

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY
Single Audit
For the Fiscal Year Ended June 30, 2015**

www.perrycpas.com

...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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

We have reviewed the Independent Auditor's Report of the Goshen Local School District, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 7, 2016

This page intentionally left blank.

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet-Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) - General Fund.....	18
Statement of Fiduciary Net Position.....	19
Statement of Changes in Fiduciary Net Position	20
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio	56
Schedule of the School District’s Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio.....	57
Schedule of School District Contributions – School Employees Retirement System of Ohio	58
Schedule of School District Contributions – State Teachers Retirement System of Ohio.....	60
Notes to the Required Supplementary Information.....	62
Federal Awards Receipts and Expenditures Schedule	63

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Notes to the Federal Awards Receipts and Expenditures Schedule	64
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	65
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	67
Schedule of Audit Findings - OMB Circular A-133 § .505	69
Schedule of Prior Audit Findings	70



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

January 15, 2016

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Goshen Local School District**, Clermont County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



... "bringing more to the table"

Tax—Accounting—Audit—Review—Compilation—Agreed Upon Procedure—Consultation—Bookkeeping—Payroll
Litigation Support—Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



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, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Federal Awards Receipts and Expenditures Schedule 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 not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

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

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the governmental financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

Financial Highlights

- The School District's net position increased \$1,567,666 during this fiscal year's operations.
- General revenues accounted for \$24,351,010 of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$6,971,701 of total revenues of \$31,322,711.
- The School District had \$29,755,045 in expenses related to governmental activities; only \$6,971,701 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.

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 2015?" 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.

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for fiscal years 2015 and 2014:

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

(Table 1)
Net Position

	Governmental Activities		Change
	2015	2014 (Restated)	
Assets			
Current and Other Assets	\$16,115,022	\$14,119,890	\$1,995,132
Capital Assets, Net	28,489,795	29,719,415	(1,229,620)
Total Assets	<u>44,604,817</u>	<u>43,839,305</u>	<u>765,512</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	181,713	205,858	(24,145)
Pension	2,289,042	1,836,677	452,365
Total Deferred Outflows of Resources	<u>2,470,755</u>	<u>2,042,535</u>	<u>428,220</u>
Liabilities			
Other Liabilities	3,558,140	3,054,317	503,823
Long-Term Liabilities:			
Due Within One Year	753,678	722,437	31,241
Due In More Than One Year			
Net Pension Liability	30,836,208	36,633,516	(5,797,308)
Other Amounts	8,451,072	9,244,102	(793,030)
Total Liabilities	<u>43,599,098</u>	<u>49,654,372</u>	<u>(6,055,274)</u>
Deferred Inflows of Resources			
Property Taxes	4,034,202	3,924,359	109,843
Revenue in Lieu of Taxes	93,585	88,878	4,707
Pension	5,566,790	0	5,566,790
Total Deferred Inflows of Resources	<u>9,694,577</u>	<u>4,013,237</u>	<u>5,681,340</u>
Net Position			
Net Investment in Capital Assets	21,783,456	22,197,133	(413,677)
Restricted	2,088,200	2,509,975	(421,775)
Unrestricted (Deficit)	<u>(30,089,759)</u>	<u>(32,492,877)</u>	<u>2,403,118</u>
Total Net Position (Deficit)	<u><u>(\$6,218,103)</u></u>	<u><u>(\$7,785,769)</u></u>	<u><u>\$1,567,666</u></u>

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$27,011,070 to (\$7,785,769).

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Net investment in capital assets decreased as a result of current year depreciation exceeding current year additions.

Current and other assets increased mainly due to the increase in grants and entitlements not restricted to specific program which is a result of an increase in State foundation.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2015 and 2014. 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
	2015	2014	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$2,728,709	\$2,549,458	\$179,251
Operating Grants and Contributions	4,242,992	4,211,582	31,410
Total Program Revenues	<u>6,971,701</u>	<u>6,761,040</u>	<u>210,661</u>
General Revenues:			
Property Taxes	6,122,446	6,047,076	75,370
Income Tax	3,285,696	3,279,141	6,555
Grants and Entitlements not Restricted to Specific Programs	14,446,926	12,587,804	1,859,122
Contributions not Restricted to Specific Programs	0	8,829	(8,829)
Interest	17,524	14,911	2,613
Revenue in Lieu of Taxes	99,846	87,242	12,604
Miscellaneous	378,572	562,959	(184,387)
Total General Revenues	<u>24,351,010</u>	<u>22,587,962</u>	<u>1,763,048</u>
Total Revenues	<u>\$31,322,711</u>	<u>\$29,349,002</u>	<u>\$1,973,709</u>

(continued)

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

	Governmental Activities		Change
	2015	2014	
Program Expenses			
Instruction:			
Regular	\$11,556,535	\$11,193,048	\$363,487
Special	5,388,201	5,140,005	248,196
Vocational	343,156	320,729	22,427
Support Services:			
Pupils	2,171,481	2,164,137	7,344
Instructional Staff	851,280	962,963	(111,683)
Board of Education	4,941	28,993	(24,052)
Administration	1,480,286	1,834,587	(354,301)
Fiscal	519,766	598,290	(78,524)
Business	261,150	274,603	(13,453)
Operation and Maintenance of Plant	2,511,556	2,655,091	(143,535)
Pupil Transportation	2,479,008	2,731,660	(252,652)
Operation of Non-Instructional Services:			
Food Service Operations	1,088,036	1,284,322	(196,286)
Other	167,956	23,730	144,226
Extracurricular Activities	616,808	612,438	4,370
Interest and Fiscal Charges	314,885	346,189	(31,304)
Total Expenses	<u>29,755,045</u>	<u>30,170,785</u>	<u>(415,740)</u>
Change in Net Position	1,567,666	(821,783)	94,671
Net Position at Beginning of Year - Restated	<u>(7,785,769)</u>	N/A	
Net Position at End of Year	<u><u>(\$6,218,103)</u></u>	<u><u>(\$7,785,769)</u></u>	

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,836,677 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,316,079. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$29,755,045
Pension expense under GASB 68	(1,316,079)
2015 contractually required contribution	<u>1,998,962</u>
Adjusted 2015 program expenses	30,437,928
Total 2014 program expenses under GASB 27	<u>30,170,785</u>
Change in program expenses not related to pension	<u><u>\$267,143</u></u>

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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 2015. Grants and entitlements not restricted to specific programs revenue increased in the amount of \$1,859,122 as a result of an increase in State foundation.

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,370,768 and expenditures of \$29,951,897. The net change in fund balance for the fiscal year in the General Fund was an increase of \$2,011,245. This was primarily due to an increase in State foundation received by the School District as compared to the prior fiscal year.

The Bond Retirement Fund saw an increase of \$47,999. 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 \$813,252 due to increased spending in that fund.

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 2015, 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 \$6,598 above the final budgeted amount in the General Fund.

For the General Fund, original budget basis revenues were \$26,292,244 with final budget estimates of \$26,870,932. The difference was due mainly to underestimating tuition and fees. Actual budget basis revenue was \$6,665 less than final budget estimates.

Original budget basis expenditures were \$25,282,819, while final budgeted expenditures were \$25,243,715, which is a variance of \$39,104.

Capital Assets and Debt Administration

Capital Assets

The Goshen Local School District's investment in capital assets as of June 30, 2015 was \$28,489,795. 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 \$1,229,620 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 10 to the basic financial statements.

GOSHEN LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Debt

At June 30, 2015, the School District had \$7,425,369 in bonds, certificates of participation and notes outstanding, with \$635,000 due within one year. The School District's long-term obligations also include compensated absences, pension and a capital lease.

The School District's overall legal debt margin was \$21,892,362, with an unvoted debt margin of \$253,189 at June 30, 2015.

For more information on debt, refer to Note 16 to the basic financial statements.

Contacting the School District's Financial Management

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

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,533,216
Cash and Cash Equivalents with Fiscal Agent	465,375
Inventory Held for Resale	2,760
Materials and Supplies Inventory	1,549
Accrued Interest Receivable	5,561
Intergovernmental Receivable	115,185
Property Taxes Receivable	6,543,833
Income Tax Receivable	1,353,958
Revenue in Lieu of Taxes Receivable	93,585
Capital Assets:	
Land	855,205
Construction in Progress	494,464
Depreciable Capital Assets, Net	27,140,126
<i>Total Assets</i>	44,604,817
<u>Deferred Outflows of Resources:</u>	
Deferred Charge on Refunding	181,713
Pension	2,289,042
<i>Total Deferred Outflows of Resources</i>	2,470,755
<u>Liabilities:</u>	
Accounts Payable	317,485
Accrued Wages and Benefits Payable	1,932,540
Intergovernmental Payable	526,913
Accrued Interest Payable	18,526
Termination Benefits Payable	23,112
Contracts Payable	490,118
Retainage Payable	49,446
Notes Payable	200,000
Long-Term Liabilities:	
Due Within One Year	753,678
Due in More Than One Year	
Net Pension Liability (See Note 12)	30,836,208
Other Amounts Due in More Than One Year	8,451,072
<i>Total Liabilities</i>	43,599,098
<u>Deferred Inflows of Resources:</u>	
Property Taxes	4,034,202
Revenue in Lieu of Taxes	93,585
Pension	5,566,790
<i>Total Deferred Inflows of Resources</i>	9,694,577
<u>Net Position:</u>	
Net Investment in Capital Assets	21,783,456
Restricted for Debt Service	1,695,996
Restricted for Other Purposes	390,072
Restricted for Set-Asides	2,132
Unrestricted (Deficit)	(30,089,759)
<i>Total Net Position (Deficit)</i>	(\$6,218,103)

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues		Net (Expense)	
			Revenue and Changes	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
			Total Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$11,556,535	\$991,217	\$25,784	(\$10,539,534)
Special	5,388,201	394,232	3,076,842	(1,917,127)
Vocational	343,156	0	6,815	(336,341)
Support Services:				
Pupils	2,171,481	166,980	0	(2,004,501)
Instructional Staff	851,280	0	87,299	(763,981)
Board of Education	4,941	0	0	(4,941)
Administration	1,480,286	0	0	(1,480,286)
Fiscal	519,766	149,700	128,182	(241,884)
Business	261,150	0	0	(261,150)
Operation and Maintenance of Plant	2,511,556	173,977	0	(2,337,579)
Pupil Transportation	2,479,008	222,964	67,293	(2,188,751)
Operation of Non-Instructional Services:				
Food Service Operations	1,088,036	293,946	815,344	21,254
Other	167,956	0	35,433	(132,523)
Extracurricular Activities	616,808	335,693	0	(281,115)
Interest and Fiscal Charges	314,885	0	0	(314,885)
Total Governmental Activities	\$29,755,045	\$2,728,709	\$4,242,992	(22,783,344)
<u>General Revenues:</u>				
Property Taxes Levied for:				
				4,594,995
				436,246
				1,003,288
				87,917
				3,285,696
				14,446,926
				17,524
				99,846
				378,572
Total General Revenues				24,351,010
Change in Net Position				1,567,666
Net Position at Beginning of Year - Restated (See Note 3)				(7,785,769)
Net Position at End of Year				(\$6,218,103)

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$5,863,290	\$1,068,081	\$152,487	\$447,226	\$7,531,084
Cash and Cash Equivalents with Fiscal Agent	0	465,375	0	0	465,375
Receivables:					
Property Taxes	4,961,392	452,063	1,037,745	92,633	6,543,833
Revenue in Lieu of Taxes	93,585	0	0	0	93,585
Income Tax	1,353,958	0	0	0	1,353,958
Intergovernmental	0	0	0	115,185	115,185
Accrued Interest	5,561	0	0	0	5,561
Inventory Held for Resale	0	0	0	2,760	2,760
Materials and Supplies Inventory	0	0	0	1,549	1,549
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	2,132	0	0	0	2,132
Total Assets	\$12,279,918	\$1,985,519	\$1,190,232	\$659,353	\$16,115,022
<u>Liabilities:</u>					
Accounts Payable	\$199,423	\$0	\$95,435	\$22,627	\$317,485
Accrued Wages and Benefits Payable	1,795,276	0	7,455	129,809	1,932,540
Contracts Payable	45,100	0	445,018	0	490,118
Intergovernmental Payable	487,772	0	580	38,561	526,913
Accrued Interest Payable	0	0	2,135	0	2,135
Retainage Payable	0	0	49,446	0	49,446
Notes Payable	0	0	200,000	0	200,000
Termination Benefits Payable	23,112	0	0	0	23,112
Total Liabilities	2,550,683	0	800,069	190,997	3,541,749
<u>Deferred Inflows of Resources:</u>					
Property Taxes	3,078,296	273,132	626,252	56,522	4,034,202
Revenue in Lieu of Taxes	93,585	0	0	0	93,585
Unavailable Revenues	324,561	12,063	27,745	5,287	369,656
Total Deferred Inflows of Resources	3,496,442	285,195	653,997	61,809	4,497,443
<u>Fund Balances:</u>					
Nonspendable	0	0	0	1,549	1,549
Restricted	2,132	1,700,324	0	404,998	2,107,454
Committed	11,000	0	0	0	11,000
Assigned	238,847	0	0	0	238,847
Unassigned (Deficit)	5,980,814	0	(263,834)	0	5,716,980
Total Fund Balances (Deficit)	6,232,793	1,700,324	(263,834)	406,547	8,075,830
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$12,279,918	\$1,985,519	\$1,190,232	\$659,353	\$16,115,022

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, 2015

Total Governmental Fund Balances \$8,075,830

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	
Construction in progress	494,464	
Other capital assets	55,245,981	
Accumulated depreciation	<u>(28,105,855)</u>	
Total capital assets		28,489,795

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	171,732	
Income taxes	189,715	
Intergovernmental	2,654	
Interest	<u>5,555</u>	
		369,656

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds. 181,713

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (16,391)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred Outflows - Pension	2,289,042	
Deferred Inflows - Pension	(5,566,790)	
Net Pension Liability	<u>(30,836,208)</u>	
		(34,113,956)

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	(655,000)	
Refunding bonds payable	(1,940,000)	
Accretion on capital appreciation bonds	(600,000)	
Refunding certificates of participation	(4,095,000)	
Premiums on debt issues	(135,369)	
Capital leases	(62,684)	
Compensated absences	<u>(1,716,697)</u>	
Total liabilities		<u>(9,204,750)</u>

Net Position of Governmental Activities (\$6,218,103)

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, 2015

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$4,633,561	\$439,583	\$1,010,962	\$88,644	\$6,172,750
Income Tax	3,286,333	0	0	0	3,286,333
Intergovernmental	16,272,005	67,936	156,253	2,190,980	18,687,174
Interest	17,279	0	0	15	17,294
Tuition and Fees	2,059,050	0	0	0	2,059,050
Extracurricular Activities	181,403	0	0	154,290	335,693
Rent	13,033	0	0	0	13,033
Customer Sales and Services	26,987	0	0	293,946	320,933
Contributions and Donations	90	0	0	0	90
Revenue in Lieu of Taxes	99,846	0	0	0	99,846
Miscellaneous	269,615	0	108,957	0	378,572
Total Revenues	26,859,202	507,519	1,276,172	2,727,875	31,370,768
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	10,640,488	0	0	15,729	10,656,217
Special	4,380,017	0	0	1,052,194	5,432,211
Vocational	325,091	0	0	3,578	328,669
Support Services:					
Pupils	1,855,272	0	70,262	60,322	1,985,856
Instructional Staff	718,177	0	0	87,215	805,392
Board of Education	34,747	0	0	0	34,747
Administration	1,658,737	0	0	148,815	1,807,552
Fiscal	502,972	7,791	17,921	1,584	530,268
Business	0	0	261,150	0	261,150
Operation and Maintenance of Plant	1,791,298	0	560,583	84,939	2,436,820
Pupil Transportation	2,477,186	0	0	0	2,477,186
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,088,036	1,088,036
Other	3,680	0	0	30,466	34,146
Extracurricular Activities	299,955	0	0	142,455	442,410
Capital Outlay	0	0	494,464	0	494,464
Debt Service:					
Principal Retirement	0	330,000	493,242	0	823,242
Interest and Fiscal Charges	0	121,729	191,802	0	313,531
Total Expenditures	24,687,620	459,520	2,089,424	2,715,333	29,951,897
Excess of Revenues Over (Under) Expenditures	2,171,582	47,999	(813,252)	12,542	1,418,871
<u>Other Financing Sources (Uses):</u>					
Transfers In	0	0	0	160,337	160,337
Transfers Out	(160,337)	0	0	0	(160,337)
Total Other Financing Sources (Uses)	(160,337)	0	0	160,337	0
Net Change in Fund Balances	2,011,245	47,999	(813,252)	172,879	1,418,871
Fund Balances at Beginning of Year	4,221,548	1,652,325	549,418	233,668	6,656,959
Fund Balances at End of Year	\$6,232,793	\$1,700,324	(\$263,834)	\$406,547	\$8,075,830

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$1,418,871

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	27,363
Construction in progress additions	494,464
Depreciation expense	<u>(1,751,447)</u>

Excess of depreciation expense over capital outlay (1,229,620)

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	(50,304)
Income taxes	(637)
Intergovernmental	2,654
Interest	<u>230</u>

Total (48,057)

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.

Decrease in accrued interest	5,945
Amortization of deferred charge on refunding	(24,145)
Amortization of premiums	<u>16,846</u>

Total (1,354)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows. 1,998,962

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (1,316,079)

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	330,000
Certificates of participation payments	275,000
General Obligation Notes	200,000
Capital lease payments	<u>18,242</u>

Total 823,242

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

Increase in compensated absences payable	<u>(78,299)</u>
--	-----------------

Change in Net Position of Governmental Activities \$1,567,666

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, 2015

	Budget Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,746,379	\$4,702,646	\$4,702,646	\$0
Income Tax	3,207,116	3,242,576	3,242,842	266
Intergovernmental	15,839,349	16,270,669	16,272,005	1,336
Interest	10,065	8,401	10,153	1,752
Tuition and Fees	1,765,881	2,055,788	2,059,050	3,262
Extracurricular Activities	158,822	181,388	181,403	15
Rent	20,129	13,031	13,033	2
Customer Sales and Services	12,078	26,987	26,987	0
Contributions and Donations	8,052	90	90	0
Revenue in Lieu of Taxes	85,550	99,838	99,846	8
Miscellaneous	438,823	269,518	269,542	24
<i>Total Revenues</i>	<u>26,292,244</u>	<u>26,870,932</u>	<u>26,877,597</u>	<u>6,665</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,065,155	10,844,959	10,845,030	(71)
Special	4,183,613	4,363,680	4,363,679	1
Vocational	264,406	320,464	320,464	0
Support Services:				
Pupils	1,863,824	1,891,864	1,891,862	2
Instructional Staff	799,468	821,930	821,930	0
Board of Education	26,872	35,770	35,770	0
Administration	1,492,761	1,670,213	1,670,213	0
Fiscal	542,513	556,428	556,427	1
Operation and Maintenance of Plant	1,899,762	1,902,202	1,902,201	1
Pupil Transportation	2,730,018	2,523,258	2,523,258	0
Operation of Non-Instructional				
Services	1,032	3,680	3,680	0
Extracurricular Activities	413,395	308,846	308,846	0
Capital Outlay	0	421	421	0
<i>Total Expenditures</i>	<u>25,282,819</u>	<u>25,243,715</u>	<u>25,243,781</u>	<u>(66)</u>
Excess of Revenues Over Expenditures	1,009,425	1,627,217	1,633,816	6,599
<u>Other Financing Uses:</u>				
Transfers Out	(4,252)	(160,336)	(160,337)	(1)
<i>Net Change in Fund Balance</i>	1,005,173	1,466,881	1,473,479	6,598
<i>Fund Balance at Beginning of Year</i>	3,412,714	3,412,714	3,412,714	0
<i>Prior Year Encumbrances Appropriated</i>	523,501	523,501	523,501	0
<i>Fund Balance at End of Year</i>	<u>\$4,941,388</u>	<u>\$5,403,096</u>	<u>\$5,409,694</u>	<u>\$6,598</u>

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$168,100	<u>\$51,508</u>
<u>Liabilities:</u>		
Undistributed Monies	<u>0</u>	<u>\$51,508</u>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u>\$168,100</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, 2015

	Private Purpose Trust Fund	Scholarship Fund
<u>Additions:</u>		
Gifts and Contributions	\$18,992	
Interest	457	
	19,449	
<u>Deductions:</u>		
Payments in Accordance with Trust Agreement	17,954	
	1,495	
<i>Change in Net Position</i>		1,495
<i>Net Position at Beginning of Year</i>		166,605
<i>Net Position at End of Year</i>		\$168,100

See accompanying notes to the basic financial statements

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 19 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, 2015

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, 2015

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Fiduciary Funds

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, income taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place, and revenue from property taxes/revenue in lieu of taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, 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, 2015, but which were levied to finance fiscal year 2016 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 and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 12).

Expenses/Expenditures

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

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

Pensions

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 2015, 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 Home Loan Bank Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Corporation Bonds, and Federal Home Loan Mortgage Corporation 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 2015 amounted to \$17,279, which includes \$4,451 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.

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.

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 and construction in progress, 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:

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

<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 20 for additional information regarding set-asides.

Compensated Absences

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liability 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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Fund Balance

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

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

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

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

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

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

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

Net Position

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

resources restricted for food service operations, music and athletic programs, student activities, and federal and State grants.

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

Internal Activity

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

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

Budgetary Process

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

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

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented 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.

Estimates

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

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

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	\$27,011,070
Adjustments:	
Net Pension Liability	(36,633,516)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>1,836,677</u>
Restated Net Position June 30, 2014	<u><u>(\$7,785,769)</u></u>

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

Note 4 - Accountability

At June 30, 2015, the Permanent Improvement Fund had deficit fund balance in the amount of \$263,834. The deficit in this fund was 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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 5- 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.

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$2,011,245
Adjustments:	
Revenue Accruals	25,931
Expenditure Accruals	(107,390)
Encumbrances	(448,771)
Net Increase in Fair Value of Investments - Fiscal Year 2015	(6,957)
Net Decrease in Fair Value of Investments - Fiscal Year 2014	(579)
Budget Basis	<u><u>\$1,473,479</u></u>

Note 6 - 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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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 Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
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, 2015, the School District had the following investments:

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

	Investment Maturities (in Years)				Moody's Rating	Percent of Total Investments
	Fair Value	Less Than 1	1-2 Years	2-3 Years		
U.S. Treasury Notes	\$2,029,385	\$715,343	\$1,314,042	\$0	Aaa	N/A
First American Treasury Obligation						
Money Market Mutual Fund	4,111	4,111	0	0	Aaa	N/A
Federal National Mortgage						
Association Bonds	350,064	150,001	150,362	49,701	Aaa	8.26%
Federal Home Loan Bank Notes	1,101,073	1,101,073	0	0	Aaa	25.99%
Federal Home Loan Bank						
Discount Notes	602,026	201,120	200,910	199,996	Aaa	14.21%
Federal Home Loan Mortgage						
Corporation Bonds	65,088	65,088	0	0	Aaa	N/A
Federal Home Loan Mortgage						
Corporation Notes	84,900	0	84,900	0	Aaa	N/A
Total Investments	<u>\$4,236,647</u>	<u>\$2,236,736</u>	<u>\$1,750,214</u>	<u>\$249,697</u>		

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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Note 7 - 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 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014 on the assessed value listed as of January 1, 2014, 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 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Clermont and Warren Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2015 are available to finance fiscal year 2015 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, 2015 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, 2015 was \$2,337,899 and is recognized as revenue: \$1,753,805 in the General Fund, \$166,868 in the Bond Retirement Fund, \$383,748 in the Permanent Improvement Fund, and \$33,478 in the Nonmajor Governmental Funds. The amount available as an advance at June 30, 2014 was \$1,822,890 in the General Fund, \$167,230 in the Bond Retirement Fund, \$384,360 in the Permanent Improvement Fund, and \$34,670 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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$229,927,630	94.71%	\$239,423,830	94.56%
Public Utility Personal	12,842,230	5.29%	13,765,480	5.44%
Total Assessed Value	<u>\$242,769,860</u>	<u>100.00%</u>	<u>\$253,189,310</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.90		\$28.90	

Note 8- Income Tax

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

Note 9 - Receivables

Receivables at June 30, 2015 consisted of property taxes, revenue in lieu of taxes, income taxes, intergovernmental grants, and accrued interest. 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:

	<u>Amounts</u>
Governmental Activities:	
High Schools that Work	\$2,261
Title I	64,167
Title VI-B	31,937
Early Childhood, IDEA	5,599
Improving Teacher Quality, Title II-A	<u>11,221</u>
Total Intergovernmental Receivable	<u>\$115,185</u>

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 10 - Capital Assets

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

	Ending Balance 6/30/2014	Additions	Deletions	Ending Balance 6/30/2015
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$855,205	\$0	\$0	\$855,205
Construction in Progress	0	494,464	0	494,464
Total Capital Assets, Not Being Depreciated	<u>855,205</u>	<u>494,464</u>	<u>0</u>	<u>1,349,669</u>
Capital Assets Being Depreciated:				
Land Improvements	5,038,297	0	0	5,038,297
Buildings and Improvements	47,552,734	7,550	0	47,560,284
Furniture and Equipment	1,860,096	19,813	46,278	1,833,631
Vehicles	40,839	0	0	40,839
Books and Educational Media	772,930	0	0	772,930
Total Capital Assets Being Depreciated	<u>55,264,896</u>	<u>27,363</u>	<u>46,278</u>	<u>55,245,981</u>
Less Accumulated Depreciation:				
Land Improvements	(2,917,017)	(201,086)	0	(3,118,103)
Buildings and Improvements	(21,336,728)	(1,478,291)	0	(22,815,019)
Furniture and Equipment	(1,336,297)	(70,820)	(46,278)	(1,360,839)
Vehicles	(37,714)	(1,250)	0	(38,964)
Books and Educational Media	(772,930)	0	0	(772,930)
Total Accumulated Depreciation	<u>(26,400,686)</u>	<u>(1,751,447) *</u>	<u>(46,278)</u>	<u>(28,105,855)</u>
Total Capital Assets Being Depreciated, Net	<u>28,864,210</u>	<u>(1,724,084)</u>	<u>0</u>	<u>27,140,126</u>
Governmental Activities Capital Assets, Net	<u>\$29,719,415</u>	<u>(\$1,229,620)</u>	<u>\$0</u>	<u>\$28,489,795</u>

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$824,138
Special	144,873
Vocational	14,487
Support Services:	
Pupils	188,335
Instructional Staff	45,888
Board of Education	864
Administration	87,725
Fiscal	28,975
Operation and Maintenance of Plant	106,132
Pupil Transportation	1,822
Operation of Non-Instruction Services:	
Food Service Operations	133,810
Extracurricular Activities	174,398
Total Depreciation Expense	<u>\$1,751,447</u>

Note 11 - 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 2015, 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:

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

(continued)

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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.

Note 12 – Defined Benefit Pension Plans

Net Pension Liability

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$467,517 for fiscal year 2015. Of this amount \$35,260 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,531,445 for fiscal year 2015. Of this amount \$254,736 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,080,167	\$24,756,041	\$30,836,208
Proportion of the Net Pension Liability	0.12013900%	0.10177845%	
Pension Expense	\$354,862	\$961,217	\$1,316,079

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$51,749	\$238,331	\$290,080
School District contributions subsequent to the measurement date	<u>467,517</u>	<u>1,531,445</u>	<u>1,998,962</u>
Total Deferred Outflows of Resources	<u>\$519,266</u>	<u>\$1,769,776</u>	<u>\$2,289,042</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$986,828</u>	<u>\$4,579,962</u>	<u>\$5,566,790</u>

\$1,998,962 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$233,639)	(\$1,085,408)	(\$1,319,047)
2017	(233,639)	(1,085,408)	(1,319,047)
2018	(233,639)	(1,085,408)	(1,319,047)
2019	<u>(234,162)</u>	<u>(1,085,407)</u>	<u>(1,319,569)</u>
Total	<u>(\$935,079)</u>	<u>(\$4,341,631)</u>	<u>(\$5,276,710)</u>

Actuarial Assumptions - SERS

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

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

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$8,674,591	\$6,080,167	\$3,898,031

Actuarial Assumptions - STRS

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

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

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

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

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$35,440,972	\$24,756,041	\$15,720,185

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, 2015, three members of the Board of Education have elected Social Security. The contribution rate is 6.20 percent of wages.

Note 13 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$60,189.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$89,276, \$57,072, and \$52,208, respectively. For fiscal year 2015, 97.68 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

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) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$104,856, and \$98,655, respectively. The full amount has been contributed for all three fiscal years.

Note 14 - 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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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 2015, the School District participated in the Clermont County Insurance Consortium (the Consortium), a public entity shared risk pool (Note 19), 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.

Note 15 - Leases - Lessee Disclosure

Capital Leases

In prior years, the School District entered into capitalized leases for equipment. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
Furniture and Equipment	\$95,595	(\$12,746)	\$82,849

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, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2016	\$21,075
2017	21,075
2018	21,075
2019	3,511
Total Minimum Lease Payments	66,736
Less: Amount Representing Interest	(4,052)
Present Value of Net Minimum Lease Payments	<u>\$62,684</u>

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Note 16 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

Governmental Activities:					
2000 School Improvement General					
Obligation Bonds 4.4%-6.25%	\$930,000	\$0	\$275,000	\$655,000	\$315,000
2006 Refunding Bonds:					
Serial Bonds 4.00%	1,795,000	0	55,000	1,740,000	35,000
Capital Appreciation Bonds 12.24%	200,000	0	0	200,000	0
Premium on Debt Issue	150,264	0	16,696	133,568	0
Accretion of Capital Appreciation Bonds	600,000	0	0	600,000	0
2007 Refunding Certificates of Participation:					
Certificates of Participation 4.0% - 4.25%	4,370,000	0	275,000	4,095,000	285,000
Premium on Debt Issue	1,951	0	150	1,801	0
2013 School Improvement General					
Obligation Bond Anticipation Notes - 2.25%	200,000	0	200,000	0	0
Total General Obligation Bonds	<u>8,247,215</u>	<u>0</u>	<u>821,846</u>	<u>7,425,369</u>	<u>635,000</u>
Net Pension Liability:					
STRS	7,144,281	0	1,064,114	6,080,167	0
SERS	29,489,235	0	4,733,194	24,756,041	0
Total Net Pension Liability	<u>36,633,516</u>	<u>0</u>	<u>5,797,308</u>	<u>30,836,208</u>	<u>0</u>
Compensated Absences	1,638,398	215,070	136,771	1,716,697	99,711
Capital Leases	<u>80,926</u>	<u>0</u>	<u>18,242</u>	<u>62,684</u>	<u>18,967</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$46,600,055</u>	<u>\$215,070</u>	<u>\$6,774,167</u>	<u>\$40,040,958</u>	<u>\$753,678</u>

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 sure 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.

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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. For additional information related to the net pension liability see note 12.

The School District's overall legal debt margin was \$21,892,362 with an unvoted debt margin of \$253,189 at June 30, 2015.

Principal and interest requirements to retire bonds and certificates of participation outstanding at June 30, 2015, are as follows:

2000 School Improvement Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$315,000	\$31,094	\$346,094
2017	340,000	10,625	350,625
	<u>\$655,000</u>	<u>\$41,719</u>	<u>\$696,719</u>

2006 Refunding Bonds

Fiscal Year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Total
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	305,000	468,498
2020	395,000	60,598	0	0	455,598
2021-2023	1,280,000	80,593	0	0	1,360,593
	<u>\$1,740,000</u>	<u>\$417,683</u>	<u>\$200,000</u>	<u>\$600,000</u>	<u>\$2,957,683</u>

2007 Certificates of Participation

Fiscal Year Ending June 30,	Principal	Interest	Total
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	335,000	120,569	455,569
2021-2025	1,765,000	377,925	2,142,925
2026-2027	795,000	36,113	831,113
	<u>\$4,095,000</u>	<u>\$1,146,513</u>	<u>\$5,241,512</u>

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 17 - Short-Term Obligation

A summary of the short-term notes transactions for the year ended June 30, 2015 follows:

<u>Types/Issues</u>	<u>Balance 6/30/14</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/15</u>
2014 School Improvement General Obligation Bond Anticipation Notes - 2.25%	\$25,500	\$0	\$25,500	\$0
2015 School Improvement General Obligation Bond Anticipation Notes - 1.22%	0	200,000	0	200,000
Total Short-Term Obligations	\$25,500	\$200,000	\$25,500	\$200,000

On August 20, 2013, the School District issued \$25,500 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 matured on August 19, 2014.

On August 19, 2014, the School District issued \$200,000 in general obligation bond anticipation notes at an interest rate of 1.22 percent. The notes were issued for the purpose of making debt payments. The notes will mature August 18, 2015; however, the School District intends to pay these notes off in 2016. Therefore, \$200,000 in general obligation bonds is considered a short-term obligation.

Note 18 - Interfund Activity

Transfers made during the fiscal year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>
General	Nonmajor Governmental Funds
	<u>\$160,337</u>

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

Note 19 - 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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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 \$62,567 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.

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

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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.

Note 20 - 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, 2014	\$0	\$2,132
Current Fiscal Year Set-aside Requirement	466,734	0
Qualifying Disbursements	0	0
Current Fiscal Year Offsets	(466,734)	0
Totals	<u>\$0</u>	<u>\$2,132</u>
Set-aside Balance as of June 30, 2015	<u>\$0</u>	<u>\$2,132</u>

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, 2015

Note 21 - Fund Balances

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

Fund Balances	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Inventory	\$0	\$0	\$0	\$1,549	\$1,549
<i>Restricted for</i>					
Debt Payment	0	1,700,324	0	0	1,700,324
Food Service Operations	0	0	0	100,366	100,366
Miscellaneous Grants	0	0	0	150,440	150,440
District Managed Activity	0	0	0	39,057	39,057
Capital Improvements	0	0	0	115,135	115,135
Budget Stabilization	2,132	0	0	0	2,132
<i>Total Restricted</i>	2,132	1,700,324	0	404,998	2,107,454
<i>Committed to</i>					
Underground Storage	11,000	0	0	0	11,000
<i>Assigned to</i>					
Purchases on Order	238,847	0	0	0	238,847
<i>Unassigned (Deficit)</i>	5,980,814	0	(263,834)	0	5,716,980
<i>Total Fund Balances</i>	\$6,232,793	\$1,700,324	(\$263,834)	\$406,547	\$8,075,830

Note 22 – 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	\$448,771
Permanent Improvement	1,911,579
Nonmajor Governmental Funds	103,490
Total	\$2,463,840

GOSHEN LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

Note 23 - 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, 2015.

School Foundation

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

Litigation

The School District is not a party to legal proceedings.

Goshen Local School District
Required Supplementary Information

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

	2014	2013
School District's Proportion of the Net Pension Liability	0.012013900%	0.012013900%
School District's Proportionate Share of the Net Pension Liability	\$6,080,167	\$7,144,281
School District's Covered-Employee Payroll	\$1,642,206	\$1,995,466
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	370.24%	358.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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

	2014	2013
School District's Proportion of the Net Pension Liability	0.10177845%	0.10177845%
School District's Proportionate Share of the Net Pension Liability	\$24,756,041	\$29,489,235
School District's Covered-Employee Payroll	\$10,406,000	\$9,865,546
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	237.90%	298.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

Goshen Local School District
 Required Supplementary Information
 Schedule of School District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$467,517	\$227,610	\$276,172	\$289,082
Contributions in Relation to the Contractually Required Contribution	<u>(467,517)</u>	<u>(227,610)</u>	<u>(276,172)</u>	<u>(289,082)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$3,547,171	\$1,642,206	\$1,995,466	\$2,149,307
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$366,293	\$485,340	\$331,085	\$283,734	\$316,306	\$280,121
(366,293)	(485,340)	(331,085)	(283,734)	(316,306)	(280,121)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,914,022	\$3,584,491	\$3,364,686	\$2,889,345	\$2,961,667	\$2,647,647
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Goshen Local School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$1,531,445	\$1,352,780	\$1,282,521	\$1,329,135
Contributions in Relation to the Contractually Required Contribution	<u>(1,531,445)</u>	<u>(1,352,780)</u>	<u>(1,282,521)</u>	<u>(1,329,135)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$10,938,893	\$10,406,000	\$9,865,546	\$10,224,115
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$1,352,381	\$1,360,612	\$1,299,985	\$1,209,979	\$1,176,639	\$1,176,639
<u>(1,352,381)</u>	<u>(1,360,612)</u>	<u>(1,299,985)</u>	<u>(1,209,979)</u>	<u>(1,176,639)</u>	<u>(1,176,639)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$10,402,931	\$10,466,246	\$9,999,885	\$9,307,531	\$9,051,069	\$9,051,069
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

GOSHEN LOCAL SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555	\$ -	\$ 74,798	\$ -	\$ 74,798
Cash Assistance:					
National School Breakfast Program	10.553	171,103	-	171,103	-
National School Lunch Program	10.555	554,413	-	554,413	-
Total Nutrition Cluster		<u>725,516</u>	<u>74,798</u>	<u>725,516</u>	<u>74,798</u>
Total U.S. Department of Agriculture		<u>725,516</u>	<u>74,798</u>	<u>725,516</u>	<u>74,798</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Special Education Cluster:					
IDEA Part B	84.027	549,419		563,714	-
Early Childhood -2015	84.173	810	-	170	-
Early Childhood -2014		6,391		7,213	
Total Special Education Cluster		<u>556,620</u>	<u>-</u>	<u>571,097</u>	<u>-</u>
Title I Cluster:					
Title I -2014	84.010	25,210	-	72,116	-
Title I -2015		567,784	-	528,187	-
Title I, Neglected - 2014		4,325	-	7,125	-
Title I, Neglected - 2015		24,140	-	22,173	-
Total Title I Cluster		<u>621,459</u>	<u>-</u>	<u>629,601</u>	<u>-</u>
ARRA - Race to the Top (RTTT) - Mini Grant - 2014	84.395	8,425	-	-	-
Improving Teacher Quality - 2014	84.367	19,770	-	16,394	-
Improving Teacher Quality - 2015		76,078	-	71,440	-
Total Improving Teacher Quality		<u>95,848</u>	<u>-</u>	<u>87,834</u>	<u>-</u>
Total U.S. Department of Education		<u>1,282,352</u>	<u>-</u>	<u>1,288,532</u>	<u>-</u>
Total		<u>\$ 2,007,868</u>	<u>\$ -</u>	<u>\$ 2,014,048</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note A – Significant Accounting Policies

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Goshen Local School District's (the School 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 School District comingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

Note C – Food Donation

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

Note D – Matching Requirements

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



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

January 15, 2016

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Goshen Local School District**, Clermont County, (the School District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 15, 2016, wherein we noted the School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

... "bringing more to the table"

Tax- Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

Purpose of this Report

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



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



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

January 15, 2016

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

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

...“bringing more to the table”

Tax- Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

Opinion on the Major Federal Program

In our opinion, Goshen Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect of its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with 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 School District's internal control over compliance.

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

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

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



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

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Cluster: Title I Grants to Local Educational Agencies – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Finding for Recovery – overpayment for sick leave	Yes	N/A



Dave Yost • Auditor of State

GOSHEN LOCAL SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 21, 2016**