocational	399,593	0	2,905	(396,688)
Student Intervention Services	239	0	0	(239)
Support Services:				
Pupils	2,775,384	322,817	0	(2,452,567)
Instructional Staff	721,893	0	142,092	(579,801)
Board of Education	22,260	0	0	(22,260)
Administration	1,242,892	241,512	585,001	(416,379)
Fiscal	631,041	0	0	(631,041)
Business	69,887	0	0	(69,887)
Operation and Maintenance of Plant	3,586,708	196,058	0	(3,390,650)
Pupil Transportation	2,795,168	300,968	76,120	(2,418,080)
Operation of Non-Instructional Services:				
Food Service Operations	226,117	0	0	(226,117)
Other	1,123,647	266,658	939,527	82,538
Extracurricular Activities	618,817	950,473	0	331,656
Interest and Fiscal Charges	548,241	0	0	(548,241)
Total Governmental Activities	$22,790,188	$4,146,118	$4,839,945	(13,804,125)
		General Revenues:		
		Property Taxes Levied for:		
		General Purposes		4,946,761
		Debt Service		487,443
		Capital Improvement		1,121,124
		Classroom Facilities Maintenance		88,794
		Income Tax		3,724,582
		Grants and Entitlements not Restricted to Specific Programs		15,835,176
		Interest		155,590
		Revenue in Lieu of Taxes		107,749
		Miscellaneous		304,682
		Total General Revenues		26,771,901
		Change in Net Position		12,967,776
		Net Position (Deficit) at Beginning of Year - Restated (See Note 3)		(18,713,896)
		Net Position (Deficit) at End of Year		($5,746,120)

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$9,094,483	$1,645,173	$3,088,471	$362,130	$14,190,257
Cash and Cash Equivalents with Fiscal Agent	0	138,238	0	0	138,238
Receivables:					
Property Taxes	5,520,574	510,504	1,224,160	95,099	7,350,337
Revenue in Lieu of Taxes	98,693	0	0	0	98,693
Income Tax	1,591,425	0	0	0	1,591,425
Accounts	19,039	0	3,270	0	22,309
Intergovernmental	0	0	0	528,841	528,841
Interfund	257,359	0	0	0	257,359
Prepaid Items	35,543	0	0	1,500	37,043
Inventory Held for Resale	0	0	0	17,096	17,096
Materials and Supplies Inventory	0	0	0	4,747	4,747
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	2,132	0	0	0	2,132
Total Assets	$16,619,248	$2,293,915	$4,315,901	$1,009,413	$24,238,477
Liabilities:					
Accounts Payable	$375,196	$0	$125,830	$38,629	$539,655
Accrued Wages and Benefits Payable	2,134,373	0	7,890	163,241	2,305,504
Contracts Payable	0	0	669,699	0	669,699
Intergovernmental Payable	829,134	0	2,635	12,627	844,396
Interfund Payable	0	0	0	257,359	257,359
Retainage Payable	0	0	35,247	0	35,247
Termination Benefits Payable	10,205	0	0	0	10,205
Total Liabilities	3,348,908	0	841,301	471,856	4,662,065
Deferred Inflows of Resources:					
Property Taxes	4,153,125	372,967	912,987	71,131	5,510,210
Revenue in Lieu of Taxes	98,693	0	0	0	98,693
Unavailable Revenues	379,824	10,504	24,160	251,085	665,573
Total Deferred Inflows of Resources	4,631,642	383,471	937,147	322,216	6,274,476
Fund Balances:					
Nonspendable	35,543	0	0	6,247	41,790
Restricted	2,132	1,910,444	2,537,453	312,966	4,762,995
Committed	11,000	0	0	0	11,000
Assigned	1,248,408	0	0	0	1,248,408
Unassigned (Deficit)	7,341,615	0	0	(103,872)	7,237,743
Total Fund Balances	8,638,698	1,910,444	2,537,453	215,341	13,301,936
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$16,619,248	$2,293,915	$4,315,901	$1,009,413	$24,238,477

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$13,301,936
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. These assets consist of:		
Land	855,205	
Other capital assets	58,609,508	
Accumulated depreciation	(33,875,326)	
Total capital assets		25,589,387
Other long-term assets are not available to pay current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent property taxes	145,904	
Income taxes	270,683	
Intergovernmental	248,986	
Total		665,573
Deferred outflows of resources include deferred charges (loss) on refunding which do not provide current financial resources and, therefore are not reported in the funds.		171,431
Deferred inflows of resources represent deferred charges (gain) on refundings which do not provide current financial resources and therefore are not reported in the funds.		(73,511)
In the statement of activites, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(17,247)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	10,641,867	
Deferred Outflows - OPEB	325,509	
Deferred Inflows - Pension	(1,281,313)	
Deferred Inflows - OPEB	(885,191)	
Net Pension Liability	(32,842,453)	
Net OPEB Liability	(7,488,397)	
Total		(31,529,978)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Refunding bonds payable	(1,675,000)	
Accretion on capital appreciation bonds	(305,000)	
Certificates of participation	(8,855,000)	
Premiums on debt issues	(496,672)	
Capital leases	(254,529)	
Compensated absences	(2,267,510)	
Total liabilities		(13,853,711)
Net Position of Governmental Activities		($5,746,120)

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$4,944,204	$486,951	$1,119,992	$88,877	$6,640,024
Income Tax	3,666,537	0	0	0	3,666,537
Intergovernmental	18,051,128	72,369	166,449	2,247,596	20,537,542
Interest	150,200	1,544	3,806	40	155,590
Tuition and Fees	2,892,111	0	0	0	2,892,111
Extracurricular Activities	698,748	0	0	251,725	950,473
Rent	15,750	0	0	0	15,750
Customer Sales and Services	21,126	0	0	266,658	287,784
Contributions and Donations	1,221	0	0	0	1,221
Revenue in Lieu of Taxes	107,749	0	0	0	107,749
Miscellaneous	206,739	0	97,943	0	304,682
Total Revenues	30,755,513	560,864	1,388,190	2,854,896	35,559,463
Expenditures:					
Current:					
Instruction:					
Regular	12,015,729	0	0	21,114	12,036,843
Special	4,965,735	0	0	1,092,999	6,058,734
Vocational	383,188	0	0	0	383,188
Student Intervention Services	239	0	0	0	239
Support Services:					
Pupils	2,994,673	0	80,289	69,889	3,144,851
Instructional Staff	679,573	0	0	103,220	782,793
Board of Education	21,396	0	0	0	21,396
Administration	2,235,061	0	0	106,211	2,341,272
Fiscal	589,913	8,487	19,523	1,589	619,512
Business	0	0	63,589	0	63,589
Operation and Maintenance of Plant	1,673,946	0	1,713,318	95,941	3,483,205
Pupil Transportation	2,792,476	0	0	0	2,792,476
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	102,521	102,521
Other	36,750	0	0	1,099,458	1,136,208
Extracurricular Activities	353,614	0	0	250,792	604,406
Capital Outlay	303	0	82,585	0	82,888
Debt Service:					
Principal Retirement	365,000	125,000	78,335	0	568,335
Interest and Fiscal Charges	279,200	216,409	94,399	0	590,008
Capital Appreciation Bond Accretion	0	295,000	0	0	295,000
Advance Refunding Escrow	0	465,431	0	0	465,431
Total Expenditures	29,386,796	1,110,327	2,132,038	2,943,734	35,572,895
Excess of Revenues Over (Under) Expenditures	1,368,717	(549,463)	(743,848)	(88,838)	(13,432)
Other Financing Sources (Uses):					
Certificates of Participation Issued	0	2,975,000	2,500,000	0	5,475,000
Premium Bonds Issued	0	444,769	0	0	444,769
Payment to Refunded Escrow Agent	0	(3,114,217)	0	0	(3,114,217)
Transfers In	0	0	0	69,644	69,644
Transfers Out	(69,644)	0	0	0	(69,644)
Total Other Financing Sources (Uses)	(69,644)	305,552	2,500,000	69,644	2,805,552
Net Change in Fund Balances	1,299,073	(243,911)	1,756,152	(19,194)	2,792,120
Fund Balances at Beginning of Year	7,339,625	2,154,355	781,301	234,535	10,509,816
Fund Balances at End of Year	$8,638,698	$1,910,444	$2,537,453	$215,341	$13,301,936

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$2,792,120
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	188,878	
Depreciation expense	(1,991,924)	
Excess of depreciation expense under capital outlay		(1,803,046)
Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this year:		
Delinquent property taxes	4,098	
Income taxes	58,045	
Intergovernmental	136,358	
Total		198,501
Amortization of bond premiums and the deferred charge on refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the statement of activities.		
Increase in accrued interest	(1,086)	
Amortization of deferred charge on refunding	(14,100)	
Amortization of premiums	56,953	
Total		41,767
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
Pension	2,364,633	
OPEB	82,997	
Total		2,447,630
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the atatement of activities.		
Pension	9,819,846	
OPEB	1,101,480	
Total		10,921,326
The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net position, the debt is reported as a liability.		
Proceeds of COPS Issued	(5,475,000)	
Premium on COPS Issued	(444,769)	
Total		(5,919,769)
Repayment of long-term debt are reported as an expenditure to governmental funds, but the repayment reduced long-term liabilities in the statement of net position. In the current fiscal year, these amounts consist of:		
Bond payments	145,000	
Bond of accretion	295,000	
Certificates of participation payments	345,000	
Capital lease payments	78,335	
Payment to refunded bond escrow agent	3,579,648	
Total		4,442,983
Some items 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. These activities consist of:		
Increase in compensated absences payable		(153,736)
Change in Net Position of Governmental Activities		$12,967,776

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts			Variance With Final Budget
	Original	Final	Actual	Over/Under
Revenues:				
Property Taxes	$4,840,308	$4,987,493	$4,987,493	$0
Income Tax	3,377,946	3,628,339	3,628,339	0
Intergovernmental	18,409,206	18,104,117	18,104,117	0
Interest	50,000	106,434	120,633	14,199
Tuition and Fees	2,700,561	2,884,207	2,890,991	6,784
Extracurricular Activities	208,500	698,748	698,748	0
Rent	15,000	15,750	15,750	0
Customer Sales and Services	10,000	10,063	10,063	0
Contributions and Donations	6,500	1,221	1,221	0
Revenue in Lieu of Taxes	85,000	107,749	107,749	0
Miscellaneous	105,125	244,608	246,029	1,421
Total Revenues	29,808,146	30,788,729	30,811,133	22,404
Expenditures:				
Current:				
Instruction:				
Regular	11,621,278	12,078,742	12,071,323	7,419
Special	5,182,660	5,298,872	5,298,872	0
Vocational	336,696	362,343	362,343	0
Student Intervention Services	4,000	239	239	0
Support Services:				
Pupils	2,335,716	3,126,271	3,124,893	1,378
Instructional Staff	1,119,889	716,810	716,810	0
Board of Education	20,138	20,882	20,882	0
Administration	2,079,269	2,169,617	2,169,512	105
Fiscal	597,800	526,430	526,508	(78)
Operation and Maintenance of Plant	2,440,963	1,945,270	1,945,270	0
Pupil Transportation	2,962,163	2,849,497	2,849,497	0
Operation of Non-Instructional Services	10,623	46,625	46,625	0
Extracurricular Activities	570,888	377,077	377,077	0
Capital Outlay	0	9,803	9,803	0
Debt Service:				
Principal Retirement	177,500	365,000	365,000	0
Interest and Fiscal Charges	142,013	279,200	279,200	0
Total Expenditures	29,601,596	30,172,678	30,163,854	8,824
Excess of Revenues Over Expenditures	206,550	616,051	647,279	31,228
Other Financing Sources and (Uses):				
Transfers In	400,000	0	0	0
Transfers Out	(450,000)	(228,227)	(69,644)	158,583
Total Other Financing Sources (Uses)	(50,000)	(228,227)	(69,644)	158,583
Net Change in Fund Balance	156,550	387,824	577,635	189,811
Fund Balance at Beginning of Year	6,750,407	6,750,407	6,750,407	0
Prior Year Encumbrances Appropriated	562,331	562,331	562,331	0
Fund Balance at End of Year	$7,469,288	$7,700,562	$7,890,373	$189,811

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Private Purpose Trust Funds	Agency Fund
Assets:		
Equity in Pooled Cash and Cash Equivalents	$155,571	$69,750
Liabilities:		
Undistributed Monies	0	$69,750
Net Position:		
Held in Trust for Scholarships	$155,571	

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds
	Scholarship Funds
Additions:	
Gifts and Contributions	$8,500
Interest	577
Total Additions	9,077
Deductions:	
Payments in Accordance with Trust Agreement	13,508
Change in Net Position	(4,431)
Net Position at Beginning of Year	160,002
Net Position at End of Year	$155,571

See accompanying notes to the basic financial statements

Note 1 - Description of the School District and Reporting Entity

Goshen Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1887. The School District serves an area of approximately 35 square miles. It is located in Clermont County and includes the Village of Pleasant Plain and Goshen and Harlan Townships.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Goshen Local School District, this includes general operations, food service, 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The following activities are included within the reporting entity:

> *Parochial School* - Within the School District's boundaries, Village Christian School is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected as a nonmajor special revenue fund and as part of governmental activities for financial reporting purposes.

The School District participates in four jointly governed organizations, one insurance purchasing pool and one public entity shared risk pool. These organizations are presented in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Hamilton Clermont Cooperative/Unified Purchasing Association
- Hamilton/Clermont Cooperative
- Great Oaks Institute of Technology and Career Development
- Southwestern Ohio Educational Purchasing Council

Insurance Purchasing Pool:
Ohio School Boards Association Workers' Compensation Group Rating Plan

Public Entity Shared Risk Pool:
Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Goshen Local School 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 standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School 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 School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses 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 School District's major governmental funds:

> General Fund - The General Fund is the operating fund of the School District and is used to account for and report all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> Bond Retirement Fund - The Bond Retirement Fund is used to account for and report the accumulation of resources restricted for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.
>
> Permanent Improvement Fund - The Permanent Improvement Fund is used to account for and report property taxes and intergovernmental monies restricted for constructing or improving permanent improvements.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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 School District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds: a private purpose trust fund, used to account for college scholarship programs for students, and an agency fund, used to account for student-managed activity programs.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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 and deferred outflows of resources and 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 a 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.

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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified 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. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, “available” means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, income taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place, and revenue from property taxes/revenue in lieu of taxes is recognized in the fiscal year for which the taxes are levied (See Notes 6 and 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 fiscal year-end: property taxes available as an advance, income taxes and grants.

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 School District, deferred outflows of resources are reported in the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

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 until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables that will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, income tax and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 13. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 11 and 12).

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred.

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 governmental funds.

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 positon 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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2018, the School District invested in STAR Ohio. 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 School 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.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transactions 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 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 2018 amounted to $150,200 which includes $51,437 assigned from other School District funds.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of materials and supplies held for consumption and purchased food held for resale.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is 5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	5 - 20 years
Buildings and Improvements	10 - 40 years
Furniture and Equipment	1 - 20 years
Vehicles	3 - 15 years
Books and Educational Media	1 - 5 years

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash equivalents legally required by State statute to be set aside by the School District for budget stabilization. See Note 18 for additional information regarding set-asides.

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 School District will compensate the employees for the benefits through paid time off or some other means. The School 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 termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account, "Termination Benefits Payable," in the fund from which the employees will be paid. The remaining portion of the liability is not reported.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, certificates of participation, and capital leases that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level of formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balances represent amounts specifically committed for underground storage.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The School 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 balances, 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. 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 its use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, student activities, and federal and State grants.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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 and are eliminated from the statement of activities. 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.

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, all of 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition as an addition to the face amount of the bonds payable.

On the government-wide financial statements bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

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 may differ from those estimates.

Note 3 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The effect of this implementation on net position as reported at June 30, 2017 is presented in the following table.

Net Position June 30, 2017	($9,481,340)
Adjustments:	
Net OPEB Liability	(9,295,226)
Deferred Outflow - Payments Subsequent to Measurement Date	62,670
Restated Net Position June 30, 2017	($18,713,896)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4-Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances 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 statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund 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 that:

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 (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	$1,299,073
Adjustments:	
Revenue Accruals	55,620
Expenditure Accruals	656,537
Encumbrances	(1,433,595)
Budget Basis	$577,635

Note 5 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by 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 deposits are deposits of interim monies. Interim monies are those monies that 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 or deposit accounts, including passbook accounts.

Protection of the School 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.

Interim monies held by the School 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 obligations 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 bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAROhio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time in training requirements have been met.

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.

Investments

As of June 30, 2018, the School District only had an investment of $5,097,675 in STAROhio, the State Treasurer's Investment Pool. This investment has an average maturity of 45.5 days and is valued at net asset value per share provided by STAROhio.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no investment policy that would further limit its investment choices. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017 on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Clermont and Warren Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2018 are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amount available as an advance at June 30, 2018 was $1,694,223 and is recognized as revenue: $1,258,308 in the General Fund, $127,033 in the Bond Retirement Fund, $287,013 in the Permanent Improvement Fund, and $21,869 in the Nonmajor Governmental Funds. The amount available as an advance at June 30, 2017 was $1,739,943, with $1,301,597 in the General Fund, $126,889 in the Bond Retirement Fund, $286,684 in the Permanent Improvement Fund, and $24,773 in the Nonmajor Governmental Funds.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$247,900,673	94.69%	$273,829,840	94.84%
Public Utility Personal	13,913,690	5.31%	14,885,870	5.16%
Total Assessed Value	$261,814,363	100.00%	$288,715,710	100.00%
Tax rate per $1,000 of assessed valuation	$28.90		$28.90	

Note 7 - Income Tax

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds.

Note 8 – Receivables

Receivables at June 30, 2018 consisted of property taxes, revenue in lieu of taxes, income taxes, accounts, intergovernmental grants, and interfund. 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. All receivable amounts, except delinquent property taxes, are expected to be collected within one year. Property taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
High Schools that Work	$6,511
Title I	265,363
Title IV-A	2,001
Early Childhood, IDEA	159,075
Improving Teaher Quality, Title II-A	33,494
Striving Readers Comprehension	38,667
Secondary Transitions	1,483
Summer Food Program	22,247
Total Intergovernmental Receivable	$ 528,841

Note 9 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2018 was as follows:

	Ending Balance 6/30/2017	Additions	Deletions	Ending Balance 6/30/2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$855,205	$0	$0	$855,205
Capital Assets Being Depreciated:				
Land Improvements	5,038,297	0	0	5,038,297
Buildings and Improvements	48,824,662	0	0	48,824,662
Furniture and Equipment	3,604,842	163,738	0	3,768,580
Vehicles	179,899	25,140	0	205,039
Books and Educational Media	772,930	0	0	772,930
Total Capital Assets Being Depreciated	58,420,630	188,878	0	58,609,508
Less Accumulated Depreciation:				
Land Improvements	(3,491,520)	(186,708)	0	(3,678,228)
Buildings and Improvements	(25,861,146)	(1,548,509)	0	(27,409,655)
Furniture and Equipment	(1,692,188)	(239,585)	0	(1,931,773)
Vehicles	(65,618)	(17,122)	0	(82,740)
Books and Educational Media	(772,930)	0	0	(772,930)
Total Accumulated Depreciation	(31,883,402)	(1,991,924) *	0	(33,875,326)
Total Capital Assets Being Depreciated, Net	26,537,228	(1,803,046)	0	24,734,182
Governmental Activities Capital Assets, Net	$27,392,433	($1,803,046)	$0	$25,589,387

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,043,759
Special	164,050
Vocational	16,405
Support Services:	
Pupils	213,265
Instructional Staff	51,641
Board of Education	864
Administration	99,231
Fiscal	32,810
Business	6,298
Operation and Maintenance of Plant	124,693
Pupil Transportation	2,692
Operation of Non-Instruction Services:	
Food Service Operations	140,376
Other	579
Extracurricular Activities	95,261
Total Depreciation Expense	$1,991,924

Note 10 - Risk Management

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Markel Insurance for property and fleet insurance, inland marine coverage, general liability insurance, and commercial coverage.

Insurance coverage provided includes the following:

Building and Contents - replacement cost ($1,000 deductible)	$64,019,372
Automobile Liability ($500 deductible comprehensive; $500 deductible collision)	1,000,000
Uninsured Motorists (no deductible comprehensive; no deductible collision)	1,000,000
General Liability:	
Aggregate Limit	2,000,000
Bodily Injury and Property Damage Limit - Each Occurrence and Sexual Abuse Injury Limit - Each Offense	1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Medical Expense Limit - Per Person/Accident	15,000
Fire Damage Limit - Any One Event	500,000
Products - Completed Operations Limit	2,000,000
Employer's Liability:	
Bodily Injury - Each Accident	1,000,000
Bodily Injury - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	2,000,000
Educational Legal Liability:	
Errors and Ommissions Injury Limit ($2,500 deductible)	1,000,000
Employment Practices Injury Limit ($2,500 deductible)	1,000,000
Umbrella/Excess Liability Limit	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from last fiscal year.

Workers' Compensation

For fiscal year 2018, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement Inc., a Sedgwick CMS Company provides administrative, cost control, and actuarial services to the GRP. Each fiscal year, the School District pays an enrollment fee to the CompManagement to cover the costs of administering the program.

Employee Benefits

For fiscal year 2018, the School District participated in the Southwestern Ohio Educational Purchasing Council and Medical Insurance and Benefit Plan Trust, a public entity shared risk pool (Note 17). The School District pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Note 11 – Defined Benefit Pension Plans

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

Net Pension/Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability 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 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 intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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 of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $562,261 for fiscal year 2018. Of this amount $73,054 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 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.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 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, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $1,802,372 for fiscal year 2018. Of this amount $314,727 is reported as an intergovernmental payable.

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.12297650%	0.10780605%	
Proportion of the Net Pension Liability Current Measurement Date	0.12157960%	0.10767463%	
Change in Proportionate Share	-0.00139690%	-0.00013142%	
Proportionate Share of the Net Pension Liability	$7,264,114	$25,578,339	$32,842,453
Pension Expense	($267,207)	($9,552,639)	($9,819,846)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$312,622	$987,716	$1,300,338
Changes of assumptions	375,633	5,594,264	5,969,897
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	83,118	923,881	1,006,999
School District contributions subsequent to the measurement date	562,261	1,802,372	2,364,633
Total Deferred Outflows of Resources	$1,333,634	$9,308,233	$10,641,867
Deferred Inflows of Resources:			
Differences between expected and actual experience	$0	$206,151	$206,151
Net difference between projected and actual earnings on pension plan investments	34,481	844,116	878,597
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	96,027	100,538	196,565
Total Deferred Intflows of Resources	$130,508	$1,150,805	$1,281,313

$2,364,633 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$296,165	$1,474,861	$1,771,026
2020	431,244	2,623,148	3,054,392
2021	82,798	1,835,338	1,918,136
2022	(169,342)	421,709	252,367
Total	$640,865	$6,355,056	$6,995,921

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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the 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.

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 School District's 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%)
School District's proportionate share of the net pension liability	$10,080,700	$7,264,114	$4,904,646

<u>Actuarial Assumptions - STRS</u>

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, 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.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 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, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$36,665,679	$25,578,339	$16,238,917

<u>Social Security System</u>

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2018, two members of the Board of Education have elected Social Security. The contribution rate is 6.20 percent of wages.

Note 12 – Postemployment Benefits

See note 11 for a description of the net OPEB liability.

Plan Description – School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .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 2018, this amount was $23,700. 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 2018, the School District's surcharge obligation was $62,173.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $82,997 for fiscal year 2018. Of this amount $64,879 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (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, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.12383410%	0.10780605%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.12249080%	0.10767463%	
Change in Proportionate Share	-0.00134330%	-0.00013142%	
Proportionate Share of the Net			
OPEB Liability	$3,287,331	$4,201,066	$7,488,397
OPEB Expense	$181,463	($1,282,943)	($1,101,480)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$0	$242,512	$242,512
School District contributions subsequent to the measurement date	82,997	0	82,997
Total Deferred Outflows of Resources	$82,997	$242,512	$325,509
Deferred Inflows of Resources:			
Changes of assumptions	$311,951	$338,410	$650,361
Net difference between projected and actual earnings on OPEB plan investments	8,681	179,564	188,245
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	40,560	6,025	46,585
Total Deferred Inflows of Resources	$361,192	$523,999	$885,191

$82,997 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($129,891)	($61,878)	($191,769)
2020	(129,891)	(61,878)	(191,769)
2021	(99,240)	(61,878)	(161,118)
2022	(2,170)	(61,879)	(64,049)
2023	0	(16,987)	(16,987)
Thereafter	0	(16,987)	(16,987)
Total	($361,192)	($281,487)	($642,679)

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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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 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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017, was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017, was 2.98 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 3.56 percent, as of June 30, 2017 (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 School District's 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 (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	$3,969,871	$3,287,331	$2,746,585

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	$2,667,423	$3,287,331	$4,107,790

<u>Actuarial Assumptions – STRS</u>

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, 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.

Also since the prior measurement date, 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 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The 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 not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of 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 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. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability 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 (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$5,639,865	$4,201,066	$3,063,946

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$2,918,721	$4,201,066	$5,888,784

Note 13 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for employees who work 12 months. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56 days.

Note 14 - Leases - Lessee Disclosure

Capital Leases

In prior fiscal years, the School District entered into capital leases for copiers and equipment. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. During fiscal year 2018 the School District made capital lease payments in the amount of $78,335.

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Furniture and Equipment	$418,380	($112,561)	$305,819

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	Total Payments
2019	$78,559
2020	75,047
2021	75,046
2022	56,283
Total Minimum Lease Payments	284,935
Less: Amount Representing Interest	(30,406)
Present Value of Net Minimum Lease Payments	$254,529

Operating Leases

In prior fiscal years, the School District leased computer equipment from Apple, Inc. through an operating lease. Operating leases are reported as function expenditures in governmental funds and on the budgetary statements. During fiscal year 2018 the School District made a payment in the amount of $237,650.

The following is a schedule of the future long-term minimum lease payments required under the operating leases as of June 30, 2018:

Fiscal Year Ending June 30,	Total Payments
2019	$237,650

Note 15 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/17	Additions	Deductions	Principal Outstanding 6/30/18	Due Wthin One Year
Governmental Activities:					
2006 Refunding Bonds:					
Capital Appreciation Bonds 12.24%	$200,000	$0	$105,000	$95,000	$95,000
Accretion on Capital Appreciation Bonds	600,000	0	295,000	305,000	305,000
2007 Refunding Certificates of					
Certificates of Participation 4.0%	3,510,000	0	3,510,000	0	0
Premium on Debt Issue	1,501	0	1,501	0	0
2016 Refunding Bonds:					
Serial Bonds 2.00%-3.00%	1,600,000	0	20,000	1,580,000	20,000
Premium on Debt Issue	94,564	0	16,937	77,627	0
2016 Certificates of Participation					
Certificates of Participation 2.25%	3,745,000	0	20,000	3,725,000	20,000
Premium on Debt Issue	14,292	0	893	13,399	0
2018 Certificates of Participation					
Certificates of Participation 1.5%-4.0%	0	5,475,000	345,000	5,130,000	510,000
Premium on Debt Issue	0	444,769	39,123	405,646	0
Total General Obligation Bonds	$9,765,357	$5,919,769	$4,353,454	$11,331,672	$950,000
Net Pension Liability:					
STRS	36,085,934	0	10,507,595	25,578,339	0
SERS	9,000,745	0	1,736,631	7,264,114	0
Total Net Pension Liability	45,086,679	0	12,244,226	32,842,453	0
Net OPEB Liability:					
STRS	5,765,496	0	1,564,430	4,201,066	0
SERS	3,529,730	0	242,399	3,287,331	0
Total Net OPEB Liability	9,295,226	0	1,806,829	7,488,397	0
Capital Leases	332,864	0	78,335	254,529	64,950
Compensated Absences	2,113,774	205,584	51,848	2,267,510	70,118
Total Governmental Activities Long-Term Obligations	$66,593,900	$6,125,353	$18,534,692	$54,184,561	$1,085,068

On July 17, 2000, the School District issued $6,891,000 in voted general obligation bonds for the purpose of constructing a new high school. The bonds were originally issued with an interest rate that varies between 4.4 percent and 6.25 percent for a 23 year period with final maturity in fiscal year 2023, and will be repaid from the Bond Retirement Fund. As stated below, part of this bond issue was advanced in fiscal year 2007 resulting in a final maturity and final payment made in fiscal year 2017.

On August 29, 2006, the School District issued $2,775,000 in voted general obligation bonds for the purpose of advance refunding $2,775,000 of the Series 2000 School Improvement Bonds. Of these bonds, $2,575,000 are serial bonds and $200,000 are capital appreciation bonds. The serial and capital appreciation bonds were issued with an interest rate of 4.0 percent and 12.24 percent, respectively. The maturity amount of the capital appreciation bonds is $400,000 in fiscal year 2018 and $400,000 in fiscal year 2019, for a total of $800,000. The serial bonds were issued for a 17 year period with final maturity in fiscal year 2023. The bonds will be retired from the Bond Retirement Fund.

On July 30, 2007, the School District issued $5,405,000 in certificates of participation. Of this amount, $2,785,000 was issued for the purpose of advance refunding $2,460,000 of the 2002 certificates of participation. These certificates of participation were refunded during fiscal year 2018.
On January 28, 2016 the School District issued $1,655,000 in Series 2016 refunding bonds in order to advance refund the 2006 Refunding Bonds in order to take advantage of lower interest rates. These bonds are paid from the Debt Service Fund and will mature on December 1, 2022.

On July 16, 2015, the School District issued $3,785,000 Certificates of Participation (COPS) to finance improvements to school buildings. The COPs issuance included a premium of $16,078, which will be amortized over the life of the COPs. These certificates were refunded with the 2017 issue and were called and paid during fiscal year 2018.

On September 18, 2017 the School District issued $5,475,000 in refunding certificates of participation in order to refund $3,510,000 of the 2007 certificates of participation. The COPS were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased from the US Bank. The COPs were issued through a series of annual leases with an initial lease term of 18 years. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, annually. The base rent includes an interest component that begins at 1.00 percent. These certificates are paid from the Debt Service Fund and will mature in December 2026. The School District decreased its total debt service payments by $844,245 as a result of the refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of $772,509, but incurred an accounting loss of $68,147 (difference between reacquisition price and net carrying amount of the old debt), which is shown in the following table:

Refunded COP Outstanding at 6/30/17	$3,510,000
Premium on COP at 6/30/17	1,501
Total Refunded Outstanding at 6/30/17	3,511,501
Payment to Refunded Bond Escrow Agent - Debt Service	(465,431)
Payment to Refunded Bond Escrow Agent - Other Financing Use	(3,114,217)
2017 Certificates of Participation	
Accounting Loss	($68,147)

The bonds were sold at a premium of $444,769.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$530,000	$311,888	$841,888
2020	560,000	290,412	850,412
2021	580,000	274,799	854,799
2022	585,000	258,656	843,656
2023	610,000	235,075	845,075
2024-2028	3,025,000	825,926	3,850,926
2029-2033	2,035,000	391,625	2,426,625
2034-2035	930,000	37,600	967,600
Total	$8,855,000	$2,625,981	$11,480,981

Compensated absences will be paid from the General, Classroom Facilities Maintenance, Education Management Information Systems, and Title VI-B Funds. Capital lease obligations will be paid from the Permanent Improvement Fund.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General, Permanent Improvement, Food Service, Title VI-R and Title I funds. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

The School District's overall legal debt margin was $17,364,858 with an unvoted debt margin of $288,716 at June 30, 2018.

Principal and interest requirements to retire bonds at June 30, 2018, are as follows:

	General Obligation Bonds			
Fiscal Year	Serial Bonds		Capital Appreciation Bonds	
Ending June 30,	Principal	Interest	Principal	Interest
2019	$20,000	$47,100	$95,000	$305,000
2020	405,000	40,725	0	0
2021	425,000	28,275	0	0
2022	360,000	16,500	0	0
2023	370,000	5,550	0	0
Totals	$1,580,000	$138,150	$95,000	$305,000

Note 16 - Interfund Activity

Transfers made during the fiscal year ended June 30, 2018 were as follows:

Transfer From	Transfer To: Nonmajor Governmental Funds
General	$69,644

Transfers were made from the General Fund to a Nonmajor Governmental Fund to support programs and projects accounted for in that fund.

As of June 30, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

Payable	Receivable: General Fund
Nonmajor Governmental Funds	$257,359

The General Fund advanced money to the High School That Works Grant Fund, State Miscellaneous Grant Fund, Title VI-B Grant Fund, Title I Grand Fund, Early Childhood Special Education Fund, Title II-A Grant Fund, and the Title IV-A Grant Fund to cover negative cash balances. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use those restricted monies to reimburse the General Fund for the initial advance.

Note 17 - Jointly Governed Organizations and Insurance Purchasing Pools

Jointly Governed Organizations

Hamilton Clermont Cooperative /Unified Purchasing Association

The Hamilton Clermont Cooperative /Unified Purchasing Association is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Association was organized under the Hamilton Clermont Cooperative to benefit member districts with a more economically sound purchasing mechanism for general school, office and cafeteria supplies. The Unified Purchasing Association is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Complete financial statements for the Unified Purchasing Association can be obtained from Dave Horine, Director, at the administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Hamilton/Clermont Cooperative

The Goshen Local School District is a participant in a two county Council of Governments that operates the Hamilton/Clermont Cooperative (H/CC). H/CC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization 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. The Board of H/CC consists of one representative from each of the participating members. The School District paid $108,793 for services provided during the fiscal year. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Complete financial statements for H/CC can be obtained from Dave Horine, Director, at the administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. Great Oaks Institute of Technology and Career Development was formed for the purpose of providing vocational education opportunities to the students of the school district including students of Goshen Local School District. The School District has no ongoing financial interest in, nor responsibility for the Institute. The Board exercises total control over the operations of the Institute including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Complete financial statements for Great Oaks Institute of Technology and Career Development can be obtained from the Chief Financial Officer at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 132 school districts and educational service centers in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Payments to the SOEPC are made from the General, Permanent Improvement and Food Service Funds. Starting in fiscal year 2017, SOEPC starting waiving the membership dues. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust The Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 18 - Set-Aside Calculations

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The School District is no longer required to set aside funds for budget stabilization, with the exception of monies received from the Bureau of Workers' Compensation prior to April 10, 2001, which must be retained for budget stabilization or spent for specified purposes.

The following cash basis information identifies the change in the fiscal year-end set-aside amounts. Disclosure of this information is required by State statute.

	Capital Acquisitions	Budget Stabilization
Set-aside Balance as of June 30, 2017	$0	$2,132
Current Fiscal Year Set-aside Requirement	498,537	0
Qualifying Disbursements	0	0
Current Fiscal Year Offsets	(498,537)	0
Totals	$0	$2,132
Set-aside Balance as of June 30, 2018	$0	$2,132

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital acquisitions set-aside amount below zero. The extra amount for capital acquisitions may not be used to reduce the set-aside requirement of future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

Note 19 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School 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 as follows:

Fund Balances	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaids	$35,543	$0	$0	$1,500	$37,043
Inventory	0	0	0	4,747	4,747
Total Nonspendable	35,543	0	0	6,247	41,790
Restricted for:					
Debt Payment	0	1,910,444	0	0	1,910,444
Food Service Operations	0	0	0	124,466	124,466
Miscellaneous Grants	0	0	0	5,332	5,332
District Managed Activity	0	0	0	43,375	43,375
Capital Improvements	0	0	2,537,453	139,793	2,677,246
Budget Stabilization	2,132	0	0	0	2,132
Total Restricted	2,132	1,910,444	2,537,453	312,966	4,762,995
Committed to:					
Underground Storage	11,000	0	0	0	11,000
Assigned to:					
Purchases on Order	1,248,408	0	0	0	1,248,408
Unassigned (Deficit) :	7,341,615	0	0	(103,872)	7,237,743
Total Fund Balances	$8,638,698	$1,910,444	$2,537,453	$215,341	$13,301,936

Note 20 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General fund	$1,433,595
Permanent Improvement	1,728,786
Nonmajor Governmental Funds	43,622
Total	$3,206,003

Note 21 - Contingencies

Grants

The School 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 are 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

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 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 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.

Litigation

The School District is not a party to legal proceedings.

Note 23 – Accountability

At June 30, 2018, the following funds had deficit fund balances:

Funds	Amounts
High School That Works	$1,189
Title VI-B	18,359
Title I	77,734
Title VI-R	6,590
Total	$103,872

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Goshen Local School District

Required Supplementary Information

GOSHEN LOCAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

Last Five Fiscal Years (1)

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.12157960%	0.12297650%	0.12059700%
School District's Proportionate Share of the Net Pension Liability	$7,264,114	$9,000,745	$6,881,384
School District's Covered Payroll	$3,663,914	$4,069,243	$3,547,171
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	198.26%	221.19%	194.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%

(1) Information prior to 2014 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2015	2014
0.12013900%	0.12013900%
$6,080,167	$7,144,281
$1,642,206	$1,995,466
370.24%	358.03%
71.70%	65.52%

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GOSHEN LOCAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

Last Two Fiscal Years (1)

	2018	2017
School District's Proportion of the Net OPEB Liability	0.12249080%	0.12383410%
School District's Proportionate Share of the Net OPEB Liability	$3,287,331	$3,529,730
School District's Covered Payroll	$3,663,914	$4,069,243
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	89.72%	86.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

GOSHEN LOCAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Five Fiscal Years (1)

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.10767463%	0.10780605%	0.10394901%
School District's Proportionate Share of the Net Pension Liability	$25,578,339	$36,085,935	$28,728,466
School District's Covered Payroll	$11,308,529	$11,826,664	$10,938,893
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	226.19%	305.12%	262.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%

(1) Information prior to 2014 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2015	2014
0.10177845%	0.10177845%
$24,756,041	$29,489,235
$10,406,000	$9,865,546
237.90%	298.91%
74.70%	69.30%

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GOSHEN LOCAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

State Teachers Retirement System of Ohio

Last Two Fiscal Years (1)

	2018	2017
School District's Proportion of the Net OPEB Liability	0.10767463%	0.10780605%
School District's Proportionate Share of the Net OPEB Liability	$4,201,066	$5,765,496
School District's Covered Payroll	$11,308,529	$11,826,664
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	37.15%	48.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

GOSHEN LOCAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of the School District's Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$562,261	$512,948	$569,694	$467,517
Contributions in Relation to the Contractually Required Contribution	(562,261)	(512,948)	(569,694)	(467,517)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$4,164,896	$3,663,914	$4,069,243	$3,547,171
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution (2)	$82,997	$62,670	$59,275	$89,276
Contributions in Relation to the Contractually Required Contribution	(82,997)	(62,670)	(59,275)	(89,276)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.99%	1.71%	1.46%	2.52%
Total Contributions as a Percentage of Covered Payroll (2)	15.49%	15.71%	15.46%	15.70%

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$227,610	$276,172	$289,082	$366,293	$485,340	$331,085
(227,610)	(276,172)	(289,082)	(366,293)	(485,340)	(331,085)
$0	$0	$0	$0	$0	$0
$1,642,206	$1,995,466	$2,149,307	$2,914,022	$3,584,491	$3,364,686
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$60,050	$57,893	$60,736	$88,554	$64,604	$196,941
(60,050)	(57,893)	(60,736)	(88,554)	(64,604)	(196,941)
$0	$0	$0	$0	$0	$0
3.66%	2.90%	2.83%	3.04%	1.80%	5.85%
17.52%	16.74%	16.28%	15.61%	15.34%	15.69%

GOSHEN LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$1,802,372	$1,583,194	$1,655,733	$1,531,445
Contributions in Relation to the Contractually Required Contribution	(1,802,372)	(1,583,194)	(1,655,733)	(1,531,445)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$12,874,086	$11,308,529	$11,826,664	$10,938,893
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$1,352,780	$1,282,521	$1,329,135	$1,352,381	$1,360,612	$1,299,985
(1,352,780)	(1,282,521)	(1,329,135)	(1,352,381)	(1,360,612)	(1,299,985)
$0	$0	$0	$0	$0	$0
$10,406,000	$9,865,546	$10,224,115	$10,402,931	$10,466,246	$9,999,885
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$104,060	$98,655	$102,241	$104,029	$104,662	$99,999
(104,060)	(98,655)	(102,241)	(104,029)	(104,662)	(99,999)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 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% 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.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 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.

Also for fiscal year 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 2019.

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GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/ ***Pass Through Grantor/*** Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	N/A	$ -	$ 74,124	$ -	$ 74,124
Cash Assistance:						
National School Breakfast Program	10.553	2018	201,931	-	201,931	-
National School Lunch Program	10.555	2018	596,267	-	596,267	-
Total Nutrition Cluster			798,198	74,124	798,198	74,124
Total U.S. Department of Agriculture			798,198	74,124	798,198	74,124
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education						
Special Education Cluster:						
IDEA Part B - 2017	84.027	2017	850	-	850	-
IDEA Part B - 2018		2018	449,225	-	561,121	-
Total IDEA Part B			450,075	-	561,971	-
Early Childhood -2017	84.173	2017	773	-	773	-
Early Childhood -2018		2018	490	-	13,396	-
Total Early Childhood			1,263	-	14,169	-
Total Special Education Cluster			451,338	-	576,140	-
Title I:						
Title I -2017	84.010	2017	84,794	-	84,794	-
Title I -2018		2018	395,192	-	492,439	-
Title I, Neglected - 2017		2017	9,282	-	9,282	-
Title I, Neglected - 2018		2018	18,477	-	25,075	-
Total Title I			507,745	-	611,590	-
Improving Teacher Quality - 2017	84.367	2017	11,065	-	9,696	-
Improving Teacher Quality - 2018		2018	58,810	-	77,970	-
Total Improving Teacher Quality			69,875	-	87,666	-
Student Support and Academic Enrichment - 2018	84.424	2018	10,488	-	12,489	-
Total U.S. Department of Education			1,039,446	74,124	1,287,885	74,124
Total			$ 1,837,644	$ 74,124	$ 2,086,083	$ 74,124

The accompanying notes are an integral part of this schedule.

GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A – Significant Accounting Policies

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of **Goshen Local School District,** Clermont County, Ohio (the School District) under programs of the federal government for the year ended June 30, 2018. 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 School District, it is not intended to and does not present the financial position or changes in net position of the School 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 School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Child Nutrition Cluster

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

Note D – Food Donation

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

Note E – Matching Requirements

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.

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

December 28, 2018

Goshen Local School District
Clermont County
6694 Goshen Road
Goshen, Ohio 45122

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Goshen Local School District**, Clermont County, (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 28, 2018, where in we noted the School District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School 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 School 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 School 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 School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

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Certified Public Accountants, A.C.
Marietta, Ohio

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

December 28, 2018

Goshen Local School District
Clermont County
6694 Goshen Road
Goshen, Ohio 45122

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited **Goshen Local School District's** (the School 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 Goshen Local School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School 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 School 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 of the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, Goshen 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, 2018.

Report on Internal Control Over Compliance

The School 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 School 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 School 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 compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Special Education Cluster: Grants to States (IDEA, Part B) – CFDA #84.027 & Preschool Grants (IDEA Preschool) – CFDA #84.173
(d)(1)(viii)	**Dollar Threshold: Type A/B Programs**	Type A: > $ 750,000 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 FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

GOSHEN LOCAL SCHOOL DISTRICT

CLERMONT 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
MARCH 12, 2019

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