



Mary Taylor, CPA  
Auditor of State



**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Local School District, Clermont County, Ohio, as of June 30, 2008, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of Federal Awards Receipts and Expenditure to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 15, 2009

***Goshen Local School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2008***  
***Unaudited***

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As management of the Goshen Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the governmental financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

**Financial Highlights**

- The assets of the Goshen Local School District exceeded its liabilities at June 30, 2008 by \$35,143,113. Of this amount, \$2,147,337 may be used to meet the School District's ongoing financial obligations. The remaining amount represents capital assets net of related debt and net asset amounts restricted for specific purposes.
- The School District's net assets decreased by \$1,022,595 during this fiscal year's operations.
- General revenues accounted for \$21,059,929 or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$4,472,899 or 18 percent of total revenues of \$25,532,828.
- The School District had \$26,555,423 in expenses related to governmental activities; only \$4,472,899 of these expenses were offset by program specific charges for services and sales, grants and contributions.

**Using the Basic Financial Statements**

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

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

**Goshen Local School District**  
*Management's Discussion and Analysis*  
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## **Reporting the School District as a Whole**

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2008?” The statement of net assets and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all *assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses, regardless of when cash is received or paid.

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

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

### **Fund Financial Statements**

The analysis of the School District’s major funds begins on page 9. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s major funds.

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



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**Fiduciary Funds** - The School District's fiduciary funds consist of an agency fund and a private purpose trust fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for fiscal years 2008 and 2007:

(Table 1)  
Net Assets

	Governmental Activities		
	2008	2007 Restated	Change
<b>Assets</b>			
Current and Other Assets	\$14,512,194	\$13,871,595	\$640,599
Capital Assets, Net	40,693,320	41,214,571	(521,251)
Total Assets	55,205,514	55,086,166	119,348
<b>Liabilities</b>			
Other Liabilities	(8,172,462)	(9,252,086)	1,079,624
Long-Term Liabilities	(11,889,939)	(9,668,372)	(2,221,567)
Total Liabilities	(20,062,401)	(18,920,458)	(1,141,943)
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	30,710,480	32,759,973	(2,049,493)
Restricted	2,285,296	1,473,969	811,327
Unrestricted	2,147,337	1,931,766	215,571
Total Net Assets	\$35,143,113	\$36,165,708	(\$1,022,595)

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Net assets decreased by \$1,022,595. This was due to the following factors. Invested in capital assets decreased \$2,049,493 primarily due to depreciation and the issuance of certificates of participation. Restricted net assets increased by \$811,327 due mainly to the School District's unspent debt proceeds on the certificates of participation and first year collections on the permanent improvement levy.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2008 and 2007. These two main components are subtracted to yield the change in net assets. This table uses the full accrual basis of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, restricted grants, and contributions. General Revenues include property and income taxes, unrestricted grants, such as State foundation support, and unrestricted investment earnings.

(Table 2)  
Change in Net Assets

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2008</u>	<u>2007</u>	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,465,540	\$1,210,725	\$254,815
Operating Grants and Contributions	3,007,359	2,587,173	420,186
Total Program Revenues	<u>4,472,899</u>	<u>3,797,898</u>	<u>\$675,001</u>
General Revenues:			
Property Taxes	6,249,907	4,609,510	1,640,397
Municipal Income Tax	2,863,234	2,880,080	(16,846)
Grants and Entitlements not			
Restricted to Specific Programs	11,179,655	11,303,874	(124,219)
Gain on Sale of Capital Assets	166,071	0	166,071
Investment Earnings	352,093	301,432	50,661
Revenue in Lieu of Taxes	22,560	10,339	12,221
Miscellaneous	226,409	218,166	8,243
Total General Revenues	<u>21,059,929</u>	<u>19,323,401</u>	<u>1,736,528</u>
Total Revenues	<u>\$25,532,828</u>	<u>\$23,121,299</u>	<u>\$2,411,529</u>

(continued)

**Goshen Local School District**  
**Management's Discussion and Analysis**  
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(Table 2)  
Change in Net Assets  
(Continued)

	2008	2007	Change
<b>Program Expenses</b>			
Instruction:			
Regular	\$9,997,038	\$10,826,951	\$829,913
Special	1,915,467	1,877,894	(37,573)
Vocational	476,026	104,690	(371,336)
Student Intervention Services	10,767	28,555	17,788
Support Services:			
Pupils	2,166,417	1,662,468	(503,949)
Instructional Staff	3,233,803	2,489,590	(744,213)
Board of Education	45,341	64,308	18,967
Administration	1,537,131	1,273,253	(263,878)
Fiscal	550,590	597,744	47,154
Business	75,463	69,290	(6,173)
Operation and Maintenance of Plant	2,199,980	2,052,954	(147,026)
Pupil Transportation	1,865,546	1,681,938	(183,608)
Central	546	680	134
Operation of Non-Instructional Services:			
Food Service Operations	1,214,166	918,879	(295,287)
Other	98,385	242,064	143,679
Extracurricular Activities	529,873	471,811	(58,062)
Interest and Fiscal Charges	638,884	452,206	(186,678)
Total Expenses	<u>26,555,423</u>	<u>24,815,275</u>	<u>(1,740,148)</u>
Decrease in Net Assets Before Special Item	(1,022,595)	(1,693,976)	671,381
Net Assets at Beginning of Year (Restated)	<u>36,165,708</u>	<u>37,859,684</u>	<u>(1,693,976)</u>
Net Assets at End of Year	<u><u>\$35,143,113</u></u>	<u><u>\$36,165,708</u></u>	<u><u>(\$1,022,595)</u></u>

Grants and entitlements not restricted to specific programs and property taxes made up 44 and 24 percent, respectively, of revenues for governmental activities of the Goshen Local School District for fiscal year 2008.

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For the fiscal year 2008, the School District experienced a seven percent increase in expenses with a 10 percent increase in revenues. Charges for Services and Sales increased slightly in the amount of \$254,815 due to increases in the number of students attending Goshen Local School District through open enrollment. Property tax revenues increased \$1,640,397 because fiscal year 2008 was the first full year of collection on the capital projects levy and prior year decreases in amounts available for advance. Operating Grants and Contributions increased \$420,186 due to increases in special education weighted aid and federal lunchroom reimbursements. Regular Instruction expenses decreased \$829,913 over fiscal year 2007 due to grant dollars being spent in fiscal year 2007 offset by salary increases in fiscal year 2008. Vocational instruction expenses increased \$371,336 due to additional technology programs in the School District. Support Services Pupils expenses increased \$503,949 due to additional aides in the classrooms. Support Services Instructional Staff expenses increased \$744,213 due to additional costs for special education instruction.

The statement of activities shows the cost of program services and the charges for services and sales and grants and contributions offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference between these two columns for each fiscal year would represent restricted grants, fees and donations.

(Table 3)  
 Governmental Activities

	Total Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2008	Net Cost of Services 2007
Instruction	\$12,399,298	\$12,838,090	(\$10,159,083)	(\$10,809,260)
Support Services	11,674,817	9,892,225	(10,697,125)	(9,217,748)
Operation of Non-				
Instructional Services	1,312,551	1,160,943	(185,210)	(66,352)
Extracurricular Activities	529,873	471,811	(402,222)	(471,811)
Interest and Fiscal Charges	638,884	452,206	(638,884)	(452,206)
<b>Total Expenses</b>	<b>\$26,555,423</b>	<b>\$24,815,275</b>	<b>(\$22,082,524)</b>	<b>(\$21,017,377)</b>

**Goshen Local School District**  
*Management's Discussion and Analysis*  
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**The School District's Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$25,130,730 and expenditures of \$26,843,513. The net change in fund balance for the fiscal year in the General Fund was an increase of \$27,516. This was due to increased collections in property tax revenues offset by increases in Vocational Instruction and various support service expenditures. The Permanent Improvement Fund saw an increase of \$1,317,022. This was mainly due to the issuance of certificates of participation in fiscal year 2008. The Debt Service Fund saw an increase of \$170,863 due mainly to debt payments being made out of the Permanent Improvement Fund in fiscal year 2008.

**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2008, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$173,352 above the final budgeted amount in the General Fund.

For the General Fund, original budget basis revenues were \$22,156,295 with final budget estimates of \$21,029,999. The difference was due mainly to overestimating property taxes. Actual budget basis revenue was \$52,192 above final budget estimates.

Original budget basis expenditures were \$22,340,168, while final budgeted expenditures were \$21,984,877. The decrease was due mainly to a decrease in Support Services Pupil Transportation expenditures. Actual expenditures were \$121,160 below final budgeted expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

The Goshen Local School District's investment in capital assets as of June 30, 2008, was \$40,693,320. This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and books and educational media. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

**Goshen Local School District**  
**Management's Discussion and Analysis**  
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(Table 4)  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	2008	2007 (Restated)
Land	\$861,560	\$939,674
Construction in Progress	2,334,779	992,311
Land Improvements	2,247,571	2,331,571
Buildings and Improvements	33,989,588	35,419,711
Furniture and Equipment	1,223,151	1,401,051
Vehicles	4,497	6,924
Books and Educational Media	32,174	123,329
<b>Totals</b>	<b>\$40,693,320</b>	<b>\$41,214,571</b>

Net capital assets decreased \$521,251 from the prior fiscal year. This is due to depreciation expense and deletions for the fiscal year exceeding additions to capital assets.

For more information on capital assets, refer to Note 10 to the basic financial statements.

***Debt***

At June 30, 2008 the School District had \$10,039,303 in bonds and certificates of participation outstanding, with \$345,000 due within one year. Table 5 summarizes bonds and certificates of participation outstanding:

**Goshen Local School District**  
*Management's Discussion and Analysis*  
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(Table 5)  
 Outstanding Debt, at Fiscal Year-end

	2008	2007
2000 School Improvement General		
Obligation Bonds 4.4%-6.25%	\$2,125,000	\$2,470,000
Refunding Serial Bonds 4.00%	2,305,000	2,415,000
Refunding Capital Appreciation Bonds 12.24%	200,000	200,000
Premium on Debt Issue	250,440	267,136
Deferred Loss on Refunding	(190,470)	(203,168)
Accretion on Capital Appreciation Bonds	101,741	42,679
2002 Certificates of Participation 2.5%-5.0%	0	2,590,000
Refunding Certificates of Participation 4.0%-4.5%	5,405,000	0
Deferred Loss on Refunding	(160,258)	0
Premium on Debt Issue	2,850	0
Totals	\$10,039,303	\$7,781,647

The School District's overall legal debt margin was \$18,577,700 with an unvoted debt margin of \$237,098 at June 30, 2008.

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

**District Challenges for the Future**

The Goshen Local School District, like many other School Districts in Ohio, faces a huge challenge when it comes to finances and budgeting. Ohio is currently looking at the way schools are financed throughout the State. Governor Strickland is reviewing how Ohio schools are funded, and many recommendations will be presented to legislators as a way to hopefully better fund schools. Ohio's core curriculum law for graduating students in future years will be a staffing problem for many school districts in the State. It is difficult for districts to find teachers certified in math, science, and foreign language. The new requirements will make it increasingly difficult for all districts.

Goshen is also a community set for large growth, but with today's economy, it could be a number of years before this happens. Providing services as well as housing all of the students will be an issue in the future. The School District does have a vision plan for the growth, however, uncertainty regarding the timing of such growth makes planning difficult.

***Goshen Local School District***  
***Management's Discussion and Analysis***  
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***Unaudited***

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

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



**GOSHEN LOCAL SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$5,735,610
Investments with Fiscal Agents	797,953
Inventory Held for Resale	7,000
Materials and Supplies Inventory	2,166
Accrued Interest Receivable	34,917
Accounts Receivable	26,879
Intergovernmental Receivable	33,505
Property Taxes Receivable	6,352,784
Income Tax Receivable	1,295,250
Deferred Charges	226,130
Capital Assets:	
Land	861,560
Construction in Progress	2,334,779
Depreciable Capital Assets, Net	37,496,981
<i>Total Assets</i>	<u>55,205,514</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	127,666
Accrued Wages and Benefits Payable	1,692,246
Intergovernmental Payable	779,597
Accrued Interest Payable	17,589
Matured Compensated Absences Payable	7,896
Contracts Payable	143,644
Deferred Revenue	5,403,824
Long-Term Liabilities:	
Due Within One Year	532,417
Due in More Than One Year	11,357,522
<i>Total Liabilities</i>	<u>20,062,401</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	30,710,480
Restricted for Debt Service	1,311,101
Restricted for Capital Outlay	690,203
Restricted for Other Purposes	149,349
Restricted for Classroom Facilities	132,511
Restricted for Set-Asides	2,132
Unrestricted	2,147,337
<i>Total Net Assets</i>	<u>\$35,143,113</u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**

Statement of Activities

For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$9,997,038	\$660,138	\$54,762	(\$9,282,138)
Special	1,915,467	96,381	1,357,213	(461,873)
Vocational	476,026	28,768	31,774	(415,484)
Student Intervention Services	10,767	0	11,179	412
Support Services:				
Pupils	2,166,417	0	453,860	(1,712,557)
Instructional Staff	3,233,803	0	292,851	(2,940,952)
Board of Education	45,341	0	0	(45,341)
Administration	1,537,131	0	56,470	(1,480,661)
Fiscal	550,590	0	0	(550,590)
Business	75,463	0	0	(75,463)
Operation and Maintenance of Plant	2,199,980	29,860	0	(2,170,120)
Pupil Transportation	1,865,546	76,663	67,988	(1,720,895)
Central	546	0	0	(546)
Operation of Non-Instructional Services:				
Food Service Operations	1,214,166	446,079	602,556	(165,531)
Other	98,385	0	78,706	(19,679)
Extracurricular Activities	529,873	127,651	0	(402,222)
Interest and Fiscal Charges	638,884	0	0	(638,884)
<b>Total Governmental Activities</b>	<b>\$26,555,423</b>	<b>\$1,465,540</b>	<b>\$3,007,359</b>	<b>(22,082,524)</b>

**General Revenues:**

Property Taxes Levied for:	
General Purposes	4,549,548
Debt Service	569,036
Capital Improvement	1,041,224
Classroom Facilities Maintenance	90,099
Municipal Income Tax	2,863,234
Grants and Entitlements not Restricted to Specific Programs	11,179,655
Gain on Sale of Capital Assets	166,071
Interest	352,093
Revenue in Lieu of Taxes	22,560
Miscellaneous	226,409
<b>Total General Revenues</b>	<b>21,059,929</b>
<b>Change in Net Assets</b>	<b>(1,022,595)</b>
<b>Net Assets at Beginning of Year</b> <i>(Restated - See Note 3)</i>	<b>36,165,708</b>
<b>Net Assets at End of Year</b>	<b>\$35,143,113</b>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2008

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$3,948,424	\$780,439	\$629,274	\$375,341	\$5,733,478
Investments with Fiscal Agents	0	476,353	321,600	0	797,953
Receivables:					
Property Taxes	4,712,344	469,251	1,077,968	93,221	6,352,784
Income Tax	1,295,250	0	0	0	1,295,250
Accounts	25,838	0	0	1,041	26,879
Intergovernmental	8,727	0	0	24,778	33,505
Accrued Interest	34,917	0	0	0	34,917
Interfund	87,125	0	0	0	87,125
Inventory Held for Resale	0	0	0	7,000	7,000
Materials and Supplies Inventory	0	0	0	2,166	2,166
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	2,132	0	0	0	2,132
<b>Total Assets</b>	<b>\$10,114,757</b>	<b>\$1,726,043</b>	<b>\$2,028,842</b>	<b>\$503,547</b>	<b>\$14,373,189</b>
<b><u>Liabilities and Fund Balances:</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$101,410	\$0	\$12,282	\$13,974	\$127,666
Accrued Wages and Benefits Payable	1,586,789	0	0	105,457	1,692,246
Contracts Payable	52,135	0	91,509	0	143,644
Intergovernmental Payable	543,560	0	711	235,326	779,597
Matured Compensated Absences Payable	7,896	0	0	0	7,896
Deferred Revenue	4,563,711	431,805	991,773	85,859	6,073,148
Interfund Payable	0	0	0	87,125	87,125
<b>Total Liabilities</b>	<b>6,855,501</b>	<b>431,805</b>	<b>1,096,275</b>	<b>527,741</b>	<b>8,911,322</b>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	330,938	0	0	35,125	366,063
Reserved for Property Taxes	374,855	37,446	86,195	7,362	505,858
Reserved for Budget Stabilization	2,132	0	0	0	2,132
Unreserved, Undesignated (Deficit), Reported in:					
General Fund	2,551,331	0	0	0	2,551,331
Special Revenue Funds	0	0	0	(66,681)	(66,681)
Debt Service Fund	0	1,256,792	0	0	1,256,792
Capital Projects Funds	0	0	846,372	0	846,372
<b>Total Fund Balances (Deficit)</b>	<b>3,259,256</b>	<b>1,294,238</b>	<b>932,567</b>	<b>(24,194)</b>	<b>5,461,867</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$10,114,757</b>	<b>\$1,726,043</b>	<b>\$2,028,842</b>	<b>\$503,547</b>	<b>\$14,373,189</b>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2008

<b>Total Governmental Fund Balances</b>		\$5,461,867
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	861,560	
Construction in progress	2,334,779	
Other capital assets	54,825,813	
Accumulated depreciation	<u>(17,328,832)</u>	
Total capital assets		40,693,320
 Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Delinquent property taxes	460,774	
Income taxes	<u>208,550</u>	
		669,324
 Issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.		
		226,130
 Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(2,125,000)	
Refunding bonds payable	(2,505,000)	
Accretion on capital appreciation bonds	(101,741)	
Refunding certificates of participation	(5,405,000)	
Losses on refundings	350,728	
Premium on debt issues	(253,290)	
Accrued interest on bonds	(17,589)	
Capital leases	(593,008)	
Compensated absences	<u>(1,257,628)</u>	
Total liabilities		<u>(11,907,528)</u>
 <b>Net Assets of Governmental Activities</b>		 <u><u>\$35,143,113</u></u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2008

	General	Bond Retirement	Permanent Improvement	Other Governmental	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$4,379,120	\$563,815	\$1,000,403	\$86,718	\$6,030,056
Income Tax	2,847,058	0	0	0	2,847,058
Intergovernmental	12,192,309	77,750	133,200	1,782,823	14,186,082
Interest	314,674	11,888	25,531	932	353,025
Tuition and Fees	688,793	0	0	96,494	785,287
Extracurricular Activities	0	0	0	127,651	127,651
Rent	29,860	0	0	0	29,860
Customer Sales and Services	76,663	0	0	446,079	522,742
Revenue in Lieu of Taxes	22,560	0	0	0	22,560
Miscellaneous	78,002	0	0	148,407	226,409
<i>Total Revenues</i>	<u>20,629,039</u>	<u>653,453</u>	<u>1,159,134</u>	<u>2,689,104</u>	<u>25,130,730</u>
<b><u>Expenditures:</u></b>					
Current:					
Instruction:					
Regular	8,781,993	0	0	149,090	8,931,083
Special	1,528,695	0	0	244,642	1,773,337
Vocational	456,305	0	0	5,789	462,094
Student Intervention Services	0	0	0	10,767	10,767
Support Services:					
Pupils	1,413,794	0	0	570,558	1,984,352
Instructional Staff	2,753,940	0	0	357,512	3,111,452
Board of Education	44,180	0	0	0	44,180
Administration	1,393,057	0	0	63,929	1,456,986
Fiscal	493,340	11,098	19,299	1,676	525,413
Business	27	0	75,436	0	75,463
Operation and Maintenance of Plant	1,834,613	0	112,381	171,431	2,118,425
Pupil Transportation	1,862,296	0	0	0	1,862,296
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,062,131	1,062,131
Other	250	0	0	100,015	100,265
Extracurricular Activities	282,669	0	0	157,273	439,942
Capital Outlay	0	0	1,367,467	0	1,367,467
Debt Service:					
Principal Retirement	542	455,000	313,296	0	768,838
Interest and Fiscal Charges	7	292,449	279,233	0	571,689
Issuance Costs	0	86,404	90,929	0	177,333
<i>Total Expenditures</i>	<u>20,845,708</u>	<u>844,951</u>	<u>2,258,041</u>	<u>2,894,813</u>	<u>26,843,513</u>
Excess of Revenues Under Expenditures	<u>(216,669)</u>	<u>(191,498)</u>	<u>(1,098,907)</u>	<u>(205,709)</u>	<u>(1,712,783)</u>
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from Sale of Capital Assets	244,185	0	0	0	244,185
Refunding Certificates of Participation Issued	0	2,785,000	2,620,000	0	5,405,000
Premium on Refunding Certificates of Participation Issued	0	0	13,099	0	13,099
Discount on Refunding Certificates of Participation Issued	0	(10,130)	0	0	(10,130)
Payment to Refunded Bond Escrow Agent	0	(2,629,679)	0	0	(2,629,679)
Transfers In	0	217,170	0	0	217,170
Transfers Out	0	0	(217,170)	0	(217,170)
<i>Total Other Financing Sources (Uses)</i>	<u>244,185</u>	<u>362,361</u>	<u>2,415,929</u>	<u>0</u>	<u>3,022,475</u>
<i>Net Change in Fund Balances</i>	27,516	170,863	1,317,022	(205,709)	1,309,692
<i>Fund Balances at Beginning of Year</i>	<u>3,231,740</u>	<u>1,123,375</u>	<u>(384,455)</u>	<u>181,515</u>	<u>4,152,175</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$3,259,256</u>	<u>\$1,294,238</u>	<u>\$932,567</u>	<u>(\$24,194)</u>	<u>\$5,461,867</u>

See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$1,309,692

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

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

Capital asset additions	1,392,531	
Depreciation expense	<u>(1,835,668)</u>	
Excess of depreciation expense over capital outlay		(443,137)

The cost of capital assets are removed from the capital assets account in the statement of net assets resulting in a gain on the sale of capital assets in the statement of activities.

Proceeds from the sale of fixed assets	(244,185)	
Gain on sale of capital assets	<u>166,071</u>	
		(78,114)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	219,851	
Income taxes	<u>16,176</u>	
		236,027

Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

Proceeds of certificates of participation	(5,405,000)	
Premium on certificates of participation	<u>(2,969)</u>	
		(5,407,969)

Governmental funds report issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

177,333

Governmental funds report premiums and issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Accretion on capital appreciation bonds	(59,062)	
Amortization of issuance costs	(12,419)	
Amortization of premiums	16,815	
Amortization of losses on refunding	<u>(22,119)</u>	
		(76,785)

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

Bond payments	455,000	
Certificates of participation payments	130,000	
Capital lease payments	183,838	
Payment to refunded bond escrow agent	<u>2,629,679</u>	
Total long-term debt repayment		3,398,517

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in the amount of interest on the statement of activities is the result of the following:

Decrease in accrued interest		9,590
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable		<u>(147,749)</u>
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**Change in Net Assets of Governmental Activities** (\$1,022,595)

See accountants' compilation report  
 See accompanying notes to the basic financial statements

**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Budget Amounts			Variance With Final Budget Under
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$5,293,909	\$4,484,389	\$4,404,821	(\$79,568)
Income Tax	3,056,000	3,007,997	3,022,468	14,471
Intergovernmental	12,331,361	12,137,590	12,196,060	58,470
Interest	291,758	262,162	288,557	26,395
Tuition and Fees	698,951	687,972	691,282	3,310
Rent	28,538	28,090	28,225	135
Customer Sales and Services	77,513	76,605	76,663	58
Revenue in Lieu of Taxes	22,810	22,560	22,560	0
Miscellaneous	355,455	322,634	351,555	28,921
<i>Total Revenues</i>	<u>22,156,295</u>	<u>21,029,999</u>	<u>21,082,191</u>	<u>52,192</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	8,884,644	8,898,854	8,851,019	47,835
Special	1,499,969	1,518,398	1,508,741	9,657
Vocational	384,866	390,970	388,868	2,102
Support Services:				
Pupils	1,357,831	1,379,263	1,371,849	7,414
Instructional Staff	2,933,989	2,883,597	2,868,097	15,500
Board of Education	53,992	53,832	53,543	289
Administration	1,384,717	1,396,949	1,387,843	9,106
Fiscal	582,550	586,377	583,225	3,152
Business	27	27	27	0
Operation and Maintenance of Plant	2,037,557	2,047,565	2,035,175	12,390
Pupil Transportation	2,906,526	2,510,573	2,498,569	12,004
Operation of Non-Instructional				
Services	247	250	250	0
Extracurricular Activities	312,249	317,201	315,496	1,705
Capital Outlay	1,004	1,021	1,015	6
<i>Total Expenditures</i>	<u>22,340,168</u>	<u>21,984,877</u>	<u>21,863,717</u>	<u>121,160</u>
Excess of Revenues Over (Under) Expenditures	<u>(183,873)</u>	<u>(954,878)</u>	<u>(781,526)</u>	<u>173,352</u>
<b><u>Other Financing Sources:</u></b>				
Proceeds from Sale of Capital Assets	0	244,511	244,511	0
Refund of Prior Year Expenditures	0	4,323	4,323	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>248,834</u>	<u>248,834</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(183,873)	(706,044)	(532,692)	173,352
<i>Fund Balance at Beginning of Year</i>	3,208,386	3,208,386	3,208,386	0
<i>Prior Year Encumbrances Appropriated</i>	701,456	701,456	701,456	0
<i>Fund Balance at End of Year</i>	<u>\$3,725,969</u>	<u>\$3,203,798</u>	<u>\$3,377,150</u>	<u>\$173,352</u>

**GOSHEN LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$21,284	<u>\$38,390</u>
<b><u>Liabilities:</u></b>		
Undistributed Monies	<u>0</u>	<u>\$38,390</u>
<b><u>Net Assets:</u></b>		
Held in Trust for Scholarships	<u>\$21,284</u>	

See accompanying notes to the basic financial statements



**GOSHEN LOCAL SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
<b><u>Additions:</u></b>		
Gifts and Contributions	\$17,775	
<b><u>Deductions:</u></b>		
Payments in Accordance with Trust Agreement	<u>19,049</u>	
<i>Change in Net Assets</i>	(1,274)	
<i>Net Assets at Beginning of Year</i>	<u>22,558</u>	
<i>Net Assets at End of Year</i>		<u><u>\$21,284</u></u>

See accompanying notes to the basic financial statements

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Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The 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. The following activities are also included within the reporting entity:

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

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.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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

The School District participates in five organizations, three of which are defined as jointly governed organizations and two as insurance purchasing pools. These organizations are the Hamilton Clermont Cooperative Association/Unified Purchasing Association, the Hamilton/Clermont Cooperative Association, the Great Oaks Institute of Technology and Career Development, the Clermont County Insurance Consortium, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, respectively. These organizations are presented in Notes 18 and 19 to the basic financial statements.

**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 governmental 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**

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

*Government-wide Financial Statements:*

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Fund Financial Statements:*

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

**B. Fund Accounting**

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

*Governmental Funds:*

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

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Permanent Improvement Fund* - The Permanent Improvement Fund is used to account for property taxes, intergovernmental monies and interest revenues to be used for constructing or improving permanent improvements.

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

*Fiduciary Funds:*

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

**C. Measurement Focus**

*Government-wide Financial Statements:*

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Fund Financial Statements:*

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

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

**D. Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions:*

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, customer sales, student fees, grants and interest.

*Deferred Revenue:*

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

*Expenses/Expenditures:*

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

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



Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Cash and Cash Equivalents**

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

During fiscal year 2008, the School District's investments consisted of the State Treasury Asset Reserve of Ohio (STAROhio), First American Treasury Obligation Money Market Mutual Fund, Federal Home Loan Bank Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Discount Notes, and Federal Home Loan Mortgage Corporation Medium Term Notes. Investments are reported at fair value which, except for investments in open-end mutual funds, is based on quoted market prices. Fair value for investments in open-end mutual funds is based on the fund's current share price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$314,674, which includes \$16,899 assigned from other School District funds.

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 reported on the financial statements as cash equivalents.

**F. Inventory**

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**G. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

**H. Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable." These amounts are eliminated in the governmental activities columns of the statement of net assets.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**J. Accrued Liabilities and Long-Term Obligations**

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

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

**K. Compensated Absences**

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

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

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

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**L. Bond Premiums/Issuance Costs/Interest on Capital Appreciation Bonds**

In the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. The liability for capital appreciation bonds is increased each year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition of the face amount of the bonds payable whereas issuance costs are reported as deferred charges.

The accounting gain/loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period when the debt is issued. Interest on capital appreciation bonds is recorded as an expenditure when the debt becomes due.

**M. Internal Activity**

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

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

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

**N. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a 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 have been established for encumbrances, property taxes, and budget stabilization.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation 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.

**O. Net Assets**

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

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

The government-wide statement of net assets reports \$2,285,296 of restricted net assets, none of which are restricted by enabling legislation.

**P. Estimates**

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

**Q. Budgetary Process**

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

**NOTE 3 - RESTATEMENT OF NET ASSETS**

During fiscal year 2008, it was discovered that capital assets were understated at June 30, 2007. This resulted in a restatement at June 30, 2007, which had the following effect on the net assets of the School District's governmental activities:

Net Assets, June 30, 2007, as reported	\$36,087,594
Restatement of Capital Assets	<u>78,114</u>
Net Assets, June 30, 2007, as restated	<u><u>\$36,165,708</u></u>

**NOTE 4 - ACCOUNTABILITY**

**A. Accountability**

At June 30, 2008, the Food Service, Miscellaneous State Grants, Title I, Title VI-B, and Title VI-R Special Revenue Funds had deficit fund balances in the amounts of \$196,879, \$9,689, \$94,882, \$61,332, and \$17,657, respectively. The deficits in these funds were created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (Continued)

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.

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

	Net Change in Fund Balance
GAAP Basis	\$27,516
Adjustments:	
Revenue Accruals	431,430
Expenditure Accruals	(393,099)
Encumbrances	(624,910)
Net Increase in Fair Value of Investments -	
Fiscal Year 2007	(9,250)
Net Increase in Fair Value of Investments -	
Fiscal Year 2008	35,621
Budget Basis	(\$532,692)

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (Continued)

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 or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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



Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 6 - DEPOSITS AND INVESTMENTS** (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$1,207,889 of the School District's bank balance of \$1,307,889 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation (FDIC).

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2008, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$118,296	Average 53.8 Days
First American Treasury Obligation Money Market Mutual Fund	502,541	Less than one year
Federal Home Loan Bank Notes	828,892	Less than one year
Federal Home Loan Bank Discount Notes	819,178	Less than one year
Federal Home Loan Bank Bonds	699,062	Less than one year
Federal Home Loan Mortgage Corporation Discount Notes	1,356,147	Less than one year
Federal Home Loan Mortgage Corporation Medium Term Notes	806,828	Less than two years
Total Investments	<u>\$5,130,944</u>	

Interest Rate Risk

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (Continued)

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. The First American Treasury Obligation Money Market Mutual Fund carries a rating of Aaa by Moody's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Federal Home Loan Bank Notes, Discount Notes, and Bonds, and the Federal Home Loan Mortgage Corporation Discount Notes all carry ratings of Aaa by Moody's. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Of the School District's total investments, 26 percent is invested in Federal Home Loan Mortgage Corporation Discount Notes, 16 percent is invested in Federal Home Loan Bank Notes, Federal Home Loan Bank Discount Notes and Federal Home Loan Mortgage Corporation Medium Term Notes, 14 percent is invested in Federal Home Loan Bank Bonds, 10 percent is invested in the First American Treasury Obligation Money Market Mutual Fund, and two percent is invested in STAROhio.

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District 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 (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in calendar year 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 7 - PROPERTY TAXES** (Continued)

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Clermont and Warren Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations.

The amount available as an advance at June 30, 2008, was \$374,855 in the General Fund, \$37,446 in the Bond Retirement Fund, \$86,195 in the Permanent Improvement Fund, and \$7,362 in the Classroom Facilities Fund. The amount available as an advance at June 30, 2007, was \$400,556 in the General Fund, \$70,095 in the Bond Retirement Fund, \$92,159 in the Permanent Improvement Fund, and \$7,900 in the Classroom Facilities Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is deferred.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 7 - PROPERTY TAXES** (Continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<u>2007 Second- Half Collections</u>		<u>2008 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$229,797,180	93.63%	\$228,632,240	93.88%
Public Utility Personal	10,779,280	4.39%	9,796,590	4.03%
General Business Personal	4,851,985	1.98%	5,100,274	2.09%
Total Assessed Value	<u>\$245,428,445</u>	<u>100.00%</u>	<u>\$243,529,104</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.40		\$28.90	

**NOTE 8 - INCOME TAX**

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

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2008, consisted of property taxes, income taxes, accounts, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivable amounts, except delinquent property taxes, are expected to be received within one year.

Intergovernmental receivables consisted of the following:

	<u>Amounts</u>
Governmental Activities:	
Preschool Early Incentive Grant	\$8,727
Title I	18,362
Title V	1,630
Drug Free Grant	4,786
Total Intergovernmental Receivables	<u>\$33,505</u>

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 10 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	Ending Balance 6/30/2007 <u>Restated</u>	Additions	Deletions	Ending Balance 6/30/2008
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$939,674	\$0	(\$78,114)	\$861,560
Construction in Progress	992,311	1,342,468	0	2,334,779
Total Capital Assets, Not Being Depreciated	<u>1,931,985</u>	<u>1,342,468</u>	<u>(78,114)</u>	<u>3,196,339</u>
Capital Assets Being Depreciated:				
Land Improvements	3,335,267	24,999	0	3,360,266
Buildings and Improvements	46,418,007	4,227	0	46,422,234
Furniture and Equipment	4,088,774	20,837	0	4,109,611
Vehicles	160,772	0	0	160,772
Books and Educational Media	772,930	0	0	772,930
Total Capital Assets Being Depreciated	<u>54,775,750</u>	<u>50,063</u>	<u>0</u>	<u>54,825,813</u>
Less Accumulated Depreciation:				
Land Improvements	(1,003,696)	(108,999)	0	(1,112,695)
Buildings and Improvements	(10,998,296)	(1,434,350)	0	(12,432,646)
Furniture and Equipment	(2,687,723)	(198,737)	0	(2,886,460)
Vehicles	(153,848)	(2,427)	0	(156,275)
Books and Educational Media	(649,601)	(91,155)	0	(740,756)
Total Accumulated Depreciation	<u>(15,493,164)</u>	<u>(1,835,668) *</u>	<u>0</u>	<u>(17,328,832)</u>
Total Capital Assets Being Depreciated, Net	<u>39,282,586</u>	<u>(1,785,605)</u>	<u>0</u>	<u>37,496,981</u>
Governmental Activities Capital Assets, Net	<u>\$41,214,571</u>	<u>(\$443,137)</u>	<u>(\$78,114)</u>	<u>\$40,693,320</u>

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 10 - CAPITAL ASSETS** (Continued)

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

Instruction:	
Regular	\$913,327
Special	142,130
Vocational	13,932
Support Services:	
Pupils	185,746
Instructional Staff	122,351
Board of Education	1,161
Administration	86,148
Fiscal	27,948
Operation and Maintenance of Plant	91,258
Pupil Transportation	3,250
Central	546
Operation of Non-Instruction Services:	
Food Service Operations	156,020
Other	420
Extracurricular Activities	91,431
Total Depreciation Expense	<u><u>\$1,835,668</u></u>

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability Insurance**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Indiana Insurance for property and fleet insurance, inland marine coverage, general liability insurance and commercial coverage. Insurance coverage provided includes the following:

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 11 - RISK MANAGEMENT** (Continued)

Building and Contents - replacement cost (\$1,000 deductible)	\$48,005,255
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability:	
Aggregate Limit	2,000,000
Bodily Injury and Property Damage Limit - Each Occurrence	1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Medical Expense Limit - Per Person/Accident	10,000
Fire Damage Limit - Any One Event	300,000
Products - Completed Operations Limit - Each Occurrence	1,000,000
Products - Completed Operations Limit - Aggregate	2,000,000
Sexual Abuse Injury - Each Occurrence and Aggregate	1,000,000
Employer's Liability:	
Bodily Injury - Each Accident	1,000,000
Bodily Injury - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	3,000,000
Educational Legal Liability:	
Errors and Omissions Injury Limit (\$2,500 deductible)	1,000,000
Errors and Omissions Aggregate Limit	2,000,000
Employment Practices Injury Limit (\$2,500 deductible)	1,000,000
Employment Practices Injury Aggregate Limit	1,000,000
Defense Costs Cap	1,000,000
Defense Costs Aggregate Cap	1,000,000

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 11 - RISK MANAGEMENT** (Continued)

**B. Workers' Compensation**

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP. Each fiscal year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. 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 Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 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 obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$264,664, \$286,109 and \$246,326 respectively; 45.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.



Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (Continued)

**B. State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,209,979, \$1,176,639, and \$1,101,882 respectively; 83.14 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$22,836 made by the School District and \$43,698 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2008, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$167,088, \$154,935, and \$147,561 respectively; 45.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 13 - POSTEMPLOYMENT BENEFITS** (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$19,070, \$19,455, and \$19,606 respectively; 45.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$93,075, \$90,511, and \$84,760 respectively; 83.14 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits 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 225 days for employees who work twelve months. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56 days.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 14 - OTHER EMPLOYEE BENEFITS** (Continued)

**B. Employee Benefits**

For fiscal year 2008, the School District participated in the Clermont County Insurance Consortium (the Consortium), a public entity shared risk pool (Note 19), in order to provide dental, medical, and disability benefits to employees, their dependents and designated beneficiaries and to accumulate funds for such purposes. The Consortium provides insurance policies in whole or in part through one or more group insurance policies.

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In fiscal year 2002, the School District entered into a lease-purchase agreement for playground equipment and the construction of a new track and tennis courts. The School District is leasing the project from Rickenbacker Port Authority. Rickenbacker Port Authority will retain title to the project during the lease term. Rickenbacker Port Authority has assigned National City Bank as trustee. National City Bank deposited \$805,200 with a fiscal agent for the project. Amounts were reimbursed to the School District for expenditures made on work completed. Reimbursement requests need to be in approximately \$100,000 increments. The School District will make semi-annual lease payments to National City Bank. The interest rate is fixed at 4.83 percent. The lease is renewable annually and expires in 2012. The intention of the School District is to renew the lease annually.

At fiscal year-end, capital assets that were constructed under this lease have been capitalized as land improvements and furniture and equipment on the statement of net assets for governmental activities. Principal payments of \$82,000 were made during fiscal year 2008.

In prior fiscal years, the School District entered into capitalized leases for the acquisition of computer equipment and copiers. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Principal payments totaled \$101,838 during fiscal year 2008.

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Computer Equipment	\$899,120	\$759,294	\$139,826
Copier Equipment	132,113	132,113	0
Land Improvements	351,400	175,700	175,700
Playground Equipment	229,679	126,323	103,356
Totals	<u>\$1,612,312</u>	<u>\$1,193,430</u>	<u>\$418,882</u>

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE** (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008:

Fiscal Year Ending June 30,	Total Payments
2009	\$103,019
2010	223,566
2011	222,798
2012	103,671
Total Minimum Lease Payments	653,054
Less: Amount Representing Interest	(60,046)
Present Value of Net Minimum Lease Payments	\$593,008

**NOTE 16 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Amount Outstanding 6/30/07	Additions	Deductions	Amount Outstanding 6/30/08	Amounts Due in One Year
Governmental Activities:					
2000 School Improvement General Obligation Bonds 4.4%-6.25%	\$2,470,000	\$0	\$345,000	\$2,125,000	\$145,000
2006 Refunding Bonds:					
Serial Bonds 4.00%	2,415,000	0	110,000	2,305,000	105,000
Capital Appreciation Bonds 12.24%	200,000	0	0	200,000	0
Premium on Debt Issue	267,136	0	16,696	250,440	0
Deferred Loss on Refunding	(203,168)	0	(12,698)	(190,470)	0
Accretion of Capital Appreciation Bonds	42,679	59,062	0	101,741	0
2002 Certificates of Participation 2.5%-5.00%	2,590,000	0	2,590,000	0	0
2007 Certificates of Participation:					
Certificates of Participation 4.0%-4.25%	0	5,405,000	0	5,405,000	95,000
Deferred Loss on Refunding	0	(169,679)	(9,421)	(160,258)	0
Premium on Debt Issue	0	2,969	119	2,850	0
Compensated Absences	1,109,879	188,317	40,568	1,257,628	101,417
Capital Leases	776,846	0	183,838	593,008	86,000
Total Governmental Activities Long-Term Obligations	\$9,668,372	\$5,485,669	\$3,264,102	\$11,889,939	\$532,417

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 16 - LONG-TERM OBLIGATIONS** (Continued)

On July 17, 2000, the School District issued \$6,891,000 in voted general obligation bonds for the purpose of constructing a new high school. The bonds were issued with an interest rate that varies between 4.4 percent and 6.25 percent for a 23 year period with final maturity in fiscal year 2023, and will be repaid from the Debt Service Fund.

On August 29, 2006, the School District issued \$2,775,000 in voted general obligation bonds for the purpose of advance refunding \$2,775,000 of the Series 2000 School Improvement Bonds.

On February 14, 2002, the School District entered a lease agreement with PS&W Holding Company for a construction and renovation project. PS&W Holding Company assigned U.S. Bank as trustee, transferring rights, title and interest in the project to the trustee. The trustee issued certificates of participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance of the certificates were deposited with a fiscal agent and used for the project.

The obligation of the School District under the lease and any subsequent renewal is subject to the annual appropriation of the rental payments and are payable from the General Fund. The certificates of participation are not a general obligation of the School District but are payable only from appropriations by the School District for annual lease payments.

On July 30, 2007, the School District issued \$5,405,000 in certificates of participation. Of this amount, \$2,785,000 was issued for the purpose of advance refunding \$2,460,000 of the 2002 certificates of participation. The average rate on the refunded certificates of participation was 4.47 percent while the average rate on the new debt is 4.08 percent. The net proceeds of \$2,629,679 (after payment of \$177,333 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded portion of the 2002 certificates of participation. As a result, the refunded portion of the 2002 certificates of participation are considered defeased and the liability for those certificates has been removed from the balance sheet. As of June 30, 2008, \$2,590,000 of the certificates was unmatured and unpaid. The certificates were issued for a twenty year period, with final maturity in December 2026. The certificates will be retired from the Debt Service Fund. As of June 30, 2008, \$321,600 of the unrefunded portion of certificates of participation were unspent.

The refunding resulted in a difference of \$169,679 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the certificates using the straight-line method. The School District's total debt service payments increased by \$176,633 as a result of the advance refunding. The School District also incurred an economic loss (difference between the present values of the old and new debt service payments) of \$69,918.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 16 - LONG-TERM OBLIGATIONS** (Continued)

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

The School District's overall legal debt margin was \$18,577,700 with an unvoted debt margin of \$237,098 at June 30, 2008.

Principal and interest requirements to retire bonds and certificates of participation outstanding at June 30, 2008, are as follows:

2000 School Improvement Bonds					
Fiscal Year Ending June 30,	Principal	Interest			
2009	\$145,000	\$121,131			
2010	175,000	113,327			
2011	185,000	104,461			
2012	200,000	94,258			
2013	235,000	81,347			
2014-2017	1,185,000	157,344			
	\$2,125,000	\$671,868			

  

2006 Refunding Bonds					
Fiscal Year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Total
2009	\$105,000	\$91,598	\$0	\$0	\$196,598
2010	120,000	87,098	0	0	207,098
2011	85,000	82,998	0	0	167,998
2012	80,000	79,698	0	0	159,698
2013	65,000	76,798	0	0	141,798
2014-2018	175,000	354,588	105,000	295,000	929,588
2019-2023	1,675,000	209,688	95,000	305,000	2,284,688
	\$2,305,000	\$982,466	\$200,000	\$600,000	\$4,087,466

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 16 - LONG-TERM OBLIGATIONS** (Continued)

Fiscal Year Ending June 30,	2007 Certificates of Participation		
	Principal	Interest	Total
2009	\$95,000	\$227,275	\$322,275
2010	160,000	222,175	382,175
2011	165,000	215,675	380,675
2012	175,000	208,875	383,875
2013	180,000	201,775	381,775
2014-2018	1,420,000	852,775	2,272,775
2019-2023	1,690,000	528,363	2,218,363
2024-2027	1,520,000	140,625	1,660,625
	\$5,405,000	\$2,597,538	\$8,002,538

**NOTE 17 - INTERFUND ACTIVITY**

**A. Interfund Transfers**

Transfers made during the fiscal year ended June 30, 2008, were as follows:

Transfers To	Transfers From
Debt Service Fund	<u>Permanent Improvement Fund</u>  \$217,170

Transfers were made to properly record the debt activity between the Debt Service and Permanent Improvement Funds.

**B. Interfund Receivable/Payable**

As of June 30, 2008, receivables and payables that resulted from various interfund transactions were as follows:

Payable	Receivable
Other Governmental Funds	<u>General</u>  \$87,125

The amounts due to the General Fund are the result of the School District moving unrestricted balances to support programs and projects accounted for in other funds. The General Fund will be reimbursed when funds become available in the Other Governmental Funds. All amounts are expected to be repaid in one year.



Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Hamilton Clermont Cooperative Association/Unified Purchasing Association**

The Hamilton Clermont Cooperative Association/Unified Purchasing Association is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Association was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office and cafeteria supplies. The Unified Purchasing Association is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Complete financial statements for the Unified Purchasing Association can be obtained from Al Porter, Director, at the administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

**B. 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 \$46,904 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Al Porter, Director, at the administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

**C. Great Oaks Institute of Technology and Career Development**

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

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**NOTE 19 - INSURANCE PURCHASING POOLS**

**A. Clermont County Insurance Consortium**

The Clermont County Insurance Consortium, a public entity shared risk pool, currently operates to provide medical and dental coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Eight Clermont County school districts (Batavia, Bethel-Tate, Clermont Northeastern, Felicity-Franklin, Goshen, New Richmond, U.S. Grant, and Williamsburg) along with the Clermont County Educational Service Center have entered into an agreement to form the Clermont County Insurance Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Clermont County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The School District pays premiums based on the consortium estimates of future claims. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Consortium retains stop-loss coverage, with a limit of \$250,000 per claim and a maximum lifetime limit of \$2,000,000. Medical and dental coverage is administered through third party administrators, Anthem and Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with administering the Consortium. To obtain financial information write to the Clermont County Insurance Consortium at 2400 Clermont Center Drive, Suite 100, Batavia, Ohio 45103.

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

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

**NOTE 20 - SET-ASIDE CALCULATIONS**

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

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

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 20 - SET-ASIDE CALCULATIONS** (Continued)

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

	Textbooks and Instructional Materials	Capital Acquisitions	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2007	(\$20,018)	\$0	\$2,132
Current Fiscal Year Set-aside Requirement	384,560	384,560	0
Qualifying Disbursements	(382,932)	0	0
Current Fiscal Year Offsets	0	(384,560)	0
Totals	<u>(\$18,390)</u>	<u>\$0</u>	<u>\$2,132</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$18,390)</u>	<u>\$0</u>	<u>\$2,132</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$0</u>	<u>\$0</u>	<u>\$2,132</u>

The School District had qualifying disbursements during the fiscal year that reduced textbooks and instructional materials below zero. The extra amount for textbooks and instructional materials may be used to reduce the set-aside requirements in future fiscal years. Amounts of offsets for capital acquisitions presented in the table were limited to those necessary to reduce the fiscal year-end balance to zero.

**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, 2008.

**B. Litigation**

The School District is not a party to legal proceedings.

Goshen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008  
(Continued)

**NOTE 22 - CONSTRUCTION COMMITMENTS**

The School District contracted for the construction and remodeling of athletic facilities. The project began in the 2007 fiscal year and will be completed in fiscal year 2009. The significant outstanding construction commitments at June 30, 2008 are as follows:

<u>Contractor</u>	<u>Total Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/2008</u>
Jindal	\$686,235	\$623,485	\$62,750
Midwest Buildings	161,000	155,895	5,105
McCarty and Associates	318,600	317,050	1,550
Total	<u>\$1,165,835</u>	<u>\$1,096,430</u>	<u>\$69,405</u>

**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$ 76,806		\$ 76,806
National School Breakfast		10.553	120,019		120,019	
National School Lunch Program		10.555	<u>406,937</u>		<u>406,937</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u><b>526,956</b></u>	<u><b>76,806</b></u>	<u><b>526,956</b></u>	<u><b>76,806</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)		84.027	632,598		641,041	
Grants to Local Educational Agencies (ESEA Title I)		84.010	283,606		289,464	
Drug-Free Schools Grant		84.186	3,179		8,817	
Innovative Educational Program Strategies		84.298	4,203		6,246	
Improving Teacher Quality		84.367	107,032		101,812	
Technology Literacy Challenge Grant		84.318	<u>2,712</u>		<u>2,712</u>	
Total Department of Education			<u><b>1,033,330</b></u>		<u><b>1,050,092</b></u>	
<b>Totals</b>			<u><b>\$1,560,286</b></u>	<u><b>\$76,806</b></u>	<u><b>\$1,577,048</b></u>	<u><b>\$76,806</b></u>

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

**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

**NOTE D - MATCHING REQUIREMENTS**

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



# Mary Taylor, CPA

Auditor of State

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

Goshen Local School District  
Clermont County  
6694 Goshen Rd.  
Goshen, Ohio 45122

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated April 15, 2009.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated April 15, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 15, 2009





# Mary Taylor, CPA

Auditor of State

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

Goshen Local School District  
Clermont County  
6694 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 apply to its major federal program for the year ended June 30, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 auditing standards generally accepted in the United States of America; 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Goshen Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 15, 2009

**GOSHEN LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA#s 10.553 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None





Mary Taylor, CPA  
Auditor of State

**GOSHEN LOCAL SCHOOL DISTRICT**

**CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 7, 2009**