



**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Goshen Local School District
Clermont County
6785 Goshen Road
Goshen, Ohio 45122

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Goshen Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Goshen Local School District, Clermont County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

November 28, 2000

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Goshen Local School District
Clermont County

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$6,040,622	\$400,174	\$317,655	\$7,887,160
Cash and Cash Equivalents:				
With Fiscal Agents	0	0	468	0
Receivables:				
Property and Other Taxes	4,929,887	79,678	627,957	0
Income Taxes	726,978	0	0	0
Accounts	52,565	350	0	0
Intergovernmental	34,612	1,000	0	0
Interfund Receivable	19,000	0	0	0
Prepaid Items	3,917	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	163,676	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	383,500	0	0	0
Fixed Assets (Net, where applicable, net of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service				
Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$12,354,757</u>	<u>\$481,202</u>	<u>\$946,080</u>	<u>\$7,887,160</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$54,880	\$36,206	\$0	\$0	\$14,736,697
0	0	0	0	468
0	0	0	0	5,637,522
0	0	0	0	726,978
0	0	0	0	52,915
0	0	0	0	35,612
0	0	0	0	19,000
0	0	0	0	3,917
7,056	0	0	0	7,056
4,070	0	0	0	167,746
0	0	0	0	383,500
41,172	0	12,585,811	0	12,626,983
0	0	0	392,355	392,355
0	0	0	7,674,884	7,674,884
<u>\$107,178</u>	<u>\$36,206</u>	<u>\$12,585,811</u>	<u>\$8,067,239</u>	<u>\$42,465,633</u>

(continued)

Goshen Local School District
Clermont County

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities,				
Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$97,675	\$30,164	\$0	\$3,160
Contracts Payable	0	0	0	554
Accrued Wages and Benefits Payable	1,145,135	62,815	0	0
Compensated Absences Payable	11,502	0	0	0
Interfund Payable	0	19,000	0	0
Intergovernmental Payable	295,575	10,769	0	880
Deferred Revenue	4,517,138	68,978	553,257	0
Undistributed Monies	0	0	0	0
Matured Interest Payable	0	0	468	0
Accrued Interest Payable	0	0	0	16,661
Long-Term Notes Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	400,000
	6,067,025	191,726	553,725	421,255
Total Liabilities				
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	851,421	83,054	0	130,769
Reserved for Materials and Supplies Inventory	163,676	0	0	0
Reserved for Property Taxes	433,800	10,700	74,700	0
Reserved for Textbooks/Instructional Materials	147,317	0	0	0
Reserved for Capital Improvements	18,322	0	0	0
Reserved for Budget Stabilization	217,861	0	0	0
Unreserved:				
Designated for Textbooks/Instructional Materials	14,754	0	0	0
Designated for Capital Improvements	310,242	0	0	0
Designated for Budget Stabilization	117,022	0	0	0
Undesignated	4,013,317	195,722	317,655	7,335,136
	6,287,732	289,476	392,355	7,465,905
Total Fund Equity and Other Credits	6,287,732	289,476	392,355	7,465,905
Total Liabilities, Fund Equity and Other Credits	\$12,354,757	\$481,202	\$946,080	\$7,887,160

See accompanying notes to the general-purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$342	\$0	\$0	\$0	\$131,341
0	0	0	0	554
40,408	0	0	0	1,248,358
17,810	0	0	1,079,973	1,109,285
0	0	0	0	19,000
36,927	0	0	96,266	440,417
3,156	0	0	0	5,142,529
0	36,206	0	0	36,206
0	0	0	0	468
0	0	0	0	16,661
0	0	0	6,891,000	6,891,000
0	0	0	0	400,000
<u>98,643</u>	<u>36,206</u>	<u>0</u>	<u>8,067,239</u>	<u>15,435,819</u>
0	0	12,585,811	0	12,585,811
8,535	0	0	0	8,535
0	0	0	0	1,065,244
0	0	0	0	163,676
0	0	0	0	519,200
0	0	0	0	147,317
0	0	0	0	18,322
0	0	0	0	217,861
0	0	0	0	14,754
0	0	0	0	310,242
0	0	0	0	117,022
0	0	0	0	11,861,830
<u>8,535</u>	<u>0</u>	<u>12,585,811</u>	<u>0</u>	<u>27,029,814</u>
<u>\$107,178</u>	<u>\$36,206</u>	<u>\$12,585,811</u>	<u>\$8,067,239</u>	<u>\$42,465,633</u>

Goshen Local School District
Clermont County

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues:					
Property and Other Taxes	\$2,926,078	\$46,484	\$238,609	\$86,582	\$3,297,753
Income Taxes	1,906,082	0	0	0	1,906,082
Intergovernmental	9,814,928	751,747	17,890	1,386,072	11,970,637
Interest	271,269	0	0	201,450	472,719
Tuition and Fees	105,248	84,780	0	0	190,028
Rent	35,417	0	0	0	35,417
Extracurricular Activities	0	187,036	0	0	187,036
Gifts and Donations	0	2,762	0	0	2,762
Miscellaneous	282,042	22,708	0	0	304,750
Total Revenues	15,341,064	1,095,517	256,499	1,674,104	18,367,184
Expenditures:					
Current:					
Instruction:					
Regular	7,191,452	191,320	0	11,262	7,394,034
Special	874,061	467,090	0	0	1,341,151
Vocational	120,829	10,894	0	0	131,723
Support Services:					
Pupils	652,985	44,688	0	0	697,673
Instructional Staff	267,954	61,274	0	0	329,228
Board of Education	18,497	0	0	0	18,497
Administration	1,483,223	21,533	0	0	1,504,756
Fiscal	391,418	638	4,464	0	396,520
Business	31,181	0	0	0	31,181
Operation and Maintenance of Plant	1,245,352	3,334	0	0	1,248,686
Pupil Transportation	1,806,048	0	0	0	1,806,048
Central	85,598	0	0	11,514	97,112
Operation of Non-Instructional Services					
Services	107	38,863	0	0	38,970
Extracurricular Activities	142,498	123,448	0	0	265,946
Capital Outlay	338,946	0	0	617,883	956,829
Debt Service:					
Interest and Fiscal Charges	0	0	0	28,167	28,167
Total Expenditures	14,650,149	963,082	4,464	668,826	16,286,521
Excess of Revenues Over Expenditures	690,915	132,435	252,035	1,005,278	2,080,663
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	15,180	0	0	0	15,180
Proceeds from Sale of Long-term Notes	0	0	0	6,891,000	6,891,000
Operating Transfers In	0	0	0	31,461	31,461
Operating Transfers Out	(31,461)	0	0	0	(31,461)
Total Other Financing Sources (Uses)	(16,281)	0	0	6,922,461	6,906,180
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	674,634	132,435	252,035	7,927,739	8,986,843
Fund Balances (Deficit) at Beginning of Year	5,618,235	161,631	140,320	(461,834)	5,458,352
Decrease in Reserve for Inventory	(5,137)	(4,590)	0	0	(9,727)
Fund Balances at End of Year	\$6,287,732	\$289,476	\$392,355	\$7,465,905	\$14,435,468

See accompanying notes to the general-purpose financial statements

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Goshen Local School District
Clermont County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$2,543,137	\$2,865,478	\$322,341	\$300,000	\$35,784	(\$264,216)
Income Taxes	2,136,000	1,878,080	(257,920)	0	0	0
Intergovernmental	9,643,123	9,816,328	173,205	801,677	750,749	(50,928)
Interest	215,000	271,670	56,670	100	0	(100)
Tuition and Fees	95,411	79,952	(15,459)	100,000	84,429	(15,571)
Rent	22,000	30,762	8,762	0	0	0
Extracurricular Activities	0	0	0	193,300	187,036	(6,264)
Gifts and Donations	500	0	(500)	31,000	2,762	(28,238)
Miscellaneous	227,589	273,478	45,889	41,204	22,708	(18,496)
Total Revenues	14,882,760	15,215,748	332,988	1,467,281	1,083,468	(383,813)
Expenditures:						
Current:						
Instruction:						
Regular	9,487,883	7,797,235	1,690,648	278,010	222,062	55,948
Special	1,099,861	871,959	227,902	558,749	461,019	97,730
Vocational	136,364	120,678	15,686	10,743	10,727	16
Other	0	0	0	38,000	6,617	31,383
Support Services:						
Pupils	1,023,575	676,476	347,099	75,182	48,610	26,572
Instructional Staff	378,509	298,726	79,783	78,344	68,678	9,666
Board of Education	26,154	23,441	2,713	0	0	0
Administration	1,908,849	1,657,051	251,798	40,905	22,245	18,660
Fiscal	565,347	396,886	168,461	638	638	0
Business	48,058	32,209	15,849	0	0	0
Operation and Maintenance of Plant	1,618,986	1,352,272	266,714	9,158	3,505	5,653
Pupil Transportation	1,882,200	1,828,354	53,846	0	0	0
Central	105,372	86,533	18,839	382	0	382
Operation of Non-Instructional Services						
	300	107	193	77,633	72,082	5,551
Extracurricular Activities	219,936	156,137	63,799	162,330	133,794	28,536
Capital Outlay	874,360	366,746	507,614	11,000	0	11,000
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	19,375,754	15,664,810	3,710,944	1,341,074	1,049,977	291,097
Excess of Revenues Over (Under) Expenditures	(4,492,994)	(449,062)	4,043,932	126,207	33,491	(92,716)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	3,000	15,180	12,180	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Proceeds from Sale of Notes	100,000	100,000	0	0	0	0
Refund of Prior Year Expenditures	500	0	(500)	1,000	0	(1,000)
Refund of Prior Year Receipts	(2,000)	(386)	1,614	0	0	0
Operating Transfers In	66,766	0	(66,766)	20,626	0	(20,626)
Operating Transfers Out	(330,974)	(131,461)	199,513	0	0	0
Advances In	15,000	0	(15,000)	19,000	19,000	0
Advances Out	(35,000)	(19,000)	16,000	(18,913)	0	18,913
Total Other Financing Sources (Uses)	(182,708)	(35,667)	147,041	21,713	19,000	(2,713)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,675,702)	(484,729)	4,190,973	147,920	52,491	(95,429)
Fund Balances at Beginning of Year	4,796,482	4,796,482	0	193,058	193,058	0
Prior Year Encumbrances Appropriated	980,181	980,181	0	41,036	41,036	0
Fund Balances at End of Year	\$1,100,961	\$5,291,934	\$4,190,973	\$382,014	\$286,585	(\$95,429)

See accompanying notes to the general-purpose financial statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$203,566	\$250,491	\$46,925	\$0	\$0	\$0
0	0	0	0	0	0
0	28,591	28,591	1,375,371	1,375,371	0
0	0	0	146,095	201,450	55,355
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>203,566</u>	<u>279,082</u>	<u>75,516</u>	<u>1,521,466</u>	<u>1,576,821</u>	<u>55,355</u>
0	0	0	119,805	16,249	103,556
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,479	4,464	15	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	21,497	20,947	550
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	783,134	740,338	42,796
583,105	508,320	74,785	0	0	0
20,500	20,424	76	0	0	0
<u>608,084</u>	<u>533,208</u>	<u>74,876</u>	<u>924,436</u>	<u>777,534</u>	<u>146,902</u>
<u>(404,518)</u>	<u>(254,126)</u>	<u>150,392</u>	<u>597,030</u>	<u>799,287</u>	<u>202,257</u>
0	0	0	0	0	0
0	0	0	6,891,000	6,891,000	0
468,539	300,000	(168,539)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
131,461	131,461	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>600,000</u>	<u>431,461</u>	<u>(168,539)</u>	<u>6,891,000</u>	<u>6,891,000</u>	<u>0</u>
195,482	177,335	(18,147)	7,488,030	7,690,287	202,257
140,320	140,320	0	17,741	17,741	0
0	0	0	43,769	43,769	0
<u>\$335,802</u>	<u>\$317,655</u>	<u>(\$18,147)</u>	<u>\$7,549,540</u>	<u>\$7,751,797</u>	<u>\$202,257</u>

Goshen Local School District
Clermont County

Statement of Revenues,
Expenses, and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000

	Enterprise
<i>Operating Revenues:</i>	
Sales	\$382,434
<i>Operating Expenses:</i>	
Salaries	257,974
Fringe Benefits	120,086
Purchased Services	9,696
Materials and Supplies	30,302
Cost of Sales	195,847
Depreciation	1,063
Total Operating Expenses	614,968
Operating Loss	(232,534)
<i>Non-Operating Revenues:</i>	
Federal Donated Commodities	41,376
Interest	1,072
Federal and State Subsidies	177,964
Total Non-Operating Revenues	220,412
Net Loss	(12,122)
Retained Earnings at Beginning of Year	20,657
Retained Earnings at End of Year	\$8,535

See accompanying notes to the general-purpose financial statements

Goshen Local School District
Clermont County

Statement of Revenues, Expenses, and
Changes in Fund Equity- Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$469,000	\$382,434	(\$86,566)
Interest	1,000	1,072	72
Federal and State Subsidies	190,000	177,964	(12,036)
Total Operating Revenues	660,000	561,470	(98,530)
Expenses:			
Salaries	269,500	257,336	12,164
Fringe Benefits	127,150	120,385	6,765
Purchased Services	14,222	11,429	2,793
Materials and Supplies	190,000	185,459	4,541
Total Operating Expenses	600,872	574,609	26,263
Excess of Revenues Over (Under) Expenses Before Transfers	59,128	(13,139)	(72,267)
Operating Transfers In	293	0	(293)
Excess of Revenues Over (Under) Expenses and Transfers	59,421	(13,139)	(72,560)
Fund Equity at Beginning of Year	64,418	64,418	0
Prior Year Encumbrances Appropriated	1,622	1,622	0
Fund Equity at End of Year	\$125,461	\$52,901	(\$72,560)

See accompanying notes to the general-purpose financial statements

Goshen Local School District
Clermont County

Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$382,434
Cash Payments to Employees for Services	(257,336)
Cash Payments to Employees for Benefits	(120,385)
Cash Payments to Suppliers for Goods and Services	(194,909)
Net Cash Used for Operating Activities	(190,196)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies	177,964
Net Cash Provided by Noncapital Financing Activities	177,964
Cash Flows from Investing Activities:	
Interest	1,072
Net Cash Provided by Investing Activities	1,072
Net Decrease in Cash and Cash Equivalents	(11,160)
Cash and Cash Equivalents at Beginning of Year	66,040
Cash and Cash Equivalents at End of Year	\$54,880
 <u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$232,534)
 <u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Donated Commodities Received	41,376
Depreciation	1,063
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(31)
Decrease in Inventory Held for Resale	260
Decrease in Accounts Payable	(670)
Increase in Accrued Wages and Benefits Payable	535
Increase in Compensated Absences Payable	433
Decrease in Intergovernmental Payable	(628)
Total Adjustments	42,338
Net Cash Used for Operating Activities	(\$190,196)

See accompanying notes to the general-purpose financial statements

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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/or federal guidelines.

The School District was established in 1896 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 35 square miles. It is located in Clermont County, and includes Goshen Township. It is staffed by 71 non-certificated employees, 154 certificated full-time teaching personnel and 10 administrative employees who provide services to 2,660 students and other community members. The School District currently operates five instructional buildings, one administrative building, and one garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of 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. The School District has no component units included in its reporting entity.

The following organizations which perform activities within the School District's boundaries for the benefits of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District.

Booster Clubs
Parent-Teacher Organizations

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY
(Continued)

The School District is associated with five organizations of which three are defined as jointly governed organizations and two are group insurance purchasing pools. These organizations are the Hamilton/Clermont Cooperative Association/Unified Purchasing Association, the Hamilton/Clermont Cooperative Association (H/CCA), Great Oaks Joint Vocational School, Clermont County Health Trust, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, respectively. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

The following activities are included within the reporting entity:

Parochial School - Within the School District 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. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

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 standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

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

General Fund - The general fund is the operating fund of the School District and is used to account for 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.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the enterprise fund).

Proprietary Fund Type:

The proprietary fund is used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's only fiduciary fund is an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the enterprise fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the enterprise fund.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

retained earnings components. The School District does not have any contributed capital. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, taxpayer-assessed income taxes, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Clermont County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than the agency fund, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for the enterprise fund.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the enterprise fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payment come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

During fiscal year 2000, the School District's investments were limited to funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) and Milestone Mutual Fund. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

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 2000 amounted to \$271,269, which includes \$65,104 assigned from other School District funds. The capital projects and enterprise funds received interest of \$201,450, and \$1,072 respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of the enterprise fund are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of the enterprise fund consist of donated food, purchased food, and non-food supplies and are expensed when used.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two hundred and fifty dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of five to twenty years.

G. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for the enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Special Revenue Fund

- Disadvantaged Pupil Impact Aid

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Cooperative Learning
Auxiliary Services
Career Development
Professional Development Block Grant
Education Management Information Systems
Education for Economic Security
Eisenhower Grant
OhioReads Grant
School Net Professional Development
Title VI-B
Title I
Title VI
Drug-Free Schools
Goals 2000

Capital Projects Funds

School Net
School Net Plus
Technology Equity

Reimbursable Grants

General Fund

Driver Education

Special Revenue Funds

E-Rate

Enterprise Fund

National School Lunch Program
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 65 percent of governmental fund revenue during the 2000 fiscal year.

H. 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

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Long-term notes are reported as a liability of the general long-term obligations account group until due.

Long-term obligations financed by the enterprise fund are reported as liabilities in that fund.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, materials and supplies inventory, property taxes, textbooks/instructional materials, capital improvements and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

M. Fund Designations

The School District designates fund balance to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions, are subject to change and are reported as part of unreserved fund balance. Fund designations are established for capital improvements and budget stabilization.

The designations for budget stabilization, textbooks and instructional materials, and capital acquisitions represent money set-aside for budget stabilization in excess of statutory requirements.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues required by statute to be set-aside by the School District for the acquisition or construction of capital assets, the purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

At June 30, 2000, the uniform school supply, career development, disabled pupil impact aid, and the title I special revenue funds and the permanent improvement capital projects fund had deficit fund equity of \$9,618, \$150, \$5,004, \$12,995 and \$371,879, respectively. Both the special revenue and capital projects funds' deficits were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. Liabilities for notes payable in the capital projects fund are presented as fund liabilities. The fund deficit will be eliminated when bonds are issued and resources are provided for the retirement of the notes.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the enterprise fund (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
6. State statute requires short-term note debt to be repaid from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
7. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$674,634	\$132,435	\$252,035	\$7,927,739
Revenue Accruals	(125,316)	(12,049)	22,583	(97,283)
Expenditure Accruals	117,141	26,694	0	6,231
Debt Proceeds	100,000	0	300,000	0
Debt Payment	0	0	(508,320)	0
Reallocation of Debt Activity	0	0	(20,424)	20,424
Advances	(19,000)	19,000	0	0
Transfers	(100,000)	0	131,461	(31,461)
Encumbrances	(1,132,188)	(113,589)	0	(135,363)
Budget Basis	(\$484,729)	\$52,491	\$177,335	\$7,690,287

Net Loss/Excess of
Revenues Under Expenses and Transfers
Proprietary Fund Type

	Enterprise
GAAP Basis	(\$12,122)
Expense Accruals	128
Materials and Supplies Inventory	31
Inventory Held for Resale	(260)
Depreciation Expense	1,063
Encumbrances	(1,979)
Budget Basis	(\$13,139)

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two 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 which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits At year end, the carrying amount of the School District's deposits was (\$254,657) and the bank balance was \$198,054. Of the bank balance:

1. \$100,468 was covered by federal depository insurance; and
2. \$97,586 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Investments: The Government Accounting Standards Board has established categories to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The District's investments at the fiscal year end were STAR Ohio and Milestone Mutual Fund. These investments had a fair value of \$15,375,322. However, these investments are not classified by risk category because they were not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$15,120,665	\$0
Investments:		
Milestone Mutual Fund	(1,208,773)	1,208,773
STAR Ohio	(14,166,549)	14,166,549
GASB Statement 3	(\$254,657)	\$15,375,322

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6 - PROPERTY TAXES (Continued)

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$108,907,800	86.98%	\$124,615,040	87.04%
Public Utility	12,690,880	10.14	14,610,030	10.21
Tangible Personal Property	3,607,620	2.88	3,940,250	2.75
Total Assessed Value	<u>\$125,206,300</u>	<u>100.00%</u>	<u>\$143,165,320</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$29.10		\$33.10	

The School District receives property taxes from Clermont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2000, was \$519,200 and is recognized as revenue. \$433,800 was available to the general fund, \$10,700 was available to the classroom facilities special revenue fund, and \$74,700 was available to the bond retirement debt service fund.

NOTE 7 - INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$1,906,082 was credited to the general fund for fiscal year 2000.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Rental Property to Hamilton County ESC	\$200
Tuition from other School Districts	31,072
Reimbursement from other School Districts	290
Drivers Education Reimbursement	<u>3,050</u>
Total General Fund	34,612
Special Revenue Fund	
Ohio Reads Grant	<u>1,000</u>
Total of all Funds	<u><u>\$35,612</u></u>

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$160,778
Less Accumulated Depreciation	<u>(119,606)</u>
Net Fixed Assets	<u><u>\$41,172</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 7/01/99	Additions	Deletions	Balance at 6/30/00
Land	\$26,709	\$394,271	\$0	\$420,980
Buildings and Improvements	7,042,374	0	0	7,042,374
Construction in Progress	0	20,000	0	20,000
Vehicles	42,864	49	0	42,913
Furniture, Fixtures and Equipment	3,417,442	226,692	0	3,644,134
Books	<u>1,415,410</u>	<u>0</u>	<u>0</u>	<u>1,415,410</u>
Totals	<u><u>\$11,944,799</u></u>	<u><u>\$641,012</u></u>	<u><u>\$0</u></u>	<u><u>\$12,585,811</u></u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for property and fleet insurance, inland marine coverage, and for general liability insurance.

Coverages provided by Indiana Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$32,999,844
Inland Marine Coverage (\$250 deductible)	167,682
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	8,000
Automobile Liability (\$250 deductible)	350,000
Uninsured Motorists (\$250 deductible)	350,000

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 10 - RISK MANAGEMENT (Continued)

Coverages provided by Wausau Insurance are as follows:

General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

B. Employee Benefits

For fiscal year 2000, the School District participated in the Clermont County Health Trust (the Trust), a group insurance purchasing pool (Note 17), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

C. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), a group insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$65,730, \$131,016, and \$163,408, respectively; 78 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$60,428 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$423,335, \$359,056, and \$755,590, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$72,471 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$564,447 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$149,403.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care the June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 to 240 days depending on the position of personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 54 days.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Unum.

NOTE 14 - SHORT TERM OBLIGATIONS

A summary of the short-term note transactions for the fiscal year ended June 30, 2000, follows:

<u>Fund Type/Fund/Issue</u>	<u>Interest Rate</u>	<u>Balance at 7/01/1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/2000</u>
Capital Projects Funds:					
Energy Conservation Notes	4 90%	\$508,320	\$400,000	\$508,320	\$400,000

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Amount Outstanding 7/01/99	Additions	Deductions	Amount Outstanding 6/30/00
School Improvement Bond Anticipation Note -2000, 4.71%	\$0	\$6,891,000	\$0	\$6,891,000
Intergovernmental Payable	111,378	96,266	111,378	96,266
Compensated Absences	983,352	96,621	0	1,079,973
Total General Long-Term Obligations	<u>\$1,094,730</u>	<u>\$7,083,887</u>	<u>\$111,378</u>	<u>\$8,067,239</u>

On February 16, 2000, the School District issued \$6,891,000 in School Improvement Bond Anticipation Notes with an interest rate of 4.71%, and a maturity date of October 11, 2000. The notes will be used to make improvements to school buildings in the district. In July of 2000, the School District issued general obligation bonds to pay off these notes (Note 21).

Compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$6,386,234, the energy conservation loan debt margin was \$888,488, and the unvoted debt margin of \$143,165 at June 30, 2000.

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General	\$19,000	\$0
Special Revenue: Uniform School Supplies	0	15,000
Eisenhower	0	2,000
Drug Free 2000	0	2,000
Total All Funds	<u>\$19,000</u>	<u>\$19,000</u>

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 17 - 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 Cooperative was organized under the Hamilton/Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office and cafeteria supplies. The Unified Purchasing Cooperative organization 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 School District has no ongoing financial interest in nor responsibility for the Association. The School District did not make any financial contributions to the Hamilton/Clermont Cooperative Association/Unified Purchasing Association during fiscal year 2000. Complete financial statements for the Hamilton/Clermont Cooperative Association/Unified Purchasing Association can be obtained from Al Porter, director, at their 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 consortium of school districts to operate 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 \$10,835 for services provided during the year. Complete financial statements for H/CCA can be obtained from Al Porter, director, at their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Great Oaks Joint Vocational School - The Great Oaks Joint Vocational School, 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 board, which possesses its own budgeting and taxing authority. Great Oaks Joint Vocational School 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 Vocational School. The School District did not make any financial contributions to the Great Oaks Joint Vocational School during fiscal year 2000. Complete financial statements for Great Oaks Joint Vocational School can be obtained from the treasurer, John Wahle, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 18 - GROUP INSURANCE PURCHASING POOLS

Clermont County Health Trust - The Clermont County Health Trust (the Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's, employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and are elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator, McElroy Minister, which in turn buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit if its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. The School District paid \$900,343 for services provided during the year. Financial information can be obtained from Dr. Alexander, administrator of the Clermont County Health Trust, at P.O. Box 526 Middletown, Ohio 45042.

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 year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 19 - SET-ASIDE CALCULATIONS

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of July 1, 1999	\$0	\$214,861	\$174,196
Current Year Set-aside Requirement	331,292	331,292	111,331
Additional Money Set Aside	14,754	310,242	117,022
Current Year Offsets	0	(286,253)	(67,666)
Qualifying Disbursements	(183,975)	(241,578)	0
Set-aside Balances Carried Forward to FY 2001	<u>\$162,071</u>	<u>\$328,564</u>	<u>\$334,883</u>
Set-aside Reserve Balances as of June 30, 2000	<u>\$147,317</u>	<u>\$18,322</u>	<u>\$217,861</u>

The School District set-aside additional money in excess of statutory requirements for budget stabilization, textbooks, and capital improvements. These amounts are presented on the balance sheet as a designation of fund balance rather than as a reserve, and are therefore not included in restricted assets. The total reserve balances for textbooks, capital improvements, and budget stabilization set-asides at the end of the fiscal year were \$147,317, \$18,322 and \$217,861, respectively.

NOTE 20 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's school foundation program, which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$9,389,407 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$1,146,120 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded "...the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response

Goshen Local School District
Clermont County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 20 - STATE SCHOOL FUNDING DECISION (Continued)

to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's school Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE 21 - CONTINGENCIES

A. 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, 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, 2000.

B. Litigation

The School District has no pending litigation.

NOTE 22 - SUBSEQUENT EVENTS

On July 1, 2000 the School District issued \$6,891,000 in Classroom Facilities Bonds to pay off the School Improvement Notes that were issued during fiscal year 2000. These bonds have an interest rate of between 4.4% and 6.25% with a final maturity date of December 1, 2022. These bonds will be used to construct a new school building in the School District.

Also, in September of 2000, the School District awarded its first contract for construction on the new high school to Performance Site Management for \$558,681.

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	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:						
Food Distribution Program		10.550		\$41,776		\$41,376
National School Lunch Program		10.555	\$168,729		\$168,729	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>168,729</u>	<u>41,776</u>	<u>168,729</u>	<u>41,376</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6BSF-98 6BSF-99	84.027	1,158 <u>166,067</u>		24,529 <u>150,089</u>	
Total Special Education Cluster			<u>167,225</u>		<u>174,618</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1S1-99 C1S1-00	84.010	31,286 <u>256,415</u> 287,701		99,439 <u>222,844</u> 322,283	
Innovative Educational Program Strategies	C2S1-98 C2S1-99 C2S1-00	84.298	1,840 <u>14,079</u> 15,919		1,405 <u>1,840</u> 6,978 <u>10,223</u>	
Drug-Free Schools Grant	DRS1-99 DRS1-00	84.186	26,318 <u>26,318</u>		220 <u>25,369</u> 25,589	
Eisenhower Professional Development Grant	MSS1-98 MSS1-00	84.281	11,714 <u>11,714</u>		798 <u>10,040</u> 10,838	
Title VI-R	CR-S1-00	84.340	<u>44,626</u>		<u>27,579</u>	
Total Department of Education			<u>553,503</u>		<u>571,130</u>	
TOTAL FEDERAL ASSISTANCE			<u>\$722,232</u>	<u>\$41,776</u>	<u>\$739,859</u>	<u>\$41,376</u>

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

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Federal cash receipts are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

Goshen Local School District
Clermont County
6785 Goshen Road
Goshen, Ohio 45122

To the Board of Education:

We have audited the financial statements of the Goshen Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated November 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated November 28, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 28, 2000.

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

This report is intended for the information and use of the Audit Committee, management, and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 28, 2000



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

Goshen Local School District
Clermont County
6785 Goshen Road
Goshen, Ohio 45122

To the Board of Education:

Compliance

We have audited the compliance of the Goshen Local School District, Clermont County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2000. The District's major federal program is identified in the summary of auditors results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

November 28, 2000

**GOSHEN LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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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
DECEMBER 19, 2000**