MT. HEALTHY CITY SCHOOL DISTRICT
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2015

MT. HEALTHY CITY SCHOOL DISTRICT
HAMILTON COUNTY

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HAMILTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Mt. Healthy City School District
Hamilton County
7615 Harrison Avenue
Mt. Healthy, OH 45231

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 Mt. Healthy City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 Mt. Healthy City School District, Hamilton County, Ohio, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 20 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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, Required budgetary comparison schedule,* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this 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 March 22, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 22, 2016

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The discussion and analysis of Mt. Healthy City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net Position of governmental activities increased $686,341 which represents a 3.14% increase from 2014.

- General revenues accounted for $36,165,953 in revenue or 77% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $10,768,366 or 23% of total revenues of $46,934,319.

- The District had $46,247,978 in expenses related to governmental activities; $10,768,366 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $36,165,953 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Government-wide Financial Statements answer this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities. The District's programs and services include instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

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

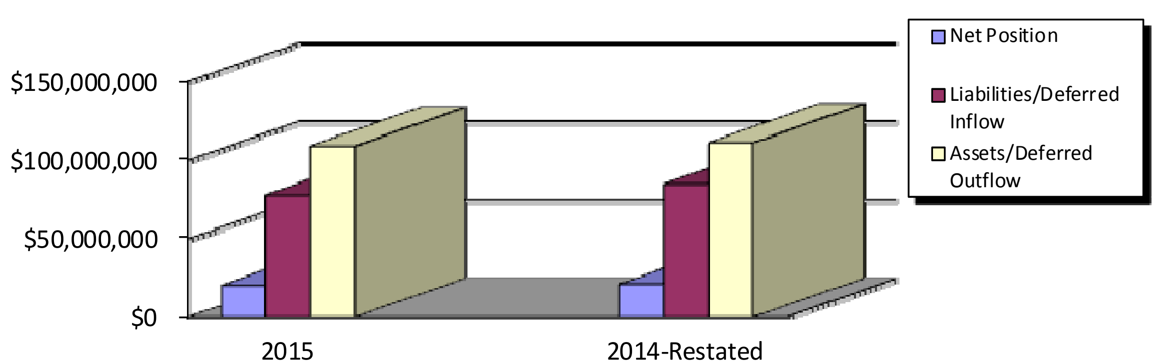
Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2015 compared to 2014:

	Governmental Activities	
	2015	2014-Restated
Assets:		
Current and Other Assets	$32,201,384	$28,282,539
Capital Assets	78,353,276	82,848,303
Total Assets	110,554,660	111,130,842
Deferred Outflows of Resources:		
Deferred Charge on Refunding	1,866,402	0
Pension	3,079,977	2,546,056
Total Deferred Outflows of Resources	4,946,379	2,546,056
Liabilities:		
Other Liabilities	3,937,594	4,342,876
Long-Term Liabilities	74,078,259	80,436,093
Total Liabilities	78,015,853	84,778,969
Deferred Inflows of Resources:		
Property Taxes	8,289,018	7,721,650
Pension	7,333,548	0
Total Deferred Inflows of Resources	15,622,566	7,721,650
Net Position:		
Net Investment in Capital Assets	48,407,643	52,155,452
Restricted	3,184,635	3,046,400
Unrestricted	(29,729,658)	(34,025,573)
Total Net Position	$21,862,620	$21,176,279



During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 District is not responsible for certain key factors affecting the balance of this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $66,715,882 to $21,176,279.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets exceeded liabilities and deferred inflows of resources by $21,862,620.

At year-end, capital assets represented 70% of total assets. Capital assets include land, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2015, were $48,407,643. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $3,184,635 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets decreased mainly due current year depreciation expense exceeding current year additions. Long-Term Liabilities decreased mainly due to the decrease in Net Pension Liability.

Table 2 shows the changes in net position for fiscal years 2015 and 2014.

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Table 2
Changes in Net Position

	Governmental Activities	
	2015	2014 Restated
Revenues:		
Program Revenues		
Charges for Services	$1,083,278	$1,157,924
Operating Grants, Contributions	9,685,088	9,650,574
General Revenues:		
Property Taxes	12,568,028	13,986,966
Grants and Entitlements	22,667,603	20,562,152
Other	930,322	630,560
Total Revenues	46,934,319	45,988,176
Program Expenses:		
Instruction	26,411,909	24,699,016
Support Services:		
Pupil and Instructional Staff	4,448,916	4,506,842
School Administrative, General Administration, Fiscal and Business	4,070,957	3,908,563
Operations and Maintenance	3,659,184	3,979,353
Pupil Transportation	3,232,686	3,210,276
Central	208,147	230,954
Operation of Non-Instructional Services	2,139,983	2,355,628
Extracurricular Activities	856,188	832,548
Interest and Fiscal Charges	1,220,008	1,344,073
Total Program Expenses	46,247,978	45,067,253
Change in Net Position	686,341	920,923
Net Position Beginning of Year	21,176,279	N/A
Net Position End of Year	$21,862,620	$21,176,279

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of $2,546,056 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expenses of $1,967,769. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

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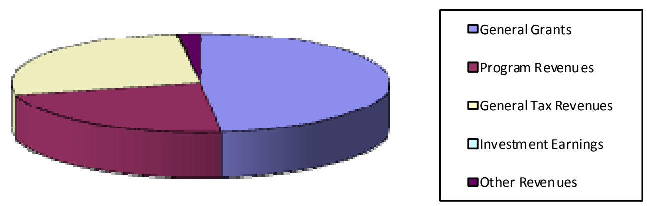
Total 2015 program expenses under GASB 68	$47,872,940
Program expenses under GASB 68	(1,967,769)
2015 contractually required contributions	2,697,869
Adjusted 2015 program expenses	48,603,040
Total 2014 program expenses under GASB 27	45,067,253
Increase in program expenses not related to pension	$3,535,787

The District revenues are mainly from three sources. Property taxes levied for general, special revenue and capital project purposes and grants and entitlements comprised 75% of the District's revenues for governmental activities. The District's reliance upon tax revenues is demonstrated in the following graph:

Revenue Sources	2015	Percent of Total
General Grants	$22,667,603	48.30%
Program Revenues	10,768,366	22.94%
General Tax Revenues	12,568,028	26.78%
Investment Earnings	45,758	0.10%
Other Revenues	884,564	1.88%
	$46,934,319	100.00%



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

Thus, Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 27% of revenue for governmental activities for the District in fiscal year 2015.

Property Taxes revenue decreased mainly due to a decrease in advances and delinquencies. Total expenses increased mainly due to the increase in instruction expenses.

Instruction comprises 57.1% of governmental program expenses. Support services expenses were 32.6% of governmental program expenses. All other expenses including interest expense were 8.8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	$26,411,909	$24,699,016	($19,593,350)	($17,941,735)
Support Services:				
Pupil and Instructional Staff	4,448,916	4,506,842	(3,647,150)	(3,488,495)
School Administrative, General Administration, Fiscal and Business	4,070,957	3,908,563	(3,791,427)	(3,651,432)
Operations and Maintenance	3,659,184	3,979,353	(3,560,406)	(3,869,251)
Pupil Transportation	3,232,686	3,210,276	(3,051,733)	(2,944,010)
Central	208,147	230,954	(206,904)	(230,322)
Operation of Non-Instructional Services	2,139,983	2,355,628	328,043	(73,821)
Extracurricular Activities	856,188	832,548	(736,677)	(715,616)
Interest and Fiscal Charges	1,220,008	1,344,073	(1,220,008)	(1,344,073)
Total Expenses	$46,247,978	$45,067,253	($35,479,612)	($34,258,755)

The District's Funds

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of these funds comprised $30,097,091 (93%) of the total $32,533,363 governmental funds' assets.

General Fund: Fund balance at June 30, 2015 was $15,779,188, an increase in fund balance of $3,893,491 from 2014. The primary reason for the increase in fund balance was due to an increase in property tax and intergovernmental revenue.

Debt Service Fund: Fund balance at June 30, 2015 was $1,636,816, an increase of $238,185 from 2014. The fund balance remained constant with prior year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the original budget basis revenue was $37,488,704, compared to final budget estimates of $38,261,771. The difference between the original budget basis and final budget was $773,067, which was mostly due to increases in taxes and intergovernmental revenue estimates.

The District's ending unobligated cash balance was $13,189,708.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had $78,353,276 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2015 balances compared to fiscal year 2014:

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities	
	2015	2014
Land	$3,634,113	$3,634,113
Buildings and Improvements	72,613,621	76,408,593
Equipment	2,105,542	2,805,597
Total Net Capital Assets	$78,353,276	$82,848,303

The decrease in capital assets is due to current year depreciation expense exceeding current year additions.

See Note 7 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2015, the District had $31,812,035 in Bonds and Capital Leases outstanding and $1,300,743 due within one year. Table 5 summarizes outstanding debt at year end.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2015	2014
2008 School Improvement Bonds	$2,565,000	$28,955,000
Premium on 2008 School Improvement Bonds	0	1,590,309
2015 Refunding Bonds	25,565,000	0
2015 Refunding Bonds - Premium	3,587,602	0
Capital Leases	94,433	147,542
Total Bonds and Capital Leases Payable	$31,812,035	$30,692,851

See Note 8 and 9 to the basic financial statements for further details on the District's outstanding debt.

For the Future

On June 30, 2013, Governor John Kasich signed House Bill 59, the state biennium budget bill for fiscal years 2014 and 2015. The budget bill limits the total increased funding that will be provided to public school districts to 6.25 percent in fiscal year 2014 and 10.5 percent in fiscal year 2015, both of which impact the District. Coupled with the funding gain limits, House Bill 59 also introduced new spending mandates and increased deductions from public school districts to fund charter and non-public options. These funding limits, spending mandates and deduction increases all have to be taken into account in monitoring the operation of the District and future decisions on pursuing additional revenue or expenditure reductions. This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rebecca Brooks, Treasurer, Mt. Healthy City School District, 7615 Harrison Avenue, Cincinnati, Ohio 45231.

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Mt. Healthy City School District
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$17,042,896
Restricted Cash and Investments	168,887
Receivables (Net):	
Taxes	14,392,226
Accounts	2,723
Interest	7,132
Intergovernmental	534,455
Inventory	53,065
Nondepreciable Capital Assets	3,634,113
Depreciable Capital Assets, Net	74,719,163
Total Assets	110,554,660
Deferred Outflows of Resources:	
Deferred Charge on Refunding	1,866,402
Pension	3,079,977
Total Deferred Outflows of Resources	4,946,379
Liabilities:	
Accounts Payable	204,815
Accrued Wages and Benefits	3,612,948
Accrued Interest Payable	119,831
Long-Term Liabilities:	
Due Within One Year	1,726,291
Due In More Than One Year	
Net Pension Liability	40,555,932
Other Amounts	31,796,036
Total Liabilities	78,015,853
Deferred Inflows of Resources:	
Property Taxes	8,289,018
Pension	7,333,548
Total Deferred Inflows of Resources	15,622,566
Net Position:	
Net Investment in Capital Assets	48,407,643
Restricted for:	
Debt Service	1,734,594
Capital Projects	331,869
Classroom Facilities Maintenance	372,246
Federal Grants	4,893
Food Service	696,399
Other Purposes	44,634
Unrestricted	(29,729,658)
Total Net Position	$21,862,620

See accompanying notes to the basic financial statements.

Mt. Healthy City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$13,133,122	$500,807	$181,247	($12,451,068)
Special	8,059,626	183,640	5,887,218	(1,988,768)
Vocational	89,375	2,432	29,407	(57,536)
Other	5,129,786	211	33,597	(5,095,978)
Support Services:				
Pupil	2,822,163	4,142	265,190	(2,552,831)
Instructional Staff	1,626,753	557	531,877	(1,094,319)
General Administration	85,446	0	0	(85,446)
School Administration	2,946,809	5,940	273,422	(2,667,447)
Fiscal	856,707	0	168	(856,539)
Business	181,995	0	0	(181,995)
Operations and Maintenance	3,659,184	74,484	24,294	(3,560,406)
Pupil Transportation	3,232,686	385	180,568	(3,051,733)
Central	208,147	635	608	(206,904)
Operation of Non-Instructional Services	2,139,983	195,393	2,272,633	328,043
Extracurricular Activities	856,188	114,652	4,859	(736,677)
Interest and Fiscal Charges	1,220,008	0	0	(1,220,008)
Total Governmental Activities	$46,247,978	$1,083,278	$9,685,088	(35,479,612)

General Revenues:	
Property Taxes Levied for:	
General Purposes	10,618,100
Special Revenue Purposes	122,997
Debt Service Purposes	1,826,931
Grants and Entitlements, Not Restricted	22,667,603
Unrestricted Contributions	20,978
Investment Earnings	45,758
Other Revenues	863,586
Total General Revenues	36,165,953
Change in Net Position	686,341
Net Position - Beginning of Year, Restated	21,176,279
Net Position - End of Year	$21,862,620

See accompanying notes to the basic financial statements.

Mt. Healthy City School District
Balance Sheet
Governmental Funds
June 30, 2015

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$14,413,650	$966,816	$1,662,430	$17,042,896
Restricted Cash and Investments	168,887	0	0	168,887
Receivables (Net):				
Taxes	12,098,327	2,157,577	136,322	14,392,226
Accounts	2,723	0	0	2,723
Interest	7,132	0	0	7,132
Intergovernmental	0	0	534,455	534,455
Interfund	331,979	0	0	331,979
Inventory	0	0	53,065	53,065
Total Assets	27,022,698	3,124,393	2,386,272	32,533,363
Liabilities:				
Accounts Payable	183,531	0	21,284	204,815
Accrued Wages and Benefits	2,990,356	0	622,592	3,612,948
Compensated Absences	198,932	0	2,130	201,062
Interfund Payable	0	0	331,979	331,979
Total Liabilities	3,372,819	0	977,985	4,350,804
Deferred Inflows of Resources:				
Property Taxes	7,868,327	1,437,577	91,322	9,397,226
Grants and Other Taxes	0	0	157,356	157,356
Investment Earnings	2,364	0	0	2,364
Total Deferred Inflows of Resources	7,870,691	1,437,577	248,678	9,556,946
Fund Balances:				
Restricted	0	1,686,816	1,510,408	3,197,224
Assigned	1,883,891	0	0	1,883,891
Unassigned	13,895,297	0	(350,799)	13,544,498
Total Fund Balances	15,779,188	1,686,816	1,159,609	18,625,613
Total Liabilities, Deferred Inflows and Fund Balances	$27,022,698	$3,124,393	$2,386,272	$32,533,363

See accompanying notes to the basic financial statements.

Mt. Healthy City School District
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balance		$18,625,613
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		78,353,276
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	$1,108,208	
Interest	2,364	
Intergovernmental	157,356	
		1,267,928
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(119,831)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,509,230)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		1,866,402
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	$3,079,977	
Deferred inflows of resources related to pensions	(7,333,548)	
		(4,253,571)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	($40,555,932)	
Other Amounts	(31,812,035)	
		(72,367,967)
Net Position of Governmental Activities		$21,862,620

See accompanying notes to the basic financial statements.

Mt. Healthy City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	$10,831,227	$1,862,949	$125,430	$12,819,606
Tuition and Fees	687,133	0	0	687,133
Investment Earnings	44,257	0	107	44,364
Intergovernmental	26,525,841	311,670	5,608,043	32,445,554
Extracurricular Activities	16,121	0	103,149	119,270
Charges for Services	1,031	0	195,782	196,813
Other Revenues	763,638	0	200,987	964,625
Total Revenues	38,869,248	2,174,619	6,233,498	47,277,365
Expenditures:				
Current:				
Instruction:				
Regular	11,016,328	0	11,588	11,027,916
Special	5,811,008	0	2,197,269	8,008,277
Vocational	86,221	0	5,336	91,557
Other	5,086,793	0	45,213	5,132,006
Support Services:				
Pupil	2,515,035	0	367,159	2,882,194
Instructional Staff	1,189,615	0	549,884	1,739,499
General Administration	85,978	0	0	85,978
School Administration	2,350,314	0	279,076	2,629,390
Fiscal	765,930	35,447	49,159	850,536
Business	184,306	0	0	184,306
Operations and Maintenance	2,424,767	0	311,213	2,735,980
Pupil Transportation	2,474,367	0	12,313	2,486,680
Central	54,484	0	1,314	55,798
Operation of Non-Instructional Services	10,874	0	2,031,060	2,041,934
Extracurricular Activities	690,659	0	171,352	862,011
Capital Outlay	4,736	0	400,000	404,736
Debt Service:				
Principal Retirement	53,109	795,000	0	848,109
Interest and Fiscal Charges	5,916	975,425	0	981,341
Bond Issuance Costs	0	273,434	0	273,434
Total Expenditures	34,810,440	2,079,306	6,431,936	43,321,682
Excess of Revenues Over (Under) Expenditures	4,058,808	95,313	(198,438)	3,955,683
Other Financing Sources (Uses):				
Issuance of Refunded Bonds	0	25,565,000	0	25,565,000
Payments to Bond Escrow Account	0	(29,097,233)	0	(29,097,233)
Premium on Bonds Sold	0	3,675,105	0	3,675,105
Transfers In	0	0	165,317	165,317
Transfers (Out)	(165,317)	0	0	(165,317)
Total Other Financing Sources (Uses)	(165,317)	142,872	165,317	142,872
Net Change in Fund Balance	3,893,491	238,185	(33,121)	4,098,555
Fund Balance - Beginning of Year	11,885,697	1,448,631	1,192,730	14,527,058
Fund Balance - End of Year	$15,779,188	$1,686,816	$1,159,609	$18,625,613

See accompanying notes to the basic financial statements.

Mt. Healthy City School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net Change in Fund Balance - Total Governmental Funds		$4,098,555
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	$644,643	
Depreciation Expense	(4,200,408)	
		(3,555,765)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		(939,262)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activites, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions	$2,697,869	
Cost of benefits earned net of employee contrbutions	(1,967,769)	
		730,100
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	($251,578)	
Interest	1,394	
Intergovernmental	(92,862)	
		(343,046)
In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.		
Premium on Bonds Issued	(3,675,105)	
Deferred Charge on Refunding	1,911,924	
Refunding Bonds Issued	(25,565,000)	
Bonds Refunded	27,185,309	
		(142,872)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		848,109
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		(7,214)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	($44,245)	
Amortization of Bond Premium	87,503	
Amortization of Deferred Charge on Refunding	(45,522)	
		(2,264)
Change in Net Position of Governmental Activities		$686,341

See accompanying notes to the basic financial statements.

Mt. Healthy City School District
Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2015

	Agency
Assets:	
Equity in Pooled Cash and Investments	$65,382
Total Assets	65,382
Liabilities:	
Accounts Payable	3,323
Other Liabilities	62,059
Total Liabilities	$65,382

See accompanying notes to the basic financial statements.

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Note 1 - Description of the District

The Mt. Healthy City School District (the District) was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 101 support staff personnel and approximately 233 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 10th largest in Hamilton County in terms of enrollment. It currently operates 2 elementary schools, 1 junior high (grades 7-8) and 1 high school (grades 9-12). The Junior High and High School are located on the same complex.

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

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

The District is associated with three organizations, two of which are defined as jointly governed organizations, and one as an insurance purchasing pool. These organizations are the Hamilton/Clermont Cooperative Association, the Great Oaks Institute of Technology Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Note 14.

Note 2 - Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

The 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.

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general oblilgation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

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. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary fund is an Agency Fund. The District's Agency Fund accounts for assets and liabilities generated by student managed activities.

Note 3 - Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

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.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, pension, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance year 2016 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

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

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

Equity In Pooled Cash And Investments

Cash received by the District is pooled for investment purposes. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue in the General Fund during fiscal year 2015 amounted to $44,257 and $107 in Other Governmental Funds.

Inventory

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

Capital Assets

General capital 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. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars ($1,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	5-30 years
Equipment	5-20 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limit specified in the District's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

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

Vacation	Certified	Administrators	Non-Certificated
How earned	Not Eligible	15-25 days service accumulated monthly	10-25 days for each year depending on length of service
Maximum Accumulation	Not Applicable	20 days at end of their contract year	20 days at end of their contract year
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination

Sick Leave	Certified	Administrators	Non-Certificated
How Earned	1-1/2 days per month of employment (18 days per year)	1-1/4 days per month of employment (15 days per year)	1-1/2 days per month of employment (18 days per year)
Maximum Accumulation	265 days	265 days	265 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

Pensions

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

Net Position

Net position represents the difference between assets and liabilities. 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 the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the $3,184,635 in restricted net position, none was restricted by enabling legislation.

Interfund Activity

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net position.

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

Fund Balance

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

> Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.
>
> Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.
>
> Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.
>
> Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.
>
> Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net position are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Estimates

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for budget stabilization and amounts held in retainage for contractors.

Note 4 - Equity in Pooled Cash and Investments

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

(2) Bonds notes, debentures, or other obligations or securities issued by any federal governmental agency.

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

(4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.

(5) Bonds, and other obligations of the State of Ohio.

(6) The Ohio State Treasurer's investment pool (STAROhio).

(7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

(8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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 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.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2015, $11,041,527 of the District's bank balance of $11,541,527 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2015, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	$550,600	4.47
Freddie Mac	2,244,005	1.6
Fannie Mae	998,880	2.33
Money Market Funds	107,140	0.00
Municipal Bonds	925,434	2.42
Negotiable CDs	1,250,577	0.20
Total Fair Value	$6,076,636	
Portfolio Weighted Average Maturity		1.79

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

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Freddie Mac and Fannie Mae were rated AA+ by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Municipal Bonds were rated A-1+ by Standard & Poor's and Fitch Ratings and P-1 by Moody's Investors Service. Money Market Funds and Negotiable CD's are unrated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 9% in Federal Home Loan Bank, 37% in Freddie Mac, 16% in Fannie Mae, 2% in Money Market Funds, 15% in Municipal Bonds, and 21% in Negotiable CD's.

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

Note 5 - Property Taxes

Real property taxes collected in 2015 were levied in April on the assessed values as of January 1, 2014, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.
Real property taxes are payable annually or semi-annually. In 2015, if paid annually, payment was due by January 31st. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2015. Delinquent property taxes collected within 60 days of the fiscal year end are included as a receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2015 are recognized as a revenue and receivable on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2015, was $4,230,000 for General Fund, $720,000 for Debt Service Fund and $45,000 in Other Governmental Funds, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2015 operations.

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 deferred.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	Amount
Agricultural/Residential and Other Real Estate	$274,514,960
Public Utility	14,354,950
Total	$288,869,910

Note 6 – Receivables

Receivables at June 30, 2015, consisted of taxes, accounts (rent and student fees), interest, 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.

Note 7 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$3,634,113	$0	$0	$3,634,113
Capital Assets, being depreciated:				
Buildings and Improvements	90,783,303	0	3,796,349	86,986,954
Equipment	12,734,800	644,643	191,139	13,188,304
Totals at Historical Cost	107,152,216	644,643	3,987,488	103,809,371
Less Accumulated Depreciation:				
Buildings and Improvements	14,374,710	2,861,325	2,862,702	14,373,333
Equipment	9,929,203	1,339,083	185,524	11,082,762
Total Accumulated Depreciation	24,303,913	4,200,408	3,048,226	25,456,095
Governmental Activities Capital Assets, Net	$82,848,303	($3,555,765)	$939,262	$78,353,276

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,375,634
Special	169,276
Support Services:	
Pupils	1,680
Instructional Staff	65,946
School Administration	460,365
Operations and Maintenance	1,088,746
Pupil Transportation	746,833
Central	152,475
Operation of Non-Instructional Services	113,831
Extracurricular Activities	25,622
Total Depreciation Expense	$4,200,408

Note 8 - Long-Term Liabilities

	Interest Rate	Restated Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
Governmental Activities:						
Loan and Bonds Payable:						
2008 School Improvement Bonds	4.25%	$28,955,000	$0	$26,390,000	$2,565,000	$825,000
2008 School Improvement Premium on Bonds		1,590,309	0	1,590,309	0	0
2015 Refunding Bonds	3.625%-5.00%	0	25,565,000	0	25,565,000	420,000
2015 Refunding Bonds - Premium		0	3,675,105	87,503	3,587,602	0
Net Pension Liability						
STRS		39,312,096	0	6,220,701	33,091,395	0
SERS		8,773,563	0	1,309,026	7,464,537	0
Total Net Pension Liability		48,085,659	0	7,529,727	40,555,932	0
Capital Leases Payable:						
2008 Athletic Boosters Lease	4.85%	147,542	0	53,109	94,433	55,743
Total Long-Term Debt		78,778,510	29,240,105	35,650,648	72,367,967	1,300,743
Compensated Absences		1,657,583	327,564	274,855	1,710,292	425,548
Total Governmental Activities Long-Term Liabilities		$80,436,093	$29,567,669	$35,925,503	$74,078,259	$1,726,291

General obligation bonds and capital leases will be paid from the debt service fund and the general fund. Compensated absences will be paid from the fund from which the person is paid.

A summary of the District’s future long-term debt funding requirements, including principal and interest payments as of June 30, 2015 follows:

Fiscal Year	General Obligation Bonds		
Ending June 30	Principal	Interest	Total
2016	$1,245,000	$1,312,664	$2,557,664
2017	855,000	1,274,864	2,129,864
2018	885,000	1,244,414	2,129,414
2019	905,000	1,206,301	2,111,301
2020	945,000	1,160,051	2,105,051
2021-2025	5,435,000	5,027,755	10,462,755
2026-2030	6,930,000	3,492,130	10,422,130
2031-2035	8,870,000	1,524,880	10,394,880
2036	2,060,000	37,338	2,097,338
Total	$28,130,000	$16,280,397	$44,410,397

Note 9 – Advance Refunding

On March 24, 2015 the District issued $25,565,000 in Current Interest Bonds with an interest rate between 3.625% and 5.00% all of which was used to partially advance refund $25,595,000 of the outstanding 2008 General Obligation Bonds with an interest rate of 4.25%. The net proceeds of

$29,097,233 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, $25,595,000 of the 2008 General Obligation Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The District advance refunded 2008 General Obligation Bonds to reduce its total debt service payments by $1,243,607 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $910,176.

Note 10 - Capital Lease

The District has entered into a capital lease for athletic equipment.

The lease described above meets the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 “Accounting for Leases”, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Future capital lease payments will be made from the General fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year Ending June 30	Capital Leases
2016	$59,025
2017	39,845
Total Minimum Lease Payments	98,870
Less: Amount Representing Interest	(4,437)
Present Value of Minimum Lease Payments	$94,433

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Equipment	$417,462

Note 11 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension 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 this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year 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 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, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $612,328 for fiscal year 2015. Of this amount $34,250 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement 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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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, member contributions are allocated among investment choices by the member, and employer contributions 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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 that 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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $2,085,541 for fiscal year 2015. Of this amount $305,484 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$7,464,537	$33,091,395	$40,555,932
Proportion of the Net Pension Liability	0.14749300%	0.13614723%	
Pension Expense	438,976	1,528,792	1,967,768

At June 30, 2015, the 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	$63,531	$318,577	$382,108
District contributions subsequent to the measurement date	612,328	2,085,541	2,697,869
Total Deferred Outflows of Resources	$675,859	$2,404,118	$3,079,977
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$1,211,515	$6,122,033	$7,333,548

$2,697,869 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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:			
2016	($286,996)	($1,450,864)	($1,737,860)
2017	(286,996)	(1,450,864)	(1,737,860)
2018	(286,996)	(1,450,864)	(1,737,860)
2019	(286,996)	(1,450,864)	(1,737,860)
Total	($1,147,984)	($5,803,456)	($6,951,440)

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, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 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 (7.75 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 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 7.75 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	$10,649,676	$7,464,537	$4,785,560

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	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 paid on fifth anniversary of retirement date.

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 not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	$51,359,549	$33,091,395	$22,781,024

Note 12 - Post Employment Benefits

School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of 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 basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. 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 2015, the District's surcharge obligation was $75,181.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $197,334, $77,386, and $71,754, respectively. For fiscal year 2015, 85 percent has been contributed, with the balance being reported as accrued wages and benefits. The full amount has been contributed for fiscal years 2014 and 2013.

State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $0, $143,181, and $129,715 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

Note 13 - Contingent Liabilities

Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

Litigation

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

Note 14 - Risk Management

The 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 the fiscal year, the Ohio School Plan through Hylant Insurance provided property insurance to the district. The Ohio School Plan provided liability insurance coverage with a 5 million Dollar aggregate limit to all employees and volunteers of the district.

All District owned fleet vehicles excluding buses (operated and insured by Durham/National Express) are insured by Ohio School Plan through Hylant and hold a $1,000 deductible for comprehensive and collision automobile liability and has a 5 million dollar combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past 10 years.

The District carries a performance bond in the amount of $50,000 for the Treasurer as required by Ohio Revised Code. All other employees including the Superintendent and the Board President are covered under the Employee Dishonesty portion of the Crime coverage on the Ohio School Plan policy.

The District participates in the Sheakley Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP is intended to reduce the District's premium by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

The District provides a minimum of $45,000 life insurance and accidental death and dismemberment insurance policy to all employees except administrators through Anthem Life Insurance Co. The District provides administrators a maximum of 1.5 times their salary life insurance and accidental death with a maximum of $150,000.

The District offers medical/surgical/hospitalization insurance benefits to all employees through Anthem Blue Cross/Blue Shield through the Greater Cincinnati Insurance Consortium.

The District offers dental insurance through Dental Care Plus.

Settled claims have not exceeded commercial coverage in any of the past five years. There has not been a significant reduction in insurance coverage form the previous year.

Note 15 - Jointly Governed Organizations

The Hamilton/Clermont Cooperative Association (HCCA) is a computer service organization whose primary function is to provide information technology services to its members. Currently, the District along with 31 other member school districts in the Ohio counties of Hamilton and Clermont are participants. The Association 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 governing board of HCCA consists of the superintendents of the member school districts.

The degree of control exercised by any participating school district is limited to its representation on the board. Each of the schools support HCCA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained from their fiscal agent, the Hamilton County Education Service Center, Donald Rabe who serves as Treasurer, at 11083 Hamilton Avenue, Cincinnati, Ohio 45231.

Great Oaks Institute of Technology Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of thirty-five representatives from the various city and county boards within Hamilton County, which possesses its own budgeting and taxing authority. To obtain financial information write to the Great Oaks Institute of Technology Joint Vocational School, Robert Giuffrè who serves as Treasurer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Note 16– Accountability

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

Other Governmental Funds:	
District Managed Activity	$10,412
Management Information Systems	161,188
Special Education	9,793
Title I	141,545
Title V Innovative Projects	2,851
Miscellaneous Federal Grants	4,030
Improving Teacher Quality	17,082
Race to the Top FY 11	449
Title I School Improvement	3,449

Generally, the deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

Note 17 – Requirement for Set-Asides

The 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition	Budget Stabilization
Set Aside Reserve Balance as of June 30, 2014	$0	$168,887
Current Year Set Aside Requirements	569,798	0
Qualified Disbursements	(274,770)	0
Current Year Offsets	(295,028)	0
Set Aside Reserve Balance as of June 30, 2015	$0	$168,887
Restricted Cash as of June 30, 2015	$0	$168,887

Expenditures for capital activity during the year totaled $274,770, was less than the amount required for the set-aside.

Senate Bill 345 eliminated the Budget Stabilization Reserve, except the amounts related to unspent Bureau of Workers' Compensation refunds. The Bill stipulates that the Board of Education can retain the reserve account or use the reserve for specifically discretionary purposes.

Note 18 - Interfund Transactions

Interfund transactions at June 30, 2015, consisted of the following interfund receivables, payables, transfers in and out:

	Interfund Loan		Transfers	
	Receivable	Payable	In	Out
General Fund	$331,979	$0	$0	$165,317
Other Governmental Funds	0	331,979	165,317	0
Total All Funds	$331,979	$331,979	$165,317	$165,317

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

All interfund balances are expected to be paid within one 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 District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	Other Governmental Funds	Total
Restricted for:				
Local Grants	$0	$0	$22,806	$22,806
Vocational Education Enhancement	0	0	84	84
Entry Year Programs	0	0	4,900	4,900
SIG FYII South Elementary	0	0	1,301	1,301
Miscellaneous State Grants	0	0	16,844	16,844
Title III	0	0	1,735	1,735
Food Service	0	0	769,945	769,945
Classroom Facilities Maintenance	0	0	360,924	360,924
Debt Service	0	1,686,816	0	1,686,816
Building	0	0	23,913	23,913
Permanent Improvement	0	0	307,956	307,956
Total Restricted	0	1,686,816	1,510,408	3,197,224
Assigned to:				
Public School Support	547,285		0	547,285
Encumbrances	1,336,606	0	0	1,336,606
Total Assigned	1,883,891	0	0	1,883,891
Unassigned (Deficit)	13,895,297	0	(350,799)	13,544,498
Total Fund Balance	$15,779,188	1,686,816	$1,159,609	$18,625,613

Note 20 – Change in Accounting Principles and Restatement of Net Position

The District adopted the provisions of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement Number 68. GASB Statement Number 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 and have been implemented by the District. GASB Statement Number 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources of its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$66,715,882
Adjustments:	
Net Pension Liability	(48,085,659)
Deferred Outflow - Payments Subsequent to Measurement Date	2,546,056
Restated Net Position June 30, 2014	$21,176,279

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

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REQUIRED SUPPLEMENTARY INFORMATION

Mt. Healthy City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$10,686,174	$10,906,537	$11,171,227	$264,690
Tuition and Fees	657,298	670,852	687,133	16,281
Investment Earnings	55,346	56,487	57,858	1,371
Intergovernmental	25,374,094	25,897,341	26,525,841	628,500
Charges for Services	986	1,007	1,031	24
Other Revenues	714,806	729,547	747,252	17,705
Total Revenues	37,488,704	38,261,771	39,190,342	928,571
Expenditures:				
Current:				
Instruction:				
Regular	11,066,998	12,000,361	11,305,291	695,070
Special	5,930,412	6,430,568	6,058,105	372,463
Vocational	90,226	97,836	92,169	5,667
Other	4,982,145	5,402,327	5,089,420	312,907
Support Services:				
Pupil	2,482,339	2,691,693	2,535,788	155,905
Instructional Staff	1,204,695	1,306,296	1,230,634	75,662
General Administration	92,704	100,522	94,700	5,822
School Administration	2,234,398	2,422,842	2,282,509	140,333
Fiscal	749,764	812,997	765,908	47,089
Business	180,314	195,522	184,197	11,325
Operations and Maintenance	2,964,115	3,214,101	3,027,938	186,163
Pupil Transportation	2,653,107	2,876,863	2,710,233	166,630
Central	63,070	68,389	64,428	3,961
Operation of Non-Instructional Services	11,243	12,191	11,485	706
Extracurricular Activities	636,562	690,248	650,268	39,980
Capital Outlay	4,636	5,027	4,736	291
Debt Service:				
Principal Retirement	51,990	56,374	53,109	3,265
Interest and Fiscal Charges	5,791	6,280	5,916	364
Total Expenditures	35,404,509	38,390,437	36,166,834	2,223,603
Excess of Revenues Over (Under) Expenditures	2,084,195	(128,666)	3,023,508	3,152,174
Other Financing Sources (Uses):				
Advances In	5,497	5,610	5,746	136
Advances (Out)	(50,278)	(54,519)	(51,361)	3,158
Transfers (Out)	(162,167)	(175,844)	(165,659)	10,185
Total Other Financing Sources (Uses)	(206,948)	(224,753)	(211,274)	13,479
Net Change in Fund Balance	1,877,247	(353,419)	2,812,234	3,165,653
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,377,474	10,377,474	10,377,474	0
Fund Balance End of Year	$12,254,721	$10,024,055	$13,189,708	$3,165,653

See accompanying notes to the required supplementary information.

Note 1 – Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2015.

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

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

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

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

Net Change in Fund Balance

	General
GAAP Basis	$3,893,491
Revenue Accruals	321,094
Expenditure Accruals	17,874
Transfers (Out)	(342)
Advances In	5,746
Advances (Out)	(51,361)
Encumbrances	(1,372,307)
Funds Budgeted Elsewhere	(1,961)
Budget Basis	$2,812,234

Mount Healthy City School District
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.13604723%	0.13604723%
District's Proportionate Share of the Net Pension Liability	$33,091,395	$39,312,096
District's Covered-Employee Payroll	$14,104,897	$13,720,242
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	234.61%	286.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) - Information prior to 2013 is not available

Mount Healthy City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.147493%	0.147493%
District's Proportionate Share of the Net Pension Liability	\$7,464,537	\$8,773,563
District's Covered-Employee Payroll	\$3,128,813	\$2,814,629
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	238.57%	311.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) - Information prior to 2013 is not available

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Mount Healthy City School District
Required Supplementary Information
Schedule of District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Contractually Required Contribution	$2,085,540	$1,946,038	$1,816,008	$2,175,852	$2,340,672
Contributions in Relation to the Contractually Required Contribution	(2,085,540)	(1,946,038)	(1,816,008)	(2,175,852)	(2,340,672)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
District Covered-Employee Payroll	$14,810,767	$14,104,897	$13,720,242	$15,053,799	$15,900,743
Contributions as a Percentage of Covered-Employee Payroll	14.08%	13.80%	13.24%	14.45%	14.72%

2010	2009	2008	2007	2006
$2,331,072	$2,224,848	$2,173,764	$2,307,816	$2,338,812
(2,331,072)	(2,224,848)	(2,173,764)	(2,307,816)	(2,338,812)
$0	$0	$0	$0	$0
$16,280,374	$16,097,305	$15,983,301	$15,919,690	$16,192,745
14.32%	13.82%	13.60%	14.50%	14.44%

Mount Healthy City School District
Required Supplementary Information
Schedule of District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Contractually Required Contribution	$612,328	$600,018	$559,128	$745,320	$846,744
Contributions in Relation to the Contractually Required Contribution	(612,328)	(600,018)	(559,128)	(745,320)	(846,744)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
District Covered-Employee Payroll	$3,224,281	$3,128,813	$2,814,629	$4,131,865	$4,525,596
Contributions as a Percentage of Covered-Employee Payroll	18.99%	19.18%	19.87%	18.04%	18.71%

2010	2009	2008	2007	2006
$786,216	$787,836	$790,860	$729,864	$724,272
(786,216)	(787,836)	(790,860)	(729,864)	(724,272)
$0	$0	$0	$0	$0
$4,864,340	$4,770,295	$4,678,987	$4,612,225	$4,476,421
16.16%	16.52%	16.90%	15.82%	16.18%

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MT. HEALTHY CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	2015	10.553	$693,662		$693,662	
National School Lunch Program	2015	10.555	1,215,925	$163,290	1,215,925	$163,290
Summer Food Service Program for Children	2015	10.559	35,058		35,058	
Total Nutrition Cluster			1,944,646	163,290	1,944,646	163,290
Total U.S. Department of Agriculture			1,944,646	163,290	1,944,646	163,290
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education-Grants to States	2015	84.027	642,328		653,082	
Special Education-Grants to States	2014	84.027	67,777		120,206	
Special Education-Parent Mentor	2014	84.027	6,163		3,224	
Special Education-Preschool Grants	2015	84.173	19,806		19,806	
Total Special Education Cluster			736,074		796,318	
Title I Cluster:						
Title I Grants to Local Educational Agencies	2015	84.010	1,727,551		1,763,743	
Title I Grants to Local Educational Agencies	2014	84.010	196,768		364,393	
School Improvement, Sub A	2015	84.010	118,496		136,863	
School Improvement, Sub A	2014	84.010			28,259	
Total Title I Cluster			2,042,815		2,293,258	
School Improvement Cluster:						
School Improvement	2014	84.377	3,253		8,464	
Total School Improvement Cluster			3,253		8,464	
LEP/Immigrant, Title III	2015	84.365	5,873		4,137	
21st Century	2015	84.287	81,265		85,177	
21st Century	2014	84.287	4,932		2,127	
Improving Teacher Quality	2015	84.367	182,877		198,413	
Improving Teacher Quality	2014	84.367	23,412		41,240	
Race to the Top - ARRA	2015	84.395	17,588		31,228	
Race to the Top - ARRA	2014	84.395	0		10,698	
Passed Through Great Oaks Institute of Technology & Career Development:						
Career & Technical Education-Basic Grants to States (Perkins)	2015	84.048	9,100		5,031	
Total Department of Education			3,107,188		3,476,091	
Total Federal Assistance			$5,051,834	$163,290	$5,420,737	$163,290

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- CHILD NUTRITION CLUSTER

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

NOTE C -- FOOD DONATION PROGRAM

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

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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*

Mt. Healthy City School District
Hamilton County
7615 Harrison Avenue
Mt. Healthy, OH 45231

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 Mt. Healthy City School District, Hamilton County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2016, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 22, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Mt. Healthy District School District
Hamilton County
7615 Harrison Avenue
Mt. Healthy, OH 45231

To the Board of Education:

Report on Compliance for The Major Federal Program

We have audited the Mt. Healthy District School District (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on The Major Federal Program

In our opinion, 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, 2015.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 22, 2016

MT. HEALTHY CITY SCHOOL DISTRICT
HAMILTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses 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 § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster CFDA # 10.553, 10.555, 10.559
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

FINDING NUMBER 2015-001

Material Weakness

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

We identified the following conditions related to the District's capital asset records:

FINDING NUMBER 2015-001
(Continued)

- The District's financial statements did not agree to the capital assets records because land and building values totaling $2,009,151 and $20,596,254 respectively, were not included in the District's asset system; however, these amounts were accurately reported in the financial statements. The District corrected their records for these amounts.

- The District included one asset for land totaling $1,624,962 in asset deletions but the land was in service and owned by the District. This adjustment was posted to the financial statements and underlying accounting records.

- The District did not update capital asset records in a timely manner. Certain vehicles were sold, but had not been removed from the capital asset records. Two items that were approved to be deleted had not been recorded in the capital asset system when acquired. Buildings that were torn down in 2008 were not deleted from the asset system until the 2015 fiscal year. Documentation of approvals for deletions was not provided for audit.

- The District's useful lives per the policy range from 5 years to 30 years. Three assets had lives assigned at 50 years.

Lack of internal controls over capital assets, accounting and financial reporting increases the risk that errors, theft or fraud could occur and not be detected in a timely manner. We recommend that the District exercise due care when posting entries to the accounting records and preparing financial statements. We also recommend that the District reconcile the capital asset amounts reported in the financial statements to make sure that all additions or deletions are also properly reflected in the capital asset accounting records. The District should ensure that all changes to assets are properly approved by a supervisor and the Board. We also recommend that the District develop and implement controls over the monitoring, recording, deletion, and updating of the capital asset accounting records.

Officials' Response:

The District plans to undergo an appraisal for the capital assets in order to accurately track capital assets for financial statement reporting purposes and to develop and implement better controls over the monitoring, recording, deletion and updating of the capital asset accounting records.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

MT. HEALTHY CITY SCHOOL DISTRICT

HAMILTON 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
APRIL 12, 2016