



Dave Yost • Auditor of State



**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

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CLERMONT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2014, 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 Goshen Local School District, Clermont County, Ohio, as of June 30, 2014, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 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, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, 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**  
Auditor of State

Columbus, Ohio

December 8, 2014

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**GOSHEN LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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As management of the Goshen Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the governmental financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

**Financial Highlights**

The assets of the Goshen Local School District exceeded its liabilities at June 30, 2014 by \$27,011,070. Of this amount, \$2,303,962 may be used to meet the School District's ongoing financial obligations. The remaining amount represents net investment in capital assets and net position amounts restricted for specific purposes.

The School District's net position decreased \$821,783 during this fiscal year's operations.

General revenues accounted for \$22,587,962 of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$6,761,040 of total revenues of \$29,349,002.

The School District had \$30,170,785 in expenses related to governmental activities; only \$6,761,040 of these expenses were offset by program specific charges for services and sales and grants and contributions.

**Using the Basic Financial Statements**

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

The statement of net position and the statement of activities provide information about the activities of the School District as a whole, and present a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Goshen Local School District are the General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
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**Reporting the School District as a Whole**

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2014?” The statement of net position and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses, regardless of when cash is received or paid.

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

**Reporting the School District’s Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds** - Most of the School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for fiscal years 2014 and 2013:

(Table 1)  
Net Position

	Governmental Activities		Change
	2014	2013	
<b>Assets</b>			
Current and Other Assets	\$14,119,890	\$13,536,176	\$583,714
Capital Assets, Net	29,719,415	31,239,204	(1,519,789)
<b>Total Assets</b>	<u>43,839,305</u>	<u>44,775,380</u>	<u>(936,075)</u>
<b>Deferred Outflows of Resources</b>	<u>205,858</u>	<u>230,003</u>	<u>(24,145)</u>
<b>Liabilities</b>			
Other Liabilities	3,054,317	3,051,496	2,821
Long-Term Liabilities	9,966,539	10,291,988	(325,449)
<b>Total Liabilities</b>	<u>13,020,856</u>	<u>13,343,484</u>	<u>(322,628)</u>
<b>Deferred Inflows of Resources</b>	<u>4,013,237</u>	<u>3,829,046</u>	<u>184,191</u>
<b>Net Position</b>			
Net Investment in Capital Assets	22,197,133	23,435,147	(1,238,014)
Restricted	2,509,975	3,028,143	(518,168)
Unrestricted	2,303,962	1,369,563	934,399
<b>Total Net Position</b>	<u>\$27,011,070</u>	<u>\$27,832,853</u>	<u>(\$821,783)</u>

Total net position decreased \$821,783. Unrestricted net position increased due to an increase in intergovernmental revenues resulting from an increase in State foundation compared to the prior fiscal year. Net investment in capital assets decreased as a result of current year depreciation exceeding current year additions.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2014 and 2013. These two main components are subtracted to yield the change in net position. This table uses the full accrual basis of accounting.

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

(Table 2) Change in  
Net Position

	Governmental Activities		Change
	2014	2013	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$2,549,458	\$2,584,252	(\$34,794)
Operating Grants and Contributions	4,211,582	3,890,602	320,980
Total Program Revenues	<u>6,761,040</u>	<u>6,474,854</u>	<u>286,186</u>
General Revenues:			
Property Taxes	6,047,076	6,367,221	(320,145)
Income Tax	3,279,141	2,991,520	287,621
Grants and Entitlements not			
Restricted to Specific Programs	12,587,804	11,803,347	784,457
Contributions not Restricted to			
Specific Programs	8,829	4,242	4,587
Interest	14,911	4,623	10,288
Revenue in Lieu of Taxes	87,242	88,723	(1,481)
Miscellaneous	562,959	382,389	180,570
Total General Revenues	<u>22,587,962</u>	<u>21,642,065</u>	<u>945,897</u>
Total Revenues	<u>\$29,349,002</u>	<u>\$28,116,919</u>	<u>\$1,232,083</u>

(continued)

**GOSHEN LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

	Governmental Activities		Change
	2014	2013	
<b>Program Expenses</b>			
Instruction:			
Regular	\$11,193,048	\$11,080,317	\$112,731
Special	5,140,005	4,291,800	848,205
Vocational	320,729	396,789	(76,060)
Support Services:			
Pupils	2,164,137	2,302,442	(138,305)
Instructional Staff	962,963	1,419,538	(456,575)
Board of Education	28,993	24,611	4,382
Administration	1,834,587	1,788,354	46,233
Fiscal	598,290	533,316	64,974
Business	274,603	150,760	123,843
Operation and Maintenance of Plant	2,655,091	1,903,350	751,741
Pupil Transportation	2,731,660	2,592,824	138,836
Operation of Non-Instructional Services:			
Food Service Operations	1,284,322	1,310,988	(26,666)
Other	23,730	19,845	3,885
Extracurricular Activities	612,438	598,089	14,349
Interest and Fiscal Charges	346,189	620,350	(274,161)
Total Expenses	<u>30,170,785</u>	<u>29,033,373</u>	<u>1,137,412</u>
Change in Net Position	<u>(821,783)</u>	<u>(916,454)</u>	<u>94,671</u>
Net Position at Beginning of Year	<u>27,832,853</u>	<u>28,749,307</u>	<u>(916,454)</u>
Net Position at End of Year	<u>\$27,011,070</u>	<u>\$27,832,853</u>	<u>(\$821,783)</u>

Grants and entitlements not restricted to specific programs and property taxes made up the largest portion of revenues for governmental activities of the Goshen Local School District for fiscal year 2014. Grants and entitlements not restricted to specific programs revenue increased in the amount of \$784,457 as a result of an increase in State foundation.

For the fiscal year 2014, the School District's expenses increased overall due to an increase in salaries and insurance premiums. Operation and maintenance of plant expenses increased \$751,741 due demolition of a building and the resurfacing of sections of parking lots and roads.

The statement of activities shows the cost of program services and the charges for services and sales and grants and contributions offsetting those services.

**The School District's Funds**

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$29,506,755 and expenditures of \$29,245,864. The net change in fund balance for the fiscal year in the General Fund was an increase of \$1,033,253. This was primarily due to an increase in State foundation received by the School District as compared to the prior fiscal year.

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Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
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The Bond Retirement Fund saw an increase of \$35,095. This is the result of the School District collecting more property tax revenues than what was required to meet its annual debt obligations.

The Permanent Improvement Fund decreased expenditures \$556,232. This was primarily due to the School District demolishing a building and other non-capitalized maintenance expenditures.

**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2014, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$44,874 above the final budgeted amount in the General Fund.

For the General Fund, original budget basis revenues were \$24,480,168 with final budget estimates of \$25,113,877. The difference was due mainly to underestimating income tax and intergovernmental revenues. Actual budget basis revenue was \$12,587 above final budget estimates.

Original budget basis expenditures were \$23,759,491, while final budgeted expenditures were \$24,591,174. The variance was due mainly to underestimating salaries and benefits for regular instruction expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

The Goshen Local School District's investment in capital assets as of June 30, 2014 was \$29,719,415. This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles, and books and educational media. Net capital assets decreased \$1,519,789 from the prior fiscal year. This is due to depreciation expense exceeding additions for the current fiscal year.

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

***Debt***

At June 30, 2014, the School District had \$8,247,215 in bonds, certificates of participation and notes outstanding, with \$605,000 due within one year. The School District's long-term obligations also include compensated absences and a capital lease.

The School District's overall legal debt margin was \$20,576,612, with an unvoted debt margin of \$242,770 at June 30, 2014.

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

***GOSHEN LOCAL SCHOOL DISTRICT***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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**Contacting the School District's Financial Management**

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

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**GOSHEN LOCAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2014

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$5,610,285
Cash and Cash Equivalents with Fiscal Agent	465,375
Inventory Held for Resale	2,826
Materials and Supplies Inventory	2,138
Accrued Interest Receivable	5,738
Intergovernmental Receivable	77,701
Property Taxes Receivable	6,555,845
Income Tax Receivable	1,311,104
Revenue in Lieu of Taxes Receivable	88,878
Capital Assets:	
Land	855,205
Depreciable Capital Assets, Net	28,864,210
<i>Total Assets</i>	<u>43,839,305</u>
<b><u>Deferred Outflows of Resources:</u></b>	
Deferred Charge on Refunding	205,858
<b><u>Liabilities:</u></b>	
Accounts Payable	498,393
Accrued Wages and Benefits Payable	1,908,039
Intergovernmental Payable	556,246
Accrued Interest Payable	22,836
Termination Benefits Payable	38,989
Contracts Payable	4,314
Notes Payable	25,500
Long-Term Liabilities:	
Due Within One Year	722,437
Due in More Than One Year	9,244,102
<i>Total Liabilities</i>	<u>13,020,856</u>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	3,924,359
Revenue in Lieu of Taxes	88,878
<i>Total Deferred Inflows of Resources</i>	<u>4,013,237</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	22,197,133
Restricted for Debt Service	1,645,389
Restricted for Capital Outlay	584,837
Restricted for Other Purposes	277,617
Restricted for Set-Asides	2,132
Unrestricted	2,303,962
<i>Total Net Position</i>	<u>\$27,011,070</u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$11,193,048	\$964,253	\$24,573	(\$10,204,222)
Special	5,140,005	380,788	2,993,021	(1,766,196)
Vocational	320,729	0	6,039	(314,690)
Support Services:				
Pupils	2,164,137	171,805	7,634	(1,984,698)
Instructional Staff	962,963	5,798	146,480	(810,685)
Board of Education	28,993	0	0	(28,993)
Administration	1,834,587	152,903	122,885	(1,558,799)
Fiscal	598,290	0	0	(598,290)
Business	274,603	0	0	(274,603)
Operation and Maintenance of Plant	2,655,091	140,501	0	(2,514,590)
Pupil Transportation	2,731,660	255,586	69,272	(2,406,802)
Operation of Non-Instructional Services:				
Food Service Operations	1,284,322	322,550	812,840	(148,932)
Other	23,730	0	28,838	5,108
Extracurricular Activities	612,438	155,274	0	(457,164)
Interest and Fiscal Charges	346,189	0	0	(346,189)
<i>Total Governmental Activities</i>	<u>\$30,170,785</u>	<u>\$2,549,458</u>	<u>\$4,211,582</u>	<u>(23,409,745)</u>
<b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
General Purposes				4,573,642
Debt Service				420,018
Capital Improvement				966,061
Classroom Facilities Maintenance				87,355
Income Tax				3,279,141
Grants and Entitlements not				
Restricted to Specific Programs				12,587,804
Contributions not Restricted to Specific Programs				8,829
Interest				14,911
Revenue in Lieu of Taxes				87,242
Miscellaneous				562,959
<i>Total General Revenues</i>				<u>22,587,962</u>
<i>Change in Net Position</i>				(821,783)
<i>Net Position at Beginning of Year</i>				<u>27,832,853</u>
<i>Net Position at End of Year</i>				<u>\$27,011,070</u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$3,868,898	\$1,019,720	\$349,970	\$369,565	\$5,608,153
Cash and Cash Equivalents with Fiscal Agent	0	465,375	0	0	465,375
Receivables:					
Property Taxes	4,976,666	450,400	1,035,419	93,360	6,555,845
Revenue in Lieu of Taxes	88,878	0	0	0	88,878
Income Tax	1,311,104	0	0	0	1,311,104
Intergovernmental	0	0	0	77,701	77,701
Accrued Interest	5,738	0	0	0	5,738
Interfund	64,536	0	0	0	64,536
Inventory Held for Resale	0	0	0	2,826	2,826
Materials and Supplies Inventory	0	0	0	2,138	2,138
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	2,132	0	0	0	2,132
<b>Total Assets</b>	<b>\$10,317,952</b>	<b>\$1,935,495</b>	<b>\$1,385,389</b>	<b>\$545,590</b>	<b>\$14,184,426</b>
<b><u>Liabilities:</u></b>					
Accounts Payable	\$323,541	\$0	\$152,148	\$22,704	\$498,393
Accrued Wages and Benefits Payable	1,765,591	0	6,270	136,178	1,908,039
Contracts Payable	4,314	0	0	0	4,314
Intergovernmental Payable	525,638	0	794	29,814	556,246
Accrued Interest Payable	0	0	500	0	500
Notes Payable	0	0	25,500	0	25,500
Termination Benefits Payable	38,989	0	0	0	38,989
Interfund Payable	0	0	0	64,536	64,536
<b>Total Liabilities</b>	<b>2,658,073</b>	<b>0</b>	<b>185,212</b>	<b>253,232</b>	<b>3,096,517</b>
<b><u>Deferred Inflows of Resources:</u></b>					
Property Taxes	2,985,919	267,770	615,340	55,330	3,924,359
Revenue in Lieu of Taxes	88,878	0	0	0	88,878
Unavailable Revenues	363,534	15,400	35,419	3,360	417,713
<b>Total Deferred Inflows of Resources</b>	<b>3,438,331</b>	<b>283,170</b>	<b>650,759</b>	<b>58,690</b>	<b>4,430,950</b>
<b><u>Fund Balances:</u></b>					
Nonspendable	0	0	0	2,138	2,138
Restricted	2,132	1,652,325	549,418	292,932	2,496,807
Committed	11,000	0	0	0	11,000
Assigned	187,396	0	0	0	187,396
Unassigned (Deficit)	4,021,020	0	0	(61,402)	3,959,618
<b>Total Fund Balances</b>	<b>4,221,548</b>	<b>1,652,325</b>	<b>549,418</b>	<b>233,668</b>	<b>6,656,959</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$10,317,952</b>	<b>\$1,935,495</b>	<b>\$1,385,389</b>	<b>\$545,590</b>	<b>\$14,184,426</b>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT** Reconciliation  
of Total Governmental Fund Balances to Net Position of  
Governmental Activities  
June 30, 2014

**Total Governmental Fund Balances** \$6,656,959

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	855,205	
Other capital assets	55,264,896	
Accumulated depreciation	(26,400,686)	
Total capital assets	29,719,415	29,719,415

Other long-term assets are not available to pay current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent property taxes	222,036	
Income taxes	190,352	
Interest	5,325	
	417,713	417,713

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds. 205,858

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (22,336)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General obligation bonds payable	(930,000)	
Refunding bonds payable	(1,995,000)	
Accretion on capital appreciation bonds	(600,001)	
Refunding certificates of participation	(4,370,000)	
Premiums on debt issues	(152,214)	
General obligation notes payable	(200,000)	
Capital leases	(80,926)	
Compensated absences	(1,638,398)	
Total liabilities	(9,966,539)	(9,966,539)

**Net Position of Governmental Activities** \$27,011,070

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$4,639,126	\$426,025	\$979,879	\$88,467	\$6,133,497
Income Tax	3,277,488	0	0	0	3,277,488
Intergovernmental	14,492,347	67,513	166,015	2,146,438	16,872,313
Interest	14,969	0	0	0	14,969
Tuition and Fees	1,876,880	0	0	0	1,876,880
Extracurricular Activities	142,029	0	0	161,072	303,101
Rent	15,960	0	0	0	15,960
Customer Sales and Services	30,967	0	0	322,550	353,517
Contributions and Donations	8,829	0	0	0	8,829
Revenue in Lieu of Taxes	87,242	0	0	0	87,242
Miscellaneous	502,039	0	60,920	0	562,959
<i>Total Revenues</i>	<u>25,087,876</u>	<u>493,538</u>	<u>1,206,814</u>	<u>2,718,527</u>	<u>29,506,755</u>
<b><u>Expenditures:</u></b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	10,324,442	0	0	29,259	10,353,701
Special	4,067,081	0	0	921,857	4,988,938
Vocational	300,625	0	0	4,997	305,622
<b>Support Services:</b>					
Pupils	1,834,279	0	70,752	61,848	1,966,879
Instructional Staff	725,045	0	0	182,951	907,996
Board of Education	28,129	0	0	0	28,129
Administration	1,627,654	0	0	110,302	1,737,956
Fiscal	539,867	7,952	18,290	1,639	567,748
Business	11,640	0	262,963	0	274,603
Operation and Maintenance of Plant	1,501,690	0	971,766	94,222	2,567,678
Pupil Transportation	2,729,838	0	0	0	2,729,838
<b>Operation of Non-Instructional Services:</b>					
Food Service Operations	0	0	0	1,145,492	1,145,492
Other	806	0	0	22,509	23,315
Extracurricular Activities	308,721	0	0	153,625	462,346
Capital Outlay	262	0	263,833	0	264,095
<b>Debt Service:</b>					
Principal Retirement	0	310,000	274,669	0	584,669
Interest and Fiscal Charges	0	140,491	196,368	0	336,859
<i>Total Expenditures</i>	<u>24,000,079</u>	<u>458,443</u>	<u>2,058,641</u>	<u>2,728,701</u>	<u>29,245,864</u>
Excess of Revenues Over (Under) Expenditures	<u>1,087,797</u>	<u>35,095</u>	<u>(851,827)</u>	<u>(10,174)</u>	<u>260,891</u>
<b><u>Other Financing Sources (Uses):</u></b>					
Inception of Capital Lease	0	0	95,595	0	95,595
Transfers In	0	0	0	54,544	54,544
Proceeds of General Obligation Notes	0	0	200,000	0	200,000
Transfers Out	(54,544)	0	0	0	(54,544)
<i>Total Other Financing Sources (Uses)</i>	<u>(54,544)</u>	<u>0</u>	<u>295,595</u>	<u>54,544</u>	<u>295,595</u>
<i>Net Change in Fund Balances</i>	1,033,253	35,095	(556,232)	44,370	556,486
<i>Fund Balances at Beginning of Year</i>	<u>3,188,295</u>	<u>1,617,230</u>	<u>1,105,650</u>	<u>189,298</u>	<u>6,100,473</u>
<i>Fund Balances at End of Year</i>	<u>\$4,221,548</u>	<u>\$1,652,325</u>	<u>\$549,418</u>	<u>\$233,668</u>	<u>\$6,656,959</u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2014

**Net Change in Fund Balances - Total Governmental Funds** \$556,486

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset additions	301,012	
Depreciation expense	(1,820,801)	
Excess of depreciation expense over capital outlay		(1,519,789)

Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this year:

Delinquent property taxes	(86,421)	
Income taxes	1,653	
Intergovernmental	(72,927)	
Interest	(58)	
Total		(157,753)

Amortization of bond premiums and the deferred charge on refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the statement of activities.

Increase in accrued interest	(2,031)	
Amortization of deferred charge on refunding	(24,145)	
Amortization of premiums	16,846	
Total		(9,330)

The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net position, the debt is reported as a liability.

Proceeds of general obligation notes	(200,000)	
Inception of capital lease	(95,595)	
Total		(295,595)

Repayment of long-term debt and payments to refunded bond escrow agents are reported as an expenditure to governmental funds, but the repayment reduced long-term liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

Bond payments	310,000	
Certificates of participation payments	260,000	
Capital lease payments	14,669	
Total		584,669

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences payable	19,529
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**Change in Net Position of Governmental Activities** (\$821,783)

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2014

	Budget Amounts			Variance With Final Budget Over/Under
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$4,729,219	\$4,710,303	\$4,708,026	(\$2,277)
Income Tax	2,914,666	3,253,287	3,253,650	363
Intergovernmental	14,280,516	14,490,612	14,492,347	1,735
Interest	9,892	2,964	8,495	5,531
Tuition and Fees	2,083,852	1,869,968	1,876,880	6,912
Extracurricular Activities	150,847	142,013	142,029	16
Rent	19,784	15,958	15,960	2
Customer Sales and Services	11,870	30,966	30,967	1
Contributions and Donations	3,364	8,828	8,829	1
Revenue in Lieu of Taxes	85,000	87,242	87,242	0
Miscellaneous	191,158	501,736	502,039	303
<i>Total Revenues</i>	<u>24,480,168</u>	<u>25,113,877</u>	<u>25,126,464</u>	<u>12,587</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	9,324,767	10,343,585	10,343,585	0
Special	4,435,989	4,226,351	4,198,704	27,647
Vocational	322,205	311,043	311,043	0
Support Services:				
Pupils	1,786,298	1,882,551	1,882,551	0
Instructional Staff	1,301,492	814,048	814,048	0
Board of Education	24,475	29,280	29,164	116
Administration	1,517,192	1,625,272	1,625,272	0
Fiscal	246,375	528,286	528,286	0
Business	15,816	11,640	11,640	0
Operation and Maintenance of Plant	1,329,148	1,568,514	1,564,486	4,028
Pupil Transportation	3,015,290	2,933,384	2,933,284	100
Operation of Non-Instructional Services	0	806	806	0
Extracurricular Activities	440,444	316,152	315,756	396
Capital Outlay	<u>0</u>	<u>262</u>	<u>262</u>	<u>0</u>
<i>Total Expenditures</i>	<u>23,759,491</u>	<u>24,591,174</u>	<u>24,558,887</u>	<u>32,287</u>
Excess of Revenues Over Expenditures	720,677	522,703	567,577	44,874
<b><u>Other Financing Uses:</u></b>				
Transfers Out	<u>(175,005)</u>	<u>(54,544)</u>	<u>(54,544)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	545,672	468,159	513,033	44,874
<i>Fund Balance at Beginning of Year</i>	2,365,192	2,365,192	2,365,192	0
<i>Prior Year Encumbrances Appropriated</i>	<u>534,489</u>	<u>534,489</u>	<u>534,489</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$3,445,353</u>	<u>\$3,367,840</u>	<u>\$3,412,714</u>	<u>\$44,874</u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$166,605	<u>\$52,528</u>
<b><u>Liabilities:</u></b>		
Undistributed Monies	<u>0</u>	<u>\$52,528</u>
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	<u>\$166,605</u>	

See accompanying notes to the basic financial statements



**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
	Scholarship
<b><u>Additions:</u></b>	
Gifts and Contributions	\$10,213
Interest	345
	10,558
Total Additions	10,558
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreement	30,526
	(19,968)
<i>Change in Net Position</i>	<i>(19,968)</i>
<i>Net Position at Beginning of Year</i>	<i>186,573</i>
<i>Net Position at End of Year</i>	<i>\$166,605</i>

See accompanying notes to the basic financial statements

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## **GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

### **Note 1 - Description of the School District and Reporting Entity**

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

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

#### **Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Goshen Local School District, this includes general operations, food service, and student-related activities of the School District.

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

The following activities are included within the reporting entity:

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

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are presented in Note 18 to the basic financial statements. These organizations are:

#### Jointly Governed Organizations:

Hamilton Clermont Cooperative Association/Unified Purchasing Association  
Hamilton/Clermont Cooperative Association  
Great Oaks Institute of Technology and Career Development

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 1 - Description of the School District and Reporting Entity (Continued)**

Insurance Purchasing Pools:

Clermont County Insurance Consortium

Ohio School Boards Association Workers' Compensation Group Rating Plan

**Note 2 - Summary of Significant Accounting Policies**

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

**Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting**

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

Governmental Funds

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

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for and report the accumulation of resources restricted for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

Permanent Improvement Fund - The Permanent Improvement Fund is used to account for and report property taxes and intergovernmental monies restricted for constructing or improving permanent improvements.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds: a private purpose trust fund, used to account for college scholarship programs for students, and an agency fund, used to account for student-managed activity programs.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

The private purpose trust fund is reported using the economic resources measurement focus.

**Basis of Accounting**

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, "available" means expected to be received within 60 days of fiscal year-end.

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, 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. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

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 School District, deferred inflows of resources include property taxes, payments in lieu of taxes, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables that will not be collected within the available period.

For the School District, unavailable revenue includes delinquent property taxes, income taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

**Expenses/Expenditures**

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

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

**Cash and Cash Equivalent**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Monies for future principal and interest payments on certificates of participation are held in separate bank accounts by U.S. Bank. The balance in these accounts is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2014, the School District's investments consisted of U.S. Treasury Notes, First American Treasury Obligation Money Market Mutual Fund, Federal National Mortgage Association Bonds, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Corporation Discount Notes, and Federal National Mortgage Association Notes. Investments are reported at fair value, which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$14,969, which includes \$5,315 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable." Interfund balances are eliminated on the statement of net position.

**Inventory**

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

**Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually 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.



**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash equivalents legally required by State statute to be set aside by the School District for budget stabilization. See Note 19 for additional information regarding set-asides.

**Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, certificates of participation, bond anticipation notes, and capital leases that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

**Fund Balance**

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

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

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

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

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

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, student activities, and federal and State grants.

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

**Internal Activity**

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

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

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Budgetary Process**

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

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

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

**Bond Premiums and Compounded Interest on Capital Appreciation Bonds**

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

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

**Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Estimates**

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

**Note 3 - Accountability**

At June 30, 2014, the Education Management Information Systems, Race To The Top, and Career Education Special Revenue Funds had deficit fund balances in the amounts of \$52,939, \$8,454, and \$61,402, respectively. The deficits in these funds were created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

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

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 4 - Budgetary Basis of Accounting (Continued)**

	Net Change in Fund Balance
GAAP Basis	\$1,033,253
Adjustments:	
Revenue Accruals	46,467
Expenditure Accruals	(35,307)
Encumbrances	(523,501)
Net Decrease in Fair Value of Investments - Fiscal Year 2014	579
Net Decrease in Fair Value of Investments - Fiscal Year 2013	(8,458)
Budget Basis	\$513,033

**Note 5 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 5 - Deposits and Investments (Continued)**

4. Bonds and other obligations of the State of Ohio or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances, if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**Investments**

As of June 30, 2014, the School District had the following investments:

	Fair Value	Investment Maturities (in Years)				Moody's Rating	Percent of Total Investments
		Less Than 1	1-2 Years	2-3 Years	3-5 Years		
U.S. Treasury Notes	\$1,826,498	\$310,360	\$715,749	\$800,389	\$0	Aaa	43.27%
First American Treasury Obligation							
Money Market Mutual Fund	2,159	2,159	0	0	0	Aaa	N/A
Federal National Mortgage							
Association Bonds	600,045	250,308	150,486	150,090	49,161	Aaa	14.22%
Federal Farm Credit Bank Notes	125,125	125,125	0	0	0	Aaa	N/A
Federal Home Loan Bank Notes	876,278	375,613	500,665	0	0	Aaa	20.76%
Federal Home Loan Bank							
Discount Notes	275,821	75,487	0	200,334	0	Aaa	6.53%
Federal Home Loan Mortgage							
Corporation Discount Notes	199,984	199,984	0	0	0	Aaa	N/A
Federal National Mortgage							
Association Notes	315,182	315,182	0	0	0	Aaa	7.47%
Total Investments	<u>\$4,221,092</u>	<u>\$1,654,218</u>	<u>\$1,366,900</u>	<u>\$1,150,813</u>	<u>\$49,161</u>		

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 5 - Deposits and Investments (Continued)**

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Moody's ratings of the School District's investments are listed in the table above. The School District has no investment policy that addresses credit risk.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District does not have a policy for custodial credit risk.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount it may invest in any one issuer.

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013 on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.



**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 6 - Property Taxes (Continued)**

The School District receives property taxes from Clermont and Warren Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2014 are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amount available as an advance at June 30, 2014 was \$2,409,450 and is recognized as revenue: \$1,822,890 in the General Fund, \$167,230 in the Bond Retirement Fund, \$384,660 in the Permanent Improvement Fund, and \$34,670 in the Nonmajor Governmental Funds. The amount available as an advance at June 30, 2013 was \$1,891,790 in the General Fund, \$173,630 in the Bond Retirement Fund, \$399,360 in the Permanent Improvement Fund, and \$36,070 in the Nonmajor Governmental Funds.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Collections		2014 First- Half Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$229,865,350	95.09%	\$229,927,630	94.71%
Public Utility Personal	11,873,440	4.91%	12,842,230	5.29%
Total Assessed Value	\$241,738,790	100.00%	\$242,769,860	100.00%
Tax rate per \$1,000 of assessed valuation	\$28.90		\$28.90	

**Note 7 - Income Tax**

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

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 8 - Receivables**

Receivables at June 30, 2014 consisted of property taxes, revenue in lieu of taxes, income taxes, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivable amounts, except delinquent property taxes, are expected to be collected within one year. Property taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
High Schools that Work	\$2,703
Title I	29,535
Title VI-B	19,302
Early Childhood, IDEA	6,391
Improving Teacher Quality, Title II-A	19,770
Total Intergovernmental Receivables	\$77,701

**Note 9 - Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2014 was as follows:

	Ending Balance 6/30/2013	Additions	Deletions	Ending Balance 6/30/2014
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$855,205	\$0	\$0	\$855,205
Capital Assets Being Depreciated:				
Land Improvements	5,046,867	0	8,570	5,038,297
Buildings and Improvements	47,430,296	168,500	46,062	47,552,734
Furniture and Equipment	1,776,037	132,512	48,453	1,860,096
Vehicles	58,245	0	17,406	40,839
Books and Educational Media	772,930	0	0	772,930
Total Capital Assets Being Depreciated	55,084,375	301,012	120,491	55,264,896
Less Accumulated Depreciation:				
Land Improvements	(2,662,727)	(262,860)	(8,570)	(2,917,017)
Buildings and Improvements	(19,904,806)	(1,477,984)	(46,062)	(21,336,728)
Furniture and Equipment	(1,306,043)	(78,707)	(48,453)	(1,336,297)
Vehicles	(53,870)	(1,250)	(17,406)	(37,714)
Books and Educational Media	(772,930)	0	0	(772,930)
Total Accumulated Depreciation	(24,700,376)	(1,820,801) *	(120,491)	(26,400,686)
Total Capital Assets Being Depreciated, Net	30,383,999	(1,519,789)	0	28,864,210
Governmental Activities Capital Assets, Net	\$31,239,204	(\$1,519,789)	\$0	\$29,719,415

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 9 - Capital Assets (Continued)**

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$864,890
Special	151,067
Vocational	15,107
Support Services:	
Pupils	196,387
Instructional Staff	54,967
Board of Education	864
Administration	91,441
Fiscal	30,213
Operation and Maintenance of Plant	101,829
Pupil Transportation	1,822
Operation of Non-Instruction Services:	
Food Service Operations	139,245
Extracurricular Activities	172,969
Total Depreciation Expense	<u>\$1,820,801</u>

**Note 10 - Risk Management**

**Property and Liability Insurance**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with Ohio Casualty Insurance for property and fleet insurance, inland marine coverage, general liability insurance, and commercial coverage. Insurance coverage provided includes the following:

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 10 - Risk Management (Continued)**

Building and Contents - replacement cost (\$1,000 deductible)	\$68,668,712
Automobile Liability (\$250 deductible comprehensive; \$500 deductible collision)	1,000,000
Uninsured Motorists (\$250 deductible comprehensive; \$500 deductible collision)	1,000,000
General Liability:	
Aggregate Limit	3,000,000
Bodily Injury and Property Damage Limit - Each Occurrence and Sexual Abuse Injury Limit - Each Offense	1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Medical Expense Limit - Per Person/Accident	15,000
Fire Damage Limit - Any One Event	500,000
Products - Completed Operations Limit	2,000,000
Employer's Liability:	
Bodily Injury - Each Accident	1,000,000
Bodily Injury - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	2,000,000
Educational Legal Liability:	
Errors and Omissions Injury Limit (\$2,500 deductible)	1,000,000
Errors and Omissions Aggregate Limit	1,000,000
Employment Practices Injury Limit (\$2,500 deductible)	1,000,000
Employment Practices Injury Aggregate Limit	2,000,000
Umbrella/Excess Liability Limit	2,000,000

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

**Workers' Compensation**

For fiscal year 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement Inc., a Sedgwick CMS Company provides administrative, cost control, and actuarial services to the GRP. Each fiscal year, the School District pays an enrollment fee to the CompManagement to cover the costs of administering the program.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 11 - Defined Benefit Pension Plans**

**School Employees Retirement System**

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 and required supplementary information. That report may be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$215,129, \$261,406, and \$272,962, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

**State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771; by calling (888) 227-7877; or by visiting the STRS Ohio website at [www.strsoh.org](http://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. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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.

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 11 - Defined Benefit Pension Plans (Continued)**

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2014, 2013, and 2012 were \$1,363,122, \$1,282,521, and \$1,329,135, respectively. For fiscal year 2014, 83.55 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2014 were \$25,169 made by the School District and \$19,776 made by the plan members. In addition, the School District and member contributions of \$34,691 and \$27,258, respectively, were made during fiscal year 2014 for the defined contribution portion of the Combined Plan.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2014, three members of the Board of Education have elected Social Security. The contribution rate is 6.20 percent of wages.

**GOSHEN LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 12 - Postemployment Benefits**

**School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan, and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans, as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$54,700 in surcharge.

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.

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$57,072, \$52,208, and \$58,704, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$12,874, \$15,232, and \$16,120, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

**State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio, which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 12 - Postemployment Benefits (Continued)**

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 Ohio. 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 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$104,856, \$98,655, and \$102,241, respectively. For fiscal year 2014, 83.55 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

**Note 13 - Other Employee Benefits**

**Compensated Absences**

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

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

**Employee Benefits**

For fiscal year 2014, the School District participated in the Clermont County Insurance Consortium (the Consortium), a public entity shared risk pool (Note 18), in order to provide dental, medical, and disability benefits to employees, their dependents, and designated beneficiaries and to accumulate funds for such purposes. The Consortium provides insurance policies in whole or in part through one or more group insurance policies.



**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 14 - Leases - Lessee Disclosure**

**Capital Leases**

In fiscal year 2014, the School District entered into capitalized leases for the acquisition of wall mounted sensors. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Furniture and Equipment	\$95,595	\$6,373	\$89,222

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014:

Fiscal Year Ending June 30,	Total Payments
2015	\$21,074
2016	21,075
2017	21,075
2018	21,075
2019	3,511
Total Minimum Lease Payments	87,810
Less: Amount Representing Interest	(6,884)
Present Value of Net Minimum Lease Payments	\$80,926

**Operating Lease**

During fiscal year 2014, the School District leased computer equipment from Apple, Inc. through an operating lease. Operating leases are reported as function expenditures in governmental funds and on the budgetary statements. The lease will be paid on July 15, 2016, from the Permanent Improvement Fund in the amount of \$ 119,029.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 15 - Long-Term Obligations**

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Amount Outstanding 6/30/13	Additions	Deductions	Amount Outstanding 6/30/14	Amounts Due Within One Year
Governmental Activities:					
2000 School Improvement General Obligation Bonds 4.4%-6.25%	\$1,185,000	\$0	\$255,000	\$930,000	\$275,000
2006 Refunding Bonds:					
Serial Bonds 4.00%	1,850,000	0	55,000	1,795,000	55,000
Capital Appreciation Bonds 12.24%	200,000	0	0	200,000	0
Premium on Debt Issue	166,960	0	16,696	150,264	0
Accretion of Capital Appreciation Bonds	600,001	0	0	600,001	0
2007 Refunding Certificates of Participation:					
Certificates of Participation 4.0% - 4.25%	4,630,000	0	260,000	4,370,000	275,000
Premium on Debt Issue	2,100	0	150	1,950	0
2013 School Improvement General Obligation Bond Anticipation Notes - 2.25%	0	200,000	0	200,000	0
Total General Obligation Bonds	8,634,061	200,000	586,846	8,247,215	605,000
Compensated Absences	1,657,927	105,919	125,448	1,638,398	99,195
Capital Leases	0	95,595	14,669	80,926	18,242
Total Governmental Activities Long-Term Obligations	\$10,291,988	\$401,514	\$726,963	\$9,966,539	\$722,437

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

On August 29, 2006, the School District issued \$2,775,000 in voted general obligation bonds for the purpose of advance refunding \$2,775,000 of the Series 2000 School Improvement Bonds. Of these bonds, \$2,575,000 are serial bonds and \$200,000 are capital appreciation bonds. The serial and capital appreciation bonds were issued with an interest rate of 4.0 percent and 12.24 percent, respectively. The maturity amount of the capital appreciation bonds is \$400,000 in fiscal year 2018 and \$400,000 in fiscal year 2019, for a total of \$800,001. The serial bonds were issued for a 17 year period with final maturity in fiscal year 2023. The bonds will be retired from the Bond Retirement Fund.

On July 30, 2007, the School District issued \$5,405,000 in certificates of participation. Of this amount, \$2,785,000 was issued for the purpose of advance refunding \$2,460,000 of the 2002 certificates of participation.

On August 20, 2013, the School District issued \$225,500 in voted general obligation bond anticipation notes at an interest rate of 2.25 percent. The notes were issued for the purpose of demolishing a building on School District property. The notes will mature on August 19, 2014; however, the School District intends to refinance \$200,000 of these notes with new general obligation notes maturing in 2015.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 15 - Long-Term Obligations (Continued)**

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

The School District's overall legal debt margin was \$20,576,612 with an unvoted debt margin of \$242,770 at June 30, 2014.

Principal and interest requirements to retire bonds and certificates of participation outstanding at June 30, 2014, are as follows:

2000 School Improvement Bonds

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	Total
2015	\$275,000	\$49,531	\$324,531
2016	315,000	31,094	346,094
2017	340,000	10,625	350,625
	<u>\$930,000</u>	<u>\$91,250</u>	\$1,021,250

2006 Refunding Bonds

Fiscal Year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Total
2015	\$55,000	\$72,198	\$0	\$0	\$127,198
2016	35,000	70,398	0	0	105,398
2017	30,000	69,098	0	0	99,098
2018	0	68,498	105,000	295,000	468,498
2019	0	68,498	95,000	305,001	468,499
2020-2023	1,675,000	141,191	0	0	1,816,191
	<u>\$1,795,000</u>	<u>\$489,881</u>	<u>\$200,000</u>	<u>\$600,001</u>	<u>\$3,084,882</u>

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 15 - Long-Term Obligations (Continued)**

2007 Certificates of Participation

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$275,000	\$182,275	\$457,275
2016	285,000	171,075	456,075
2017	300,000	159,300	459,300
2018	300,000	147,150	447,150
2019	315,000	134,381	449,381
2020-2024	1,730,000	454,394	2,184,394
2025-2027	1,165,000	80,213	1,245,213
	\$4,370,000	\$1,328,788	\$5,698,787

**NOTE 16 - Short-Term Obligation**

A summary of the short-term notes transactions for the year ended June 30, 2014 follows:

<u>Types/Issues</u>	Balance 6/30/13	Issued	Retired	Balance 6/30/14
2013 School Improvement General Obligation Bond Anticipation Notes - 2.25%	\$0	\$25,500	\$0	\$25,500

On August 20, 2013, the School District issued \$225,500 in general obligation bond anticipation notes at an interest rate of 2.25 percent. The notes were issued for the purpose of demolishing a building on School District property. The notes will mature on August 19, 2014; however, the School District intends to refinance \$200,000 of these notes with new general obligation notes maturing in 2015. Therefore, \$25,500 in general obligation bonds is considered a short-term obligation.

**Note 17 - Interfund Activity**

Transfers made during the fiscal year ended June 30, 2014 were as follows:

Transfer From	Transfer To
General	Nonmajor Governmental Funds
	\$54,544

Transfers were made from the General Fund to the Nonmajor Governmental Funds to support programs and projects accounted for in those funds.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 17 - Interfund Activity (Continued)**

As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Payable	Receivable
		General
	Nonmajor Governmental Funds	\$64,536

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. The General Fund will be reimbursed when funds become available in the Nonmajor Governmental Funds. All amounts are expected to be repaid in one year.

**Note 18 - Jointly Governed Organizations and Insurance Purchasing Pools**

**Jointly Governed Organizations**

*Hamilton Clermont Cooperative Association/Unified Purchasing Association*

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

*Hamilton/Clermont Cooperative Association*

The Goshen Local School District is a participant in a two county Council of Governments that operates the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid \$64,724 for services provided during the fiscal year. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Complete financial statements for H/CCA can be obtained from Dave Horine, Director, at the administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 18 - Jointly Governed Organizations and Insurance Purchasing Pools (Continued)**

*Great Oaks Institute of Technology and Career Development*

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

**Insurance Purchasing Pools**

*Clermont County Insurance Consortium*

The Clermont County Insurance Consortium, an insurance purchasing pool, currently operates to provide medical and dental coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Eight Clermont County school districts (Batavia, Bethel-Tate, Clermont Northeastern, Felicity-Franklin, Goshen, New Richmond, U.S. Grant, and Williamsburg) along with the Clermont County Educational Service Center have entered into an agreement to form the Clermont County Insurance Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Clermont County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The School District pays premiums based on the consortium estimates of future claims. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Consortium retains stop-loss coverage, with a limit of \$300,000 per claim and a maximum lifetime limit of \$2,000,000. Medical and dental coverage is administered through third party administrators: Anthem and Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with administering the Consortium. To obtain financial information write to the Clermont County Insurance Consortium at 2400 Clermont Center Drive, Suite 100, Batavia, Ohio 45103.

*Ohio School Boards Association Workers' Compensation Group Rating Plan*

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

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 19 - Set-Aside Calculations**

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

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

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

	Capital Acquisitions	Budget Stabilization
Set-aside Balance as of June 30, 2013	\$0	\$2,132
Current Fiscal Year Set-aside Requirement	455,275	0
Qualifying Disbursements	0	0
Current Fiscal Year Offsets	(455,275)	0
Totals	\$0	\$2,132
Set-aside Balance as of June 30, 2014	\$0	\$2,132

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

**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 20 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b><i>Nonspendable</i></b>					
Inventory	\$0	\$0	\$0	\$2,138	\$2,138
<b><i>Restricted for</i></b>					
Debt Payment	0	1,652,325	0	0	1,652,325
Food Service Operations	0	0	0	78,523	78,523
Miscellaneous Grants	0	0	0	74,174	74,174
District Managed Activity	0	0	0	40,609	40,609
Capital Improvements	0	0	549,418	99,626	649,044
Budget Stabilization	2,132	0	0	0	2,132
<b><i>Total Restricted</i></b>	<b>2,132</b>	<b>1,652,325</b>	<b>549,418</b>	<b>292,932</b>	<b>2,496,807</b>
<b><i>Committed to</i></b>					
Underground Storage	11,000	0	0	0	11,000
<b><i>Assigned to</i></b>					
Purchases on Order	187,396	0	0	0	187,396
<b><i>Unassigned (Deficit)</i></b>	<b>4,021,020</b>	<b>0</b>	<b>0</b>	<b>(61,402)</b>	<b>3,959,618</b>
<b><i>Total Fund Balances</i></b>	<b><u>\$4,221,548</u></b>	<b><u>\$1,652,325</u></b>	<b><u>\$549,418</u></b>	<b><u>\$233,668</u></b>	<b><u>\$6,656,959</u></b>

**Note 21 – Significant Commitments**

**Encumbrances**

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

General fund	\$523,501
Permanent Improvement	174,967
Nonmajor Governmental Funds	50,147
<b>Total</b>	<b><u>\$748,615</u></b>



**GOSHEN LOCAL SCHOOL DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014  
(Continued)

**Note 22 - Contingencies**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

**Litigation**

The School District is not a party to legal proceedings.

**Note 23 - Subsequent Event**

On August 19, 2014, the School District issued \$200,000 in general obligation bond anticipation notes with an interest rate of 4 percent. The notes will mature on August 18, 2015.

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**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<i>Passed through Ohio Department of Education:</i>					
Non-Cash Assistance:					
National School Lunch Program	10.555	-----	\$ 82,232	-----	\$ 82,232
Cash Assistance:					
National School Breakfast Program	10.553	164,574	-----	164,574	-----
National School Lunch	10.555	568,837	-----	568,837	-----
<b>Total U.S. Department of Agriculture</b>		<b>733,411</b>	<b>82,232</b>	<b>733,411</b>	<b>82,232</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>					
<i>Passed through Ohio Department of Education:</i>					
Education Consolidation and Improvement Act					
Title 1 - FY 13	84.010	53,031	-----	88,684	-----
Title 1 - FY 14		497,926	-----	451,019	-----
Title 1, Neglected - FY14		24,520	-----	21,720	-----
<i>Total Title I</i>		575,477	-	561,423	-
Special Education Cluster:					
Special Education Grants to States					
IDEA Part B - FY13	84.027	30,671	-----	41,167	-----
IDEA Part B - FY14		538,614	-----	483,614	-----
IDEA Part B - Caseload FY13		3,936	-----	-	-----
Educational Handicapped Preschool			-----	-	-----
Preschool Subsidy - FY 14	84.173	822	-----	-	-----
<i>Total Special Education Cluster</i>		574,043	-	524,781	-
<i>Additional Programs:</i>					
Title II-A Improving Teacher Quality - FY13	84.367	14,338	-----	16,701	-----
Title II-A Improving Teacher Quality - FY14		73,853	-----	77,230	-----
ARRA - Race to the Top (RTTT) - FY13	84.395	22,431	-----	4,594	-----
ARRA - Race to the Top (RTTT) - FY14		72,931	-----	72,931	-----
ARRA - Race to the Top (RTTT) - Mini Grant - FY13		7,905	-----	-	-----
ARRA - Race to the Top (RTTT) - Mini Grant - FY14		-	-----	8,425	-----
ARRA - Race to the Top (RTTT) - Resident Educator FY13		-	-----	546	-----
ARRA - Race to the Top (RTTT) - Resident Educator FY14		3,150	-----	3,150	-----
<i>Total Additional Programs</i>		194,608	-	183,577	-
<i>Passed through Great Oaks Institute of Technology and Career Development</i>					
Career Education - FY14	84.048	5,000	-----	5,000	-----
<i>Total Additional Programs:</i>		5,000	-	5,000	-
<b>Total Department of Education</b>		<b>1,349,128</b>	<b>-</b>	<b>1,274,781</b>	<b>-</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<b>\$ 2,082,539</b>	<b>\$ 82,232</b>	<b>\$ 2,008,192</b>	<b>\$ 82,232</b>

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

**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports Goshen Local School District's (the District's) federal award programs' receipts and disbursements. 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 entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

**NOTE D - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Local School District, Clermont County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2014.

### ***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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2014-001.

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***Entity'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**  
Auditor of State

Columbus, Ohio

December 8, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited Goshen Local School District's (the 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 each of the Goshen Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

### ***Opinion on Each Major Federal Program***

In our opinion, Goshen Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects each of its major federal programs for the year ended June 30, 2014.

***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**  
Auditor of State

Columbus, Ohio

December 8, 2014



**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster – CFDA 10.553 and 10.555 Special Education Cluster IDEA Part B – CFDA 84.027, Educational Handicapped Preschool Subsidy CFDA 84.367
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING 2014-001**

**Finding For Recovery Repaid under Audit**

The Goshen Local School District Employee Master Contract allows District employees to receive fifteen days of sick leave per year. During July 2013, the District posted to employees' leave balances in error an additional 2.5 sick days. When notified of the error, the District made corrections to employee balances on July 23, 2014; however, three employees received severance payouts during 2014 that included the extra 2.5 days. This resulted in an overpayment for sick leave totaling \$777 for the three retired employees.

The Goshen Local School District Treasurer repaid \$777 to Goshen Local School District while under audit.

**Officials' Response:**

This is in response to the audit report for the Goshen Local School District for the period of July 1, 2013 through June 30, 2014. In the 2014 Ohio Compliance Supplement (OCS), it states that citizens and public officials want and need to know whether governments are handling their funds properly and complying with laws and regulations. Public officials entrusted with public resources are responsible for complying with those laws and regulations. We take that very seriously at the Goshen Local School District. The following are reasons why the Finding 2014-001 in the District's report is inaccurate, and should have been placed in the management letter:

- The OCS includes a section on page 15 that defines an audit finding as a conclusion of fact an auditor finds as part of the audit process. Findings of legal noncompliance in Ohio fall into three categories:
  - (1) Noncompliance Citations
  - (2) Findings for Adjustment
  - (3) Findings for Recovery

Based on the above, the report indicated a finding 2014-001 was for a Finding for Recovery.

- Findings for Recovery- On page 23 of the OCS it states under ORC Sections 9.24(H)(3) and 117.28, a finding for recovery may exist when:
  - A. Public money has been illegally expended
  - B. Public money that has been collected has not been accounted for
  - C. Public money that is due has not been collected
  - D. Public property has been converted or misappropriated

**FINDING 2014-001  
(Continued)**

Based on the above items, which criteria caused the comment to be placed in the report? The payments made in error are all related to paying three employees for their unused sick leave at their retirement. The dates were July 30, 2013, February 13, 2014, and June 30, 2014. The payments for unused sick leave are not illegal expenditures. Since this is within the legal authority of the district, and is it for a proper public purpose, it should not have been a finding for recovery under any of the four stated items.

- Pursuant to ORC section 9.39, public officials are liable of all public money received or collected by them or by their subordinates under the color of office. This is why I repaid the three amounts. There was an error in the calculation, and was corrected immediately upon being notified by your office. Issuing a finding in the report for an error that resulted in an immaterial citation, is an inaccurate reporting to the public. However, your attorney on this audit, Mr. Jamie Harding, decided to place it in the report. It was my hope that your office would have placed it properly in the management letter. This would allow the citizens to know their dollars are being properly spent to provide the best education for the students in the Goshen Local School District.

**Auditor of State Conclusion:**

The officials' response presents ". . . reasons why the Finding 2014-001 in the District's report is inaccurate, and should have been placed in the management letter"; however, the facts presented in the finding are accurate. This conclusion will address the reason for including this finding for recovery repaid under audit in the report in the order of the issues raised by District Officials in their response:

- *Finding for Recovery*: The full context of the 2014 Implementation Guide for Legal Compliance Auditing in Ohio pages 23 and 24 referenced by District Officials in their conclusion is: "A finding for recovery for an illegal expenditure may be made only where the auditor (after consultation and advice from the Legal Division) has concluded that the public office does not possess the legal authority for the for the expenditure in question. This generally may occur where the government either has no statutory authority (or the government exceeded the authority statute provides) for the expenditure or there is no proper public purpose for the expenditure."

While the District has the authority to pay employees for unused sick leave, it does not have the authority to pay employees for sick leave the employees did not earn. Such payments exceed the authority the statute provided. The District also appears to have concluded that they did not possess the legal authority to pay employees for sick leave they did not earn because the District corrected the sick leave balances of the remaining employees who had not yet retired.

- *Issuing a Finding for an immaterial error*: Oho Revised Code section 117.28 requires the Auditor of State to ". . . notify the attorney general in writing of every audit report which sets forth that any public money has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated and of the date that the report was filed." The Finding for Recovery is placed in the audit report to meet the requirement to report to the Attorney General. Also, the 2014 Implementation Guide for Legal Compliance Auditing in Ohio page 34 provides that the ". . . Auditor of State does not generally issue Findings for Recovery where the amount in question aggregates \$500 or less. However, auditors should consult on all potential findings for recovery, regardless of the amount, with the legal department and the Center for Audit Excellence (prior to pursuing) because in some cases, findings for recovery will be issued for amounts less than \$500."

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None**